

Twelve Months Ended 2017

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

APPALACHIAN POWER COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 130)				\$316,382,941
			Total		Allocator	
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	10,636,943	DA	1.00000	\$ 10,636,943
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)				\$ -
4	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2 plus In 3)				\$ 305,745,998

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

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J/K)	20,041,492	DA	1.00000	\$ 20,041,492
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	( (In 1 - In 95)/((In 42) x 100) )			14.74%
8	Monthly Rate	(In 7 / 12)			1.23%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	( (In 1 - In 95 - In 100 ) /((In 42) x 100) )			12.56%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	( (In 1 - In 95 - In 100 - In 125 - In 126) /((In 42) x 100) )			3.36%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)				
14	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
15	Total Load Dispatch & Scheduling (Account 561)	Line 75 Below			10,595,285
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				5,974,378
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				1,887,434
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			2,733,473

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	(1)	(2)	(3)	(4)	(5)
	<b><u>RATE BASE CALCULATION</u></b>	<b><u>Data Sources</u></b> <b><u>(See "General Notes")</u></b>	<b><u>TO Total</u></b> <b><u>NOTE C</u></b>	<b><u>Allocator</u></b>	<b><u>Total</u></b> <b><u>Transmission</u></b>
Line No.					
19	GROSS PLANT IN SERVICE				
20	Production	(Worksheet A In 14.(b))	6,345,662,161	NA	0.00000
21	Less: Production ARO (Enter Negative)	(Worksheet A In 14.(c))	(91,463,873)	NA	0.00000
22	Transmission	(Worksheet A In 14.(d) & TCOS Ln 134)	2,906,802,292	DA	
23	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	0.97642
24	Distribution	(Worksheet A In 14.(f))	3,664,284,947	NA	0.00000
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 14.(g))	(3,069)	NA	0.00000
26	General Plant	(Worksheet A In 14.(h))	226,935,155	W/S	0.08501
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	(781,258)	W/S	0.08501
28	Intangible Plant	(Worksheet A In 14.(j))	127,162,365	W/S	0.08501
29	TOTAL GROSS PLANT	(sum Ins 19 to 27)	13,178,598,719	GP	0.217648
30	ACCUMULATED DEPRECIATION AND AMORTIZATION			GTD=	0.43193
31	Production	(Worksheet A In 28.(b))	2,262,148,847	NA	0.00000
32	Less: Production ARO (Enter Negative)	(Worksheet A In 28.(c))	(31,039,289)	NA	0.00000
33	Transmission	(Worksheet A In 28.(d) & In 43.(c))	713,170,040	TP1=	0.97023
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	0.97023
35	Distribution	(Worksheet A In 28.(f))	1,235,887,164	NA	0.00000
36	Less: Distribution ARO (Enter Negative)	(Worksheet A In 28.(g))	(1,826)	NA	0.00000
37	General Plant	(Worksheet A In 28.(h))	76,632,444	W/S	0.08501
38	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	(636,786)	W/S	0.08501
39	Intangible Plant	(Worksheet A In 28.(j))	71,072,924	W/S	0.08501
40	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 30 to 38)	4,327,233,516		
41	NET PLANT IN SERVICE				
42	Production	(In 19 + In 20 - In 30 - In 31)	4,023,088,731		-
43	Transmission	(In 21 + In 22 - In 32 - In 33)	2,193,632,252		2,146,327,724
44	Distribution	(In 23 + In 24 - In 34 - In 35)	2,428,396,540		-
45	General Plant	(In 25 + In 26 - In 36 - In 37)	150,158,239		12,765,391
46	Intangible Plant	(In 27 - In 38)	56,089,442		4,768,327
47	TOTAL NET PLANT IN SERVICE	(sum Ins 41 to 45)	8,851,365,203	NP	0.244466
48	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
49	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	(296,477,520)	NA	-
50	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(1,890,846,477)	DA	(500,177,756)
51	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(426,973,266)	DA	(36,857,417)
52	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	297,624,314	DA	61,376,698
53	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	(882,851)	DA	(42,778)
54	TOTAL ADJUSTMENTS	(sum Ins 48 to 52)	(2,317,555,799)		(475,701,252)
55	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e) & In 45.(e))	4,210,648	DA	1,632,033
56	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA	-
57	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))	(341,655)	W/S	0.08501
58	WORKING CAPITAL	(Note E)			
59	Cash Working Capital	(1/8 * In 78)	4,084,536		3,988,230
60	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	2,984,491	TP	0.97642
61	A&G Materials & Supplies	(Worksheet C, In 3.(F))	198,116	W/S	0.08501
62	Stores Expense	(Worksheet C, In 4.(F))	-	GP	0.21765
63	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	211,456,615	W/S	0.08501
64	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	4,402,140	GP	0.21765
65	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000
66	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	(207,380,174)	NA	0.00000
67	TOTAL WORKING CAPITAL	(sum Ins 58 to 65)	15,745,724		25,853,858
68	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	(2,843,124)	DA	1.00000
69	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)		6,550,580,998		1,712,773,913

