AEPTCo subsidiaries in PJM - Transmission Formula Rate Revenue Requirement

Including Costs through December 31, 2012
For charges effective July 1, 2013

Revenue Requirements for Network and Point-to-Point Transmission Service

			AEPTCo subsidiaries in PJM	APPALACHIAN TRANSMISSION COMPANY	INDIANA MICHIGAN TRANSMISSION COMPANY	KENTUCKY TRANSMISSION COMPANY	OHIO TRANSMISSION COMPANY	WEST VIRGINIA TRANSMISSION COMPANY
Line No.			Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement
A. Netwo	ork Service							
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Ln 1)	\$70,247,125	\$150,295	\$15,980,533	\$124,493	\$53,831,857	\$159,948
2	LESS: REVENUE CREDITS	(TCOS Ln 2)	\$0	\$0	\$0	\$0	\$0	\$0
	CURRENT YEAR AEPTCo ANNUAL TRANSMISSION REVENUE							
3	REQUIREMENT (ATRR)	(TCOS Ln 3)	\$70,247,125	\$150,295	\$15,980,533	\$124,493	\$53,831,857	\$159,948
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:							
5	RTEP UPGRADES ATRR (W/O INCENTIVES)	(TCOS Ln 4)	\$5,691,747	\$0	\$2,798,231	\$0	\$2,893,516	\$0
6	OTHER UPGRADES ATRR (W/O INCENTIVES)	(Worksheet J)	\$0	\$0	\$0	\$0	\$0	\$0
7	SUBTOTAL		\$5,691,747	\$0	\$2,798,231	\$0	\$2,893,516	\$0
8	EXISTING AEPTCo ZONAL ATRR (W/O INCENTIVES)	(Ln 3- Ln 7)	\$64,555,378	\$150,295	\$13,182,302	\$124,493	\$50,938,341	\$159,948
9	INCREMENTAL APPROVED INCENTIVE ATRR	(Worksheet J)	\$0	\$0	\$0	\$0	\$0	\$0
10	EXISTING AEPTCo ZONAL ATRR (W/ INCENTIVES)	(Ln 8 + Ln 9)	\$64,555,378	\$150,295	\$13,182,302	\$124,493	\$50,938,341	\$159,948
11	BILLED HISTORICAL YEAR (2012) ACTUAL ATRR	Input from 2012 True-up	\$25,393,746	\$142,493	\$1,539,479	\$122,043	\$23,437,036	\$152,695
12	BILLED PROJECTED (2012) ATRR FROM PRIOR YEAR	Input from Prior Year	\$20,514,946	\$136,144	\$1,711,359	\$134,625	\$18,375,171	\$157,646
13	PRIOR YEAR TRUE-UP	(Ln 11 - Ln 12)	\$4,878,800	\$6,349	-\$171,880	-\$12,582	\$5,061,865	-\$4,951
14	INTEREST ON PRIOR YEAR TRUE UP		\$312,616	\$407	-\$11,013	-\$806	\$324,346	-\$317
15	EXISTING AEPTCo ATRR FOR AEP ZONE OF PJM OATT	(Ln 10 + Ln 13 + Ln 14)	\$69,746,794	\$157,050	\$12,999,408	\$111,104	\$56,324,552	\$154,680
B Point	-to-Point Service							
16	2012 AEP East Zone Network Service Peak Load (1 CP)		23,308.6 M	IW				
17	Line 16 is provided from PJM records Annual Point-to-Point Rate in \$/MW - Year	(Ln 15 / Ln 16)	\$2,992.32					
18	Monthly Point-to-Point Rate in \$/MW - Month	(Ln 17 / 12)	\$249.36					
19	Weekly Point-to-Point Rate in \$/MW - Weekly	(Ln 17 / 52)	\$57.54					
20	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Ln 17 / 260)	\$11.51					
21	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Ln 17 / 365)	\$8.20					
22	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Ln 17 / 4160)	\$0.72					
23	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Ln 17 / 8760)	\$0.34					
C. P.IM F	Regional Service							
24	RTEP UPGRADE ATRR W/O INCENTIVES	(Ln 7)	5,691,747	-	2,798,231	-	2,893,516	_
25	ADDITIONAL ATRR FOR FERC-APPROVED INCENTIVES ON RTEP	(Worksheet J)	-	_	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_	-	_
26	TRUE-UP ADJUSTMENT INCLUDING INTEREST	(1.2	1,747,616	-	680,650	-	1,066,966	_
27	RTEP ATRR FOR PJM COLLECTION UNDER SCHEDULE 12		\$ 7,439,363		3,478,881	-	3,960,482	-
			. ,					

AEPTCo subsidiaries in PJM - Transmission Formula Rate Revenue Requirement

Including Costs through December 31, 2012 For charges effective July 1, 2013

Annual Revenue Requirement for Scheduling, System Control and Dispatch Services - Schedule 1A

			AEPTCo subsidiaries in PJM	APPALACHIAN TRANSMISSION COMPANY	INDIANA MICHIGAN TRANSMISSION COMPANY	KENTUCKY TRANSMISSION COMPANY	OHIO TRANSMISSION COMPANY	WEST VIRGINIA TRANSMISSION COMPANY
Line No.			Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement
A. Sched	dule 1A ARR							
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 14)		\$23,775	\$3,800	\$4,280	\$3,881	\$7,997	\$3,817
2	Less: Load Disptach - Scheduling, System Control and Dispatch Se	ervices (321.88.b)	\$23,775	\$3,800	\$4,280	\$3,881	\$7,997	\$3,817
3	Less: Load Disptach - Reliability, Planning & Standards Developme	nt Services (321.92.6)	\$0	\$0	\$0	\$0	\$0	\$0
4	Total 561 Internally Developed Costs	(Ln 1 - Ln 2 - Ln 3)	\$0	\$0	\$0	\$0	\$0	\$0
5	Less: PTP Service Credit		\$0	\$0	\$0	\$0	\$0	\$0
6	EXISTING ZONAL ARR	(Ln 4 - Ln 5)	\$0	\$0	\$0	\$0	\$0	\$0
7	BILLED HISTORICAL YEAR (2012) ACTUAL ARR		\$0					
8	BILLED PROJECTED (2012) ARR FROM PRIOR YEAR		\$0					
9	PRIOR YEAR TRUE-UP	(Ln 7 - Ln 8)	\$0	\$0	\$0	\$0	\$0	\$0
10	INTEREST ON PRIOR YEAR TRUE UP		\$0	\$0	\$0	\$0	\$0	\$0
11	Net Schedule 1A Revenue Requirement for Zone		\$0	\$0	\$0	\$0	\$0	\$0

B. Schedule 1A Rate Calculations

Prior Calendar Year (2012 Est.) AEP East Zone Annual MWh

Line 12 is provided from PJM records

\$134,854,616 MWh

13 AEP Zone Rate for Schedule 1A Service. (Line 11 / Line 12) \$0.0000

Line No.						nsmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 136)	Total	ΛUo	2012	 \$150,295
2	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	DA	1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$ 150,295
	The Carrying Charge Calculations on lines 6 to 11 belession Enhancement Charges. The total non-incentive	<u> </u>	-			
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)	-	DA	1.00000	\$ -
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/((In 48 + In 49 + In 50 (In 6 / 12)	+ ln 51 + ln 53) x 100))			0.00% 0.00%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o dep Annual Rate	oreciation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108- In 109) /((In 48	8 + ln 49 + ln 50 + ln 51 + ln 53) x	100))		0.00%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Retu Annual Rate	urn, income taxes or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108 - In 109 - In 13	1 - In 132) /((In 48 + In 49 + In 50 +	+ ln 51 + ln 53) x 10	00))	0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w	/ incentive ROE's (Note B) (Worksheet J)				-
13		REVENUE REQUIREMENT FOR S	SCHEDULE 1A CHARGES			
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Less: Load Dispatch - Reliability, Planning & Standards					3,800 3,800 -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				

AEP APPALACHIAN TRANSMISSION COMPANY

(1) (2) (3) (4)

		Data Sauraca				Total
Line	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u> NOTE C	Allo	cator	Total <u>Transmission</u>
No.	GROSS PLANT IN SERVICE		NOTE O			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.C & Ln 140)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Work	·	-	DA	1.00000	-
23	Plus: Additional Trans Plant on Transferred Assets	Worksheet I, In 22.D)	-	DA	1.00000	-
24	Line Deliberately Left Blank					
25	Line Deliberately Left Blank	((M) - 1 - 1 1 A 1 - 7 O)		\\\\O	4.00000	
26	General Plant ABO (Enter Negative)	(Worksheet A In 7.C)	-	W/S	1.00000	-
27 28	Less: General Plant ARO (Enter Negative) Intangible Plant	(Worksheet A In 8.C) (Worksheet A In 9.C)	• -	W/S W/S	1.00000 1.00000	- -
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	<u></u>	VV/3	1.00000	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION	N .				
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank	(\Markabaat A la 44 C 9 20 C)		TD4	0.00000	
33	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000	-
35 36	Plus: Transmission Plant-in-Service Additions (Work Plus: Additional Projected Deprec on Transferred As	·	-	DA DA	1.00000 1.00000	-
30 37	Plus: Additional Transmission Depreciation for 2013	•	- -	TP1	1.00000	
38	Plus: Additional General & Intangible Depreciation f			W/S	1.00000	_
39	Plus: Additional Accum Deprec on Transferred Asse	,	_	DA	1.00000	_
40	Line Deliberately Left Blank	(VV 611.6116 6C 1 111 26.2)		D/ (1.00000	
41	Line Deliberately Left Blank					
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.C)	<u> </u>	W/S	1.00000	
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-			-
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank					
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	-			-
49	Plus: Transmission Plant-in-Service Additions (In 22		-			-
50	Plus: Additional Trans Plant on Transferred Assets	,	-			-
51 52	Plus: Additional Transmission Depreciation for 2013	· ·	-			-
52 53	Plus: Additional General & Intangible Depreciation f Plus: Additional Accum Deprec on Transferred Asse	` ,	-			-
54	Line Deliberately Left Blank	is (Worksheet i) (-iii 33)	-			_
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-			-
56	Intangible Plant	(ln 28 - ln 44)	-			-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-			-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	- (40.070)	DA		(40.070)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(19,072)	DA		(19,072)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	164,385	DA DA		164,385
63 64	Account No. 255 (enter negative) TOTAL ADJUSTMENTS	(Worksheet B, In 24 & In 25.C) (sum Ins 59 to 63)	145,313	DA		145,313
04		(50111 1115 59 10 65)	140,313			140,313
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	1,925			1,925
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72 70	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000	-
74 75	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA NA	1.00000	-
75 76	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	4 005	NA	0.00000	4 005
76	TOTAL WORKING CAPITAL	(sum lns 68 to 75)	1,925			1,925
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		147,238			147,238
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AEP APPALACHIAN TRANSMISSION COMPANY

(1) (2) (3) (4)

Lina	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	<u>Allocator</u>		Total <u>Transmission</u>
Line No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank					
81	Customer Related Expense	322.164,171,178.b	-			
82	Regional Marketing Expenses	322.131.b	-			
83	Transmission	321.112.b	19,198			
84	TOTAL O&M EXPENSES	(sum lns 81 to 83)	19,198			
85 86	Less: Total Account 561 Less: Account 565	(Note G) (Worksheet F, In 14.C) (Note H) 321.96.b	3,800			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	- -			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	15,398	TP	1.00000	15,398
00	Total Calvi / modubio to Transmission	(110 00 00 00 07)	10,000		1.00000	10,000
89	Administrative and General	323.197.b (Note J)	88,862			
90	Less: Acct. 924, Property Insurance	323.185.b	-			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b		VV/C	1 00000	00.000
94 95	Balance of A & G Plus: Acct. 924, Property Insurance	(In 89 - sum In 90 to In 93) (In 90)	88,862	W/S GP(h)	1.00000 1.00000	88,862
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	- -	TP	1.00000	- -
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	<u>-</u>	TP	1.00000	-
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	-	DA	1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,464	W/S	1.00000	1,464
100	A & G Subtotal	(sum Ins 94 to 99)	90,326			90,326
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	105,724			105,724
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in TOTAL O & M EXPENSE		105 724	DA	1.00000	105 724
104	TOTAL O & WIEXPENSE	(In 101 + In 102 + In 103)	105,724			105,724
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
108	Transmission	336.7.f	-	TP1	1.00000	-
109	Plus: Transmission Plant-in-Service Additions (Work	·	-	DA	1.00000	-
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,809	TP1	1.00000	26,809
111	General	336.10.f	-	W/S	1.00000	-
112 113	Intangible TOTAL DEPRECIATION AND AMORTIZATION	336.1.f (Lns 108+109+111+112)	26,809	W/S	1.00000	26,809
113	TOTAL DEFRECIATION AND AMORTIZATION	(LIIS 100+109+111+112)	20,009			20,009
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related					
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
117	Plant Related					
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA		-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA OD(h)	0.00000	-
120 121	Other TOTAL OTHER TAXES	Worksheet H In 23.(E) (sum Ins 116 to 120)		GP(h)	1.00000	<u> </u>
121	TOTAL OTHER TAXES	(Sum ins 110 to 120)	-			-
122	INCOME TAXES	(Note O)				
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	· · · · · · · /	38.90%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.91%			
125	where WCLTD=(In 174) and WACC = (In 177)					
126	and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from ln 123)		1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
120	Income Tay Calculation	/ln 424 * ln 422)	E 222			E 222
129 130	Income Tax Calculation	(ln 124 * ln 132)	5,333	NP(h)	1.00000	5,333
131	ITC adjustment TOTAL INCOME TAXES	(In 127 * In 128) (sum Ins 129 to 130)	5,333	INF (II)	1.00000	5,333
131	TOTAL INCOME TAXES	(30111113 129 to 130)	5,555			3,333
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 177)	12,429			12,429
	,	,	*			,
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	ote F) (Worksheet D, In 2.(B))	-	DA	1.00000	-
	(0.1.) (1.1.)	AN 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				
134	(Gains) / Losses on Sales of Plant Held for Future Use	(Worksheet N, In 4, Cols. ((F) & (H))	-			-
125	Tay Impact on (Gains) / Laccas on Salas of Blant Hald	I for Future I lee (In 124 * In124)				
135	Tax Impact on (Gains) / Losses on Sales of Plant Held	11011 utule 03e (III 134 III124)	-			-
136	TOTAL REVENUE REQUIREMENT		150,295			150,295
	(sum lns 104, 113, 121, 131, 132, 133, 134, 135)		,			,200
	, , , , , , , , , , , , , , , , , , , ,					

AEP APPALACHIAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No. 137	TRANSMISSION PLANT INCLUDED IN PJM TARIFF Total transmission plant	(In 20)						_
138	Less transmission plant excluded from PJM Tariff (No	` ,						-
139	Less transmission plant included in OATT Ancillary Se	rvices (Worksheet A, In 23, Col	. (C)) (Note Q)					<u>-</u>
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)						-
141	Percent of transmission plant in PJM Tariff	(ln 140 / ln 137)					TP=	1.00000
				Payroll Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
143	Line Deliberately Left Blank	` ,	-	·				
144	Transmission	354.21.b	0	7,318	7,318	TP	1.00000	7,318
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	Line Deliberately Left Blank							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum lns 144, 145, & 147)	0	7,318	7,318			7,318
149	Transmission related amount						W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet L, In. 34, col. (D))					See W/S L	-
152	Preferred Dividends	(Worksheet L, In. 44, col. (D))						-
153	Development of Common Stock:	, , , , , , , , , , , , , , , , , , , ,						
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						(421,043)
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
157	Less: Account 219	(FF1 p 112, Ln 15.c)						-
157 158	Less: Account 219 Common Stock	(FF1 p 112, Ln 15.c) (ln 154 - ln 155 - ln 156 - ln 15	57)					(421,043)
		· · ·	57)	<u>Capital Structur</u>	re Percentages		_	(421,043)
		· · ·	57)	<u>Capital Structur</u> Actual	<u>re Percentages</u> Cap Limit		Cost	(421,043) Weighted
		(ln 154 - ln 155 - ln 156 - ln 15	57)				Cost -	,
158	Common Stock	(ln 154 - ln 155 - ln 156 - ln 15	57)		Cap Limit		Cost - -	Weighted
158 159	Common Stock Long Term Debt Worksheet L, In 34, col. (B))	(ln 154 - ln 155 - ln 156 - ln 15	57)		Cap Limit 0.00%		Cost - - 11.49%	Weighted 0.0000
158 159 160	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155)	(ln 154 - ln 155 - ln 156 - ln 15	57)		Cap Limit 0.00% 0.00%		- - -	Weighted 0.0000 0.0000
158 159 160 161	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158)	(In 154 - In 155 - In 156 - In			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000
158 159 160 161 162	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000
158 159 160 161 162 163	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000
158 159 160 161 162 163	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(In 154 - In 155 - In 156 - In			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	\$ (In 154 - In 155 - In 156 -			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163 164 165 166	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	(In 154 - In 155 - In 156 - In			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163 164 165 166 167	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock:	\$ (In 154 - In 155 - In 156 -			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963
158 159 160 161 162 163 164 165 166	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	\$ (In 154 - In 155 - In 156 -			Cap Limit 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163 164 165 166 167 168 169	Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock	\$ (In 154 - In 155 - In 156 -			Cap Limit 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - 9,945,214,408
158 159 160 161 162 163 164 165 166 167 168	Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital	\$ (In 154 - In 155 - In 156 -			Cap Limit 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - 9,945,214,408 - 3,754,265
158 159 160 161 162 163 164 165 166 167 168 169 170	Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	\$ (In 154 - In 155 - In 156 -			Cap Limit 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - 9,945,214,408
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	(In 154 - In 155 - In 156 - In		Actual	Cap Limit 0.00% 0.00%		- 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	(In 154 - In 155 - In 156 - In		Actual	Cap Limit 0.00% 0.00%		- 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt () (Worksheet Q, In 50)	(In 154 - In 155 - In 156 - In		Actual	Cap Limit 0.00% 0.00% -		- 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Common Stock Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt () (Worksheet Q, In 50) Preferred Stock (Worksheet Q, In 51)	(In 154 - In 155 - In 156 - In		Actual	Cap Limit 0.00% 0.00% 0.00% - \$ 10,052,380,272		- 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275 0.0000
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Long Term Debt Worksheet L, In 34, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt () (Worksheet Q, In 50)	(In 154 - In 155 - In 156 - In		Actual	Cap Limit 0.00% 0.00%		- 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275

AEP APPALACHIAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.

See Worksheet E for details.

- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

 The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP APPALACHIAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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.
- 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).

must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT =

35.00%

SIT= p = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))
0.00% (percent of federal income tax deductible for state purposes)

- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

 Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP APPALACHIAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No.					Transmission Amount				
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)	Total	Allocator	\$150,295				
179	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	DA 1.00000	\$ -				
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)			\$ 150,295				
MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.									
181	Not applicable on this template								
182	NET PLANT CARRYING CHARGE w/o intra-AEP charge	es or credits or ROE incentives (Note B)							
183	Annual Rate	((ln 178 - ln 279 - ln 280)/ ln 225 x 100)			0.00%				
184	Monthly Rate	(ln 183 / 12)			0.00%				
185	NET PLANT CARRYING CHARGE ON LINE 183, w/o d	enreciation or ROF incentives (Note R)							
186	Annual Rate	((In 178 - In 279 - In 280 - In 285) / In 225 x 100)			0.00%				
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o R	,							
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)			0.00%				
189	Not applicable on this template								
190		REVENUE REQUIREMENT FOR SC	HEDUI E 14 CHARGES						
100		REVENUE REQUIREMENT FOR GO	TEDULE IA GIIARGEO						
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below			3,800				
192	Less: Load Dispatch - Scheduling, System Control and D	•			3,800				
193	Less: Load Dispatch - Reliability, Planning & Standards D	Development Services (321.92.b)			-				
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)							
134	Total 301 litternally Developed Costs	(LINE 131 - LINE 132 - LINE 133)							

(3)

(4)

(5)

AEP APPALACHIAN TRANSMISSION COMPANY

(2)

(1)

	(1)	(2)	(3)	(-1	')	(3)
Lina	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total	Alloc	ator	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE C			
195	Line Deliberately Left Blank					
196	Line Deliberately Left Blank					
197	Transmission	(Worksheet A In 3.C & Ln 317)	-	DA		-
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 318)	-	TP	1.00000	-
199	Plus: Transmission Plant-in-Service Additions (Works	sheet I)	N/A	NA	0.00000	N/A
200	Plus: Additional Trans Plant on Transferred Assets (V	Vorksheet I)	N/A	NA	0.00000	N/A
201	Line Deliberately Left Blank					
202	Line Deliberately Left Blank					
203	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000	-
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000	-
205	Intangible Plant	(Worksheet A In 9.C)		W/S	1.00000	
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	-	GP(h)= GTD=	0.000000	-
207	ACCUMULATED DEPRECIATION AND AMORTIZATION	DN				
208 209	Line Deliberately Left Blank					
	Line Deliberately Left Blank Transmission	(Markahaat A la 14 C 8 28 C)		TP1=	0.00000	
210		(Worksheet A In 14.C & 28.C)	-		0.00000	-
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	N/A	TP1=	0.00000	- NI/A
212	Plus: Transmission Plant-in-Service Additions (Works	•		DA	1.00000	N/A
213	Plus: Additional Projected Deprec on Transferred Ass	,	N/A	DA TD4	1.00000	N/A
214	Plus: Additional Transmission Depreciation for 2013		N/A	TP1	1.00000	N/A
215	Plus: Additional General & Intangible Depreciation for	·	N/A	W/S	1.00000	N/A
216	Plus: Additional Accum Deprec on Transferred Asset	s (Worksneet I)	N/A	DA	1.00000	N/A
217 218	Line Deliberately Left Blank					
219	Line Deliberately Left Blank General Plant	(Worksheet A In 18.C)	_	W/S	1.00000	_
220	Less: General Plant ARO (Enter Negative)	(Worksheet A in 19.C)	_	W/S W/S	1.00000	_
221	Intangible Plant	(Worksheet A In 20.C)		W/S	1.00000	-
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	-			
223	NET PLANT IN SERVICE					
224	Line Deliberately Left Blank	(la 407 : la 400 · la 040 · la 044)				
225	Transmission	(ln 197 + ln 198 - ln 210 - ln 211)	- N/A			- NI/A
226	Plus: Transmission Plant-in-Service Additions (In 199	•	N/A			N/A
227	Plus: Additional Trans Plant on Transferred Assets (I	,	N/A			N/A
228	Plus: Additional Transmission Depreciation for 2013		N/A			N/A
229	Plus: Additional General & Intangible Depreciation for	·	N/A			N/A
230	Plus: Additional Accum Deprec on Transferred Asset	s (Worksheet I) (-In 216)	N/A			N/A
231	Line Deliberately Left Blank General Plant	(ln 202 + ln 204 ln 210 ln 220)				
232 233	Intangible Plant	(In 203 + In 204 - In 219 - In 220) (In 205 - In 221)	- -			-
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)		NP(h)=	0.000000	-
				. ,		
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)		NA		
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA DA		-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(40.070)	DA		(40.070)
238	Account No. 283.1 (enter negative) Account No. 190.1	(Worksheet B, In 12 & In 15.C) (Worksheet B, In 17 & In 20.C)	(19,072)	DA DA		(19,072)
239 240	Account No. 190.1 Account No. 255 (enter negative)	(Worksheet B, In 17 & In 20.C) (Worksheet B, In 24 & In 25.C)	164,385	DA		164,385
241	TOTAL ADJUSTMENTS	(sum lns 236 to 240)	145,313	DA		145,313
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
244	WORKING CAPITAL	(Note E)				
245	Cash Working Capital	(1/8 * In 265)	1,925			1,925
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000	-
250 251	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000	-
251 252	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA NA	1.00000 0.00000	-
252 253	Prepayments (Account 165) - Unallocable TOTAL WORKING CAPITAL	(Worksheet C, In 6.D) (sum Ins 245 to 252)	1,925	INA	0.00000	1,925
		,	1,520	5.4	4.00000	1,020
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	<u> </u>	DA	1.00000	<u> </u>
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		147,238			147,238

AEP APPALACHIAN TRANSMISSION COMPANY

(3)

(4)

(5)

(2)

(1)

	(1)	(2)	(3)		(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE	Data Sources				Total
	REQUIREMENTS CALCULATION	(See "General Notes")	<u>TO Total</u>		<u>Allocator</u>	Transmission
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
256 257	Line Deliberately Left Blank Line Deliberately Left Blank					
25 <i>7</i> 258	Customer Related Expense	322 & 323.164,171,178.b				
259	Regional Marketing Expenses	322.131.b	-			
	3 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7					
				Per Settlement in		
				FERC Docket No.		
				ER10-355-000 , Attachment A-1 to		
				Appendix B, pg.		
260	Transmission	321.112.b		26, C, 7a.		
261	TOTAL O&M EXPENSES	(sum lns 258 to 260)	19,198	, ,		
262	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,800			
263	Less: Account 565	(Note H) 321.96.b	-			
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	45.000	TD	4.00000	45.000
265	Total O&M Allocable to Transmission	(Ins 260 - 262 - 263 - 264)	15,398	TP	1.00000	15,398
				Per Settlement in		
				FERC Docket No.		
				ER10-355-000 ,		
				Attachment A-1 to		
200	A direction instructions and Compared	202 407 h (Note 1)		Appendix B, pg.		
266 267	Administrative and General Less: Acct. 924, Property Insurance	323.197.b (Note J) 323.185.b	88,862	26, C, 7a.		
268	Less: Acct. 924, Property Insurance Acct. 928, Reg. Com. Exp.	323.189.b				
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
271	Balance of A & G	(In 266 - sum In 267 to In 270)	88,862	W/S	1.00000	88,862
272	Plus: Acct. 924, Property Insurance	(ln 267)	-	GP(h)	1.00000	-
273	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
275 276	Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment	Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M)	1,464	DA W/S	1.00000 1.00000	- 1,464
277	A & G Subtotal	(sum lns 271 to 276)	90,326	VV/O	1.00000	90,326
2	/ C C Captolai	(64111116271 16276)	00,020			00,020
278	O & M EXPENSE SUBTOTAL	(In 265 + In 277)	105,724			105,724
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
280	Plus: Transmission Lease Payments To Affiliates in Ac		-	DA	1.00000	-
281	TOTAL O & M EXPENSE	(In 278 + In 279 + In 280)	105,724			105,724
202	DEDDECIATION AND AMODITATION EXPENSE					
282 283	DEPRECIATION AND AMORTIZATION EXPENSE Line Deliberately Left Blank					
284	Line Deliberately Left Blank Line Deliberately Left Blank					
285	Transmission	336.7.f	-	TP1	1.00000	-
286	Plus: Transmission Plant-in-Service Additions (Worksl	neet I)	N/A			N/A
287	Plus: Formation Costs Amortization	(Worksheet A In 35.C)	26,809	TP1	1.00000	26,809
288	General	336.10.f	-	W/S	1.00000	-
289	Intangible TOTAL DEPRECIATION AND AMORTIZATION	336.1.f	26,800	W/S	1.00000	26,900
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	26,809			26,809
291	TAXES OTHER THAN INCOME	(Note N)				
292	Labor Related					
293	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
294	Plant Related					
295 206	Property Grass Bassints/Salas & Llas	Worksheet H In 23.(C) & In 58.(C)	-	DA	0.00000	0
296 297	Gross Receipts/Sales & Use Other	Worksheet H In 23.(F) Worksheet H In 23.(E)	<u>-</u> -	NA GP(h)	0.00000 1.00000	- -
298	TOTAL OTHER TAXES	(sum lns 293 to 297)		OI (II)	1.00000	-
_00		(,				
299	INCOME TAXES	(Note O)				
300	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%			
301	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.91%			
302	where WCLTD=(In 350) and WACC = (In 353)					
303 304	and FIT, SIT & p are as given in Note O. GRCF=1 / (1 - T) = (from ln 300)		1.6367			
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	1.0007			
2.00	(2.1.0)	, , , , , , , , , , , , , , , , , , , ,				
306	Income Tax Calculation	(In 301 * In 309)	5,333			5,333
307	ITC adjustment	(In 304 * In 305)		NP(h)	1.00000	_
308	TOTAL INCOME TAXES	(sum Ins 306 to 307)	5,333			5,333
200	DETURN ON DATE BASE (Boto Boso*MACC)	(la 255 * la 252)	12.420			12 120
309	RETURN ON RATE BASE (Rate Base*WACC)	(In 255 * In 353)	12,429			12,429
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	te F) (Worksheet D, In 2.(B))	-	DA	1.00000	-
-						
311	(Gains) / Losses on Sales of Plant Held for Future Use (V	Vorksheet N, In 4, Cols. ((F) & (H))	-			-
0.4.5	Taulana de la Nationa (10 de la Carte de l					
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held f	or Huture Use (In 311 * In301)	-			-
313	TOTAL REVENUE REQUIREMENT		150,295			150,295
515	(sum lns 281, 290, 298, 308, 309, 310, 311, 312)		130,293			100,200
	(== = = :, ===, ===, ===, ===, ===					

AEP APPALACHIAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
314	Total transmission plant	(ln 197)							-
315	Less transmission plant excluded from PJM Tariff (Note								_
316	Less transmission plant included in OATT Ancillary Serv								-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)						-	-
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)						TP=	#DIV/0!
					Payroll Billed from				
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll		AEP Service Corp.	Total			
320	Line Deliberately Left Blank	(1101011)	Direct ayron	,	ALI COIVIGO COIP.	rotai			
321	Transmission	354.21.b		0	7,318	7,318	TP	1.00000	7,318
322	Regional Market Expenses	354.22.b		0	7,010	7,510	NA	0.00000	7,010
323	Line Deliberately Left Blank	004.22.0		U			14/ (0.00000	
324	Other (Excludes A&G)	354.24,25,26.b		0		_	NA	0.00000	_
					7 240	7 24 0	INA	0.00000	7.240
325	Total	(sum lns 321, 322, & 324)		0	7,318	7,318			7,318
326	Transmission related amount							W/S=	1.00000
	Actual (Uncapped) Capital Structure								
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							_	\$
328	Long Term Interest	(Worksheet L, In. 34, col. (D))						See W/S L	-
329	Preferred Dividends	(Worksheet L, In. 44, col. (D))							-
330	Development of Common Stock:								
331	Proprietary Capital	(FF1 p 112, Ln 16.c)							(421,043)
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)							-
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)							_
334	Less: Account 219	(FF1 p 112, Ln 15.c)							_
335	Common Stock	(ln 331 - ln 332 - ln 333 - ln 334)						-	(421,043)
000	Sommon Glock	(11 001 11 002 11 000 11 004)			Capital Structure	Percentages			(421,040)
					\$	%		Cost	Weighted
336	Long Term Debt Worksheet L, In 34, col. (B))		See W/S L	_	<u> </u>	0.00%			0.0000
337			Jee W/J L		_	0.00%		_	0.0000
338	Preferred Stock (In 332) Common Stock (In 335)				(424.042)			- 11.49%	0.1149
	·			_	(421,043)	100.00%		_	
339	Total (Sum Ins 336 to 338)				(421,043)	1		WACC=	0.1149
240	AEP OPERATING COMPANIES' COMPOSITE (Note S	<u>s)</u>							Φ
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(Markahant O. In. 44)						_	\$
341	Long Term Interest	(Worksheet Q, In. 14)							547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)							-
343	Development of Common Stock:	(M. 1.1							0.045.044.655
344	Proprietary Capital	(Worksheet Q, In. 37)							9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)							-
346	Less: Account 216.1	(Worksheet Q, In. 39)							3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)							(225,388,128)
348	Common Stock	(ln 344 - ln 345 - ln 346 - ln 347)							10,166,848,271
349				_	%	\$		Cost	Weighted
350	Long Term Debt () (Worksheet Q, In 50)				50.48%	10,052,380,272		5.45%	0.0275
351	Preferred Stock (Worksheet Q, In 51)				0.00%	-		0.00%	0.0000
352	Common Stock (Worksheet Q, In 52)				49.52%	9,859,606,022		11.49%	0.0569
353	Total (Worksheet Q, In 45)				_	19,911,986,294		WACC=	0.0844

<u>Letter</u>	<u>Notes</u>					
	General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X					
Α	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. See Worksheet E for details.					
В	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.					
С	Transmission Plant balances in this study are historic as of December 31, 2012.					
D	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.					
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 262. 2) AEP transmission equalization transfers, as shown on line 263 3) The impact of state regulatory deferrals and amortizations, as shown on line 264 4) All A&G Expenses, as shown on line 277.					
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310.					
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 192 & 193 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.					
Н	Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 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 lines 279 and 280 is the AEP APPALACHIAN TRANSMISSION COMPANY general ledger.					
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.					
J	General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.					
K	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense					
L	Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.					
M	See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.					
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.					
Ο	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 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. Inputs Required: FIT = SIT= SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)) (percent of federal income tax deductible for state purposes)					
Р	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	As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.					

Line No.						ansmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	۸	llocator	\$142,493
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$ 142,493
	The Carrying Charge Calculations on lines 6 to 11 below ission Enhancement Charges. The total non-incentive re-	<u> </u>				
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o	incentives) (Worksheet K)	-	DA	1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges of	,				
6	Annual Rate Monthly Rate	((ln 1 - ln 102 - ln 103)/ ln 48 x 100) (ln 6 / 12)				0.00% 0.00%
,	Monthly Rate	(110712)				0.0076
8	NET PLANT CARRYING CHARGE ON LINE 6, w/o deprec					0.000/
9	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108) / ln 48 x 100				0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return,	,				
11	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108 - ln 131 - ln 1	32) / ln 48 x 100)			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ in	centive ROE's (Note B) (Worksheet K)				-
13		REVENUE REQUIREMENT FOR SC	HEDULE 14 CHARGES			
10			HEBOLL IX OHAROLO			
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below				3,800
15 16	Less: Load Dispatch - Scheduling, System Control and Displess: Load Dispatch - Reliability, Planning & Standards Dev	·				3,800
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				 <u>-</u>

Total Tota		(1)	(2)	(3)		(4)	(5)
Control Cont							
No. CARDON PLANT IN SERVICE Committee Committe	Line	RATE BASE CALCULATION	(See "General Notes")	· · · · · · · · · · · · · · · · · · ·	Allo	<u>ocator</u>	<u>Transmission</u>
19 Lie Delicontrol Land Blooms	No.			<u></u>			
Transcription DA							
Less Transmission APO Climan Negative (Worsheer A) (Worsheer A) NA			(Madahart Ala O.F. 9 La 440)		DA		
Pius. Transmissor Parameter of Transformard Association (Norscheed I)			,	- -		1 00000	-
Plus Additional Trans Pietro to Transferred Assets (Videsbeard in 7.E)			,	N/A			N/A
Lane Deliverative Let Blank Lane Deliverative Let Blank Lane Deliverative Let Blank Lane Deliverative Let Blank Lane Center Negative Information		•	•				
25 Lim Celebrarely Left Block Center Negative) (Worsheed A in 7.5)		`	TROPICOC I)	1071	1471	0.00000	14//1
Caretar Paral Control Paral Control		•					
Part Part (Worksheet An 9.E)			(Worksheet A In 7.E)	-	W/S	1.00000	-
TOTAL CROSS FLANT (Sum of Lines 20 to 23 8 26 to 28) OP(P)	27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	1.00000	-
ACCUMULATED DEPRECIATION AND AMORTIZATION 31 Lists Deliberatority for Blank 32 Lists Deliberatority for Blank 33 Lists Deliberatority for Blank 34 Lists Deliberatority for Blank 35 Lists Deliberatority for Blank 36 Lists Transmission ARD (Enter Regulate) (Montaheat A in 14 E & 28 E) The Third Common Co		•	,	<u> </u>			_
ACCUMULATED DEPRECIATION AND AMORTIZATION	29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-			-
1	30	ACCUMULATED DEPDECIATION AND AMORTIZATION			GID=	0.00000	
Turn							
Transmission AD (Enter Nogalivo)							
Less: Transmission AVIO (Enter Negative) (Worksheet I) NIA DA 1,00000 NA		•	(Worksheet A In 14 F & 28 F)	-	TP1=	0.00000	-
Piles Transmission Plant-In-Service Additional (Worksheet 1)			,	-			_
Pilics Additional Projected Deprec on Transferred Assets (Worksheet I)		· · · · · · · · · · · · · · · · · · ·	,	N/A	DA		N/A
Piles Additional Transmission Depreciation for 2013 (in 107 + in 108)				N/A	DA		N/A
Pius: Additional Accum Depreto n Transferred Assets (Worksheet I) N/A 1,0000 N/A				N/A	TP1	1.00000	N/A
	38	Plus: Additional General & Intangible Depreciation for 2	013 (ln 107 + ln 108)	N/A	W/S	1.00000	N/A
Line Deliberately Left Blank	39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)	N/A	DA	1.00000	N/A
General Plant ARO (Emior Negative)	40	Line Deliberately Left Blank					
Less: Ceneral Plant ARC (Enter Negative) (Worksheet A In 19.E)							
Inlangable Plant (Workshoet Ain 20,E)			,	-			-
TOTAL ACCUMULATED DEPRECIATION Sum of Lines: 33 to 39 & 42 to 44)		· • • • • • • • • • • • • • • • • • • •	,	-			-
NET PLANT IN SERVICE Line Deliberately Loft Blank Transmission Clin 20 + In 21 - In 33 - In 34) N/A Plus: Transmission Plant-in-Service Additions (in 22 - In 35) N/A		•	,		W/S	1.00000	
	45	TOTAL ACCOMOLATED DEPRECIATION	(Suiti of Lines, 33 to 39 & 42 to 44)	-			-
	46	NET PLANT IN SERVICE					
Transmission Cin 20 + In 21 - In 33 - In 34) -							
Plus: Additional Trans Plant on Transferred Assets (In 23 - in 36)	48	Transmission	(In 20 + In 21 - In 33 - In 34)				-
Plus: Additional General & Intangible Depreciation for 2013 (-in 37)	49	Plus: Transmission Plant-in-Service Additions (In 22 - In	35)	N/A			N/A
Pius: Additional Accoumt Deprec on Transferred Assets (Worksheet I) (-In 39)		•	•				
Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		·	·				
		•	· · ·				
Company		•	Worksheet I) (-In 39)	N/A			N/A
TOTAL NET PLANT IN SERVICE			(la 20 : la 27 la 40 la 42)				
TOTAL NET PLANT IN SERVICE			,	-			-
DEFERRED TAX ADJUSTMENTS TO RATE BASE (Note D) (Worksheet B, in 2 & in 5.E) NA			,	<u>-</u>	NP(h)-	0.00000	
Account No. 281.1 (enter negative)	31	TOTAL NET FLANT IN SERVICE	(Sum of Lines, 40 to 33 & 33, 30)	-	MF(II)=	0.0000	-
Account No. 281.1 (enter negative)							
Account No. 282.1 (enter negative)			,				
Account No. 283.1 (enter negative)		, ,	·	-			-
Account No. 190.1		,		- (24.205)			(04.005)
Account No. 255 (enter negative) (Worksheet B, In 24 & In 25.E) - DA - ON 10 -		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·				
64 TOTAL ADJUSTMENTS (sum Ins 59 to 63) 80,952 65 PLANT HELD FOR FUTURE USE (Worksheet A In 29.E & In 30.E) - DA - 66 REGULATORY ASSETS (Worksheet A In 41. (E)) - DA - 67 WORKING CAPITAL (Note E) 68 Cash Working Capital (1/8 * In 88) 1,925 69 Transmission Materials & Supplies (Worksheet C, In 2.F) - TP 1.00000 - 70 A&G Materials & Supplies (Worksheet C, In 3.F) - W/S 1.00000 - 71 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.F) - GP(h) 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.F) - DA 1.00000 - 75 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.F) - DA 1.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925			,	102,217			102,217
PLANT HELD FOR FUTURE USE				80.952	DΛ		80 952
66 REGULATORY ASSETS (Worksheet A In 41. (E)) - DA - 67 WORKING CAPITAL (Note E) 68 Cash Working Capital (1/8 * In 88) 1,925 69 Transmission Materials & Supplies (Worksheet C, In 2.F) - TP 1.00000 - 70 A&G Materials & Supplies (Worksheet C, In 3.F) - W/S 1.00000 - 71 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.E) - DA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925	•		(cam me ee te ee)	33,332			33,332
67 WORKING CAPITAL (Note E) 1,925 1,925 68 Cash Working Capital (1/8 * In 88) 1,925 TP 1,00000 - 69 Transmission Materials & Supplies (Worksheet C, In 2.F) - TP 1,00000 - 70 A&G Materials & Supplies (Worksheet C, In 3.F) - W/S 1,00000 - 71 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1,00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G) - W/S 1,00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1,00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1,00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 DA 1.00000 - 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B))	65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
68 Cash Working Capital (1/8 * ln 88) 1,925 1,925 69 Transmission Materials & Supplies (Worksheet C, ln 2.F) - TP 1.00000 - 70 A&G Materials & Supplies (Worksheet C, ln 3.F) - W/S 1.00000 - 71 Stores Expense (Worksheet C, ln 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, ln 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, ln 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, ln 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, ln 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum lns 68 to 75) 1,925 1,925 1,925 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, ln 8 (B)) - DA 1.00000	66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
68 Cash Working Capital (1/8 * ln 88) 1,925 1,925 69 Transmission Materials & Supplies (Worksheet C, ln 2.F) - TP 1.00000 - 70 A&G Materials & Supplies (Worksheet C, ln 3.F) - W/S 1.00000 - 71 Stores Expense (Worksheet C, ln 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, ln 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, ln 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, ln 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, ln 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum lns 68 to 75) 1,925 1,925 1,925 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, ln 8 (B)) - DA 1.00000	67	WORKING CARITAL	(Note E)				
69 Transmission Materials & Supplies (Worksheet C, In 2.F) - TP 1.00000 - 70 A&G Materials & Supplies (Worksheet C, In 3.F) - W/S 1.00000 - 71 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 1,925 1,925 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -			` '	1 925			1 025
70 A&G Materials & Supplies (Worksheet C, In 3.F) - W/S 1.00000 - 71 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 DA 1.00000 - 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -		The state of the s	,	-	TP	1.00000	-
71 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 DA 1.00000 - 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -		· ·	·	-			-
72 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G) - W/S 1.00000 - 73 Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F) - GP(h) 1.00000 - 74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 1,925 1.00000 - 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -		• •		-			-
74 Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E) - DA 1.00000 - 75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 1,925 1,925 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -			(Worksheet C, In 8.G)	-	W/S		-
75 Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D) - NA 0.00000 - 76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 1,925 1,925 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -			·	-			-
76 TOTAL WORKING CAPITAL (sum Ins 68 to 75) 1,925 77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -			,	-			-
77 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8 (B)) - DA 1.00000 -				1.005	NA	0.00000	4.005
	70	TOTAL WORKING CAPITAL	(Sum ms oo to 75)	1,925			1,925
	77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
78 RATE BASE (sum Ins 57, 64, 65, 66, 76, 77) 82,877				<u> </u>			
	78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		82,877			82,877

(5)

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP APPALACHIAN TRANSMISSION COMPANY

(1) (2) (3)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allc	ocator_	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80 91	Line Deliberately Left Blank	322.164,171,178.b				
81 82	Customer Related Expense Regional Marketing Expenses	322.184,171,176.b	<u>-</u>			
83	Transmission	321.112.b	19,198			
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	19,198			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,800			
86	Less: Account 565	(Note H) 321.96.b	-			
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	15,398	TP	1.00000	15,398
00	Total Call Allocations Transmission	(1110 00 00 00 01)	10,000	••	1.00000	10,000
89	Administrative and General	323.197.b (Note J)	88,862			
90	Less: Acct. 924, Property Insurance	323.185.b	-			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	<u> </u>			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	88,862	W/S	1.00000	88,862
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h)	1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	-	DA	1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,464	W/S	1.00000	1,464
100	A & G Subtotal	(sum Ins 94 to 99)	90,326			90,326
404	O A MENDENIOE CURTOTAL	(1.00.1.400)	405 =0.4			105 501
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	105,724	D.A	4 00000	105,724
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 50		105.704	DA	1.00000	105 704
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	105,724			105,724
105	DEPRECIATION AND AMORTIZATION EXPENSE					
103	Line Deliberately Left Blank					
100	Line Deliberately Left Blank					
107	Transmission	336.7.f	_	TP1	1.00000	_
109	Plus: Transmission Plant-in-Service Additions (Worksheet		N/A		1.00000	N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,809	TP1	1.00000	26,809
111	General	336.10.f	-	W/S	1.00000	20,000
112	Intangible	336.1.f	-	W/S	1.00000	_
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	26,809		•	26,809
		(_5,555			_5,555
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	,				
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
117	Plant Related					
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA		-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000	-
120	Other	Worksheet H In 23.(E)	<u> </u>	GP(h)	1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	-			-
122	INCOME TAXES	(Note O)	00.000/			
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.90%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.83%			
125	where WCLTD=(In 174) and WACC = (In 177)					
126	and FIT, SIT & p are as given in Note O.		4.6267			
127	GRCF=1 / (1 - T) = (from In 123)	(FF4 = 444 l= 40 a)	1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
129	Income Tax Calculation	(ln 124 * ln 132)	2,987			2,987
130	ITC adjustment	(ln 127 * ln 132) (ln 127 * ln 128)	2,907	NP(h)	1.00000	2,907
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	2,987	INI (II)	1.00000	2,987
131	TOTAL INCOME TAXES	(80111 1113 129 to 130)	2,907			2,907
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	6,973			6,973
102	The Forth Civil Direct (Hate Base Writes)	(0,010			0,010
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F)	(Worksheet D, In 2.(B))	-	DA	1.00000	-
- -						
134	(Gains) / Losses on Sales of Plant Held for Future Use (Work	sheet N, In 4, Cols. ((F) & (H))	-			-
	· ·					
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Fu	uture Use (In 134 * In124)	-			-
136	TOTAL REVENUE REQUIREMENT		142,493		- -	142,493
	(sum Ins 104, 113, 121, 131, 132, 133)					-

AEP APPALACHIAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

NI.									
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
137	Total transmission plant	(In 20)							-
138	Less transmission plant excluded from PJM Tariff (Note P)								-
139	Less transmission plant included in OATT Ancillary Service)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)							-
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)						TF	1.00000
				Payroll	Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Se	rvice Corp.	Total			
143	Line Deliberately Left Blank								
144	Transmission	354.21.b	C		7,318	7,318	TP	1.00000	7,318
145	Regional Market Expenses	354.22.b	C)	0	-	NA	0.00000	-
146	Line Deliberately Left Blank		_		_				
147	Other (Excludes A&G)	354.24,25,26.b	C		0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	C)	7,318	7,318			7,318
149	Transmission related amount							W/S=	1.00000
	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)								
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E	Ξ))						-
152	Preferred Dividends	(Worksheet M, In. 49, col. (E	≣))						-
153	Development of Average Common Stock Balance:								
154	Proprietary Capital	(Worksheet M, In. 1, col. (E)							(337,179)
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E)	•						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E)	•						-
157	Less: Account 219	(Worksheet M, In. 4, col. (E)	-						(007.470)
158	Average Common Stock	(ln 154 - ln 155 - ln 156 - ln	157)						(337,179)
		_				Percentages		_	
	Capped Actual Average Capital Structure	Average \$		A	ctual	Cap Limit		Cost	Weighted
4									0.0000
159	Long Term Debt W/S M, In 11, In 21, col. (E))	-			-	0.00%		-	
160	Preferred Stock (In 155)	- (207.472)			-	0.00%		-	0.0000
160 161	Preferred Stock (In 155) Common Stock (In 158)	(337,179)			-	0.00% 0.00%		11.49%	0.0000 0.0000
160	Preferred Stock (In 155)	(337,179) (337,179)			0%	0.00%		- 11.49% WACC=	0.0000
160 161	Preferred Stock (In 155) Common Stock (In 158)	,			-	0.00% 0.00%			0.0000 0.0000
160 161 162	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	(337,179)			-	0.00% 0.00%			0.0000 0.0000
160 161 162	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T)	(337,179)			-	0.00% 0.00%			0.0000 0.0000
160 161 162 163	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	(337,179)			-	0.00% 0.00%			0.0000 0.0000 0.0000
160 161 162 163	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(337,179)			-	0.00% 0.00%			0.0000 0.0000 0.0000
160 161 162 163 164 165	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	(337,179) 50.0% (Worksheet Q, In. 132)			-	0.00% 0.00%			0.0000 0.0000 0.0000 \$ 547,956,963
160 161 162 163 164 165 166	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	(337,179) 50.0% (Worksheet Q, In. 132)			-	0.00% 0.00%			0.0000 0.0000 0.0000 \$ 547,956,963 - Average
160 161 162 163 164 165 166 167	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock:	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134)			-	0.00% 0.00%			0.0000 0.0000 0.0000 \$ 547,956,963
160 161 162 163 164 165 166 167 168	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135)			-	0.00% 0.00%			0.0000 0.0000 0.0000 \$ 547,956,963 - Average
160 161 162 163 164 165 166 167 168 169	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136)			-	0.00% 0.00%			0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986
160 161 162 163 164 165 166 167 168 169 170	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137)	171)		-	0.00% 0.00%			\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
160 161 162 163 164 165 166 167 168 169 170 171	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	171)		-	0.00% 0.00%			0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593)
160 161 162 163 164 165 166 167 168 169 170 171 172	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	171)		- 0%	0.00% 0.00% 0%		WACC=	0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023
160 161 162 163 164 165 166 167 168 169 170 171 172	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	171)		- - 0%	0.00% 0.00%		WACC=	0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted
160 161 162 163 164 165 166 167 168 169 170 171 172	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt () (Worksheet Q, In 148)	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	171)		- - 0%	0.00% 0.00% 0%		WACC=	0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275
160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt () (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	(337,179) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	171)		- - 0% - - 0%	\$ 10,096,878,353		WACC= Cost 0.0543	0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275 0.0000

AEP APPALACHIAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - 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.
- Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

 The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP APPALACHIAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required:

uired: FIT = 35.00% SIT= 6.00%

SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)

- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- 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.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP APPALACHIAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet A Supporting Plant Balances AEP APPALACHIAN TRANSMISSION COMPANY

(B)

(C)

(D)

(E)

<u>Line</u> Balance @ December Balance @ December Average Balance Rate Base Item & Supporting Balance Source of Data 31, 2012 31, 2011 for 2012 <u>Number</u> NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here. NOTE: The ratebase should not include the unamoritzed balance of hedging gains or losses. **Plant Investment Balances** Line Deliberately Left Blank 2 Line Deliberately Left Blank **Transmission Plant In Service** FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58 **Transmission Asset Retirement Obligation** FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57 Line Deliberately Left Blank Line Deliberately Left Blank **General Plant In Service** FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99 **General Asset Retirement Obligation** FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98 **Intangible Plant In Service** FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5 **Total Property Investment Balance** 10 (Sum of Lines: 3, 7, 9) 11 Total ARO Balance (included in total on line 10) (Sum of Lines: 4, 8) **Accumulated Depreciation & Amortization Balances** Line Deliberately Left Blank 12 Line Deliberately Left Blank 13 14 **Transmission Accumulated Depreciation** FF1, page 219, In 25, Col. (b) 15 **Transmission ARO Accumulated Depreciation** Company Records - Note 1 16 Line Deliberately Left Blank 17 Line Deliberately Left Blank **General Accumulated Depreciation** FF1, page 219, ln 28, Col. (b) 18 Company Records - Note 1 19 **General ARO Accumulated Depreciation Intangible Accumulated Amortization** FF1, page 200, In 21, Col. (b) 20 **Total Accumulated Depreciation or Amortization** 21 (Sum of Lines: 14, 18, 20) Total ARO Balance (included in total on line 21) **Generation Step-Up Units GSU Investment Amount** 23 Company Records - Note 1 24 **GSU Accumulated Depreciation** Company Records - Note 1 25 **GSU Net Balance** (Line 23 - Line 24) <u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u> 26 **Transmission Accumulated Depreciation** (Line 14 Above) 27 **Less: GSU Accumulated Depreciation** (Line 24 Above) 28 (Line 26 - Line 27) **Subtotal of Transmission Net of GSU Plant Held For Future Use** FF1, page 214, In 47, Col. (d) 29 Plant Held For Future Use 30 **Transmission Plant Held For Future** 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. Beginning Balance of Regulatory Asset (Note 2) 67,022 93,830 31 80,426 32 Amortization in Months 30 33 Monthly Amortization 2,234 2,234 2,234 34 Months in 2012 to be amortized 12 12 12 35 Amortization Expense in 2012 26,809 26,809 26,809 36 Months in 2013 to be amortized 12 12 12 37 Amortization Expense in 2013 26,809 26,809 26,809 38 **Ending Balance of Regulatory Asset** 67,021 40,213 53,617 39 Average Balance of Regulatory Asset 53,618 80,426 67,022 40 Unamortized Balance of Regulatory Asset at YE 2012 40,213 67,021 53,617 41 Total Regulatory Deferrals Included in Ratebase (Note 2) 0 0

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

(A)

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet B Supporting ADIT and ITC Balances AEP APPALACHIAN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> <u>Number</u>	<u>Description</u>	<u>Source</u>	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
1	Account 281				
2 3 4 5	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 272 - 273, ln 8, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 2 - ln 3 - ln 4	- - -	-	- - -
6	Account 282	LII 2 - III 3 - III 4	-		-
7 8 9 10	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 274 - 275, ln 5, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 7 - ln 8 - ln 9	-	- - -	- - - -
11	Account 283				
12 13 14	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 276 - 277, ln 9, Col. (k) Company Records - Note 1 Company Records - Note 1	19,072 - -	23,458 - -	21,265 -
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	19,072	23,458	21,265
16	Account 190				
17 18 19	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 234, ln 8, Col. (c) Company Records - Note 1 Company Records - Note 1	164,385 - -	40,049	102,217 - -
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	164,385	40,049	102,217
21	Account 255				
22 23	Year End ITC Balances Less: Balances Not Qualified for Ratebase	FF1, p. 266-267, ln 8, Col. (h) Company Records - Note 1	-	-	<u> </u>
24 25	ITC Balances Includeable in Ratebase Transmission Related Deferrals	Ln 22 - In 23 Company Records - Note 1	-	-	- -

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

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet C Supporting Working Capital Rate Base Adjustments AEP APPALACHIAN TRANSMISSION COMPANY

(A) (B) (D) (E) (F) (C) (G) (H) (I) **Materials & Supplies** Balance @ December Line <u>Number</u> <u>31, 2012</u> <u>31, 2011</u> <u>2012</u> <u>Source</u> 1 Transmission Materials & Supplies FF1, p. 227, ln 8, Col. (c) & (b) General Materials & Supplies FF1, p. 227, In 11, Col. (c) & (b) 3 Stores Expense (Undistributed) FF1, p. 227, In 16, Col. (c) & (b) **Prepayment Balance Summary** 100% **Transmission Total Included Transmission** Average of **Transmission** Plant Excludable Labor in Ratebase YE Balance **Balances** Related Related Related (E)+(F)+(G)Totals as of December 31, 2012 0 0 0 0 0 Totals as of December 31, 2011 **Average Balance** Prepayments Account 165 - Balance @ 12/31/2012 100% **Transmission Total Included Transmission Transmission** 2012 Plant Excludable Labor in Ratebase YE Balance **Description Balances** Related (E)+(F)+(G)Acc. No. <u>Related</u> Related **Explanation** 10 1650001 **Prepaid Insurance** 11 165000207 **Prepaid Taxes** Prepaid Rents 12 1650003 **Prepaid Interest** 13 1650004 **Prepaid Employee Benefits** 14 1650005 Other Prepayments 15 1650006 Prepaid Carry Cost-Factored AR 1650009 17 1650010 **Prepaid Pension Benefits** 1650014 FAS 158 Qual Contra Asset 18 FAS 112 ASSETS 19 1650016 Subtotal - Form 1, p 111.57.c Prepayments Account 165 - Balance @ 12/31/ 2011 100% **Transmission Transmission Total Included** 2011 **Transmission** Excludable Plant Labor in Ratebase (E)+(F)+(G)YE Balance 20 Acc. No. **Description Balances** Related Related Related **Explanation Prepaid Insurance** 21 1650001 22 165000206 Prepaid Taxes 0 165000207 Prepaid Taxes 23 0

0

0

0

Subtotal - Form 1, p 111.57.c

Prepaid Carry Cost-Factored AR

Prepaid Pension Benefits

FAS 158 Qual Contra Asset

24

25

26

28

29

30

165000208 Prepaid Taxes

31 1650016 FAS 112 ASSETS

1650003

1650004

1650009 1650010

1650014

27 1650006

Prepaid Rents

Prepaid Interest Other Prepayments

Formula Rate WS D IPP Credits Page 19 of 37

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet D Supporting IPP Credits AEP APPALACHIAN TRANSMISSION COMPANY

<u>Line</u> <u>Number</u>	(A) <u>Description</u>	(B) <u>2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	
3	Revenue Credits to Generators (Company Records - Note 1)	-
4 5 6	Other Adjustments Accounting Adjustment (Company Records - Note 1)	
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	-

Note 1 On this worksheet Company Records refers to AEP APPALACHIAN TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet E Supporting Revenue Credits AEP APPALACHIAN TRANSMISSION COMPANY

<u>Line</u> Number	<u>Description</u>	<u>Total</u> <u>Company</u>	Non- Transmission	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	
4	Account 4560015, Associated Business Development - (Company Records - Note 1)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	26,809	26,809	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	26,809	26,809	
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts -		-	
8	(Company Records - Note 1) Total Other Operating Revenues To Reduce Revenue Requirement	26,809	26,809	

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP APPALACHIAN TRANSMISSION COMPANY's general ledger. The functional amounts identified as transmission revenue also come from the general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet F Supporting Allocation of Specific O&M or A&G Expenses AEP APPALACHIAN TRANSMISSION COMPANY

(F)

Explanation

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> Number	<u>ltem No.</u>	<u>Description</u>	2012 Expense	100% Non-Transmission	100% Transmission Specific
1 2 3	5700005	Regulatory O&M Deferrals & Amortizations Maint Station-Reliability-Df	-		
4		Total	0		
5 6 7	FF1 p 321.84.b FF1 p 321.85.b FF1 p 321.86.b	Detail of Account 561 Per FERC Form 1 561 - Load Dispatching 561.1 - Load Dispatch - Reliability 561.2 - Load Dispatch - Monitor & Operate Trans System			
8 9 10 11 12	FF1 p 321.88.b FF1 p 321.89.b FF1 p 321.90.b FF1 p 321.91.b	 561.3 - Load Dispatch - Trans Service & Scheduling 561.4 - Scheduling, System Control & Dispatch 561.5 - Reliability, Planning and Standards Development 561.6 - Transmission Service Studies 561.7 - Generation Interconnection Studies 	3,800		
13 14	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services Total of Account 561	3,800		
		Account 928			
15 16	9280000 9280001	Regulatory Commission Exp Regulatory Commission Exp-Adm	1		-
17	9280002	Regulatory Commission Exp-Case	-	-	-
18 19	9280002 9280002	Regulatory Commission Exp-Case Regulatory Commission Exp-Case	1		-
	0200002	·			
20		Total		-	<u>-</u>
		Account 930.1			
21 22	9301000 9301001	General Advertising Expenses Newspaper Advertising Space	1		-
23	9301001	Radio Station Advertising Time	1	_	_
24	9301003	TV Station Advertising Time	-	-	-
25	9301004	Newspaper Advertising Prod Exp	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-
27 28	9301006 9301007	Spec Corporate Comm Info Proj Special Adv Space & Prod Exp			
29	9301008	Direct Mail and Handouts	-	-	_
30	9301009	Fairs, Shows, and Exhibits	-	-	-
31	9301010	Publicity	-	-	-
32	9301011	Dedications, Tours, & Openings	-	-	-
33 34	9301012 9301013	Public Opinion Surveys Movies Slide Films & Speeches			-
35	9301014	Video Communications	_	_	_
36	9301015	Other Corporate Comm Exp	-	-	-
37		Total		-	<u> </u>
		Account 930.2			
38	9302000	Misc General Expenses	0		
39 40	9302003 9302004	Corporate & Fiscal Expenses Research, Develop&Demonstr Exp	0		
40 41	9302004	Assoc Business Development Exp	0		
42		Total	-	-	-

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet G Supporting - Development of Composite State Income Tax Rate AEP APPALACHIAN TRANSMISSION COMPANY

1	Tennessee Excise Tax Rate Apportionment Factor - Note 2	6.50% 0.00%	
	Effective State Tax Rate		0.00%
2	Virginia State Tax Rate	6.00%	
	Apportionment Factor - Note 2	100.00%	
	Effective State Tax Rate		6.00%
3	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		6.00%

- The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.
- Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 1 Supporting Taxes Other than Income AEP APPALACHIAN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line		Total				
No.	Account	Company NOTE 1	Property	Labor	Other	Non-Allocable
		NOTET				
1 2	Revenue Taxes Gross Receipts Tax					
2	Gloss Necelpis Tax	-				-
3	Real Estate and Personal Property Taxes					
4 5	Real and Personal Property - West Virginia Real and Personal Property - Virginia	- -	-			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Incurance	-		-		
11	State Unemployment Insurance	-		-		
12	Line Deliberately Left Blank					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15 16	State Business & Occupation Tax	-				-
16 17	State Public Service Commission Fees State Franchise Taxes	-			-	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	-				-
21 22	Federal Excise Tax Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis (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 I	H-1.		
	Fu	Inctional Property	Tax Allocation	Lines 24 E9		
		Lines 24-58 Column (B)		Lines 24-58 Column (D)		
		Deliberately		Deliberately Left		
		Left Blank	Transmsission	Blank	<u>General</u>	Total
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234) VIRGINIA JURISDICTION	-	-	-	-	-
25	Percentage of Plant in VIRGINIA JURISDICTION					
26	Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	-	_			-
27	Less: Net Value of Exempted Generation Plant					
28 29	Taxable Property Basis (Ln 26 - Ln 27) Relative Valuation Factor	-	-	-	-	- 0
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-	0
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33 34	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32) Functional Percentage (Ln 33/Total Ln 33)	0.00%	0.00%	0.00%	-	-
35	Functionalized Expense in VIRGINIA JURISDICTION	-	-	-		-
	WEST VA JURISDICTION					
36 37	Percentage of Plant in WEST VA JURISDICTION Not Plant in WEST VA JURISDICTION (Lp. 24 * Lp. 36)					
37 38	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36) Less: Net Value of Exempted Generation Plant	-	-	-	-	-
39	Taxable Property Basis (Ln 37 - Ln 38)	-			-	-
40	Relative Valuation Factor					0
41 42	Weighted Net Plant (Ln 39 * Ln 40) General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	- -100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)		- 0.0070		-	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	-
45 46	Functional Percentage (Ln 44/Total Ln 44) Functionalized Expense in WEST VA JURISDICTION	0.00%	0.00%	0.00%		
40	TENNESSEE JURISDICTION	-		<u>-</u>		
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-			-	-
48	Less: Net Value Exempted Generation Plant					
49 50	Taxable Property Basis Relative Valuation Factor	-	-	-	-	-
51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	
52	General Plant Allocator (Ln 51 / (Total - General Plant)	0.00%	0.00%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	
54 55	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53) Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%	-	-
56	Functionalized Expense in TENNESSEE JURISDICTION	-				-
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)					-

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H AEP APPALACHIAN TRANSMISSION COMPANY

(A) (B) (C) (D) Line FERC FORM 1 **Total** FERC FORM 1 Reference **Annual Tax Expenses by Type (Note 1)** Tie-Back No. Company Revenue Taxes **Gross Receipts Tax** P.263.1 In 7 (i) P.263.2 In 3 (i) P.263.2 In 4 (i) Real Estate and Personal Property Taxes Real and Personal Property - West Virginia P.263 In 34 (i) P.263 In 35 (i) P.263 In 38 (i) P.263 In 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i) Real and Personal Property - Virginia P.263.2 In 21 (i) P.263.2 In 22 (i) P.263.2 In 24 (i) P.263.2 In 25 (i) P.263.2 In 26 (i) P.263.2 In 27 (i) Real and Personal Property - Tennessee P.263.3 In 3 (i) P.263.3 In 4 (i) Real and Personal Property - Other Jurisdictions P.263.4 In 12 (i) Payroll Taxes Federal Insurance Contribution (FICA) P.263 In 6 (i) Federal Unemployment Tax P.263 In 9 (i) State Unemployment Insurance P.263.1 In 23 (i) P.263.2 ln 33 (i) P.263.3 In 16 (i) Line Left Deliberately Blank State Severance Taxes Miscellaneous Taxes State Business & Occupation Tax P.263 In 21 (i) P.263 In 22 (i) State Public Service Commission Fees P.263 In 26 (i) P.263 In 27 (i) P.263.3 In 20 (i) 17 State Franchise Taxes P.263.1 In 18 (i) P.263.1 In 19 (i) P.263.1 In 34 (i) P.263.2 In 10 (i) P.263.2 ln 11 (i) P.263.2 In 38 (i) P.263.2 In 39 (i) P.263.3 In 27 (i) P.263.3 In 28 (i) P.263.4 In 20 (i) P.263.4 In 27 (i) State Lic/Registration Fee P.263.1 ln 15 (i) P.263.2 In 13 (i) P.263.3 In 8 (i) P.263.4 In 21 (i) Misc. State and Local Tax P.263.1 ln 12 (i) Sales & Use 20 P.263 In 30 (i) P.263 In 31(i) P.263.2 In 16 (i) P.263.2 In 17 (i) P.263.3 In 21 (i) Federal Excise Tax P.263 In 13 (i) P.263 In 14 (i) Michigan Single Business Tax

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission 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 transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14 of the Ferc Form 1.