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	(1)	(2)	(3)	(4)	(5)	
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission	
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
69	Production	321.80.b	1,174,658,487			
70	Distribution	322.156.b	148,297,623			
71	Customer Related Expense	322 & 323.164,171,178.b	58,001,189			
72	Regional Marketing Expenses	322.131.b	6,197,344			
73	Transmission	321.112.b	232,090,347			
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	1,619,244,990			
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	10,595,285			
76	Less: Account 565	(Note H) 321.96.b	182,658,116			
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	6,160,656			
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	32,676,290	TP	0.97642	31,905,841
79	Administrative and General	323.197.b (Notes J and M)	101,375,504			
80	Less: Acct. 924, Property Insurance	323.185.b	3,324,657			
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(9,977,939)			
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(808,995)			
84	Acct. 928, Reg. Com. Exp.	323.189.b	4,268,045			
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	744,877			
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	7,559,533			
87	Balance of A & G	(In 79 - sum In 80 to In 86)	96,265,326	W/S	0.08501	8,183,797
88	Plus: Acct. 924, Property Insurance	(In 80)	3,324,657	GP	0.21765	723,606
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	124,016	TP	0.97642	121,091
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	0.97642	-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	4,601,098	DA	1.00000	4,601,098
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(45,673,479)	W/S	0.08501	(3,882,836)
93	A & G Subtotal	(sum Ins 87 to 92)	58,641,617			9,746,757
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	91,317,907			41,652,598
95	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
96	TOTAL O & M EXPENSE	(In 94 + In 95)	91,317,907			41,652,598
97	DEPRECIATION AND AMORTIZATION EXPENSE					
98	Production	336.2-6.f	196,047,710	NA	0.00000	-
99	Distribution	336.8.f	136,176,533	NA	0.00000	-
100	Transmission	336.7.f	48,271,292	TP1	0.97023	46,834,148
101	General	336.10.f	4,764,932	W/S	0.08501	405,081
102	Intangible	336.1.f	18,848,943	W/S	0.08501	1,602,404
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+ 100+101+102) (Note N)	404,109,410			48,841,632
104	TAXES OTHER THAN INCOME					
105	Labor Related					
106	Payroll	Worksheet H In 24.(D)	8,089,672	W/S	0.08501	687,727
107	Plant Related					
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	69,700,827	DA		24,292,258
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	32,865,305	NA	0.00000	-
110	Other	Worksheet H In 24.(E)	15,149,286	GP	0.21765	3,297,219
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	125,805,090			28,277,203
112	INCOME TAXES	(Note O)				
113	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.43%			
114	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		41.26%			
115	where WCLTD=(In 154) and WACC = (In 157)					
116	and FIT, SIT & p are as given in Note O.					
117	GRCF=1 / (1 - T) = (from In 113)		1.5982			
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-			
119	Excess Deferred Income Tax	(Note U)	(36,347)	DA		(69,780)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	17,418,475	DA		3,141,120
121	Income Tax Calculation	(In 114 * In 126)	215,156,500			56,256,756
122	ITC adjustment	(In 117 * In 118)	-	GP	0.21765	-
123	Excess Deferred Income Tax	(In 117 * In 119)	(58,091)			(111,525)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	27,838,826			5,020,250
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	242,937,235			61,165,481
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	521,427,699			136,337,183
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		108,843	DA	1.00000	108,843
128	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-			-
129	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 128 * In114)		-			-
130	TOTAL REVENUE REQUIREMENT		1,385,706,183			316,382,941
	(sum Ins 96, 103, 111, 125, 126, 127, 128, 129)					

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
131	Total transmission plant	(In 21)								2,906,802,292
132	Less transmission plant excluded from PJM Tariff (Worksheet A, In 42, Col. (d)) (Note P)									-
133	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note Q)									68,537,194
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)								2,838,265,097
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						TP=		0.97642
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
137	Production	354.20.b	57,495,600	25,637,745	83,133,345	NA	0.00000			-
138	Transmission	354.21.b	391,808	12,838,015	13,229,823	TP	0.97642		12,917,887	-
139	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000			-
140	Distribution	354.23.b	31,316,167	4,574,319	35,890,486	NA	0.00000			-
141	Other (Excludes A&G)	354.24,25,26.b	10,615,156	9,083,232	19,698,388	NA	0.00000			-
142	Total	(sum Ins 137 to 141)	99,818,731	52,133,311	151,952,042					12,917,887
143	Transmission related amount							W/S=		0.08501
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
145	Long Term Interest	(Worksheet M, In. 37, col. (d))								191,145,895
146	Preferred Dividends	(Worksheet M, In. 71)								-
147	Development of Common Stock:									
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))								3,693,622,310
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))								-
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))								(882,904)
151	Less: Account 219	(Worksheet M, In. 14, col. (e))								(3,890,824)
152	Common Stock	(In 148 - In 149 - In 150 - In 151)								3,698,396,038
153			\$	%		Cost (Note S)			Weighted	
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		4,041,426,632	52.22%		4.73%			0.0247	
155	Preferred Stock (In 149)		-	0.00%		-			0.0000	
156	Common Stock (In 152)		3,698,396,038	47.78%		11.49%			0.0549	
157	Total (Sum Ins 154 to 156)		7,739,822,670					WACC=		0.0796



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Letter

Notes

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

- A Revenue credits include:  
1) Forfeited Discounts.  
2) Miscellaneous Service Revenues.  
3) Rental revenues earned on assets included in the rate base.  
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.  
5) Other electric revenues.  
6) Revenues for grandfathered PTP contracts included in the load divisor.  
7) If AEP East companies have any directly assigned transmission facilities, the revenue credits in the AEP East formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.  
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet Q and any over under recovery will be filed and posted as part of the informational filing.
- C Transmission Plant Balances in this study are projected or actual average beginning of year end of year balances.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flowthrough and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section1.167(l)-(h)(6)(ii). RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the information filing.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 78. It excludes:  
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 75.  
2) Costs of Transmission of Electricity by Others, as described in Note H.  
3) The impact of state regulatory deferrals and amortizations, as shown on line 77  
4) All A&G Expenses, as shown on line 93.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 67 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 127.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 78. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such cost is added back on line 95 to determine the total O&M collected in the formula. The amounts on line 95 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.  
The addbacks on line 95 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.  
The company records referenced on line 95 is the APPALACHIAN POWER COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from Transmission O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 81 through 83 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses recorded in FERC Accounts 928 (Regulatory Commission Expense), 930.1 (Safety Related Advertising) and 930.2 (Miscellaneous General Expenses) that are not directly related to or properly allocable to transmission service will be removed from the TCOS. If AEP includes any expenses booked to these accounts in future ATRR updates, AEP must provide supporting information demonstrating that the underlying activities are directly related to providing transmission service. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.  
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 118) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.  
Inputs Required:  
FIT = 35.00%  
SIT= 3.74% (State Income Tax Rate or Composite SIT. Worksheet G))  
p = 0.00% (percent of federal income tax deductible for state purposes)  
The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable.  
If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = Long-Term Interest (ln 145) / Long-Term Debt (ln 154). Preferred Stock cost rate = preferred dividends (ln 146) / preferred outstanding (ln 155). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO Membership. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the capital structure. Details and calculations of the weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are computed on Worksheet M.The unamortized balance of eligible hedge gains/losses and related ADIT amounts shall not flow through the formula rate.
- T The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of \$265,249,280 at 12/31/12 is not included in the balance in line 154 above. The cost rates for long-term debt shall include interest expense and related periodic expenses (such as remarketing and letter of credit fees) as recorded in FERC Account 427 or 430, amortization of issuance costs (including insurance) and discounts as recorded in FERC Account 428, issuance premiums as recorded in FERC Account 429 and losses or gains on reacquired debt as recorded in FERC Accounts 428.1 or 429.1, respectively. The cost rates for preferred stock (if applicable) shall include the dividends.
- U Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- V Cash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs. All other prepayments recorded in FERC Account 165 are directly assigned to the transmission function, allocated or excludable balances detailed on Worksheet C.
- W The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- X Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.
- Y The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.



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

		Gross Plant In Service								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	FF1, page 205&204, Col.(g)&(b), Ins 15,24,34.44	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	Acct. 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5
1	December Prior to Rate Year	6,287,399,099	90,225,576	2,795,292,451	-	3,566,941,043	3,069	221,448,904	781,258	105,361,383
2	January									
3	February									
4	March									
5	April									
6	May									
7	June									
8	July									
9	August									
10	September									
11	October									
12	November									
13	December of Rate Year	6,403,925,223	92,702,170	3,018,312,132	-	3,761,628,851	3,069	232,421,405	781,258	148,963,347
14	Average of the Beginning and End Year Balances	6,345,662,161	91,463,873	2,906,802,292	-	3,664,284,947	3,069	226,935,155	781,258	127,162,365

		Accumulated Depreciation								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 219, Ins 20-24, Col. (b)	Company Records (Included in total in Column (b))	FF1, page 219, In 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, In 26, Col. (b)	Company Records (Included in total in Column (f))	FF1, page 219, In 28, Col. (b)	Company Records (Included in total in Column (h))	FF1, page 200, In 21, Col. (b)
15	December Prior to Rate Year	2,184,905,747	29,499,535	709,981,557	-	1,198,723,386	1,792	74,723,306	634,805	61,802,515
16	January									
17	February									
18	March									
19	April									
20	May									
21	June									
22	July									
23	August									
24	September									
25	October									
26	November									
27	December of Rate Year	2,339,391,946	32,579,044	716,358,523	-	1,273,050,942	1,860	78,541,582	638,767	80,343,332
28	Average of the Beginning and End Year Balances	2,262,148,847	31,039,289	713,170,040	-	1,235,887,164	1,826	76,632,444	636,786	71,072,924

Line No	Month (a)	OATT Ancillary Services (GSU) Plant In Service (b)	OATT Ancillary Services (GSU) Accumulated Depreciation (c) Company Records (included in total in column (d) of gross plant above) Company Records (included in total in column (b) of accumulated depreciation above)	Excluded Plant - Plant In Service (d) Company Records	Excluded Plant - Accumulated Depreciation (e) Company Records
(Note A)					
29	December Prior to Rate Year	66,708,910	21,229,114	-	-
30	January				
31	February				
32	March				
33	April				
34	May				
35	June				
36	July				
37	August				
38	September				
39	October				
40	November				
41	December of Rate Year	70,365,479	21,236,220	-	-
42	Average of the Beginning and End Year Balances	68,537,194	21,232,667	-	-

43 Transmission Accum Depreciation net of GSU 691,937,373

Plant Held For Future Use		Source of Data	Balance @ December 31, 2017 (c)	Balance @ December 31, 2016 (d)	Average Balance for 2017 (e)
44	Plant Held For Future Use (a)	FF1, page 214, In 47, Col. (d)	4,194,815	4,226,482	4,210,648
45	Transmission Plant Held For Future Use (Included in total on line 44)	Company Records - Note 1	1,632,033	1,632,033	1,632,033

Regulatory Assets and Liabilities Approved for Recovery In Ratebase				
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.				
46				-
47				-
48				-
49				-
50				-
51	Total Regulatory Deferrals Included in Ratebase		-	-

Unfunded Reserves Summary (Company Records)					
52	Description	Account			
53a	Accum Prv I/D - Workers Comp	2282003	262,773	420,538	341,655
53b					-
54	Total		262,773	420,538	341,655

NOTE 1: On this worksheet, "Company Records" refers to AEP's property accounting ledger.  
NOTE 2: The ratebase should not include the unamortized balance of hedging gains or losses.



AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet B Supporting ADIT and ITC Balances  
APPALACHIAN POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2017</u>	<u>(D) Balance @ December 31, 2016</u>	<u>(E) Average Balance for 2017</u>
1	<b><u>Account 281</u></b>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	289,979,891	302,975,148	296,477,520
3	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 4 (Note 1)	-	-	-
4	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 3 (Note 1)	289,979,891	302,975,148	296,477,520
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	<b><u>Account 282</u></b>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	1,982,378,027	1,799,314,928	1,890,846,477
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	20,469,118	19,587,464	20,028,291
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	1,429,234,352	1,312,046,508	1,370,640,430
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	532,674,556	467,680,956	500,177,756
11	<b><u>Account 283</u></b>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	426,174,211	427,772,320	426,973,266
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	13,893,212	10,571,050	12,232,131
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	375,398,956	380,368,479	377,883,717
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	36,882,043	36,832,791	36,857,417
16	<b><u>Account 190</u></b>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	299,354,118	295,894,511	297,624,314
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	43,772,374	44,526,502	44,149,438
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	191,559,675	192,636,681	192,098,178
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	64,022,068	58,731,329	61,376,698
21	<b><u>Account 255</u></b>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	850,579	915,123	882,851
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	850,579	915,123	882,851
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	26,959	58,596	42,778

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section I.167(l)-(h)(6)(ii). Line item detail of actual deferred tax items will be included on Worksheets B-1 and B-2.