Total Taxes by Allocable Basis

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet I Supporting Transmission Plant in Service Additions AEP APPALACHIAN TRANSMISSION COMPANY

(A) (B) (C)	(D)	(E)	(F)	(G)	(H)	(1)		

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, In 285	-
6	Composite Depreciation Rate	0.00%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.67%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capita	lized Balance	Composite Annual Depreciation Rate	Annual preciation	Mont	hly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$	-	1.67%	\$ -	\$	-	11	\$ -
10	February	\$	-	1.67%	\$ -	\$	-	10	\$ -
11	March	\$	-	1.67%	\$ -	\$	-	9	\$ -
12	April	\$	-	1.67%	\$ -	\$	-	8	\$ -
13	May	\$	-	1.67%	\$ -	\$	-	7	\$ -
14	June	\$	-	1.67%	\$ -	\$	-	6	\$ -
15	July	\$	-	1.67%	\$ -	\$	-	5	\$ -
16	August	\$	-	1.67%	\$ -	\$	-	4	\$ -
17	September	\$	-	1.67%	\$ -	\$	-	3	\$ -
18	October	\$	-	1.67%	\$ -	\$	-	2	\$ -
19	November	\$	-	1.67%	\$ -	\$	-	1	\$ -
20	December	\$	-	1.67%	\$ -	\$	-	0	\$ -
21	Investment	\$	-				De	preciation Expense	\$ <u> </u>

III. Plant Transferred

	- -		
22	\$	-	<== This input area is for original cost plant
23	\$	-	<== This input area is for accumulated depreciation that may be associated with capital
			expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (ln 7 * ln 22)	\$	_	— This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2009

	Estimated Cost	
	<u>(000's)</u>	Month in Service
25 Major Zonal Projects		
26		
27		
28		
29		
30		
31 Subtotal	-	_
32 PJM Socialized/Beneficiary Allocated Regional Projects		
33	\$0	
34 Subtotal	\$0	

Note 1: Until AEP APPALACHIAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP APPALACHIAN TRANSMISSION COMPANY is shown on Worksheet P.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP APPALACHIAN TRANSMISSION COMPANY

Page 1 of 2

Incentive Amounts

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 (Projected TCOS, In 176) 0 <==ROE Adder Cannot Exceed 125 Basis Points Project ROE Incentive Adder 11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012 ROE with additional 0 basis point incentive Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through176)

	<u>%</u>	<u>Cost</u>	Weighted cost
Long Term Debt	50.48%	5.45%	2.752%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.52%	11.49%	<u>5.689%</u>
		R =	8 441%

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

147,238
8.441%
12,429

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

Return (from B. above)	12,429
Effective Tax Rate (Projected TCOS, In 124)	42.91%
Income Tax Calculation (Return x CIT)	5,333
ITC Adjustment	-
Income Taxes	5,333

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 (Projected TCOS, In 1)	150,295
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	-
Return (Projected TCOS, In 132)	12,429
Income Taxes (Projected TCOS, In 131)	<u>5,333</u>
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	132,533

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	132,533
Return (from I.B. above)	12,429
Income Taxes (from I.C. above)	5,333
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,295
Depreciation (Projected TCOS, In 108)	
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	150,295

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

Net Transmission Plant (Projected TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,295
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Reg, w / 0 Basis Point ROE increase, less Dep.	150,295
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	
Subtotal	-
Average Transmission Plant Balance for 2012	-
Annual Depreciation Rate (Projected TCOS, In 108)	-
Composite Depreciation Rate	1.67%
Depreciable Life for Composite Depreciation Rate	59.88
Round to nearest whole year	60

Note 1: Until AEP APPALACHIAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS

PROJECTED YEAR

component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP APPALACHIAN TRANSMISSION COMPANY is shown on Worksheet P.

AEP APPALACHIAN TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED 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	A. Base	Plan	Facilities
-------------------------	---------	------	-------------------

Facilities receiving incentives accepted by FERC in Docket No.	(e.g. ER05-925-000)	Current Projected Year ARR	-
		Current Projected Year ARR w/ Incentive	
Project Description:		Current Projected Year Incentive ARR	-

Details						
Investment	-	Current Year	rrent Year			
Service Year (yyyy)		ROE increase accepte	DE increase accepted by FERC (Basis Points)			
Service Month (1-12)		FCR w/o incentives, le	CR w/o incentives, less depreciation			0.00%
Useful life	60	CR w/incentives approved for these facilities, less dep.			0.00%	
CIAC (Yes or No)		nnual Depreciation Expense				-

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

Page 2 of 2

Investment Year	Beginning Balance	Depreciation Expense	Ending 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 Template w/o Incentives	RTEP Projected Rev. Req't.From Prior Year Template with Incentives **	
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- Project Totals	-	-	-	-	-	\$ -			

Project Totals

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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP APPALACHIAN TRANSMISSION COMPANY

WS K TRUE-UP RTEP RR
Page 28 of 37

Formula Rate

Page 1 of 2

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

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

ROE w/o incentives (True-Up TCOS, In 176))	11.49%						
Project ROE Incentive Adder			0 <==ROE Adder Cannot Exceed 100 Basis Points						
ROE with additional 0 basis	point incentive		11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 201	2					
Determine R (cost of long term debt, cost of preferred stock and equit		preferred stock and equit	ity percentage is from the True-Up TCOS, Ins 174 through176)						
	<u>%</u>	Cost	Weighted cost						
Long Term Debt	50.73%	5.43%	2.753%						
Preferred Stock	0.00%	0.00%	0.000%						
Common Stock	49.27%	11.49%	<u>5.661%</u>						
		R =	= 8.414%						

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

Rate Base (True-Up TCOS, In 78)	82,877
R (fom A. above)	8.414%
Return (Rate Base x R)	6,973

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

Return (from B. above)	6,973
Effective Tax Rate (True-Up TCOS, In 124)	42.83%
Income Tax Calculation (Return x CIT)	2,987
ITC Adjustment	-
Income Taxes	2,987

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	142,493
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	,
Return (True-Up TCOS, In 132)	6,973
Income Taxes (True-Up TCOS, In 131)	2,987
Annual Revenue Requirement, Less TEA	132,533
Charges Beturn and Tayes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	132,533
Return (from I.B. above)	6,973
Income Taxes (from I.C. above)	2,987
Annual Revenue Requirement, with 0 Basis Point ROE increase	142,493
Depreciation (True-Up TCOS, In 108)	<u> </u>
Annual Rev. Reg, w/ 0 Basis Point ROE	142,493
increase less Depreciation	

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

Net Transmission Plant (True-Up TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	142,493
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	142,493
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE	0.00%
increase less Depreciation	

III. Calculation of Composite Depreciation Rate

-
-
-
-
1.67%
59.88
60

		Rev Require		W Incentives		Incentive Ar	nounts
TRUE-UP YEAR	2012	•					
As Projected in I	Prior Year WS J					\$	-
Actu	ıal after True-up	\$	-	\$	-	\$	-
True-up of	ARR For 2012		-		-		-
·							

Note 1: Until AEP APPALACHIAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP APPALACHIAN TRANSMISSION COMPANY is shown on Worksheet P.

True-up of

Incentive

with Incentives *

Formula Rate WS K TRUE-UP RTEP RR Page 29 of 37

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

A. Base Plan Facilities

Project Description:

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

2012	Rev Require		W Incentives		Incentive Amounts
Prior Yr Projected				-	-
Prior Yr True-Up		-	_	-	-
True-Up Adjustment		-		-	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details 2012 2012 ROE increase accepted by FERC (Basis Points) Service Year (yyyy) 0.00% Service Month (1-12)

Service Year (yyyy) Service Month (1-12)	2012	ROE increase accepted FCR w/o incentives, les	d by FERC (Basis Poin ss depreciation	nts)			0.00%		ORY OF TRUED-UP <i>F</i> JP ARR (WITH & WITI			YEAR
Useful life	60	FCR w/incentives appro	oved for these facilities	. less dep.			0.00%		ELOW TO MAINTAIN H			
CIAC (Yes or No)		Annual Depreciation Ex		,			-	LIFE OF THE F				
								RTEP Projected		RTEP Projected		T
								Rev. Req't.From	RTEP Rev Req't	Rev. Req't.From	RTEP Rev Req't	Т
Investment	Beginning	Depreciation	Ending	Average	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Prior Year WS J	True-up	Prior Year WS J	True-up	1
Year	Balance	Expense	Balance	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **	with
2012	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2013	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2014	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2015	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2016	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2017	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2018	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2019	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
2020	-	-	-	-	-	-	\$ -		\$ -		\$ -	\$
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** This is the total amount that needs to be reported to PJM for billing to all regions.

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

2071 Project Totals

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet L Supporting Projected Cost of Debt AEP APPALACHIAN TRANSMISSION COMPANY

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

. :	(A)	(B)	(C)	(D)
<u>Line</u> Number	<u>Issuance</u>	Principle Outstanding	Interest Rate	Annual Expense (See Note S on Projected Template)
1 2 3 4 5 6	Long Term Debt (FF1.p. 256-257, a,h) Bonds - Acc 221 Reacquired Bonds - Total Account 222			
7 8 9 10 11 12 13	Advances from Assoc Companies			- - - - -
14 15 16 17 18 19 20 21 22 23 24 25 26	Other Long Term Debt - Acc 224 Sale/Leaseback (If Applicable)		0	- - - - - - - - -
27 28	Issuance Discount, Premium, & Expenses: Auction Fees	FF1.p. 256 & 257.Lines Described as		-
29 30	Amort of Debt Discount and Expenses Less: Amort of Debt Premiums	FF1.p. 117.63.c FF1.p. 117.65.c		:
31 32 33	Reacquired Debt: Amortization of Loss Less: Amortization of Gain Total Interest on Long Term Debt	FF1.p. 117.64.c FF1.p. 117.66.c] o	-
35	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding	j °	_
35 36 37 38 39 40 41 42 43	1 Telefied Stock (FT 1.p. 230-231)	<u>i reierreu Snares Outstanullig</u>		- - - - - -
44	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate AEP APPALACHIAN TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

Proprietary Capital (112.16.c&d)
Proprietary Capital (112.16.c&d)
2 Less Preferred Stock (Ln 48 Below) 3 Less Account 219.1 (112.12.c&d) 4 Less Account 219.1 (112.15.c&d) 5 Average Balance of Common Equity (421,043) (253,315) (337,179) Evelopment of Cost of Long Term Debt Based on Average Outstanding Balance 6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257, 33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 1.3 2 below. 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
2 Less Preferred Stock (Ln 48 Below) 3 Less Account 219.1 (112.12.c&d) 4 Less Account 219.1 (112.15.c&d) 5 Average Balance of Common Equity (421,043) (253,315) (337,179) Evelopment of Cost of Long Term Debt Based on Average Outstanding Balance 6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257, 33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
4 Less Account 219.1 (112.15.c&d) 5 Average Balance of Common Equity (421,043) (253,315) (337,179) evelopment of Cost of Long Term Debt Based on Average Outstanding Balance 6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
421,043) (253,315) (337,179) Evelopment of Cost of Long Term Debt Based on Average Outstanding Balance 6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 2 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 2 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
7 Less: Reacquired Bonds (112.19.c&d) 8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 1 Less: Fair Value Hedges (See Note on Ln 12 below) 1 Total Average Debt 1 Total Average Debt 1 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 3 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d) 10 Less: Fair Value Hedges (See Note on Ln 12 below)
10 Less: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
11 Total Average Debt
included in the formula's capital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in 15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
15 Ln 14 and shown in Ln 32 below. 16 Amort of Debt Discount & Expense (117.63.c) 17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
17 Amort of Loss on Reacquired Debt (117.64.c) 18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
18 Less: Amort of Premium on Debt (117.65.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)
21 Average Cost of Debt for 2012 (Ln 20/Ln 11) 0.00%
Amortization Period Remaining HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the "(Amortization of Unamortized
FERC Form 1) (Gain)/Loss for 2009 Balance Beginning Ending 23
24
2526
27
28 29
30
31
32 Net (Gain)/Loss Hedge Amortization To Be Removed -
evelopment of Cost of Preferred Stock
Preferred Stock Average
33 0% Series Dividend Rate (p. 250-251. 7 & 10.a)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251. e) 41 0% Series Monetary Value (Ln 39 * Ln 40)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251. e)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251. e) 41 0% Series Monetary Value (Ln 39 * Ln 40)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251. e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.c)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Par Value (p. 250-251.e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.a) 45 0% Series Shares O/S (p.250-251.e)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251. e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.c)
34 0% Series Par Value (p. 250-251. 8.c) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36)
34 0% Series Par Value (p. 250-251. 8 & 11.e) 35 0% Series Shares O/S (p.250-251. 8 & 11.e) 36 0% Series Monetary Value (Ln 34 * Ln 35) 37 0% Series Dividend Amount (Ln 33 * Ln 36) 38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251.e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.c) 45 0% Series Shares O/S (p.250-251.e) 46 0% Series Monetary Value (Ln 44 * Ln 45)

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use AEP APPALACHIAN TRANSMISSION COMPANY

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectiviely. 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.

labor. Sale	(A)	eld for future use related to general (B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line	Date	Property Description	Function (T) or (G) T = Transmissi G = General	Basis ion	Proceeds	(Gain) / Loss	Functional Allocator	Functionalized Proceeds (Gain) / Loss	FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4			N	Net (Gain) or Lo	oss for 2012		-	-	

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances

Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service Worksheet O - PBOP Support

PBOP	(A)	(B)
1	Calculation of PBOP Expenses	
2	AEP System PBOP Rate	
3	Total AEP System PBOP expenses	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	31,882
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$2,997
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$1,533
15	Actual PBOP Expense (Sum Lines 11-14)	\$1,533
16	PBOP Adjustment Line 10 less Line 15	\$1,464

AEPTCo subsidiaries in PJM Worksheet - P DEPRECIATION RATES FOR TRANSMISSION PLANT PROPERTY ACCOUNTS EFFECTIVE AS OF 7/1/2010

AEP APPALACHIAN TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Land Rights	350.1	
Structures & Improvements	352.0	1.55%
Station Equipment	353.0	1.95%
Towers & Fixtures	354.0	1.14%
Poles & Fixtures	355.0	2.77%
Overhead Conductor	356.0	1.01%
Underground Conduit	357.0	1.23%
Underground Conductors	358.0	3.18%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP APPALACHIAN TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pusuant to a Section 205 or 206 filing to change rates.

	Composite Depreciation Rate	<u>APCo</u>	<u>KgPCo</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)	1,811,822,367	17,532,350	1,829,354,717
2	T-Plant (FF1 206.58.b)	1,752,450,105	17,421,868	1,769,871,973
3	Average (Ln 1+ Ln 2)/2	1,782,136,236	17,477,109	1,799,613,345
4	Depreciation (FF1 336.7.f)	29,597,240	438,315	30,035,555
5	Composite Depreciation (Ln 3 / Ln 4)			1.67%

Note: AEP APPALACHIAN TRANSMISSION COMPANY shall initially use the composite depreciation rate for APCo and KgPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP APPALACHIAN TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP APPALACHIAN TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2012 Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Long Term Debt Balances at Year End				. ,			
1 Bonds (112.18.c&d)	-	-	-	-	-	-	-
2 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	- 1,572,429,608	20,000,000 530,000,000	20,000,000	200,000,000 4,130,325,000	25,000,000	265,000,000 9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	_	-
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
7 NOTE: The balance of fair value hedges on outstanding long term debt are to	he excluded from the halanc	e of long term debt included in	the formula's canita	d structure (nage	257 Column H of th	e FF1)	
7 NOTE. The balance of fall value heages on outstanding long term debt are to	be excitated from the balance	o or long term dept moraded in	the formula 5 capita	i structure: (page /	207, 001411111110141		
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)10 Amort of Loss on Reacquired Debt (117.64.c)	3,859,577 1,342,096	2,372,191 1,483,709	471,186 33,649		3,978,647 1,336,128	1	10,681,601 4,195,582
11 Less: Amort of Premium on Debt (117.65.c)	-	-	-	_	-	_	-,100,002
12 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
13 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	1 212 500	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends							
15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
17 Shares Outstanding (p.250-251. 8.e) 18 Monetary Value (Ln 16 * Ln 17)	• •	-	-	-	-	-	
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Reta (n. 250 254, 7 a)		4.400/			4.000/		
20 Dividend Rate (p. 250-251. 7.a) 21 Par Value (p. 250-251. 8.c)		4.12% \$ 100.00			4.20% \$ 100.00		
22 Shares Outstanding (p.250-251. 8.e)		-			-		
23 Monetary Value (Ln 21 * Ln 22)	-	-	-	-	-	-	-
24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	-	-	-	-
25 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
26 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
27 Shares Outstanding (p.250-251. 8.e)		-			-		
28 Monetary Value (Ln 26 * Ln 27) 29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251. 7.a)					4.50%		
31 Par Value (p. 250-251. 8.c) 32 Shares Outstanding (p.250-251. 8.e)					\$ 100.00		
33 Monetary Value (Ln 31 * Ln 32)		-	-	-	-	-	-
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	_	_	-	_	-	_	_
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
<u>Development of Common Equity</u> 37 Proprietary Capital (112.16.c)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	- ,	3,754,265
40 Less: Account 219.1 (112.15.c) 41 Balance of Common Equity	(29,897,592) 3,080,806,605	(28,884,204) 1,832,763,838	(408,880) 480,018,915	916 29,955,380	(165,724,552) 4,652,720,406	(473,816) 90,583,127	(225,388,128) 10,166,848,271
41 Balance of Common Equity	3,000,000,003	1,032,703,030	400,010,913	29,933,300	4,032,720,400	90,303,127	10,100,040,271
Calculation of Capital Shares				_			
42 Long Term Debt (Ln 6 Above) 43 Preferred Stock (Ln 35 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
44 Common Equity (Ln 41 Above)	3,080,806,605	- 1,832,763,838	- 480,018,915	- 29,955,380	4,652,720,406	90,583,127	- 10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
48 Common Equity Capital Shares (Ln 44 / Ln 45)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
40 Equity Suprial Share Ellinic	100.0070	100.0070	100.0070	100.0070	01.0070	100.0070	00.0070
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	
51 Preferred Stock Capital Shares 52 Common Equity Capital Shares with Capital Equity Cap	0.00% 45.37%	0.00% 53.82%	0.00% 46.60%	0.00% 59.96%	0.00% 51.00%	0.00% 78.37%	
52 Common Equity Capital Charles with Capital Equity Cap	73.37 /0	JJ.UZ /0	70.00 /0	J3.30 /6	31.00 /6	10.31 /0	T3.J2 /0
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)55 Common Equity Capital Cost Rate	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	
55 Common Equity Capital Cost Nate	11.4370	11.49%	11.4970	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54) 58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	0.00% 5.21%	0.00% 6.18%	0.00% 5.35%	0.00% 6.89%	0.00% 5.86%	0.00% 9.00%	
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	
•							

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2011 Worksheet Q Page 2

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u> 60 Bonds (112.18.c&d)							
61 Less: Reacquired Bonds (112.19.c&d) 62 LT Advances from Assoc. Companies (112.20.c&d)			- - 20,000,000	- - 20,000,000	418,000,000 200,000,000	25,000,000	418,000,000 265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund64 Less: Fair Value Hedges (See Note on Ln 66 below)	3,734,408,392 	1,562,927,505 -	530,000,000	-	4,280,325,000	-	10,107,660,897
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
66 NOTE: The balance of fair value hedges on outstanding long term debt are to	be excluded from the balance	e of long term debt included in	n the formula's capita	l structure. (p. 257	, Column H of the F	F1)	
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c) 69 Amort of Loss on Reacquired Debt (117.64.c)	3,686,430 1,113,482	2,222,601 1,548,025	471,186 33,649		4,329,899 1,338,011	•	10,710,116 4,033,167
70 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
71 Less: Amort of Gain on Reacquired Debt (117.66.c) 72 Less: Hedge Interest on pp 256-257(i)	- 1,815,730	1,712 1,469,967	- 92,956		(2,097,663)		1,712 1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
74 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
75 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
76 Shares Outstanding (p.250-251. 8.e) 77 Monetary Value (Ln 75 * Ln 76)	-	- -	-	-		-	-
78 Dividend Amount (Ln 74 * Ln 77)	-	-	-	-	-	-	-
79 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
80 Par Value (p. 250-251. 8.c) 81 Shares Outstanding (p.250-251. 8.e)		\$ 100.00			\$ 100.00		
82 Monetary Value (Ln 80 * Ln 81)	-		-	-		-	-
83 Dividend Amount (Ln 79 * Ln 82)	-	-	-	-	-	-	-
84 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
85 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
86 Shares Outstanding (p.250-251. 8.e) 87 Monetary Value (Ln 85 * Ln 86)	-	- -	-	-	-	-	-
88 Dividend Amount (Ln 84 * Ln 87)	-	-	-	-	-	-	-
89 Dividend Rate (p. 250-251. 7.a)					4.50%		
90 Par Value (p. 250-251. 8.c) 91 Shares Outstanding (p.250-251. 8.e)					\$ 100.00		
92 Monetary Value (Ln 90 * Ln 91)	-	-	-	-	-	-	-
93 Dividend Amount (Ln 89 * Ln 92)	-	-	-	-	-	-	-
94 Preferred Stock (Lns 77, 82, 87,92)	-	-	-	-	-	-	-
95 Preferred Dividends (Lns 78, 83, 88,93)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c) 97 Less: Preferred Stock (Ln 94 Above)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
98 Less: Account 216.1 (112.12.c)	1,610,810	(230,765)	-	-	2,204,800	-	3,584,845
99 Less: Account 219.1 (112.15.c) 100 Balance of Common Equity	(58,543,154) 2,993,346,798	(28,221,410) 1,789,432,308	(625,244) 461,040,462	(2,750) 29,452,938	(197,721,635) 4,609,186,299	(2,070,864) 54,882,970	(287,185,057) 9,937,341,775
Parameter of Common Equity	2,000,040,700	1,703,402,000	401,040,402	20,402,000	4,000,100,200	04,002,070	3,307,041,770
<u>Calculation of Capital Shares</u> 101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above)	-	-	-	-	4,002,323,000	-	-
103 Common Equity (Ln 100 Above) 104 Total Company Structure	2,993,346,798 6,727,755,190	1,789,432,308 3,352,359,813	461,040,462 1,011,040,462	29,452,938 49,452,938	4,609,186,299 8,671,511,299	54,882,970 79,882,970	9,937,341,775 19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104) 106 Preferred Stock Capital Shares (Ln 102 / Ln 104)	55.51% 0.00%	46.62% 0.00%	54.40% 0.00%	40.44% 0.00%	46.85% 0.00%	31.30% 0.00%	50.04% 0.00%
107 Common Equity Capital Shares (Ln 103 / Ln 104)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65) 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)	5.52% 0.00%	6.04% 0.00%	6.45% 0.00%	4.52% 0.00%	5.48% 0.00%	5.25% 0.00%	5.63% 0.00%
114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113) 117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	0.00% 5.11%	0.00% 5.75%	0.00% 5.24%	0.00% 6.84%	0.00% 5.86%	0.00% 7.89%	0.00% 5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Average Capital Structure Worksheet Q Page 3

121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) 2 3,722 146,004 1,667,675,657 53,000,000 20,000,000 20,000,000 20,000,000 100,025,100 1025,140 122 123 128 Average Fair Value Hedges (See Note on Ln 125 below) 3,722 146,004 1,667,675,657 650,000,000 20,000,000 3,965,075,000 25,000,000 3,969,075,000 25,000,0	Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
1910 1910	Development of Average Long Term Debt							
120 Less Average Reacquired Bonds (Ln.2 + Ln.61) / 2		_	_	_	_	_	_	_
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62)	· ,	_	_	_	_	440 250 000	_	440,250,000
122 Average Seniror Unsaccured Notes (En. 4 + Ln 63) / 2 3.722,145,004 1.667,675,657 50,000,000 20,000,000 3,066,075,000 20,000,000 20,000,000 3,066,075,000 20,000,000 20,		_	_	20 000 000			25 000 000	265,000,000
123 Lass: Average Fair Value Hodges (See Note on Ln 125 below) 3,722,145,904 1,567,678,567 550,000,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000 3,965,075,000 20,000,000	• • • • • • • • • • • • • • • • • • • •	3 722 145 004	1 567 678 557	, ,			23,000,000	·
1.687,678.587 550,000.00 3.865,075.00 25,000.00 9.849,898 9.875.00 1.687,678.587 550,000.00 2.806,075.00 25,000.00 9.849,898 9.875.00 1.885,078.0	·	3,722,143,904	1,567,676,557	550,000,000	-		-	10,023,149,460
Parallel		3 722 145 004	1 567 679 557	550,000,000	20 000 000		25 000 000	0.940.900.460
Development of 2012 Long Term Debt Interest Expense 133 183 93 90,701,590 35,048,706 904,000 212,506,228 1,312,500 533,812 727,4001 of Debt Discound & Expense (117,64.c) 3,389,937 2,372,191 471,166 3,378,647 10,681 128 Amort of Loss on Rescopired Debt (117,64.c) 1,342,096 1,483,709 33,649 - 1,336,128 - 1,0881 129 Less: Amort of Fermium on Debt (117,65.c) - 1,081 1,292 1,2				, ,				9,049,099,400
18 Interest on Long Term Debt (256-257-33.1) 193,139,993 99,701,590 \$36,407,06 904,000 212,506,228 1,312,500 533,612 128 Amort of Loss on Reacquired Debt (117,63c) 1,342,096 1,483,709 33,649 -		e to be excluded from the balanc	e or long term debt included i	Title formula's capita	ii structure. (p. 257	, Column H of the F	F1)	
127 Amort of Debt Discount & Expense (117.63.c) 3,889,577 2,372,191 471,186 - 3,978,647 - 10,681 128 Amort of Desto Resoquied Debt (117.65.c) - 1,342,096 1,483,709 33,649 - 1,336,128 - 4,195 129 Less: Amort of Penimum on Debt (117.65.c) - 1 - 1,1712 1 - 1 - 1 - 1,1712 1 - 1 - 1,1712 1 - 1,1712								
128 Amort of Loss on Reacquired Debt (117.64.c) 1.342,096 1.483,709 33,649 - 1.336,128 - 4.195 129 Less: Amort of Grain on Debt (117.66.c) - 1.1712 - 1.25 - 1.25 131 Less: Hodge interest on p 266-257() 1.619.222 916.010 92.966 - (2.097,663) - 5.300 132 2012 LTD Interest Expense 196.721,444 93,639,768 35,460,585 904,000 219,918,666 1.312,500 547,956 133 Average Balance of Perferred Stock And Preferred Dividends - 1.25 - 1.25 - 1.25 134 2012 Preferred Dividends (Ln 35) - 1.25 - 1.25 - 1.25 134 2012 Preferred Dividends (Ln 35) - 1.25 - 1.25 - 1.25 134 2012 Preferred Dividends (Ln 36) - 1.25 - 1.25 - 1.25 135 Average Proprietary Capital (Ln 37 + Ln 94) / 2 2.994,488,906 - 1.782,377,444 470,012,627 2.9703,242 4.451,435,059 71,460,709 9.799,477 135 Average Proprietary Capital (Ln 37 + Ln 96) / 2 1.832,577 - 1	• ,	, ,			904,000		1,312,500	533,612,017
12 Less: Amort of Permium on Debt (117.65.c)	127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
131 Less: Amort of Gain on Reacquired Debt (117.66.c) 1.619.222 916.010 92.956 - (2.097.663) - 530	128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
131 Less: Hedge Interest on pp 256-257(i) 19.202 916,010 92,956 - (2,097,663) - 530 196,795 132 2012 LTD Interest Expense 196,721,444 93,639,768 35,460,585 904,000 219,918,666 1,312,500 547,956 2012 LTD Interest Expense 196,721,444 93,639,768 35,460,585 904,000 219,918,666 1,312,500 547,956 2012 LTD Interest Expense 196,721,444 93,639,768 25,640,585 904,000 219,918,666 1,312,500 547,956 2012 LTD Interest Expense 196,721,444 93,639,768 25,760,769 219,186,66 1,312,500 547,956 2012 LTD Interest Expense 196,721,444 93,639,768,769 219,186,66 1,782,377,444 97,012,627 29,703,242 4,451,435,059 71,460,709 9,799,477 136 Less: Average Proprietary Capital (Ln 37 + Ln 96)/2 2,994,488,906 1,782,377,444 470,012,627 29,703,242 4,451,435,059 71,460,709 9,799,477 136 Less: Average Proprietary Capital (Ln 37 + Ln 96)/2 1,632,577 (167,822) 2,703,242 1,451,435,059 71,460,709 9,799,477 136 Less: Average Account 219,1 (Ln 40 + Ln 99)/2 (44,220,373) (28,552,807) (517,062) (917) (1181,723,094) (1,272,340) (256,286 138) Less: Average Account 219,1 (Ln 40 + Ln 99)/2 (44,220,373) (28,552,807) (517,062) (917) (181,723,094) (1,272,340) (256,286 138) Average Balance of Common Equity (Ln 134 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of Lng Term Debt (Ln 124 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,07	129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
2012 Cost of Preferred Stock and Preferred Dividends 133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2 2.994,488,906 1.782,377,444 470,012,627 29,703,242 4.451,435,059 71,460,709 9,799,477 136 Average Proprietary Capital (Ln 39 + Ln 96) / 2 2.994,488,906 1.782,377,444 470,012,627 29,703,242 4.451,435,059 71,460,709 9,799,477 136 Less: Average Preferred Stock (Ln 133 Above) 137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2 142,203,733 142,203,733 143,203,203,203,203,203,203,203,203,203,20	130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
2012 Cost of Preferred Stock and Preferred Dividends 133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2 2.994,488,906 1.782,377,444 470,012,627 29,703,242 4.451,435,059 71,460,709 9,799,477 136 Average Proprietary Capital (Ln 39 + Ln 96) / 2 2.994,488,906 1.782,377,444 470,012,627 29,703,242 4.451,435,059 71,460,709 9,799,477 136 Less: Average Preferred Stock (Ln 133 Above) 137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2 142,203,733 142,203,733 143,203,203,203,203,203,203,203,203,203,20	131 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
33 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2		196,721,444	93,639,768		904,000	219,918,666	1,312,500	547,956,963
Development of Average Common Equity 138 Average Proprietary Capital (Ln 37 + Ln 96) / 2 2,994,488,906 1,782,377,444 470,012,627 29,703,242 4,451,435,059 71,460,709 9,799,477 136 Less: Average Preferred Stock (Ln 133 Above)								
1,782,377,444 470,012,627 29,703,242 4,451,435,059 71,460,709 9,799,477 136 Less: Average Proprietary Capital (Ln 37 + Ln 96) / 2 2,994,488,906 1,782,377,444 470,012,627 29,703,242 4,451,435,059 71,460,709 9,799,477 136 Less: Average Preferred Stock (Ln 133 Above)	·	-	-	-	-	-	-	-
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2 136 Less: Average Proprietary Capital (Ln 33 Above) 137 Less: Average Proferred Stock (Ln 133 Above) 138 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2 1,632,577 (167,822) 138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2 (44,220,373) (28,552,807) (517,062) (917) (181,723,094) (1,272,340) (256,286 139 Average Balance of Common Equity (3,037,076,702) 1,811,098,073 (7,052,689) 139 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2 (44,220,373) (28,552,807) (517,062) (917) (181,723,094) (1,272,340) (256,286 139 Average Balance of Common Equity (1,272,340) (256,286 139 Average Balance of Long Term Debt (Ln 124 Above) 140 Average Balance of Long Term Debt (Ln 124 Above) 141 Average Balance of Preferred Stock (Ln 133 Above) 142 Average Balance of Common Equity (Ln 139 Above) 143 Average Balance of Common Equity (Ln 139 Above) 144 Average Balance of Common Equity (Ln 140 Ln 143) 155,076 144 Average Balance of LTD Capital Shares 144 Average Balance of Preferred Stock Capital Shares (Ln 140 / Ln 143) 155,076 146 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143) 10,00% 10	134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
136 Less: Åverage Preferred Stock (Ln 133 Above) 137 Less: Average Account 216.1 (Ln 34 Ln 98) / 2 1,632,577 1,632,689 1,632,573 1,632,673 1,632,6	Development of Average Common Equity							
137 Less: Average Account 218-1 (Ln 39 + Ln 98) / 2	135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
137 Less: Average Account 218-1 (Ln 39 + Ln 98) / 2	136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2 (44,220,373) (28,552,807) (517,062) (917) (181,723,094) (1,272,340) (256,286 139 Average Balance of Common Equity	,	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
139 Average Balance of Common Equity 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 Calculation of Capital Shares 140 Average Balance of Long Term Debt (Ln 124 Above) 3,722,145,904 1,567,678,557 550,000,000 20,000,000 3,965,075,000 25,000,000 9,849,899 141 Average Balance of Preferred Stock (Ln 133 Above)			,	(517,062)	(917)		(1,272,340)	
140 Average Balance of Long Term Debt (Ln 124 Above) 3,722,145,904 1,567,678,557 550,000,000 20,000,000 3,965,075,000 25,000,000 9,849,899 141 Average Balance of Preferred Stock (Ln 133 Above) -<			1 1 1					10,052,095,023
140 Average Balance of Long Term Debt (Ln 124 Above) 3,722,145,904 1,567,678,557 550,000,000 20,000,000 3,965,075,000 25,000,000 9,849,899 141 Average Balance of Preferred Stock (Ln 133 Above) -<	Calculation of Capital Shares							
141 Average Balance of Preferred Stock (Ln 133 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 142 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average Balance of LTD Capital Shares (Ln 140 / Ln 143) 55.07% 46.40% 53.89% 40.24% 46.13% 25.58% 49 145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143) 0.00%		3 722 145 904	1 567 678 557	550 000 000	20 000 000	3 965 075 000	25 000 000	9,849,899,460
142 Average Balance of Common Equity (Ln 139 Above) 3,037,076,702 1,811,098,073 470,529,689 29,704,159 4,630,953,353 72,733,049 10,052,095 143 Average of Total Company Structure 6,759,222,605 3,378,776,630 1,020,529,689 49,704,159 8,596,028,353 97,733,049 19,901,994 144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143) 55.07% 46.40% 53.89% 40.24% 46.13% 25.58% 49 145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143) 0.00%		-	-	-			-	-
143 Average of Total Company Structure 6,759,222,605 3,378,776,630 1,020,529,689 49,704,159 8,596,028,353 97,733,049 19,901,994 144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143) 55.07% 46.40% 53.89% 40.24% 46.13% 25.58% 49 145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143) 0.00%	, ,	3 037 076 702	1 811 098 073	470 529 689			72 733 049	10 052 095 023
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143) 0.00% 53.87% 74.42% 50 147 Equity Capital Share Limit 100.00% 100.00% 100.00% 100.00% 100.00% 51.00% 100.00% 50 148 LTD Capital Shares with Capital Equity Cap 55.07% 46.40% 53.89% 40.24% 49.00% 25.58% 50 149 Preferred Stock Capital Shares 0.00%				<u> </u>				19,901,994,483
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143) 0.00% 53.87% 74.42% 50 147 Equity Capital Share Limit 100.00% 100.00% 100.00% 100.00% 51.00% 100.00% 50 148 LTD Capital Shares with Capital Equity Cap 55.07% 46.40% 53.89% 40.24% 49.00% 25.58% 50 149 Preferred Stock Capital Shares 0.00% 0.	444 Average Delegae of LTD Control Charge (La 440 (La 440)	FF 070/	40.4007	E0 000/	40.040/	40.4007	05 500	40.4007
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143) 44.93% 53.60% 46.11% 59.76% 53.87% 74.42% 50 147 Equity Capital Share Limit 100.00% 100.00% 100.00% 100.00% 51.00% 100.00% 50 148 LTD Capital Shares with Capital Equity Cap 55.07% 46.40% 53.89% 40.24% 49.00% 25.58% 50 149 Preferred Stock Capital Shares 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 74.42% 49 150 Common Equity Capital Shares with Capital Equity Cap 44.93% 53.60% 46.11% 59.76% 51.00% 74.42% 49								
147 Equity Capital Share Limit 100.00% 100.00% 100.00% 51.00% 100.00% 50 148 LTD Capital Shares with Capital Equity Cap 55.07% 46.40% 53.89% 40.24% 49.00% 25.58% 50 149 Preferred Stock Capital Shares 0.00% 0.00	, , ,							
148 LTD Capital Shares with Capital Equity Cap 55.07% 46.40% 53.89% 40.24% 49.00% 25.58% 50 149 Preferred Stock Capital Shares 0.00%	146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
149 Preferred Stock Capital Shares 0.00%	147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
149 Preferred Stock Capital Shares 0.00%	148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
150 Common Equity Capital Shares with Capital Equity Cap 44.93% 53.60% 46.11% 59.76% 51.00% 74.42% 49								
	·							
Calculation of Capital Cost Rate	Calculation of Capital Cost Rate							
		5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
	. ,							
	• • • • • • • • • • • • • • • • • • • •							
Calculation of Weighted Capital Cost Rate	Calculation of Weighted Capital Cost Rate							
		2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
	,							
	. ,							

Line No.						Т	ransmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	ΔИο	ootor		\$15,980,533
2	REVENUE CREDITS	(Note A) (Worksheet E)	<u> </u>	Alloo DA	1.00000	\$	-
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$	15,980,533
	The Carrying Charge Calculations on lines 6 to 11 beloission Enhancement Charges. The total non-incentive	U	•	•			
4	Revenue Requirement for PJM Schedule 12 Facilities (v	w/o incentives) (Worksheet J)	2,798,231	DA	1.00000	\$	2,798,231
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/((In 48 + In 49 + I (In 6 / 12)	ln 50 + ln 51 + ln 53) x 100))				11.39% 0.95%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o dep Annual Rate	oreciation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108- In 109) /	((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x	100))			11.23%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Retu Annual Rate	urn, income taxes or ROE incentives (Note ((In 1 - In 102 - In 103 - In 108 - In 109 -		+ ln 51 + ln 53) x 100))		0.56%
12	ADDITIONAL REVENUE REQUIREMENT for projects w	/ incentive ROE's (Note B) (Worksheet J)					-
13		REVENUE REQUIREMENT FO	OR SCHEDULE 1A CHARGES				
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Less: Load Dispatch - Reliability, Planning & Standards	• • • • • • • • • • • • • • • • • • • •					4,280 4,280 -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					<u>-</u>

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(1) (2) (3) (4)

		Data Sources				Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE C	Alloc	<u>cator</u>	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE		NOTE C			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.C & Ln 140)	28,276,934	DA	4 00000	28,276,934
21 22	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Work	(Worksheet A In 4.C& Ln 141)	110 142 612	TP DA	1.00000 1.00000	110 140 610
23	Plus: Additional Trans Plant on Transferred Assets (112,143,612	DA DA	1.00000	112,143,612
24	Line Deliberately Left Blank	(VV 61100C 1, 111 22.5)		D/ (1.00000	
25	Line Deliberately Left Blank					
26	General Plant	(Worksheet A In 7.C)	209,505	W/S	1.00000	209,505
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000	-
28	Intangible Plant	(Worksheet A In 9.C)	307,551	W/S	1.00000	307,551
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	140,937,602			140,937,602
30	ACCUMULATED DEPRECIATION AND AMORTIZATION	DN				
31	Line Deliberately Left Blank	(14)		NIA.	0.0000	
32	Less: Production ARO (Enter Negative) Transmission	(Worksheet A In 13.C)	- 150 762	NA TD1-	0.00000	150 760
33 34		(Worksheet A In 14.C & 28.C) (Worksheet A In 15.C)	158,762	TP1= TP1=	1.00000 1.00000	158,762
3 4 35	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Work	,	- 125,214	DA	1.00000	- 125,214
36	Plus: Additional Projected Deprec on Transferred As	•	-	DA	1.00000	-
37	Plus: Additional Transmission Depreciation for 2013		92,468	TP1	1.00000	92,468
38	Plus: Additional General & Intangible Depreciation for	or 2013 (ln 111 + ln 112)	40,063	W/S	1.00000	40,063
39	Plus: Additional Accum Deprec on Transferred Asse	ets (Worksheet I In 23.D)	-	DA	1.00000	-
40	Line Deliberately Left Blank					
41	Line Deliberately Left Blank	(Markahaat A In 19 C)	0.240	\/\/C	1 00000	0.240
42 43	General Plant Less: General Plant ARO (Enter Negative)	(Worksheet A In 18.C) (Worksheet A In 19.C)	8,218	W/S W/S	1.00000 1.00000	8,218
44	Intangible Plant	(Worksheet A In 20.C)	34,173	W/S	1.00000	34,173
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	458,898			458,898
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	28,118,172			28,118,172
49	Plus: Transmission Plant-in-Service Additions (In 22	,	112,018,398			112,018,398
50	Plus: Additional Trans Plant on Transferred Assets		(00, 400)			(00,400)
51	Plus: Additional Transmission Depreciation for 2013		(92,468)			(92,468)
52 53	Plus: Additional General & Intangible Depreciation for Plus: Additional Accum Deprec on Transferred Asset	· · · · · · · · · · · · · · · · · · ·	(40,063)			(40,063)
54	Line Deliberately Left Blank	to (Workshoot I) (III 00)				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	201,287			201,287
56	Intangible Plant	(ln 28 - ln 44)	273,378			273,378
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	140,478,704			140,478,704
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
56 59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	<u>-</u>	NA		_
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(4,914,672)	DA		(4,914,672)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(313,520)	DA		(313,520)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	1,129,820	DA		1,129,820
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	<u> </u>	DA		-
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	(4,098,372)			(4,098,372)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	11,102			11,102
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000	-
70 71	A&G Materials & Supplies	(Workshoot C. In 4 (D))	-	W/S GP(b)	1.00000	-
71 72	Stores Expense Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 4.(D)) (Worksheet C, In 6.G)	-	GP(h) W/S	1.00000 1.00000	<u>-</u>
72 73	Prepayments (Account 165) - Cabor Allocated Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	- 1,891	GP(h)	1.00000	- 1,891
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	<u>-</u>	NA	0.00000	
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	12,993			12,993
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
70	DATE BASE (our los 57 64 65 66 76 77)		126 202 225			126 202 225
78	RATE BASE (sum lns 57, 64, 65, 66, 76, 77)		136,393,325			136,393,325

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allo	cator	Total <u>Transmission</u>
Line	ODEDATION & MAINTENANCE EVDENCE					
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank	222 464 474 470 h				
81 82	Customer Related Expense	322.164,171,178.b 322.131.b	-			
83	Regional Marketing Expenses Transmission	321.112.b	- 122,417			
84	TOTAL O&M EXPENSES	(sum lns 81 to 83)	122,417			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,280			
86	Less: Account 565	(Note H) 321.96.b	29,318			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	20,010			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	88,819	TP	1.00000	88,819
00	Total Calvi Allocable to Transmission	(113 05 05 06 07)	00,013	11	1.00000	00,010
89	Administrative and General	323.197.b (Note J)	511,320			
90	Less: Acct. 924, Property Insurance	323.185.b	32,103			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,342			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	475,875	W/S	1.00000	475,875
95	Plus: Acct. 924, Property Insurance	(In 90)	32,103	GP(h)	1.00000	32,103
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	_
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	3,342	DA	1.00000	3,342
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	11,608	W/S	1.00000	11,608
100	A & G Subtotal	(sum lns 94 to 99)	522,928	W/O	1.00000	522,928
100	/ a C Cubicial	(34111113 34 10 33)	022,020			322,320
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	611,747		-	611,747
101	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in	. ,	29,318	DA	1.00000	29,318
103	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	641,065	DA	1.00000	641,065
104	TOTAL O & WILAFLINGE	(111 101 + 111 102 + 111 103)	041,003			041,003
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
107	Transmission	336.7.f	92,468	TP1	1.00000	92,468
109	Plus: Transmission Plant-in-Service Additions (Work		125,214	DA	1.00000	125,214
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,978	TP1	1.00000	26,978
111	General	336.10.f	8,218	W/S	1.00000	8,218
112	Intangible	336.1.f	31,845	W/S	1.00000	31,845
113	TOTAL DEPRECIATION AND AMORTIZATION			VV/S	1.00000	284,723
113	TOTAL DEPRECIATION AND AWORTZATION	(Lns 108+109+111+112)	284,723			204,123
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	(11016-11)				
116	Payroll	Worksheet H In 23.(D)	_	W/S	1.00000	_
117	Plant Related	Workshiet IT III 20.(D)		VV/O	1.00000	
118	Property	Worksheet H In 23.(C) & In 47.(C)	110,662	DA	1.00000	110,662
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	110,002	NA NA	0.00000	110,002
120	Other	Worksheet H In 23.(E)	<u>-</u>	GP(h)	1.00000	_
121	TOTAL OTHER TAXES	(sum lns 116 to 120)	110,662	OI (II)	1.00000	110,662
121	TOTAL OTTILK TAXLS	(30111113 110 to 120)	110,002			110,002
122	INCOME TAXES	(Note O)				
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	(.1010 0)	38.90%			
123	EIT = (T/(1-T)) * (1-(WCLTD/WACC)) =		42.91%			
125	where WCLTD=(In 174) and WACC = (In 177)		12.0170			
126	and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from In 123)		1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
120	7 morazoa mvodanene rax oroak (ontor nogativo)	(11 p.11 i, iii 10.0)				
129	Income Tax Calculation	(In 124 * In 132)	4,487,143			4,487,143
130	ITC adjustment	(ln 127 * ln 128)	-	NP(h)	1.00000	-,407,140
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	4,487,143	141 (11)	1.00000	4,487,143
101	TOTAL INCOME TAXLO	(30111113 123 to 130)	4,407,140			4,407,143
132	RETURN ON RATE BASE (Rate Base * WACC)	(ln 78 * ln 162)	10,456,939			10,456,939
132	RETORN ON NATE BASE (Nate base WACC)	(11170 111102)	10,430,939			10,430,939
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	ote F) (Worksheet D. In 2 (B))	_	DA	1.00000	_
133	INTEREST ON IFF CONTRIBUTION FOR CONST. (IN	ote i) (Worksheet D, iii 2.(D))	-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use	(Worksheet N In 4 Cals ((F) & (H))	<u>_</u>			_
104	(Callis) / E00000 off Cales of Flatil Field for Fullife OSE	(11)	-			-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held	for Future I Ise (In 13/1 * In12/1)	_			_
100	rax impact on (Gains) / Lusses on Sales of Flant Held	101 1 atale 036 (III 134 - III124)	-			-
136	TOTAL REVENUE REQUIREMENT		15,980,533		-	15,980,533
100	(sum lns 104, 113, 121, 131, 132, 133, 134, 135)		10,000,000		=	10,000,000
	(34, 133, 134, 133, 134, 133, 134, 133)					

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln Na								
No. 137	TRANSMISSION PLANT INCLUDED IN PJM TARIFF Total transmission plant	(In 20)						28,276,934
138	Less transmission plant excluded from PJM Tariff (No	` ,						20,270,954
139	Less transmission plant included in OATT Ancillary Se	•	. (C)) (Note Q)					-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)	, ,, ,					28,276,934
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TP	1.00000
				Payroll Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
143	Line Deliberately Left Blank	(,						
144	Transmission	354.21.b	0	32,805	32,805	TP	1.00000	32,805
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	, -
146	Line Deliberately Left Blank							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum lns 144, 145, & 147)	0	32,805	32,805			32,805
149	Transmission related amount						W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet L, In. 36, col. (D))				See W/S L	1,947,025
152	Preferred Dividends	(Worksheet L, In. 46, col. (D)					000 11/0 L	-
153	Development of Common Stock:	(Worksheet E, III. 40, col. (D)	,					
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						49,338,987
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						_
157	Less: Account 219	(FF1 p 112, Ln 15.c)						_
			57)					49 338 987
158	Common Stock	(ln 154 - ln 155 - ln 156 - ln 1	57)	Capital Structure	Percentages			49,338,987
		(ln 154 - ln 155 - ln 156 - ln 1	57)	Capital Structure Actual			Cost	, ,
158	Common Stock	(ln 154 - ln 155 - ln 156 - ln 1	57)	Actual	Percentages Cap Limit	-	Cost 0.0389	Weighted
158 159	Common Stock Long Term Debt Worksheet L, In 36, col. (B))	(ln 154 - ln 155 - ln 156 - ln 1	57)			-	Cost 0.0389	Weighted 0.0196
158 159 160	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155)	\$ 50,000,000	57) -	Actual 0.503		-	0.0389	Weighted 0.0196 0.0000
158 159 160 161	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158)	\$ 50,000,000 49,338,987	57) -	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571
158 159 160	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155)	\$ 50,000,000	57) - -	Actual 0.503		-	0.0389	Weighted 0.0196 0.0000
158 159 160 161	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158)	\$ 50,000,000 49,338,987	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571
158 159 160 161 162	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	\$ 50,000,000 49,338,987 99,338,987	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571
158 159 160 161 162	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T)	\$ 50,000,000 49,338,987 99,338,987	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571
158 159 160 161 162 163	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S	\$ 50,000,000 49,338,987 99,338,987	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571
158 159 160 161 162 163	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC)	\$ 50,000,000 49,338,987 99,338,987	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767
158 159 160 161 162 163	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14)	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767
158 159 160 161 162 163 164 165 166	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14)	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767
158 159 160 161 162 163 164 165 166 167	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock:	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36)	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167 168	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37)	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167 168 169	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38)	•	Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767 \$ 547,956,963 - 9,945,214,408 -
158 159 160 161 162 163 164 165 166 167 168 169 170	Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39)		Actual 0.503 - 0.497		-	0.0389 - 11.49%	Weighted 0.0196 0.0000 0.0571 0.0767 \$ 547,956,963 - 9,945,214,408 - 3,754,265
158 159 160 161 162 163 164 165 166 167 168 169 170 171	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 39) (Worksheet Q, In. 40)		Actual 0.503 - 0.497			0.0389 - 11.49%	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128)
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 39) (Worksheet Q, In. 40)		Actual 0.503 - 0.497 1.000	Cap Limit		0.0389 - 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 39) (Worksheet Q, In. 40)		Actual 0.503 - 0.497 1.000	Cap Limit	-	0.0389 - 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50)	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 39) (Worksheet Q, In. 40)		Actual 0.503 - 0.497 1.000	Cap Limit		0.0389 - 11.49% WACC=	Weighted 0.0196 0.0000 0.0571 0.0767 \$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50) Preferred Stock (Worksheet Q, In 51)	\$ 50,000,000 49,338,987 99,338,987 50.0% (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 39) (Worksheet Q, In. 40)		Actual 0.503 - 0.497 1.000 % 50.48% 0.00%	Cap Limit	-	0.0389 - 11.49% WACC=	\$ 547,956,963 - 9,945,214,408 - 3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275 0.0000

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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.
- The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)

(ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required: FIT =

FIT = 35.00%

SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))

p = 0.00% (percent of federal income tax deductible for state purposes)

- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

 Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

 If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No. 178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)	Total		Allocator	ansmission Amount \$3,867,690
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)				\$ 3,867,690
	The Carrying Charge Calculations on lines 183 to 188 bill non-incentive revenue requirements for these projects		billed through PJM Schedule 12, Transmission Enhancement	Charges.		
181	Not applicable on this template					
182 183 184	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	s or credits or ROE incentives (Note B) ((In 178 - In 279 - In 280)/ In 225 x 100) (In 183 / 12)				13.65% 1.14%
185 186	NET PLANT CARRYING CHARGE ON LINE 183 , w/o do Annual Rate	epreciation or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285) / In 225 x 100)				13.32%
187 188	NET PLANT CARRYING CHARGE ON LINE 186, w/o Re Annual Rate	eturn, income taxes or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285 - In 308 - In 309) / In 225 x	100)			2.81%
189	Not applicable on this template					
190		REVENUE REQUIREMEN	IT FOR SCHEDULE 1A CHARGES			
191 192 193	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and D Less: Load Dispatch - Reliability, Planning & Standards D					4,280 4,280 -
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)				

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total	Alloc	<u>ator</u>	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE C			
195	Line Deliberately Left Blank					
196 197	Line Deliberately Left Blank Transmission	(Worksheet A In 3.C & Ln 317)	29 276 024	DA		28,276,934
197	Less: Transmission ARO (Enter Negative)	(Worksheet A in 3.0 & Lit 317) (Worksheet A in 4.0 & Ln 318)	28,276,934	TP	1.00000	20,270,934
199	Plus: Transmission Plant-in-Service Additions (World	ksheet I)	N/A	NA	0.00000	N/A
200	Plus: Additional Trans Plant on Transferred Assets ((Worksheet I)	N/A	NA	0.00000	N/A
201 202	Line Deliberately Left Blank Line Deliberately Left Blank					
203	General Plant	(Worksheet A In 7.C)	209,505	W/S	1.00000	209,505
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000	-
205 206	Intangible Plant TOTAL GROSS PLANT	(Worksheet A In 9.C) (Sum of Lines: 197 to 200 & 203 to 205)	<u>307,551</u> 28,793,990	W/S GP(h)=	1.00000 1.00000	307,551 28,793,990
200	TOTAL GROOD I LAINT	(Sum of Lines. 197 to 200 & 203 to 203)	20,793,990	GTD=	1.00000	20,793,990
207	ACCUMULATED DEPRECIATION AND AMORTIZATION	ON				
208 209	Line Deliberately Left Blank Line Deliberately Left Blank					
210	Transmission	(Worksheet A In 14.C & 28.C)	158,762	TP1=	1.00000	158,762
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)		TP1=	1.00000	-
212	Plus: Transmission Plant-in-Service Additions (World	•	N/A	DA	1.00000	N/A
213 214	Plus: Additional Projected Deprec on Transferred As Plus: Additional Transmission Depreciation for 2013		N/A N/A	DA TP1	1.00000 1.00000	N/A N/A
214	Plus: Additional General & Intangible Depreciation for		N/A	W/S	1.00000	N/A
216	Plus: Additional Accum Deprec on Transferred Asse		N/A	DA	1.00000	N/A
217	Line Deliberately Left Blank					
218 219	Line Deliberately Left Blank General Plant	(Worksheet A In 18.C)	8,218	W/S	1.00000	8,218
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000	-
221	Intangible Plant	(Worksheet A In 20.C)	34,173_	W/S	1.00000	34,173
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	201,153			201,153
223	NET PLANT IN SERVICE					
224	Line Deliberately Left Blank					
225	Transmission Plus: Transmission Plant-in-Service Additions (In 19	(ln 197 + ln 198 - ln 210 - ln 211)	28,118,172 N/A			28,118,172 N/A
226 227	Plus: Additional Trans Plant on Transferred Assets		N/A			N/A
228	Plus: Additional Transmission Depreciation for 2013	(-ln 214)	N/A			N/A
229	Plus: Additional General & Intangible Depreciation for		N/A			N/A
230 231	Plus: Additional Accum Deprec on Transferred Asse Line Deliberately Left Blank	ets (Worksheet I) (-In 216)	N/A			N/A
232	General Plant	(In 203 + In 204 - In 219 - In 220)	201,287			201,287
233	Intangible Plant	(ln 205 - ln 221)	273,378			273,378
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	28,592,837	NP(h)=	1.000000	28,592,837
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)		B I A		
236 237	Account No. 281.1 (enter negative) Account No. 282.1 (enter negative)	(Worksheet B, In 2 & In 5.C) (Worksheet B, In 7 & In 10.C)	(4,914,672)	NA DA		- (4,914,672)
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(313,520)	DA		(313,520)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	1,129,820	DA		1,129,820
240 241	Account No. 255 (enter negative) TOTAL ADJUSTMENTS	(Worksheet B, In 24 & In 25.C) (sum Ins 236 to 240)	(4,098,372)	DA		(4,098,372)
241	TOTAL ADJUSTIMENTS	(Sum ins 230 to 240)	(4,090,372)			(4,090,372)
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
244	WORKING CAPITAL	(Note E)				
245	Cash Working Capital	(1/8 * In 265)	11,102	TD	1 00000	11,102
246 247	Transmission Materials & Supplies A&G Materials & Supplies	(Worksheet C, In 2.(D)) (Worksheet C, In 3.(D))	- -	TP W/S	1.00000 1.00000	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	4.004	W/S	1.00000	4 004
250 251	Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.F) (Worksheet C, In 6.E)	1,891 -	GP(h) DA	1.00000 1.00000	1,891 -
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)		NA	0.00000	
253	TOTAL WORKING CAPITAL	(sum lns 245 to 252)	12,993			12,993
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
	DATE DAGE / 1		04.505.450			04.505 /
255	RATE BASE (sum lns 234, 241, 242, 243, 253, 254)		24,507,458_			24,507,458

	(1)	(2)	(3)	(4)		(5)
Lino	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocato	<u>r</u>	Total <u>Transmission</u>
Line No. 256 257 258 259	OPERATION & MAINTENANCE EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank Customer Related Expense Regional Marketing Expenses	322 & 323.164,171,178.b 322.131.b	- - Per Settlement in FERC			
260 261 262 263 264 265	Transmission TOTAL O&M EXPENSES Less: Total Account 561 Less: Account 565 Less: Regulatory Deferrals & Amortizations Total O&M Allocable to Transmission	321.112.b (sum Ins 258 to 260) (Note G) (Worksheet F, In 14.C) (Note H) 321.96.b (Note I) (Worksheet F, In 4.C) (Ins 260 - 262 - 263 - 264)	Docket No. ER10-355-000 ,	TP	1.00000	88,819
266 267 268 269	Administrative and General Less: Acct. 924, Property Insurance Acct. 928, Reg. Com. Exp. Acct. 930.1, Gen. Advert. Exp.	323.197.b (Note J) 323.185.b 323.189.b 323.191.b	Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a. 32,103			
270 271 272 273 274 275	Acct. 930.2, Misc. Gen. Exp. Balance of A & G Plus: Acct. 924, Property Insurance Acct. 928 - Transmission Specific Acct 930.1 - Only safety related ads -Direct Acct 930.2 - Misc Gen. Exp Trans	323.192.b (In 266 - sum In 267 to In 270) (In 267) Worksheet F In 20.(E) (Note L) Worksheet F In 37.(E) (Note L) Worksheet F In 42.(E) (Note L)	3,342 475,875 32,103 - - 3,342	W/S GP(h) TP TP DA	1.00000 1.00000 1.00000 1.00000	475,875 32,103 - - 3,342
276 277 278	PBOP Adjustment A & G Subtotal O & M EXPENSE SUBTOTAL	Worksheet O Ln 16 (B), (Note K & M) (sum lns 271 to 276) (ln 265 + ln 277)	11,608 522,928 611,747	W/S	1.00000	11,608 522,928 611,747
279 280 281	Plus: TEA Settlement in Account 565 Plus: Transmission Lease Payments To Affiliates in Ac TOTAL O & M EXPENSE	Company Records (Note H) cct 565 (Company Records) (Note H) (In 278 + In 279 + In 280)	29,318 641,065	DA DA	1.00000 1.00000	29,318 641,065
282 283 284 285	DEPRECIATION AND AMORTIZATION EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank Transmission	336.7.f	92,468	TP1	1.00000	92,468
286 287 288 289	Plus: Transmission Plant-in-Service Additions (Works Plus: Formation Costs Amortization General Intangible	(Worksheet A In 35.C) 336.10.f 336.1.f	N/A 26,978 8,218 31,845	TP1 W/S W/S	1.00000 1.00000 1.00000	N/A 26,978 8,218 31,845
290 291 292	TOTAL DEPRECIATION AND AMORTIZATION TAXES OTHER THAN INCOME Labor Related	(Ln 285+286+288+289) (Note N)	159,509			159,509
293 294 295 296 297 298	Payroll Plant Related Property Gross Receipts/Sales & Use Other TOTAL OTHER TAXES	Worksheet H In 23.(D) Worksheet H In 23.(C) & In 47.(C) Worksheet H In 23.(F) Worksheet H In 23.(E) (sum Ins 293 to 297)	- 110,662 - - 110,662	W/S DA NA GP(h)	1.00000 1.00000 0.00000 1.00000	110,662 - - 110,662
299 300 301 302 303 304	INCOME TAXES T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = EIT=(T/(1-T)) * (1-(WCLTD/WACC)) = where WCLTD=(In 350) and WACC = (In 353) and FIT, SIT & p are as given in Note O. GRCF=1 / (1 - T) = (from In 300)	(Note O)	38.90% 42.91% 1.6367			
305 306 307	Amortized Investment Tax Credit (enter negative) Income Tax Calculation ITC adjustment	(FF1 p.114, ln 19.c) (ln 301 * ln 309) (ln 304 * ln 305)	- 887,711 -	NP(h)	1.00000	887,711
308 309	TOTAL INCOME TAXES RETURN ON RATE BASE (Rate Base*WACC)	(sum Ins 306 to 307) (In 255 * In 353)	2,068,742			887,711 2,068,742
310 311	INTEREST ON IPP CONTRIBUTION FOR CONST. (Not (Gains) / Losses on Sales of Plant Held for Future Use (V		- -	DA	1.00000	-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for		-			-
313	TOTAL REVENUE REQUIREMENT (sum Ins 281, 290, 298, 308, 309, 310, 311, 312)		3,867,690			3,867,690

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln										
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
314	Total transmission plant	(In 197)								28,276,934
315	Less transmission plant excluded from PJM Tariff (Note	•								_
316	Less transmission plant included in OATT Ancillary Serv	,								_
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)								28,276,934
317	Transmission plant included in Folvi Tann	(11314 - 111313 - 111310)								20,270,934
318	Percent of transmission plant in PJM Tariff	(ln 317 / ln 314)							TP=	1.00000
				•	oll Billed from					
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP	Service Corp.	Total				
320	Line Deliberately Left Blank									
321	Transmission	354.21.b		0	32,805		32,805	TP	1.00000	32,805
322	Regional Market Expenses	354.22.b		0			-	NA	0.00000	-
323	Line Deliberately Left Blank									
324	Other (Excludes A&G)	354.24,25,26.b		0	0		_	NA	0.00000	_
325	Total	(sum Ins 321, 322, & 324)		0	32,805		32,805	147 (0.0000	32,805
323	Total	(Suiti itis 321, 322, & 324)		U	32,803		32,003			32,803
326	Transmission related amount								W/S=	1.00000
	Actual (Uncapped) Capital Structure									
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
328	Long Term Interest	(Worksheet L, In. 36, col. (D))							See W/S L	1,947,025
329	Preferred Dividends	(Worksheet L, In. 46, col. (D))								-
330	Development of Common Stock:									
331	Proprietary Capital	(FF1 p 112, Ln 16.c)								49,338,987
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)								-10,000,007
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)								
		,								-
334	Less: Account 219	(FF1 p 112, Ln 15.c)								-
335	Common Stock	(In 331 - In 332 - In 333 - In 334)								49,338,987
					Capital Structu	ure Percentages			_	
					\$	%			Cost	Weighted
336	Long Term Debt Worksheet L, In 36, col. (B))		See W/S L		50,000,000		50.33%		0.0389	0.0196
337	Preferred Stock (In 332)				-		0.00%		-	0.0000
338	Common Stock (În 335)				49,338,987		49.67%		11.49%	0.0571
339	Total (Sum Ins 336 to 338)				99,338,987		1.000		WACC=	
000	Total (Gaill in Good to Goo)				00,000,007		1.000		117.00-	0.0707
0.40	AEP OPERATING COMPANIES' COMPOSITE (Note S)	1								•
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									<u> </u>
341	Long Term Interest	(Worksheet Q, In. 14)								547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)								-
343	Development of Common Stock:									
344	Proprietary Capital	(Worksheet Q, In. 37)								9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)								-
346	Less: Account 216.1	(Worksheet Q, In. 39)								3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)								(225,388,128)
348	Common Stock	(In 344 - In 345 - In 346 - In 347)								10,166,848,271
349					%	\$			Cost	Weighted
350	Long Term Debt (Worksheet Q, In 50)				50.48%	т	,380,272		5.45%	0.0275
	• ,					10,052	,300,272			
351	Preferred Stock (Worksheet Q, In 51)				0.00%	0.050	-		0.00%	0.0000
352	Common Stock (Worksheet Q, In 52)				49.52%		,606,022		11.49%	0.0569
353	Total (Worksheet Q, In 45)					19,911	,986,294		WACC=	0.0844

AEP INDIANA MICHIGAN TRANSMISSION COMPANY <u>Letter</u> <u>Notes</u> General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X 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. See Worksheet E for details. В 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. Transmission Plant balances in this study are historic as of December 31, 2012. The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 262. 2) AEP transmission equalization transfers, as shown on line 263 3) The impact of state regulatory deferrals and amortizations, as shown on line 264 4) All A&G Expenses, as shown on line 277. Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310. 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 192 & 193 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. Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines The addbacks on lines 279 and 280 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 The company records referenced on lines 279 and 280 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger. Removes the impact of state regulatory deferrals or their amortization from O&M expense. 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. The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E. See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing. 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. 0 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 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)) 0.00% (percent of federal income tax deductible for state purposes) p =Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT. 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. Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company. S As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual endof-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No.						ansmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	Alla	ocator	\$2,512,577
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$ 2,512,577
	The Carrying Charge Calculations on lines 6 to 11 below a ission Enhancement Charges. The total non-incentive rev	• • • • • • • • • • • • • • • • • • • •		-		
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o in	ncentives) (Worksheet K)	973,098	DA	1.00000	\$ 973,098
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charges or Annual Rate Monthly Rate	r credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/ In 48 x 100) (In 6 / 12)				15.75% 1.31%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o deprecial Annual Rate	ation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108) / In 48 x 100)				15.16%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, i Annual Rate	ncome taxes or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108 - In 131 - In 1	32) / ln 48 x 100)			5.01%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ inc	entive ROE's (Note B) (Worksheet K)				-
13		REVENUE REQUIREMENT FOR SC	HEDULE 1A CHARGES			
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Dispatch - Reliability, Planning & Standards Deve	,				4,280 4,280 -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				<u> </u>

	(1)	(2)	(3)		(4)	(5)
		Data Sources				Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE C	Allo	ocator .	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE		<u>NOTE C</u>			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.E & Ln 140)	15,864,195	DA		15,864,195
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)		TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet	•	N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Works	sheet I)	N/A	NA	0.00000	N/A
24	Line Deliberately Left Blank					
25 26	Line Deliberately Left Blank General Plant	(Markahaat A In 7 E)	104.752	W/S	1.00000	104 752
26 27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 7.E) (Worksheet A In 8.E)	104,753	W/S	1.00000	104,753
28	Intangible Plant	(Worksheet A In 9.E)	205,754	W/S	1.00000	205,754
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	16,174,701	GP(h)=	1.00000	16,174,701
20	TOTAL CITOGOT LANT	(Odin of Emos. 20 to 20 d 20 to 20)	10,17 1,701	GTD=	0.00000	10,17 1,701
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				0.0000	
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank					
33	Transmission	(Worksheet A In 14.E & 28.E)	93,266	TP1=	1.00000	93,266
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	<u> </u>	TP1=	1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet	•	N/A	DA	1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (N/A	DA	1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 1	•	N/A	TP1	1.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 201	•	N/A	W/S	1.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (W	orksheet I)	N/A	DA	1.00000	N/A
40	Line Deliberately Left Blank					
41	Line Deliberately Left Blank	(Markahaat Alia 10 E)	4.400	W/C	1 00000	4.400
42 43	General Plant Less: General Plant ARO (Enter Negative)	(Worksheet A In 18.E) (Worksheet A In 19.E)	4,109	W/S W/S	1.00000 1.00000	4,109
44	Intangible Plant	(Worksheet A In 19.E)	18,251	W/S	1.00000	18,251
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	115,626	***	1.00000	115,626
10	101/12/1000MOZ/MZB BZI MZGIJ/MGM	(8411 61 21166: 66 16 66 47 12 16 11)	110,020			110,020
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	15,770,929			15,770,929
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 39)	•	N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23	•	N/A			N/A
51	Plus: Additional Transmission Depreciation for 2013 (-In 3	•	N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 201	•	N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (W	orksheet I) (-In 39)	N/A			N/A
54 55	Line Deliberately Left Blank General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	100 644			100 644
56	Intangible Plant	(III 26 + III 27 - III 42 - III 43) (In 28 - In 44)	100,644 187,504			100,644 187,504
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	16,059,076	NP(h)=	1.00000	16,059,076
31	TOTAL NETT LANT IN SERVICE	(Sum of Lines. 40 to 33 & 33, 30)	10,039,070	N1 (11)=	1.00000	10,039,070
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(3,165,281)	DA		(3,165,281)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(168,563)	DA		(168,563)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	572,294	DA		572,294
63 64	Account No. 255 (enter negative) TOTAL ADJUSTMENTS	(Worksheet B, In 24 & In 25.E) (sum Ins 59 to 63)	(2,761,551)	DA		(2,761,551)
04	TOTAL ADJUSTIMENTS	(50111 1115 39 10 03)	(2,761,331)			(2,701,331)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
67 68	Cash Working Capital	(Note E) (1/8 * In 88)	11,102			11,102
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	1.00000	11,102
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	- -	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	15,827	GP(h)	1.00000	15,827
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	<u> </u>	NA	0.00000	
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	26,929			26,929
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	_	DA	1.00000	_
11	II I CONTINUO NON ON CONCINCO NON	(11010 1) (WOINSHEELD, III 0 (D))		DA	1.00000	
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		13,324,454			13,324,454

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(1) (2) (3) (4)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Alle	ocator_	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80 81	Line Deliberately Left Blank Customer Related Expense	322.164,171,178.b	_			
82	Regional Marketing Expenses	322.131.b	-			
83	Transmission	321.112.b	122,417			
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	122,417			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,280			
86	Less: Account 565	(Note H) 321.96.b	29,318			
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	88,819	TP	1.00000	88,819
89	Administrative and General	323.197.b (Note J)	511,320			
90	Less: Acct. 924, Property Insurance	323.185.b	32,103			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,342			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	475,875	W/S	1.00000	475,875
95	Plus: Acct. 924, Property Insurance	(In 90)	32,103	GP(h)	1.00000	32,103
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	3,342	DA	1.00000	3,342
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	11,608	W/S	1.00000	11,608
100	A & G Subtotal	(sum Ins 94 to 99)	522,928			522,928
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	611,747		•	611,747
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 56	. ,	29,318	DA	1.00000	29,318
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	641,065		•	641,065
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
108	Transmission	336.7.f	92,468	TP1	1.00000	92,468
109	Plus: Transmission Plant-in-Service Additions (Worksheet)	N/A			N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,978	TP1	1.00000	26,978
111	General	336.10.f	8,218	W/S	1.00000	8,218
112	Intangible	336.1.f	31,845_	W/S	1.00000	31,845
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	159,509			159,509
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	,				
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
117	Plant Related	` ,				
118	Property	Worksheet H In 23.(C) & In 47.(C)	110,662	DA	1.00000	110,662
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000	-
120	Other	Worksheet H In 23.(E)	<u> </u>	GP(h)	1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	110,662			110,662
122	INCOME TAXES	(Note O)				
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	(**************************************	38.90%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.83%			
125	where WCLTD=(In 174) and WACC = (In 177)					
126	and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from In 123)		1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
129	Income Tax Calculation	(In 124 * In 132)	480,213			480,213
130	ITC adjustment	(ln 127 * ln 128)	<u>-</u>	NP(h)	1.00000	
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	480,213			480,213
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	1,121,127			1,121,127
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F)	(Worksheet D, In 2.(B))	-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Works	sheet N, In 4, Cols. ((F) & (H))	-			-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Fu	uture Use (In 134 * In124)	-			-
136	TOTAL REVENUE REQUIREMENT		2,512,577		•	2,512,577
	(sum Ins 104, 113, 121, 131, 132, 133)				=	

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
137	Total transmission plant	(In 20)							15,864,195
138	Less transmission plant excluded from PJM Tariff (Note P)	(23)							-
139	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)	,, ,						15,864,195
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)						TF	1.00000
142	WACES & SALARY ALLOCATOR (W/S)	(Note P)	Direct Payroll	Payroll Bille AEP Service		Total			
142	WAGES & SALARY ALLOCATOR (W/S) Line Deliberately Left Blank	(Note R)	Direct Payroll	AEP Service	e Corp.	Total			
144	Transmission	354.21.b	0		32,805	32,805	TP	1.00000	32,805
145	Regional Market Expenses	354.22.b	0		02,000	-	NA	0.00000	-
146	Line Deliberately Left Blank	00	· ·		· ·			0.0000	
147	Other (Excludes A&G)	354.24,25,26.b	0		0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0		32,805	32,805			32,805
149	Transmission related amount							W/S=	1.00000
143	Transmission related amount							11/0-	1.00000
150	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)								¢
	•	(Markshoot M. In. 20, asl. (F	=\\						397,656
151 152	Long Term Interest Preferred Dividends	(Worksheet M, In. 20, col. (E) (Worksheet M, In. 49, col. (E)	,,						397,000
152	Development of Average Common Stock Balance:	(WORKSHEET W, III. 49, COI. (I	-))						-
154	Proprietary Capital	(Worksheet M, In. 1, col. (E)	1)						30,946,029
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E)	,						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E)	,						-
157	Less: Account 219	(Worksheet M, In. 4, col. (E)	,						-
158	Average Common Stock		•						20.046.020
100	7 Wordgo Common Clook	(ln 154 - ln 155 - ln 156 - ln	157)						30,946,029
100	7. Wordgo Common Clock	(111 154 - 111 155 - 111 156 - 111	157)						30,946,029
100		•	157)			Percentages			
	Capped Actual Average Capital Structure	` Average \$	157)	<u>Capital</u> Actua	al	Cap Limit	_	Cost	Weighted
159	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E))	•	157)			Cap Limit 50.00%	_	Cost 0.0159	Weighted 0.0080
159 160	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	Average \$ 25,000,000	157)		al	Cap Limit 50.00% 0.00%	_	0.0159 -	Weighted 0.0080 0.0000
159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$ 25,000,000 - 30,946,029	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
159 160	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	Average \$ 25,000,000	157)		al	Cap Limit 50.00% 0.00%		0.0159 -	Weighted 0.0080 0.0000
159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$ 25,000,000 - 30,946,029	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	Average \$ 25,000,000 - 30,946,029 55,946,029	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T)	Average \$ 25,000,000 - 30,946,029 55,946,029	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	Average \$ 25,000,000 - 30,946,029 55,946,029	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Average \$ 25,000,000 - 30,946,029 55,946,029	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654
159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132)	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654
159 160 161 162 163 164 165 166	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132)	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963
159 160 161 162 163 164 165 166 167	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock:	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134)	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average
159 160 161 162 163 164 165 166 167 168	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135)	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
159 160 161 162 163 164 165 166 167 168 169 170 171	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136)	157)		al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593)
159 160 161 162 163 164 165 166 167 168 169 170	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	Average \$ 25,000,000 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137)			al 0 - 1	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
159 160 161 162 163 164 165 166 167 168 169 170 171	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)			al 0 - 1 100%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593)
159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)		Actua	al 0 - 1 100%	Cap Limit 50.00% 0.00% 50.00% 100%		0.0159 - 11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023
159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)		Actua	al 0 - 1 100%	Cap Limit 50.00% 0.00% 50.00% 100%		0.0159 - 11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted
159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)		Actua	0 - 1 100%	Cap Limit 50.00% 0.00% 50.00% 100%		0.0159 - 11.49% WACC=	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275
159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	Average \$ 25,000,000 - 30,946,029 55,946,029 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)		Actua	0 - 1 100% 50.73% 0.00%	\$ 10,096,878,353		0.0159 - 11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275 0.0000

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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

- 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.

See Worksheet E for details.

- В 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.
- Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.

The company will not include the ADIT portion of deferred hedge gains and losses in rate base.

- Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.

- Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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. Ν
- 0 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 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

35.00% SIT=

6.00% (State Income Tax Rate or Composite SIT. Worksheet G)) 0.00% (percent of federal income tax deductible for state purposes) p =

- Ρ 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.
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet A Supporting Plant Balances AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(B) (A) (C) (D) (E) <u>Line</u> Balance @ December Balance @ December Average Balance Number Rate Base Item & Supporting Balance Source of Data <u>31, 2012</u> <u>31, 2011</u> for 2012

NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.

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

1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	28,276,934	3,451,455	15,864,195
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	209,505	-	104,753
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	-	-	<u>-</u>
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	307,551	103,957	205,754
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	28,793,990	3,555,412	16,174,701
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
	d Depreciation & Amortization Balances				
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	158,762	27,770	93,266
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	93,200
16	Line Deliberately Left Blank	Company Records - Note 1	-		-
	-				
17	Line Deliberately Left Blank	FF4 mana 040 la 00 Cal (b)	0.040		4.400
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)	8,218	-	4,109
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)	34,173	2,328	18,251
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	201,153	30,098	115,626
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
Seneration S	Step-Up Units				
23	GSU Investment Amount	Company Records - Note 1			-
24	GSU Accumulated Depreciation	Company Records - Note 1			-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
ransmissio	n Accumulated Depreciation Net of GSU Accumulated	<u>Depreciation</u>			
26	Transmission Accumulated Depreciation	(Line 14 Above)	158,762	27,770	93,266
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	158,762	27,770	93,266
<u>'lant Held Fo</u>	or Future Use				
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records - Note 1			-
Regulatory A	Assets and Liabilities Approved for Recovery In Rateba Note: Regulatory Assets & Liabilities can only be included				
31	Beginning Balance of Regulatory Asset (Note 2)	ded in ratebase pursuant to a 205 ming with the PERC.	67,446	94,425	80,936
32 33	Amortization in Months Monthly Amortization		30 2,248	2,248	36 2,248
34	Months in 2012 to be amortized		12	12	12
35 36	Amortization Expense in 2012 Months in 2013 to be amortized		26,978 12	26,979 12	26,978 12
00	Amortization Expense in 2013		26,978	26,979	26,978
37	•				
	Ending Balance of Regulatory Asset Average Balance of Regulatory Asset		40,468 53,957	67,446 80,936	53,957 67,446

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet B Supporting ADIT and ITC Balances AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> Number	<u>Description</u>	<u>Source</u>	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
1	Account 281				
2 3 4 5	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 272 - 273, ln 8, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 2 - ln 3 - ln 4	-	-	- - - -
6	Account 282				
7 8 9 10	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 274 - 275, ln 5, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 7 - ln 8 - ln 9	4,914,672 0 4,914,672	1,415,890 0 1,415,890	3,165,281 - - - 3,165,281
11	Account 283				
12 13 14 15	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 276 - 277, ln 9, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 12 - ln 13 - ln 14	313,520 0 313,520	23,606 0 23,606	168,563 - - - 168,563
16	Account 190				
17 18 19 20	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 234, ln 8, Col. (c) Company Records - Note 1 Company Records - Note 1 Ln 17 - ln 18 - ln 19	1,129,820 0 1,129,820	14,767 0 14,767	572,294 - - - 572,294
21	Account 255				
22 23 24 25	Year End ITC Balances Less: Balances Not Qualified for Ratebase ITC Balances Includeable in Ratebase Transmission Related Deferrals	FF1, p. 266-267, ln 8, Col. (h) Company Records - Note 1 Ln 22 - ln 23 Company Records - Note 1	-	-	- - - -

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

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet C Supporting Working Capital Rate Base Adjustments AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(D) (E) (F) (A) (B) (C) (G) (H) (I)

Materials & Supplies

<u>Line</u> Number		<u>Source</u>	<u>Balance @ December</u> <u>31, 2012</u>	Balance @ December 31, 2011	Average Balance for 2012
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	0	0	-
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	0	0	-
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-

		Prepayment	Balance Summa	ary			
5		Average of YE Balance	Excludable Balances	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)
6	Totals as of December 31, 2012	1,891	0	0	1,891	0	1,891
7	Totals as of December 31, 2011	29,762	0	0	29,762	0	29,762
8	Average Balance	15,827	-	-	15,827	-	15,827

Prepayments Account 165 - Balance @ 12/31/2012

9	Acc. No.	<u>Description</u>	2012 <u>YE Balance</u>	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)	<u>Explanation</u>
10	1650021	Prepaid Insurance - EIS	1,058	-		1,058		1,058 Pla	ant Related Insurance Policies
11	1650023	Prepaid Lease	833	-		833		833 Pr	epaid Lease
12	1650003	Prepaid Rents	0	-			-	-	
13	1650004	Prepaid Interest	0	-				-	
14	1650005	Prepaid Employee Benefits	0	-			-	-	
15	1650006	Other Prepayments	0	-				-	
16	1650009	Prepaid Carry Cost-Factored AR	0	-				-	
17	1650010	Prepaid Pension Benefits	0				-	-	
18	1650014	FAS 158 Qual Contra Asset	0	-				-	
19	1650016	FAS 112 ASSETS	0	-			-	-	
								-	
		Subtotal - Form 1, p 111.57.c	1,891	0	0	1,891	0	1,891	

Prepayments Account 165 - Balance @ 12/31/ 2011

20	Acc. No.	<u>Description</u>	2011 <u>YE Balance</u>	Excludable Balances	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)	<u>Explanation</u>
21	1650001	Prepaid Insurance	28,929			28,929		28,929	Plant Related Insurance Policies
22	1650023	Prepaid Lease	833			833		833	Prepaid Lease
23	165000207	Prepaid Taxes	0			0		-	
24	165000208	Prepaid Taxes	0			0		-	
25	1650003	Prepaid Rents	0	0				-	
26	1650004	Prepaid Interest	0	0				-	
27	1650006	Other Prepayments	0	0				-	
28	1650009	Prepaid Carry Cost-Factored AR	0	0				-	
29	1650010	Prepaid Pension Benefits	0				0	-	
30	1650014	FAS 158 Qual Contra Asset	0	0				-	
31	1650016	FAS 112 ASSETS	0	0				-	
		Subtotal - Form 1, p 111.57.c	29,762	0	0	29,762	0	29,762	

Formula Rate WS D IPP Credits Page 19 of 41

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet D Supporting IPP Credits AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line</u> Number	(A) <u>Description</u>	(B) <u>2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	
3	Revenue Credits to Generators (Company Records - Note 1)	-
4 5 6	Other Adjustments Accounting Adjustment (Company Records - Note 1)	
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	

Note 1 On this worksheet Company Records refers to AEP INDIANA MICHIGAN TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet E Supporting Revenue Credits AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line</u> Number	<u>Description</u>	<u>Total</u> <u>Company</u>	Non- Transmission	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	
4	Account 4560015, Associated Business Development - (Company Records - Note 1)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	2,007,894	2,007,894	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	2,007,894	2,007,894	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts -	-	-	
8	(Company Records - Note 1) Total Other Operating Revenues To Reduce Revenue Requirement	2,007,894	2,007,894	

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP INDIANA MICHIGAN TRANSMISSION COMPANY's general ledger. The functional amounts identified as transmission revenue also come from the general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet F Supporting Allocation of Specific O&M or A&G Expenses AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(F)

Explanation

	(A)	(B)	(C)	(D)	(E) <u>100%</u>
<u>Line</u> <u>Number</u>	<u>ltem No.</u>	<u>Description</u>	2012 Expense	100% Non-Transmission	Transmission Specific
1	5700005	Regulatory O&M Deferrals & Amortizations Maint Station-Reliability-Df			
2	3700003	Waint Station Reliability-Di			
3		T		_	
4		Total	0		
		Detail of Account 561 Per FERC Form 1			
5	FF1 p 321.84.b	561 - Load Dispatching	0		
6 7	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0		
8	FF1 p 321.86.b FF1 p 321.87.b	561.2 - Load Dispatch - Monitor & Operate Trans System 561.3 - Load Dispatch - Trans Service & Scheduling	0		
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	4,280		
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0		
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	l	
14		Total of Account 561	4,280	-	
		Account 928			
15	9280000	Regulatory Commission Exp	-		-
16	9280001	Regulatory Commission Exp-Adm	-	-	-
17	9280002	Regulatory Commission Exp-Case	-		-
18 19	9280002 9280002	Regulatory Commission Exp-Case Regulatory Commission Exp-Case			-
10	0200002	Regulatory Commission Exp Gase			
20		Total		-	
21	9301000	Account 930.1 General Advertising Expenses	_		_
22	9301000	Newspaper Advertising Space			_
23	9301002	Radio Station Advertising Time	-		_
24	9301003	TV Station Advertising Time	-	-	-
25	9301004	Newspaper Advertising Prod Exp	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-
27 28	9301006 9301007	Spec Corporate Comm Info Proj Special Adv Space & Prod Exp	-		-
29	9301007	Direct Mail and Handouts			-
30	9301009	Fairs, Shows, and Exhibits	_		-
31	9301010	Publicity	-		-
32	9301011	Dedications, Tours, & Openings	-	-	-
33 34	9301012 9301013	Public Opinion Surveys Movies Slide Films & Speeches	-	•	-
3 4 35	9301013	Video Communications			-
36	9301015	Other Corporate Comm Exp	-		-
37		Total		- <u>-</u>	
31		Ι ΟιαΙ	-	- _	- _
00	0000000	Account 930.2	0.015		0.010
38 30	9302000	Misc General Expenses	3,342	0	3,342
39 40	9302003 9302004	Corporate & Fiscal Expenses Research, Develop&Demonstr Exp	0		
41	9302007	Assoc Business Development Exp	0		
40		Tatal	0.040		0.040
42		Total	3,342	-	3,342

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet G Supporting - Development of Composite State Income Tax Rate AEP INDIANA MICHIGAN TRANSMISSION COMPANY

1	Indiana State Tax Rate Apportionment Factor - Note 2	8.50% 0.00%	
	Effective State Tax Rate		0.00%
2	Michigan Tax Rate	6.00%	
	Apportionment Factor - Note 2	100.00%	
	Effective State Tax Rate		6.00%
3	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		6.00%

Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 1 Supporting Taxes Other than Income AEP INDIANA MICHIGAN TRANSMISSION COMPANY

No.	No.		(A)	(B)	(C)	(D)	(E)	(F)
Berenue Taxes Gross Recepts Tax Gross Re	Revenue Taxes Cross Receipts Tax - Cros		Account	Company	Property	Labor	Other	Non-Allocable
Real Estate and Personal Property Taxes Real and Personal Property Taxes Real and Personal Property - Michigan 107, 152 10				NOTE 1				
Real and Personal Property - Michigans 107,162 107,162 Real and Personal Property - Turnisossion 3,500 3,5	Real and Personal Property - Michigans 107,162 107	1 2		-				-
Real and Personal Property - Michigans 107,162 107,162 Real and Personal Property - Turnisossion 3,500 3,5	Real and Personal Property - Michigans 107,162 107	3	Real Estate and Personal Property Taxes					
Real and Personal Property - Tennessee	Real and Personal Property - Chemesage			107,162	107,162			
Real and Personal Property - Other Jurisdictions	Payroll Taxes Payroll Taxes Payroll Taxes Paderal Insurance Contribution (FICA)			3,500	3,500			
Federal Insurance Contribution (FICA)	Forderal Insurance Contribution (FICA)	6 7		-	-			
Federal Insurance Contribution (FICA)	Forderal Insurance Contribution (FICA)	8	Payroll Taxes					
State Unemployment Insurance	State Description Insurance		•	-		-		
	Line Deblorately Left Blank State Soverance Taxes State Soverance Taxes	10	Federal Unemployment Tax	-		-		
State Severance Taxes	Miscollaneous Taxes	11	State Unemployment Insurance	-		-		
Miscellaneous Taxes State Business & Occupation Tax	Miscellaneous Taxes State Business & Occupation Tax	12	Line Deliberately Left Blank					
State Business & Occupation Tax	State Public Sarviac Commission Fees	13	-	-				-
State Public Service Commission Fees	State Public Service Commission Fees -	14	Miscellaneous Taxes					
State LickRejistration Fee	State Lefrequistration Fee -		•	-				-
State Lic/Registration Fee	State Lic/Registration Fee			-			-	
Misc. State and Local Tax Sales & Use	Misc. State and Local Tax			-			-	
Federal Excise Tax	Federal Excise Tax		_	-			-	
Total Taxes by Allocable Basis 110,662 1	Total Taxes by Allocable Basis 110,662	20	Sales & Use	-				-
Total Taxes by Allocable Basis	Total Taxes by Allocable Basis 110.662 110.662			-				-
Control Company Amount Ties to FFI p.114, Ln 14, (c)	(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	22	Michigan Single Business Tax	-				-
Column (B) Deliberately Left Deliber	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234) NDIANA JURISDICTION Poliberately Left Blank Santa State Plant (Hist. TCOS, Lns 224 thru 234) NDIANA JURISDICTION Percentage of Plant in INDIANA JURISDICTION (Ln 24 * Ln 25) Plant in INDIANA JURISDICTION (Ln 24 * Ln 25) Plant in INDIANA JURISDICTION (Ln 24 * Ln 25) Plant in INDIANA JURISDICTION (Ln 24 * Ln 27) Plant Jurisdiction (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * General Plant) Plant Allocator (Ln 30 * Closer Plant (Ln 31 * Closer Plant (Ln 30 *	23	(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 I	- H-1.		
Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234) - 28,118,172	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)			Column (B) Deliberately	Transmission	Column (D) Deliberately Left	General	Total
Net Plant in INDIANA JURISDICTION (Ln 24 * Ln 25)	Net Plant in INDIANA JURISDICTION (Ln 24 * Ln 25)	24	,	-		-		
Less: Net Value of Exempted Generation Plant Taxable Property Basis (Ln 26 - Ln 27)	Less: Net Value of Exempted Generation Plant Taxable Property Basis (Ln 26 - Ln 27)	25	Percentage of Plant in INDIANA JURISDICTION					
Taxable Property Basis (Ln 26 - Ln 27)	Taxable Property Basis (Ln 26 - Ln 27) Relative Valuation Factor Relative		` ,			-		-
Relative Valuation Factor Weighted Net Plant (Ln 28 * Ln 29) Reneral Plant Allocator (Ln 30 / (Total - General Plant)) Weighted Indicator (Ln 30 / (Total - General Plant)) Functionalized General Plant (Ln 31 * General Plant)) Weighted INDIANA JURISDICTION Plant (Ln 30 + 32) Functional Percentage (Ln 33/Total Ln 33) Functional Percentage (Ln 33/Total Ln 33) Michigan Jurisdiction Michigan Jurisdiction Net Plant in Michigan Jurisdiction (Ln 24 - Ln 26) Res: Net Value Exempted Generation Plant Taxable Property Basis Relative Valuation Factor Weighted Net Plant (Ln 38 * Ln 39) Relative Valuation Factor Weighted Net Plant (Ln 40 / (Total - General Plant)) General Plant Allocator (Ln 40 / (Total - General Plant)) Weighted Michigan Jurisdiction Plant (Ln 42 * General Plant) Weighted Michigan Jurisdiction Plant (Ln 40 + 42) Functional Percentage (Ln 43/Total Ln 43) O.00% 0.00% 0.00% 110,662	Relative Valuation Factor		•	_	_	<u>-</u>	_	_
General Plant Allocator (Ln 30 / (Total - General Plant)) 0.00% 0.00% 0.00% -100.00%	General Plant Allocator (Ln 30 / (Total - General Plant)) 0.00% 0.00% 0.00% -100.00%		, ,					0
Functionalized General Plant (Ln 31 * General Plant) Weighted INDIANA JURISDICTION Plant (Ln 30 + 32) Functional Percentage (Ln 33/Total Ln 33) Nounce of the functional Percentage (Ln 33/Total Ln 33) Functionalized Expense in MICHIGAN JURISDICTION Net Plant in MICHIGAN JURISDICTION (Ln 24 - Ln 26) Taxable Property Basis Taxable Property Basis Relative Valuation Factor Weighted Net Plant (Ln 38 * Ln 39) General Plant (Ln 40 / (Total - General Plant) Functionalized General Plant (Ln 42 * General Plant) Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42) Functional Percentage (Ln 43/Total Ln 43) Functionalized Expense in MICHIGAN JURISDICTION To compare the functional Plant (Ln 43 * General Plant) To compare the functional Plant (Ln 43 * General Plant) To compare the functional Plant (Ln 43 * General Plant) To compare the functional Plant (Ln 44 * General Plant) To compare the functional Plant (Ln 44 * General Plant) To compare the functional Plant (Ln 44 * General Plant) To compare the functional Plant (Ln 44 * General Plant) To compare the functional Plant (Ln 44 * General Plant) To compare the functional Plant (Ln 44 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plant) To compare the functional Plant (Ln 45 * General Plan	Functionalized General Plant (Ln 31 * General Plant) Weighted INDIANA JURISDICTION Plant (Ln 30 + 32) Functional Percentage (Ln 33/Total Ln 33) Michigan JURISDICTION Net Plant in MICHIGAN JURISDICTION (Ln 24 - Ln 26) Relative Valuation Factor Weighted Net Plant (Ln 38 * Ln 39) Relative Valuation Factor Weighted Net Plant (Ln 38 * Ln 39) Functionalized General Plant (Ln 40 / (Total - General Plant) Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42) Functionalized Expense in MICHIGAN JURISDICTION Plant (Ln 40 + 42) Functional Percentage (Ln 43/Total Ln 43) Total Other Jurisdictions: (Line 7 * Net Plant Allocator)	30	Weighted Net Plant (Ln 28 * Ln 29)	-	-		-	
Weighted INDIANA JURISDICTION Plant (Ln 30 + 32)	Weighted INDIANA JURISDICTION Plant (Ln 30 + 32) - - - - - - - - -		, , , , , , , , , , , , , , , , , , , ,	0.00%	0.00%	0.00%	-100.00%	
Functional Percentage (Ln 33/Total Ln 33) 0.00% 0.00% 0.00% 0.00%	Functional Percentage (Ln 33/Total Ln 33) Functional Percentage (Ln 33/Total Ln 33) Functionalized Expense in INDIANA JURISDICTION MICHIGAN JURISDICTION Net Plant in MICHIGAN JURISDICTION (Ln 24 - Ln 26) Taxable Property Basis Taxable Property Basis Relative Valuation Factor Weighted Net Plant (Ln 38 * Ln 39) General Plant Allocator (Ln 40 / (Total - General Plant) Functionalized General Plant (Ln 42 * General Plant) Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42) Functional Percentage (Ln 43/Total Ln 43) Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		,	-	-	-		-
Functionalized Expense in INDIANA JURISDICTION - - - -	Functionalized Expense in INDIANA JURISDICTION - - -		•	0.00%	0.00%	0.00%		
36 Net Plant in MICHIGAN JURISDICTION (Ln 24 - Ln 26) - 28,118,172 - 201,287 28,319,459 37 Less: Net Value Exempted Generation Plant - 28,118,172 - 201,287 28,319,459 38 Taxable Property Basis - 28,118,172 - 201,287 28,319,459 39 Relative Valuation Factor - <	36 Net Plant in MICHIGAN JURISDICTION (Ln 24 - Ln 26) - 28,118,172 - 201,287 28,319,459 37 Less: Net Value Exempted Generation Plant - 28,118,172 - 201,287 28,319,459 38 Taxable Property Basis - 28,118,172 - 201,287 28,319,459 39 Relative Valuation Factor - <	35	•	-				-
38 Taxable Property Basis - 28,118,172 - 201,287 28,319,459 39 Relative Valuation Factor - <td>38 Taxable Property Basis - 28,118,172 - 201,287 28,319,459 39 Relative Valuation Factor -<td>36</td><td></td><td></td><td>28,118,172</td><td></td><td>201,287</td><td>28,319,459</td></td>	38 Taxable Property Basis - 28,118,172 - 201,287 28,319,459 39 Relative Valuation Factor - <td>36</td> <td></td> <td></td> <td>28,118,172</td> <td></td> <td>201,287</td> <td>28,319,459</td>	36			28,118,172		201,287	28,319,459
Relative Valuation Factor	Relative Valuation Factor Weighted Net Plant (Ln 38 * Ln 39)		·		00.440.470		224 227	00.040.450
40 Weighted Net Plant (Ln 38 * Ln 39) -	40 Weighted Net Plant (Ln 38 * Ln 39) -		•	-	28,118,172	-	201,287	28,319,459
41 General Plant Allocator (Ln 40 / (Total - General Plant) 0.00% 0.00% -100.00% 42 Functionalized General Plant (Ln 42 * General Plant) - - - 43 Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42) - - - - - 44 Functional Percentage (Ln 43/Total Ln 43) 0.00% 0.00% 0.00% 45 Functionalized Expense in MICHIGAN JURISDICTION - - - - 110,662	General Plant Allocator (Ln 40 / (Total - General Plant) 0.00% 0.00% 0.00% -100.00% Functionalized General Plant (Ln 42 * General Plant)			-	_	-	-	
Functionalized General Plant (Ln 42 * General Plant) Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42) Functional Percentage (Ln 43/Total Ln 43) Functionalized Expense in MICHIGAN JURISDICTION 110,662	Functionalized General Plant (Ln 42 * General Plant) Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42) Functional Percentage (Ln 43/Total Ln 43) Functionalized Expense in MICHIGAN JURISDICTION Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		,	0.00%	0.00%	0.00%	-100.00%	
44 Functional Percentage (Ln 43/Total Ln 43) 0.00% 0.00% 110,662 45 Functionalized Expense in MICHIGAN JURISDICTION 1 110,662	44Functional Percentage (Ln 43/Total Ln 43)0.00%0.00%0.00%45Functionalized Expense in MICHIGAN JURISDICTION46Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		· · · · · · · · · · · · · · · · · · ·		-	-		
45 Functionalized Expense in MICHIGAN JURISDICTION 110,662	Functionalized Expense in MICHIGAN JURISDICTION 1110,662 Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		` ,	_	-	_	-	-
	46 Total Other Jurisdictions: (Line 7 * Net Plant Allocator) -		·	0.00%	0.00%	0.00%		110.000
46 Total Other Jurisdictions: (Line 7 * Net Plant Allocator) -		45	runduonanzed expense in Michigan Jukibulci IUN					110,062
	47 Total Func. Property Taxes (Sum Lns 35, 45, 46) 110,662	46	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			_
47 Total Func. Property Taxes (Sum Lns 35, 45, 46) 110,662		47	Tatal France Discounts Tassas (Osmall no OF, 45, 46)					

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (B) (C) (D) **FERC FORM 1** Line **Total** FERC FORM 1 Reference **Annual Tax Expenses by Type (Note 1)** Tie-Back No. Company Revenue Taxes **Gross Receipts Tax** P.263.1 In 7 (i) P.263.2 In 3 (i) P.263.2 In 4 (i) Real Estate and Personal Property Taxes Real and Personal Property - Michigan 107,162 199 P.263 In 17 (i) P.263 In 18 (i) 107,600 (637)P.263 In 19 (i) P.263 In 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i) Real and Personal Property - Indiana 3,500 3,500 P.263 In 21 (i) P.263.2 In 22 (i) P.263.2 In 24 (i) P.263.2 In 25 (i) P.263.2 In 26 (i) P.263.2 In 27 (i) Real and Personal Property - Tennessee P.263.3 In 3 (i) P.263.3 In 4 (i) Real and Personal Property - Other Jurisdictions P.263.4 In 12 (i) Payroll Taxes Federal Insurance Contribution (FICA) P.263 In 6 (i) Federal Unemployment Tax P.263 In 9 (i) State Unemployment Insurance P.263.1 In 23 (i) P.263.2 In 33 (i) P.263.3 In 16 (i) Line Left Deliberately Blank State Severance Taxes Miscellaneous Taxes State Business & Occupation Tax P.263 In 21 (i) P.263 In 22 (i) State Public Service Commission Fees P.263 In 26 (i) P.263 In 27 (i) P.263.3 In 20 (i) 17 State Franchise Taxes P.263.1 In 18 (i) P.263.1 In 19 (i) P.263.1 In 34 (i) P.263.2 In 10 (i) P.263.2 ln 11 (i) P.263.2 In 38 (i) P.263.2 In 39 (i) P.263.3 In 27 (i) P.263.3 In 28 (i) P.263.4 In 20 (i) P.263.4 In 27 (i) State Lic/Registration Fee P.263.1 In 15 (i) P.263.2 In 13 (i) P.263.3 In 8 (i) P.263.4 In 21 (i) Misc. State and Local Tax P.263.1 In 12 (i) Sales & Use 20 P.263 In 30 (i) P.263 In 31(i) P.263.2 In 16 (i) P.263.2 In 17 (i) P.263.3 In 21 (i) Federal Excise Tax P.263 In 13 (i) P.263 In 14 (i) Michigan Single Business Tax

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission 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 transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14 of the Ferc Form 1.

Total Taxes by Allocable Basis

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

110,662

110,662

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet I Supporting Transmission Plant in Service Additions AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	3,451,455
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	28,276,934
3		31,728,389
4	Average Balance of Transmission Investment	15,864,195
5	Annual Depreciation Expense, Historic TCOS, In 285	92,468
6	Composite Depreciation Rate	0.58%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	0.58%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Сар	italized Balance	Composite Annual Depreciation Rate	Annual preciation	Mor	nthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$	308,608	0.58%	\$ 1,799	\$	150	11	\$ 1,650
10	February	\$	-	0.58%	\$ -	\$	-	10	\$ -
11	March	\$	2,735,042	0.58%	\$ 15,942	\$	1,328	9	\$ 11,952
12	April	\$	1,491,457	0.58%	\$ 8,693	\$	724	8	\$ 5,792
13	May	\$	23,669,091	0.58%	\$ 137,961	\$	11,497	7	\$ 80,479
14	June	\$	1,333,968	0.58%	\$ 7,775	\$	648	6	\$ 3,888
15	July	\$	556,270	0.58%	\$ 3,242	\$	270	5	\$ 1,350
16	August	\$	-	0.58%	\$ -	\$	-	4	\$ -
17	September	\$	2,784,430	0.58%	\$ 16,230	\$	1,352	3	\$ 4,056
18	October	\$	8,156,482	0.58%	\$ 47,542	\$	3,962	2	\$ 7,924
19	November	\$	16,722,651	0.58%	\$ 97,472	\$	8,123	1	\$ 8,123
20	December	\$	54,385,613	0.58%	\$ 316,999	\$	26,417	0	\$ -
21	Investment	\$	112,143,612	•			De	preciation Expense	\$ 125,214

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital
		expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2012 FF1 Balances

	Estimated Cost	
	(000's)	Month in Service
25 Major Zonal Projects		
26 Ellison Road: Constr new 138 kV station (Transco)	\$5,681	May-13
27 DUMONT: Replace 800 kV CBs A & A1	\$7,011	Nov-13
28 Moore Park - Schoolcraft 138 kV Line: Rebuild 7.97 Miles of Pokagon -Schoolcraft	\$6,121	Nov-13
29 Corey - Stubey Road 138 kV Line: Rebuild 14.7 Miles	\$10,162	Dec-13
30 JEFFERSON (IM): Replace 765kV Transformers 1P1, 1P2, 1P3, & Purch/Install Spa	\$25,169	Dec-13
31 Fall Creek: Repl 345/138 kV Trf #1 w/ 675 MVA	\$6,935	Dec-13
32 Capital Avenue 138kV: Construct 138/69-34.5kV Sta to Rep Currant Rd	\$7,904	Dec-13
34 Subtotal	68,983	
35 PJM Socialized/Beneficiary Allocated Regional Projects		
36	\$0	
37 Subtotal	\$0	

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP INDIANA MICHIGAN TRANSMISSION COMPANY is shown on Worksheet P.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Page 1 of 2

2,798,231 \$

Incentive Amounts

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 (Projected TCOS, In 176)

Project ROE Incentive Adder

ROE with additional 0 basis point incentive

ROE with additional 0 basis point incentive

11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through176)

	<u>%</u>	<u>Cost</u>	Weighted cost
Long Term Debt	50.33%	3.89%	1.960%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.67%	11.49%	<u>5.707%</u>
		R =	7.667%

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

136,393,325
7.667%
10,456,939

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

Return (from B. above)	10,456,939
Effective Tax Rate (Projected TCOS, In 124)	42.91%
Income Tax Calculation (Return x CIT)	4,487,143
ITC Adjustment	-
Income Taxes	4,487,143

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 (Projected TCOS, In 1)	15,980,533
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	29,318
Return (Projected TCOS, In 132)	10,456,939
Income Taxes (Projected TCOS, In 131)	4,487,143
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	1,007,133

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	1,007,133
Return (from I.B. above)	10,456,939
Income Taxes (from I.C. above)	4,487,143
Annual Revenue Requirement, with 0 Basis Point ROE increase	15,951,215
Depreciation (Projected TCOS, In 108)	92,468
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	15,858,747

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

Net Transmission Plant (Projected TCOS, In 48) Annual Revenue Requirement, with 0 Basis Point ROE increase FCR with 0 Basis Point increase in ROE	28,118,172 15,951,215 56.73%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep. FCR with 0 Basis Point ROE increase, less Depreciation FCR less Depreciation (Projected TCOS, In 9) Incremental FCR with 0 Basis Point ROE increase, less Depreciation	15,858,747 56.40% <u>11.23%</u> 45.17%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	3,451,455
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	28,276,934
Subtotal	31,728,389
Average Transmission Plant Balance for 2012	15,864,195
Annual Depreciation Rate (Projected TCOS, In 108)	92,468
Composite Depreciation Rate	0.58%
Depreciable Life for Composite Depreciation Rate	171.56
Round to nearest whole year	172

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS

2013

2,798,231

PROJECTED YEAR

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP INDIANA MICHIGAN TRANSMISSION COMPANY is shown on Worksheet P.

AEP INDIANA MICHIGAN TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zone

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

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

Current Projected Year ARR 758,010 Current Projected Year ARR w/ Incentive 758,010 Current Projected Year Incentive ARR

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

Details			
Investment	6,450,000	Current Year	2013
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	11.23%
Useful life	172	FCR w/incentives approved for these facilities, less dep.	11.23%
CIAC (Yes or No)	No	Annual Depreciation Expense	37,595

Details								
Investment	6,450,000	Current Year				2013		
Service Year (yyyy)	2012	ROE increase accepte	ed by FERC (Basis Poin	ts)		-		
Service Month (1-12)	12	FCR w/o incentives, le	ess depreciation			11.23%		
Useful life	172	FCR w/incentives appr	R w/incentives approved for these facilities, less dep.					
CIAC (Yes or No)	No	Annual Depreciation E	nual Depreciation Expense					

Useful life			oved for these facilities	s, iess dep.		11.23%		AINTAIN HISTORY OF PROJECTED ARRS	OVER THE
CIAC (Yes or No)	NO	Annual Depreciation Ex	xpense			37,595	LIFE OF THE PROJECT.		
							RTED Projected	PTED Projected	
							RTEP Projected	RTEP Projected	
		-					Rev. Req't.From	Rev. Req't.From	
Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Prior Year Template	Prior Year Template	
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	with Incentives **	
2012	6,450,000	-	6,450,000	724,638	724,638		\$ 655,786	\$ 655,786	
2013	6,450,000	37,595	6,412,405	758,010				_	
2014	6,412,405	37,595	6,374,809	753,786	753,786			_	
2015	6,374,809	37,595	6,337,214	749,562	749,562			_	
2016	6,337,214	37,595	6,299,619	745,338	745,338			_	
2017	6,299,619	37,595	6,262,024	741,115				_	
2018	6,262,024	37,595	6,224,428	736,891	736,891			_	
2019	6,224,428	37,595	6,186,833	732,667	732,667	\$ -		_	
2020	6,186,833	37,595	6,149,238	728,444	728,444	\$ -		_	
2021	6,149,238	37,595	6,111,643	724,220	724,220			_	
2022	6,111,643	37,595	6,074,047	719,996	719,996	\$ -		_	
2023	6,074,047	37,595	6,036,452	715,772	715,772	\$ -		_	
2024	6,036,452	37,595	5,998,857	711,549	711,549	\$ -		_	
2025	5,998,857	37,595	5,961,262	707,325	707,325	\$ -		_	
2026	5,961,262	37,595	5,923,666	703,101	703,101			_	
2027	5,923,666	37,595	5,886,071	698,878				_	
2028	5,886,071	37,595	5,848,476	694,654	694,654				
2029	5,848,476	37,595	5,810,880	690,430	690,430			_	
2030	5,810,880	37,595	5,773,285	686,206	686,206			_	
2031	5,773,285	37,595	5,735,690	681,983	681,983			_	
2032	5,735,690	37,595	5,698,095	677,759				_	
2033	5,698,095	37,595	5,660,499	673,535	673,535			_	
2034	5,660,499	37,595 37,595	5,622,904	669,312	669,312			_	
2035	5,622,904	37,595 37,595	5,585,309	665,088	665,088			_	
2036	5,585,309	37,595 37,595	5,547,714	660,864	660,864			_	
2037	5,547,714	37,595 37,595	5,510,118	656,640				_	
				652,417	652,417			_	
2038	5,510,118	37,595	5,472,523					_	
2039	5,472,523	37,595	5,434,928	648,193	648,193			_	
2040	5,434,928	37,595	5,397,333		643,969			_	
2041	5,397,333	37,595	5,359,737	639,746				_	
2042	5,359,737	37,595	5,322,142	635,522	635,522			_	
2043	5,322,142	37,595	5,284,547	631,298	631,298			_	
2044	5,284,547	37,595	5,246,952	627,074	627,074			_	
2045	5,246,952	37,595	5,209,356	622,851	622,851			_	
2046	5,209,356	37,595	5,171,761	618,627	618,627			_	
2047	5,171,761	37,595	5,134,166	614,403	614,403			_	
2048	5,134,166	37,595	5,096,570	610,180				_	
2049	5,096,570	37,595	5,058,975	605,956	605,956			_	
2050	5,058,975	37,595	5,021,380	601,732				_	
2051	5,021,380	37,595	4,983,785	597,508	597,508			_	
2052	4,983,785	37,595	4,946,189	593,285	593,285				
2053	4,946,189	37,595	4,908,594	589,061	589,061				
2054	4,908,594	37,595	4,870,999	584,837	584,837				
2055	4,870,999	37,595	4,833,404	580,614	580,614				
2056	4,833,404	37,595	4,795,808	576,390					
2057	4,795,808	37,595	4,758,213	572,166	572,166	\$ -			
2058	4,758,213	37,595	4,720,618	567,942	567,942				
2059	4,720,618	37,595	4,683,023	563,719	563,719				
2060	4,683,023	37,595	4,645,427	559,495					
2061	4,645,427	37,595	4,607,832	555,271	555,271				
2062	4,607,832	37,595	4,570,237	551,048	551,048				
2063	4,570,237	37,595	4,532,641	546,824	546,824				
2064	4,532,641	37,595	4,495,046	542,600					
2065	4,495,046	37,595	4,457,451	538,376					
2066	4,457,451	37,595	4,419,856	534,153	534,153				
2067	4,419,856	37,595	4,382,260	529,929	529,929				
2068	4,382,260	37,595	4,344,665	525,705	525,705				
2069	4,344,665	37,595 37,595	4,307,070	521,482	521,482				
2070	4,307,070	37,595 37,595	4,269,475	517,258					
2071	4,269,475	37,595 37,595	4,231,879	513,034					
-011	+,200,770	01,000	7,201,019	38,220,429	38,220,429	₹			

^{**} 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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

Formula Rate **WS J PROJECTED RTEP RR** Page 27 of 41

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Current Projected Year ARR Current Projected Year ARR w/ Incentive **Current Projected Year Incentive ARR**

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

bank at Rockport Station)

Details 13,685,093 Current Year 2013 Service Year (yyyy) 2013 ROE increase accepted by FERC (Basis Points) Service Month (1-12) FCR w/o incentives, less depreciation 11.23% Useful life 172 FCR w/incentives approved for these facilities, less dep. 11.23%

Useful life CIAC (Yes or No)		Annual Depreciation E		s, less dep.		11.23% 79,767	LIFE OF THE F	IISTORY OF PROJECT	LD ARRO OVER THE	-
						. ,				
							RTEP Projected	RTEP Projected		
Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Rev. Req't.From Prior Year Template	Rev. Req't.From Prior Year Template		
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	with Incentives **		
2013	13,685,093	46,531	13,638,562	1,578,782	1,578,782					
2014	13,638,562	37,595	13,600,967	1,565,623	1,565,623					
2015	13,600,967	37,595	13,563,372	1,561,399	1,561,399					
2016 2017	13,563,372 13,525,777	37,595 37,595	13,525,777 13,488,181	1,557,176 1,552,952	1,557,176 1,552,952					
2017	13,488,181	37,595 37,595	13,450,586	1,548,728	1,548,728					
2019	13,450,586	37,595 37,595	13,412,991	1,544,504	1,544,504					
2020	13,412,991	37,595	13,375,396	1,540,281	1,540,281					
2021	13,375,396	37,595	13,337,800	1,536,057	1,536,057					
2022	13,337,800	37,595	13,300,205	1,531,833	1,531,833					
2023	13,300,205	37,595	13,262,610	1,527,609	1,527,609					
2024	13,262,610	37,595	13,225,015	1,523,386	1,523,386					
2025	13,225,015	37,595	13,187,419	1,519,162	1,519,162					
2026	13,187,419	37,595	13,149,824	1,514,938	1,514,938					
2027	13,149,824	37,595 37,595	13,112,229	1,510,715	1,510,715					
2028 2029	13,112,229 13,074,633	37,595 37,595	13,074,633 13,037,038	1,506,491 1,502,267	1,506,491 1,502,267					
2029	13,037,038	37,595 37,595	12,999,443	1,498,043	1,498,043					
2031	12,999,443	37,595	12,961,848	1,493,820	1,493,820					
2032	12,961,848	37,595	12,924,252	1,489,596	1,489,596					
2033	12,924,252	37,595	12,886,657	1,485,372	1,485,372					
2034	12,886,657	37,595	12,849,062	1,481,149	1,481,149					
2035	12,849,062	37,595	12,811,467	1,476,925	1,476,925					
2036	12,811,467	37,595	12,773,871	1,472,701	1,472,701					
2037	12,773,871	37,595	12,736,276	1,468,477	1,468,477					
2038 2039	12,736,276 12,698,681	37,595 37,595	12,698,681 12,661,086	1,464,254 1,460,030	1,464,254 1,460,030					
2039	12,661,086	37,595 37,595	12,623,490	1,455,806	1,455,806					
2041	12,623,490	37,595	12,585,895							
2042	12,585,895	37,595	12,548,300	1,447,359	1,447,359	·				
2043	12,548,300	37,595	12,510,705	1,443,135	1,443,135					
2044	12,510,705	37,595	12,473,109	1,438,911	1,438,911					
2045	12,473,109	37,595	12,435,514	1,434,688	1,434,688					
2046	12,435,514	37,595	12,397,919	1,430,464	1,430,464					
2047	12,397,919	37,595	12,360,323	1,426,240	1,426,240					
2048	12,360,323	37,595 37,595	12,322,728	1,422,017	1,422,017					
2049 2050	12,322,728 12,285,133	37,595 37,595	12,285,133 12,247,538	1,417,793 1,413,569	1,417,793 1,413,569					
2051	12,247,538	37,595 37,595	12,209,942	1,409,345	1,409,345					
2052	12,209,942	37,595	12,172,347	1,405,122	1,405,122					
2053	12,172,347	37,595	12,134,752	1,400,898	1,400,898					
2054	12,134,752	37,595	12,097,157	1,396,674	1,396,674					
2055	12,097,157	37,595	12,059,561	1,392,451	1,392,451					
2056	12,059,561	37,595	12,021,966	1,388,227	1,388,227					
2057	12,021,966	37,595	11,984,371	1,384,003	1,384,003					
2058	11,984,371	37,595 37,595	11,946,776	1,379,779	1,379,779					
2059 2060	11,946,776 11,909,180	37,595 37,595	11,909,180 11,871,585	1,375,556 1,371,332	1,375,556 1,371,332					
2060	11,871,585	37,595 37,595	11,833,990	1,367,108	1,367,108					
2062	11,833,990	37,595 37,595	11,796,394	1,362,885	1,362,885					
2063	11,796,394	37,595	11,758,799	1,358,661	1,358,661					
2064	11,758,799	37,595	11,721,204	1,354,437	1,354,437	\$ -				
2065	11,721,204	37,595	11,683,609	1,350,213	1,350,213	\$ -				
2066	11,683,609	37,595	11,646,013	1,345,990	1,345,990					
2067	11,646,013	37,595	11,608,418	1,341,766	1,341,766					
2068	11,608,418	37,595	11,570,823	1,337,542	1,337,542					
2069	11,570,823	37,595 37,595	11,533,228	1,333,319	1,333,319					
2070 2071	11,533,228 11,495,632	37,595 37,595	11,495,632 11,458,037	1,329,095 1,324,871	1,329,095 1,324,871					
2071	11,458,037	37,595 37,595	11,420,442	1,320,647	1,320,647					
Project Totals	, 100,001	2,264,651	,	86,723,759	86,723,759	-				
		_,_0 ,,001		35,. 25,7 30	35,. 25,. 35					

^{**} 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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

Formula Rate **WS J PROJECTED RTEP RR** Page 28 of 41

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

Page 2 of 2

1,578,782

1,578,782

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS: INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

79,767	LIFE OF THE F	PROJECT.		
	RTEP Projected Rev. Req't.From		RTEP Projected Rev. Req't.From	
ve Rev.	Prior Year Template w/o Incentives		Prior Year Template with Incentives **	
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Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000) **Current Projected Year ARR** Current Projected Year ARR w/ Incentive

Project Description:

RTEP ID: b2048 (Replace both Tanners Creek 345/138 kV transformers with one bigger transformer)

Details			
Investment	4,075,982	Current Year	2013
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	11.23%
Useful life	172	FCR w/incentives approved for these facilities, less dep.	11.23%
CIAC (Yes or No)	No	Annual Depreciation Expense	23,758

	Useful life CIAC (Yes or No)		FCR w/incentives appr Annual Depreciation E		s, less dep.		11.23% 23,758	TEMPLATE BELOW TO MAIN LIFE OF THE PROJECT.	NTAIN HISTORY OF PROJECTED	ARRS OVER THE
	CIAC (1es di 140)	140	Annual Depreciation L	Арепзе			25,750	Ell E OF THE FROSECT.		
Instantion Enginering Coloration Enginery Coloration Color								-		
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2013			_	_	_					
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2015 4,054-227 0 7,968 0 3,061-227 462,070 3 -										
2016 3,086,327 37,568 3,326,237 42,406 47,006 3 1 1 1 1 1 1 1 1 1									_	
2017					-					
2018 3.77 1.64 37.765 3.894.464 407.77 3.8										
2020 3,686,461 37,596 3,7769 3,7769 46,726 4	2018		37,595	3,884,046	473,956	473,956	\$ -			
2011 3,808,866 375,965 3,773,965 407,069 457,069 5 - 2020 3,771,705 375,965 3,773,965 407,069 5 - 2020 408,069 3 - 2020 408,0										
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2026										
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2031										
2032 3.395,308 37,712 37,566 3.3,37,712 414,624 416,600 4 410,600 5 -										
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	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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

Formula Rate **WS J PROJECTED RTEP RR** Page 29 of 41

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

Page 2 of 2

461,439

461,439

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS: INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

Current Projected Year Incentive ARR

23,758	LIFE OF THE P	PROJECT.		
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Formula Rate WS K TRUE-UP RTEP RR Page 30 of 41

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Page 1 of 2

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

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

ROE w/o incentives (True-U	lp TCOS, ln 17	6)	11.49%	
Project ROE Incentive Adde	r		0 <==ROE Adder Cannot Exceed 100 Basis Points	
ROE with additional 0 basis	point incentive		11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 20)12
Determine R (cost of long to	erm debt, cost d	of preferred stock and equit	uity percentage is from the True-Up TCOS, Ins 174 through176)	
	<u>%</u>	<u>Cost</u>	Weighted cost	
Long Term Debt	50.73%	5.43%	2.753%	
Preferred Stock	0.00%	0.00%	0.000%	
Common Stock	49.27%	11.49%	<u>5.661%</u>	
		R =	= 8.414%	

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

Rate Base (True-Up TCOS, In 78)	13,324,454
R (fom A. above)	8.414%
Return (Rate Base x R)	1,121,127

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

Return (from B. above)	1,121,127
Effective Tax Rate (True-Up TCOS, In 124)	42.83%
Income Tax Calculation (Return x CIT)	480,213
ITC Adjustment	-
Income Taxes	480,213

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	2,512,577
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	29,318
Return (True-Up TCOS, In 132)	1,121,127
Income Taxes (True-Up TCOS, In 131)	480,213
Annual Revenue Requirement, Less TEA	881,919
Oharras Batum and Tarras	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	881,919
Return (from I.B. above)	1,121,127
Income Taxes (from I.C. above)	480,213
Annual Revenue Requirement, with 0 Basis Point ROE increase	2,483,259
Depreciation (True-Up TCOS, In 108)	92,468
Annual Rev. Req, w/ 0 Basis Point ROE	2,390,791
increase, less Depreciation	

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

Net Transmission Plant (True-Up TCOS, In 48) Annual Revenue Requirement, with 0 Basis Point ROE increase FCR with 0 Basis Point increase in ROE	15,770,929 2,483,259 15.75%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	2,390,791
FCR with 0 Basis Point ROE increase, less Depreciation	15.16%
FCR less Depreciation (True-Up TCOS, In 9)	<u>15.16%</u>
Incremental FCR with 0 Basis Point ROE	0.00%
increase less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	3,451,455
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	28,276,934
Subtotal	31,728,389
Average Transmission Plant Balance for	15,864,195
Annual Depreciation Rate (True-Up TCOS, In 108)	92,468
Composite Depreciation Rate	0.58%
Depreciable Life for Composite Depreciation Rate	171.56
Round to nearest whole year	172

		Rev Require \		W Ince	entives	Incentive Amount	
TRUE-UP YEAR	2012						
	As Projected in Prior Year WS J	\$	655,786	\$	655,786	\$	-
	Actual after True-up	\$	973,098	\$	973,098	\$	-
	True-up of ARR For 2012		317,312		317,312		-

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP INDIANA MICHIGAN TRANSMISSION COMPANY is shown on Worksheet P.

RTEP Rev Req't

True-up

with Incentives **

True-up of

Incentive

with Incentives *

Formula Rate **WS K TRUE-UP RTEP RR** Page 31 of 41

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

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

2012	Rev Require		W Incentives	Incentive Amounts
Prior Yr Projected		655,786	655,786	-
Prior Yr True-Up		973,098	973,098	-
True-Up Adjustment		317,312	317,312	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details								
nvestment	6,419,070	Current Year			2012			
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)			-			
Service Month (1-12)	12	FCR w/o incentives, less depreciation			15.16%			
Iseful life	172	FCR w/incentives approved for these facilities, less dep.	R w/incentives approved for these facilities, less dep.					
CIAC (Yes or No)	No	Annual Depreciation Expense	37,415					

Service Year (yyyy)		•	ed by FERC (Basis Poin	ts)			- 45 460/			F TRUED-UP ANNUAL REVENU		
Service Month (1-12)		FCR w/o incentives, le		loop don			15.16% 15.16%			R (WITH & WITHOUT INCENTIVE	•	
Useful life		Annual Depreciation E	roved for these facilities,	iess dep.				LIFE OF THE P		O MAINTAIN HISTORY OF TRU	ED-UP ARKS OVER	INE
CIAC (Yes or No)	INC	Annual Depreciation E	zpense •		I	T	37,415	RTEP Projected	KOJEC	J1.	RTEP Projected	
Investment	Beginning	Depreciation	Ending	Average	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Rev. Req't.From Prior Year WS J		RTEP Rev Req't True-up	Rev. Req't.From Prior Year WS J	RTEP R
Year	Balance	Expense	Balance	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives		w/o Incentives	with Incentives **	with Ince
2012	6,419,070		6,419,070	6,419,070	The state of the s	973,098	\$ -	\$ 655,786	\$	317,312	\$ 655,786	\$
2013	6,419,070	37,415		6,400,362	1,007,677	1,007,677	\$ -		\$	-		\$
2014	6,381,655	37,415	· · ·	6,362,947	1,002,005	1,002,005			\$	-		\$
2015	6,344,240	37,415	6,306,825	6,325,532	996,333	996,333	\$ -		\$	-		\$
2016	6,306,825	37,415	6,269,410	6,288,117	990,661	990,661	\$ -		\$	-		\$
2017	6,269,410	37,415	6,231,995	6,250,702	984,989	984,989	\$ -		\$	-		\$
2018	6,231,995	37,415	6,194,580	6,213,287	979,317	979,317	\$ -		\$	-		\$
2019	6,194,580	37,415	6,157,165	6,175,872	973,645	973,645	\$ -		\$	-		\$
2020	6,157,165	37,415	6,119,750	6,138,457	967,973	967,973	\$ -		\$	-		\$
2021	6,119,750	37,415	6,082,335	6,101,042	962,301	962,301	\$ -		\$	-		\$
2022	6,082,335	37,415	6,044,920	6,063,627	956,629	956,629	\$ -		\$	-		\$
2023	6,044,920	37,415	6,007,505	6,026,213	950,958	950,958	\$ -		\$	-		\$
2024	6,007,505	37,415	5,970,090	5,988,798	945,286	945,286	\$ -		\$	-		\$
2025	5,970,090	37,415	5,932,675	5,951,383	939,614	939,614	\$ -		\$	-		\$
2026	5,932,675	37,415	5,895,260	5,913,968	933,942	933,942			\$	-		\$
2027	5,895,260	37,415	5,857,845	5,876,553	928,270	928,270	\$ -		\$	-		\$
2028	5,857,845	37,415	5,820,430	5,839,138	922,598	922,598	\$ -		\$	-		\$
2029	5,820,430	37,415	5,783,015	5,801,723	916,926	916,926	\$ -		\$	-		\$
2030	5,783,015	37,415	5,745,600	5,764,308	911,254	911,254	\$ -		\$	-		\$
2031	5,745,600	37,415	5,708,185	5,726,893	905,582	905,582	\$ -		\$	-		\$
2032	5,708,185	37,415	5,670,770	5,689,478	899,910	899,910	\$ -		\$	-		\$
2033	5,670,770	37,415	5,633,355	5,652,063	894,238	894,238	\$ -		\$	-		\$
2034	5,633,355	37,415	5,595,940	5,614,648	888,566	888,566	\$ -		\$	-		\$
2035	5,595,940	37,415	5,558,525	5,577,233	882,895	882,895			\$	-		\$
2036	5,558,525			5,539,818	877,223	877,223	\$ -		\$	-		\$
2037	5,521,110			5,502,403	871,551	871,551	\$ -		\$	-		\$
2038	5,483,695			5,464,988	865,879	865,879			\$	-		\$
2039	5,446,280			5,427,573	-	860,207			\$	-		\$
2040	5,408,865			5,390,158					\$	-		\$
2041	5,371,450			5,352,743					\$	-		\$
2042	5,334,035			5,315,328	843,191	843,191			\$	-		\$
2043	5,296,620			5,277,913	837,519				\$	-		\$
2044	5,259,205			5,240,498	831,847	831,847			\$	-		\$
2045	5,221,790			5,203,083	826,175	826,175			\$	-		\$
2046	5,184,375			5,165,668	820,503	820,503			\$	-		\$
2047	5,146,960			5,128,253	814,832	814,832			\$	-		\$
2048	5,109,545			5,090,838	809,160	809,160			\$	-		\$
2049	5,072,130			5,053,423	803,488				\$	-		\$
2050	5,034,715			5,016,008	797,816				\$	-		\$
2051	4,997,301	37,415		4,978,593	792,144	792,144			\$	-		\$
2052	4,959,886			4,941,178	786,472				\$	-		\$
2053	4,922,471	37,415		4,903,763	780,800	780,800			\$	-		\$
2054	4,885,056			4,866,348	775,128	775,128			\$	-		\$
2055	4,847,641	37,415		4,828,933	769,456				\$	-		\$
2056	4,810,226			4,791,518	763,784				\$	-		\$
2057	4,772,811	37,415		4,754,103					\$	-		\$
2058	4,735,396			4,716,688	752,440				\$	-		\$
2059	4,697,981	37,415		4,679,273	746,768				\$	-		5
2060	4,660,566			4,641,858	741,097				\$	-		\$
2061	4,623,151	37,415		4,604,443	735,425				\$	-		5
2062	4,585,736			4,567,028					\$	-		1 *
2063	4,548,321	37,415	4,510,906	4,529,613	724,081	724,081	5 -		\$	-		1 *

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

4,510,906

4,473,491

4,436,076

4,398,661

4,361,246

4,323,831

4,286,416

4,249,001

2064

2065

2066

2067

2068

2069

2070

2071

Project Totals

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.