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

APPALACHIAN POWER COMPANY  
SPECIFIED DEFERRED CREDITS - Actual Cycle Only  
PERIOD ENDED DECEMBER 31, 2017

(DEBIT) CREDIT

COLUMN A		COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC UTILITY (B+C+D+E)/2	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2016			FUNCTIONALIZATION 12/31/2017		
ACCUMULATED DEFERRED FIT ITEMS		BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017		GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1.00	ACCOUNT 281:														
2.01	TX AMORT POLLUTION CONT EQPT	302,975,148	289,979,891			296,477,520	296,477,520	0	0	302,975,148	-	-	289,979,891	-	-
2.02						0									
2.03	NON-UTILITY DEFERRED FIT	0	0	0	0										
2.04	SFAS 109 FLOW-THRU 281.3	0	0	0	0	0									
2.05	SFAS 109 EXCESS DFIT 281.4	0	(115,991,956)	0	115,991,956	0									
2.06		0	0	0	0	0									
3	TOTAL ACCOUNT 281	0	(115,991,956)	0	115,991,956	296,477,520	296,477,520	0	0	302,975,148	0	0	289,979,891	0	0
4	ACCOUNT 281 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	ACCOUNT 282:														
5.01	BOOK VS. TAX DEPRECIATION	1,342,563,527	1,422,389,909			1,382,476,718	379,584,901	475,894,865	526,996,953	379,042,931	454,151,036	509,369,560	380,126,870	497,638,694	544,624,346
5.02	FERC ORDER 144 CATCH UP	0	0			0	0	0	0	-	-	-	-	-	-
5.03	CAPD INTEREST - SECTION 481(a) - CHANGE IN METHD	848,737	607,482			728,109	227,867	307,323	192,919	265,619	358,238	224,881	190,116	256,408	160,958
5.04	RELOCATION COST - SECTION 481(a) - CHANGE IN METH	164,717	117,769			141,243	0	0	141,243	-	-	164,717	-	-	117,769
5.05	PJM INTEGRATION - SEC 481(a) - INTANG - DFD LABOR	58,725	(1,487)			28,619	0	28,619	0	-	58,725	-	-	(1,487)	-
5.06	R & D DEDUCTION - SECTION 174	3,653,921	3,685,427			3,669,674	3,185,989	137,675	346,010	3,179,523	137,675	336,724	3,192,456	137,675	355,297
5.07	BK PLANT IN SERVICE-SFAS 143-ARO	22,689,282	23,570,936			23,130,109	22,894,968	(540)	235,681	22,453,435	(509)	236,356	23,336,500	(571)	235,007
5.08	MNTR CARBON CAPTURE - SFAS 143 - ARO	(2,239,125)	(2,239,125)			(2,239,125)	(2,239,125)	0	0	(2,239,125)	-	-	(2,239,125)	-	-
5.09	NORMALIZED BASIS DIFFS - TRANSFERRED PLANTS	26,796,223	25,679,713			26,237,968	26,237,968	0	0	26,796,223	-	-	25,679,713	-	-
5.10	DFIT GENERATION PLANT	78,167,323	76,552,290			77,359,807	77,359,807	0	0	78,167,323	-	-	76,552,290	-	-
5.11	GAIN/LOSS ON ACRS/MACRS PROPERTY	117,827,786	127,431,398			122,629,592	54,108,432	9,578,463	58,942,697	51,043,561	9,038,733	57,745,491	57,173,303	10,118,193	60,139,902
5.12	GAIN/LOSS ON ACRS/MACRS-BK/TX UNIT PROP	(17,029,292)	(15,126,383)			(16,077,837)	(16,077,837)	0	0	(17,029,292)	-	-	(15,126,383)	-	-
5.13	ABFUDC	1,223,085	1,187,652			1,205,369	1,205,169	74	127	1,222,786	111	188	1,187,551	36	65
5.14	ABFUDC - TRANSMISSION	1,611,784	1,728,039			1,669,912	0	1,669,912	0	-	1,611,784	-	-	1,728,039	-
5.15	ABFUDC - GENERAL	15,315	13,226			14,271	0	5,130	9,141	-	5,513	9,802	-	4,747	8,479
5.16	ABFUDC - DISTRIBUTION	3,973	4,519			4,246	0	0	4,246	-	-	3,973	-	-	4,519
5.17	TAXES CAPITALIZED	0	0			0	0	0	0	-	-	-	-	-	-
5.18	PENSIONS CAPITALIZED	0	0			0	0	0	0	-	-	-	-	-	-
5.19	SEC 481 PENS/OPEB ADJUSTMENT	(70,199)	(70,199)			(70,199)	(65,939)	(2,022)	(2,238)	(65,939)	(2,022)	(2,238)	(65,939)	(2,022)	(2,238)
5.20	SAVINGS PLAN CAPITALIZED	0	0			0	0	0	0	-	-	-	-	-	-
5.21	PERCENT REPAIR ALLOWANCE	17,825,025	16,653,461			17,239,243	11,779,453	1,823,463	3,636,327	12,109,138	1,910,740	3,805,147	11,449,767	1,736,186	3,467,508
5.22	BOOK/TAX UNIT OF PROPERTY ADJ	87,683,077	112,833,639			100,258,358	93,730,858	1,683,500	4,844,000	87,683,077	-	-	99,778,639	3,367,000	9,688,000
5.23	BK/TAX UNIT OF PROPERTY ADJ-SEC 481 ADJ	91,447,540	159,720,270			125,583,905	90,716,030	8,383,200	26,484,675	91,447,540	-	-	89,984,520	16,766,400	52,969,350
5.24	BOOK/TAX UNIT OF PROPERTY ADJ: AGR TRANSFER	28,450,926	27,045,497			27,748,212	27,748,212	0	0	28,450,926	-	-	27,045,497	-	-
5.25	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ: AGR TRANSFER	5,909,608	5,444,910			5,677,259	5,677,259	0	0	5,909,608	-	-	5,444,910	-	-