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.

37,415

37,415

37,415

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4,436,076

4,398,661

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718,409

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678,705

50,721,372

718,409 \$

712,737 \$

707,065 \$

701,393 \$

690,049 \$

684,377 \$

695,721

678,705

50,721,372

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

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

2012	Rev Require		W Incentives		Incentive Amounts
Prior Yr Projected		-		-	-
Prior Yr True-Up		-		-	-
True-Up Adjustment		-		-	-

Details				
Investment	-	Current Year		2012
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)		-
Service Month (1-12)	-	FCR w/o incentives, less depreciation		15.16%
Useful life	172	FCR w/incentives approved for these facilities, less dep.		15.16%
CIAC (Yes or No)	No	Annual Depreciation Expense		-
				í

Service Month (1-12) Useful life	- 172	FCR w/o incentives, le FCR w/incentives appi	ess depreciation roved for these facilities	s. less dep.			15.16% 15.16%	INPUT TRUE-UP A TEMPLATE BELO
CIAC (Yes or No)	No.	Annual Depreciation E	xpense	,, .ooo dop.			-	LIFE OF THE PRO
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
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TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS: PARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR OW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

	LIFE OF THE PR										
	RTEP Projected RTEP Projected										
	Rev. Req't.From		Rev. Req't.From	RTEP Rev Req't							
	Prior Year WS J	RTEP Rev Req't True-up	Prior Year WS J	True-up							
	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **							
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This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

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

39

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52

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57

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Rev Require

W Incentives

Incentive Amounts

Page 2 of

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

Project Description:

RTEP ID: b2048 (Replace both Tanners Creek 345/138 kV transformers with one bigger transformer)

Details			
nvestment		Current Year	2012
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	-	FCR w/o incentives, less depreciation	15.16
Jseful life	172	FCR w/incentives approved for these facilities, less dep.	15.16
CIAC (Yes or No)	No	Annual Depreciation Expense	-

								RTEP Projecte Rev. Req't.Fror	d		RTEP Projected Rev. Req't.From	RTEP Rev Req't
Investment	Beginning	Depreciation	Ending	Average Balance	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Prior Year WS	J	RTEP Rev Req't True-up	Prior Year WS J	True-up with Incentives **
Year 0	Balance	Expense	Balance		w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	•	w/o Incentives	with Incentives **	with Incentives **
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^{**} This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

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.

Prior Yr Projected Prior Yr True-Up True-Up Adjustment

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

5.16%		LOW TO MAINTAIN HISTORY OF TRU	ED-UP ARRS OVER 1	THE
-	LIFE OF THE P	ROJECT.	RTEP Projected	
	RTEP Projected			
	Rev. Req't.From		Rev. Req't.From	RTEP Rev Req't
٧.	Prior Year WS J	RTEP Rev Req't True-up	Prior Year WS J	True-up
: ##	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **
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Formula Rate **WS K TRUE-UP RTEP RR** Page 33 of 41

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet L Supporting Projected Cost of Debt AEP INDIANA MICHIGAN TRANSMISSION COMPANY

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

<u>Line</u>	(A)	(B)	(C)	(D)
<u>Number</u>	<u>Issuance</u>	Principle Outstanding	Interest Rate	Annual Expense (See Note S on Projected Template)
1	Long Term Debt (FF1.p. 256-257, a,h)			110jecteu 1emplate)
2	Bonds - Acc 221			-
3				
4 5				_
6	Reacquired Bonds - Total Account 222			-
7				-
8				-
9 10	Advances from Assoc Companies			-
11	Senior Notes, Series A, Tranche A, 3.3%	20,800,000	3.300%	686,400
12	Senior Notes, Series A, Tranche B, 4%	17,000,000	4.000%	680,000
13	Senior Notes, Series A, Tranche C, 4.73%	12,200,000	4.730%	577,060
14 15				
16	Other Long Term Debt - Acc 224			<u>.</u>
17				-
18 19				-
20				-
21				-
22				-
23 24				-
25				-
26				-
27	Colo/Logophagle/(f Applicable)		0	-
28	Sale/Leaseback (If Applicable)		0	
29	Issuance Discount, Premium, & Expenses:			
30	Auction Fees	FF1.p. 256 & 257.Lines Described as F	ees	-
31	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		3,565
32	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
		•		
33 34	Reacquired Debt: Amortization of Loss	FF1.p. 117.64.c		
3 4 35	Less: Amortization of Gain	FF1.p. 117.64.c FF1.p. 117.66.c		
	2000. 7 WHO WEARING TO GUILL			
36	Total Interest on Long Term Debt	50,000,000	0.0389405	1,947,025
37	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
38				-
39				-
40				-
41 42				-
43				
44				-
45				-
46	Dividends on Preferred Stock	_1	0.00%	
.0	doi.do dii i i didiida diddii		3.0070	

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate AEP INDIANA MICHIGAN TRANSMISSION COMPANY

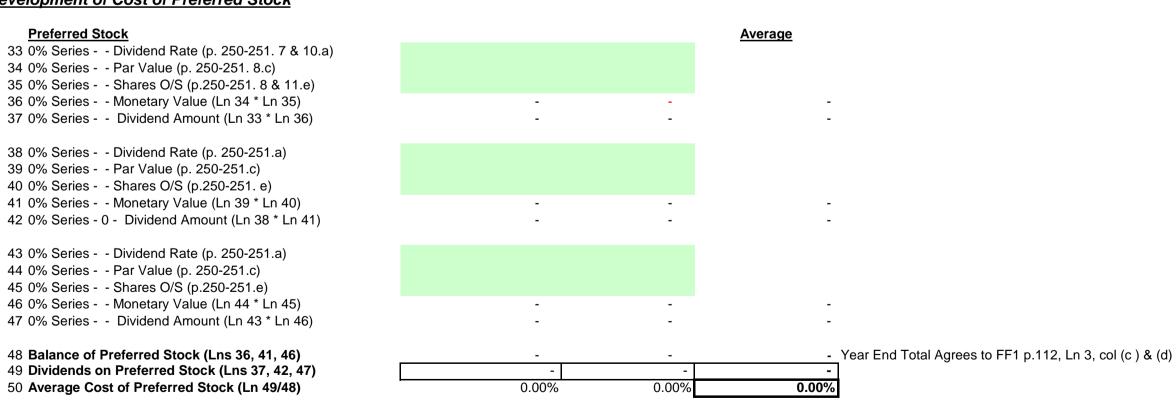
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

(A)	(B)	(C)	(D)	(E)
<u>.ine</u>		Balances @ 12/31/2012	Balances @ 12/31/2011	Average
evelopment of	Average Balance of Common Equity		•	
	apital (112.16.c&d)	49,338,987	12,553,071	30,946,029
	d Stock (Ln 48 Below) 216.1 (112.12.c&d)	- 0	-	-
	219.1 (112.15.c&d)	-	_	-
5 Average Bala	ance of Common Equity	49,338,987	12,553,071	30,946,029
evelopment of	Cost of Long Term Debt Based on Ave	erage Outstanding Bal	<u>ance</u>	
6 Bonds (112.1	8.c&d)	-	-	-
7 Less: Reacqu	ired Bonds (112.19.c&d)	-	-	-
	from Assoc. Companies (112.20.c&d) ured Notes (112.21.c&d)	50,000,000	-	25,000,000
	lue Hedges (See Note on Ln 12 below)	•	-	-
11 Total Averag	e Debt	50,000,000	-	25,000,000
included in the second	calance of fair value hedges on outstanding lor the formula's capital structure. (Page 257, Colur est Expense for 2012 ang Term Debt (256-257.33.i) edge (Gain)/Expense Accumulated from p 256-25 in 14 and shown in Ln 32 below.	nn H of the FF1)		394,091 -
	t Discount & Expense (117.63.c)			3,565
	s on Reacquired Debt (117.64.c) of Premium on Debt (117.65.c)			
19 Less: Amort of	of Gain on Reacquired Debt (117.66.c)			-
20 Total Interest	t Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18	8 - Ln 19)		397,656
21 Average Cos	t of Debt for 2012 (Ln 20/Ln 11)		I	1.59%
CALCULATIO	ON OF HEDGE GAINS/LOSSES TO BE EXLCUD	DED FROM TCOS		
22 AEP INDIAN	A MICHIGAN TRANSMISSION COMPANY ma	ay not include costs (or ga	ins) related to inter	0 0
			Remaining	Amortization
HEDGE AMO	DUNTS BY ISSUANCE (FROM p. 256-257 (i) of	"(Amortization of	Unamortized	

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	"(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Beginning	Ending
23					
24					
25					
26					
27					
28					
29					
30					
31					
	_				

Development of Cost of Preferred Stock

32 Net (Gain)/Loss Hedge Amortization To Be Removed



AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use AEP INDIANA MICHIGAN TRANSMISSION COMPANY

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

	(A)	eld for future use related to general (B)	(C) Function	(D)	(E)	(F)	(G) Functional	(H) Functionalized	(I) FERC
Line	Date	Property Description	(T) or (G) T = Transmissi	Basis ion	Proceeds	(Gain) / Loss	Allocator	Proceeds (Gain) / Loss	Account
4			G = General				0.000%		
' '						-	0.000%	-	
2						_	0.000%	_	
-							0.00070		
3						_	0.000%	-	
							_		
4			N	Net (Gain) or L	oss for 2012		- -	-	

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances

Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service Worksheet O - PBOP Support

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

PBOP	(A)	(B)
1	Calculation of PBOP Expenses	
2	AEP System PBOP Rate	
3	Total AEP System PBOP expenses	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	173,004
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$16,262
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$4,654
15	Actual PBOP Expense (Sum Lines 11-14)	\$4,654
16	PBOP Adjustment Line 10 less Line 15	\$11,608

AEPTCo subsidiaries in PJM Worksheet - P DEPRECIATION RATES FOR TRANSMISSION PLANT PROPERTY ACCOUNTS EFFECTIVE AS OF 7/1/2010

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Land Rights	350.1	1.16%
Structures & Improvements	352.0	1.15%
Station Equipment	353.0	1.46%
Towers & Fixtures	354.0	1.46%
Poles & Fixtures	355.0	2.19%
Overhead Conductor	356.0	1.23%
Underground Conduit	357.0	1.45%
Underground Conductors	358.0	1.35%
Trails & Roads	359.0	1.50%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP INDIANA MICHIGAN TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pusuant to a Section 205 or 206 filing to change rates.

	Composite Depreciation Rate	<u>I & M</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)	1,153,823,876	1,153,823,876
2	T-Plant (FF1 206.58.b)	1,115,559,969	1,115,559,969
3	Average (Ln 1+ Ln 2)/2	1,134,691,923	1,134,691,923
4	Depreciation (FF1 336.7.f)	16,178,988	16,178,988
5	Composite Depreciation (Ln 3 / Ln 4)		1.43%

Note: AEP INDIANA MICHIGAN TRANSMISSION COMPANY shall initially use the composite depreciation rate for I & M shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP INDIANA MICHIGAN TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP INDIANA MICHIGAN TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2012 Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Long Term Debt Balances at Year End							
1 Bonds (112.18.c&d)2 Less: Reacquired Bonds (112.19.c&d)3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	- - 20,000,000	- - 20,000,000	462,500,000 200,000,000	25,000,000	462,500,000 265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund 5 Less: Fair Value Hedges (See Note on Ln 7 below)	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
7 NOTE: The balance of fair value hedges on outstanding long term debt are to be	pe excluded from the balance of	long term debt included in the fo	rmula's capital structure	e. (page 257, Colu	mn H of the FF1)		
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)10 Amort of Loss on Reacquired Debt (117.64.c)	3,859,577 1,342,096	2,372,191 1,483,709	471,186 33,649	-	3,978,647 1,336,128	-	10,681,601 4,195,582
11 Less: Amort of Premium on Debt (117.65.c)12 Less: Amort of Gain on Reacquired Debt (117.66.c)		- 1,712	-	-	-	-	- 1,712
13 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	4 242 500	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends 15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 7.a) 16 Par Value (p. 250-251. 8.c) 17 Shares Outstanding (p.250-251. 8.e) 18 Monetary Value (Ln 16 * Ln 17)	\$ 100.00	\$ 100.00		\$			
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a) 21 Par Value (p. 250-251. 8.c) 22 Shares Outstanding (p.250-251. 8.e)		\$ 4.12% \$ 100.00		\$	4.20% 100.00 -		
23 Monetary Value (Ln 21 * Ln 22) 24 Dividend Amount (Ln 20 * Ln 23)	- -	-	-	- -	-	-	-
25 Dividend Rate (p. 250-251. 7.a) 26 Par Value (p. 250-251. 8.c) 27 Shares Outstanding (p.250-251. 8.e)		4.56% \$ 100.00		\$	4.40% 100.00 -		
28 Monetary Value (Ln 26 * Ln 27) 29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251. 7.a) 31 Par Value (p. 250-251. 8.c) 32 Shares Outstanding (p.250-251. 8.e)				\$	4.50% 100.00 -		
33 Monetary Value (Ln 31 * Ln 32) 34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	- -	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33) 36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c) 38 Less: Preferred Stock (Ln 35 Above)	3,052,563,357	1,803,774,755	479,610,035 -	29,956,296 -	4,489,200,654	90,109,311	9,945,214,408 -
39 Less: Account 216.1 (112.12.c) 40 Less: Account 219.1 (112.15.c)	1,654,344 (29,897,592)	(104,879) (28,884,204)	- (408,880)	- 916	2,204,800 (165,724,552)	- (473,816)	3,754,265 (225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
<u>Calculation of Capital Shares</u> 42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above) 44 Common Equity (Ln 41 Above)	- 3,080,806,605	- 1,832,763,838	- 480,018,915	- 29,955,380	- 4,652,720,406	- 90,583,127	- 10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45) 48 Common Equity Capital Shares (Ln 44 / Ln 45)	0.00% 45.37%	0.00% 53.82%	0.00% 46.60%	0.00% 59.96%	0.00% 54.61%	0.00% 78.37%	0.00% 51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares52 Common Equity Capital Shares with Capital Equity Cap	0.00% 45.37%	0.00% 53.82%	0.00% 46.60%	0.00% 59.96%	0.00% 51.00%	0.00% 78.37%	0.00% 49.52%
Calculation of Capital Cost Rate	F 000/	- 2227	0.4704	4.5007	E 222/	5.05 0.	F 222/
53 LTD Capital Cost Rate (Ln 14 / Ln 6) 54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	5.30% 0.00%	5.96% 0.00%	6.45% 0.00%	4.52% 0.00%	5.69% 0.00%	5.25% 0.00%	5.62% 0.00%
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53) 57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	2.90% 0.00%	2.75% 0.00%	3.44% 0.00%	1.81% 0.00%	2.79% 0.00%	1.14% 0.00%	2.84% 0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2011 Worksheet Q Page 2

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u> 60 Bonds (112.18.c&d)					_	_	_
61 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	418,000,000	-	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)	2 724 409 202	1 562 027 505	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund 64 Less: Fair Value Hedges (See Note on Ln 66 below)	3,734,408,392	1,562,927,505 -	530,000,000	-	4,280,325,000	-	10,107,660,897 -
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
66 NOTE: The balance of fair value hedges on outstanding long term debt are to be	e excluded from the balance of	flong term debt included in the fo	rmula's capital structur	e. (p. 257. Column	H of the FF1)		
				· (
<u>Development of Long Term Debt Interest Expense</u> 67 Interest on Long Term Debt (256-257.33.i)	202 004 570	00 405 450	25.049.706	004.000	245 000 927	1 212 500	E 47 204 76E
68 Amort of Debt Discount & Expense (117.63.c)	202,991,579 3,686,430	92,125,153 2,222,601	35,048,706 471,186	904,000	215,009,827 4,329,899	1,312,500	547,391,765 10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c)	1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
70 Less: Amort of Premium on Debt (117.65.c) 71 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	- 1,712	-	-	-	-	- 1,712
72 Less: Hedge Interest on pp 256-257(i)	1,815,730	1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
74 Dividend Rate (p. 250-251, 7.a)	4.50%	4.125%		ф	4.08%		
75 Par Value (p. 250-251. 8.c) 76 Shares Outstanding (p.250-251. 8.e)	\$ 100.00	\$ 100.00		\$	100.00		
77 Monetary Value (Ln 75 * Ln 76)	-	-	-	-	-	-	-
78 Dividend Amount (Ln 74 * Ln 77)	-	-	-	-	-	-	-
79 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
80 Par Value (p. 250-251. 8.c) 81 Shares Outstanding (p.250-251. 8.e)		\$ 100.00		\$	100.00		
82 Monetary Value (Ln 80 * Ln 81)	•	-	-	-	-	-	-
83 Dividend Amount (Ln 79 * Ln 82)	-	-	-	-	-	-	-
84 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
85 Par Value (p. 250-251. 8.c) 86 Shares Outstanding (p.250-251. 8.e)		\$ 100.00		\$	100.00		
87 Monetary Value (Ln 85 * Ln 86)	-		-	-	-	-	-
88 Dividend Amount (Ln 84 * Ln 87)	-	-	-	-	-	-	-
89 Dividend Rate (p. 250-251. 7.a)					4.50%		
90 Par Value (p. 250-251. 8.c)				\$	100.00		
91 Shares Outstanding (p.250-251. 8.e) 92 Monetary Value (Ln 90 * Ln 91)	-	<u>-</u>	-	<u>-</u>	- -	-	-
93 Dividend Amount (Ln 89 * Ln 92)	-	-	-	-	-	-	-
94 Preferred Stock (Lns 77, 82, 87,92)	-	-	-	-	-	-	-
95 Preferred Dividends (Lns 78, 83, 88,93)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above) 98 Less: Account 216.1 (112.12.c)	- 1,610,810	(230,765)	-	-	2,204,800	-	- 3,584,845
99 Less: Account 219.1 (112.15.c)	(58,543,154)	(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	(287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above) 103 Common Equity (Ln 100 Above)	- 2,993,346,798	- 1,789,432,308	- 461,040,462	- 29,452,938	- 4,609,186,299	- 54,882,970	- 9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
106 Preferred Stock Capital Shares (Ln 102 / Ln 104)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
107 Common Equity Capital Shares (Ln 103 / Ln 104)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares111 Common Equity Capital Shares with Capital Equity Cap	0.00% 44.49%	0.00% 50.00%	0.00% 45.60%	0.00% 59.56%	0.00% 51.00%	0.00% 68.70%	0.00% 48.45%
		30.0070	.0.0070	23.3370	20070	33.1070	10.1070
<u>Calculation of Capital Cost Rate</u> 112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.52%	6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
112 LTD Capital Cost Rate (Ln 73 / Ln 65) 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)	5.52% 0.00%	0.00%	0.45% 0.00%	4.52% 0.00%	5.48% 0.00%	5.25% 0.00%	5.63% 0.00%
114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113) 117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	0.00% 5.11%	0.00% 5.75%	0.00% 5.24%	0.00% 6.84%	0.00% 5.86%	0.00% 7.89%	0.00% 5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Average Capital Structure Worksheet Q Page 3

Line	Appalachian	Indiana Michigan	Kentucky Power	Kingsport Power	Ohio Power	Wheeling Power	AEP East Operating Companies' Consolidated
	Power Company	Power Company	Company	Company	Company	Company	Capital Structure
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	_	-	-	-	-	-	<u> </u>
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
125 NOTE: The balance of fair value hedges on outstanding long term debt are	to be excluded from the balance of	long term debt included in the fo	ormula's capital structur	e. (p. 257, Colum	in H of the FF1)		
Development of 2012 Long Term Debt Interest Expense	400 400 000	00 704 500	05.040.700	004.000	040 500 000	4 040 500	500 040 047
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	4 740
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	(0.007.000)	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	4 040 500	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	, , , , <u>-</u>	, , , , <u>-</u>	-	, , , <u>-</u>	- · · · · -	, , , <u>-</u>	, , , , <u>-</u>
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	_	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	
	0.01 /0	0.00 /0	0.1170	0.0070	0.00 /0	3.00 /0	0.4070

AEP KENTUCKY TRANSMISSION COMPANY

Line No.						Insmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	Alloos	otor.	\$124,493
2	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	Alloca DA	1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$ 124,493
	The Carrying Charge Calculations on lines 6 to 11 beloission Enhancement Charges. The total non-incentive	<u> </u>				
4	Revenue Requirement for PJM Schedule 12 Facilities (v	w/o incentives) (Worksheet J)	-	DA	1.00000	\$ -
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note ((In 1 - In 102 - In 103)/((In 48 + In 4 (In 6 / 12)	·			0.00% 0.00%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o dep Annual Rate		09) /((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x	100))		0.00%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Retu Annual Rate		Note B) 09 - In 131 - In 132) /((In 48 + In 49 + In 50 +	- In 51 + In 53) x 100)))	0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w	/ incentive ROE's (Note B) (Workshee	et J)			-
13		REVENUE REQUIREMENT	FOR SCHEDULE 1A CHARGES			
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Less: Load Dispatch - Reliability, Planning & Standards	• ,				3,881 3,881 -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				-

AEP KENTUCKY TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

		Data Sources				Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> <u>NOTE C</u>	<u>Allo</u>	<u>cator</u>	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE					
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.C & Ln 140)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Work	·	-	DA	1.00000	-
23	Plus: Additional Trans Plant on Transferred Assets	(Worksheet I, In 22.D)	-	DA	1.00000	-
24	Line Deliberately Left Blank					
25	Line Deliberately Left Blank	(\A/a-d-a-t-A-l7-0)		\\\/O	4 00000	
26	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000	-
27 28	Less: General Plant ARO (Enter Negative) Intangible Plant	(Worksheet A In 8.C) (Worksheet A In 9.C)	-	W/S W/S	1.00000 1.00000	-
28 29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)		VV/3	1.00000	
		,				
30	ACCUMULATED DEPRECIATION AND AMORTIZATION	DN				
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank					
33	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000	-
35	Plus: Transmission Plant-in-Service Additions (Work		-	DA	1.00000	-
36	Plus: Additional Projected Deprec on Transferred As	·	-	DA	1.00000	-
37	Plus: Additional Transmission Depreciation for 2013	· · · · · · · · · · · · · · · · · · ·	-	TP1	1.00000	-
38	Plus: Additional General & Intangible Depreciation for	· · · · · · · · · · · · · · · · · · ·	-	W/S	1.00000	-
39	Plus: Additional Accum Deprec on Transferred Asse	ets (Worksheet I In 23.D)	-	DA	1.00000	-
40	Line Deliberately Left Blank					
41	Line Deliberately Left Blank	(14. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.		11/10		
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.C)	- _	W/S	1.00000	
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-			-
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank	(la 00 : la 04 la 00 la 04)				
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	-			-
49 50	Plus: Transmission Plant-in-Service Additions (In 22		-			-
50	Plus: Additional Trans Plant on Transferred Assets	` ,	-			-
51 52	Plus: Additional Transmission Depreciation for 2013	· · ·	-			-
52 53	Plus: Additional General & Intangible Depreciation for	, ,	-			-
53 54	Plus: Additional Accum Deprec on Transferred Asse Line Deliberately Left Blank	ets (Worksheet I) (-III 39)	-			-
55	General Plant	(In 26 + In 27 - In 42 - In 43)	_			_
56	Intangible Plant	(ln 28 - ln 44)	_			-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)				_
		(23 23 23 23 24 24 24 24 24 24 24 24 24 24 24 24 24				
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA		-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(16,408)	DA		(16,408)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	34,115	DA		34,115
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	17,707			17,707
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	1,749			1,749
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	- -	TP	1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000	-
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	<u>-</u>	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	<u> </u>	NA	0.00000	
76	TOTAL WORKING CAPITAL	(sum lns 68 to 75)	1,749			1,749
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
		,, (,		2, .	1130300	
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		19,456			19,456

AEP KENTUCKY TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	cator	Total <u>Transmission</u>
Line	OPERATION & MAINTENANCE EXPENSE					
<u>No.</u> 79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank					
81	Customer Related Expense	322.164,171,178.b	-			
82 83	Regional Marketing Expenses Transmission	322.131.b 321.112.b	- 17 860			
84	TOTAL O&M EXPENSES	(sum lns 81 to 83)	<u>17,869</u> 17,869			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,881			
86	Less: Account 565	(Note H) 321.96.b	, -			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	<u> </u>			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	13,988	TP	1.00000	13,988
89	Administrative and General	323.197.b (Note J)	76,277			
90	Less: Acct. 924, Property Insurance	323.185.b	-			
91 92	Acct. 928, Reg. Com. Exp. Acct. 930.1, Gen. Advert. Exp.	323.189.b 323.191.b	-			
93	Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.192.b	<u>-</u>			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	76,277	W/S	1.00000	76,277
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h)	1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	-	DA	1.00000	4 700
99 100	PBOP Adjustment A & G Subtotal	Worksheet O Ln 16 (B), (Note K & M) (sum Ins 94 to 99)	4,729 81,006	W/S	1.00000	4,729 81,006
100	A & G Subiolai	(80111118 94 10 99)	81,000			61,006
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	94,994			94,994
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in	Acct 565 (Company Records) (Note H)		DA	1.00000	
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	94,994			94,994
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107 108	Line Deliberately Left Blank Transmission	336.7.f	_	TP1	1.00000	_
109	Plus: Transmission Plant-in-Service Additions (Work		- -	DA	1.00000	- -
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,802	TP1	1.00000	26,802
111	General	336.10.f	· -	W/S	1.00000	· -
112	Intangible	336.1.f		W/S	1.00000	
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	26,802			26,802
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related					
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
117 118	Plant Related Property	Worksheet H In 23.(C) & In 58.(C)	_	DA		_
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	- -	NA	0.00000	- -
120	Other	Worksheet H In 23.(E)	350	GP(h)	1.00000	350
121	TOTAL OTHER TAXES	(sum lns 116 to 120)	350	,		350
122	INCOME TAXES	(Note O)	20.000/			
123 124	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.90% 42.91%			
125	where WCLTD=(In 174) and WACC = (In 177)		42.9170			
126	and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from ln 123)		1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
129	Income Tax Calculation	(ln 124 * ln 132)	705	ND(b)	1 00000	705
130 131	ITC adjustment TOTAL INCOME TAXES	(In 127 * In 128) (sum Ins 129 to 130)	705	NP(h)	1.00000	705
		,				
132	RETURN ON RATE BASE (Rate Base * WACC)	(ln 78 * ln 177)	1,642			1,642
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	, , , , , , , , , , , , , , , , , , , ,	-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use	(Worksheet N, In 4, Cols. ((F) & (H))	-			-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held	for Future Use (In 134 * In124)	-			-
136	TOTAL REVENUE REQUIREMENT (sum Ins 104, 113, 121, 131, 132, 133, 134, 135)		124,493			124,493

AEP KENTUCKY TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln N								
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF	(100)						
137	Total transmission plant	(ln 20)						-
138	Less transmission plant excluded from PJM Tariff (No	•	(C)\					-
139	Less transmission plant included in OATT Ancillary Se		(C)) (Note Q)				_	-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)						-
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TP	0.00000
				Payroll Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
143	Line Deliberately Left Blank	(14010-14)	Direct r dyron	ALI OCIVIOC COIP.	rotai			
144	Transmission	354.21.b	0	5,614	5,614	TP	1.00000	5,614
145	Regional Market Expenses	354.22.b	0	0,011	-	NA	0.00000	-
146	Line Deliberately Left Blank	001.22.0	ŭ	· ·		1 47 (0.00000	
147	Other (Excludes A&G)	354.24,25,26.b	0	0	_	NA	0.00000	_
148	Total	(sum Ins 144, 145, & 147)	0		5,614		_	5,614
		, , , , , ,		-,-	-,-			-,-
149	Transmission related amount						W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						_	\$
151	Long Term Interest	(Worksheet L, In. 34, col. (D))				5	See W/S L	-
152	Preferred Dividends	(Worksheet L, In. 44, col. (D))						-
153	Development of Common Stock:							
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						(195,034)
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
157	Less: Account 219	(FF1 p 112, Ln 15.c)						-
158	Common Stock	(ln 154 - ln 155 - ln 156 - ln 15	7)				_	(195,034)
		·	•	Capital Structu	re Percentages			,
		\$		Actual	Cap Limit		Cost	Weighted
159	Long Term Debt Worksheet L, In 34, col. (B))			-	0.00%		-	0.0000
160	Preferred Stock (In 155)	-		-	0.00%		-	0.0000
161	Common Stock (În 158)	(195,034)		-	0.00%		11.49%	0.0000
162	Total (Sum Ins 159 to 161)	(195,034)		-	-		WACC=	0.0000
163	Capital Structure Equity Limit (Note T)	50.0%						
	AEP OPERATING COMPANIES' COMPOSITE (Note S	1						
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	<u> </u>						\$
165	Long Term Interest	(Worksheet Q, In. 14)					_	547,956,963
166	Preferred Dividends	(Worksheet Q, In. 36)						-
167		(Workshoot Q, III. 00)						
	Development of Common Stock							9,945,214,408
168	Development of Common Stock: Proprietary Capital	(Worksheet O. In. 37)						
168 169	Proprietary Capital	(Worksheet Q, In. 37) (Worksheet Q, In. 38)						-
169	Proprietary Capital Less: Preferred Stock	(Worksheet Q, In. 38)						-
169 170	Proprietary Capital Less: Preferred Stock Less: Account 216.1	(Worksheet Q, In. 38) (Worksheet Q, In. 39)						- 3,754,265
169	Proprietary Capital Less: Preferred Stock	(Worksheet Q, In. 38)	1)				_	3,754,265 (225,388,128)
169 170 171 172	Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	(Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	1)	0/	Œ		Cost	3,754,265 (225,388,128) 10,166,848,271
169 170 171 172	Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	(Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	1)	%	\$	_	Cost	3,754,265 (225,388,128) 10,166,848,271 Weighted
169 170 171 172 173 174	Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50)	(Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	1)	50.48%	\$ 10,052,380,272	<u>-</u>	Cost 0.0545	3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275
169 170 171 172 173 174 175	Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50) Preferred Stock (Worksheet Q, In 51)	(Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	1)	50.48% 0.00%	10,052,380,272	_	0.0545 -	3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275 0.0000
169 170 171 172 173 174	Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50)	(Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	1)	50.48%	10,052,380,272	_		3,754,265 (225,388,128) 10,166,848,271 Weighted 0.0275

AEP KENTUCKY TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP KENTUCKY TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)

(ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT = 35.00%

SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)

- 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.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

 Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- AEP KENTUCKY TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
 - If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP KENTUCKY TRANSMISSION COMPANY

Line No.						nsmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)	Total		Allocator	\$124,493
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)				\$ 124,493
		below are used in calculating project revenue requirements billed throu ese projects shown on line 181 is included in the total on line 180.	gh PJM Schedule 12, Transmission Enha	ncement		
181	Not applicable on this template					
182 183 184	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 178 - In 279 - In 280)/ In 225 x 100) (In 183 / 12)				0.00% 0.00%
185 186	NET PLANT CARRYING CHARGE ON LINE 183, w/o d Annual Rate	epreciation or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285) / In 225 x 100)				0.00%
187 188	NET PLANT CARRYING CHARGE ON LINE 186, w/o R Annual Rate	eturn, income taxes or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285 - In 308 - In 309) / In 225 x 100)				0.00%
189	Not applicable on this template					
190		REVENUE REQUIREMENT FOR SCHEDULE	1A CHARGES			
191 192 193	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Dispatch - Reliability, Planning & Standards Dispatch - Reliability, Planning - Reliability,					3,881 3,881 -
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)				-

AEP KENTUCKY TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)		(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Alloca	<u>ator</u>	Total <u>Transmission</u>
Line	GROSS PLANT IN SERVICE		NOTE C			
No. 195	Line Deliberately Left Blank					
196	Line Deliberately Left Blank Line Deliberately Left Blank					
197	Transmission	(Worksheet A In 3.C & Ln 317)	-	DA		-
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 318)	-	TP	1.00000	-
199	Plus: Transmission Plant-in-Service Additions (Work	sheet I)	N/A	NA	0.00000	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)	N/A	NA	0.00000	N/A
201	Line Deliberately Left Blank					
202	Line Deliberately Left Blank				4 00000	
203	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000	-
204 205	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C) (Worksheet A In 9.C)	-	W/S W/S	1.00000 1.00000	-
206	Intangible Plant TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	<u>-</u> -	GP(h)=	0.00000	-
207	ACCUMULATED DEPRECIATION AND AMORTIZATI	ION		GTD=	-	
208	Line Deliberately Left Blank					
209	Line Deliberately Left Blank					
210	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000	-
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000	-
212	Plus: Transmission Plant-in-Service Additions (Work	sheet I)	N/A	DA	1.00000	N/A
213	Plus: Additional Projected Deprec on Transferred As	ssets (Worksheet I)	N/A	DA	1.00000	N/A
214	Plus: Additional Transmission Depreciation for 2013	(ln 285)	N/A	TP1	1.00000	N/A
215	Plus: Additional General & Intangible Depreciation fo	·	N/A	W/S	1.00000	N/A
216	Plus: Additional Accum Deprec on Transferred Asse	ets (Worksheet I)	N/A	DA	1.00000	N/A
217	Line Deliberately Left Blank					
218	Line Deliberately Left Blank	(Markahaat Alm 19.C)		W/C	1 00000	
219 220	General Plant Less: General Plant ARO (Enter Negative)	(Worksheet A In 18.C) (Worksheet A In 19.C)	_	W/S W/S	1.00000 1.00000	-
221	Intangible Plant	(Worksheet A In 19.0)		W/S	1.00000	- -
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)		,0		-
223 224 225	NET PLANT IN SERVICE Line Deliberately Left Blank Transmission	(In 197 + In 198 - In 210 - In 211)	_			_
226	Plus: Transmission Plant-in-Service Additions (In 199	9 - In 212)	N/A			N/A
227	Plus: Additional Trans Plant on Transferred Assets ((ln 200 - ln 213)	N/A			N/A
228	Plus: Additional Transmission Depreciation for 2013	(-ln 214)	N/A			N/A
229	Plus: Additional General & Intangible Depreciation fo		N/A			N/A
230	Plus: Additional Accum Deprec on Transferred Asse	ets (Worksheet I) (-In 216)	N/A			N/A
231	Line Deliberately Left Blank					
232	General Plant	(ln 203 + ln 204 - ln 219 - ln 220)	-			-
233	Intangible Plant TOTAL NET PLANT IN SERVICE	(In 205 - In 221)		ND/b_	0.00000	
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	- -	NP(h)=	0.000000	-
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA		-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA		-
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(16,408)	DA		(16,408)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	34,115	DA		34,115
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	47.707	DA		47.707
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	17,707			17,707
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
244	WORKING CAPITAL	(Note E)				
245	Cash Working Capital	(1/8 * ln 265)	1,749			1,749
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
249 250	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.5)	-	W/S	1.00000	-
250 251	Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.F) (Worksheet C, In 6.E)	- -	GP(h) DA	1.00000 1.00000	-
251 252	Prepayments (Account 165) - Transmission Only Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.E)	- -	NA	0.00000	-
252	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	1,749	14/1	0.0000	1,749
		· ·	1,170	- -		1,173
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
255	RATE BASE (sum lns 234, 241, 242, 243, 253, 254)		19,456			19,456

(5)

(4)

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

(3)

AEP KENTUCKY TRANSMISSION COMPANY

(2)

(1)

(sum lns 281, 290, 298, 308, 309, 310, 311, 312)

	(1)	(2)	(0)		(-1)	(0)
11.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total		Allocator	Total <u>Transmission</u>
Line No. 256 257	OPERATION & MAINTENANCE EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank					
258 259	Customer Related Expense Regional Marketing Expenses	322 & 323.164,171,178.b 322.131.b		Per Settlement in FERC Docket No. ER10-355-000,		
260 261 262 263 264	Transmission TOTAL O&M EXPENSES Less: Total Account 561 Less: Account 565 Less: Regulatory Deferrals & Amortizations	321.112.b (sum lns 258 to 260) (Note G) (Worksheet F, ln 14.C) (Note H) 321.96.b (Note I) (Worksheet F, ln 4.C)		Attachment A-1 to Appendix B, pg. 26, C, 7a.		
265	Total O&M Allocable to Transmission	(lns 260 - 262 - 263 - 264)		Per Settlement in FERC Docket No. ER10-355-000 , Attachment A-1 to	1.00000	13,988
266 267 268 269 270	Administrative and General Less: Acct. 924, Property Insurance Acct. 928, Reg. Com. Exp. Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.197.b (Note J) 323.185.b 323.189.b 323.191.b 323.192.b	76,277 - - - -			
271 272 273 274 275 276 277	Balance of A & G Plus: Acct. 924, Property Insurance Acct. 928 - Transmission Specific Acct 930.1 - Only safety related ads -Direct Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment A & G Subtotal	(In 266 - sum In 267 to In 270) (In 267) Worksheet F In 20.(E) (Note L) Worksheet F In 37.(E) (Note L) Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M) (sum Ins 271 to 276)	76,277 4,729 81,006	W/S GP(h) TP TP DA W/S	1.00000 1.00000 1.00000 1.00000 1.00000	76,277 - - - - 4,729 81,006
278 279 280 281	O & M EXPENSE SUBTOTAL Plus: TEA Settlement in Account 565 Plus: Transmission Lease Payments To Affiliates in Acc TOTAL O & M EXPENSE	(In 265 + In 277) Company Records (Note H) et 565 (Company Records) (Note H) (In 278 + In 279 + In 280)	94,994	DA DA	1.00000 1.00000	94,994
282 283 284 285 286 287 288 289 290	DEPRECIATION AND AMORTIZATION EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank Transmission Plus: Transmission Plant-in-Service Additions (Workshoplus: Formation Costs Amortization General Intangible TOTAL DEPRECIATION AND AMORTIZATION	336.7.f eet I) (Worksheet A In 35.C) 336.10.f 336.1.f (Ln 285+286+288+289)	- N/A 26,802 26,802	TP1 TP1 W/S W/S	1.00000 1.00000 1.00000 1.00000	N/A 26,802 - - 26,802
291 292 293 294 295 296 297	TAXES OTHER THAN INCOME Labor Related Payroll Plant Related Property Gross Receipts/Sales & Use Other	(Note N) Worksheet H In 23.(D) Worksheet H In 23.(C) & In 58.(C) Worksheet H In 23.(F) Worksheet H In 23.(E)	- - - 350	W/S DA NA GP(h)	1.00000 0.00000 1.00000	- 0 - 350
298 299 300 301 302 303 304	TOTAL OTHER TAXES INCOME TAXES T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = EIT=(T/(1-T)) * (1-(WCLTD/WACC)) = where WCLTD=(In 350) and WACC = (In 353) and FIT, SIT & p are as given in Note O. GRCF=1 / (1 - T) = (from In 300)	(sum Ins 293 to 297) (Note O)	350 38.90% 42.91% 1.6367			350
305 306 307	Amortized Investment Tax Credit (enter negative) Income Tax Calculation ITC adjustment	(FF1 p.114, ln 19.c) (ln 301 * ln 309) (ln 304 * ln 305)	705	NP(h)	1.00000	705
308 309	TOTAL INCOME TAXES RETURN ON RATE BASE (Rate Base*WACC)	(sum lns 306 to 307) (ln 255 * ln 353)	705 1,642			705 1,642
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note		1,042	DA	1.00000	1,042
311	(Gains) / Losses on Sales of Plant Held for Future Use (W		-			-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held fo		-			-
313	TOTAL REVENUE REQUIREMENT		124,493			124,493
	(sum lns 281, 290, 298, 308, 309, 310, 311, 312)					

AEP KENTUCKY TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln									
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
314	Total transmission plant	(ln 197)							-
315	Less transmission plant excluded from PJM Tariff (Note	•							-
316	Less transmission plant included in OATT Ancillary Serv							_	-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)							-
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)						TP=	0.00000
				Pa	yroll Billed from				
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll		P Service Corp.	Total			
320	Line Deliberately Left Blank	(Note It)	Biloot i dyloii	712		rotar			
321	Transmission	354.21.b		0	5,614	5,614	TP	1.00000	5,614
322	Regional Market Expenses	354.22.b		0	3,014	-	NA	0.00000	3,014
323	Line Deliberately Left Blank	304.22.0		U			14/3	0.00000	
324	Other (Excludes A&G)	354.24,25,26.b		0		_	NA	0.00000	_
		• •			E 614	- F 614	INA	0.00000	F 614
325	Total	(sum lns 321, 322, & 324)		0	5,614	5,614			5,614
326	Transmission related amount							W/S=	1.00000
	Actual (Uncapped) Capital Structure								
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							_	\$
328	Long Term Interest	(Worksheet L, In. 34, col. (D))						See W/S L	-
329	Preferred Dividends	(Worksheet L, In. 44, col. (D))							-
330	Development of Common Stock:								
331	Proprietary Capital	(FF1 p 112, Ln 16.c)							(195,034)
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)							-
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)							-
334	Less: Account 219	(FF1 p 112, Ln 15.c)							-
335	Common Stock	(In 331 - In 332 - In 333 - In 334)						-	(195,034)
					Capital Structure	e Percentages			(122,223)
					\$	%		Cost	Weighted
336	Long Term Debt Worksheet L, In 34, col. (B))		See W/S L			0.00%			0.0000
337	Preferred Stock (In 332)				_	0.00%		_	0.0000
338	Common Stock (In 335)				(195,034)	100.00%		11.49%	0.1149
339	Total (Sum Ins 336 to 338)				(195,034)	100.0070		WACC=	0.1149
333	Total (Sull lins 330 to 330)				(195,054)	ı		WA00-	0.1149
0.40	AEP OPERATING COMPANIES' COMPOSITE (Note S	<u>8)</u>							•
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	/W						_	\$
341	Long Term Interest	(Worksheet Q, In. 14)							547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)							-
343	Development of Common Stock:								
344	Proprietary Capital	(Worksheet Q, In. 37)							9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)							-
346	Less: Account 216.1	(Worksheet Q, In. 39)							3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)							(225,388,128)
348	Common Stock	(In 344 - In 345 - In 346 - In 347)							10,166,848,271
349					%	\$		Cost	Weighted
350	Long Term Debt (Worksheet Q, In 50)				50.48%	10,052,380,272		5.45%	0.0275
351	Preferred Stock (Worksheet Q, In 51)				0.00%	-,,, - -		0.00%	0.0000
352	Common Stock (Worksheet Q, In 52)				49.52%	9,859,606,022		11.49%	0.0569
353	Total (Worksheet Q, In 45)					19,911,986,294		WACC=	0.0844
555						. 5,5 ,000,20 1			

<u>Notes</u>

AEP KENTUCKY TRANSMISSION COMPANY

<u>Letter</u>

General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 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. See Worksheet E for details. В 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. Transmission Plant balances in this study are historic as of December 31, 2012. С The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 262. 2) AEP transmission equalization transfers, as shown on line 263 3) The impact of state regulatory deferrals and amortizations, as shown on line 264 4) All A&G Expenses, as shown on line 277. Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310. 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 192 & 193 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. Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 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 lines 279 and 280 is the AEP KENTUCKY TRANSMISSION COMPANY general ledger. Removes the impact of state regulatory deferrals or their amortization from O&M expense. 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. The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E. See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing. 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. The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)) p =0.00% (percent of federal income tax deductible for state purposes) 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. Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company. As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies

AEP KENTUCKY TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding

excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

AEP KENTUCKY TRANSMISSION COMPANY

Line No.							nsmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	ΔΙΙ	ocator		\$122,043
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$	-
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$	122,043
	The Carrying Charge Calculations on lines 6 to 11 belownission Enhancement Charges. The total non-incentive re						
4	Revenue Requirement for PJM Schedule 12 Facilities (w/c	incentives) (Worksheet K)	-	DA	1.00000	\$	-
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges	or credits or ROE incentives (Note B)					
6	Annual Rate	((ln 1 - ln 102 - ln 103)/ ln 48 x 100)					0.00%
7	Monthly Rate	(ln 6 / 12)					0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6, w/o depre	ciation or ROE incentives (Note B)					
9	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108) / ln 48 x 100)					0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return	income taxes or ROF incentives (Note B)					
11	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108 - ln 131 - ln 132) / li	1 48 x 100)				0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ ir	ncentive ROE's (Note B) (Worksheet K)					-
13		REVENUE REQUIREMENT FOR SCHEDU	LE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below					3,881
15	Less: Load Dispatch - Scheduling, System Control and Dis						3,881
16	Less: Load Dispatch - Reliability, Planning & Standards De	evelopment Services (321.92.b)					-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				-	
17	Total Coll internally Developed Costs	(Line 14 Line 10 Line 10)					

AEP KENTUCKY TRANSMISSION COMPANY

	(1)	(2)	(3)		(4)	(5)
		Data Sources	TO T. (.)	A. II.		Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE C	Allo	<u>cator</u>	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE		· · · · · · · · · · · · · · · · · · ·			
18	Line Deliberately Left Blank					
19 20	Line Deliberately Left Blank Transmission	(Worksheet A In 3.E & Ln 140)		DA		_
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 3.E & Lin 140) (Worksheet A In 4.E & Ln 141)	- -	TP	1.00000	- -
22	Plus: Transmission Plant-in-Service Additions (Workshe	,	N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Wo	,	N/A	NA	0.00000	N/A
24	Line Deliberately Left Blank	,				
25	Line Deliberately Left Blank					
26	General Plant	(Worksheet A In 7.E)	-	W/S	1.00000	-
27 28	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S W/S	1.00000 1.00000	-
28 29	Intangible Plant TOTAL GROSS PLANT	(Worksheet A In 9.E) (Sum of Lines: 20 to 23 & 26 to 28)	<u>-</u> _	GP(h)=	0.0000	<u>-</u>
25	TOTAL GROOT EART	(Guill of Lines. 20 to 20 to 20 to 20)		GTD=	0.00000	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank					
33	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1=	0.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	- NI/A	TP1=	0.00000	- NI/A
35 36	Plus: Transmission Plant-in-Service Additions (Workshe	,	N/A N/A	DA DA	1.00000	N/A N/A
36 37	Plus: Additional Projected Deprec on Transferred Asset Plus: Additional Transmission Depreciation for 2013 (Ir		N/A N/A	TP1	1.00000 1.00000	N/A N/A
38	Plus: Additional General & Intangible Depreciation for 2	•	N/A	W/S	1.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (·	N/A	DA	1.00000	N/A
40	Line Deliberately Left Blank	,				2.00.2
41	Line Deliberately Left Blank					
42	General Plant	(Worksheet A In 18.E)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	1.00000	-
44 45	Intangible Plant TOTAL ACCUMULATED DEPRECIATION	(Worksheet A In 20.E) (Sum of Lines: 33 to 39 & 42 to 44)	<u></u> _	W/S	1.00000	<u>-</u>
10	101/12/1000MGE/TES BEI REGIRTION	(Guill of Ellico. Go to Go & 12 to 11)				
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank	(la 20 : la 24 la 22 la 24)				
48 49	Transmission Plus: Transmission Plant-in-Service Additions (In 22 - In	(ln 20 + ln 21 - ln 33 - ln 34)	N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (In		N/A			N/A N/A
51	Plus: Additional Transmission Depreciation for 2013 (-I	•	N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 2	•	N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (· · · · · ·	N/A			N/A
54	Line Deliberately Left Blank					
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	-			-
56	Intangible Plant	(ln 28 - ln 44)		NB(L)	0.0000	-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-	NP(h)=	0.00000	-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59 60	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA DA		-
60 61	Account No. 282.1 (enter negative) Account No. 283.1 (enter negative)	(Worksheet B, In 7 & In 10.E) (Worksheet B, In 12 & In 15.E)	(19,930)	DA DA		(19,930)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	17,326	DA		17,326
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(2,604)		,	(2,604)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
		` '/				
67	WORKING CAPITAL	(Note E)	4.740			4 740
68 60	Cash Working Capital	(1/8 * In 88)	1,749	TD	1 00000	1,749
69 70	Transmission Materials & Supplies A&G Materials & Supplies	(Worksheet C, In 2.F) (Worksheet C, In 3.F)	- -	TP W/S	1.00000 1.00000	-
70 71	Stores Expense	(Worksheet C, In 3.1) (Worksheet C, In 4.(D))	- -	GP(h)	1.00000	- -
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	-	GP(h)	1.00000	-
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
75 70	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	1,749			1,749
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
					ı	
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		(856)		,	(856)

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(1) (2) (3) (4)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allo	ocator	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80 81	Line Deliberately Left Blank Customer Related Expense	322.164,171,178.b	_			
81 82	Regional Marketing Expenses	322.131.b	- -			
83	Transmission	321.112.b	17,869			
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	17,869			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,881			
86	Less: Account 565	(Note H) 321.96.b	-			
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	<u> </u>			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	13,988	TP	1.00000	13,988
89	Administrative and General	323.197.b (Note J)	76,277			
90	Less: Acct. 924, Property Insurance	323.185.b	, -			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b				
94	Balance of A & G	(In 89 - sum In 90 to In 93)	76,277	W/S	1.00000	76,277
95	Plus: Acct. 924, Property Insurance	(ln 90)	-	GP(h)	1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP DA	1.00000	-
98 99	Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment	Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M)	4,729	W/S	1.00000 1.00000	4,729
100	A & G Subtotal	(sum Ins 94 to 99)	81,006	VV/3	1.00000	81,006
100	A & G Subiolai	(50111 1115 94 10 99)	81,000			01,000
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	94,994		ı	94,994
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 5	. ,	-	DA	1.00000	-
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	94,994		,	94,994
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
108	Transmission	336.7.f	-	TP1	1.00000	-
109	Plus: Transmission Plant-in-Service Additions (Worksheet	1)	N/A			N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,802	TP1	1.00000	26,802
111	General	336.10.f	-	W/S	1.00000	-
112	Intangible	336.1.f	<u> </u>	W/S	1.00000	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	26,802			26,802
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related					
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
117	Plant Related	Warkahaat I I a 22 (C) 8 ka 50 (C)		DA		
118 119	Property Cross Passints/Salas & Llas	Worksheet H In 23.(C) & In 58.(C)	-	DA NA	0.00000	-
120	Gross Receipts/Sales & Use Other	Worksheet H In 23.(F) Worksheet H In 23.(E)	350	GP(h)	1.00000	350
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	350	OI (II)	1.00000	350
121	TOTAL OTTIER TAXES	(ddiff file 170 to 120)	555			000
122	INCOME TAXES	(Note O)				
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.90%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.83%			
125	where WCLTD=(In 174) and WACC = (In 177)					
126	and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from In 123)	(554 444 4 40)	1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
129	Income Tax Calculation	(In 124 * In 132)	(31)			(31)
130	ITC adjustment	(In 127 * In 128)	-	NP(h)	1.00000	(01)
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	(31)	(,		(31)
			ζ- /			(- /
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	(72)			(72)
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F)	(Worksheet D, In 2.(B))	-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Work	sheet N, In 4, Cols. ((F) & (H))	-			-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for F	uture Use (In 134 * In124)	-			-
126	TOTAL REVENUE REQUIREMENT		122 042			122.042
136	(sum lns 104, 113, 121, 131, 132, 133)		122,043		:	122,043

AEP KENTUCKY TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No. 137 138 139 140	TRANSMISSION PLANT INCLUDED IN PJM TARIFF Total transmission plant Less transmission plant excluded from PJM Tariff (Note P) Less transmission plant included in OATT Ancillary Services Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)) (Note Q)					_	- - -
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)						TF	0.00000
142 143	WAGES & SALARY ALLOCATOR (W/S) Line Deliberately Left Blank	(Note R)	Direct Payroll	Payroll Bille AEP Service		Total			
144	Transmission	354.21.b	()	5,614	5,614	TP	1.00000	5,614
145	Regional Market Expenses	354.22.b	()	0	-	NA	0.00000	-
146	Line Deliberately Left Blank								
147	Other (Excludes A&G)	354.24,25,26.b	()	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147))	5,614	5,614	_		5,614
149	Transmission related amount							W/S=	1.00000
150 151	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(Worksheet M, In. 20, col. (E	- 1)						\$
151	Long Term Interest Preferred Dividends	(Worksheet M, In. 49, col. (E	,,						-
153	Development of Average Common Stock Balance:	(WOIKSHEELIW, III. 49, COI. (L	-))						-
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						(205,455)
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E)	,						(200,400)
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E)	•						_
			•						
157	Less Accountzin	(VVOrksheet IVI In 4 COI (E))						-
157 158	Less: Account 219 Average Common Stock	(Worksheet M, In. 4, col. (E)	•						(205,455)
157 158	Average Common Stock	(Worksneet M, In. 4, col. (E) (In 154 - In 155 - In 156 - In	•					·	(205,455)
			•	<u>Capital</u>	Structure	Percentages			(205,455)
		(ln 154 - ln 155 - ln 156 - ln	•	<u>Capital</u> Actua		Percentages Cap Limit		Cost	(205,455) Weighted
	Average Common Stock Capped Actual Average Capital Structure		•			Cap Limit	. <u> </u>	Cost -	
158	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E))	(ln 154 - ln 155 - ln 156 - ln	•		ıl			Cost - -	Weighted
158 159	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	(In 154 - In 155 - In 156 - In Average \$ -	•		ıl	Cap Limit 0.00%		Cost - - 11.49%	Weighted 0.0000
158 159 160	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E))	(ln 154 - ln 155 - ln 156 - ln	•		ıl	Cap Limit 0.00% 0.00%	_	- - -	Weighted 0.0000 0.0000
159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	(In 154 - In 155 - In 156 - In Average \$ - (205,455) (205,455)	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000
158 159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T)	(In 154 - In 155 - In 156 - In Average \$ - (205,455)	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000
159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	(In 154 - In 155 - In 156 - In Average \$ - (205,455) (205,455)	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(In 154 - In 155 - In 156 - In Average \$ - (205,455) (205,455) 50.0%	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163 164 165	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	Average \$	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163 164 165 166	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	(In 154 - In 155 - In 156 - In Average \$ - (205,455) (205,455) 50.0%	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock:	Average \$	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average
158 159 160 161 162 163 164 165 166 167 168	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital	Average \$ (205,455) (205,455) (205,455) (50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135)	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167 168 169	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	Average \$	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	\$ 547,956,963 - Average 9,799,477,986
158 159 160 161 162 163 164 165 166 167 168 169 170	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	Average \$	•		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
158 159 160 161 162 163 164 165 166 167 168 169 170 171	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	Average \$ (205,455) (205,455) (205,455) (205,455) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593)
158 159 160 161 162 163 164 165 166 167 168 169 170	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	Average \$	157)		- - -	Cap Limit 0.00% 0.00% 0.00%	_	- - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps	Average \$ (205,455) (205,455) (205,455) (205,455) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actua	0%	Cap Limit 0.00% 0.00% 0.00% 0%	_		Weighted 0.0000 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ (205,455) (205,455) (205,455) (205,455) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actua	- - - - 0%	Cap Limit 0.00% 0.00% 0.00%	_	11.49% WACC=	Weighted 0.0000 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	Average \$ (205,455) (205,455) (205,455) (205,455) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actua	50.73% 0.00%	\$ 10,096,878,353	_		Weighted 0.0000 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275 0.0000
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ (205,455) (205,455) (205,455) (205,455) 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actua	- - - - 0%	Cap Limit 0.00% 0.00% 0.00% 0%	_		Weighted 0.0000 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275

AEP KENTUCKY TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - 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.
- Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.

The company will not include the ADIT portion of deferred hedge gains and losses in rate base.

- Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP KENTUCKY TRANSMISSION COMPANY general ledger.

- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required:

: FIT = 35.00% SIT= 6.00%

SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)

- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- 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.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP KENTUCKY TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet A Supporting Plant Balances AEP KENTUCKY TRANSMISSION COMPANY

(B)

(C)

(D)

(E)

(A)

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

formation costs.

<u>Line</u> Balance @ December Balance @ December Average Balance Rate Base Item & Supporting Balance Source of Data <u>31, 2012</u> 31, 2011 for 2012 <u>Number</u> NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here. NOTE: The ratebase should not include the unamoritzed balance of hedging gains or losses. **Plant Investment Balances** Line Deliberately Left Blank 2 Line Deliberately Left Blank **Transmission Plant In Service** FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58 **Transmission Asset Retirement Obligation** FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57 Line Deliberately Left Blank Line Deliberately Left Blank **General Plant In Service** FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99 **General Asset Retirement Obligation** FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98 FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5 Intangible Plant In Service **Total Property Investment Balance** (Sum of Lines: 3, 7, 9) 10 11 Total ARO Balance (included in total on line 10) (Sum of Lines: 4, 8) **Accumulated Depreciation & Amortization Balances** Line Deliberately Left Blank 12 Line Deliberately Left Blank 13 14 **Transmission Accumulated Depreciation** FF1, page 219, In 25, Col. (b) 15 **Transmission ARO Accumulated Depreciation** Company Records - Note 1 16 Line Deliberately Left Blank 17 Line Deliberately Left Blank 18 **General Accumulated Depreciation** FF1, page 219, In 28, Col. (b) Company Records - Note 1 19 **General ARO Accumulated Depreciation Intangible Accumulated Amortization** FF1, page 200, In 21, Col. (b) 20 **Total Accumulated Depreciation or Amortization** 21 (Sum of Lines: 14, 18, 20) Total ARO Balance (included in total on line 21) **Generation Step-Up Units GSU Investment Amount** 23 Company Records - Note 1 24 **GSU Accumulated Depreciation** Company Records - Note 1 25 **GSU Net Balance** (Line 23 - Line 24) <u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u> 26 **Transmission Accumulated Depreciation** (Line 14 Above) 27 **Less: GSU Accumulated Depreciation** (Line 24 Above) 28 **Subtotal of Transmission Net of GSU** (Line 26 - Line 27) **Plant Held For Future Use** 29 Plant Held For Future Use FF1, page 214, In 47, Col. (d) 30 **Transmission Plant Held For Future** 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. Beginning Balance of Regulatory Asset (Note 2) 67,004 93,805 31 80,405 32 Amortization in Months 33 Monthly Amortization 2,233 2,233 2,233 34 Months in 2012 to be amortized 12 12 35 Amortization Expense in 2012 26,802 26,801 26,802 36 Months in 2013 to be amortized 12 12 37 Amortization Expense in 2013 26,802 26,801 26,802 38 **Ending Balance of Regulatory Asset** 40,202 67,004 53,603 39 Average Balance of Regulatory Asset 53,603 80,404 67,004 40 Unamortized Balance of Regulatory Asset at YE 2012 40,202 67,004 53,603 41 Total Regulatory Deferrals Included in Ratebase (Note 2) 0 0

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet B Supporting ADIT and ITC Balances AEP KENTUCKY TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> Number	<u>Description</u>	<u>Source</u>	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
1	Account 281				
2 3 4 5	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 272 - 273, ln 8, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 2 - ln 3 - ln 4	-	-	- - - -
6	Account 282				
7 8 9 10	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 274 - 275, ln 5, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 7 - ln 8 - ln 9	- - -	- - -	- - - -
11	Account 283				
12 13 14 15	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 276 - 277, ln 9, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 12 - ln 13 - ln 14	16,408 - - 16,408	23,451 - - 23,451	19,930 - - - 19,930
16	Account 190				
17 18 19 20	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 234, ln 8, Col. (c) Company Records - Note 1 Company Records - Note 1 Ln 17 - ln 18 - ln 19	34,115 - - 34,115	536 - - 536	17,326 - - - 17,326
21	Account 255				
22 23 24	Year End ITC Balances Less: Balances Not Qualified for Ratebase ITC Balances Includeable in Ratebase	FF1, p. 266-267, ln 8, Col. (h) Company Records - Note 1 Ln 22 - ln 23	- -	- -	- - -
25	Transmission Related Deferrals	Company Records - Note 1	-	-	-

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

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet C Supporting Working Capital Rate Base Adjustments AEP KENTUCKY TRANSMISSION COMPANY

Subtotal - Form 1, p 111.57.c

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)
			Mate	erials & Supplies					
<u>Line</u> Number			<u>Source</u>	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012			
2		Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c) & (b)	0	0	-			
3		General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	0	0	-			
4		Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			
			Prepayme	ent Balance Summ	nary				
5			Average of YE Balance	Excludable Balances	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)	
6 7 8		Totals as of December 31, 2012 Totals as of December 31, 2011 Average Balance		0	0	0	0	0	
			Prepayments Account 16	5 - Balance @ 12/3	3 <mark>1/2012</mark> 100%	Transmission	Transmission	Total Included	
9	Acc. No.	<u>Description</u>	2012 YE Balance	Excludable <u>Balances</u>	Transmission Related	Plant Related	Labor Related	in Ratebase (E)+(F)+(G)	<u>Explanation</u>
10 11 12 13 14 15 16 17 18	1650003 1650004 1650005 1650006 1650009 1650010 1650014	Prepaid Insurance Prepaid Taxes Prepaid Rents Prepaid Interest Prepaid Employee Benefits Other Prepayments Prepaid Carry Cost-Factored AR Prepaid Pension Benefits FAS 158 Qual Contra Asset FAS 112 ASSETS	0 0 0 0 0 0 0 0	-		-	- - -	- - - - - - - -	
		Subtotal - Form 1, p 111.57.c	0	0	0	0	0	0	
			Prepayments Account 165	5 - Balance @ 12/3		Transmission	Transmission	Total Included	
20	Acc. No.	<u>Description</u>	2011 <u>YE Balance</u>	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Plant Related	Labor Related	in Ratebase (E)+(F)+(G)	<u>Explanation</u>
21	1650001	Prepaid Insurance	0			0		-	
22 23		Prepaid Taxes Prepaid Taxes	0			0 0		- -	
24	165000208	Prepaid Taxes	0			0		-	
25	1650003	Prepaid Rents	0	0				-	
26 27	1650004	Prepaid Interest	0	0				-	
27 28	1650006 1650009	Other Prepayments Prepaid Carry Cost-Factored AR	0	0				-	
29	1650010	Prepaid Pension Benefits	0	, and the second			0	-	
30 31		FAS 158 Qual Contra Asset FAS 112 ASSETS	0	0				-	
JI	1030010	Out 112 AUGUSTO		0					

Formula Rate WS D IPP Credits Page 19 of 37

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet D Supporting IPP Credits AEP KENTUCKY TRANSMISSION COMPANY

<u>Line</u> <u>Number</u>	(A) <u>Description</u>	(B) <u>2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	
3	Revenue Credits to Generators (Company Records - Note 1)	-
4 5 6	Other Adjustments Accounting Adjustment (Company Records - Note 1)	
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	<u>-</u>

Note 1 On this worksheet Company Records refers to AEP KENTUCKY TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet E Supporting Revenue Credits AEP KENTUCKY TRANSMISSION COMPANY

<u>Line</u> Number	<u>Description</u>	<u>Total</u> <u>Company</u>	Non- Transmission	Transmission
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	
4	Account 4560015, Associated Business Development - (Company Records - Note 1)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	213,454	213,454	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	213,454	213,454	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts -		-	
8	(Company Records - Note 1) Total Other Operating Revenues To Reduce Revenue Requirement	213,454	213,454	<u>-</u>

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP KENTUCKY TRANSMISSION COMPANY's general ledger.