5.26	TX ACCEL AMORT - CAPITALIZED SOFTWARE	0	3,163,999			1,581,999	543,198	256,466	782,335	-	-	-	1,086,397	512,933	1,564,669
5.27	CAPITALIZED RELOCATION COSTS	4,531,113	4,791,947			4,661,530	0	411,090	4,250,440	-	410,424	4,120,689	-	411,755	4,380,191
5.28	EXTRAORDINARY LOSS ON DISP OF PROP	36,213	27,693			31,953	0	0	31,953	-	-	36,213	-	-	27,693
5.29	DEFD TAX GAIN - FIBER OPTIC LINE	0	0			0	0	0	0	-	-	-	-	-	-
5.30	DISALLOWED COSTS-RESERVE DEFICIENCY-APCO VA	(13,749,133)	(13,749,133)			(13,749,133)	(13,749,133)	0	0	(13,749,133)	-	-	(13,749,133)	-	-
5.31	AMORT PERPETUAL TERM ELECT PLT	0	0			0	0	0	0	-	-	-	-	-	-
5.32	CAPITALIZED LEASES - A/C 1011 ASSETS	0	0			0	0	0	0	-	-	-	-	-	-
5.33	GAIN ON REACQUIRED DEBT	0	0			0	0	0	0	-	-	-	-	-	-
5.34	REMOVAL COSTS	1,760,966	1,654,241			1,707,604	1,707,604	0	0	1,760,966	-	-	1,654,241	-	-
5.35	REMOVAL COSTS - ARO-MTNR CARBON CAPTURE	(64,317)	(64,317)			(64,317)	(64,317)	0	0	(64,317)	-	-	(64,317)	-	-
5.36	REMOVAL COSTS REV - SFAS 143 - ARO	(798,376)	(798,376)			(798,376)	(798,376)	0	0	(798,376)	-	-	(798,376)	-	-
5.37	TAX WRITE OFF MINE DEVEL COSTS	(316,319)	(316,319)			(316,319)	(316,319)	0	0	(316,319)	-	-	(316,319)	-	-
5.38	BK DEPLETION -- NUEAST	312,822	312,822			312,822	312,822	0	0	312,822	-	-	312,822	-	-
5.39	2007 IRS AUDIT ADJUSTMENTS - A/C 282	-	-			0	0	0	0	0	0	0	0	0	0
5.40	TAX CUTS AND JOBS ACT (TCJA)	-	126,527			63,264	63,264	0	0	0	0	0	126,527	0	0
5.41	NON-UTILITY DEFERRED FIT	0	0	(0)	(0)	0				0	0	0			
	SFAS 109 FLOW-THRU 282.3	137648772	75754461	-137648772	-75754461										
	SFAS 109 EXCESS DFIT 282.4	(1,769,094)	(799,504,117)	1,769,094	799,504,117										
6	TOTAL ACCOUNT 282	1,935,194,606	1,258,628,371	(135,879,678)	723,749,656	1,890,846,480	763,772,753	500,177,216	626,896,509	755,582,978	467,680,446	576,051,503	771,962,527	532,673,986	677,741,514
7	ACCOUNT 282 - ARO-Related Deferrals	19,587,464	20,469,118	0	0	20,028,291	19,793,150	(540)	235,681	19,351,617	(509)	236,356	20,234,682	(571)	235,007
8	ACCOUNT 283:														
9.01	NOL - STATE C/F - DEF STATE TAX ASSET - L/T	0	31,976			15,988	15,988	0	0	-	-	-	31,976	-	-
9.02	SW - UNDER RECOVERY FUEL COST	21,274,136	24,452,437			22,863,287	22,863,287	0	0	21,274,136	-	-	24,452,437	-	-
9.03	SV - UNDER RECOVERY FUEL COST	2,156,900	7,499,737			4,828,318	4,828,318	0	0	2,156,900	-	-	7,499,737	-	-
9.04	WV -ENEC UNDER RECOVERY BANK	0	0			0	0	0	0	-	-	-	-	-	-
9.05	DEFD EQUITY CARRY CHGS - WV-ENEC	(245,478)	(81,826)			(163,652)	(163,652)	0	0	(245,478)	-	-	(81,826)	-	-
9.06	WV UNRECOV FUEL POOL CAPACITY IMPACT	0	0			0	0	0	0	-	-	-	-	-	-
9.07	WV CENTURY ENEC UNDER RECOVERY	0	0			0	0	0	0	-	-	-	-	-	-
9.08	WV UNREC FUEL DISPUTED COAL INV	0	0			0	0	0	0	-	-	-	-	-	-
9.09	CV-UNDER RECOVERY FUEL COST	0	23,733			11,867	11,867	0	0	-	-	-	23,733	-	-
9.10	PROPERTY TAX - NEW METHOD - BOOK	4,660,591	5,002,827			4,831,709	1,357,503	1,298,535	2,175,672	1,421,254	1,185,613	2,053,723	1,293,751	1,411,456	2,297,620
9.11	PROP TX-STATE 2 OLD METHOD-TX	0	0			0	0	0	0	0	-	-	0	-	-
9.12	DEFD TAX GAIN - APCO WV SEC REG ASSET	108,157,386	99,984,754			104,071,070	104,071,070	0	0	108,157,386	-	-	99,984,754	-	-
9.13	MTM BK GAIN - A/L - TAX DEFL	603,988	4,738,151			2,671,070	2,671,070	0	0	603,988	-	-	4,738,151	-	-
9.14	MARK & SPREAD - DEFL - 283 A/L	(679,996)	(679,996)			(679,996)	(679,996)	0	0	(679,996)	-	-	(679,996)	-	-
9.15	ACCRUED BK PENSION EXPENSE	49,898,814	49,638,663			49,768,738	21,323,660	1,900,574	26,544,504	21,191,849	1,974,313	26,732,653	21,455,471	1,826,836	26,356,356
9.16	ACCRUED BK PENSION COSTS - SFAS 158	(74,699,569)	(62,857,902)			(68,778,736)	(23,772,175)	(6,413,375)	(38,593,186)	(26,882,774)	(6,521,360)	(41,295,435)	(20,661,576)	(6,305,390)	(35,890,936)
9.17	REG ASSET - DEFERRED RTO COSTS	444,473	307,554			376,014	0	376,014	0	-	444,473	-	-	307,554	-
9.18	DEFD ENVIRON COMP COSTS & CARRYING CHARGES	33,568	33,568			33,568	33,568	0	0	33,568	-	-	33,568	-	-
9.19	DEFD SYS RELIABILITY COSTS & CARRYING CHARGES	45,312	45,312			45,312	0	18,842	26,470	-	18,842	26,470	-	18,842	26,470
9.20	DEFD EQUITY CARRY CHRGS-RELIABILITY CAPITAL	(15,742)	(15,742)			(15,742)	0	(11,175)	(4,567)	-	(11,175)	(4,567)	-	(11,175)	(4,567)