The functional amounts identified as transmission revenue also come from the general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet F Supporting Allocation of Specific O&M or A&G Expenses AEP KENTUCKY TRANSMISSION COMPANY

(F)

Explanation

	(A)	(B)	(C)	(D)	(E) <u>100%</u>
<u>Line</u> Number	<u>ltem No.</u>	<u>Description</u>	<u>2012</u> <u>Expense</u>	100% Non-Transmission	Transmission Specific
1	5700005	Regulatory O&M Deferrals & Amortizations Maint Station-Reliability-Df			
2	3700003	Waint Station-Reliability-Di			
3					
4		Total	0		
		Detail of Account 561 Per FERC Form 1			
5	FF1 p 321.84.b	561 - Load Dispatching	0		
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	0		
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0		
9 10	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	3,881		
11	FF1 p 321.89.b FF1 p 321.90.b	561.5 - Reliability, Planning and Standards Development 561.6 - Transmission Service Studies	0		
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0		
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0		
14	•	Total of Account 561	3,881	_	
		Account 029			
15	9280000	Account 928 Regulatory Commission Exp			_
16	9280001	Regulatory Commission Exp-Adm	_		_
17	9280002	Regulatory Commission Exp-Case	-		-
18	9280002	Regulatory Commission Exp-Case	-	-	-
19	9280002	Regulatory Commission Exp-Case	-		-
20		Total		-	-
		Account 930.1			
21	9301000	General Advertising Expenses	-	-	-
22	9301001	Newspaper Advertising Space	-		-
23 24	9301002 9301003	Radio Station Advertising Time TV Station Advertising Time			
25	9301003	Newspaper Advertising Prod Exp	_		
26	9301005	Radio &TV Advertising Prod Exp	-		-
27	9301006	Spec Corporate Comm Info Proj	-	-	-
28	9301007	Special Adv Space & Prod Exp	-	-	-
29 20	9301008	Direct Mail and Handouts	-		-
30 31	9301009 9301010	Fairs, Shows, and Exhibits Publicity	-	-	-
32	9301010	Dedications, Tours, & Openings			-
33	9301012	Public Opinion Surveys	-		-
34	9301013	Movies Slide Films & Speeches	-	-	-
35	9301014	Video Communications	-	-	-
36	9301015	Other Corporate Comm Exp	-		-
37		Total		-	-
		Account 930.2			
38	9302000	Misc General Expenses	0		
39	9302003	Corporate & Fiscal Expenses	0		
40	9302004	Research, Develop&Demonstr Exp	0		
41	9302007	Assoc Business Development Exp	0		
42		Total			

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet G Supporting - Development of Composite State Income Tax Rate AEP KENTUCKY TRANSMISSION COMPANY

1	Kentucky State Tax Rate Apportionment Factor - Note 2	6.00% 100.00%	
	Effective State Tax Rate		6.00%
2	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	/
	Effective State Tax Rate		0.00%
3	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate	- -	6.00%

- The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.
- Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 1 Supporting Taxes Other than Income AEP KENTUCKY TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line		Total				
No.	Account	Company NOTE 1	Property	Labor	Other	Non-Allocable
		NOTE				
1	Revenue Taxes Cross Possints Tax					
2	Gross Receipts Tax	-				-
3	Real Estate and Personal Property Taxes					
4 5	Real and Personal Property - West Virginia Real and Personal Property - Virginia	-	-			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	Line Deliberately Left Blank					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16 17	State Public Service Commission Fees State Franchise Taxes	- 350			- 350	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	-				-
21 22	Federal Excise Tax Michigan Single Business Tax	-				-
22	When garrenge Basiness rax					
23	Total Taxes by Allocable Basis	350			350	-
	(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 EEDC Form	1 is shown on WS	⊔_1		
	• •	inctional Property				
		Lines 24-58		Lines 24-58		
		Column (B) Deliberately		Column (D) Deliberately Left		
		Left Blank	Transmission	Blank	General	Total
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	-	-	-	-
25	VIRGINIA JURISDICTION					
26 26	Percentage of Plant in VIRGINIA JURISDICTION Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	<u>-</u>		_	_	-
27	Less: Net Value of Exempted Generation Plant					
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-	-
29 30	Relative Valuation Factor Weighted Net Plant (Ln 28 * Ln 29)	<u>-</u>	_	_	_	U
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33 34	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32) Functional Percentage (Ln 33/Total Ln 33)	0.00%	0.00%	0.00%	-	-
35	Functionalized Expense in VIRGINIA JURISDICTION	- 0.0070	- 0.0078	- 0.00 70		-
	WEST VA JURISDICTION					
36	Percentage of Plant in WEST VA JURISDICTION					
37 38	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36) Less: Net Value of Exempted Generation Plant	-	_	_		-
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor					0
41 42	Weighted Net Plant (Ln 39 * Ln 40) General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	- -100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	- 0.0070	- 0.0070	- 0.0070	-100.0076	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	-
45 46	Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%		
46	Functionalized Expense in WEST VA JURISDICTION TENNESSEE JURISDICTION	<u>-</u>				
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	-	-	-	-
48	Less: Net Value Exempted Generation Plant					
49 50	Taxable Property Basis Relative Valuation Factor	-	-	-	-	-
50 51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	
52	General Plant Allocator (Ln 51 / (Total - General Plant)	0.00%	0.00%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	
54 55	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53) Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%	-	-
56	Functionalized Expense in TENNESSEE JURISDICTION	-				
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-				
	• • • • • • • • • • • • • • • • • • •					

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H AEP KENTUCKY TRANSMISSION COMPANY

(A) (B) (C) (D) Line FERC FORM 1 **Total** FERC FORM 1 Reference **Annual Tax Expenses by Type (Note 1)** Tie-Back No. Company Revenue Taxes **Gross Receipts Tax** P.263.1 In 7 (i) P.263.2 In 3 (i) P.263.2 In 4 (i) Real Estate and Personal Property Taxes Real and Personal Property - Kentucky P.263 In 34 (i) P.263 In 35 (i) P.263 In 38 (i) P.263 In 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i) Real and Personal Property - West Virginia P.263.2 In 21 (i) P.263.2 In 22 (i) P.263.2 In 24 (i) P.263.2 In 25 (i) P.263.2 In 26 (i) P.263.2 In 27 (i) Real and Personal Property - Tennessee P.263.3 In 3 (i) P.263.3 In 4 (i) Real and Personal Property - Other Jurisdictions P.263.4 In 12 (i) Payroll Taxes Federal Insurance Contribution (FICA) P.263 In 6 (i) Federal Unemployment Tax P.263 In 9 (i) State Unemployment Insurance P.263.1 In 23 (i) P.263.2 ln 33 (i) P.263.3 In 16 (i) Line Left Deliberately Blank State Severance Taxes Miscellaneous Taxes State Business & Occupation Tax P.263 In 21 (i) P.263 In 22 (i) State Public Service Commission Fees P.263 In 26 (i) P.263 In 27 (i) P.263.3 In 20 (i) 350 17 State Franchise Taxes 350 P.263 In 8 (i) P.263 In 7 (i) P.263.1 In 34 (i) P.263.2 In 10 (i) P.263.2 ln 11 (i) P.263.2 In 38 (i) P.263.2 In 39 (i) P.263.3 In 27 (i) P.263.3 In 28 (i) P.263.4 In 20 (i) P.263.4 In 27 (i) State Lic/Registration Fee P.263.1 ln 15 (i) P.263.2 In 13 (i) P.263.3 In 8 (i) P.263.4 In 21 (i) Misc. State and Local Tax P.263.1 ln 12 (i) Sales & Use 20 P.263 In 30 (i) P.263 In 31(i) P.263.2 In 16 (i) P.263.2 In 17 (i) P.263.3 In 21 (i) Federal Excise Tax P.263 In 13 (i) P.263 In 14 (i) Michigan Single Business Tax

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission 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 transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14 of the Ferc Form 1.

Total Taxes by Allocable Basis

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

350

350

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet I Supporting Transmission Plant in Service Additions AEP KENTUCKY TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, In 285	-
6	Composite Depreciation Rate	0.00%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.70%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capita	lized Balance	Composite Annual Depreciation Rate	Annual preciation	Mont	hly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$	-	1.70%	\$ -	\$	-	11	\$ -
10	February	\$	-	1.70%	\$ -	\$	-	10	\$ -
11	March	\$	-	1.70%	\$ -	\$	-	9	\$ -
12	April	\$	-	1.70%	\$ -	\$	-	8	\$ -
13	May	\$	-	1.70%	\$ -	\$	-	7	\$ -
14	June	\$	-	1.70%	\$ -	\$	-	6	\$ -
15	July	\$	-	1.70%	\$ -	\$	-	5	\$ -
16	August	\$	-	1.70%	\$ -	\$	-	4	\$ -
17	September	\$	-	1.70%	\$ -	\$	-	3	\$ -
18	October	\$	-	1.70%	\$ -	\$	-	2	\$ -
19	November	\$	-	1.70%	\$ -	\$	-	1	\$ -
20	December	\$	-	1.70%	\$ -	\$	-	0	\$ -
21	Investment	\$	-				De	preciation Expense	\$ <u>-</u>

III. Plant Transferred

	- -		
22	\$	-	<== This input area is for original cost plant
23	\$	-	<== This input area is for accumulated depreciation that may be associated with capital
			expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (ln 7 * ln 22)	\$	_	— This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2009

		Estimated Cost	Manth in Camina
25 <u>Major Zonal Projects</u>		<u>(000's)</u>	Month in Service
26			
27			
28			
29			
30			_
31	Subtotal	-	_
32 PJM Socialized/Beneficiary Allocated Regional Projects 33 34	Subtotal	\$0 \$0	
		•	

Note 1: Until AEP KENTUCKY TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP KENTUCKY TRANSMISSION COMPANY is shown on Worksheet P.

Formula Rate **WS J PROJECTED RTEP RR** Page 26 of 37

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP KENTUCKY TRANSMISSION COMPANY

Page 1 of 2

Incentive Amounts

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 (Projected TCOS, In 176)	11.49%				
Project ROE Incentive Adder	0 <==ROE Adder Cannot Exceed 125 Basis Points				
ROE with additional 0 basis point incentive	11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012				
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through176)					

	%	Cost	Weighted cost
			
Long Term Debt	50.48%	5.45%	2.752%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.52%	11.49%	<u>5.689%</u>
		R =	8.441%

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

Rate Base (Projected TCOS, In 78)	19,456
R (from A. above)	8.441%
Return (Rate Base x R)	1,642

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

Return (from B. above)	1,64		
Effective Tax Rate (Projected TCOS, In 124)	42.919		
Income Tax Calculation (Return x CIT)	705		
ITC Adjustment			
Income Taxes	705		

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 (Projected TCOS, In 1)	124,493
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	-
Return (Projected TCOS, In 132)	1,642
Income Taxes (Projected TCOS, In 131)	<u>705</u>
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	122.146

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	122,146
Return (from I.B. above)	1,642
Income Taxes (from I.C. above)	<u>705</u>
Annual Revenue Requirement, with 0 Basis Point ROE increase	124,493
Depreciation (Projected TCOS, In 108)	
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	124,493

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

Not Transmission Plant (Projected TCCS In 40)	
Net Transmission Plant (Projected TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	124,493
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	124,493
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 9)	<u>0.00%</u>
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	
Subtotal	-
Average Transmission Plant Balance for 2012	-
Annual Depreciation Rate (Projected TCOS, In 108)	-
Composite Depreciation Rate	1.70%
Depreciable Life for Composite Depreciation Rate	58.82
Round to nearest whole year	59

Note 1: Until AEP KENTUCKY TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS

PROJECTED YEAR

component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP KENTUCKY TRANSMISSION COMPANY is shown on Worksheet P.

AEP KENTUCKY TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

Λ	Raca	Plan	Facilities	2

Facilities receiving incentives accepted by FERC in Docket No.	es receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000) Current Projected Year ARR		Current Projected Year ARR	-
			Current Projected Year ARR w/ Incentive	
Project Description:			Current Projected Year Incentive ARR	-

Details			
Investment	-	Current Year	
Service Year (yyyy)		ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)		FCR w/o incentives, less depreciation	0.00%
Useful life	59	FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)		Annual Depreciation Expense	-

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

Page 2 of 2

Investment Year	Beginning Balance	Depreciation Expense	Ending 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 Template w/o Incentives	RTEP Projected Rev. Req't.From Prior Year Template with Incentives **	
-	-	-	-	-	-	\$ -			
-	-	-	-	-	-	\$ -			
-	-	-	-	-	-	\$ -			
-	-	-	-	-	-	\$ - ¢			
-	-	-	-	-	-	\$ - \$			
-	-	-	-	-	-	\$ -			
-	-	-	-	-	-	\$ \$			
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- _	<u>-</u>	-	-	-	-	\$ - \$ -			
-	-	-	-	-	-	\$ - \$ -			

Project Totals

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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP KENTUCKY TRANSMISSION COMPANY

Formula Rate
WS K TRUE-UP RTEP RR
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Page 1 of 2

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

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

ROE w/o incentives (True-Up TCOS, In 176)			11.49%
Project ROE Incentive Adde	er		0 <==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis	point incentive		11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long t	erm debt, cost of pr	eferred stock and equity	percentage is from the True-Up TCOS, Ins 174 through 176)
	<u>%</u>	<u>Cost</u>	Weighted cost
Long Term Debt	50.73%	5.43%	2.753%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.27%	11.49%	<u>5.661%</u>
		R =	8 414%

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

Rate Base (True-Up TCOS, In 78)	(856)		
R (fom A. above)	8.414%		
Return (Rate Base x R)	(72)		

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

Return (from B. above)	(72
Effective Tax Rate (True-Up TCOS, In 124)	42.83%
Income Tax Calculation (Return x CIT)	(31
ITC Adjustment	-
Income Taxes	(31

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	122,043
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	-
Return (True-Up TCOS, In 132)	(72)
Income Taxes (True-Up TCOS, In 131)	(31)
Annual Revenue Requirement, Less TEA	122,146
Observed Between and Texas	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	122,146
Return (from I.B. above)	(72)
Income Taxes (from I.C. above)	(31)
Annual Revenue Requirement, with 0 Basis Point ROE increase	122,043
Depreciation (True-Up TCOS, In 108)	
Annual Rev. Req, w/ 0 Basis Point ROE	122,043
increase less Denreciation	

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

Net Transmission Plant (True-Up TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	122,043
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	122,043
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE	0.00%
increase, less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	
Subtotal	-
Average Transmission Plant Balance for	-
Annual Depreciation Rate (True-Up TCOS, In 108)	-
Composite Depreciation Rate	1.70%
Depreciable Life for Composite Depreciation Rate	58.82
Round to nearest whole year	59

		Rev Require		W Incentives		Incentive	Amounts
TRUE-UP YEAR	2012						
As Projecte	d in Prior Year WS J					\$	-
	Actual after True-up	\$	-	\$	-	\$	-
True-	up of ARR For 2012		-		-		-

Note 1: Until AEP KENTUCKY TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP KENTUCKY TRANSMISSION COMPANY is shown on Worksheet P.

Formula Rate WS K TRUE-UP RTEP RR Page 29 of 37

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

A. Base Plan Facilities

Project Description:

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

2012 Rev Require W Incentives Incentive Amounts Prior Yr Projected Prior Yr True-Up True-Up Adjustment

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details			
Investment		Current Year	2012
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)		FCR w/o incentives, less depreciation	0.00%
Useful life	59	FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

CIAC (Yes or No)	No	Annual Depreciation E	Expense	, iess dep.			0.00%	LIFE OF THE F	PROJECT.	IISTORT OF TROED-	DF ARROUVER THE	
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 **
2008	-	-	-	-	-	-	\$ -	1,70 111001111100	\$ -		\$ -	\$ -
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2010	_	_	_	-	_	_	\$ -		\$ -		\$ -	\$ -
2011	_	_	_	-	_	_	-		\$ -		-	-
2012	_	_	_	_	_	_	\$ -		\$ -		\$ -	\$ -
2013	_	_	_	_	_	_	\$ -		\$ -		\$ -	\$ -
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2016	-	1	-	-		_	- С		Φ -		- С	ф •
2010	Ī	1	-	-	_	_	- Ф		Φ -		- Ф	ф •
2017	-	-	-	•	-	-	ф -		ф -		ф -	ф -
2018	-	-	-	-	-	-	5 -		5 -		5 -	5 -
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** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

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.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet L Supporting Projected Cost of Debt AEP KENTUCKY TRANSMISSION COMPANY

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

. :	(A)	(B)	(C)	(D)
<u>Line</u> Number	<u>Issuance</u>	Principle Outstanding	Interest Rate	Annual Expense (See Note S on Projected Template)
1 2 3 4 5 6	Long Term Debt (FF1.p. 256-257, a,h) Bonds - Acc 221 Reacquired Bonds - Total Account 222			
7 8 9 10 11 12 13	Advances from Assoc Companies			- - - - -
14 15 16 17 18 19 20 21 22 23 24 25 26	Other Long Term Debt - Acc 224 Sale/Leaseback (If Applicable)		0	- - - - - - - - -
27 28	Issuance Discount, Premium, & Expenses: Auction Fees	FF1.p. 256 & 257.Lines Described as		
29 30	Amort of Debt Discount and Expenses Less: Amort of Debt Premiums	FF1.p. 117.63.c FF1.p. 117.65.c		
31 32 33	Reacquired Debt: Amortization of Loss Less: Amortization of Gain Total Interest on Long Term Debt	FF1.p. 117.64.c FF1.p. 117.66.c	1 0	-
35	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding	J 0	_
35 36 37 38 39 40 41 42 43	1 Telefied Stock (FT 1.p. 230-231)	<u>i reierreu Snares Outstanullig</u>		- - - - - -
44	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate AEP KENTUCKY TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

Principality Capital (1/2 16.64a) Principality Capital (1/2 16.64b) Principality Capital (1/2 16							
1920 1920	(A)	(B)	(C)	(D)	(E)		
Processing Design (13.6 a.d.b.) 1					_		
1 Proprietary Cappall (112.16 acbd.)	<u>Line</u> Developmer	nt of Average Balance of Common Equit		<u>12/31/2011</u>	Average		
Lies Perferned Stock (Lin Ballow) Lies Account (1811 (1712 (260)) Lies Account (1811 (1712 (260)) Lies Account (1811 (1712 (260)) A warrage bullation of Common Equity (150,034) Lies Common (1711 (1712 (260)) Lies Charlow (1712 (271 (271 (271 (271 (271 (271 (27				/24E 97E\	(205.455)		
4 Liss Account 2014 (1012-10.6db) 5 Average Blance of Common Equity (105:034) (205,045) 20 Bonds (112-10.6db) 7 Liss: Recogning Bonds (112-10.6db) 9 Bonds (112-10.6db) 9 Bonds (112-10.6db) 1 Liss: Recogning Bonds (112-10.6db) 9 Bonds (112-10.6db) 1 Sonor Unsecures Notes (112-10.6db) 9 Bonds (112-10.6db) 1 Recogning Bonds (112-10.6db) 1 Bonds (112-10.6db) 1 Recogning Bonds (112-10.	2 Less Pre	ferred Stock (Ln 48 Below)	(195,034)	(215,875)	(205,455)		
Severige Balance of Common Equity (195.094) (216.975) (205.495) Invalorization of Cost of Long Term Dobb Based on Avorage Outstanding Balance Bonds (171.8.668) 7. Less. Reacquired Bonds (171.9.668) 8. Ent. Abdraces the mon Asses. Corapteins (171.20.684) 9. Senior Unsecure Notes (171.276.864) 17. NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term dobt included in the formulats capital structure, (Page 257, Column H of the FFI) 17. NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term dobt included in the formulats capital structure, (Page 257, Column H of the FFI) 17. Annual Interes Expense (or 2012 18. Interest Depress (page 168). Expense accomplised from p 256-257, col (i) of FERC Form 19. Included in Life and shown in Life 2 below. 19. Interest Expense (page 168). Expense accomplised from p 256-257, col (i) of FERC Form 19. Included in Life and shown in Life 2 below. 19. Interest Expense (page 168). Expense (page 178.66). 19. Less. Annot of Premium on Dobt (117.86.6). 20. Total Interest Expense (page 168). Expense (page 178.66). 21. Average Cost of Debt for 2012 (Lin 20Lin 11). 22. ALEX PERTURY OF PEDGE CAMISS, OSSES TO BE EXECUDED FROM TCCS 22. ALEX PERTURY OF PEDGE CAMISS, OSSES TO BE EXECUDED FROM TCCS 23. On the FERC Form 1). 23. Net (Gain) Loss Hedge Amoritation To Be Removed 24. Expense of Preferred Stock 25. Pediatric Stock 26. Social Scote of Preferred Stock 27. Social Scote of Preferred Stock 28. Pediatric Stock 29. On Scote of Preferred Stock 29. On Scote of Preferred Stock (Page 269-251) (19. Note of the PERC Scote of the PER			0		-		
6 Bonds (112.18.08b) 7 Less Reacquired Bands (112.18.08b) 7 Less Reacquired Bands (112.18.08b) 9 Sendre Unsecure Action (112.18.08b) 10 Less Fair Yalle Hedges (See Note on Ln 12 blooks) 11 Total Average Debt 12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt in clothed in the formular's capital structure. (Page 287, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Interest Column (112.18.08b) 15 Annual Interest Expense (117.03.0) 16 Annual Interest Expense (117.03.0) 17 Annual Interest Expense (117.03.0) 18 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 10 Annual Interest Expense (117.03.0) 10 Annual Interest Expense (117.03.0) 10 Annual Interest Expense (117.03.0) 11 Annual Interest Expense (117.03.0) 12 Annual Interest Expense (117.03.0) 13 Annual Interest Expense (117.03.0) 14 Annual Interest Expense (117.03.0) 15 Annual Interest Expense (117.03.0) 16 Annual Interest Expense (117.03.0) 17 Annual Interest Expense (117.03.0) 18 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 10 Annual Interest Expense (117.03.0) 11 Annual Interest Expense (117.03.0) 12 Annual Interest Expense (117.03.0) 13 Annual Interest Expense (117.03.0) 14 Annual Interest Expense (117.03.0) 15 Annual Interest Expense (117.03.0) 16 Annual Interest Expense (117.03.0) 17 Annual Interest Expense (117.03.0) 18 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 19 Annual Interest Expense (117.03.0) 10 Ann			(195,034)	(215,875)	(205,455)		
6 Boxes (112-16.0dd) 7 Loss: Recognite Boxes (112-16.0dd) 9 Loss: Fair Value Hedges (Gee Note on Ln 12 below) 10 Loss: Fair Value Hedges (See Note on Ln 12 below) 11 Total Average Debt 12 NoTE: The balance of fair value hedges (on custanding long term debt are to be excluded from the balance of long term debt and the formulat sospital structure. (Page 257, Column H of the FF1) 13 Annual Interest Expense for 2012 14 Introsor to Long Tarm Debt (126-827/33) 13 Annual Interest Expense (or 2012 14 Introsor to Long Tarm Debt (126-827/33) 14 Loss: Total Heaving (126-827/33) 15 Loss: Annual Premium on Debt (117-86) 16 Annual Interest Expense (or 2012 16 Introsor to Debt Discourt & Exame (117-86) 17 Annual Interest Expense (or 2012 18 Introsor to Debt Discourt & Exame (117-86) 19 Loss: Annual Order (117-86) 10 Loss: Annual Order (117-86) 10 Loss: Annual Order (117-86) 10 Loss: Annual Column or Recognized Debt (117-86) 11 Loss: Annual Column or Recognized Debt (117-86) 12 Areage Cost or Debt for 2012 (Loss Ind.) 13 Annual Interest Expense (Loss Ind.) 14 Loss Annual Column or Recognized Debt (117-86) 15 Loss: Annual Column or Recognized Debt (117-86) 16 Loss: Annual Column or Recognized Debt (117-86) 17 Annual Interest Expense (Loss Ind.) 18 Loss: Annual Column or Recognized Debt (117-86) 19 Loss: Annual Column or Recognized Debt (117-86) 10 Loss: Annual Column or Recogni	evelopmer	nt of Cost of Long Term Debt Based on	Average Outstanding l	Balance			
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10. Less: Fair Value Hedges (See Note on Ln 12 below) 12 NOTE: The balance of fair value hedges on outstanding long form debt are to be excluded from the balance of long form debt included in the fundated i	8 LT Advar	nces from Assoc. Companies (112.20.c&d)	-	-	-		
12 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1) 3 Amual Interest Expense for 2012 14 Interest to Long Term Book (259:257.33) 15 Included in Ln 14 and shown in Ln 32 below. 15 Included in Ln 14 and shown in Ln 32 below. 16 Included in Ln 14 and shown in Ln 32 below. 17 Amont of Loss On Reacquired Debt (117.68.c). 18 Less: Amort of Loss on Reacquired Debt (117.68.c). 19 Less: Amort of Gan on Reacquired Debt (117.68.c). 19 Less: Amort of Gan on Reacquired Debt (117.68.c). 20 Average Cost of Debt for 2012 (Ln 20/Ln 11) 21 Average Cost of Debt for 2012 (Ln 20/Ln 11) 22 AEP KENTUCKY TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities Amortization Period Microsome of the FERC Form 1) 3 Net (Gainyl Loss Hedge Amortization To Be Removed Total Microsome Company of the FERC Form 1) 3 Net (Gainyl Loss Hedge Amortization To Be Removed Total Microsome Company of the FERC Form 1) 3 Net (Gainyl Loss Hedge Amortization To Be Removed Total Microsome Company of the FERC Form 1) 3 Net (Gainyl Loss Hedge Amortization To Be Removed Total Microsome Company of the Mi			•	-	<u>-</u>		
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13 Annual Interest Expense for 2012 14 Interest Con Long Term Debt (256-257-33.3) Less: Total Netgoing (Gan)/Expense Accommissed from p 256-257, col (i) of FERC Form 15 1 Inducted in Lin 14 and shown in Lin 32 below. 16 1 Inducted in Lin 14 and shown in Lin 32 below. 16 1 Annual Debt (1176-35.) 18 Less: Amort of Premium on Debt (1176-56.) 19 Less: Amort of Premium on Debt (1176-56.) 20 Total Interest Expense (Lin 14 - Lin 15 + Lin 16 + Lin 17 - Lin 18 - Lin 19) 21 Average Cost of Debt for 2012 (Lin 20/Lin 11) CALCULATION OF HEDGE GAINSLOSSES TO BE EXECUTED FROM TCOS 22 AEP NENTUCKY TRANSMISSION COMPANY may not include crosts (or gains) related to interest hedging activities Amortization Period HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) "(Amortization of Gain)/Loss for 2009 Beginning Ending 22 Act 25				cluded from the balar	nce of long term		
14 Interest on Long Term Debt (256-257, 33.4) 15 Interest on Long Term Debt (256-257, 30.4) of FERC Form 15 1 Included in Ln 14 and shown in Ln 32 below. 15 Included in Ln 14 and shown in Ln 32 below. 17 Amort of Loss on Reacquired Debt (117.66.c) 17 Amort of Loss on Reacquired Debt (117.66.c) 18 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain on Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacquired Debt (117.66.c) 19 Less: Amort of Gain of Reacqu	debt inc	uded in the formula's capital structure. (Page 25	7, Column H of the FF1)				
Less: Total Hodge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1							
15 1 Included in Ln 14 and shown in Ln 32 ballow. 15 Amont of Death Discount & Expense (117,63.c) 17 Amont of Loss on Reacquired Debt (117,64.c) 18 Less: Amont of Premium on Debt (117,66.c) 19 Less: Amont of Gain on Reacquired Debt (117,66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19) 21 Average Cost of Debt for 2012 (Ln 20/Ln 11) CALCULATON OF HEDGE GAINS/LOSSES TO BE EXICUDED FROM TOOS 2 AEP KENTUCKY TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities Amontization Period HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) ("Amortization of (Gainy)Loss for 2009" Unamortized Balance HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (ii) ("Amortization of (Gainy)Loss for 2009" Unamortized 23 AB P KENTUCKY TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities Amortization Period Remaining Unamortized Beginning Ending Ending 23 A Net (Gainy)Loss Hedge Amortization To Be Removed Excellent of the FERC Form 1) 24 A Series - Dividend Rate (p. 250-251, 7, 8, 10, a) 25 Average 4 Average Averag			257 cal (i) of FERC Form				
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18 Less: Amort of Gain on Reacquired Potal (117.65.c.) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19) 21 Average Cost of Debt for 2012 (Ln 20/Ln 11) 22 AFEP KENTUCKY TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities Amortization Period HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) ("Amortization of (Gain)/Loss for 2009" Unamortized Balance" Beginning 23 AFEP KENTUCKY TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities Amortization Period Amortization Per		. , ,			-		
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22 AEP KENTUCKY TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities Amortization Period HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) "(Amortization of (Gain)/Loss for 2009" Balance Beginning Ending 23		•	1 10 - Lii 19)		-		
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HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1) (Gain)/Loss for 2009 (Unamortized Balance Beginning Unamortized Balance Beginning Ending Cain)/Loss for 2009 (Gain)/Loss for 2009 (Ending Cain)/Loss for 2009 (22 AEP KE	NTUCKY TRANSMISSION COMPANY may r	ot include costs (or gains	related to interest		riod	
of the FERC Form 1) (Gain)/Loss for 2009 Balance Beginning Ending 32				_	HEALION I GI		
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25 26 27 28 29 30 30 31 32 Net (Gain)/Loss Hedge Amortization To Be Removed		,	,		3 3		
26							
28							
29 30 30 30 30 30 30 30 30 30 30 30 30 30							
31 Net (Gain)/Loss Hedge Amortization To Be Removed 2 Net (Gain)/Loss Hedge Amortization To Be Removed 32 Net (Gain)/Loss Hedge Amortization To Be Removed 33 (% Series - Dividend Rate (p. 250-251. 7 & 10.a) 34 (% Series - Dividend Rate (p. 250-251. 8 & 11.e) 35 (% Series - Par Value (p. 250-251. 8 & 11.e) 36 (% Series - Monetary Value (Ln 33 * Ln 36) 37 (% Series - Dividend Amount (Ln 33 * Ln 36) 38 (% Series - Dividend Rate (p. 250-251.a) 39 (% Series - Dividend Rate (p. 250-251.c) 40 (% Series - Shares O/S (p. 250-251.e) 41 (% Series - Shares O/S (p. 250-251.a) 42 (% Series - Dividend Amount (Ln 38 * Ln 40) 42 (% Series - Dividend Amount (Ln 38 * Ln 41) 43 (% Series - Dividend Amount (Ln 38 * Ln 41) 44 (% Series - Dividend Amount (Ln 38 * Ln 41) 45 (% Series - Shares O/S (p. 250-251.a) 46 (% Series - Shares O/S (p. 250-251.c) 46 (% Series - Shares O/S (p. 250-251.c) 48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47) - Year End Total Agrees to FF1 p.112, Ln 3, co	29						
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37 0% Series Dividend Amount (Ln 33 * Ln 36) Dividend Rate (p. 250-251.a) 38 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251.e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.c) 45 0% Series Shares O/S (p.250-251.e) 46 0% Series Monetary Value (Ln 44 * Ln 45) 47 0% Series Dividend Amount (Ln 43 * Ln 46) Year End Total Agrees to FF1 p.112, Ln 3, co. 49 Dividends on Preferred Stock (Lns 37, 42, 47)					<u>Average</u>		
38 0% Series Dividend Rate (p. 250-251.a) 39 0% Series Par Value (p. 250-251.c) 40 0% Series Shares O/S (p.250-251.e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.a) 45 0% Series Shares O/S (p.250-251.c) 46 0% Series Monetary Value (Ln 44 * Ln 45) 47 0% Series Dividend Amount (Ln 43 * Ln 46) 48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47) - Year End Total Agrees to FF1 p.112, Ln 3, co	34 0% Serie 35 0% Serie	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e)			<u>Average</u>		
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40 0% Series Shares O/S (p.250-251. e) 41 0% Series Monetary Value (Ln 39 * Ln 40) 42 0% Series Dividend Amount (Ln 38 * Ln 41) 43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.c) 45 0% Series Shares O/S (p.250-251.e) 46 0% Series Monetary Value (Ln 44 * Ln 45) 47 0% Series Dividend Amount (Ln 43 * Ln 46) 48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47)	34 0% Serie 35 0% Serie 36 0% Serie 37 0% Serie	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36)	- - -	- -	<u>Average</u> - -		
42 0% Series Dividend Amount (Ln 38 * Ln 41)	34 0% Serie 35 0% Serie 36 0% Serie 37 0% Serie 38 0% Serie	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a)	- - -	-	<u>Average</u> - -		
43 0% Series Dividend Rate (p. 250-251.a) 44 0% Series Par Value (p. 250-251.c) 45 0% Series Shares O/S (p.250-251.e) 46 0% Series Monetary Value (Ln 44 * Ln 45) 47 0% Series Dividend Amount (Ln 43 * Ln 46) 48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47)	34 0% Serie 35 0% Serie 36 0% Serie 37 0% Serie 38 0% Serie 39 0% Serie 40 0% Serie	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e)	- -	-	<u>Average</u> - -		
44 0% Series Par Value (p. 250-251.c) 45 0% Series Shares O/S (p.250-251.e) 46 0% Series Monetary Value (Ln 44 * Ln 45) 47 0% Series Dividend Amount (Ln 43 * Ln 46) 48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47)	34 0% Series 35 0% Series 36 0% Series 37 0% Series 38 0% Series 40 0% Series 41 0% Series	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40)	- - -	-	Average - - -		
45 0% Series Shares O/S (p.250-251.e) 46 0% Series Monetary Value (Ln 44 * Ln 45) 47 0% Series Dividend Amount (Ln 43 * Ln 46) 48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47)	34 0% Series 35 0% Series 36 0% Series 37 0% Series 38 0% Series 40 0% Series 41 0% Series 42 0% Series 42 0% Series 43 0% Series 44 0%	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40) s Dividend Amount (Ln 38 * Ln 41)	- - -	- -	Average - - -		
47 0% Series Dividend Amount (Ln 43 * Ln 46)	34 0% Series 35 0% Series 36 0% Series 37 0% Series 39 0% Series 40 0% Series 41 0% Series 42 0% Series 43 0% Series 44 0%	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40) s Dividend Amount (Ln 38 * Ln 41) s Dividend Rate (p. 250-251.a)	- - -	- - -	Average - - -		
48 Balance of Preferred Stock (Lns 36, 41, 46) 49 Dividends on Preferred Stock (Lns 37, 42, 47) - Year End Total Agrees to FF1 p.112, Ln 3, co	34 0% Series 35 0% Series 36 0% Series 37 0% Series 39 0% Series 40 0% Series 41 0% Series 42 0% Series 44 0% Series 45 0% Series 55 0%	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40) s Dividend Amount (Ln 38 * Ln 41) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251.e)	- - -		Average - - -		
49 Dividends on Preferred Stock (Lns 37, 42, 47)	34 0% Series 35 0% Series 36 0% Series 37 0% Series 39 0% Series 40 0% Series 41 0% Series 42 0% Series 44 0% Series 45 0% Series 46 0%	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40) s Dividend Amount (Ln 38 * Ln 41) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251.e) s Shares O/S (p.250-251.e) s Monetary Value (Ln 44 * Ln 45)	- - -	-	Average		
	34 0% Series 35 0% Series 36 0% Series 37 0% Series 39 0% Series 40 0% Series 41 0% Series 42 0% Series 44 0% Series 45 0% Series 46 0%	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40) s Dividend Amount (Ln 38 * Ln 41) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251.e) s Shares O/S (p.250-251.e) s Monetary Value (Ln 44 * Ln 45)	- - -	- -	Average		
	34 0% Series 35 0% Series 36 0% Series 37 0% Series 39 0% Series 40 0% Series 41 0% Series 42 0% Series 44 0% Series 45 0% Series 46 0% Series 47 0% Series 48 Balance	s Par Value (p. 250-251. 8.c) s Shares O/S (p.250-251. 8 & 11.e) s Monetary Value (Ln 34 * Ln 35) s Dividend Amount (Ln 33 * Ln 36) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251. e) s Monetary Value (Ln 39 * Ln 40) s Dividend Amount (Ln 38 * Ln 41) s Dividend Rate (p. 250-251.a) s Par Value (p. 250-251.c) s Shares O/S (p.250-251.e) s Shares O/S (p.250-251.e) s Monetary Value (Ln 44 * Ln 45) s Dividend Amount (Ln 43 * Ln 46) of Preferred Stock (Lns 36, 41, 46)	- - -	- - -	- - -	r End Total Agrees to FF1 p.112, Ln	3, co

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use AEP KENTUCKY TRANSMISSION COMPANY

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

	(A)	eld for future use related to general (B)	(C) Function	(D)	(E)	(F)	(G) Functional	(H) Functionalized	(I) FERC
Line	Date	Property Description	(T) or (G) T = Transmissi	Basis ion	Proceeds	(Gain) / Loss	Allocator	Proceeds (Gain) / Loss	Account
4			G = General				0.000%		
' '						-	0.000%	-	
2						_	0.000%	_	
-							0.00070		
3						_	0.000%	-	
							_		
4			N	Net (Gain) or L	oss for 2012		- -	-	

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances

Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service Worksheet O - PBOP Support

AEP KENTUCKY TRANSMISSION COMPANY

PBOF	(A)		(B)
1	Calculation of PBOP	<u>Expenses</u>	
2	AEP System PBOP R	<u>late</u>	
3	Total AEP System PB	OP expenses	\$89,661,879
4	Base Year relating to I	retired personnel	\$0
5	Amount allocated on L	abor	\$89,661,879
6	Total AEP System Dire	ect Labor Expense	\$1,214,282,694
7	AEP System PBOP ex	opense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved Pl	BOP Rate	\$0.094
9	Base PBOP TransCo	labor expensed in current year	57,565
10	Allowable TransCo PE	BOP Expense for current year (Ln 8 * Ln 9)	\$5,411
11	Direct PBOP Expense	per Actuarial Report	\$0
12	•	ger Entry (From Company Records)	\$0
13	Medicare Credit	,	\$0
14	PBOP Expenses From	n AEP Affiliates (From Company Records)	\$682
15	Actual PBOP Expense	e (Sum Lines 11-14)	\$682
16	PBOP Adjustment	Line 10 less Line 15	\$4,729

AEPTCo subsidiaries in PJM Worksheet - P DEPRECIATION RATES FOR TRANSMISSION PLANT PROPERTY ACCOUNTS EFFECTIVE AS OF 7/1/2010

AEP KENTUCKY TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Land Rights	350.1	
Structures & Improvements	352.0	1.71%
Station Equipment	353.0	1.71%
Towers & Fixtures	354.0	1.71%
Poles & Fixtures	355.0	1.71%
Overhead Conductor	356.0	1.71%
Underground Conduit	357.0	1.71%
Underground Conductors	358.0	1.71%
Trails & Roads	359.0	1.71%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP KENTUCKY TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pusuant to a Section 205 or 206 filing to change rates.

	Composite Depreciation Rate	<u>KPCo</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)	438,744,866	438,744,866
2	T-Plant (FF1 206.58.b)	431,804,417	431,804,417
3	Average (Ln 1+ Ln 2)/2	435,274,642	435,274,642
4	Depreciation (FF1 336.7.f)	7,420,678	7,420,678
5	Composite Depreciation (Ln 3 / Ln 4)		1.70%

Note: AEP KENTUCKY TRANSMISSION COMPANY shall initially use the composite depreciation rate for KPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP KENTUCKY TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP KENTUCKY TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2012 Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	•	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u> 1 Bonds (112.18.c&d)					_		
2 Less: Reacquired Bonds (112.19.c&d)					462,500,000	1	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund 5 Less: Fair Value Hedges (See Note on Ln 7 below)	3,709,883,415	1,572,429,608	3 530,000,000	-	4,130,325,000	-	9,942,638,023
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608		20,000,000	3,867,825,000	25,000,000	9,745,138,023
7 NOTE: The balance of fair value hedges on outstanding long term debt are to be	excluded from the ba	lance of long term debt included in the fo	rmula's capital structur	re. (page 257, Colur	mn H of the FF1)		
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590		904,000	212,506,228	1,312,500	
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,19		-	3,978,647	-	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c) 11 Less: Amort of Premium on Debt (117.65.c)	1,342,096	1,483,709	33,649		1,336,128		4,195,582
12 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
13 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010		904,000	(2,097,663)	1 212 500	530,525 547,956,963
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends	4.500/	4.4050	N/		4.000/		
15 Dividend Rate (p. 250-251. 7.a) 16 Par Value (p. 250-251. 8.c)	4.50% \$ 100.00				4.08% \$ 100.00		
17 Shares Outstanding (p.250-251. 8.e)	-	-			-		
18 Monetary Value (Ln 16 * Ln 17)	-	-	-	-	-	-	-
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a)		4.129			4.20%		
21 Par Value (p. 250-251. 8.c)		\$ 100.0	0		\$ 100.00		
22 Shares Outstanding (p.250-251. 8.e) 23 Monetary Value (Ln 21 * Ln 22)	-	-	-	-	-	-	
24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	-	-	-	-
25 Dividend Rate (p. 250-251. 7.a)		4.569	%		4.40%		
26 Par Value (p. 250-251. 8.c)		\$ 100.0			\$ 100.00		
27 Shares Outstanding (p.250-251. 8.e)		-			-		
28 Monetary Value (Ln 26 * Ln 27) 29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
29 Dividend Amount (En 29 En 20)	_		_	_	_	_	_
30 Dividend Rate (p. 250-251, 7.a)					4.50%		
31 Par Value (p. 250-251. 8.c) 32 Shares Outstanding (p.250-251. 8.e)					\$ 100.00		
33 Monetary Value (Ln 31 * Ln 32)	-	-	-	-	-	-	
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	_	-	_	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	4 654 244	- (404.97)	-	-	2 204 200	-	2.754.265
39 Less: Account 216.1 (112.12.c) 40 Less: Account 219.1 (112.15.c)	1,654,344 (29,897,592)	(104,879) (28,884,204)		916	2,204,800 (165,724,552)	- (473,816)	3,754,265 (225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838		29,955,380	4,652,720,406	90,583,127	
Calculation of Capital Shares							
42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above) 45 Total Company Structure	3,080,806,605 6,790,690,020	1,832,763,838 3,405,193,446	, ,	29,955,380 49,955,380	4,652,720,406 8,520,545,406	90,583,127 115,583,127	
40 LTD Carital Charact (La. 40 (La. 45)	54.000	40.400	50,400/	40.040/	45.000/	04.000	40.040/
46 LTD Capital Shares (Ln 42 / Ln 45) 47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	54.63% 0.00%				45.39% 0.00%	21.63% 0.00%	
48 Common Equity Capital Shares (Ln 44 / Ln 45)	45.37%				54.61%	78.37%	
49 Equity Capital Share Limit	100.00%	100.009	% 100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.189	% 53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%				0.00%	0.00%	
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.829	% 46.60%	59.96%	51.00%	78.37%	49.52%
Calculation of Capital Cost Rate	_				_	_	
53 LTD Capital Cost Rate (Ln 14 / Ln 6) 54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	5.30% 0.00%				5.69% 0.00%	5.25% 0.00%	
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35) 55 Common Equity Capital Cost Rate	0.00% 11.49%				0.00% 11.49%	0.00% 11.49%	
Calculation of Weighted Conital Coat Bata							
<u>Calculation of Weighted Capital Cost Rate</u> 56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75	% 3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.009	% 0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%				5.86%	9.00%	
59 Total Company Structure	8.11%	8.939	% 8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2011 Worksheet Q Page 2

Line		lachian Company		iana Michigan wer Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Long Term Debt Balances at Year End									
60 Bonds (112.18.c&d) 61 Less: Reacquired Bonds (112.19.c&d)						1	418,000,000	1	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)		-		-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,73	4,408,392		1,562,927,505	530,000,000	-	4,280,325,000	-	10,107,660,897
64 Less: Fair Value Hedges (See Note on Ln 66 below) 65 Total Long Term Debt Balance	3,73	4,408,392		1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
66 NOTE: The balance of fair value hedges on outstanding long term debt are to be	e excluded f	rom the balance of lo	ong term debt inc	cluded in the form	ula's capital structure.	(p. 257, Column	H of the FF1)		
Development of Long Term Debt Interest Expense									
67 Interest on Long Term Debt (256-257.33.i)	20	2,991,579		92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c)		3,686,430		2,222,601	471,186	-	4,329,899	-	10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c) 70 Less: Amort of Premium on Debt (117.65.c)		1,113,482		1,548,025	33,649		1,338,011	1	4,033,167
71 Less: Amort of Gain on Reacquired Debt (117.66.c)		-		1,712	-	-	-	-	1,712
72 Less: Hedge Interest on pp 256-257(i)		1,815,730		1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense		5,975,761		94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
<u>Development of Cost of Preferred Stock and Preferred Dividends</u> 74 Dividend Rate (p. 250-251. 7.a)		4.50%		4.125%			4.08%		
75 Par Value (p. 250-251. 8.c)	\$	100.00	\$	100.00			\$ 100.00		
76 Shares Outstanding (p.250-251, 8.e)		-		-			•		l
77 Monetary Value (Ln 75 * Ln 76) 78 Dividend Amount (Ln 74 * Ln 77)		-		-	-	-	-	-	-
79 Dividend Rate (p. 250-251. 7.a)				4.12%			4.20%		
80 Par Value (p. 250-251. 8.c)			\$	100.00			\$ 100.00		
81 Shares Outstanding (p.250-251. 8.e) 82 Monetary Value (Ln 80 * Ln 81)		_		-	_	_	-		
83 Dividend Amount (Ln 79 * Ln 82)		-		-	-	-	-	-	-
84 Dividend Rate (p. 250-251. 7.a)				4.56%			4.40%		
85 Par Value (p. 250-251. 8.c)			\$	100.00			\$ 100.00		
86 Shares Outstanding (p.250-251. 8.e) 87 Monetary Value (Ln 85 * Ln 86)		-			_		-		
88 Dividend Amount (Ln 84 * Ln 87)		-		-	-	-	-	-	- -
89 Dividend Rate (p. 250-251. 7.a)							4.50%		
90 Par Value (p. 250-251. 8.c)							\$ 100.00		
91 Shares Outstanding (p.250-251. 8.e) 92 Monetary Value (Ln 90 * Ln 91)							-		
93 Dividend Amount (Ln 89 * Ln 92)		-		-	-	-	-	-	-
94 Preferred Stock (Lns 77, 82, 87,92)		_		_	_	_	_	_	_
95 Preferred Dividends (Lns 78, 83, 88,93)		-		-	-	-	-	-	-
Development of Common Equity									
96 Proprietary Capital (112.16.c)	2,93	6,414,454		1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above) 98 Less: Account 216.1 (112.12.c)		- 1,610,810		(230,765)	-	-	2,204,800	-	- 3,584,845
99 Less: Account 219.1 (112.15.c)		8,543,154)		(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	
100 Balance of Common Equity	2,99	3,346,798		1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares									
101 Long Term Debt (Ln 65 Above) 102 Preferred Stock (Ln 94 Above)	3,73	4,408,392		1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
103 Common Equity (Ln 100 Above)		3,346,798		1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,72	7,755,190		3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)		55.51%		46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
106 Preferred Stock Capital Shares (Ln 102 / Ln 104)		0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
107 Common Equity Capital Shares (Ln 103 / Ln 104)		44.49%		53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit		50.00%		50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap		55.51%		50.00%	54.40%	40.44%	49.00%	31.30%	
110 Preferred Stock Capital Shares111 Common Equity Capital Shares with Capital Equity Cap		0.00% 44.49%		0.00% 50.00%	0.00% 45.60%	0.00% 59.56%	0.00% 51.00%	0.00% 68.70%	
Calculation of Capital Cost Rate									
112 LTD Capital Cost Rate (Ln 73 / Ln 65)		5.52%		6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)		0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
114 Common Equity Capital Cost Rate		11.49%		11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate		0.000/		0.0007	0.5107	4.0007	0.000/	4.640	2 222
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112) 116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)		3.06% 0.00%		3.02% 0.00%	3.51% 0.00%	1.83% 0.00%	2.69% 0.00%	1.64% 0.00%	
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)		5.11%		5.75%	5.24%	6.84%	5.86%	7.89%	5.57%
118 Total Company Structure		8.17%		8.77%	8.75%	8.67%	8.55%	9.54%	

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Average Capital Structure Worksheet Q Page 3

Lina	Appalachian	Indiana Michigan	Kentucky Power	Kingsport Power	Ohio Power	Wheeling Power	AEP East Operating Companies' Consolidated
Line Date of Assessment of Ass	Power Company	Power Company	Company	Company	Company	Company	Capital Structure
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)		-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
125 NOTE: The balance of fair value hedges on outstanding long term debt are to	be excluded from the balance of lo	ng term debt included in the form	nula's capital structure	. (p. 257, Column I	d of the FF1)		
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-		-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	_	2,204,800	_	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-, -=,,,	-	-		-		-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.499
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.009
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.93%	53.60%		59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%		0.00%	0.00%	0.00%	
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%		0.00%	0.00%	0.00%	
153 Common Equity Capital Cost Rate	11.49%	11.49%		11.49%	11.49%	11.49%	
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%

AEP OHIO TRANSMISSION COMPANY

Line No.						Tr	ansmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 136)	Total	۸۱۱۵	ooto v		\$53,831,857
2	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	DA	1.00000	\$	-
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$	53,831,857
	The Carrying Charge Calculations on lines 6 to 11 belosion Enhancement Charges. The total non-incentive	<u> </u>	-				
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)	2,893,516	DA	1.00000	\$	2,893,516
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((ln 1 - ln 102 - ln 103)/((ln 48 + ln 49 + ln 50 + (ln 6 / 12)	In 51 + In 53) x 100))				11.48% 0.96%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o dep Annual Rate	oreciation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108- In 109) /((In 48	+ ln 49 + ln 50 + ln 51 + ln 53) x 1	00))			10.89%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Retu Annual Rate	urn, income taxes or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108 - In 109 - In 131	- In 132) /((In 48 + In 49 + In 50 +	In 51 + In 53) x 1	100))		1.56%
12	ADDITIONAL REVENUE REQUIREMENT for projects w	/ incentive ROE's (Note B) (Worksheet J)					-
13		REVENUE REQUIREMENT FOR SCHEI	DULE 1A CHARGES				
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Less: Load Dispatch - Reliability, Planning & Standards	• ,					7,997 7,997 -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				_	-

AEP OHIO TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

	` ,	· <i>'</i>	` ,			` '
Lino	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u> NOTE C	Allo	<u>cator</u>	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		<u>NOTE C</u>			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.C & Ln 140)	269,870,524	DA		269,870,524
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (World	,	201,643,590	DA	1.00000	201,643,590
23	Plus: Additional Trans Plant on Transferred Assets	•	· · · · -	DA	1.00000	-
24	Line Deliberately Left Blank					
25	Line Deliberately Left Blank					
26	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000	4 540 000
28	Intangible Plant	(Worksheet A In 9.C)	1,512,802	W/S	1.00000	1,512,802
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	473,026,916			473,026,916
30	ACCUMULATED DEPRECIATION AND AMORTIZATION	ON				
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank Transmission	(Markshoot A In 14 C & 28 C)	2 247 020	TP1=	1.00000	2 247 020
33		(Worksheet A In 14.C & 28.C)	2,247,930	TP1=		2,247,930
34 35	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (World	(Worksheet A In 15.C)	702,313	DA	1.00000 1.00000	702,313
36	Plus: Additional Projected Deprec on Transferred A	•	702,313	DA	1.00000	702,313
37	Plus: Additional Transmission Depreciation for 2013	· · · · · · · · · · · · · · · · · · ·	2,041,119	TP1	1.00000	2,041,119
38	Plus: Additional General & Intangible Depreciation f		179,083	W/S	1.00000	179,083
39	Plus: Additional Accum Deprec on Transferred Asse	,	-	DA	1.00000	-
40	Line Deliberately Left Blank	5.6 (.v.eest.)		2		
41	Line Deliberately Left Blank					
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.C)	198,922	W/S	1.00000	198,922
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	5,369,367			5,369,367
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank					
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	267,622,594			267,622,594
49	Plus: Transmission Plant-in-Service Additions (In 22	·	200,941,277			200,941,277
50	Plus: Additional Trans Plant on Transferred Assets	,	(2.044.440)			(2.044.440)
51 52	Plus: Additional Transmission Depreciation for 2013 Plus: Additional General & Intangible Depreciation f		(2,041,119)			(2,041,119)
52 53	Plus: Additional Accum Deprec on Transferred Asse		(179,083)			(179,083)
54	Line Deliberately Left Blank	ets (Worksheet I) (-III 55)	_			_
55	General Plant	(In 26 + In 27 - In 42 - In 43)	_			_
56	Intangible Plant	(ln 28 - ln 44)	1,313,880			1,313,880
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	467,657,549			467,657,549
58 50	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)		RΙΛ		
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	(50,000,050)	NA DA		(50,000,050)
60 61	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(59,620,358)	DA DA		(59,620,358)
61 62	Account No. 283.1 (enter negative) Account No. 190.1	(Worksheet B, In 12 & In 15.C) (Worksheet B, In 17 & In 20.C)	(845,948) 8,539,997	DA		(845,948) 8,539,997
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA		0,009,99 <i>1</i>
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	(51,926,309)			(51,926,309)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	_	DA		_
		, , , , , , , , , , , , , , , , , , ,		D/X		
67	WORKING CAPITAL	(Note E)	00.4==			00.4==
68	Cash Working Capital	(1/8 * ln 88)	39,177	TD	4 00000	39,177
69 70	Transmission Materials & Supplies	(Worksheet C, In 2.(D)) (Worksheet C, In 3.(D))	-	TP W/S	1.00000 1.00000	-
70 71	A&G Materials & Supplies Stores Expense	(Worksheet C, In 3.(D)) (Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 4.(D))	<u>-</u>	W/S	1.00000	- -
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	49,590	GP(h)	1.00000	49,590
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000	-, -
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	<u></u>	NA	0.00000	
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	88,767			88,767
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
70	DATE BASE (cum los 57 64 65 66 76 77)	•	445 920 007			A15 000 007
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		415,820,007			415,820,007

AEP OHIO TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

Lina	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allo	cator	Total <u>Transmission</u>
Line No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank					
81	Customer Related Expense	322.164,171,178.b	-			
82	Regional Marketing Expenses	322.131.b	-			
83	Transmission	321.112.b	588,537			
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	588,537			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	7,997			
86	Less: Account 565	(Note H) 321.96.b	267,126			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	- 242.444	TD	4 00000	040 444
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	313,414	TP	1.00000	313,414
89	Administrative and General	323.197.b (Note J)	1,670,466			
90	Less: Acct. 924, Property Insurance	323.185.b	79,591			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	17,003			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	1,573,872	W/S	1.00000	1,573,872
95	Plus: Acct. 924, Property Insurance	(In 90)	79,591	GP(h)	1.00000	79,591
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	17,003	DA	1.00000	17,003
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	38,757	W/S	1.00000	38,757
100	A & G Subtotal	(sum lns 94 to 99)	1,709,223			1,709,223
101	O & M EXPENSE SUBTOTAL	(ln 00 + ln 100)	2,022,627			2 022 627
101 102	Plus: TEA Settlement in Account 565	(In 88 + In 100) Company Records (Note H)	2,022,637	DA	1.00000	2,022,637
102	Plus: Transmission Lease Payments To Affiliates in	. ,	- 267,126	DA	1.00000	- 267,126
103	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	2,289,763	DA	1.00000	2,289,763
104	TOTAL O GIVILAT LINOL	(111 101 + 111 102 + 111 103)	2,203,703			2,203,703
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
108	Transmission	336.7.f	2,041,119	TP1	1.00000	2,041,119
109	Plus: Transmission Plant-in-Service Additions (Work		702,313	DA	1.00000	702,313
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,784	TP1	1.00000	26,784
111	General	336.10.f	-	W/S	1.00000	-
112	Intangible	336.1.f	179,083	W/S	1.00000	179,083
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	2,949,299			2,949,299
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	(Note IV)				
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	_
117	Plant Related			, •		
118	Property	Worksheet H In 23.(C) & In 58.(C)	5,041,011	DA		5,041,011
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	· · · · · · · · · · · · · · · · · · ·	NA	0.00000	- -
120	Other	Worksheet H In 23.(E)	<u> </u>	GP(h)	1.00000	
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	5,041,011			5,041,011
122	INCOME TAXES	(Note O)	07.000/			
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		35.00%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		36.29%			
125 126	where WCLTD=(In 174) and WACC = (In 177) and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from In 123)		1.5385			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
0	, and all a substitution is a substitution of the substitution of	(i · · · p·· · · · ; iii · · o··o)				
129	Income Tax Calculation	(In 124 * In 132)	11,597,036			11,597,036
130	ITC adjustment	(ln 127 * ln 128)	· · · · -	NP(h)	1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	11,597,036			11,597,036
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 162)	31,954,748.36			31,954,748.36
400	INTEREST ON IRR CONTRIBUTION FOR CONOT (A)	. 5) (11/ 1 1 2 2 2 2 (7))		5.4	4 00000	
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	ote F) (Worksheet D, In 2.(B))	-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use	(Worksheet N. In A. Cols. (/E) & (LI))	_			
134	(James) / Lusses on Jales of Flant Held for Future USE	(**OINSHEEL IN, III 4, COIS. ((Γ) α (Π))	-			-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held	for Future Use (In 134 * In124)	-			-
. = •	, , , , , , , , , , , , , , , , , , , ,	(
136	TOTAL REVENUE REQUIREMENT		53,831,857			53,831,857
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)					
	, ,					

AEP OHIO TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln								
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(ln 20)						269,870,524
138	Less transmission plant excluded from PJM Tariff (Not	·						-
139	Less transmission plant included in OATT Ancillary Ser	rvices (Worksheet A, In 23, Col.	(C)) (Note Q)				_	-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)						269,870,524
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TP	1.00000
				Payroll Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
143	Line Deliberately Left Blank	(,	2	7.=. 0000 00.p.				
144	Transmission	354.21.b	0	143,137	143,137	TP	1.00000	143,137
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	Line Deliberately Left Blank	001.22.0	ŭ	Ü			0.0000	
147	Other (Excludes A&G)	354.24,25,26.b	0	0	_	NA	0.00000	_
148	Total	(sum lns 144, 145, & 147)	0		143,137	14/7	0.00000	143,137
140	Total	(Sulli 1115 144, 145, & 147)	U	143,137	143,137			143,137
149	Transmission related amount						W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet L, In. 35, col. (D))					See W/S L	7,788,099
152	Preferred Dividends	(Worksheet L, In. 45, col. (D))					366 W/3 L	7,700,033
		(WORKSHEEL L, III. 45, COI. (D))						-
153	Development of Common Stock:	(FF4 = 440 l = 40 a)						400 005 000
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						199,235,808
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
157	Less: Account 219	(FF1 p 112, Ln 15.c)	_,				_	-
158	Common Stock	(ln 154 - ln 155 - ln 156 - ln 15	7)		_			199,235,808
				Capital Structure				
		<u> </u>		Actual	Cap Limit		Cost	Weighted
159	Long Term Debt Worksheet L, In 35, col. (B))	200,000,000		50.10%	0.00%		0.0389	0.0195
160	Preferred Stock (In 155)	-		0.00%	0.00%		-	0.0000
161	Common Stock (In 158)	199,235,808		49.90%	0.00%		11.49%	0.0573
162	Total (Sum Ins 159 to 161)	399,235,808		100.00%	0.00%		WACC=	0.0768
163	Capital Structure Equity Limit (Note T)	50.0%						
	AED ODED ATING COMPANIES COMPOSITE (%)							
40.	AEP OPERATING COMPANIES' COMPOSITE (Note S)	1						•
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						_	\$
165	Long Term Interest	(Worksheet Q, In. 14)						547,956,963
166	Preferred Dividends	(Worksheet Q, In. 36)						-
167	Development of Common Stock:							
168	Proprietary Capital	(Worksheet Q, In. 37)						9,945,214,408
169	Less: Preferred Stock	(Worksheet Q, In. 38)						-
170	Less: Account 216.1	(Worksheet Q, In. 39)						3,754,265
171	Less: Account 219	(Worksheet Q, In. 40)						(225,388,128)
172	Common Stock	(ln 168 - ln 169 - ln 170 - ln 17	1)				_	10,166,848,271
173				%	\$		Cost	Weighted
173	Long Term Debt (Worksheet Q, In 50)			50.48%	10,052,380,272		0.0545	0.0275
174	Preferred Stock (Worksheet Q, In 51)			0.00%	10,002,000,212		U.UJ 4 J	0.0000
175 176	· · · · · · · · · · · · · · · · · · ·				0.050.606.022		-	
1 / ()	Common Stock (Morksheet O. In 52)			/11.7 5/			11 /100/-	
177	Common Stock (Worksheet Q, In 52) Total (Worksheet Q, In 45)			49.52%	9,859,606,022 19,911,986,294		11.49% WACC=	0.0569 0.0844

AEP OHIO TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP OHIO TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)

(ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required: FIT =

T = 35.00%

SIT= 0.00% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)

- 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.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

 Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- AEP OHIO TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

 If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP OHIO TRANSMISSION COMPANY

Line No.						Tr	ransmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)	Total		Allocator		\$34,554,533
179	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	DA	Allocator 1.00000	\$	-
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)				\$	34,554,533
		below are used in calculating project revenue requirements billed throirements for these projects shown on line 181 is included in the total o					
181	Not applicable on this template						
182 183 184	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 178 - In 279 - In 280)/ In 225 x 100) (In 183 / 12)					12.81% 1.07%
185 186	NET PLANT CARRYING CHARGE ON LINE 183, w/o d						12.05%
187 188	NET PLANT CARRYING CHARGE ON LINE 186, w/o R Annual Rate	eturn, income taxes or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285 - In 308 - In 309) / In 225 x 100)					2.72%
189	Not applicable on this template						
190		REVENUE REQUIREMENT FOR SCHEDULE	1A CHARGES				
191 192 193	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Description Less: Load Dispatch - Reliability, Planning & Standards Description	•					7,997 7,997 -
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)					-