9.21	DEFD EXPS (A/C 186)	284,823	345,185		315,004	315,004	0	0	284,823	-	-	-	345,185	-	-
9.22	DEFD STORM DAMAGE	18,331,896	11,381,875		14,856,885	0	0	14,856,885	-	-	18,331,896	-	-	-	11,381,875
9.23	RATE CASE DEFERRED CHARGES	0	0		0	0	0	0	-	-	-	-	-	-	-
9.24	BK DEFL-DEMAND SIDE MNGMT EXP	1,576,688	1,849,755		1,713,221	0	0	1,713,221	-	-	1,576,688	-	-	-	1,849,755
9.25	DEFD BK LOSS-NON AFF SALE-EMA	154,926	154,926		154,926	154,926	0	0	154,926	-	-	-	154,926	-	-
9.26	BOOK > TAX - EMA - A/C 283	8,894,214	8,793,905		8,844,060	8,844,060	0	0	8,894,214	-	-	-	8,793,905	-	-
9.27	DEFD TX GAIN - INTERCO SALE - EMA	(375,758)	(375,758)		(375,758)	(375,758)	0	0	(375,758)	-	-	-	(375,758)	-	-
9.28	DEFD TAX GAIN - EPA AUCTION	(11,908)	(11,908)		(11,908)	(11,908)	0	0	(11,908)	-	-	-	(11,908)	-	-
9.29	DEFD BOOK GAIN - EPA AUCTION	0	0		0	0	0	0	-	-	-	-	-	-	-
9.30	BK DEFL - MACSS COSTS	247,765	53,640		150,702	0	0	150,702	-	-	247,765	-	-	-	53,640
9.31	TRANSITION REGULATORY ASSETS	(1)	(1)		(1)	0	0	(1)	-	-	(1)	-	-	-	(1)
9.32	REG ASSET-SFAS 143 - ARO	209,656	0		104,828	104,828	0	0	209,656	-	-	-	0	-	-
9.33	REG ASSET-SFAS 158 - PENSIONS	74,699,569	62,857,902		68,778,736	23,772,175	6,413,375	38,593,186	26,882,774	6,521,360	41,295,435	-	20,661,576	6,305,390	35,890,936
9.34	REG ASSET-SFAS 158 - SERP	112,074	112,147		112,111	(249)	0	112,359	(17)	-	112,091	-	(481)	-	112,628
9.35	REG ASSET-SFAS 158 - OPEB	2,683,389	(3,900,734)		(608,673)	(477,851)	194,960	(325,782)	1,009,786	319,311	1,354,292	-	(1,965,489)	70,610	(2,005,856)
9.36	REG ASSET-UNDERRECOVERY-VIRGINIA T-RAC	13,530,393	11,423,321		12,476,857	0	12,476,857	0	-	13,530,393	-	-	-	11,423,321	-
9.37	REG ASSET-MOUNTAINEER CARBON CAPTURE	(5,905,779)	(6,974,321)		(6,440,050)	(6,440,050)	0	0	(5,905,779)	-	-	-	(6,974,321)	-	-
9.38	REG ASSET-DEFERRED RPS COSTS	0	595,363		297,681	297,681	0	0	-	-	-	-	595,363	-	-
9.39	REG ASSET-CARRYING CHARGES-WV ENEC	0	0		0	0	0	0	-	-	-	-	-	-	-
9.40	TAX DEFL - NON-DEPRECIABLES	0	0		0	0	0	0	-	-	-	-	-	-	-
9.41	REG ASSET-DEFD SEVERANCE COSTS	(3,985,324)	(4,687,377)		(4,336,351)	(4,571,117)	36,868	197,898	(4,376,601)	61,447	329,830	-	(4,765,633)	12,289	65,966
9.42	REG ASSET-TRANS AGREEMENT PHASE-IN-WV	0	0		0	0	0	0	-	-	-	-	-	-	-
9.43	REG ASSET-DEFD VA WIND REPLACEMENT CSTS	0	0		0	0	0	0	-	-	-	-	-	-	-
9.44	REG ASSET-NET CCS FEED STUDY COSTS	348,637	284,273		316,455	316,455	0	0	348,637	-	-	-	284,273	-	-
9.45	REG ASSET-DEFD VA DEMAND RESPONSE PROGRAM	5,171,616	4,487,798		4,829,707	0	4,829,707	0	-	-	5,171,616	-	-	-	4,487,798
9.46	REG ASSET DRESDEN UNRECOG EQUITY CC WV	0	0		0	0	0	0	-	-	-	-	-	-	-
9.47	REG ASSET DRESDEN OPERATION COST VA	2,452,947	2,548,055		2,500,501	2,500,501	0	0	2,452,947	-	-	-	2,548,055	-	-
9.48	REG ASSET DRESDEN CARRYING COSTS VA	(71,905)	0		(35,953)	(35,953)	0	0	(71,905)	-	-	-	-	-	-
9.49	REG ASSET DRESDEN UNRECOG EQUITY CC VA	(110,593)	0		(55,297)	(55,297)	0	0	(110,593)	-	-	-	-	-	-
9.50	REG ASSET DRESDEN CARRYING COST WV	0	0		0	0	0								