AEP OHIO TRANSMISSION COMPANY

Part		(1)	(2)	(3)	(4)		(5)
COCCOS FLANT IN SERVICE 1.00000 1.0000000 1.0000000 1.00000000 1.0000000000		RATE BASE CALCULATION			Allocator		
198	No.			NOTE C			
See Team Prince Prince Mode Activated Mode Mode	196	Line Deliberately Left Blank	(Worksheet A In 3.C & Ln 317)	269,870,524	DA		269,870,524
About Abou		, , , , , , , , , , , , , , , , , , , ,	,				
Command Plant Command Plant APD Ellien Negative) (Wordsheet A. P. C.) (W.S. 1.00001 1.000000 271.393.352 Command Plant APD Ellien Negative) (W.S. 1.000000 2.227.390 Command Plant APD Command Plant		•	Vorksheet I)	N/A	NA	0.00000	N/A
Deciding Part			(Worksheet A In 7.C)	-	W/S	1.00000	-
271 201 10 10 10 10 10 10			,	- 1,512,802			- 1,512,802
Lone Centerwane) Lone Blanck		_	(Sum of Lines: 197 to 200 & 203 to 205)				
Transmission (Worksheel Al in 14.0.8.28.0) 2.247.300 TP1= 1.00000 2.247.300 TP1= 1.00000 NA 1.000000 NA 1.00000 NA 1.	208	Line Deliberately Left Blank	NC				
Pies Transmission Pensirs Services Assistants (Workshort 1)	210	Transmission	,	2,247,930			2,247,930
Plast Acidstantal Transmission Depresalation for 2013 (n. 285) NA WIS 1,00000 NA WIS NA WIS 1,00000 NA WIS N		• • • • • • • • • • • • • • • • • • • •	,	N/A			- N/A
Pies Additional Gomenal & Interrughte Depreciation for 2013 in 294 + in 285)		·	,				
	215	Plus: Additional General & Intangible Depreciation for	2013 (ln 284 + ln 285)	N/A	W/S	1.00000	N/A
General Plant (Workscheel A in 18.C)		•	s (Worksheet I)	N/A	DA	1.00000	N/A
Less Ceneral Plant ARO (Enter Negative) (Worksheed A in 9.0C) 198,022 W/S 1.0000 2.446.852 W/S 1.0000 198,022 198,022 W/S 1.0000 198,022 W/S 1.0000 198,022 W/S 1.0000 1.0000 1.00000 1.00000 1.00000 1.000000 1.000000 1.000000 1.000000 1.000000 1.000000 1.0000000 1.000000 1.000000 1.000000 1.000000 1.000000 1.0000000 1.0000000 1.0000000 1.0000000 1.0000000 1.0000000000		· · · · · · · · · · · · · · · · · · ·	(Worksheet A In 18.C)	_	W/S	1.00000	<u>-</u>
NET PLANT IN SERVICE	220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	- 108 022	W/S	1.00000	108.022
Lino Deliberately Left Blank (In 197 + in 198 - in 210 - in 211) 267 622,594 2			,		W/O	1.00000	
Pius: Transmission Plantin-Service Additions (in 199 - in 212)							
Phis. Additional Transpleart on Transpleared Assets (n 200 - 1213)			,				
Plus: Additional General & Intanghise Depreciation for 2013 (.h. 215) N/A N/A		,	•				
231 Line Deliberately Left Blank 232 General Plant (in 203 - in 204 - in 219 - in 220) 1,313,880 1,3	229	Plus: Additional General & Intangible Depreciation for	2013 (-ln 215)	N/A			N/A
1,313,880		•	s (Worksheet I) (-In 216)	N/A			N/A
TOTAL NET PLANT IN SERVICE Sum of Lines: 225 to 230 & 232, 233) 268,936,474 NP(h)= 1,000000 268,936,474			,	- 1.313.880			- 1.313.880
Account No. 281.1 (enter negative)		_	,		NP(h)=	1.000000	
Account No. 282.1 (enter negative)			` '				
Account No. 190.1				(59,620,358)			- (59,620,358)
Account No. 255 (enter negative)		, , ,	,	·			
242 PLANT HELD FOR FUTURE USE (Worksheet A In 29.C & In 30.C) - DA - 243 REGULATORY ASSETS (Worksheet A In 41. (C)) - DA - 244 WORKING CAPITAL (Note E) - DA - 245 Cash Working Capital (1/8 * In 265) 39,177 TP 1.00000 - 246 Transmission Materials & Supplies (Worksheet C, In 2.(D)) - TP 1.00000 - 247 A&G Materials & Supplies (Worksheet C, In 3.(D)) - W/S 1.00000 - 248 Stores Expense (Worksheet C, In 6.G) - W/S 1.00000 - 249 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 6.G) - W/S 1.00000 - 250 Prepayments (Account 165) - Gross Plant (Worksheet C, In 6.F) 49,590 GP(h) 1.00000 49,590 251 Prepayments (Account 165) - Inaliocable (Worksheet C, In 6.E) - DA 1.00000 - 252	240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)				
244 WORKING CAPITAL (Note E) 39,177 39,177 245 Cash Working Capital (1/8 * ln 265) 39,177 TP 1,00000 - 246 Transmission Materials & Supplies (Worksheet C, ln 2.(D)) - TP 1,00000 - 247 A&G Materials & Supplies (Worksheet C, in 3.(D)) - W/S 1,00000 - 248 Stores Expense (Worksheet C, in 4.(D)) - GP(h) 1,00000 - 249 Prepayments (Account 165) - Labor Allocated (Worksheet C, in 6.G) - W/S 1,00000 - 250 Prepayments (Account 165) - Gross Plant (Worksheet C, in 6.F) 49,590 GP(h) 1,00000 49,590 251 Prepayments (Account 165) - Transmission Only (Worksheet C, in 6.D) - DA 1,00000 - 252 Prepayments (Account 165) - Unallocable (Worksheet C, in 6.D) - NA 0,00000 - 253 TOTAL WORKING CAPITAL (sum Ins 245 to 252) 88,767 DA 1,00000 - 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (W			,		DA		
245 Cash Working Capital (1/8 * ln 265) 39,177 246 Transmission Materials & Supplies (Worksheet C, ln 2.(D)) - TP 1.00000 - 247 A&G Materials & Supplies (Worksheet C, ln 3.(D)) - W/S 1.00000 - 248 Stores Expense (Worksheet C, ln 4.(D)) - GP(h) 1.00000 - 249 Prepayments (Account 165) - Labor Allocated (Worksheet C, ln 6.G) - W/S 1.00000 - 250 Prepayments (Account 165) - Gross Plant (Worksheet C, ln 6.F) 49,590 GP(h) 1.00000 49,590 251 Prepayments (Account 165) - Transmission Only (Worksheet C, ln 6.E) - DA 1.00000 - 252 Prepayments (Account 165) - Unallocable (Worksheet C, ln 6.E) - NA 0.00000 - 253 TOTAL WORKING CAPITAL (sum lns 245 to 252) 88,767 DA 1.00000 - 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, ln 7.B) - DA 1.0	243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
246 Transmission Materials & Supplies (Worksheet C, In 2.(D)) - TP 1.00000 - 247 A&G Materials & Supplies (Worksheet C, In 3.(D)) - W/S 1.00000 - 248 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 249 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 6.G) - W/S 1.00000 - 250 Prepayments (Account 165) - Gross Plant (Worksheet C, In 6.F) 49,590 GP(h) 1.00000 49,590 251 Prepayments (Account 165) - Transmission Only (Worksheet C, In 6.E) - DA 1.00000 - 252 Prepayments (Account 165) - Unallocable (Worksheet C, In 6.D) - NA 0.00000 - 253 TOTAL WORKING CAPITAL (sum Ins 245 to 252) 88,767 DA 1.00000 - 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 7.B) - DA 1.00000 -			,				
248 Stores Expense (Worksheet C, In 4.(D)) - GP(h) 1.00000 - 249 Prepayments (Account 165) - Labor Allocated (Worksheet C, In 6.G) - W/S 1.00000 - 250 Prepayments (Account 165) - Gross Plant (Worksheet C, In 6.F) 49,590 GP(h) 1.00000 49,590 251 Prepayments (Account 165) - Transmission Only (Worksheet C, In 6.E) - DA 1.00000 - 252 Prepayments (Account 165) - Unallocable (Worksheet C, In 6.D) - NA 0.00000 - 253 TOTAL WORKING CAPITAL (sum Ins 245 to 252) 88,767 DA 1.00000 - 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 7.B) - DA 1.00000 -		· · · · · · · · · · · · · · · · · · ·		39,177	TP	1.00000	39,177
249 Prepayments (Account 165) - Labor Allocated Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Transmission Only Prepayments (Account 165) - Transmission Only Prepayments (Account 165) - Unallocable TOTAL WORKING CAPITAL (Worksheet C, In 6.E) (Worksheet C, In 6.D) (Worksheet C, In 6.D) - DA 1.00000 DA - 253 TOTAL WORKING CAPITAL (Worksheet D, In 7.B) 88,767 DA 1.00000 - 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 7.B) - DA 1.00000 -		··					-
250 Prepayments (Account 165) - Gross Plant (Worksheet C, In 6.F) 49,590 GP(h) 1.00000 49,590 251 Prepayments (Account 165) - Transmission Only (Worksheet C, In 6.E) - DA 1.00000 - 252 Prepayments (Account 165) - Unallocable (Worksheet C, In 6.D) - NA 0.00000 - 253 TOTAL WORKING CAPITAL (sum Ins 245 to 252) 88,767 88,767 88,767 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 7.B) - DA 1.00000 -		•		- -	W/S		-
252 Prepayments (Account 165) - Unallocable (Worksheet C, In 6.D) - NA 0.00000 - 253 TOTAL WORKING CAPITAL (sum Ins 245 to 252) 88,767 88,767 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 7.B) - DA 1.00000 -				49,590			49,590
253 TOTAL WORKING CAPITAL (sum Ins 245 to 252) 88,767 254 IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 7.B) - DA 1.00000 -			,	<u> </u>			
	253	·······································	(sum Ins 245 to 252)	88,767			88,767
255 RATE BASE (sum lns 234, 241, 242, 243, 253, 254) 217,098,932	254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
	255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		217,098,932			217,098,932

(3)

(4)

(5)

AEP OHIO TRANSMISSION COMPANY

(2)

(1)

	(')	(2)	(3)	(7)	(0)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	cator	Total Transmission
Line						
No. 256	OPERATION & MAINTENANCE EXPENSE Line Deliberately Left Blank					
257	Line Deliberately Left Blank					
258 259	Customer Related Expense Regional Marketing Expenses	322 & 323.164,171,178.b 322.131.b				
200	Regional Marketing Expenses	022.101.5	D 0 W			
			Per Settlemer FERC Docket			
			ER10-355-000	,		
			Attachment A- Appendix B, p			
260	Transmission	321.112.b	588,537 26, C, 7a.	9.		
261 262	TOTAL O&M EXPENSES Less: Total Account 561	(sum lns 258 to 260) (Note G) (Worksheet F, ln 14.C)	588,537 7,997			
263	Less: Account 565	(Note H) 321.96.b	267,126			
264 265	Less: Regulatory Deferrals & Amortizations Total O&M Allocable to Transmission	(Note I) (Worksheet F, In 4.C) (Ins 260 - 262 - 263 - 264)	313,414	TP	1.00000	313,414
		(=				
			Per Settlemer	nt in		
			FERC Docket			
			ER10-355-000 Attachment A-	,		
000		000 4071 (N. 4. 1)	Appendix B, p	g.		
266 267	Administrative and General Less: Acct. 924, Property Insurance	323.197.b (Note J) 323.185.b	1,670,466 26, C, 7a. 79,591			
268	Acct. 928, Reg. Com. Exp.	323.189.b				
269 270	Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.191.b 323.192.b	17,003			
271	Balance of A & G	(In 266 - sum In 267 to In 270)	1,573,872	W/S	1.00000	1,573,872
272 273	Plus: Acct. 924, Property Insurance Acct. 928 - Transmission Specific	(In 267) Worksheet F In 20.(E) (Note L)	79,591 -	GP(h) TP	1.00000 1.00000	79,591 -
274 275	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	- 17.002	TP DA	1.00000	- 17.002
275 276	Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment	Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M)	17,003 38,757	DA W/S	1.00000 1.00000	17,003 38,757_
277	A & G Subtotal	(sum lns 271 to 276)	1,709,223			1,709,223
278	O & M EXPENSE SUBTOTAL	(ln 265 + ln 277)	2,022,637			2,022,637
279 280	Plus: TEA Settlement in Account 565 Plus: Transmission Lease Payments To Affiliates in Ac	Company Records (Note H)	- 267,126	DA DA	1.00000 1.00000	- 267,126
281	TOTAL O & M EXPENSE	(ln 278 + ln 279 + ln 280)	2,289,763			2,289,763
282	DEPRECIATION AND AMORTIZATION EXPENSE					
283	Line Deliberately Left Blank					
284 285	Line Deliberately Left Blank Transmission	336.7.f	2,041,119	TP1	1.00000	2,041,119
286 287	Plus: Transmission Plant-in-Service Additions (Worksl Plus: Formation Costs Amortization	neet I) (Worksheet A In 35.C)	N/A 26,784	TP1	1.00000	N/A
288	General	336.10.f	-	W/S	1.00000	26,784 -
289 290	Intangible TOTAL DEPRECIATION AND AMORTIZATION	336.1.f (Ln 285+286+288+289)	<u>179,083</u> 2,246,986	W/S	1.00000	179,083 2,246,986
		,	2,240,900			2,240,300
291 292	TAXES OTHER THAN INCOME Labor Related	(Note N)				
293	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
294 295	Plant Related Property	Worksheet H In 23.(C) & In 58.(C)	5,041,011	DA		5,041,011
296 297	Gross Receipts/Sales & Use Other	Worksheet H In 23.(F) Worksheet H In 23.(E)	-	NA GP(h)	0.00000 1.00000	-
298	TOTAL OTHER TAXES	(sum lns 293 to 297)	5,041,011	GI (II)	1.00000	5,041,011
299	INCOME TAXES	(Note O)				
300	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		35.00%			
301 302	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) = where WCLTD=(In 350) and WACC = (In 353)		36.29%			
303	and FIT, SIT & p are as given in Note O.		4.5005			
304 305	GRCF=1 / (1 - T) = (from In 300) Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	1.5385			
306	Income Tax Calculation	(ln 301 * ln 309)	6,650,853			6,650,853
307	ITC adjustment	(ln 304 * ln 305)		NP(h)	1.00000	
308	TOTAL INCOME TAXES	(sum lns 306 to 307)	6,650,853			6,650,853
309	RETURN ON RATE BASE (Rate Base*WACC)	(In 255 * In 353)	18,325,920			18,325,920
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	te F) (Worksheet D, In 2.(B))	-	DA	1.00000	-
311	(Gains) / Losses on Sales of Plant Held for Future Use (V	Vorksheet N, In 4, Cols. ((F) & (H))	-			-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held f	or Future Use (In 311 * In301)	-			-
313	TOTAL REVENUE REQUIREMENT		34,554,533			34,554,533
	(sum lns 281, 290, 298, 308, 309, 310, 311, 312)					

AEP OHIO TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln									
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF	(t. 10=)							
314	Total transmission plant	(ln 197)							269,870,524
315	Less transmission plant excluded from PJM Tariff (Note	•							•
316	Less transmission plant included in OATT Ancillary Serv							_	-
317	Transmission plant included in PJM Tariff	(ln 314 - ln 315 - ln 316)							269,870,524
318	Percent of transmission plant in PJM Tariff	(ln 317 / ln 314)						TP=	1.00000
					Daymall Dillad fram				
240	MACEC & CALADY ALLOCATOD (M/C)	(Note D)	Direct Devirell		Payroll Billed from	Total			
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	f	AEP Service Corp.	Total			
320	Line Deliberately Left Blank	254 24 b		0	440 407	440 407	TD	1 00000	440 407
321	Transmission	354.21.b		0	143,137	143,137	TP	1.00000	143,137
322	Regional Market Expenses	354.22.b		0		-	NA	0.00000	-
323	Line Deliberately Left Blank	054.04.05.00.1		•				0.0000	
324	Other (Excludes A&G)	354.24,25,26.b		0	0	-	NA	0.00000	-
325	Total	(sum lns 321, 322, & 324)		0	143,137	143,137			143,137
326	Transmission related amount							W/S=	1.00000
	Actual (Uncapped) Capital Structure								
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
328	Long Term Interest	(Worksheet L, In. 35, col. (D))						See W/S L	7,788,099
329	Preferred Dividends	(Worksheet L, In. 45, col. (D))							-
330	Development of Common Stock:	(**************************************							
331	Proprietary Capital	(FF1 p 112, Ln 16.c)							199,235,808
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)							-
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)							_
334	Less: Account 219	(FF1 p 112, Ln 15.c)							_
335	Common Stock	(In 331 - In 332 - In 333 - In 334)						-	199,235,808
333	Common Stock	(11 331 - 11 332 - 11 333 - 11 334)			Capital Structure	Dorcontages			199,233,000
					¢	%		Cost	Weighted
226	Long Torm Dobt Workshoot L. In 25, col. (P.)		See W/S L	_	200 000 000	50.10%		0.0389	0.0195
336	Long Term Debt Worksheet L, In 35, col. (B))		See W/S L		200,000,000			0.0369	
337	Preferred Stock (In 332)				400 005 000	0.00%		-	0.0000
338	Common Stock (In 335)			_	199,235,808	49.90%		11.49%	0.0573
339	Total (Sum Ins 336 to 338)				399,235,808	1		WACC=	0.0768
	AEP OPERATING COMPANIES' COMPOSITE (Note S								
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							_	\$
341	Long Term Interest	(Worksheet Q, In. 14)							547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)							-
343	Development of Common Stock:								
344	Proprietary Capital	(Worksheet Q, In. 37)							9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)							-
346	Less: Account 216.1	(Worksheet Q, In. 39)							3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)							(225,388,128)
348	Common Stock	(In 344 - In 345 - In 346 - In 347)						_	10,166,848,271
349					%	\$		Cost	Weighted
350	Long Term Debt (Worksheet Q, In 50)				50.48%	10,052,380,272		5.45%	0.0275
351	Preferred Stock (Worksheet Q, In 51)				0.00%	-		0.00%	0.0000
352	Common Stock (Worksheet Q, In 52)				49.52%	9,859,606,022		11.49%	0.0569
353	Total (Worksheet Q, In 45)				-	19,911,986,294		WACC=	0.0844
	,					-,,, -			

AEP OHIO TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u> General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 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. See Worksheet E for details. В 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. Transmission Plant balances in this study are historic as of December 31, 2012. С The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 262. 2) AEP transmission equalization transfers, as shown on line 263 3) The impact of state regulatory deferrals and amortizations, as shown on line 264 4) All A&G Expenses, as shown on line 277. Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310. 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 192 & 193 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. Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 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 lines 279 and 280 is the AEP OHIO TRANSMISSION COMPANY general ledger. Removes the impact of state regulatory deferrals or their amortization from O&M expense. 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. The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E. See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing. 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. The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. 35.00% Inputs Required: FIT = SIT= 0.00% (State Income Tax Rate or Composite SIT. Worksheet G)) 0.00% (percent of federal income tax deductible for state purposes) p =Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT. 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. Q Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company. S As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

AEP OHIO TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP OHIO TRANSMISSION COMPANY

Line No.						ansmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	۸۱۱۵	ocator	\$25,015,031
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$ 25,015,031
	The Carrying Charge Calculations on lines 6 to 11 below ission Enhancement Charges. The total non-incentive re	<u> </u>				
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o	incentives) (Worksheet K)	1,577,995	DA	1.00000	\$ 1,577,995
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges of	,				
6	Annual Rate	((ln 1 - ln 102 - ln 103)/ ln 48 x 100)				14.53%
/	Monthly Rate	(ln 6 / 12)				1.21%
8	NET PLANT CARRYING CHARGE ON LINE 6, w/o depred	iation or ROE incentives (Note B)				
9	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108) / ln 48 x 100))			13.33%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return,	income taxes or ROF incentives (Note B)				
11	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108 - ln 131 - ln 1	32) / In 48 x 100)			4.27%
			,			
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ in	centive ROE's (Note B) (Worksheet K)				-
13		REVENUE REQUIREMENT FOR SC	HEDULE 1A CHARGES			
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below				7,997
15	Less: Load Dispatch - Scheduling, System Control and Dis					7,997
16	Less: Load Dispatch - Reliability, Planning & Standards De					-
17	Total 561 Internally Davidaned Costs	(Line 14 Line 15 Line 16)				
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				 -

AEP OHIO TRANSMISSION COMPANY

	(1)	(2)	(3)	((4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total	Allo	cator	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE C			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.E & Ln 140)	171,543,328	DA		171,543,328
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	N/A	TP	1.00000	N/A
22 23	Plus: Transmission Plant-in-Service Additions (Worksheet Plus: Additional Trans Plant on Transferred Assets (Works	•	N/A N/A	NA NA	0.00000 0.00000	N/A N/A
24	Line Deliberately Left Blank	noct ly	IV/A	IVA	0.00000	IVA
25	Line Deliberately Left Blank					
26	General Plant	(Worksheet A In 7.E)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	1.00000	4 005 244
28 29	Intangible Plant TOTAL GROSS PLANT	(Worksheet A In 9.E) (Sum of Lines: 20 to 23 & 26 to 28)	1,085,341 172,628,669	W/S GP(h)=	1.00000 1.0000	1,085,341 172,628,669
29	TOTAL GROSS I LAIVI	(Sum of Lines. 20 to 23 & 20 to 20)	172,020,009	GTD=	0.00000	172,020,009
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank	()Markaka at A ka 44 E 9 00 E)	4 040 004	TD4	4.00000	4 040 004
33 34	Transmission	(Worksheet A In 14.E & 28.E) (Worksheet A In 15.E)	1,218,961	TP1= TP1=	1.00000 1.00000	1,218,961
3 4 35	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Worksheet I	,	N/A	DA	1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (\	•	N/A	DA	1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 10		N/A	TP1	1.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 2013	(In 107 + In 108)	N/A	W/S	1.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Wo	rksheet I)	N/A	DA	1.00000	N/A
40	Line Deliberately Left Blank					
41 42	Line Deliberately Left Blank General Plant	(Worksheet A In 18.E)	<u>-</u>	W/S	1.00000	_
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.E)	109,381	W/S	1.00000	109,381
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	1,328,342			1,328,342
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	170,324,367			170,324,367
49 50	Plus: Additional Trans Plant on Transferred Assets (In 22	•	N/A N/A			N/A N/A
50 51	Plus: Additional Trans Plant on Transferred Assets (In 23 - Plus: Additional Transmission Depreciation for 2013 (-In 3)	•	N/A			N/A N/A
52	Plus: Additional General & Intangible Depreciation for 2013	•	N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Wo		N/A			N/A
54	Line Deliberately Left Blank					
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	- 075 004			- 075 004
56 57	Intangible Plant TOTAL NET PLANT IN SERVICE	(In 28 - In 44) (Sum of Lines: 48 to 53 & 55, 56)	975,961 171,300,327	NP(h)=	1.00000	975,961 171,300,327
37	TOTAL NET FLANT IN SERVICE	(Sum of Lines. 40 to 33 & 33, 30)	171,300,327	NF(II)=	1.00000	171,300,327
50		(Note D)				
58 59	DEFERRED TAX ADJUSTMENTS TO RATE BASE Account No. 281.1 (enter negative)	(Note D) (Worksheet B, In 2 & In 5.E)	_	NA		_
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(40,795,680)	DA		(40,795,680)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(434,692)	DA		(434,692)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	4,530,144	DA		4,530,144
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	(20.700.220)	DA		(20.700.220)
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(36,700,229)			(36,700,229)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	39,177			39,177
69 70	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP W/S	1.00000	-
70 71	A&G Materials & Supplies Stores Expense	(Worksheet C, In 3.F) (Worksheet C, In 4.(D))	- -	W/S GP(h)	1.00000 1.00000	-
7 1 72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 4.(D)) (Worksheet C, In 8.G)	-	W/S	1.00000	- -
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	40,944	GP(h)	1.00000	40,944
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
75 76	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)		NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	80,120			80,120
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		134,680,219			134,680,219
10	17.11 E DAGE (30111 1113 37, 04, 03, 00, 70, 77)		104,000,213			104,000,218

AEP OHIO TRANSMISSION COMPANY

(1) (2) (3) (4)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allo	ocator_	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank					
81	Customer Related Expense	322.164,171,178.b	-			
82	Regional Marketing Expenses	322.131.b	-			
83	Transmission	321.112.b	588,537			
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	588,537			
85 86	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	7,997			
86 87	Less: Account 565	(Note H) 321.96.b	267,126			
88	Less: Regulatory Deferrals & Amortizations Total O&M Allocable to Transmission	(Note I) (Worksheet F, In 4.C)	212 414	TP	1.00000	212 /1/
00	Total Oalvi Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	313,414	IP	1.00000	313,414
89	Administrative and General	323.197.b (Note J)	1,670,466			
90	Less: Acct. 924, Property Insurance	323.185.b	79,591			
91	Acct. 928, Reg. Com. Exp.	323.189.b	73,331			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	_			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	17,003			
94	Balance of A & G	(ln 89 - sum ln 90 to ln 93)	1,573,872	W/S	1.00000	1,573,872
95	Plus: Acct. 924, Property Insurance	(In 90)	79,591	GP(h)	1.00000	79,591
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	70,001	TP	1.00000	70,001
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	_	TP	1.00000	_
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	17,003	DA	1.00000	17,003
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	38,757	W/S	1.00000	38,757
100	A & G Subtotal	(sum Ins 94 to 99)	1,709,223	VV/O	1.00000	1,709,223
100	A & O Subiolai	(30111 1113 94 10 99)	1,709,223			1,709,223
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	2,022,637		•	2,022,637
101	Plus: TEA Settlement in Account 565	Company Records (Note H)	2,022,037	DA	1.00000	2,022,037
102	Plus: Transmission Lease Payments To Affiliates in Acct 50	,	267,126	DA	1.00000	267,126
103	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	2,289,763	DA	1.00000	2,289,763
104	TOTAL O & IVI EXPLINAL	(111 101 + 111 102 + 111 103)	2,209,703			2,209,703
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
108	Transmission	336.7.f	2,041,119	TP1	1.00000	2,041,119
109	Plus: Transmission Plant-in-Service Additions (Worksheet		N/A			N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,784	TP1	1.00000	26,784
111	General	336.10.f	20,104	W/S	1.00000	20,704
112	Intangible	336.1.f	179,083	W/S	1.00000	179,083
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	2,246,986	VV/O	1.00000	2,246,986
110	TOTAL BET RESIATION AND AMORTIZATION	(211100110311111112)	2,240,000			2,240,000
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	(11010-11)				
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	_
117	Plant Related	(
118	Property	Worksheet H In 23.(C) & In 58.(C)	5,041,011	DA		5,041,011
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	· · · · -	NA	0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h)	1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	5,041,011	. ,	•	5,041,011
		,				
122	INCOME TAXES	(Note O)				
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		35.00%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		36.23%			
125	where WCLTD=(In 174) and WACC = (In 177)					
126	and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from ln 123)		1.5385			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
129	Income Tax Calculation	(ln 124 * ln 132)	4,105,203			4,105,203
130	ITC adjustment	(ln 127 * ln 128)	<u>-</u>	NP(h)	1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	4,105,203			4,105,203
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	11,332,068			11,332,068
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F)	(Worksheet D, In 2.(B))	-	DA	1.00000	-
	(0 :) (1					
134	(Gains) / Losses on Sales of Plant Held for Future Use (Work	sneet N, In 4, Cols. ((F) & (H))	-			-
405	Tay Impact on Not I ago //Osia) or Oslas of Discussion 5	turo I loo (lo 404 * l-404)				
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Fu	iture USe (IN 134 " IN124)	-			-
126	TOTAL DEVENUE DECLUDEMENT		25.015.024			25 045 024
136	TOTAL REVENUE REQUIREMENT		25,015,031		=	25,015,031
	(sum Ins 104, 113, 121, 131, 132, 133)					

AEP OHIO TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
137	Total transmission plant	(In 20)							171,543,328
138	Less transmission plant excluded from PJM Tariff (Note P)	(111 20)							-
139	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)	,, ,						171,543,328
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)						TF	1.00000
				•	Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Se	ervice Corp.	Total			
143	Line Deliberately Left Blank	254 24 h	0		142 127	142 127	TD	1 00000	140 107
144 145	Transmission Regional Market Expenses	354.21.b 354.22.b	0		143,137 0	143,137	TP NA	1.00000 0.0000	143,137
143	Line Deliberately Left Blank	334.22.0	O		U	-	INA	0.00000	<u>-</u>
147	Other (Excludes A&G)	354.24,25,26.b	0		0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0		143,137	143,137	147 (0.00000	143,137
		(0.000)						\M/C	
149	Transmission related amount							W/S=	1.00000
	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)								
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
151	Long Term Interest	(Worksheet M, In. 20, col. (I	,,						1,590,621
152	Preferred Dividends	(Worksheet M, In. 49, col. (I	Ξ))						-
153	Development of Average Common Stock Balance:								
154	Proprietary Capital	(Worksheet M, In. 1, col. (E)	,						147,688,343
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E)							-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E)))						-
157	Local Account 210	/\/\orkoboot\/\ln 1 ool /E							
157 159	Less: Account 219	(Worksheet M, In. 4, col. (E)))					_	147 600 242
157 158	Less: Account 219 Average Common Stock	(Worksheet M, In. 4, col. (E) (In 154 - In 155 - In 156 - In))						147,688,343
))	Cap	oital Structure	Percentages			147,688,343
	Average Common Stock	(In 154 - In 155 - In 156 - In))		oital Structure			Cost	
158	Average Common Stock Capped Actual Average Capital Structure	(In 154 - In 155 - In 156 - In Average \$))			Cap Limit		Cost 0.0159	Weighted
	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E))	(In 154 - In 155 - In 156 - In))		ctual			Cost 0.0159	
158 159	Average Common Stock Capped Actual Average Capital Structure	(In 154 - In 155 - In 156 - In Average \$))		40.37%	Cap Limit 50.00%			Weighted 0.0080
158 159 160	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	(In 154 - In 155 - In 156 - In Average \$ 100,000,000))		40.37% 0.00%	Cap Limit 50.00% 0.00%	_	0.0159 -	Weighted 0.0080 0.0000
158 159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$ 100,000,000 - 147,688,343))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
158 159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	Average \$ 100,000,000 - 147,688,343 247,688,343))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
158 159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T)	Average \$ 100,000,000 - 147,688,343 247,688,343))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%	_	0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575
159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	Average \$ 100,000,000 - 147,688,343 247,688,343))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%	_	0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Average \$ 100,000,000 147,688,343 247,688,343 50.0%))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%	_	0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	Average \$ 100,000,000 - 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132)))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%	_	0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654
158 159 160 161 162 163 164 165 166	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	Average \$ 100,000,000 - 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132)))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock:	Average \$ 100,000,000 - 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134)))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average
158 159 160 161 162 163 164 165 166 167 168	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital	Average \$ 100,000,000 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135)))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%	_	0.0159 - 11.49%	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average
158 159 160 161 162 163 164 165 166 167 168 169	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	Average \$ 100,000,000 - 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136)))		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	\$ 547,956,963 - Average 9,799,477,986
158 159 160 161 162 163 164 165 166 167 168 169 170	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	Average \$ 100,000,000 - 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137))) 157)		40.37% 0.00% 59.63%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps	Average \$ 100,000,000 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138))) 157)		40.37% 0.00% 59.63% 100.00%	Cap Limit 50.00% 0.00% 50.00% 100.00%		0.0159 - 11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ 100,000,000 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138))) 157)		40.37% 0.00% 59.63% 100.00%	Cap Limit 50.00% 0.00% 50.00%		0.0159 - 11.49% WACC=	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	Average \$ 100,000,000 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138))) 157)		40.37% 0.00% 59.63% 100.00% % 50.73% 0.00%	\$ 10,096,878,353		0.0159 - 11.49% WACC=	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275 0.0000
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ 100,000,000 147,688,343 247,688,343 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138))) 157)		40.37% 0.00% 59.63% 100.00%	Cap Limit 50.00% 0.00% 50.00% 100.00%		0.0159 - 11.49% WACC=	Weighted 0.0080 0.0000 0.0575 0.0654 \$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275

AEP OHIO TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - 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.
- Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
 - Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:

 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

 The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP OHIO TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Τ

Inputs Required: FIT = 35.00%

SIT= 0.00% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)

- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet A Supporting Plant Balances AEP OHIO TRANSMISSION COMPANY

(B) (A) (C) (D) (E) <u>Line</u> Balance @ December Balance @ December Average Balance Source of Data <u>Number</u> Rate Base Item & Supporting Balance <u>31, 2012</u> <u>31, 2011</u> for 2012

NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.

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

Plant Invest	ment Balances				
1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	269,870,524	73,216,131	171,543,328
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99		-	_
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	_	-	_
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	1,512,802	657,880	1,085,341
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	271,383,326	73,874,011	172,628,669
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
	ed Depreciation & Amortization Balances	(Cum of Lines. 4, 0)			
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	2,247,930	189,992	1,218,961
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1			1,210,901
16	Line Deliberately Left Blank	Company Records - Note 1	-	-	-
	-				
17	Line Deliberately Left Blank	FF4 040 ls 00 Cal (b)			
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	198,922	19,839	109,381
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	2,446,852	209,831	1,328,342
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
	Step-Up Units				
23	GSU Investment Amount	Company Records - Note 1			-
24	GSU Accumulated Depreciation	Company Records - Note 1			-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<u> ransmissic</u>	on Accumulated Depreciation Net of GSU Accumulated	<u>Depreciation</u>			
26	Transmission Accumulated Depreciation	(Line 14 Above)	2,247,930	189,992	1,218,961
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	2,247,930	189,992	1,218,961
Plant Held F	For Future Use				
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records - Note 1			-
Regulatory A	Assets and Liabilities Approved for Recovery In Rateba	ase ded in ratebase pursuant to a 205 filing with the FERC.			
31 32	Beginning Balance of Regulatory Asset (Note 2) Amortization in Months	and in ratiosaccipal casant to a 200 ming min mo i 21101	66,959 30	93,742 42	80,351 36
33	Monthly Amortization		2,232	2,232	2,232
34 35	Months in 2012 to be amortized Amortization Expense in 2012		12 26,784	12 26,783	12 26,784
36	Months in 2013 to be amortized		12	12	12
	Amortization Expense in 2013		26,784	26,783	26,784
37	·		AO 175	66 050	E2 EE7
	Ending Balance of Regulatory Asset Average Balance of Regulatory Asset Unamortized Balance of Regulatory Asset at YE 2012		40,175 53,567	66,959 80,350	53,567 66,959

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet B Supporting ADIT and ITC Balances AEP OHIO TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> <u>Number</u>	<u>Description</u>	<u>Source</u>	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
1	Account 281				
2 3 4 5	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 272 - 273, ln 8, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 2 - ln 3 - ln 4	-	-	- - -
6	Account 282	2012 1110 1114			
7 8 9	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 274 - 275, In 5, Col. (k) Company Records - Note 1 Company Records - Note 1	59,620,358 - -	21,971,002	40,795,680 -
10 11	Transmission Related Deferrals Account 283	Ln 7 - ln 8 - ln 9	59,620,358	21,971,002	40,795,680
12 13 14 15	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 276 - 277, ln 9, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 12 - ln 13 - ln 14	845,948 0 - 845,948	23,436 0 - 23,436	434,692 - - - 434,692
16	Account 190				
17 18 19	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 234, ln 8, Col. (c) Company Records - Note 1 Company Records - Note 1	8,539,997 0 -	520,290 0 -	4,530,144 -
20	Transmission Related Deferrals <u>Account 255</u>	Ln 17 - ln 18 - ln 19	8,539,997	520,290	4,530,144
22 23 24	Year End ITC Balances Less: Balances Not Qualified for Ratebase ITC Balances Includeable in Ratebase	FF1, p. 266-267, ln 8, Col. (h) Company Records - Note 1 Ln 22 - ln 23	0 0	0 0	<u>-</u> <u>-</u> <u>-</u>
25	Transmission Related Deferrals	Company Records - Note 1	0	0	-

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

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet C Supporting Working Capital Rate Base Adjustments AEP OHIO TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I) **Materials & Supplies** <u>Line</u> <u>31, 2012</u> 31, 2011 <u>Number</u> <u>Source</u> <u> 2012</u> 1 Transmission Materials & Supplies FF1, p. 227, ln 8, Col. (c) & (b) 2 3 General Materials & Supplies FF1, p. 227, ln 11, Col. (c) & (b) Stores Expense (Undistributed) FF1, p. 227, ln 16, Col. (c) & (b) **Prepayment Balance Summary Transmission Total Included** 100% **Transmission** Average of Excludable **Transmission Plant** Labor in Ratebase YE Balance **Balances** Related **Related** (E)+(F)+(G) 5 Related Totals as of December 31, 2012 49,590 49,590 49,590 Totals as of December 31, 2011 32,297 32,297 32,297 Average Balance 40,944 40,944 40,944 Prepayments Account 165 - Balance @ 12/31/2012 **Total Included** 100% **Transmission Transmission** 2012 Excludable **Transmission Plant** Labor in Ratebase Acc. No. **Description** YE Balance **Balances** Related **Related Related** (E)+(F)+(G)**Explanation** Prepaid Inssurance EIS 42,798 10 42,798 42,798 Plant Related Insurance Policies 1650021 1650001 Prepaid Insurance 6,792 6,792 6,792 Plant Related Insurance Policies 165000207 Prepaid Taxes 13 1650003 **Prepaid Rents Prepaid Interest** 14 1650004 1650005 Prepaid Employee Benefits 15 1650006 16 Other Prepayments Prepaid Carry Cost-Factored AR 1650009 17 1650010 **Prepaid Pension Benefits** FAS 158 Qual Contra Asset 1650014 20 1650016 FAS 112 ASSETS 49,590 **Subtotal - Form 1, p 111.57.c** 49,590 49,590 Prepayments Account 165 - Balance @ 12/31/2011 100% **Transmission Transmission Total Included** 2011 Excludable **Transmission Plant** Labor in Ratebase YE Balance (E)+(F)+(G)21 Acc. No. **Description Balances Related Related Related Explanation** 22 Prepaid Inssurance EIS 32,297 32,297 32,297 Plant Related Insurance Policies 1650021 23 1650001 **Prepaid Insurance** 24 165000206 Prepaid Taxes 0 25 165000207 Prepaid Taxes 0 27 1650003 Prepaid Rents 1650004 Prepaid Interest

32,297

0

32,297

32,297

29

30

31

32

33

1650006

1650009

1650010

1650014

1650016

Other Prepayments

FAS 112 ASSETS

Prepaid Pension Benefits

FAS 158 Qual Contra Asset

Prepaid Carry Cost-Factored AR

Subtotal - Form 1, p 111.57.c

Formula Rate WS D IPP Credits Page 19 of 47

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet D Supporting IPP Credits AEP OHIO TRANSMISSION COMPANY

<u>Line</u> <u>Number</u>	(A) <u>Description</u>	(B) <u>2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	
3	Revenue Credits to Generators (Company Records - Note 1)	-
4 5 6	Other Adjustments Accounting Adjustment (Company Records - Note 1)	
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	-

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet E Supporting Revenue Credits AEP OHIO TRANSMISSION COMPANY

<u>Line</u> Number	<u>Description</u>	<u>Total</u> <u>Company</u>	Non- Transmission	Transmission
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	
4	Account 4560015, Associated Business Development - (Company Records - Note 1)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	18,091,673	18,091,673	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	18,091,673	18,091,673	
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts -		-	
8	(Company Records - Note 1) Total Other Operating Revenues To Reduce Revenue Requirement	18,091,673	18,091,673	<u>-</u>

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP OHIO TRANSMISSION COMPANY's general ledger. The functional amounts identified as transmission revenue also come from the general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet F Supporting Allocation of Specific O&M or A&G Expenses AEP OHIO TRANSMISSION COMPANY

(F)

Explanation

	(A)	(B)	(C)	(D)	(E)
<u>Line</u>	Itom No	Description	<u>2012</u>	100%	100% Transmission
<u>Number</u>	<u>Item No.</u>	<u>Description</u>	<u>Expense</u>	Non-Transmission	<u>Specific</u>
		Regulatory O&M Deferrals & Amortizations			
1 2	5700005	Maint Station-Reliability-Df	-		
3					
4		Total	0		
		Detail of Account 561 Per FERC Form 1			
5	FF1 p 321.84.b	561 - Load Dispatching	0		
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	0		
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	7.007		
9 10	FF1 p 321.88.b FF1 p 321.89.b	561.4 - Scheduling, System Control & Dispatch 561.5 - Reliability, Planning and Standards Development	7,997		
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0		
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0		
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0		
14	·	Total of Account 561	7,997		
		Account 928			
15	9280000	Regulatory Commission Exp	-	_	_
16	9280001	Regulatory Commission Exp-Adm	_	_	_
17	9280002	Regulatory Commission Exp-Case	-	-	-
18	9280002	Regulatory Commission Exp-Case	-	-	-
19	9280002	Regulatory Commission Exp-Case	-	-	-
00		TT 4.3			
20		Total		<u> </u>	<u>-</u>
0.4	0004000	Account 930.1			
21 22	9301000 9301001	General Advertising Expenses Newspaper Advertising Space	-	-	-
23	9301001	Radio Station Advertising Time			
24	9301003	TV Station Advertising Time	_	_	_
25	9301004	Newspaper Advertising Prod Exp	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-
27	9301006	Spec Corporate Comm Info Proj	-	-	-
28	9301007	Special Adv Space & Prod Exp	<u>-</u>	-	-
29 30	9301008 9301009	Direct Mail and Handouts Fairs, Shows, and Exhibits	•	_	-
31	9301009	Publicity			-
32	9301011	Dedications, Tours, & Openings	-	-	-
33	9301012	Public Opinion Surveys	-	-	-
34	9301013	Movies Slide Films & Speeches	-	-	-
35	9301014	Video Communications	-	-	-
36	9301015	Other Corporate Comm Exp	-	-	-
37		Total	-	-	-
		Account 930.2			
38	9302000	Misc General Expenses	17,003		17,003
39	9302003	Corporate & Fiscal Expenses	0		
40	9302004	Research, Develop&Demonstr Exp	0		
41	9302007	Assoc Business Development Exp	0		
42		Total	17,003	-	17,003
			· ·		

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet G Supporting - Development of Composite State Income Tax Rate AEP OHIO TRANSMISSION COMPANY

1	Ohio State Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	1.36% 0.00%	0.00%
2	Kentucky Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate		0.00%
3	Michigan Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate		0.00%
4	West Virginia Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate		0.00%
5	Illinois Corp Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		0.00%

- The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.
- Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 1 Supporting Taxes Other than Income AEP OHIO TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line		Total				
No.	Account	Company	Property	Labor	Other	Non-Allocable
		NOTE 1				
4	Devenue Toyon					
2	Revenue Taxes Gross Receipts Tax	-				-
3	Real Estate and Personal Property Taxes	E 044 044	E 044 044			
4 5	Real and Personal Property - Ohio Real and Personal Property	5,041,011	5,041,011			
6	Real and Personal Property	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	_		_		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	Line Deliberately Left Blank					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16 17	State Public Service Commission Fees State Franchise Taxes	-			-	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			_	
20	Sales & Use	-				-
21	Federal Excise Tax	-				-
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis	5,041,011	5,041,011			
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	5,5 11,5 11				
	NOTE 1: The detail of each total company number and its source	in the FERC Form	1 is shown on WS I	H-1.		
	Fu	inctional Property	Tax Allocation	1: 04.50		
		Lines 24-58		Lines 24-58		
		Column (B) Deliberately		Column (D) Deliberately Left		
		Left Blank	Transmission	Blank	General	Total
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	267,622,594	-	-	267,622,594
	OHIO JURISDICTION		, ,			•
25	Percentage of Plant in OHIO JURISDICTION		100.00%			
26	Net Plant in OHIO JURISDICTION (Ln 24 * Ln 25)	-	267,622,594	-	-	267,622,594
27	Less: Net Value of Exempted Generation Plant					
28	Taxable Property Basis (Ln 26 - Ln 27)	-	267,622,594	-	-	267,622,594
29 30	Relative Valuation Factor Weighted Net Plant (Ln 28 * Ln 29)		267,622,594			I
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33	Weighted OHIO JURISDICTION Plant (Ln 30 + 32)	-	267,622,594	-	-	267,622,594
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
35	Functionalized Expense in OHIO JURISDICTION		5,041,011			5,041,011
36	JURISDICTION Percentage of Plant inJURISDICTION		0.00%			
37	Net Plant in JURISDICTION (Ln 24 * Ln 36)	_	0.0076	_	_	_
38	Less: Net Value of Exempted Generation Plant					
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor		0%			0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
44 45	Weighted JURISDICTION Plant (Ln 41 + 43) Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%	-	-
46	Functionalized Expense in JURISDICTION	- 0.00 /6	- 0.00 /6	- 0.00 /6		
	JURISDICTION					
47	Net Plant in JURISDICTION (Ln 24 - Ln 26 - Ln 3	-				-
48	Less: Net Value Exempted Generation Plant					
49	Taxable Property Basis	-	-	-	-	-
50	Relative Valuation Factor		0%			
51 52	Weighted Net Plant (Ln 49 * Ln 50) General Plant Allocator (Ln 51 / (Total - General Plant)	- 0.00%	0.009/	0.009/	- -100.00%	
52 53	General Plant Allocator (Ln 51 / (Total - General Plant) Functionalized General Plant (Ln 53 * General Plant)	0.00%	0.00%	0.00%	-100.00%	
53 54	Weighted JURISDICTION Plant (Ln 51 + 53)	-	-	-	-	_
55	Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%		
56	Functionalized Expense in JURISDICTION	-	-	-		-
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)		5,041,011			5,041,011

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H AEP OHIO TRANSMISSION COMPANY

(A) (B) (C) (D) Line FERC FORM 1 **Total** FERC FORM 1 Reference **Annual Tax Expenses by Type (Note 1)** Tie-Back No. Company Revenue Taxes **Gross Receipts Tax** P.263.1 In 7 (i) P.263.2 In 3 (i) P.263.2 In 4 (i) Real Estate and Personal Property Taxes Real and Personal Property - Ohio 5,041,011 1,641 P.263 In 17 (i) 39,370 P.263 In 18 (i) P.263 In 19 (i) 5,000,000 P.263 In 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i) Real and Personal Property - Virginia P.263.2 In 21 (i) P.263.2 In 22 (i) P.263.2 In 24 (i) P.263.2 In 25 (i) P.263.2 In 26 (i) P.263.2 In 27 (i) Real and Personal Property - Tennessee P.263.3 In 3 (i) P.263.3 In 4 (i) Real and Personal Property - Other Jurisdictions P.263.4 In 12 (i) Payroll Taxes Federal Insurance Contribution (FICA) P.263 In 6 (i) Federal Unemployment Tax P.263 In 9 (i) State Unemployment Insurance P.263.1 In 23 (i) P.263.2 ln 33 (i) P.263.3 In 16 (i) Line Left Deliberately Blank State Severance Taxes Miscellaneous Taxes State Business & Occupation Tax P.263 In 21 (i) P.263 In 22 (i) State Public Service Commission Fees P.263 In 26 (i) P.263 In 27 (i) P.263.3 In 20 (i) 17 State Franchise Taxes P.263.1 In 18 (i) P.263.1 In 19 (i) P.263.1 In 34 (i) P.263.2 In 10 (i) P.263.2 ln 11 (i) P.263.2 In 38 (i) P.263.2 In 39 (i) P.263.3 In 27 (i) P.263.3 In 28 (i) P.263.4 In 20 (i) P.263.4 In 27 (i) State Lic/Registration Fee P.263.1 In 15 (i) P.263.2 In 13 (i) P.263.3 In 8 (i) P.263.4 In 21 (i) Misc. State and Local Tax P.263.1 In 12 (i) Sales & Use 20 P.263 In 30 (i) P.263 In 31(i) P.263.2 In 16 (i) P.263.2 In 17 (i) P.263.3 In 21 (i) Federal Excise Tax P.263 In 13 (i) P.263 In 14 (i) Michigan Single Business Tax 5,041,011 5,041,011 Total Taxes by Allocable Basis

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission 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 transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14 of the Ferc Form 1.

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet I Supporting Transmission Plant in Service Additions

AEP OHIO TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	73,216,131
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	269,870,524
3		343,086,655
4	Average Balance of Transmission Investment	171,543,328
5	Annual Depreciation Expense, Historic TCOS, In 285	2,041,119
6	Composite Depreciation Rate	1.19%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.19%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

9 January \$ 8,276,399 1.19% \$ 98,477 \$ 8,206 11 \$	
40 February	90,266
10 February \$ 6,998,472 1.19% \$ 83,272 \$ 6,939 10 \$	69,390
11 March \$ 1,776,496 1.19% \$ 21,138 \$ 1,761 9 \$	15,849
12 April \$ 3,314,241 1.19% \$ 39,435 \$ 3,286 8 \$	26,288
13 May \$ 24,129,410 1.19% \$ 287,105 \$ 23,925 7 \$	167,475
14 June \$ 37,683,327 1.19% \$ 448,377 \$ 37,365 6 \$	224,190
15 July \$ 1,215,372 1.19% \$ 14,461 \$ 1,205 5 \$	6,025
16 August \$ 9,629,257 1.19% \$ 114,574 \$ 9,548 4 \$	38,192
17 September \$ 5,954,254 1.19% \$ 70,847 \$ 5,904 3 \$	17,712
18 October \$ 11,568,888 1.19% \$ 137,653 \$ 11,471 2 \$	22,942
19 November \$ 24,188,391 1.19% \$ 287,807 \$ 23,984 1 \$	23,984
20 December \$ 66,909,085 1.19% \$ 796,122 \$ 66,343 0 \$	-
21 Investment \$ 201,643,590 Depreciation Expense \$	702,313

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital
		expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ _	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2013

	Estimated Cost	
OF Maior Zonal Business	<u>(000's)</u>	Month in Service
25 Major Zonal Projects	*	
26 GAVIN 765KV: REPLACE 765KV REACTORS PH1-PH3	\$10,334	May-13
27 S BLOOMINGVILLE SW-ROSS 138kV 20.9MI OHTRANSCO	\$8,174	May-13
28 Blair - Cole 69kV Line Constr. 4.2 MILES 1033 ACSR	\$11,639	June-13
29 HANGING ROCK 765KV: REPLACE 3 765KV SHUNT REACTORS ON JEFFERSO	\$14,453	June-13
30 THORNVILLE - NEW LEXINGTON 69KV: REBUILD 5.9 MI. BALTIMORE - EAST LA	\$6,700	June-13
31 Desert Road-Jewett 69kV Line: Rebuild 69kV line asset	\$7,117	August-13
32 LIVINGSTON TERMINAL - LIVINGSTON 69 kV UNDERGROUND 1.33 MILES	\$6,318	October-13
33 Carrollton - Carroll Co-op 69kV Line, Petersburg: CONSTRUCT 69 KV LINE	\$7,623	December-13
34 CARROLLTON: Install new XF, breakers and other station upgrades at Carrollton.	\$5,351	December-13
35 CORRIDOR: T1 REPL W/ 675 MVA	\$6,888	December-13
36 GAVIN 765KV: Replace PK Type 765kV CB A, A1	\$6,174	December-13
37 MARYSVILLE: REPL 6-765KV SHUNT REACTORS ON FLATLICK & DUMONT LINI	\$13,576	December-13
38 Ohio Central: TransCo element (3) new 345 circuit breakers	\$6,962	December-13
39		
40		
41		
42 Subtotal	\$111,309	
43 PJM Socialized/Beneficiary Allocated Regional Projects		
44	\$0	
45 Subtotal	\$0	

Note 1: Until AEP OHIO TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP OHIO TRANSMISSION COMPANY is shown on Worksheet P.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP OHIO TRANSMISSION COMPANY

Page 1 of 2

W Incentives

2,893,516 \$

Incentive Amounts

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 (Projected TCOS, In 176)

Project ROE Incentive Adder

ROE with additional 0 basis point incentive

ROE with additional 0 basis point incentive

11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through176)

	<u>%</u>		<u>Cost</u>	Weighted cost
Long Term Debt	50.10%		3.89%	1.951%
Preferred Stock	0.00%		0.00%	0.000%
Common Stock		0	11.49%	<u>5.734%</u>
			R	- 7 685%

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

Rate Base (Projected TCOS, In 78)	415,820,007
R (from A. above)	7.685%
Return (Rate Base x R)	31,954,748

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

31,954,74
36.29
11,597,030
11,597,036

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 (Projected TCOS, In 1)	53,831,857
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	267,126
Return (Projected TCOS, In 132)	31,954,748
Income Taxes (Projected TCOS, In 131)	11,597,036
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	10,012,947

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	10,012,947
Return (from I.B. above)	31,954,748
Income Taxes (from I.C. above)	<u>11,597,036</u>
Annual Revenue Requirement, with 0 Basis Point ROE increase	53,564,731
Depreciation (Projected TCOS, In 108)	2,041,119
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	51,523,612

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

Net Transmission Plant (Projected TCOS, In 48) Annual Revenue Requirement, with 0 Basis Point ROE increase FCR with 0 Basis Point increase in ROE	267,622,594 53,564,731 20.02%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep. FCR with 0 Basis Point ROE increase, less Depreciation FCR less Depreciation (Projected TCOS, In 9) Incremental FCR with 0 Basis Point ROE increase, less Depreciation	51,523,612 19.25% <u>10.89%</u> 8.36%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	73,216,131
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	269,870,524
Subtotal	343,086,655
Average Transmission Plant Balance for 2012	171,543,328
Annual Depreciation Rate (Projected TCOS, In 108)	2,041,119
Composite Depreciation Rate	1.19%
Depreciable Life for Composite Depreciation Rate	84.04
Round to nearest whole year	84

Note 1: Until AEP OHIO TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP OHIO TRANSMISSION COMPANY is shown on Worksheet P.

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS

2013

PROJECTED YEAR

Rev Require

2,893,516

AEP OHIO TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Current Projected Year ARR

Current Projected Year ARR w/ Incentive
1,093,780

Current Projected Year ARR w/ Incentive
Current Projected Year Incentive ARR

Current Projected Year ARR w/ Incentive
1,093,780

DetailsInvestment9,150,000Current Year2013Service Year (yyyy)2012ROE increase accepted by FERC (Basis Points)-Service Month (1-12)12FCR w/o incentives, less depreciation10.89%Useful life84FCR w/incentives approved for these facilities, less dep.10.89%CIAC (Yes or No)NoAnnual Depreciation Expense108,872

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

LIFE OF THE PROJECT.

Page 2 of 2

							RTEP Projected Rev. Req't.From	RTEP Projected Rev. Req't.From	
Investment Year	Beginning Balance	Depreciation	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	Prior Year Template w/o Incentives	Prior Year Template with Incentives **	
2012	Balance 9,150,000	Expense -	9,150,000	996,768	996,768	•	\$ 747,660	\$ 747,660	
2013	9,150,000	108,872	9,041,128	1,093,780	1,093,780		Ψ 747,000	Ψ 747,000	
2014	9,041,128	108,872	8,932,256	1,081,919	1,081,919				
2015	8,932,256	108,872	8,823,384	1,070,059	1,070,059				
2016	8,823,384	108,872	8,714,513	1,058,199	1,058,199	\$ -			
2017	8,714,513	108,872	8,605,641	1,046,339	1,046,339				
2018	8,605,641	108,872	8,496,769	1,034,479	1,034,479				
2019	8,496,769	108,872	8,387,897	1,022,619	1,022,619				
2020	8,387,897	108,872	8,279,025	1,010,759	1,010,759				
2021 2022	8,279,025 8,170,153	108,872 108,872	8,170,153 8,061,282	998,899 987,039	998,899 987,039				
2022	8,061,282	108,872	7,952,410	975,179	987,039 975,179				
2024	7,952,410	108,872	7,843,538	963,318	963,318				
2025	7,843,538	108,872	7,734,666	951,458	951,458				
2026	7,734,666	108,872	7,625,794	939,598	939,598				
2027	7,625,794	108,872	7,516,922	927,738	927,738				
2028	7,516,922	108,872	7,408,050	915,878	915,878				
2029	7,408,050	108,872	7,299,179	904,018	904,018				
2030	7,299,179	108,872	7,190,307	892,158	892,158				
2031	7,190,307	108,872	7,081,435	880,298	880,298				
2032	7,081,435	108,872	6,972,563	868,438	868,438				
2033 2034	6,972,563	108,872	6,863,691 6,754,810	856,578	856,578				
2034	6,863,691 6,754,819	108,872 108,872	6,754,819 6,645,948	844,717 832,857	844,717 832,857				
2036	6,645,948	108,872	6,537,076	820,997	820,997				
2037	6,537,076	108,872	6,428,204	809,137	809,137				
2038	6,428,204	108,872	6,319,332	797,277	797,277				
2039	6,319,332	108,872	6,210,460	785,417	785,417				
2040	6,210,460	108,872	6,101,588	773,557	773,557				
2041	6,101,588	108,872	5,992,716	761,697	761,697				
2042	5,992,716								
2043	5,883,845	108,872	5,774,973	737,976	737,976				
2044	5,774,973	108,872	5,666,101	726,116	726,116				
2045 2046	5,666,101 5,557,229	108,872 108,872	5,557,229 5,448,357	714,256 702,396	714,256 702,396				
2047	5,448,357	108,872	5,339,485	690,536	690,536				
2048	5,339,485	108,872	5,230,614	678,676	678,676				
2049	5,230,614		5,121,742	666,816	666,816				
2050	5,121,742	108,872	5,012,870	654,956	654,956				
2051	5,012,870	108,872	4,903,998	643,096	643,096				
2052	4,903,998	108,872	4,795,126	631,236	631,236				
2053	4,795,126	108,872	4,686,254	619,375	619,375				
2054	4,686,254	108,872	4,577,382	607,515	607,515				
2055	4,577,382	108,872	4,468,511	595,655 583 705	595,655 583 705				
2056 2057	4,468,511 4,359,639	108,872 108,872	4,359,639 4,250,767	583,795 571,935	583,795 571,935				
2058	4,250,767	108,872	4,141,895	560,075	560,075				
2059	4,141,895	108,872	4,033,023	548,215	548,215				
2060	4,033,023	108,872	3,924,151	536,355	536,355				
2061	3,924,151	108,872	3,815,280	524,495	524,495	\$ -			
2062	3,815,280	108,872	3,706,408	512,634	512,634	\$ -			
2063	3,706,408	108,872	3,597,536	500,774	500,774				
2064	3,597,536	108,872	3,488,664	488,914	488,914				
2065	3,488,664	108,872	3,379,792	477,054 465,104	477,054 465,104				
2066 2067	3,379,792 3,270,920	108,872 108,872	3,270,920 3,162,048	465,194 453,334	465,194 453,334				
2068	3,270,920 3,162,048	108,872	3,162,048 3,053,177	453,334 441,474	453,334 441,474				
2069	3,162,048	108,872	2,944,305	429,614	429,614				
2070	2,944,305	108,872	2,835,433	417,754	417,754				
2071	2,835,433	108,872	2,726,561	405,894	405,894				
Project Totals		6,423,439		45,237,125	45,237,125	-			

** 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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Current Projected Year ARR

Current Projected Year ARR w/ Incentive

Current Projected Year ARR w/ Incentive

A10,711

Project Description: RTEP ID: b1231 (WAPAKONETA-WEST MOULTON 138/69KV Transformer)

Current Projected Year ARR w/ Incentive ARR

Current Projected Year ARR w/ Incentive ARR

Details			
Investment	3,473,458	Current Year	2013
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	41,329

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

LIFE OF THE PROJECT.

Page 2 of 2

Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	RTEP Projected Rev. Req't.From Prior Year Template	 RTEP Projected Rev. Req't.From Prior Year Template	
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	with Incentives **	
2011	3,473,458	-	3,473,458	378,386	378,386				
2012	3,473,458	41,329	3,432,129	415,213	415,213		\$ 386,386	\$ 386,386	
2013	3,432,129	41,329	3,390,800	410,711		\$ -			
2014	3,390,800	41,329	3,349,471	406,208	406,208				
2015	3,349,471	41,329	3,308,141	401,706	401,706				
2016	3,308,141	41,329	3,266,812	397,204	397,204				
2017	3,266,812	41,329	3,225,483	392,702	392,702				
2018	3,225,483	41,329	3,184,154	388,199	388,199				
2019	3,184,154	41,329	3,142,825	383,697	,	\$ -			
2020	3,142,825	41,329	3,101,496	379,195	379,195				
2021	3,101,496	41,329	3,060,166	374,693	374,693				
2022	3,060,166	41,329	3,018,837	370,190	370,190				
2023	3,018,837	41,329	2,977,508	365,688	365,688				
2024	2,977,508	41,329	2,936,179	361,186 356,684	361,186				
2025 2026	2,936,179 2,894,850	41,329 41,329	2,894,850 2,853,521	356,684 352,181	356,684 352,181	Φ.			
2026 2027	2,894,850 2,853,521	41,329	2,853,521 2,812,191	352,181 347,679	352,181 347,679	· ·			
2027	2,853,521 2,812,191	41,329	2,812,191	347,679 343,177	347,679 343,177				
2029	2,770,862	41,329	2,770,882	338,675	338,675				
2030	2,779,533	41,329	2,688,204	334,172	334,172				
2031	2,688,204	41,329	2,646,875	329,670	329,670				
2032	2,646,875	41,329	2,605,546	325,168	325,168				
2033	2,605,546	41,329	2,564,217	320,666	320,666				
2034	2,564,217	41,329	2,522,887	316,163	316,163				
2035	2,522,887	41,329	2,481,558	311,661		\$ -			
2036	2,481,558	41,329	2,440,229	307,159	307,159	\$ -			
2037	2,440,229	41,329	2,398,900	302,657		\$ -			
2038	2,398,900	41,329	2,357,571	298,154	298,154	\$ -			
2039	2,357,571	41,329	2,316,242	293,652	293,652				
2040	2,316,242	41,329	2,274,912	289,150	289,150				
2041	2,274,912	41,329	2,233,583	284,648	284,648				
2042	2,233,583	41,329	2,192,254	280,145	280,145				
2043	2,192,254	41,329	2,150,925	275,643	275,643				
2044	2,150,925	41,329	2,109,596	271,141	271,141				
2045	2,109,596	41,329	2,068,267	266,639	266,639				
2046	2,068,267	41,329	2,026,938	262,136	262,136				
2047	2,026,938	41,329	1,985,608	257,634	257,634				
2048 2049	1,985,608 1,944,279	41,329	1,944,279	253,132 248,630	253,132				
2050	1,902,950	41,329 41,329	1,902,950 1,861,621	244,127	248,630 244,127	\$ - \$ -			
2051	1,861,621	41,329	1,820,292	239,625	239,625				
2052	1,820,292	41,329	1,778,963	235,123	235,123				
2053	1,778,963	41,329	1,737,633	230,621	230,621				
2054	1,737,633	41,329	1,696,304	226,118	226,118				
2055	1,696,304	41,329	1,654,975	221,616	221,616				
2056	1,654,975	41,329	1,613,646	217,114	217,114				
2057	1,613,646	41,329	1,572,317	212,612	212,612				
2058	1,572,317	41,329	1,530,988	208,109	208,109				
2059	1,530,988	41,329	1,489,658	203,607	203,607	\$ -			
2060	1,489,658	41,329	1,448,329	199,105	199,105	\$ -			
2061	1,448,329	41,329	1,407,000	194,603	194,603				
2062	1,407,000	41,329	1,365,671	190,100	190,100				
2063	1,365,671	41,329	1,324,342	185,598	185,598				
2064	1,324,342	41,329	1,283,013	181,096	181,096				
2065	1,283,013	41,329	1,241,684	176,594	176,594				
2066	1,241,684	41,329	1,200,354	172,091	· ·	\$ -			
2067	1,200,354	41,329	1,159,025	167,589	167,589				
2068	1,159,025	41,329	1,117,696	163,087	163,087				
2069 2070	1,117,696	41,329	1,076,367	158,585	158,585				
	1,076,367	41,329	1,035,038	154,082	154,082	Φ -			
Project Totals		2,438,420		17,172,596	17,172,596	-			

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

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b1034.1 (South Canton - West Canton 138kV line and Wagenhals – Wayview 138kV

Current Projected Year ARR 443,007
Current Projected Year ARR w/ Incentive
Current Projected Year Incentive ARR -

DetailsInvestment4,066,657Current Year2013Service Year (yyyy)2013ROE increase accepted by FERC (Basis Points)-Service Month (1-12)12FCR w/o incentives, less depreciation10.89%Useful life84FCR w/incentives approved for these facilities, less dep.10.89%CIAC (Yes or No)NoAnnual Depreciation Expense48,387

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

LIFE OF THE PROJECT.

Page 2 of 2

Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	RTEP Projected Rev. Req't.From Prior Year Template	RTEP Projected Rev. Req't.From Prior Year Template	
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	with Incentives **	
2013	4,066,657	-	4,066,657	443,007	- ,	\$ -			
2014	4,066,657	41,329	4,025,328	479,834		\$ -			
2015	4,025,328	41,329	3,983,999	475,332	475,332	\$ -			
2016 2017	3,983,999 3,942,670	41,329 41,329	3,942,670 3,901,340	470,829 466,327	470,829 466,327	Φ.			
2017	3,901,340	41,329	3,860,011	460,327 461,825	460,32 <i>1</i> 461,825	\$ - \$ -			
2019	3,860,011	41,329	3,818,682	457,323	457,323				
2020	3,818,682	41,329	3,777,353	452,820	452,820				
2021	3,777,353	41,329	3,736,024	448,318	448,318				
2022	3,736,024	41,329	3,694,695	443,816	443,816				
2023	3,694,695	41,329	3,653,365	439,314	439,314				
2024	3,653,365	41,329	3,612,036	434,811		\$ -			
2025	3,612,036	41,329	3,570,707	430,309	430,309	\$ -			
2026	3,570,707	41,329	3,529,378	425,807	425,807	\$ - ¢			
2027 2028	3,529,378 3,488,049	41,329 41,329	3,488,049 3,446,720	421,305 416,802	421,305 416,802				
2029	3,446,720	41,329	3,405,390	412,300	412,300				
2030	3,405,390	41,329	3,364,061	407,798	407,798				
2031	3,364,061	41,329	3,322,732	403,296	403,296				
2032	3,322,732	41,329	3,281,403	398,793	398,793				
2033	3,281,403	41,329	3,240,074	394,291		\$ -			
2034	3,240,074	41,329	3,198,745	389,789	389,789	-			
2035	3,198,745	41,329	3,157,416	385,287	385,287	\$ -			
2036	3,157,416	41,329	3,116,086	380,784	380,784	\$ -			
2037	3,116,086	41,329	3,074,757	376,282	376,282				
2038	3,074,757	41,329	3,033,428	371,780	371,780				
2039	3,033,428	41,329	2,992,099	367,278	367,278				
2040	2,992,099	41,329	2,950,770	362,775	362,775				
2041	2,950,770	41,329	2,909,441	358,273	358,273	\$ -			
2042	2,909,441	41,329	2,868,111	353,771	353,771	\$ -			
2043	2,868,111	41,329	2,826,782	349,269	349,269				
2044 2045	2,826,782	41,329 41,329	2,785,453	344,766 340,364	344,766 340,264				
2046	2,785,453 2,744,124	41,329	2,744,124 2,702,795	340,264 335,762	335,762				
2047	2,702,795	41,329	2,661,466	331,260	331,260				
2048	2,661,466	41,329	2,620,137	326,757	326,757				
2049	2,620,137	41,329	2,578,807	322,255	322,255				
2050	2,578,807	41,329	2,537,478	317,753	317,753				
2051	2,537,478	41,329	2,496,149	313,251	313,251				
2052	2,496,149	41,329	2,454,820	308,748	308,748	\$ -			
2053	2,454,820	41,329	2,413,491	304,246	304,246				
2054	2,413,491	41,329	2,372,162	299,744	299,744				
2055	2,372,162	41,329	2,330,832	295,242	295,242				
2056	2,330,832	41,329	2,289,503	290,739	290,739				
2057	2,289,503	41,329	2,248,174	286,237	286,237				
2058 2059	2,248,174 2,206,845	41,329 41,329	2,206,845 2,165,516	281,735 277,233	281,735 277,233				
2060	2,206,845 2,165,516	41,329	2,165,516 2,124,187	277,233	277,233				
2061	2,103,310	41,329	2,082,857	268,228	268,228				
2062	2,082,857	41,329	2,041,528	263,726	263,726				
2063	2,041,528	41,329	2,000,199	259,224	259,224				
2064	2,000,199	41,329	1,958,870	254,721	254,721				
2065	1,958,870	41,329	1,917,541	250,219	250,219	\$ -			
2066	1,917,541	41,329	1,876,212	245,717	245,717	\$ -			
2067	1,876,212	41,329	1,834,883	241,215	241,215	\$ -			
2068	1,834,883	41,329	1,793,553	236,712	236,712				
2069	1,793,553	41,329	1,752,224	232,210	232,210				
2070	1,752,224	41,329	1,710,895	227,708	227,708				
2071	1,710,895	41,329	1,669,566	223,206	223,206				
2072	1,669,566	41,329	1,628,237	218,703	218,703	Φ -			
Project Totals		2,438,420		21,049,853	21,049,853	-			

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

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000) Current Projected Year ARR 244,284 Current Projected Year ARR w/ Incentive 244,284 **Current Projected Year Incentive ARR Project Description:** RTEP ID: b1034.8 (138kV Circuit Breakers at the West Canton, South Canton, Canton Central, and Wagenhals stations)

Details 2013 2,242,445 Current Year 2013 ROE increase accepted by FERC (Basis Points)
12 FCR w/o incentives, less depreciation Service Year (yyyy) Service Month (1-12) 10.89% FCR w/incentives approved for these facilities, less dep.

No Annual Depreciation Expense 10.89% 26,682 Useful life CIAC (Yes or No)

INPUT PROJEC	ORY OF PROJECTED CTED ARR (WITH & W LOW TO MAINTAIN H PROJECT.	ITHOUT INCENTIVES	6) FROM EACH PRIOR	
RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

Page 2 of 2

	.			DTED D	DTED 0	lus di F	RTEP Projected Rev. Req't.From	RTEP Projected Rev. Req't.From	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	Prior Year Template w/o Incentives	Prior Year Template with Incentives **	
2013	2,242,445	Expense	2,242,445	244,284	244,284	•	w/o incentives	with incentives ***	
2013	2,242,445	- 41,329	2,242,445	281,111	281,111				
2015	2,201,116	41,329	2,159,787	276,608	276,608				
2016	2,159,787	41,329	2,118,458	272,106	272,106				
2017	2,118,458	41,329	2,077,128	267,604	267,604				
2018	2,077,128	41,329	2,035,799	263,102	263,102				
2019	2,035,799	41,329	1,994,470	258,600	258,600	\$ -			
2020	1,994,470	41,329	1,953,141	254,097		\$ -			
2021	1,953,141	41,329	1,911,812	249,595	249,595				
2022	1,911,812	41,329	1,870,483	245,093	245,093				
2023	1,870,483	41,329	1,829,153	240,591		\$ -			
2024	1,829,153	41,329	1,787,824	236,088	236,088				
2025 2026	1,787,824 1,746,495	41,329 41,329	1,746,495 1,705,166	231,586 227,084	231,586 227,084				
2027	1,705,166	41,329	1,663,837	222,582	222,582				
2028	1,663,837	41,329	1,622,508	218,079	218,079				
2029	1,622,508	41,329	1,581,178	213,577	213,577				
2030	1,581,178	41,329	1,539,849	209,075	209,075				
2031	1,539,849	41,329	1,498,520	204,573	204,573				
2032	1,498,520	41,329	1,457,191	200,070	200,070				
2033	1,457,191	41,329	1,415,862	195,568	195,568	\$ -			
2034	1,415,862	41,329	1,374,533	191,066	191,066				
2035	1,374,533	41,329	1,333,204	186,564	186,564	\$ -			
2036	1,333,204	41,329	1,291,874	182,061		\$ -			
2037	1,291,874	41,329	1,250,545	177,559	177,559				
2038	1,250,545	41,329	1,209,216	173,057		\$ -			
2039	1,209,216	41,329	1,167,887	168,555	168,555				
2040	1,167,887	41,329	1,126,558	164,052	164,052				
2041 2042	1,126,558 1,085,229	41,329 41,329	1,085,229 1,043,899	159,550 155,048	159,550 155,048				
2042	1,043,899	41,329	1,002,570	150,546	150,546				
2044	1,002,570	41,329	961,241	146,043	146,043	-			
2045	961,241	41,329	919,912	141,541		\$ -			
2046	919,912	41,329	878,583	137,039	137,039				
2047	878,583	41,329	837,254	132,537		\$ -			
2048	837,254	41,329	795,925	128,034	128,034	\$ -			
2049	795,925	41,329	754,595	123,532	123,532	\$ -			
2050	754,595	41,329	713,266	119,030	119,030				
2051	713,266	41,329	671,937	114,528	114,528				
2052	671,937	41,329	630,608	110,025	110,025				
2053	630,608	41,329	589,279	105,523	105,523				
2054	589,279 547,050	41,329	547,950 506,630	101,021		\$ -			
2055	547,950 506,630	41,329	506,620 465,201	96,519 93,016	96,519 92,016				
2056 2057	506,620 465,291	41,329 41,329	465,291 423,962	92,016 87,514	92,016 87,514				
2058	423,962	41,329	382,633	83,012	83,012				
2059	382,633	41,329	341,304	78,510	78,510				
2060	341,304	41,329	299,975	74,007	74,007				
2061	299,975	41,329	258,645	69,505	69,505				
2062	258,645	41,329	217,316	65,003	65,003				
2063	217,316	41,329	175,987	60,501	60,501	\$ -			
2064	175,987	41,329	134,658	55,998	55,998				
2065	134,658	41,329	93,329	51,496	51,496				
2066	93,329	41,329	52,000	46,994	46,994				
2067	52,000	41,329	10,671	42,492	42,492	Φ.			
2068	10,671	10,671	-	10,671	10,671	\$ -			
2069 2070	-	-	-	-	-	\$ •			
2070	-	-	-	-		\$ - \$ -			
2071	-	_	-	_	-	\$ -			
Project Totals		2,242,445		8,992,217	8,992,217	-			
		2,2 12,440		5,552,217	0,002,217				

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

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Current Projected Year ARR

Current Projected Year ARR w/ Incentive
124,755

Details

Investment 1,135,998 Current Year

Service Year (yyyy) 2013 ROE increase accepted by FERC (Basis Points)
Service Month (1-12) 11 FCR w/o incentives, less depreciation 10.89%

Useful life 84 FCR w/incentives approved for these facilities, less dep. 10.89%

CIAC (Yes or No) No Annual Depreciation Expense 13,517

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

LIFE OF THE PROJECT.

Page 2 of 2

							RTEP Projected Rev. Req't.From	RTEP Projected Rev. Req't.From	
Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Prior Year Template	Prior Year Template	
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	with Incentives **	
2013 2014	1,135,998 1,134,872	1,126	1,134,872		124,755 160,456	\$ - ¢			
2015	1,134,872	41,329 41,329	1,093,542 1,052,213	160,456 155,953	155,953				
2016	1,052,213	41,329	1,010,884	151,451	151,451				
2017	1,010,884	41,329	969,555	146,949	146,949	\$ -			
2018	969,555	41,329	928,226	142,447	142,447				
2019	928,226	41,329	886,897	137,944	137,944				
2020	886,897	41,329	845,568	133,442	133,442				
2021	845,568	41,329	804,238		128,940				
2022	804,238	41,329	762,909		124,438	\$ -			
2023	762,909	41,329	721,580		119,935	\$ -			
2024	721,580	41,329	680,251	115,433	115,433				
2025	680,251	41,329	638,922	110,931	110,931	\$ -			
2026	638,922	41,329	597,593	106,429	106,429				
2027	597,593	41,329	556,263	101,926	101,926	\$ -			
2028	556,263	41,329	514,934	97,424	97,424	\$ -			
2029	514,934	41,329	473,605	92,922	92,922	\$ -			
2030	473,605	41,329	432,276	88,420	88,420	\$ -			
2031	432,276	41,329	390,947		83,917				
2032	390,947	41,329	349,618		79,415	\$ -			
2033	349,618	41,329	308,288		74,913	\$ -			
2034	308,288	41,329	266,959		70,411				
2035	266,959	41,329	225,630	65,908	65,908	\$ -			
2036	225,630	41,329	184,301	61,406	61,406				
2037	184,301	41,329	142,972	56,904	56,904				
2038	142,972	41,329	101,643	52,402	52,402	\$ -			
2039	101,643	41,329	60,314	47,899	47,899				
2040	60,314	41,329	18,984	43,397	43,397				
2041	18,984	18,984	-	18,984	18,984	^			
2042 2043	-	-	-	-	-	\$ - \$ -			
2043	-	-	-	-	-	\$ -			
2045	_	_			_	\$ - \$			
2045	_	_	_	_	_	\$ -			
2047	_	_	_	_	_	\$ -			
2048	_	_	_	_	_	\$ -			
2049	-	_	_	_	_	\$ -			
2050	_	-	-	-	-	\$ -			
2051	_	-	-	-	-	\$ -			
2052	-	-	-	-	-	\$ -			
2053	-	-	-	-	-	\$ -			
2054	-	-	-	-	-	\$ -			
2055	-	-	-	-	-	\$ -			
2056	-	-	-	-	-	\$ -			
2057	-	-	-	-	-	\$ -			
2058	-	-	-	-	-	\$ -			
2059	-	-	-	-	-	\$ -			
2060	-	-	-	-	-	-			
2061	-	-	-	-	-	\$ -			
2062	-	-	-	-	-	\$ -			
2063	-	-	-	-	-	-			
2064	-	-	-	-	-	-			
2065	-	-	-	-	-	-			
2066	-	-	-	-	-	\$ -			
2067	-	-	-	-	-	-			
2068	-	-	-	-	-	\$ - ¢			
2069	-	-	-	-	-	Φ -			
2070 2071	-	-	-	-	<u>-</u> _	\$ - \$ -			
2072	-		-			\$ -			
Project Totals	_	1,135,998	-	2,895,754	2,895,754	-			
. rojout rotals		1,100,990		2,033,734	2,030,734	_			

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

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

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

A. Base Plan Facilities

Details

Investment 5,296,488 Current Year

Service Year (yyyy) 2013 ROE increase accepted by FERC (Basis Points) Service Month (1-12) 12 FCR w/o incentives, less depreciation 10.89%

Useful life 84 FCR w/incentives approved for these facilities, less dep. 10.89%

CIAC (Yes or No) No Annual Depreciation Expense 63,021

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

LIFE OF THE PROJECT.

Page 2 of 2

							RTEP Projected Rev. Req't.From	RTEP Projected Rev. Req't.From	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	Prior Year Template w/o Incentives	Prior Year Template with Incentives **	
2013	5,296,48		5,296,488	576,980	576,980	\$ -			
2014	5,296,48			613,807	613,807				
2015	5,255,15	9 41,329		609,305					
2016	5,213,83	0 41,329	5,172,501	604,803					
2017	5,172,50	1 41,329	5,131,171	600,300	600,300				
2018	5,131,17	1 41,329	5,089,842	595,798	595,798	\$ -			
2019	5,089,84	2 41,329	5,048,513	591,296	591,296				
2020	5,048,51	3 41,329	5,007,184	586,794	586,794	\$ -			
2021	5,007,18	41,329	4,965,855	582,291	582,291	\$ -			
2022	4,965,85	5 41,329	4,924,526	577,789	577,789	\$ -			
2023	4,924,52	6 41,329	4,883,196	573,287	573,287	\$ -			
2024	4,883,19	6 41,329	4,841,867	568,785	568,785	\$ -			
2025	4,841,86	7 41,329	4,800,538	564,282	564,282	\$ -			
2026	4,800,53	41,329	4,759,209	559,780	559,780	\$ -			
2027	4,759,20	9 41,329	4,717,880	555,278	555,278	\$ -			
2028	4,717,88	41,329	4,676,551	550,776	550,776	\$ -			
2029	4,676,55			546,273	546,273				
2030	4,635,22		4,593,892	541,771	541,771				
2031	4,593,89		4,552,563	537,269	537,269	\$ -			
2032	4,552,56			532,767	532,767				
2033	4,511,23			528,264	528,264				
2034	4,469,90			523,762	523,762				
2035	4,428,57			519,260					
2036	4,387,24			514,758					
2037	4,345,91			510,255	510,255				
2038	4,304,58			505,753	505,753				
2039	4,263,25			501,251	501,251				
2040	4,221,93			496,749	496,749				
2041	4,180,60			492,246	492,246				
2042	4,139,27			487,744	487,744				
2043	4,097,94								
2044	4,056,61								
2045	4,015,28				474,237				
2046	3,973,95								
2047	3,932,62			465,233	465,233				
2048	3,891,29			460,731	460,731				
2049	3,849,96			456,228	456,228				
2050	3,808,63			451,726					
2051	3,767,30			447,224	447,224				
2052	3,725,98			442,722	442,722				
2053	3,684,65			438,219					
2054	3,643,32								
2055	3,601,99								
2056	3,560,66								
2057	3,519,33								
2058	3,478,00								
2059	3,436,67			411,206	411,206				
2060	3,395,34				406,704				
2061	3,354,01			402,201	402,201				
2062	3,312,68			397,699					
2063	3,271,35				393,197				
2064	3,230,03			388,695					
2065	3,188,70			384,192	384,192				
2066	3,147,37			379,690	379,690				
2067	3,106,04			375,188	375,188				
2068	3,064,71			370,686					
2069	3,023,38			366,183					
2070	2,982,05			361,681	361,681				
2071	2,940,72			357,179					
2072	2,899,39			352,677	352,677				

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

Project Totals

2,438,420

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

29,088,253

29,088,253

^{##} 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.

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones

orksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zor/ AEP OHIO TRANSMISSION COMPANY Formula Rate WS K TRUE-UP RTEP RR Page 33 of 47

Page 1 of 2

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

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

ROE w/o incentives (True-L	Jp TCOS, In 176		11.49%	
Project ROE Incentive Adde	r		0 <==ROE	Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis	point incentive		11.49% <== RO I	E Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long to	erm debt, cost of	preferred stock and equity	percentage is from the True-Up	TCOS, Ins 174 through176)
	<u>%</u>	<u>Cost</u>	Weighted cost	
Long Term Debt	50.73%	5.43%	2.753%	
Preferred Stock	0.00%	0.00%	0.000%	
Common Stock	49.27%	11.49%	<u>5.661%</u>	
		R =	8.414%	

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

Rate Base (True-Up TCOS, In 78)	134,680,219
R (fom A. above)	8.414%
Return (Rate Base x R)	11,332,068

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

Return (from B. above)	11,332,068
Effective Tax Rate (True-Up TCOS, In 124)	36.23%
Income Tax Calculation (Return x CIT)	4,105,203
ITC Adjustment	-
Income Taxes	4,105,203

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	25,015,031
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	267,126
Return (True-Up TCOS, In 132)	11,332,068
Income Taxes (True-Up TCOS, In 131)	4,105,203
Annual Revenue Requirement, Less TEA	9,310,634
Charges Return and Tayes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	9,310,634
Return (from I.B. above)	11,332,068
Income Taxes (from I.C. above)	4,105,203
Annual Revenue Requirement, with 0 Basis Point ROE increase	24,747,905
Depreciation (True-Up TCOS, In 108)	2,041,119
Annual Rev. Req, w/ 0 Basis Point ROE	22,706,786
increase, less Depreciation	

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

Net Transmission Plant (True-Up TCOS, In 48) Annual Revenue Requirement, with 0 Basis Point ROE increase FCR with 0 Basis Point increase in ROE	170,324,367 24,747,905 14.53%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	22,706,786
FCR with 0 Basis Point ROE increase, less Depreciation	13.33%
FCR less Depreciation (True-Up TCOS, In 9)	13.33%
Incremental FCR with 0 Basis Point ROE	0.00%
increase, less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	73,216,131
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	269,870,524
Subtotal	343,086,655
Average Transmission Plant Balance for	171,543,328
Annual Depreciation Rate (True-Up TCOS, In 108)	2,041,119
Composite Depreciation Rate	1.19%
Depreciable Life for Composite Depreciation Rate	84.04
Round to nearest whole year	84

SUMMARY OF TR	UED-UP ANNUAL REVE	REQUIREMENT	OR RIEPPROJEC ncentives	ntive Amounts
TRUE-UP YEAR	2012	•		
As Pro	\$ 1,134,046	\$ 1,134,046	\$ -	
	Actual after True-up	\$ 1,577,995	\$ 1,577,995	\$ -
-	443,949	443,949	-	

Note 1: Until AEP OHIO TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP OHIO TRANSMISSION COMPANY is shown on Worksheet P.

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000) 2012 Rev Require W Incentives Incentive Amounts 747,660 747,660 Prior Yr Projected Project Description: RTEP ID: b0570 (LIMA-STERLING 138 KV LINE: REB) 1,076,357 1,076,357 Prior Yr True-Up 328,697 328,697 True-Up Adjustment

Details			
Investment	8,073,789	Current Year	2012
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.33%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No	Annual Depreciation Expense	96,066

	TRUE UP OF PROJECT REVENUE F
-	CUMULATIVE HISTORY OF TRUED-UP AN
13.33%	INPUT TRUE-UP ARR (WITH & WITH

REQUIREMENT FOR PRIOR YEAR:

ANNUAL REVENUE REQUIREMENTS: HOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

Useful life CIAC (Yes or No)		FCR w/incentives approvention Exp		ess dep.			13.33% 96,066	TEMPLATE BEI LIFE OF THE P	LOW TO MAINTAIN H	ISTORY OF TRUED-L	JP ARRS OVER THE	
CIAC (Tes of No)	INU	Annual Depreciation Ex	Delise				90,000	RTEP Projected	ROJECT.	RTEP Projected		
								Rev. Reg't.From	RTEP Rev Reg't	Rev. Reg't.From	RTEP Rev Reg't	True-up of
Investment	Beginning	Depreciation	Ending	Average	RTEP Rev. Reg't.	RTEP Rev. Reg't.	Incentive Rev.	Prior Year WS J	True-up	Prior Year WS J	True-up	Incentive
Year	Balance	Expense	Balance	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **	with Incentives **
2012	8,073,789	-	8,073,789	8,073,789	1,076,357	1,076,357	\$ -	\$ 747,660	\$ 328,697	\$ 747,660	\$ 328,697	\$ -
2013	8,073,789	41,329	8,032,460	8,053,124	1,114,931	1,114,931			\$ -		\$ -	\$ -
2014	8,032,460	41,329	7,991,131	8,011,795	1,109,421	1,109,421	\$ -		\$ -		\$ -	\$ -
2015	7,991,131	41,329	7,949,802	7,970,466	1,103,912	1,103,912	\$ -		\$ -		\$ -	\$ -
2016	7,949,802	41,329	7,908,472	7,929,137	1,098,402	1,098,402			\$ -		\$ -	\$ -
2017	7,908,472		7,867,143	7,887,808	1,092,892	1,092,892			\$ -		\$ -	\$ -
2018	7,867,143		7,825,814	7,846,479	1,087,382	1,087,382			\$ -		\$ -	\$ -
2019	7,825,814	41,329	7,784,485	7,805,149	1,081,872	1,081,872			\$ -		\$ -	\$ -
2020	7,784,485		7,743,156	7,763,820	1,076,363	1,076,363			\$ -		\$ -	\$ -
2021	7,743,156		7,701,827	7,722,491	1,070,853	1,070,853			\$ -		\$ -	\$ -
2022	7,701,827	41,329	7,660,497	7,681,162	1,065,343	1,065,343			\$ -		\$ -	\$ -
2023	7,660,497	41,329	7,619,168	7,639,833	1,059,833	1,059,833			\$ -		\$ -	\$ -
2024	7,619,168		7,577,839	7,598,504	1,054,323	1,054,323			\$ -		-	-
2025	7,577,839		7,536,510	7,557,175	1,048,814	1,048,814			\$ -		-	-
2026	7,536,510	41,329	7,495,181	7,515,845	1,043,304	1,043,304			\$ -		-	-
2027	7,495,181	41,329	7,453,852	7,474,516	1,037,794	1,037,794			\$ -		-	-
2028	7,453,852	41,329	7,412,522	7,433,187	1,032,284	1,032,284			\$ -		-	-
2029	7,412,522	41,329	7,371,193	7,391,858	1,026,774	1,026,774			\$ -		-	-
2030	7,371,193		7,329,864	7,350,529	1,021,265	1,021,265			\$ -		-	-
2031	7,329,864	41,329	7,288,535	7,309,200	1,015,755	1,015,755			\$ -		-	-
2032	7,288,535		7,247,206	7,267,870	1,010,245	1,010,245			\$ -		-	-
2033	7,247,206		7,205,877	7,226,541	1,004,735	1,004,735			\$ -		-	-
2034	7,205,877	41,329	7,164,548	7,185,212	999,225	999,225			\$ -		-	-
2035	7,164,548		7,123,218	7,143,883	993,716	993,716			\$ -		-	-
2036	7,123,218		7,081,889	7,102,554	988,206	988,206			\$ -		-	-
2037	7,081,889	41,329	7,040,560	7,061,225	982,696	982,696			\$ -		-	-
2038	7,040,560		6,999,231	7,019,895	977,186	977,186			\$ -		\$ -	-
2039	6,999,231	41,329	6,957,902	6,978,566	971,676	971,676			\$ -		\$ -	-
2040	6,957,902	41,329	6,916,573	6,937,237	966,167	966,167			\$ -		\$ -	-
2041	6,916,573		6,875,243	6,895,908	960,657	960,657			\$ -		\$ -	-
2042	6,875,243		6,833,914	6,854,579	955,147	955,147			\$ -		5 -	-
2043	6,833,914	41,329	6,792,585	6,813,250	949,637	949,637			\$ -		\$ -	-
2044	6,792,585		6,751,256	6,771,921	944,127	944,127			5 -		5 -	-
2045	6,751,256		6,709,927	6,730,591	938,618	938,618			5 -		5 -	-
2046	6,709,927	41,329	6,668,598	6,689,262	933,108	933,108			-		\$ -	5 -
2047	6,668,598	41,329	6,627,269	6,647,933	927,598	927,598			5 -		\$ -	5 -
2048	6,627,269		6,585,939	6,606,604	922,088	922,088			5 -		\$ - ¢	- •
2049	6,585,939		6,544,610	6,565,275	916,578	916,578			ф		ф -	ф -
2050	6,544,610		6,503,281	6,523,946	911,069	911,069			5 -		\$ - ¢	- •
2051 2052	6,503,281	41,329	6,461,952	6,482,616	905,559	905,559			Ф -		ф •	ф -
	6,461,952	41,329	6,420,623	6,441,287	900,049	900,049			Ф -		ф •	-
2053 2054	6,420,623 6,379,294	41,329 41,329	6,379,294 6,337,964	6,399,958 6,358,629	894,539 889,030	894,539 889,030			ф С		φ - ¢	φ - ¢
2054	6,337,964	41,329	6,296,635	6,317,300	883,520	883,520			ψ <u>-</u> ¢		φ ¢	φ •
2056	6,337,964	41,329	6,255,306	6,275,971	878,010	878,010			ψ - ¢ -		φ •	φ <u>-</u>
2057	6,255,306		6,213,977	6,234,642	872,500	872,500			\$ -		\$ -	\$ -
2058	6,213,977	41,329	6,172,648	6,193,312	866,990	866,990			\$ -		\$ -	<u> </u>
2059	6,172,648		6,131,319	6,151,983	861,481	861,481			\$ -		\$ -	\$ -
2060	6,131,319		6,089,989	6,110,654	855,971	855,971			\$ -		\$ -	\$ -
2061	6,089,989		6,048,660	6,069,325	850,461	850,461			\$ -		\$ -	\$ -
2062	6,048,660		6,007,331	6,027,996	844,951	844,951			\$ -		\$ -	\$ -
2063	6,007,331	41,329	5,966,002	5,986,667	839,441	839,441			\$ -		\$ -	\$ -
2064	5,966,002	41,329	5,924,673	5,945,337	833,932	833,932			\$ -		\$ -	\$ -
2065	5,924,673	41,329	5,883,344	5,904,008	828,422	828,422			\$ -		\$ -	\$ -
2066	5,883,344	41,329	5,842,015	5,862,679	822,912	822,912			\$ -		\$ -	\$ -
2067	5,842,015	41,329	5,800,685	5,821,350	817,402	817,402			\$ -		\$ -	\$ -
2068	5,800,685		5,759,356	5,780,021	811,892	811,892			\$ -		\$ -	\$ -
2069	5,759,356		5,718,027	5,738,692	806,383	806,383			\$ -		\$ -	\$ -
2070	5,718,027	41,329	5,676,698	5,697,362	800,873	800,873			\$ -		\$ -	\$ -
2071	5,676,698		5,635,369	5,656,033	795,363	795,363			\$ -		\$ -	\$ -
Project Totals	<u> </u>	2,438,420	· · · · · · · · · · · · · · · · · · ·	, , ,	57,430,033	57,430,033	-				-	
-,					,.55,550	,						

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

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

Depreciation

Expense

41,329

41,329

41,329

41,329

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2,438,420

A. Base Plan Facilities

Investment

Year

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023 2024

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2062

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2064 2065

2066 2067

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2069

Project Totals

Beginning

Balance

3,473,458

3,473,458

3,432,129

3,390,800

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Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000) 2012 Rev Require W Incentives Incentive Amounts Prior Yr Projected 386,386 386,386 RTEP ID: b1231 (WAPAKONETA-WEST MOULTON 138/69KV Transformer) Prior Yr True-Up 501,638 501,638 Project Description: True-Up Adjustment 115,252 115,252

RTEP Rev. Reg't.

with Incentives **

463,064

501,638

496,128

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485,109 479,599

474,089 \$

468,579 \$

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220,639 \$

215,129 \$

204,109 \$

198,599 \$

193,090 \$

187,580 \$

182,070 \$

20,632,457

209,619

341,854 \$

369,403 \$

363,893 \$ 358,384 \$

402,462 \$

RTEP Rev. Reg't.

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220,639

215,129

209,619

204,109

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187,580

182,070

20,632,457

Details			
Investment	3,473,458	Current Year	2012
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.33%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No	Annual Depreciation Expense	41,329

Average

Balance

3,473,458

3,452,793

3,411,464

3,370,135

3,328,806

3,287,477

3,246,148

3,204,818

3,163,489

3,122,160

3,080,831

3,039,502

2,998,173

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2,874,185

2,832,856

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2,336,906

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2,171,590

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Ending

3,473,458

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Balance

2012		TRUE UP OF I	PROJECT REVENUE	REQUIREMENT FOR	PRIOR YEAR:	
-		CUMULATIVE HISTO	ORY OF TRUED-UP A	NNUAL REVENUE RE	EQUIREMENTS:	
13.33%		INPUT TRUE-U	P ARR (WITH & WITH	OUT INCENTIVES) F	ROM EACH PRIO	
13.33%	TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER T					
41,329		LIFE OF THE P	ROJECT.			
		RTEP Projected		RTEP Projected		
		Davi Davill Francis	DTED Davi David	Davi Davil Evans	DTED Davi Davi	

13.33%													
13.33% 41,329	LIFE OF THE PROJECT.												
Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up 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 **								
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^{**} This is the total amount that needs to be reported to PJM for billing to all regions.

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1034.1 (South Canton - West Canton 138kV line and Wagenhals - Wayview 138kV

2013Rev RequireW IncentivesIncentive AmountsPrior Yr Projected---Prior Yr True-Up---True-Up Adjustment---

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details			
nvestment		Current Year	2013
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.33%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

ul life C (Yes or No)	84 FCR w/incentives approved for these facilities, less dep. s or No) No Annual Depreciation Expense -								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 Rev Req't	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		
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** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

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.

Prior Yr Projected Prior Yr True-Up Prior Yr True-Up Adjustment

RTEP ID: b1034.8 (138kV Circuit Breakers at the West Canton, South Canton, Canton Central, and Wagenhals stations)

Rev Require W Incentives Mounts

Prior Yr Projected Prior Yr True-Up True-Up True-Up Adjustment

True-Up Adjustment True-Up Adjus

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

LIFE OF THE PROJECT.

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

Details			
Investment	-	Current Year	2013
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.33%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No	Annual Depreciation Expense	<u>-</u>

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Investment	Beginning	Depreciation	Ending	Average	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Prior Year WS J	True-up	Prior Year WS J	True-up	Incentive
Year	Balance	Expense	Balance	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **	with Incentives **
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** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Prior Yr Projected
Prior Yr True-Up
True-Up Adjustment
Project Description:

(e.g. ER05-925-000)

Prior Yr Projected
Prior Yr True-Up
True-Up Adjustment

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details									
Investment		Current Year	Year						
Service Year (yyyy)	2013	ROE increase accepte	crease accepted by FERC (Basis Points)						
Service Month (1-12)	11	FCR w/o incentives, le	w/o incentives, less depreciation						
Useful life	84	FCR w/incentives appr	R w/incentives approved for these facilities, less dep.						
CIAC (Yes or No)	No	Annual Depreciation E	ual Depreciation Expense						

Service Month (1-12) Useful life		FCR w/o incentives, le FCR w/incentives app		, less dep.			13.33% 13.33%					
CIAC (Yes or No)		Annual Depreciation E		,			-	LIFE OF THE F				
								RTEP Projected		RTEP Projected		
				_				Rev. Req't.From	RTEP Rev Req't	Rev. Req't.From	RTEP Rev Req't	True-up of
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 ##	Prior Year WS J w/o Incentives	True-up w/o Incentives	Prior Year WS J with Incentives **	True-up with Incentives **	Incentive with Incentives **
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** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

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

A. Base Plan Facilities

Details			
Investment	-	Current Year	2013
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.33%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

	TRUE UP OF I	PROJECT REVENUE	REQUIREMENT FOR	PRIOR YEAR:					
	CUMULATIVE HISTO	ORY OF TRUED-UP A	NNUAL REVENUE RE	EQUIREMENTS:					
3%	INPUT TRUE-U	IP ARR (WITH & WITH	IOUT INCENTIVES) F	ROM EACH PRIOR Y	EAR				
3%	TEMPLATE BE	TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE							
	LIFE OF THE PROJECT.								
	RTEP Projected		RTEP Projected						

	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 Rev Req't True-up w/o Incentives	RIEP 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 **	
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** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet L Supporting Projected Cost of Debt AEP OHIO TRANSMISSION COMPANY

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

<u>Line</u>	(A)	(B)	(C)	(D)
<u>Number</u>	<u>Issuance</u>	Principle Outstanding	Interest Rate	Annual Expense (See Note S on Projected Template)
1	Long Term Debt (FF1.p. 256-257, a,h)	0	0.000%	rrojected rempiate)
2	Bonds - Acc 221	0	0.000%	-
3		0	0.000%	
4		-	0.000%	
5		-	0.000%	-
6	Reacquired Bonds - Total Account 222	- ·	0.000%	-
7		-	0.000%	-
8		-	0.000%	-
9 10	Advances from Assoc Companies	•	0.000% 0.000%	-
11	Senior Notes, Series A, Tranche A, 3.3%	83,200,000	3.300%	2,745,600
12	Senior Notes, Series A, Tranche B, 4%	68,000,000	4.000%	2,720,000
13	Senior Notes, Series A, Tranche C, 4.73%	48,800,000	4.730%	2,308,240
14	,,	-	0.000%	_,, _
15	Other Long Term Debt - Acc 224	<u>-</u>	0.000%	-
		-	0.000%	
16		-	0.000%	-
17		- ·	0.000%	-
18		-	0.000%	-
19		-	0.000%	-
20 21		-	0.000%	-
22		•	0.000% 0.000%	-
23			0.000%	
24			0.000%	
25		_	0.000%	_
26		-	0.000%	-
27	Sale/Leaseback (If Applicable)	-	0.00%	-
28	Issuance Discount, Premium, & Expenses:			
29	Auction Fees	FF1.p. 256 & 257.Lines Described as I	ees	-
30	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		14,259
31	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
32	Reacquired Debt:			
33	Amortization of Loss	FF1.p. 117.64.c		
34	Less: Amortization of Gain	FF1.p. 117.66.c		_
35	Total Interest on Long Term Debt	200,000,000	0.038940495	7,788,099
36	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
37	0%	-	0.00%	-
38	0%	-	0.00%	-
39 40	0% 0%		0.00% 0.00%	
40 41	0%	•	0.00%	Ī
41 42	0%		0.00%	
43	0%		0.00%	
44	0%	_	0.00%	
45	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate AEP OHIO TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

(A)	(B)	(C)	(D)	(E)
<u>Line</u> Development	t of Average Balance of Common Equity	Balances @ 12/31/2012 Y	Balances @ 12/31/2011	Average
2 Less Prefo 3 Less Acco 4 Less Acco	y Capital (112.16.c&d) erred Stock (Ln 48 Below) ount 216.1 (112.12.c&d) ount 219.1 (112.15.c&d) Balance of Common Equity	199,235,808 - 0 - 199,235,808	96,140,877 - - - - 96,140,877	147,688,343 - - - - - 147,688,343
<u>Development</u>	t of Cost of Long Term Debt Based on A	Average Outstanding	<u>Balance</u>	
8 LT Advand 9 Senior Un 10 Less: Fair 11 Total Ave 12 NOTE: T	cequired Bonds (112.19.c&d) ces from Assoc. Companies (112.20.c&d) secured Notes (112.21.c&d) Value Hedges (See Note on Ln 12 below)	•	- - - - cluded from the bala	100,000,000 - - 100,000,000 ance of long term
14 Interest or Less: Tota	terest Expense for 2012 n Long Term Debt (256-257.33.i) al Hedge (Gain)/Expense Accumulated from p 256-2	257, col (i) of FERC Form		1,576,362
16 Amort of D 17 Amort of L 18 Less: Amo 19 Less: Amo	I in Ln 14 and shown in Ln 32 below. Debt Discount & Expense (117.63.c) Loss on Reacquired Debt (117.64.c) Dort of Premium on Debt (117.65.c) Dort of Gain on Reacquired Debt (117.66.c) Lorest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln	18 - I n 19)		14,259 - - - - - 1,590,621
	Cost of Debt for 2012 (Ln 20/Ln 11)		Г	1.59%

<u>CALCULATION OF HEDGE GAINS/LOSSES TO BE EXLCUDED FROM TCOS</u>
22 AEP OHIO TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities

	,	, ,	·	Amortization P	eriod
	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	"(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Beginning	Ending
23	0	-	-	Jan-00	Jan-00
24	0	-	-	Jan-00	Jan-00
25	0	-	-	Jan-00	Jan-00
26	0	-	-	Jan-00	Jan-00
27	0	-	-	Jan-00	Jan-00
28	0	-	-	Jan-00	Jan-00
29	0	-	-	Jan-00	Jan-00
30	0	-	-	Jan-00	Jan-00
31	0	-	-	Jan-00	Jan-00

32 Net (Gain)/Loss Hedge Amortization To Be Removed

Development of Cost of Preferred Stock

beverapment or boot of Freiented Glock				
Preferred Stock			<u>Average</u>	
33 0% Series - 0 - Dividend Rate (p. 250-251. 7 & 10.a)	0.00%	0.00%		
34 0% Series - 0 - Par Value (p. 250-251. 8.c)	0%	0%		
35 0% Series - 0 - Shares O/S (p.250-251. 8 & 11.e)	-	-		
36 0% Series - 0 - Monetary Value (Ln 34 * Ln 35)	-	-	-	
37 0% Series - 0 - Dividend Amount (Ln 33 * Ln 36)	-	-	-	
,				
38 0% Series - 0 - Dividend Rate (p. 250-251.a)	0.00%	0.00%		
39 0% Series - 0 - Par Value (p. 250-251.c)	0%	0%		
40 0% Series - 0 - Shares O/S (p.250-251. e)	_	-		
41 0% Series - 0 - Monetary Value (Ln 39 * Ln 40)	-	-	-	
42 0% Series - 0 - Dividend Amount (Ln 38 * Ln 41)	-	-	-	
,				
43 0% Series - 0 - Dividend Rate (p. 250-251.a)	0.00%	0.00%		
44 0% Series - 0 - Par Value (p. 250-251.c)	0%	0%		
45 0% Series - 0 - Shares O/S (p.250-251.e)	-	-		
46 0% Series - 0 - Monetary Value (Ln 44 * Ln 45)	-	-	-	
47 0% Series - 0 - Dividend Amount (Ln 43 * Ln 46)	-	-	-	
,				
48 Balance of Preferred Stock (Lns 36, 41, 46)	-	-	 Year End Total Agrees to FF1 p 	.112, Ln 3, col (c) & (d)
49 Dividends on Preferred Stock (Lns 37, 42, 47)	-	-	-	. , , ,
50 Average Cost of Preferred Stock (Ln 49/48)	0.00%	0.00%	0.00%	

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use AEP OHIO TRANSMISSION COMPANY

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

	(A)	eld for future use related to general (B)	(C) Function	(D)	(E)	(F)	(G) Functional	(H) Functionalized	(I) FERC
Line	Date	Property Description	(T) or (G) T = Transmissi	Basis ion	Proceeds	(Gain) / Loss	Allocator	Proceeds (Gain) / Loss	Account
4			G = General				0.000%		
' '						-	0.000%	-	
2						_	0.000%	_	
-							0.00070		
3						_	0.000%	-	
							_		
4			N	Net (Gain) or L	oss for 2012		- -	-	

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service Worksheet O - PBOP Support

AEP OHIO TRANSMISSION COMPANY

РВОР	(A)	(B)
1	Calculation of PBOP Expenses	
2	AEP System PBOP Rate	
3	Total AEP System PBOP expenses	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	631,746
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$59,384
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$20,627
15	Actual PBOP Expense (Sum Lines 11-14)	\$20,627
16	PBOP Adjustment Line 10 less Line 15	\$38,757

AEPTCo subsidiaries in PJM Worksheet - P DEPRECIATION RATES FOR TRANSMISSION PLANT PROPERTY ACCOUNTS EFFECTIVE AS OF 7/1/2010

AEP OHIO TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Land Rights	350.1	1.44%
Structures & Improvements	352.0	1.47%
Station Equipment	353.0	1.71%
Towers & Fixtures	354.0	1.44%
Poles & Fixtures	355.0	2.22%
Overhead Conductor	356.0	1.32%
Underground Conduit	357.0	1.46%
Underground Conductors	358.0	2.08%
Roads & Trails	359.0	1.61%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP OHIO TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pusuant to a Section 205 or 206 filing to change rates.

	Composite Depreciation Rate	<u>CSP</u>	<u>OPCo</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)	619,883,849	1,164,351,684	1,784,235,533
2	T-Plant (FF1 206.58.b)	570,478,232	1,109,431,387	1,679,909,619
3	Average (Ln 1+ Ln 2)/2	595,181,041	1,136,891,536	1,732,072,576
4	Depreciation (FF1 336.7.f)	12,769,913	25,505,773	38,275,686
5	Composite Depreciation (Ln 3 / Ln 4)			2.21%

Note: AEP OHIO TRANSMISSION COMPANY shall initially use the composite depreciation rate for CSP and OPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP OHIO TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP OHIO TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Operating

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2012 Worksheet Q Page 1

Line Development of Long Term Debt Balances at Year End	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
1 Bonds (112.18.c&d)			-	-	-	-	
2 Less: Reacquired Bonds (112.19.c&d) 3 LT Advances from Assoc. Companies (112.20.c&d)	- - -		20,000,000	- 20,000,000	462,500,000 200,000,000	25,000,000	462,500,000 265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund 5 Less: Fair Value Hedges (See Note on Ln 7 below)	3,709,883,415 -	1,572,429,608	530,000,000	-	4,130,325,000 -	-	9,942,638,023 -
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
7 NOTE: The balance of fair value hedges on outstanding long term debt are to be	e excluded from the balance of lo	ong term debt included in the form	mula's capital structure	(page 257, Colur	mn H of the FF1)		
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c)11 Less: Amort of Premium on Debt (117.65.c)	1,342,096 -	1,483,709 -	33,649 -	1	1,336,128 -	-	4,195,582 -
12 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	- (2.007.002)	-	1,712
13 Less: Hedge Interest on pp 256-257(i) 14 LTD Interest Expense	1,619,222 196,721,444	916,010 93,639,768	92,956 35,460,585	904,000	(2,097,663) 219,918,666	1,312,500	530,525 547,956,963
Development of Cost of Bustowed Stock and Bustowed Biridands							
<u>Development of Cost of Preferred Stock and Preferred Dividends</u> 15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
17 Shares Outstanding (p.250-251. 8.e) 18 Monetary Value (Ln 16 * Ln 17)	- -	- -	-	-	-	-	
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
21 Par Value (p. 250-251. 8.c) 22 Shares Outstanding (p.250-251. 8.e)		\$ 100.00			\$ 100.00		
23 Monetary Value (Ln 21 * Ln 22)	-	-	-	-	-	-	-
24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	-	-	-	-
25 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
26 Par Value (p. 250-251. 8.c) 27 Shares Outstanding (p.250-251. 8.e)		\$ 100.00			\$ 100.00 -		
28 Monetary Value (Ln 26 * Ln 27)	-	-	-	-	-	-	
29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251. 7.a)					4.50%		
31 Par Value (p. 250-251. 8.c) 32 Shares Outstanding (p.250-251. 8.e)					\$ 100.00 -		
33 Monetary Value (Ln 31 * Ln 32)	-	-	-	-	-	-	-
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c) 38 Less: Preferred Stock (Ln 35 Above)	3,052,563,357	1,803,774,755	479,610,035 -	29,956,296	4,489,200,654	90,109,311	9,945,214,408
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	, .	<u>.</u>	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c) 41 Balance of Common Equity	(29,897,592) 3,080,806,605	(28,884,204) 1,832,763,838	(408,880) 480,018,915	916 29,955,380	(165,724,552) 4,652,720,406	(473,816) 90,583,127	(225,388,128) 10,166,848,271
	-,,	,,	,	- , ,	, = = , = = , = =	, ,	-,,,
<u>Calculation of Capital Shares</u> 42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above) 45 Total Company Structure	3,080,806,605 6,790,690,020	1,832,763,838 3,405,193,446	480,018,915 1,030,018,915	29,955,380 49,955,380	4,652,720,406 8,520,545,406	90,583,127	10,166,848,271 19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45) 47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	54.63% 0.00%	46.18% 0.00%	53.40% 0.00%	40.04% 0.00%	45.39% 0.00%	21.63% 0.00%	
48 Common Equity Capital Shares (Ln 44 / Ln 45)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	
51 Preferred Stock Capital Shares52 Common Equity Capital Shares with Capital Equity Cap	0.00% 45.37%	0.00% 53.82%	0.00% 46.60%	0.00% 59.96%	0.00% 51.00%	0.00% 78.37%	
	TO.01 /0	JJ.02 %	40.00 /0	JJ.3U /0	J1.00 /6	10.31 /0	43.32 /0
Calculation of Capital Cost Rate	E 200/	E 000/	C 450/	4 EQQ/	E 000/	E 0E0/	E 000/
53 LTD Capital Cost Rate (Ln 14 / Ln 6) 54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	5.30% 0.00%	5.96% 0.00%	6.45% 0.00%	4.52% 0.00%	5.69% 0.00%	5.25% 0.00%	
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54) 58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	0.00% 5.21%	0.00% 6.18%	0.00% 5.35%	0.00% 6.89%	0.00% 5.86%	0.00% 9.00%	
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	

AEP East Operating

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2011 Worksheet Q Page 2

- - - 3,734,408,392 - 3,734,408,392	- - - 1,562,927,505	- - 20,000,000		-	-	1 <u>-</u>
-	- - - 1 562 927 505	- - 20 000 000	-		-	-
-	- 1 562 927 505	20,000,000		418,000,000	_	418,000,000
-	1 562 927 505	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
3,734,408,392	1,002,021,000	530,000,000	-	4,280,325,000	-	10,107,660,897
	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
excluded from the balance of k	ong term debt included in the forn	nula's capital structure.	(p. 257, Column	H of the FF1)		
202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
3,686,430	2,222,601	471,186	-	4,329,899	-	10,710,116
1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
-	-	-	-	-	-	-
- 1 815 730		- 92 956		(2.097.663)		1,712 1,280,990
205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
4.50%	4.125%			4.08%		
\$ 100.00 -	\$ 100.00 -			5 100.00		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
	4.12%			4.20%		
	\$ 100.00					
	-			-		
- -	- -	- -	-	-	-	- -
	4 EC0/			4.400/		
			9			
	- ·			-		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
				4.50%		
			\$	100.00		
<u>-</u>	<u>-</u>	_	-	-	_	1 -
-	-	-	-	-	-	-
-	-	-	-	- -	-	- -
2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
-	-	-	-	-	-	
		- (625.244)	- (2.750)		(2.070.964)	3,584,845 (287,185,057)
2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
-	-	-	-	-	-	-
		•				9,937,341,775 19,892,002,672
44.49%	53.38%	45.60%	59.56%	53.15%		
50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
44.49%	50.00%	45.60%	59.56%	51.00%		
5.52%	6.04%	6.45%	4.52%	5.48%		
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
3.06%	3.02%	3.51%	1.83%	2.69%		
	1,113,482 1,815,730 205,975,761 4.50% \$ 100.00	1,113,482	1,113,482	1,113,482	1,113,482	1,113,482

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Average Capital Structure Worksheet Q Page 3

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	<u> </u>	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
125 NOTE: The balance of fair value hedges on outstanding long term debt are	to be excluded from the balance of k	ong term debt included in the for	mula's capital structure	. (p. 257, Column	H of the FF1)		
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
129 Less: Amort of Premium on Debt (117.65.c)	· -	_ · · · · · · · · · · · · · · · · · · ·	, -	-	-	-	, , -
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	· · · · · · · · · · · · · · · · · · ·	-	-	-	-	· · · · · · -
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	- -	· · · · · · · · · · · · · · · · · · ·	, , , =	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%

Line No.							ansmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 136)	Total	Δ.ΙΙ.	ootor.	,	\$159,948
2	REVENUE CREDITS	(Note A) (Worksheet E)		DA	1.00000	\$	-
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$	159,948
	The Carrying Charge Calculations on lines 6 to 11 belossion Enhancement Charges. The total non-incentive	<u> </u>	•	-			
4	Revenue Requirement for PJM Schedule 12 Facilities (v	w/o incentives) (Worksheet J)	-	DA	1.00000	\$	-
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/((In 48 + In 49 + In 50 + (In 6 / 12)	In 51 + In 53) x 100))				0.00% 0.00%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o dep Annual Rate	reciation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108- In 109) /((In 48	+ ln 49 + ln 50 + ln 51 + ln 53) x 100))				0.00%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Retu Annual Rate	urn, income taxes or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108 - In 109 - In 131	- In 132) /((In 48 + In 49 + In 50 + In 51	+ ln 53) x 10	00))		0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w	/ incentive ROE's (Note B) (Worksheet J)					-
13		REVENUE REQUIREMENT FOR SCHE	DULE 1A CHARGES				
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Less: Load Dispatch - Reliability, Planning & Standards	• • • • • • • • • • • • • • • • • • • •					3,817 3,817
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					-

AEP WEST VIRGINIA TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

		Data Sources				Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE C	<u>Allo</u>	<u>cator</u>	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE					
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.C & Ln 140)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Wo	·	-	DA	1.00000	-
23	Plus: Additional Trans Plant on Transferred Assets	(Worksheet I, In 22.D)	-	DA	1.00000	-
24	Line Deliberately Left Blank					
25 26	Line Deliberately Left Blank General Plant	(Worksheet A In 7.C)		W/S	1.00000	
20 27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	<u>-</u>	W/S	1.00000	- -
28	Intangible Plant	(Worksheet A In 9.C)	-	W/S	1.00000	_
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-	, •		
30	ACCUMULATED DEPRECIATION AND AMORTIZAT	ON				
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank					
33	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000	-
35	Plus: Transmission Plant-in-Service Additions (Wo	rksheet I, In 21.I)	-	DA	1.00000	-
36	Plus: Additional Projected Deprec on Transferred A	Assets (Worksheet I In. 24.D)	-	DA	1.00000	-
37	Plus: Additional Transmission Depreciation for 201	,	-	TP1	0.00000	-
38	Plus: Additional General & Intangible Depreciation		-	W/S	1.00000	-
39	Plus: Additional Accum Deprec on Transferred Ass	sets (Worksheet I In 23.D)	-	DA	1.00000	-
40	Line Deliberately Left Blank					
41	Line Deliberately Left Blank	(14) - 1 - 1 (14) - (10)		\\/\(\O	4 00000	
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000	-
43 44	Less: General Plant ARO (Enter Negative) Intangible Plant	(Worksheet A In 19.C) (Worksheet A In 20.C)	-	W/S W/S	1.00000 1.00000	-
44 45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)		VV/3	1.00000	
45		(Sulli of Lines. 33 to 39 & 42 to 44)	-			-
46 47	NET PLANT IN SERVICE					
47 48	Line Deliberately Left Blank Transmission	(In 20 + In 21 - In 33 - In 34)	_			_
49	Plus: Transmission Plant-in-Service Additions (In 2	,	<u>-</u>			- -
50	Plus: Additional Trans Plant on Transferred Assets		-			-
51	Plus: Additional Transmission Depreciation for 201	· ·	-			-
52	Plus: Additional General & Intangible Depreciation		-			-
53	Plus: Additional Accum Deprec on Transferred Ass	· · · · · · · · · · · · · · · · · · ·	-			-
54	Line Deliberately Left Blank					
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	-			-
56	Intangible Plant	(In 28 - In 44)	<u> </u>			
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-			-
5 0		(Note D)				
58 59	DEFERRED TAX ADJUSTMENTS TO RATE BASE Account No. 281.1 (enter negative)	(Note D) (Worksheet B, In 2 & In 5.C)		NA		
60	Account No. 281.1 (enter negative) Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA		-
61	Account No. 282.1 (enter negative) Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(12,440)	DA		(12,440)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	139,134	DA		139,134
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	126,694			126,694
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	2,646			2,646
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	, -	TP	1.00000	, -
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000	-
74 75	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000	-
75 76	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	0.00000	- 0.040
76	TOTAL WORKING CAPITAL	(sum lns 68 to 75)	2,646			2,646
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		129,340			129,340
						

AEP WEST VIRGINIA TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	ocator_	Total <u>Transmission</u>
Line No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank					
81	Customer Related Expense	322.164,171,178.b	-			
82 83	Regional Marketing Expenses Transmission	322.131.b 321.112.b	- 24,987			
84	TOTAL O&M EXPENSES	(sum lns 81 to 83)	24,987			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,817			
86	Less: Account 565	(Note H) 321.96.b	-			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-	TD	4 00000	04.470
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	21,170	TP	1.00000	21,170
89	Administrative and General	323.197.b (Note J)	94,225			
90	Less: Acct. 924, Property Insurance	323.185.b	-			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92 93	Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.191.b 323.192.b	-			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	94,225	W/S	1.00000	94,225
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h)	1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
98 99	Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment	Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M)	- 1,853	DA W/S	1.00000 1.00000	- 1,853
100	A & G Subtotal	(sum lns 94 to 99)	96,078	VV/3	1.00000	96,078
100	/ C C Cubicial	(balli illo o'i to bo)	00,070			00,070
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	117,248			117,248
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in		- 447.040	DA	1.00000	447.040
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	117,248			117,248
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107 108	Line Deliberately Left Blank Transmission	336.7.f	_	TP1	0.00000	_
109	Plus: Transmission Plant-in-Service Additions (Work		-	DA	1.00000	-
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,768	TP1	0.00000	26,768
111	General	336.10.f	-	W/S	1.00000	-
112 113	Intangible TOTAL DEPRECIATION AND AMORTIZATION	336.1.f (Lns 108+109+111+112)	26,768	W/S	1.00000	26,768
		,	20,700			20,700
114	TAXES OTHER THAN INCOME	(Note N)				
115 116	Labor Related Payroll	Workshoot H In 22 (D)		W/S	1.00000	
117	Plant Related	Worksheet H In 23.(D)	-	VV/3	1.00000	-
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA		-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000	-
120	Other	Worksheet H In 23.(E)	100	GP(h)	1.00000	100
121	TOTAL OTHER TAXES	(sum lns 116 to 120)	100			100
122	INCOME TAXES	(Note O)				
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		40.04%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		45.00%			
125 126	where WCLTD=(In 174) and WACC = (In 177) and FIT, SIT & p are as given in Note O.					
127	GRCF=1 / (1 - T) = (from In 123)		1.6677			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
129	Income Tax Calculation	(In 124 * In 132)	4,913			4,913
130	ITC adjustment	(ln 127 * ln 128)		NP(h)	0.00000	
131	TOTAL INCOME TAXES	(sum lns 129 to 130)	4,913			4,913
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 177)	10,918			10,918
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	ote F) (Worksheet D, In 2.(B))	-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use	(Worksheet N, In 4, Cols. ((F) & (H))	-			-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held	for Future Use (In 134 * In124)	-			-
136	TOTAL REVENUE REQUIREMENT		159,948			159,948
	(sum lns 104, 113, 121, 131, 132, 133, 134, 135)					

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln								
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(In 20)						-
138	Less transmission plant excluded from PJM Tariff (Not	,						-
139	Less transmission plant included in OATT Ancillary Ser	•	(C)) (Note Q)				_	-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)						-
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TP	0.00000
				Payroll Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
143	Line Deliberately Left Blank							
144	Transmission	354.21.b	0	· ·	10,538	TP	1.00000	10,538
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	Line Deliberately Left Blank							
147	Other (Excludes A&G)	354.24,25,26.b	0		-	NA	0.00000	-
148	Total	(sum lns 144, 145, & 147)	0	10,538	10,538			10,538
149	Transmission related amount						W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet L, In. 34, col. (D))					See W/S L	-
152	Preferred Dividends	(Worksheet L, In. 44, col. (D))						-
153	Development of Common Stock:	(= = = = , , , , = = , , , , , , , , ,						
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						(506,086)
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
157	Less: Account 219	(FF1 p 112, Ln 15.c)						-
158	Common Stock	(ln 154 - ln 155 - ln 156 - ln 15	7)					(506,086)
		,	,	Capital Structure	e Percentages			, ,
		\$		Actual	Cap Limit		Cost	Weighted
159	Long Term Debt Worksheet L, In 34, col. (B))	-		-	0.00%	•	-	0.0000
160	Preferred Stock (In 155)	-		-	0.00%		-	0.0000
161	Common Stock (În 158)	(506,086)		-	0.00%		11.49%	0.0000
162	Total (Sum Ins 159 to 161)	(506,086)		-	-		WACC=	0.0000
163	Capital Structure Equity Limit (Note T)	50.0%						
	AEP OPERATING COMPANIES' COMPOSITE (Note S)							
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest	(Worksheet Q, In. 14)					_	547,956,963
166	Preferred Dividends	(Worksheet Q, In. 36)						547,950,905
167	Development of Common Stock:	(Worksheet Q, III. 30)						-
168	Proprietary Capital	(Worksheet Q, In. 37)						9,945,214,408
169	Less: Preferred Stock	(Worksheet Q, In. 38)						3,343,214,400
170	Less: Account 216.1	(Worksheet Q, In. 39)						3,754,265
170	Less: Account 219	(Worksheet Q, In. 40)						
171	Common Stock	(In 168 - In 169 - In 170 - In 17	1)				_	(225,388,128) 10,166,848,271
1/2	COMMINUM STOCK	יוו - פטו ווו - פטו ווו - טטו ווון / 1 מוו	1)					10,100,0 4 0,∠/ 1
173				%	\$	<u>-</u>	Cost	Weighted
174	Long Term Debt (Worksheet Q, In 50)			50.48%	10,052,380,272	•	0.0545	0.0275
175	Preferred Stock (Worksheet Q, In 51)			0.00%	-		-	0.0000
176	Common Stock (Worksheet Q, In 52)			49.52%	9,859,606,022		11.49%	0.0569
177	Total (Worksheet Q, In 45)			_	19,911,986,294		WACC=	0.0844

AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
- The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

 The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)

(ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT =

35.00%

SIT= p = 7.75% (State Income Tax Rate or Composite SIT. Worksheet G))
0.00% (percent of federal income tax deductible for state purposes)

- 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.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

 Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
 - If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No.							nsmission .mount		
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)	Total	Allo			\$159,948		
179	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	DA	1.00000	\$	-		
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)				\$	159,948		
MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.									
181	Not applicable on this template								
182 183	NET PLANT CARRYING CHARGE w/o intra-AEP charge	es or credits or ROE incentives (Note B) ((In 178 - In 279 - In 280)/ In 225 x 100)					0.00%		
184	Monthly Rate	(In 183 / 12)					0.00%		
185 186	NET PLANT CARRYING CHARGE ON LINE 183, w/o d	lepreciation or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285) / In 225 x 100)					0.00%		
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o R	eturn, income taxes or ROE incentives (Note B)							
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)					0.00%		
189	Not applicable on this template								
190		REVENUE REQUIREMENT FOR SCHEDULE	1A CHARGES						
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below					3,817		
192 193	Less: Load Dispatch - Scheduling, System Control and E Less: Load Dispatch - Reliability, Planning & Standards E						3,817		
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)					-		

	(1)	(2)	(3)	(4	1)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Alloc	cator	Total <u>Transmission</u>
Line			NOTE C			
No. 195	GROSS PLANT IN SERVICE Line Deliberately Left Blank					
196	Line Deliberately Left Blank					
197	Transmission	(Worksheet A In 3.C & Ln 317)	-	DA TP	1 00000	-
198 199	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Works	(Worksheet A In 4.C& Ln 318)	N/A	NA	1.00000 0.00000	N/A
200	Plus: Additional Trans Plant on Transferred Assets (V	•	N/A	NA	0.00000	N/A
201	Line Deliberately Left Blank					
202 203	Line Deliberately Left Blank General Plant	(Worksheet A In 7.C)	_	W/S	1.00000	_
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000	-
205	Intangible Plant	(Worksheet A In 9.C)		W/S	1.00000	
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	-	GP(h)= GTD=	0.000000	-
207	ACCUMULATED DEPRECIATION AND AMORTIZATION	ON		GID=	-	
208	Line Deliberately Left Blank					
209	Line Deliberately Left Blank Transmission	(Markahaat A In 14 C & 29 C)		TP1=	0.00000	
210 211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.C & 28.C) (Worksheet A In 15.C)	- -	TP1=	0.00000	- -
212	Plus: Transmission Plant-in-Service Additions (Works	,	N/A	DA	1.00000	N/A
213	Plus: Additional Projected Deprec on Transferred As		N/A	DA	1.00000	N/A
214	Plus: Additional Transmission Depreciation for 2013	,	N/A N/A	TP1	0.00000	N/A N/A
215 216	Plus: Additional General & Intangible Depreciation for Plus: Additional Accum Deprec on Transferred Asset	·	N/A N/A	W/S DA	1.00000 1.00000	N/A N/A
217	Line Deliberately Left Blank	is (Transcrip		271	1.00000	1071
218	Line Deliberately Left Blank	(M. J. J. J. A. J. 40.0)		\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	4 00000	
219 220	General Plant Less: General Plant ARO (Enter Negative)	(Worksheet A In 18.C) (Worksheet A In 19.C)		W/S W/S	1.00000 1.00000	-
221	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000	-
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)				-
223	NET PLANT IN SERVICE					
224	Line Deliberately Left Blank					
225	Transmission	(ln 197 + ln 198 - ln 210 - ln 211)				
226	Plus: Transmission Plant-in-Service Additions (In 199	•	N/A			N/A
227 228	Plus: Additional Trans Plant on Transferred Assets (I Plus: Additional Transmission Depreciation for 2013	·	N/A N/A			N/A N/A
229	Plus: Additional General & Intangible Depreciation for		N/A			N/A
230	Plus: Additional Accum Deprec on Transferred Asset	s (Worksheet I) (-In 216)	N/A			N/A
231 232	Line Deliberately Left Blank General Plant	(ln 203 + ln 204 - ln 219 - ln 220)	_			_
232	Intangible Plant	(ln 205 - ln 221)	- -			-
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	-	NP(h)=	0.000000	-
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA DA		-
237 238	Account No. 282.1 (enter negative) Account No. 283.1 (enter negative)	(Worksheet B, In 7 & In 10.C) (Worksheet B, In 12 & In 15.C)	(12,440)	DA DA		(12,440)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	139,134	DA		139,134
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA		-
241	TOTAL ADJUSTMENTS	(sum lns 236 to 240)	126,694			126,694
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
244	WORKING CAPITAL	(Note E)				
245 246	Cash Working Capital Transmission Materials & Supplies	(1/8 * In 265) (Worksheet C, In 2.(D))	2,646	TP	1.00000	2,646
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	- -	W/S	1.00000	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
249 250	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S GP(b)	1.00000	-
250 251	Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.F) (Worksheet C, In 6.E)	- -	GP(h) DA	1.00000 1.00000	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	<u> </u>	NA	0.00000	
253	TOTAL WORKING CAPITAL	(sum lns 245 to 252)	2,646			2,646
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		129,340			129,340
200						120,040

	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	<u>Allocator</u>	Total <u>Transmission</u>
Line No. 256 257	OPERATION & MAINTENANCE EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank				
258 259	Customer Related Expense Regional Marketing Expenses	322 & 323.164,171,178.b 322.131.b	Per Settlement in FERC Docket No. ER10-355-000,		
260 261 262 263 264 265	Transmission TOTAL O&M EXPENSES Less: Total Account 561 Less: Account 565 Less: Regulatory Deferrals & Amortizations Total O&M Allocable to Transmission	321.112.b (sum lns 258 to 260) (Note G) (Worksheet F, ln 14.C) (Note H) 321.96.b (Note I) (Worksheet F, ln 4.C) (lns 260 - 262 - 263 - 264)	Attachment A-1 to Appendix B, pg. 26, C, 7a. 24,987 3,817 21,170	TP 1.00000	21,170
			Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26,		
266 267 268 269 270	Administrative and General Less: Acct. 924, Property Insurance Acct. 928, Reg. Com. Exp. Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.197.b (Note J) 323.185.b 323.189.b 323.191.b 323.192.b	94,225 <i>C, 7a.</i>		
271 272 273 274	Balance of A & G Plus: Acct. 924, Property Insurance Acct. 928 - Transmission Specific Acct 930.1 - Only safety related ads -Direct	(In 266 - sum In 267 to In 270) (In 267) Worksheet F In 20.(E) (Note L) Worksheet F In 37.(E) (Note L)	94,225	W/S 1.00000 GP(h) 1.00000 TP 1.00000 TP 1.00000	- -
275 276 277	Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment A & G Subtotal	Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M) (sum Ins 271 to 276)	1,853 96,078	DA 1.00000 W/S 1.00000	1,853 96,078
278 279 280 281	O & M EXPENSE SUBTOTAL Plus: TEA Settlement in Account 565 Plus: Transmission Lease Payments To Affiliates in Ac TOTAL O & M EXPENSE	(In 265 + In 277) Company Records (Note H) ct 565 (Company Records) (Note H) (In 278 + In 279 + In 280)	117,248	DA 1.00000 DA 1.00000	117,248 - - 117,248
282 283 284 285	DEPRECIATION AND AMORTIZATION EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank Transmission	336.7.f		TP1 0.00000	
286 287 288 289	Plus: Transmission Plant-in-Service Additions (Worksh Plus: Formation Costs Amortization General Intangible	(Worksheet A In 35.C) 336.10.f 336.1.f	N/A 26,768 - -	TP1 0.00000 W/S 1.00000 W/S 1.00000	- -
290 291 292	TOTAL DEPRECIATION AND AMORTIZATION TAXES OTHER THAN INCOME Labor Related	(Ln 285+286+288+289) (Note N)	26,768		26,768
293 294 295	Payroll Plant Related Property	Worksheet H In 23.(D) Worksheet H In 23.(C) & In 58.(C)	- -	W/S 1.00000 DA	- 0
296 297 298	Gross Receipts/Sales & Use Other TOTAL OTHER TAXES	Worksheet H In 23.(F) Worksheet H In 23.(E) (sum Ins 293 to 297)	100 100	NA 0.00000 GP(h) 1.00000	
299 300 301 302 303	INCOME TAXES T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = EIT=(T/(1-T)) * (1-(WCLTD/WACC)) = where WCLTD=(In 350) and WACC = (In 353) and FIT, SIT & p are as given in Note O.	(Note O)	40.04% 45.00%		
304 305 306	GRCF=1 / (1 - T) = (from In 300) Amortized Investment Tax Credit (enter negative) Income Tax Calculation	(FF1 p.114, ln 19.c) (ln 301 * ln 309)	4,913		4,913
307 308	ITC adjustment TOTAL INCOME TAXES	(ln 304 * ln 305) (sum lns 306 to 307)	4,913	NP(h) 0.00000	4,913
309	RETURN ON RATE BASE (Rate Base*WACC)	(ln 255 * ln 353)	10,918		10,918
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Not		-	DA 1.00000	-
311	(Gains) / Losses on Sales of Plant Held for Future Use (W		-		-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held fo	or Future Use (in 311 ° in301)	450.040		450.010
313	TOTAL REVENUE REQUIREMENT (sum lns 281, 290, 298, 308, 309, 310, 311, 312)		<u>159,948</u>		159,948

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln									
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
314	Total transmission plant	(In 197)							-
315	Less transmission plant excluded from PJM Tariff (Note								-
316	Less transmission plant included in OATT Ancillary Ser	vices (Worksheet A, In 23, Col. (C)) (Note Q)						_	-
317	Transmission plant included in PJM Tariff	(ln 314 - ln 315 - ln 316)						_	-
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)						TP=	0.00000
040	MA OFO 6 OAL ADV ALLOCATOR (M/O)	(N. (. D)	Discus Describ		Payroll Billed from	Total			
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	А	AEP Service Corp.	Total			
320	Line Deliberately Left Blank	054.041		•	40.500	40.500	TD	4.00000	40.500
321	Transmission	354.21.b		0	10,538	10,538	TP	1.00000	10,538
322	Regional Market Expenses	354.22.b		0		-	NA	0.00000	-
323	Line Deliberately Left Blank								
324	Other (Excludes A&G)	354.24,25,26.b		0		-	NA	0.00000	-
325	Total	(sum lns 321, 322, & 324)		0	10,538	10,538			10,538
326	Transmission related amount							W/S=	1.00000
	Actual (Uncapped) Capital Structure								
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							_	\$
328	Long Term Interest	(Worksheet L, In. 34, col. (D))						See W/S L	-
329	Preferred Dividends	(Worksheet L, In. 44, col. (D))							-
330	Development of Common Stock:								
331	Proprietary Capital	(FF1 p 112, Ln 16.c)							(506,086)
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)							-
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)							-
334	Less: Account 219	(FF1 p 112, Ln 15.c)							_
335	Common Stock	(ln 331 - ln 332 - ln 333 - ln 334)						-	(506,086)
000	Common Clock	(11 001 11 002 11 000 11 001)			Capital Structu	re Percentages			(000,000)
					\$	%		Cost	Weighted
336	Long Term Debt Worksheet L, In 34, col. (B))		See W/S L	_		0.00%			0.0000
337	Preferred Stock (In 332)		000 W/O L		_	0.00%		_	0.0000
338	Common Stock (In 335)				(506,086)	100.00%		11.49%	0.1149
339	Total (Sum Ins 336 to 338)			_	(506,086)	100.0070		WACC=	0.1149
339	10tal (Sulfi liis 330 to 330)				(506,066)	ı		WACC=	0.1149
0.40	AEP OPERATING COMPANIES' COMPOSITE (Note \$	<u>s)</u>							•
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							_	\$
341	Long Term Interest	(Worksheet Q, In. 14)							547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)							-
343	Development of Common Stock:								
344	Proprietary Capital	(Worksheet Q, In. 37)							9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)							-
346	Less: Account 216.1	(Worksheet Q, In. 39)							3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)							(225,388,128)
348	Common Stock	(ln 344 - ln 345 - ln 346 - ln 347)						_	10,166,848,271
349				_	%	\$		Cost	Weighted
350	Long Term Debt (Worksheet Q, In 50)				50.48%	10,052,380,272		5.45%	0.0275
351	Preferred Stock (Worksheet Q, In 51)				0.00%	-		0.00%	0.0000
352	Common Stock (Worksheet Q, In 52)				49.52%	9,859,606,022		11.49%	0.0569
353	Total (Worksheet Q, In 45)				_	19,911,986,294		WACC=	0.0844

AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u> General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 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. See Worksheet E for details. В 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. Transmission Plant balances in this study are historic as of December 31, 2012. С The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 262. 2) AEP transmission equalization transfers, as shown on line 263 3) The impact of state regulatory deferrals and amortizations, as shown on line 264 4) All A&G Expenses, as shown on line 277. Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310. 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 192 & 193 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. Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 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 lines 279 and 280 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger. Removes the impact of state regulatory deferrals or their amortization from O&M expense. 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. The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E. See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing. 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. 0 The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. Inputs Required: 35.00% FIT = SIT= 7.75% (State Income Tax Rate or Composite SIT. Worksheet G)) 0.00% (percent of federal income tax deductible for state purposes) p =Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT. 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. As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the

As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding

- AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No.						nsmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	٨	llo ootor	 \$152,695
2	REVENUE CREDITS	(Note A) (Worksheet E)	Total -	DA	1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$ 152,695
	The Carrying Charge Calculations on lines 6 to 11 below a ission Enhancement Charges. The total non-incentive rev	• • • • • • • • • • • • • • • • • • • •		•		
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o i	ncentives) (Worksheet K)	-	DA	1.00000	\$ -
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charges o Annual Rate Monthly Rate	r credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/ In 48 x 100) (In 6 / 12)				0.00% 0.00%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o depreci Annual Rate	ation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			0.00%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, Annual Rate	income taxes or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108 - In 131 - In 1	32) / In 48 x 100)			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ inc	entive ROE's (Note B) (Worksheet K)				-
13		REVENUE REQUIREMENT FOR SO	HEDULE 1A CHARGES			
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Disp Less: Load Dispatch - Reliability, Planning & Standards Dev	,				3,817 3,817 -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				

	(1)	(2)	(3)	((4)	(5)
		Data Sources	T0 T-4-1	Alla		Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE <u>C</u>	Allo	cator	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE					
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank	() Markahaat Ala 2 E 8 La 440)		DA		
20 21	Transmission Less: Transmission ARO (Enter Negative)	(Worksheet A In 3.E & Ln 140) (Worksheet A In 4.E & Ln 141)	<u>-</u>	DA TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Workshop	,	N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Wo	•	N/A	NA	0.00000	N/A
24	Line Deliberately Left Blank	,				
25	Line Deliberately Left Blank					
26	General Plant	(Worksheet A In 7.E)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	1.00000	-
28 29	Intangible Plant TOTAL GROSS PLANT	(Worksheet A In 9.E) (Sum of Lines: 20 to 23 & 26 to 28)		W/S GP(h)=	1.00000 0.0000	<u>-</u>
29	TOTAL GROSS I LAIVI	(Sum of Lines, 20 to 23 & 20 to 20)	-	GTD=	0.00000	_
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank	(1)		TD4	4 00000	
33	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1= TP1=	1.00000	-
34 25	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Workshe	(Worksheet A In 15.E)	N/A	DA	1.00000 1.00000	N/A
35 36	Plus: Additional Projected Deprec on Transferred Asse	•	N/A	DA	1.00000	N/A N/A
37	Plus: Additional Transmission Depreciation for 2013 (Ir		N/A	TP1	1.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 2	•	N/A	W/S	1.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (,	N/A	DA	1.00000	N/A
40	Line Deliberately Left Blank	,				
41	Line Deliberately Left Blank					
42	General Plant	(Worksheet A In 18.E)	-	W/S	1.00000	-
43 44	Less: General Plant ARO (Enter Negative) Intangible Plant	(Worksheet A In 19.E) (Worksheet A In 20.E)	-	W/S W/S	1.00000 1.00000	-
4 4 45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)		VV/3	1.00000	
40	NET DI ANT IN CEDVICE	,				
46 47	NET PLANT IN SERVICE Line Deliberately Left Blank					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-			_
49	Plus: Transmission Plant-in-Service Additions (In 22 - In	,	N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (In		N/A			N/A
51	Plus: Additional Transmission Depreciation for 2013 (-I	In 37)	N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 2	·	N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets	(Worksheet I) (-In 39)	N/A			N/A
54 55	Line Deliberately Left Blank	(1, 00, 1, 07, 1, 40, 1, 40)				
55 56	General Plant Intangible Plant	(In 26 + In 27 - In 42 - In 43) (In 28 - In 44)	-			-
56 57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)		NP(h)=	0.00000	<u>-</u>
01	TOTAL NETT EXITY IN GERVIOL	(Outil of Enico. 40 to 00 d 00, 00)		(<i>)</i> –	0.00000	
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		_
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	-	DA		-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(17,931)	DA		(17,931)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	85,637	DA		85,637
63 64	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)		DA		- 07 700
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	67,706			67,706
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	2,646			2,646
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	1.00000	-
71 72	Stores Expense Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 4.(D))	-	GP(h) W/S	1.00000 1.00000	-
72 73	Prepayments (Account 165) - Labor Allocated Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.G) (Worksheet C, In 8.F)	- -	W/S GP(h)	1.00000	-
73 74	Prepayments (Account 165) - Gross Flam Prepayments (Account 165) - Transmission Only	(Worksheet C, III 8.F)	- -	DA	1.00000	- -
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	2,646			2,646
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
		, - \-//	70.050		-	70.077
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		70,352			70,352

AEP WEST VIRGINIA TRANSMISSION COMPANY

(1) (2) (3) (4)

	()	()	()		()	()	
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	<u>Allocator</u>		Total <u>Transmission</u>	
Line	ODED ATION & MAINTENANCE EVDENCE						
<u>No.</u>	OPERATION & MAINTENANCE EXPENSE						
79	Line Deliberately Left Blank						
80	Line Deliberately Left Blank	000 404 474 470 b					
81	Customer Related Expense	322.164,171,178.b	-				
82	Regional Marketing Expenses	322.131.b	-				
83	Transmission	321.112.b	24,987				
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	24,987				
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,817				
86	Less: Account 565	(Note H) 321.96.b	-				
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)					
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	21,170	TP	1.00000	21,170	
89	Administrative and General	323.197.b (Note J)	94,225				
90	Less: Acct. 924, Property Insurance	323.185.b	, -				
91	Acct. 928, Reg. Com. Exp.	323.189.b	-				
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-				
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-				
94	Balance of A & G	(ln 89 - sum ln 90 to ln 93)	94,225	W/S	1.00000	94,225	
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h)	1.00000	-	
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	<u>-</u>	TP	1.00000	_	
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	_	TP	1.00000	_	
98	Acct 930.1 - Only safety related add - Direct Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)		DA	1.00000	_	
	·	* * * * * * * * * * * * * * * * * * * *	1 052			1 052	
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,853	W/S	1.00000	1,853	
100	A & G Subtotal	(sum Ins 94 to 99)	96,078			96,078	
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	117,248			117,248	
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-	
103	Plus: Transmission Lease Payments To Affiliates in Acct 56	. ,		DA	1.00000	_	
103	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	117,248	DA	1.00000	117,248	
		,	,			•	
105	DEPRECIATION AND AMORTIZATION EXPENSE						
106	Line Deliberately Left Blank						
107	Line Deliberately Left Blank						
108	Transmission	336.7.f	-	TP1	1.00000	-	
109	Plus: Transmission Plant-in-Service Additions (Worksheet I		N/A			N/A	
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,768	TP1	1.00000	26,768	
111	General	336.10.f	20,700	W/S	1.00000	20,700	
112	Intangible	336.1.f		W/S	1.00000		
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	26,768	VV/O	1.00000	26,768	
114	TAXES OTHER THAN INCOME	(Note N)					
115	Labor Related						
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-	
117	Plant Related						
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA		-	
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000	-	
120	Other	Worksheet H In 23.(E)	100_	GP(h)	1.00000	100	
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	100			100	
400	INCOME TAYES	(N-4-0)					
122	INCOME TAXES	(Note O)					
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		40.04%				
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		44.92%				
125	where WCLTD=(In 174) and WACC = (In 177)						
126	and FIT, SIT & p are as given in Note O.						
127	GRCF=1/(1 - T) = (from In 123)		1.6677				
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-				
129	Income Tax Calculation	(In 124 * In 132)	2,659			2,659	
		,	2,009	ND/L\	0.00000	۷,009	
130	ITC adjustment	(ln 127 * ln 128)		NP(h)	0.00000	-	
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	2,659			2,659	
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	5,919			5,919	
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F)	(Worksheet D, In 2.(B))	-	DA	1.00000	-	
134	(Gains) / Losses on Sales of Plant Held for Future Use (Works	sheet N, In 4, Cols. ((F) & (H))	-			-	
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Fu	iture Use (In 134 * In124)	-			-	
136	TOTAL REVENUE REQUIREMENT		152,695			152,695	
	(sum Ins 104, 113, 121, 131, 132, 133)						

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
137	Total transmission plant	(In 20)							-
138	Less transmission plant excluded from PJM Tariff (Note P)	,							-
139	Less transmission plant included in OATT Ancillary Services	, , ,)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)							-
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)						TF	0.00000
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed AEP Service		Total			
143	Line Deliberately Left Blank	(101011)	2001. 0.9.0	7.2. 0000	ос.р.				
144	Transmission	354.21.b	0		10,538	10,538	TP	1.00000	10,538
145	Regional Market Expenses	354.22.b	0		0	-	NA	0.00000	-
146	Line Deliberately Left Blank		_		_				
147	Other (Excludes A&G)	354.24,25,26.b	0		0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0		10,538	10,538			10,538
149	Transmission related amount							W/S=	1.00000
450	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)								•
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(Markabaat M. In. 20, and (I	=\\						φ
151 152	Long Term Interest Preferred Dividends	(Worksheet M, In. 20, col. (I (Worksheet M, In. 49, col. (I	,,						-
153	Development of Average Common Stock Balance:	(Worksheet W, III. 49, Col. (I	-//						
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						(438,180)
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E	•						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E							-
		// / / / / / / / / / / / / / / / / / /							
157	Less: Account 219	(Worksheet M, In. 4, col. (E							-
157 158	Less: Account 219 Average Common Stock	(Worksheet M, In. 4, col. (E) (In 154 - In 155 - In 156 - In						_	(438,180)
				<u>Capital S</u>	Structure	<u>Percentages</u>			(438,180)
				Capital S Actual		<u>Percentages</u> Cap Limit		Cost	(438,180) Weighted
158 159	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E))	(ln 154 - ln 155 - ln 156 - ln				Cap Limit 0.00%		Cost -	Weighted 0.0000
158 159 160	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	(In 154 - In 155 - In 156 - In Average \$ -				Cap Limit 0.00% 0.00%		- - -	Weighted 0.0000 0.0000
158 159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000
158 159 160	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	(In 154 - In 155 - In 156 - In Average \$ -				Cap Limit 0.00% 0.00%		- - -	Weighted 0.0000 0.0000
158 159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S)	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000
158 159 160 161 162 163 164 165 166	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock:	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963 - Average
158 159 160 161 162 163 164 165 166 167 168	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	Weighted 0.0000 0.0000 0.0000 0.0000 \$ 547,956,963
158 159 160 161 162 163 164 165 166 167 168 169	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - Average 9,799,477,986
158 159 160 161 162 163 164 165 166 167 168 169 170	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	Average \$			- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555
158 159 160 161 162 163 164 165 166 167 168 169	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	Average \$	157)		- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - Average 9,799,477,986
158 159 160 161 162 163 164 165 166 167 168 169 170 171	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	Average \$ (438,180) (438,180) (438,180) (438,180) (50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)		- - -	Cap Limit 0.00% 0.00% 0.00%		- - 11.49%	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593)
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ (438,180) (438,180) (438,180) (438,180) (50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actual %	- - - 0%	Cap Limit 0.00% 0.00% 0.00% 0%		11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	Average \$ (438,180) (438,180) (438,180) (438,180) (50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actual %	- - - 0%	Cap Limit 0.00% 0.00% 0.00% 0% \$ 10,096,878,353		11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275 0.0000
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ (438,180) (438,180) (438,180) (438,180) (50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	157)	Actual %	- - - 0%	Cap Limit 0.00% 0.00% 0.00% 0%		- 11.49% WACC=	\$ 547,956,963 - Average 9,799,477,986 - 3,669,555 (256,286,593) 10,052,095,023 Weighted 0.0275

AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.

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.
- Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

 The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required:

FIT = 35.00%

SIT= 7.75% (State Income Tax Rate or Composite SIT. Worksheet G))

p = 0.00% (percent of federal income tax deductible for state purposes)

- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- 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.
- As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.
 - Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet A Supporting Plant Balances AEP WEST VIRGINIA TRANSMISSION COMPANY

(B)

(C)

(D)

(E)

(A)

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

formation costs.

<u>Line</u> Balance @ December Balance @ December Average Balance Rate Base Item & Supporting Balance Source of Data <u>31, 2012</u> 31, 2011 for 2012 <u>Number</u> NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here. NOTE: The ratebase should not include the unamoritzed balance of hedging gains or losses. **Plant Investment Balances** Line Deliberately Left Blank 2 Line Deliberately Left Blank **Transmission Plant In Service** FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58 **Transmission Asset Retirement Obligation** FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57 Line Deliberately Left Blank Line Deliberately Left Blank **General Plant In Service** FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99 **General Asset Retirement Obligation** FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98 FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5 **Intangible Plant In Service Total Property Investment Balance** (Sum of Lines: 3, 7, 9) 10 11 Total ARO Balance (included in total on line 10) (Sum of Lines: 4, 8) **Accumulated Depreciation & Amortization Balances** Line Deliberately Left Blank 12 Line Deliberately Left Blank 13 14 **Transmission Accumulated Depreciation** FF1, page 219, In 25, Col. (b) 15 **Transmission ARO Accumulated Depreciation** Company Records - Note 1 16 Line Deliberately Left Blank 17 Line Deliberately Left Blank 18 **General Accumulated Depreciation** FF1, page 219, In 28, Col. (b) 19 **General ARO Accumulated Depreciation** Company Records - Note 1 **Intangible Accumulated Amortization** FF1, page 200, In 21, Col. (b) 20 **Total Accumulated Depreciation or Amortization** (Sum of Lines: 14, 18, 20) 21 Total ARO Balance (included in total on line 21) **Generation Step-Up Units GSU Investment Amount** 23 Company Records - Note 1 24 **GSU Accumulated Depreciation** Company Records - Note 1 (Line 23 - Line 24) 25 **GSU Net Balance** <u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u> 26 **Transmission Accumulated Depreciation** (Line 14 Above) 27 **Less: GSU Accumulated Depreciation** (Line 24 Above) 28 **Subtotal of Transmission Net of GSU** (Line 26 - Line 27) **Plant Held For Future Use** 29 Plant Held For Future Use FF1, page 214, In 47, Col. (d) 30 **Transmission Plant Held For Future** 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. Beginning Balance of Regulatory Asset (Note 2) 66,921 93,690 80,306 31 32 Amortization in Months 33 Monthly Amortization 2,231 2,231 2,231 34 Months in 2012 to be amortized 12 12 12 35 Amortization Expense in 2012 26,768 26,769 26,768 36 Months in 2013 to be amortized 12 12 12 37 Amortization Expense in 2013 26,768 26,769 26,768 38 **Ending Balance of Regulatory Asset** 40,153 66,921 53,537 53,537 39 Average Balance of Regulatory Asset 80,306 66,921 66,921 40 Unamortized Balance of Regulatory Asset at YE 2012 40,153 53,537 41 Total Regulatory Deferrals Included in Ratebase (Note 2) 0 0

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet B Supporting ADIT and ITC Balances AEP WEST VIRGINIA TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> <u>Number</u>	<u>Description</u>	<u>Source</u>	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
1	Account 281				
2 3 4 5	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 272 - 273, ln 8, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 2 - ln 3 - ln 4	-	-	- - - -
6	Account 282				
7 8 9 10	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 274 - 275, ln 5, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 7 - ln 8 - ln 9	-	- - -	- - - -
11	Account 283				
12 13 14 15	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 276 - 277, In 9, Col. (k) Company Records - Note 1 Company Records - Note 1 Ln 12 - In 13 - In 14	12,440 - - 12,440	23,422	17,931 - - 17,931
16	Account 190				
17 18 19 20	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals Transmission Related Deferrals	FF1, p. 234, ln 8, Col. (c) Company Records - Note 1 Company Records - Note 1 Ln 17 - In 18 - In 19	139,134 - - 139,134	32,140 - - 32,140	85,637 - - - 85,637
21	Account 255				
22 23 24 25	Year End ITC Balances Less: Balances Not Qualified for Ratebase ITC Balances Includeable in Ratebase Transmission Related Deferrals	FF1, p. 266-267, In 8, Col. (h) Company Records - Note 1 Ln 22 - In 23 Company Records - Note 1	- -	- - -	- - - -

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

NOTE 2 $\,$ ADIT balances should exclude balances related to hedging activity.

Explanation

Explanation

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet C Supporting Working Capital Rate Base Adjustments AEP WEST VIRGINIA TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

Materials & Supplies

<u>Line</u> Number		Source	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	0	0	-
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c) & (b)	0	0	-
4	Stores Expense (Undistributed)	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-

		<u>Prepaym</u>	ent Balance Sum	mary			
5		Average of YE Balance	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)
6	Totals as of December 31, 2012 Totals as of December 31, 2011		0 0	0	0	0	0
8	Average Balance		-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2012

9	Acc. No.	<u>Description</u>	2012 YE Balance	Excludable <u>Balances</u>	Transmission Related	Plant <u>Related</u>	Labor Related	in Ratebase (E)+(F)+(G)	<u>!</u>
10	1650001	Prepaid Insurance	0	-		-		-	
11	165000207	Prepaid Taxes	0	-		-		-	
12	1650003	Prepaid Rents	0	-			-	-	
13	1650004	Prepaid Interest	0	-				-	
14	1650005	Prepaid Employee Benefits	0	-			-	-	
15	1650006	Other Prepayments	0	-				-	
16	1650009	Prepaid Carry Cost-Factored AR	0	-				-	
17	1650010	Prepaid Pension Benefits	0				-	-	
18	1650014	FAS 158 Qual Contra Asset	0	-				-	
19	1650016	FAS 112 ASSETS	0	-			-	-	
								-	

Prepayments Account 165 - Balance @ 12/31/ 2011

Subtotal - Form 1, p 111.57.c

Subtotal - Form 1, p 111.57.c

20	Acc. No.	<u>Description</u>	2011 <u>YE Balance</u>	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)	
21	1650001	Prepaid Insurance	0			0		-	
22	165000206	Prepaid Taxes	0			0		-	
23	165000207	Prepaid Taxes	0			0		-	
24	165000208	Prepaid Taxes	0			0		-	
25	1650003	Prepaid Rents	0	0				-	
26	1650004	Prepaid Interest	0	0				-	
27	1650006	Other Prepayments	0	0				-	
28	1650009	Prepaid Carry Cost-Factored AR	0	0				-	
29	1650010	Prepaid Pension Benefits	0				0	-	
30	1650014	FAS 158 Qual Contra Asset	0	0				-	
31	1650016	FAS 112 ASSETS	0	0				-	

Formula Rate WS D IPP Credits Page 19 of 37

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet D Supporting IPP Credits AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line</u> Number	(A) <u>Description</u>	(B) <u>2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	
3	Revenue Credits to Generators (Company Records - Note 1)	-
4 5 6	Other Adjustments Accounting Adjustment (Company Records - Note 1)	
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, line 24.f)	
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	<u> </u>

Note 1 On this worksheet Company Records refers to AEP WEST VIRGINIA TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet E Supporting Revenue Credits AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line</u> Number	<u>Description</u>	<u>Total</u> <u>Company</u>	Non- Transmission	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	
4	Account 4560015, Associated Business Development - (Company Records - Note 1)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	26,769	26,769	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	26,769	26,769	
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	26,769	26,769	-

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP WEST VIRGINIA TRANSMISSION COMPANY's general ledger. The functional amounts identified as transmission revenue also come from the general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet F Supporting Allocation of Specific O&M or A&G Expenses AEP WEST VIRGINIA TRANSMISSION COMPANY

(F)

Explanation

	(A)	(B)	(C)	(D)	(E) <u>100%</u>
<u>Line</u> Number	Item No.	<u>Description</u>	2012 Expense	100% Non-Transmission	Transmission Specific
1	5700005	Regulatory O&M Deferrals & Amortizations Maint Station-Reliability-Df	-		
2					
3 4		Total	0		
5	FF1 p 321.84.b	<u>Detail of Account 561 Per FERC Form 1</u> 561 - Load Dispatching	0		
6	FF1 p 321.84.b	561.1 - Load Dispatching 561.1 - Load Dispatch - Reliability	0		
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	0		
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	3,817		
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0,017		
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0		
12	FF1 p 321.90.b	561.7 - Generation Interconnection Studies	0		
13	•		0		
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services Total of Account 561	3,817		
14		i otal of Account 301	3,017	-	
		Account 928			
15	9280000	Regulatory Commission Exp	-	-	-
16	9280001	Regulatory Commission Exp-Adm	-	-	-
17	9280002	Regulatory Commission Exp-Case	-	-	-
18	9280002	Regulatory Commission Exp-Case	-	-	-
19	9280002	Regulatory Commission Exp-Case	-	-	-
20		Total		-	
		Account 930.1			
21	9301000	General Advertising Expenses	-		-
22	9301001	Newspaper Advertising Space	-		_
23	9301002	Radio Station Advertising Time	-		_
24	9301003	TV Station Advertising Time	-	-	-
25	9301004	Newspaper Advertising Prod Exp	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-
27	9301006	Spec Corporate Comm Info Proj	-	-	-
28	9301007	Special Adv Space & Prod Exp	-	-	-
29	9301008	Direct Mail and Handouts	-	-	-
30	9301009	Fairs, Shows, and Exhibits	-	-	-
31	9301010	Publicity	-	-	-
32	9301011	Dedications, Tours, & Openings	-	-	-
33	9301012	Public Opinion Surveys	-	-	-
34	9301013	Movies Slide Films & Speeches	-	-	-
35	9301014	Video Communications	-	-	-
36	9301015	Other Corporate Comm Exp	-	-	-
37		Total			
					_
38	9302000	Account 930.2 Misc General Expenses	0		
39	9302003	Corporate & Fiscal Expenses	0		
40	9302004	Research, Develop&Demonstr Exp	0		
41	9302007	Assoc Business Development Exp	0		
42		Total		-	

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet G Supporting - Development of Composite State Income Tax Rate AEP WEST VIRGINIA TRANSMISSION COMPANY

1	West Virginia Excise Tax Rate Apportionment Factor - Note 2	7.75% 100.00%	7.750/
	Effective State Tax Rate		7.75%
2	Tax Rate	0.00%	
	Apportionment Factor - Note 2 Effective State Tax Rate	0.00%	0.00%
3	Tax Rate	0.00%	
	Apportionment Factor - Note 2 Effective State Tax Rate	0.00%	0.00%
	Tau Data	0.000/	
4	Tax Rate Apportionment Factor - Note 2	0.00% 0.00%	
	Effective State Tax Rate		0.00%
5	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	0.000/
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate	•	7.75%

Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 1 Supporting Taxes Other than Income AEP WEST VIRGINIA TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line		Total				
No.	Account	Company NOTE 1	Property	Labor	Other	Non-Allocable
		NOTET				
1 2	Revenue Taxes Gross Receipts Tax	_				_
3 4	Real Estate and Personal Property Taxes Real and Personal Property - West Virginia					
5	Real and Personal Property - Virginia	-	-			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10 11	Federal Unemployment Tax State Unemployment Insurance	-		-		
4.0						
12 13	Line Deliberately Left Blank State Severance Taxes	-				-
. •						
14 15	Miscellaneous Taxes State Business & Occupation Tax	_				_
16	State Public Service Commission Fees	-			-	-
17	State Franchise Taxes	100			100	
18	State Lic/Registration Fee	-			-	
19 20	Misc. State and Local Tax Sales & Use	-			-	_
21	Federal Excise Tax	_				-
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis	100			100	
	(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 nctional Property		H-1.		
	· ·	Lines 24-58	Tux / till Gation	Lines 24-58		
		Column (B)		Column (D)		
		Deliberately Left Blank	Transmission	Deliberately Left Blank	General	Total
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	-		-	<u> </u>
	VIRGINIA JURISDICTION					
25 26	Percentage of Plant in VIRGINIA JURISDICTION Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)					
27	Less: Net Value of Exempted Generation Plant	-	-	-	-	-
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-	-
29	Relative Valuation Factor					0
30 31	Weighted Net Plant (Ln 28 * Ln 29) General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-			-	-
33	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34 35	Functional Percentage (Ln 33/Total Ln 33) Functionalized Expense in VIRGINIA JURISDICTION	0.00%	0.00%	0.00%		
33	WEST VA JURISDICTION	-	<u>-</u>	<u> </u>		
36	Percentage of Plant in WEST VA JURISDICTION					
37	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	-				-
38 39	Less: Net Value of Exempted Generation Plant Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor					0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	
42 43	General Plant Allocator (Ln 41 / (Total - General Plant)) Functionalized General Plant (Ln 42 * General Plant)	0.00%	0.00%	0.00%	-100.00%	_
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%		
46	Functionalized Expense in WEST VA JURISDICTION TENNESSEE JURISDICTION	-				
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	_	_	_	-
48	Less: Net Value Exempted Generation Plant					
49 50	Taxable Property Basis	-	-	-	-	-
50 51	Relative Valuation Factor Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	
52	General Plant Allocator (Ln 51 / (Total - General Plant)	0.00%	0.00%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	
54 55	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	- 0.00%	- 0.00%	- 0.000/	-	-
55 56	Functional Percentage (Ln 54/Total Ln 54) Functionalized Expense in TENNESSEE JURISDICTION	0.00%	0.00%	0.00%		
- -	_					
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)					
50	= = = = = = = = = = = = = = = = = = =					

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H AEP WEST VIRGINIA TRANSMISSION COMPANY

(A) (B) (C) (D) Line FERC FORM 1 **Total** FERC FORM 1 Reference **Annual Tax Expenses by Type (Note 1)** Tie-Back No. Company Revenue Taxes **Gross Receipts Tax** P.263.1 In 7 (i) P.263.2 In 3 (i) P.263.2 In 4 (i) Real Estate and Personal Property Taxes Real and Personal Property - West Virginia P.263 In 34 (i) P.263 In 35 (i) P.263 In 38 (i) P.263 In 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i) Real and Personal Property - Virginia P.263.2 In 21 (i) P.263.2 In 22 (i) P.263.2 In 24 (i) P.263.2 In 25 (i) P.263.2 In 26 (i) P.263.2 In 27 (i) Real and Personal Property - Tennessee P.263.3 In 3 (i) P.263.3 In 4 (i) Real and Personal Property - Other Jurisdictions P.263.4 In 12 (i) Payroll Taxes Federal Insurance Contribution (FICA) P.263 In 6 (i) Federal Unemployment Tax P.263 In 9 (i) State Unemployment Insurance P.263.1 In 23 (i) P.263.2 ln 33 (i) P.263.3 In 16 (i) Line Left Deliberately Blank State Severance Taxes Miscellaneous Taxes State Business & Occupation Tax P.263 In 21 (i) P.263 In 22 (i) State Public Service Commission Fees P.263 In 26 (i) P.263 In 27 (i) P.263.3 In 20 (i) 17 State Franchise Taxes 100 50 P.263 In 12 (i) 50 P.263 In 13 (i) P.263.1 In 34 (i) P.263.2 In 10 (i) P.263.2 ln 11 (i) P.263.2 In 38 (i) P.263.2 In 39 (i) P.263.3 In 27 (i) P.263.3 In 28 (i) P.263.4 In 20 (i) P.263.4 In 27 (i) State Lic/Registration Fee P.263.1 ln 15 (i) P.263.2 In 13 (i) P.263.3 In 8 (i) P.263.4 In 21 (i) Misc. State and Local Tax P.263.1 ln 12 (i) Sales & Use 20 P.263 In 30 (i) P.263 In 31(i) P.263.2 In 16 (i) P.263.2 In 17 (i) P.263.3 In 21 (i) Federal Excise Tax P.263 In 13 (i) P.263 In 14 (i) Michigan Single Business Tax

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission 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 transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14 of the Ferc Form 1.

Total Taxes by Allocable Basis

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

100

100

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet I Supporting Transmission Plant in Service Additions AEP WEST VIRGINIA TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, In 285	-
6	Composite Depreciation Rate	0.00%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.68%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capita	lized Balance	Composite Annual Depreciation Rate	Annual preciation	Montl	hly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$	-	1.68%	\$ -	\$	-	11	\$ -
10	February	\$	-	1.68%	\$ -	\$	-	10	\$ -
11	March	\$	-	1.68%	\$ -	\$	-	9	\$ -
12	April	\$	-	1.68%	\$ -	\$	-	8	\$ -
13	May	\$	-	1.68%	\$ -	\$	-	7	\$ -
14	June	\$	-	1.68%	\$ -	\$	-	6	\$ -
15	July	\$	-	1.68%	\$ -	\$	-	5	\$ -
16	August	\$	-	1.68%	\$ -	\$	-	4	\$ -
17	September	\$	-	1.68%	\$ -	\$	-	3	\$ -
18	October	\$	-	1.68%	\$ -	\$	-	2	\$ -
19	November	\$	-	1.68%	\$ -	\$	-	1	\$ -
20	December	\$	-	1.68%	\$ -	\$	-	0	\$ -
21	Investment	\$	-	•			De	preciation Expense	\$ <u> </u>

III. Plant Transferred

	- -		
22	\$	-	<== This input area is for original cost plant
23	\$	-	<== This input area is for accumulated depreciation that may be associated with capital
			expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (ln 7 * ln 22)	\$	_	— This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2009

	Estimated Cost	
	<u>(000's)</u>	Month in Service
25 Major Zonal Projects		
26		
27		
28		
29		
_		_
31 Subtotal	-	
32 PJM Socialized/Beneficiary Allocated Regional Projects		
33	\$0	
34 Subtotal	\$0	

Note 1: Until AEP WEST VIRGINIA TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP WEST VIRGINIA TRANSMISSION COMPANY is shown on Worksheet P.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP WEST VIRGINIA TRANSMISSION COMPANY

Page 1 of 2

Incentive Amounts

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 (Projected TCOS, In 176)

Project ROE Incentive Adder

ROE with additional 0 basis point incentive

11.49%

11.49%

11.49%

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	<u>%</u>	<u>Cost</u>	Weighted cost
Long Term Debt	50.48%	5.45%	2.752%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.52%	11.49%	5.689%
		R =	8.441%

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

Rate Base (Projected TCOS, In 78)	129,340
R (from A. above)	8.441%
Return (Rate Base x R)	10,918

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

Return (from B. above)	10,918
Effective Tax Rate (Projected TCOS, In 124)	45.00%
Income Tax Calculation (Return x CIT)	4,913
ITC Adjustment	-
Income Taxes	4,913

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 (Projected TCOS, In 1)	159,948
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	-
Return (Projected TCOS, In 132)	10,918
Income Taxes (Projected TCOS, In 131)	4,913
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	144,117

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	144,117
Return (from I.B. above)	10,918
Income Taxes (from I.C. above)	4,913
Annual Revenue Requirement, with 0 Basis Point ROE increase	159,948
Depreciation (Projected TCOS, In 108)	
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	159,948

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

Net Transmission Plant (Projected TCOS, In 48)	_
Annual Revenue Requirement, with 0 Basis Point ROE increase	159.948
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Reg, w / 0 Basis Point ROE increase, less Dep.	159,948
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	
Subtotal	-
Average Transmission Plant Balance for 2012	-
Annual Depreciation Rate (Projected TCOS, In 108)	-
Composite Depreciation Rate	1.68%
Depreciable Life for Composite Depreciation Rate	59.52
Round to nearest whole year	60

Note 1: Until AEP WEST VIRGINIA TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP WEST VIRGINIA TRANSMISSION COMPANY is shown on Worksheet P.

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS

PROJECTED YEAR

AEP WEST VIRGINIA TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

Λ	Raca	Plan	Facilities	2

Facilities receiving incentives accepted by FERC in Docket No.	(e.g. ER05-925-000)	Current Projected Year ARR	-
		Current Projected Year ARR w/ Incentive	-
Project Description:		Current Projected Year Incentive ARR	-

Details							
Investment	-	Current Year	rent Year				
Service Year (yyyy)		ROE increase accepte	E increase accepted by FERC (Basis Points)				
Service Month (1-12)		FCR w/o incentives, le	R w/o incentives, less depreciation				
Useful life	60	FCR w/incentives app	R w/incentives approved for these facilities, less dep.				
CIAC (Yes or No)		Annual Depreciation E	al Depreciation Expense				

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:
CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:
INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR
TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

Page 2 of 2

Investment Year	Beginning Balance	Depreciation Expense	Ending 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 Template w/o Incentives	RTEP Projected Rev. Req't.From Prior Year Template with Incentives **	
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Project Totals						_			

Project Totals

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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP WEST VIRGINIA TRANSMISSION COMPANY

Formula Rate WS K TRUE-UP RTEP RR Page 28 of 37

Page 1 of 2

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

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

ROE w/o incentives (True-Up TCOS, In 176)			11.49%				
Project ROE Incentive Adde	er		0 <==ROE Adder Cannot Exceed 100 Basis Points				
ROE with additional 0 basis	point incentive		11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012				
Determine R (cost of long t	erm debt, cost of pr	eferred stock and equity	percentage is from the True-Up TCOS, Ins 174 through 176)				
	<u>%</u>	<u>Cost</u>	Weighted cost				
Long Term Debt	50.73%	5.43%	2.753%				
Preferred Stock	0.00%	0.00%	0.000%				
Common Stock	49.27%	11.49%	<u>5.661%</u>				
		R =	8 414%				

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

Rate Base (True-Up TCOS, In 78)	70,352
R (fom A. above)	8.414%
Return (Rate Base x R)	5,919

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

Return (from B. above)	5,919
Effective Tax Rate (True-Up TCOS, In 124)	44.92%
Income Tax Calculation (Return x CIT)	2,659
ITC Adjustment	-
Income Taxes	2,659

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	152,695
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	
Return (True-Up TCOS, In 132)	5,919
Income Taxes (True-Up TCOS, In 131)	2,659
Annual Revenue Requirement, Less TEA	144,117
Charges Deturn and Toylor	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	144,117
Return (from I.B. above)	5,919
Income Taxes (from I.C. above)	2,659
Annual Revenue Requirement, with 0 Basis Point ROE increase	152,695
Depreciation (True-Up TCOS, In 108)	
Annual Rev. Req, w/ 0 Basis Point ROE	152,695
increase, less Depreciation	

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

Net Transmission Plant (True-Up TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	152,695
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	152,695
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE	0.00%
increase less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	
Subtotal	-
Average Transmission Plant Balance for	-
Annual Depreciation Rate (True-Up TCOS, In 108)	-
Composite Depreciation Rate	1.68%
Depreciable Life for Composite Depreciation Rate	59.52
Round to nearest whole year	60

SUMMARY OF TRUED-UP ANNUAL REVE	NUE REQUIREM Rev Require		OR RTEPPROJE ncentives	CTS Incentive Amou	unts
TRUE-UP YEAR 2012	·				
As Projected in Prior Year WS J				\$	-
Actual after True-up	\$	- \$	-	\$	-
True-up of ARR For 2012		-	-		-
Ì					

Note 1: Until AEP WEST VIRGINIA TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP WEST VIRGINIA TRANSMISSION COMPANY is shown on Worksheet P.

Formula Rate WS K TRUE-UP RTEP RR Page 29 of 37

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

A. Base Plan Facilities

Project Description:

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

25-000)

2012	Rev Require		W Incentives		Incentive Amour	nts
Prior Yr Projected		-		-		-
Prior Yr True-Up		-		-		-
True-Up Adjustment		-		-		-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details			
Investment		Current Year	2012
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)		FCR w/o incentives, less depreciation	0.00%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

CIAC (Yes or No)	No	Annual Depreciation E	xpense	•			-						
			·					RTEP Projected		RTEP Projected			
								Rev. Req't.From	RTEP Rev Req't	Rev. Req't.From	RTEP Rev Req't	True-up of	
Investment	Beginning	Depreciation	Ending	Average	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	Prior Year WS J	True-up	Prior Year WS J	True-up	Incentive	
Year	Balance	Expense	Balance	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **	with Incentives **	
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** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

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.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet L Supporting Projected Cost of Debt AEP WEST VIRGINIA TRANSMISSION COMPANY

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

Lina	(A)	(B)	(C)	(D)
<u>Line</u> <u>Number</u>	<u>Issuance</u>	Principle Outstanding	Interest Rate	Annual Expense (See Note S on Projected Template)
1	Long Term Debt (FF1.p. 256-257, a,h)			j
2	Bonds - Acc 221			
3				
4				
5				-
6	Reacquired Bonds - Total Account 222			-
7				-
8				-
9	Advanced from Avenue Organization			-
10	Advances from Assoc Companies			-
11 12				-
13				-
14	Other Long Term Debt - Acc 224			_
17	Other Long Term Debt - Acc 224			
15				
16				-
17				-
18				-
19				-
20				-
21				-
22				-
23				-
24 25				-
25 26	Sale/Leaseback (If Applicable)		0	-
20	Sale/Leaseback (II Applicable)		U	-
27	Issuance Discount, Premium, & Expenses:			
28	Auction Fees	FF1.p. 256 & 257.Lines Described as	Fees	
		γ		
29	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-
30	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
31	Reacquired Debt:	FF4 - 447.01		
32	Amortization of Loss	FF1.p. 117.64.c		•
33	Less: Amortization of Gain	FF1.p. 117.66.c		-
34	Total Interest on Long Term Debt	-	0	-
35	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
36	Teleffed Glock (FFT.p. 230-231)	rieleneu Shales Outstanding		_
37				_
38				_
39				_
40				
41				-
42				-
43				-
			1	
44	Dividends on Preferred Stock		0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate AEP WEST VIRGINIA TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

(A)	(B)	(C)	(D)	(E)	
Line Dev	e velopment of Average Balance of Common Equity	<u>Balances @</u> <u>12/31/2012</u>	<u>Balances @</u> 12/31/2011	Average	
	1 Proprietary Capital (112.16.c&d) 2 Less Preferred Stock (Ln 48 Below) 3 Less Account 216.1 (112.12.c&d) 4 Less Account 219.1 (112.15.c&d)	(506,086) - 0 -	(370,273) - - -	(438,180) - - -	
	5 Average Balance of Common Equity	(506,086)	(370,273)	(438,180)	
	relopment of Cost of Long Term Debt Based on A	verage Outstanding Be	nance		
	6 Bonds (112.18.c&d) 7 Less: Reacquired Bonds (112.19.c&d)	1	-	-	
	8 LT Advances from Assoc. Companies (112.20.c&d) 9 Senior Unsecured Notes (112.21.c&d)	1	1	- -	
	0 Less: Fair Value Hedges (See Note on Ln 12 below)1 Total Average Debt	-	-	<u>-</u>	
1	2 NOTE: The balance of fair value hedges on outstanding lo included in the formula's capital structure. (Page 257, Colo	_	luded from the balanc	e of long term debt	
	3 Annual Interest Expense for 2012				
	4 Interest on Long Term Debt (256-257.33.i) Less: Total Hedge (Gain)/Expense Accumulated from p 256-2	257, col (i) of FERC Form 1		•	
1	5 included in Ln 14 and shown in Ln 32 below.6 Amort of Debt Discount & Expense (117.63.c)			•	
	7 Amort of Loss on Reacquired Debt (117.64.c) 8 Less: Amort of Premium on Debt (117.65.c)			1	
	9 Less: Amort of Gain on Reacquired Debt (117.66.c) 20 Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln	18 - Ln 19)	_	-	
2	1 Average Cost of Debt for 2012 (Ln 20/Ln 11)			0.00%	
	CALCULATION OF HEDGE GAINS/LOSSES TO BE EXLCU	IDED FROM TCOS	_	_	
2	2 AEP WEST VIRGINIA TRANSMISSION COMPANY may	not include costs (or gain	s) related to interest he	edging activities Amortization I	Period
	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	"(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Beginning	Ending
2	23 24				
	25 26				
	27 28				
2	9				
	30				
•	50 11				
		<u>-</u>			
3	1				
Э <u>Dev</u>	2 Net (Gain)/Loss Hedge Amortization To Be Removed Velopment of Cost of Preferred Stock Preferred Stock			<u>Average</u>	
3 <u>Dev</u> 3	22 Net (Gain)/Loss Hedge Amortization To Be Removed Yelopment of Cost of Preferred Stock Preferred Stock 3 0% Series Dividend Rate (p. 250-251. 7 & 10.a) 4 0% Series Par Value (p. 250-251. 8.c)	-		<u>Average</u>	
3 <u>Dev</u>	22 Net (Gain)/Loss Hedge Amortization To Be Removed Velopment of Cost of Preferred Stock Preferred Stock 3 0% Series Dividend Rate (p. 250-251. 7 & 10.a) 4 0% Series Par Value (p. 250-251. 8.c) 5 0% Series Shares O/S (p.250-251. 8 & 11.e) 6 0% Series Monetary Value (Ln 34 * Ln 35)	-	-	<u>Average</u>	
33 33 33 33	2 Net (Gain)/Loss Hedge Amortization To Be Removed velopment of Cost of Preferred Stock Preferred Stock 3 0% Series Dividend Rate (p. 250-251. 7 & 10.a) 4 0% Series Par Value (p. 250-251. 8.c) 5 0% Series Shares O/S (p.250-251. 8 & 11.e) 6 0% Series Monetary Value (Ln 34 * Ln 35) 7 0% Series Dividend Amount (Ln 33 * Ln 36)	- -	-	<u>Average</u> -	
33 33 33 33 33 33 33 33 33 33 33 33 33	Preferred Stock 3 0% Series - Dividend Rate (p. 250-251. 8 & 11.e) 36 0% Series - Monetary Value (Ln 34 * Ln 35) 37 0% Series - Dividend Rate (p. 250-251.a) 38 0% Series - Par Value (p. 250-251.b) 39 0% Series - Par Value (Ln 34 * Ln 36)	- - -	- -	Average - -	
33 33 33 44	22 Net (Gain)/Loss Hedge Amortization To Be Removed Velopment of Cost of Preferred Stock Preferred Stock 3 0% Series Dividend Rate (p. 250-251. 7 & 10.a) 44 0% Series Par Value (p. 250-251. 8.c) 55 0% Series Shares O/S (p.250-251. 8 & 11.e) 66 0% Series Monetary Value (Ln 34 * Ln 35) 67 0% Series Dividend Amount (Ln 33 * Ln 36) 88 0% Series Dividend Rate (p. 250-251.a)	-		Average - -	
33 33 33 34 44	Preferred Stock 3 0% Series - Dividend Rate (p. 250-251. 8 & 11.e) 4 0% Series - Monetary Value (Ln 34 * Ln 35) 5 0% Series - Dividend Rate (p. 250-251.a) 6 0% Series - Par Value (p. 250-251.a) 6 0% Series - Shares O/S (p.250-251.a) 6 0% Series - Shares O/S (p.250-251.a) 6 0% Series - Shares O/S (p.250-251.a) 6 0% Series - Dividend Rate (p. 250-251.a) 6 0% Series - Shares O/S (p.250-251.c)	- -		Average - -	
33 33 33 34 44 44	Preferred Stock 3 0% Series - Dividend Rate (p. 250-251. 8 & 11.e) 4 0% Series - Monetary Value (Ln 34 * Ln 35) 5 0% Series - Dividend Rate (p. 250-251.a) 6 0% Series - Dividend Amount (Ln 33 * Ln 36) 6 0% Series - Dividend Rate (p. 250-251.e) 6 0% Series - Dividend Rate (p. 250-251.e) 7 0% Series - Dividend Rate (p. 250-251.e) 8 0% Series - Dividend Rate (p. 250-251.e) 9 0% Series - Dividend Rate (p. 250-251.a)	- - -		Average - -	
33 33 33 34 44 44 44	2 Net (Gain)/Loss Hedge Amortization To Be Removed **Preferred Stock** 3 0% Series Dividend Rate (p. 250-251. 7 & 10.a) 4 0% Series Par Value (p. 250-251. 8 & 11.e) 5 0% Series Shares O/S (p.250-251. 8 & 11.e) 6 0% Series Monetary Value (Ln 34 * Ln 35) 7 0% Series Dividend Amount (Ln 33 * Ln 36) 8 0% Series Dividend Rate (p. 250-251.a) 9 0% Series Par Value (p. 250-251.c) 10 0% Series Shares O/S (p.250-251.e) 10 0% Series Dividend Amount (Ln 39 * Ln 40) 12 0% Series Dividend Rate (p. 250-251.a) 13 0% Series Dividend Rate (p. 250-251.a) 14 0% Series Dividend Rate (p. 250-251.a) 15 0% Series Dividend Rate (p. 250-251.a) 16 0% Series Dividend Rate (p. 250-251.a) 17 0% Series Dividend Rate (p. 250-251.a) 18 0% Series Dividend Rate (p. 250-251.a) 18 0% Series Dividend Rate (p. 250-251.a) 18 0% Series Dividend Rate (p. 250-251.a)			Average	
33 33 33 34 44 44 44 44 44 44 44 44 44 4	2 Net (Gain)/Loss Hedge Amortization To Be Removed **Preferred Stock** 3 0% Series - Dividend Rate (p. 250-251. 7 & 10.a) 4 0% Series - Par Value (p. 250-251. 8 & 11.e) 5 0% Series - Shares O/S (p.250-251. 8 & 11.e) 6 0% Series - Monetary Value (Ln 34 * Ln 35) 7 0% Series - Dividend Amount (Ln 33 * Ln 36) 8 0% Series - Dividend Rate (p. 250-251.a) 9 0% Series - Par Value (p. 250-251.c) 10 0% Series - Shares O/S (p.250-251.e) 11 0% Series - Monetary Value (Ln 39 * Ln 40) 12 0% Series - Dividend Amount (Ln 38 * Ln 41) 13 0% Series - Dividend Rate (p. 250-251.a) 14 0% Series - Par Value (p. 250-251.a)	- - - - -		Average	
33 33 33 34 44 44 44 44 44 44 44 44 44 4	22 Net (Gain)/Loss Hedge Amortization To Be Removed **Preferred Stock** 30% Series - Dividend Rate (p. 250-251. 7 & 10.a) 40% Series - Par Value (p. 250-251. 8.c) 50% Series - Shares O/S (p.250-251. 8 & 11.e) 60% Series - Monetary Value (Ln 34 * Ln 35) 70% Series - Dividend Amount (Ln 33 * Ln 36) 88 0% Series - Dividend Rate (p. 250-251.a) 90% Series - Par Value (p. 250-251.c) 100% Series - Shares O/S (p.250-251. e) 100% Series - Dividend Amount (Ln 38 * Ln 40) 20% Series - Dividend Amount (Ln 38 * Ln 41) 30% Series - Dividend Rate (p. 250-251.a) 30% Series - Dividend Rate (p. 250-251.a) 40% Series - Dividend Rate (p. 250-251.a) 50% Series - Dividend Rate (p. 250-251.a) 50% Series - Dividend Rate (p. 250-251.a) 50% Series - Shares O/S (p.250-251.e) 50% Series - Shares O/S (p.250-251.e) 50% Series - Monetary Value (Ln 44 * Ln 45)				ear End Total A

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2012 FF1 Balances Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use AEP WEST VIRGINIA TRANSMISSION COMPANY

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

	(A)	(B)	ation or distribution will not be include (C) (D)	(E)	(F)	(G) Functional	(H) Functionalized	(I) FERC
Line	Date	Property Description	(T) or (G) Basis $T = Transmission$ $G = General$	Proceeds	(Gain) / Loss	Allocator	Proceeds (Gain) / Loss	Account
1					-	0.000%	-	
2					-	0.000%	-	
3					-	0.000%	-	
4			Net (Gain) o	or Loss for 2012			<u>-</u>	

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2012 FF1 Balances

Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service Worksheet O - PBOP Support

AEP WEST VIRGINIA TRANSMISSION COMPANY

PBOP	(A)	(B)
1	Calculation of PBOP Expenses	
2	AEP System PBOP Rate	
3	Total AEP System PBOP expenses	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	\$33,270
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$3,127
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$1,274
15	Actual PBOP Expense (Sum Lines 11-14)	\$1,274
16	PBOP Adjustment Line 10 less Line 15	\$1,853

AEPTCo subsidiaries in PJM Worksheet - P DEPRECIATION RATES FOR TRANSMISSION PLANT PROPERTY ACCOUNTS EFFECTIVE AS OF 7/1/2010

AEP WEST VIRGINIA TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		_
Land Rights	350.1	
Structures & Improvements	352.0	1.55%
Station Equipment	353.0	1.95%
Towers & Fixtures	354.0	1.14%
Poles & Fixtures	355.0	2.77%
Overhead Conductor	356.0	1.01%
Underground Conduit	357.0	1.23%
Underground Conductors	358.0	3.18%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP WEST VIRIGINIA TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pusuant to a Section 205 or 206 filing to change rates.

	Composite Depreciation Rate	<u>APCo</u>	<u>WPCo</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)	1,811,822,367	29,740,179	1,841,562,546
2	T-Plant (FF1 206.58.b)	1,752,450,105	25,887,202	1,778,337,307
3	Average (Ln 1+ Ln 2)/2	1,782,136,236	27,813,691	1,809,949,927
4	Depreciation (FF1 336.7.f)	29,597,240	752,928	30,350,168
5	Composite Depreciation (Ln 3 / Ln 4)			1.68%

Note: AEP WEST VIRGINIA TRANSMISSION COMPANY shall initially use the composite depreciation rate for APCo and WPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP WEST VIRGINIA TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP WEST VIRGINIA TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Operating

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2012 Worksheet Q Page 1

Line Development of Language Balti Balances of Year Find	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u> 1 Bonds (112.18.c&d)	_		_			_	
2 Less: Reacquired Bonds (112.19.c&d)		-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
7 NOTE: The balance of fair value hedges on outstanding long term debt are to b						, ,	, , ,
	o choladed from the balance of	long tomi dest included in the form	ala s capital ciructure.	page 207, Cold illi			
<u>Development of Long Term Debt Interest Expense</u> 8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	904,000	3,978,647	1,312,300	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
11 Less: Amort of Premium on Debt (117.65.c)12 Less: Amort of Gain on Reacquired Debt (117.66.c)		- 1.710	-	-	-	-	- 1.710
13 Less: Hedge Interest on pp 256-257(i)	1,619,222	1,712 916,010	- 92,956		(2,097,663)	-	1,712 530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends							
15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 8.c) 17 Shares Outstanding (p.250-251. 8.e)	\$ 100.00	\$ 100.00			\$ 100.00		
17 Shares Odistanding (p.250-251, 6.e) 18 Monetary Value (Ln 16 * Ln 17)	-		-	-	-	-	
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
21 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
22 Shares Outstanding (p.250-251. 8.e)		-			-		
23 Monetary Value (Ln 21 * Ln 22) 24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	- -	-	-	-
25 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
26 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
27 Shares Outstanding (p.250-251. 8.e)		-			-		
28 Monetary Value (Ln 26 * Ln 27) 29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
29 Dividend Amount (Lif 25 Lif 26)	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251, 7.a)				,	4.50%		
31 Par Value (p. 250-251. 8.c) 32 Shares Outstanding (p.250-251. 8.e)				•	\$ 100.00		
33 Monetary Value (Ln 31 * Ln 32)	-	-	-	-	-	-	<u>.</u>
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
<u>Development of Common Equity</u> 37 Proprietary Capital (112.16.c)	2.052.562.257	1 000 774 755	470.640.025	20.056.206	4 490 200 654	00 100 211	0.045.244.409
38 Less: Preferred Stock (Ln 35 Above)	3,052,563,357	1,803,774,755	479,610,035 -	29,956,296	4,489,200,654	90,109,311	9,945,214,408
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c)	(29,897,592)	(28,884,204)	(408,880)	916	(165,724,552)	(473,816)	, , , , , , , , , , , , , , , , , , , ,
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
<u>Calculation of Capital Shares</u> 42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	20,000,000	3,007,023,000	23,000,000	9,743,130,023
44 Common Equity (Ln 41 Above)	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
48 Common Equity Capital Shares (Ln 44 / Ln 45)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.82%	46.60%	59.96%	51.00%	78.37%	49.52%
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)55 Common Equity Capital Cost Rate	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	0.00% 11.49%	
Calculation of Weighted Capital Cost Rate 56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2011 Worksheet Q Page 2

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u> 60 Bonds (112.18.c&d)					_		
61 Less: Reacquired Bonds (112.19.c&d) 62 LT Advances from Assoc. Companies (112.20.c&d)	-	- -	20,000,000	20,000,000	418,000,000 200,000,000	25,000,000	418,000,000 265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund64 Less: Fair Value Hedges (See Note on Ln 66 below)	3,734,408,392	1,562,927,505 -	530,000,000	-	4,280,325,000	-	10,107,660,897
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
66 NOTE: The balance of fair value hedges on outstanding long term debt are to be	e excluded from the balance of lo	ng term debt included in the form	ula's capital structure. (p. 257, Column H c	of the FF1)		
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c) 69 Amort of Loss on Reacquired Debt (117.64.c)	3,686,430 1,113,482	2,222,601 1,548,025	471,186 33,649	-	4,329,899 1,338,011	-	10,710,116 4,033,167
70 Less: Amort of Premium on Debt (117.65.c)		- 4.740	· -	-		-	-
71 Less: Amort of Gain on Reacquired Debt (117.66.c) 72 Less: Hedge Interest on pp 256-257(i)	- 1,815,730	1,712 1,469,967	- 92,956	-	(2,097,663)	-	1,712 1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
74 Dividend Rate (p. 250-251. 7.a) 75 Par Value (p. 250-251. 8.c)	4.50% \$ 100.00	4.125% \$ 100.00		9	4.08% 5 100.00		
76 Shares Outstanding (p.250-251. 8.e)	-	-			-		
77 Monetary Value (Ln 75 * Ln 76) 78 Dividend Amount (Ln 74 * Ln 77)	-	-	-	- -	-	-	-
79 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
80 Par Value (p. 250-251. 8.c)		\$ 100.00		\$	100.00		
81 Shares Outstanding (p.250-251. 8.e) 82 Monetary Value (Ln 80 * Ln 81)	<u>-</u>	- -	<u>-</u>	<u>-</u>	-	-	-
83 Dividend Amount (Ln 79 * Ln 82)	-	-	-	-	-	-	-
84 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
85 Par Value (p. 250-251. 8.c) 86 Shares Outstanding (p.250-251. 8.e)		\$ 100.00		\$	100.00		
87 Monetary Value (Ln 85 * Ln 86)	-	-	-	-	-	-	-
88 Dividend Amount (Ln 84 * Ln 87)	-	-	-	-	-	-	-
89 Dividend Rate (p. 250-251. 7.a)					4.50%		
90 Par Value (p. 250-251. 8.c) 91 Shares Outstanding (p.250-251. 8.e)				\$	100.00		
92 Monetary Value (Ln 90 * Ln 91) 93 Dividend Amount (Ln 89 * Ln 92)	<u>-</u>	-	-	-	-	-	-
· · · · · · · · · · · · · · · · · · ·	-	-	-	-	-	-	-
94 Preferred Stock (Lns 77, 82, 87,92) 95 Preferred Dividends (Lns 78, 83, 88,93)	-	- -	- -	- -	- -	-	- -
<u>Development of Common Equity</u> 96 Proprietary Capital (112.16.c)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above)	-	-	, , , , <u>, , , , , , , , , , , , , , , </u>	-	-	-	-
98 Less: Account 216.1 (112.12.c) 99 Less: Account 219.1 (112.15.c)	1,610,810 (58,543,154)	(230,765) (28,221,410)	- (625,244)	- (2,750)	2,204,800 (197,721,635)	- (2,070,864)	3,584,845 (287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above) 102 Preferred Stock (Ln 94 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
103 Common Equity (Ln 100 Above)	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
106 Preferred Stock Capital Shares (Ln 102 / Ln 104) 107 Common Equity Capital Shares (Ln 103 / Ln 104)	0.00% 44.49%	0.00% 53.38%	0.00% 45.60%	0.00% 59.56%	0.00% 53.15%	0.00% 68.70%	0.00% 49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65) 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)	5.52% 0.00%	6.04% 0.00%	6.45% 0.00%	4.52% 0.00%	5.48% 0.00%	5.25% 0.00%	5.63% 0.00%
114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113) 117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	0.00% 5.11%	0.00% 5.75%	0.00% 5.24%	0.00% 6.84%	0.00% 5.86%	0.00% 7.89%	0.00% 5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Average Capital Structure Worksheet Q Page 3

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
125 NOTE: The balance of fair value hedges on outstanding long term debt are to	be excluded from the balance of lor	ng term debt included in the form	ula's capital structure.	p. 257, Column H	of the FF1)		
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	(407.000)	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	(5.4.7.000)	(0.4.7)	2,204,800	- (4.070.040)	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%		1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%