17	NOTE: POST 1970 ACCUMULATED DEFERRED											
18	INV TAX CRED. (JDITC) IN A/C 255											
18.01	SEC ALLOC - ITC - 46F1 - 10%	84,209	40,746			62,478	12,243	42,778	7,458	15,720	58,596	9,893
18.02	HYDRO CREDIT - ITC - 46F1	830,914	809,833			820,374	820,374	0	0	830,914	-	-
19												
20	TOTAL ACCOUNT 255	915,123	850,579	0	0	882,852	832,616	42,778	7,458	846,634	58,596	9,893

8,765	26,959	5,022
809,833	-	-



APPALACHIAN POWER COMPANY  
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only  
PERIOD ENDED DECEMBER 31, 2017

DEBIT (CREDIT)

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC UTILITY (B+C+D+E)/2	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2016			FUNCTIONALIZATION 12/31/2017		
	ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017		GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1	ACCOUNT 190:														
2.01	NOL & TAX CREDIT C/F - DEF TAX ASSET	4,080,667	9,000,167			6,540,417	5,927,663	21,923	590,831	3,717,155	-	363,512	8,138,171	43,845	818,151
2.02	BOOK VS. TAX DEPRECIATION	0	0			0	0	0	0	-	-	-	-	-	-
2.03	INT EXP CAPITALIZED FOR TAX	77,963,248	79,113,241			78,538,245	51,121,401	22,396,174	5,020,670	51,819,546	21,232,701	4,911,002	50,423,255	23,559,648	5,130,338
2.04	CIAC-BOOK RECEIPTS	0	0			0	0	0	0	-	-	-	-	-	-
2.05	CIAC - BOOK RECEIPTS-DISTR -SV	5,329,828	5,173,842			5,251,835	0	151,023	5,100,812	-	168,138	5,161,690	-	133,908	5,039,934
2.06	CIAC - BOOK RECEIPTS-TRANS	407,381	337,274			372,328	0	372,328	0	-	407,381	-	-	337,274	-
2.07	CIAC - BOOK RECEIPTS-DISTR -SW	2,718,799	2,636,608			2,677,703	0	101,027	2,576,676	-	101,346	2,617,453	-	100,709	2,535,899
2.08	CIAC - MUSSER ACQUISITION	0	0			0	0	0	0	-	-	-	-	-	-
2.09	SW - OVER RECOVERY FUEL COSTS	0	0			0	0	0	0	-	-	-	-	-	-
2.10	SV - OVER RECOVERY FUEL COSTS	0	0			0	0	0	0	-	-	-	-	-	-
2.11	PROVS POSS REV REFDS	3,254,820	6,276,007			4,765,413	641,915	4,042,472	81,026	698,366	2,475,428	81,026	585,465	5,609,516	81,026
2.12	SALE/LEASEBK-GRUNDY	641	641			641	0	0	641	-	-	641	-	-	641
2.13	MTM BK LOSS - A/L - TAX DEFL	0	0			0	0	0	0	-	-	-	-	-	-
2.14	MARK & SPREAD-DEFL-190-A/L	(727,919)	569,904			(79,007)	(79,007)	0	0	(727,919)	-	-	569,904	-	-
2.15	PROV WORKER'S COMP	131,891	126,150			129,020	92,655	7,568	28,797	90,043	9,725	32,123	95,266	5,412	25,472
2.16	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	(71,651)	(58,979)			(65,315)	389	0	(65,704)	289	-	(71,940)	490	-	(59,469)
2.17	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	112,074	112,147			112,111	(249)	0	112,359	(17)	-	112,091	(481)	-	112,628
2.18	ACCRD BK SUP. SAVINGS PLAN EXP	236,110	18,790			127,450	36,477	0	90,973	61,810	-	174,300	11,143	-	7,647
2.19	EMPLOYER SAVINGS PLAN MATCH	0	0			0	0	0	0	-	-	-	-	-	-
2.20	ACCRUED PSI PLAN EXP	2,054,266	623,231			1,338,748	104,173	0	1,234,575	101,535	-	1,952,731	106,811	-	516,420
2.21	STOCK BASED COMP-CAREER SHARES	0	120,285			60,142	0	0	60,142	-	-	-	-	-	120,285
2.22	BK PROV UNCOLL ACCTS	897,554	1,006,307			951,930	(341,796)	388	1,293,338	(340,920)	777	1,237,697	(342,671)	(0)	1,348,978
2.23	PROV-TRADING CREDIT RISK - A/L	1,976	738			1,357	1,357	0	0	1,976	-	-	738	-	-
2.24	PROV-FAS 157 - A/L	(5)	0			(2)	(2)	0	0	(5)	-	-	0	-	-
2.25	ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN	0	0			0	0	0	0	-	-	-	-	-	-
2.26	ACCRD COMPANYWIDE INCENTV PLAN	5,679,373	2,568,814			4,124,094	1,834,512	46,030	2,243,552	2,527,672	64,268	3,087,433	1,141,352	27,792	1,399,670
2.27	ACCRD ENVIRONMENTAL LIAB-CURRENT	4,200	4,200			4,200	0	0	4,200	-	-	4,200	-	-	4,200
2.28	ACCRUED BOOK VACATION PAY	3,209,995	3,316,973			3,263,484	1,200,420	(87,735)	2,150,799	1,147,135	(88,002)	2,150,863	1,253,705	(87,468)	2,150,736
2.29	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	475,420	98,632			287,026	7,369	0	279,657	14,738	-	460,682	0	-	98,632
2.30	ACCRUED BK SEVERANCE BENEFITS	342,396	215,210			278,803	260,253	0	18,550	305,296	-	37,100	215,210	-	-
2.31	ACCRUED INTEREST EXPENSE - STATE	0	0			0	0	0	0	-	-	-	-	-	-
2.32	ACCRUED INTEREST-LONG-TERM - FIN 48	(3,835)	144,627			70,396	19,029	9,108	42,259	(11,633)	2,166	5,632	49,691	16,051	78,885
2.33	ACCRUED INTEREST-SHORT-TERM - FIN 48	361	14,490			7,425	3,133	509	3,784	125	28	208	6,140	990	7,360
2.34	ACCRUED STATE INCOME TAX EXP	49,457	49,457			49,457	0	(240,349)	289,806	-	(240,349)	289,806	-	(240,349)	289,806
2.35	BK DFL RAIL TRANS REV/EXP	0	0			0	0	0	0	-	-	-	-	-	-
2.36	ACCRUED RTO CARRYING CHARGES	0	0			0	0	0	0	-	-	-	-	-	-
2.37	PROV LOSS-CAR CHG-PURCHASD EMA	182,467	182,467			182,467	182,467	0	0	182,467	-	-	182,467	-	-
2.38	DEFD EQUITY CARRYING CHRGS-ENVIRON COMP COSTS	0	0			0	0	0	0	-	-	-	-	-	-
2.39	FEDERAL MITIGATION PROGRAMS	2,141,898	1,577,478			1,859,688	1,859,688	0	0	2,141,898	-	-	1,577,478	-	-
2.40	STATE MITIGATION PROGRAMS	(0)	(0)			0	(0)	0	0	(0)	-	-	(0)	-	-
2.41	DEFD REV-EPRI/MNTR CARBON CAPTURE-CUR	0	0			0	0	0	0	-	-	-	-	-	-
2.42	DEFD REV-EPRI/MNTR CARBON CAPTURE-L/T	0	0			0	0	0	0	-	-	-	-	-	-
2.43	DEFD BK CONTRACT REVENUE	330,347	269,534			299,940	0	299,940	0	-	330,347	-	-	269,534	-
2.44	DEFD STORM DAMAGES	0	0			0	0	0	0	-	-	-	-	-	-
2.45	FK BK WRITE-OFF BLUE RDGE EASE	13,326	13,326			13,326	13,326	0	0	13,326	-	-	13,326	-	-
2.46	FR BK WRITE-OFF BLUE RDGE EASE	15,548	15,548			15,548	15,548	0	0	15,548	-	-	15,548	-	-
2.47	SV BK WRITE-OFF BLUE RDGE EASE	98,612	98,612			98,612	98,612	0	0	98,612	-	-	98,612	-	-
2.48	CV BK WRITE-OFF BLUE RDGE EASE	6,173	6,173			6,173	6,173	0	0	6,173	-	-	6,173	-	-
2.49	TAX > BOOK BASIS - EMA-A/C 190	160,441	160,441			160,441	160,441	0	0	160,441	-	-	160,441	-	-
2.50	DEFD TX LOSS-INTERCO SALE-EMA	380,023	380,023			380,023	380,023	0	0	380,023	-	-	380,023	-	-
2.51	DEFD BOOK GAIN-EPA AUCTION	(125,145)	(125,145)			(125,145)	(125,145)	0	0	(125,145)	-	-	(125,145)	-	-
2.52	ADVANCE RENTAL INC (CUR MO)	663,751	748,944			706,347	0	0	706,347	-	-	663,751	-	-	748,944
2.53	DEFERRED BOOK RENTS	386,715	322,263			354,489	0	354,489	0	-	386,715	-	-	322,263	-
2.54	REG LIAB-UNREAL MTM GAIN-DEFL	316,478	3,161,728			1,739,103	1,739,103	0	0	316,478	-	-	3,161,728	-	-
2.55	SECURITIZATION DEFD EQUITY INCOME - LONG-TERM	1,289,671	1,192,224			1,240,947	1,240,947	0	0	1,289,671	-	-	1,192,224	-	-
2.56	CAPITALIZED SOFTWARE COSTS-TAX	22,684	28,399			25,542	(698)	35	26,204	(661)	74	23,270	(735)	(4)	29,138
2.57	CAPITALIZED ADVERTISING EXP-TX	1,367,035	1,348,444			1,357,739	0	1,357,739	0	-	1,367,035	-	-	1,348,444	-
2.58	ACCRD SFAS 106 PST RETIRE EXP	(11,597,878)	(14,423,610)			(13,010,744)	(6,693,655)	(1,024,228)	(5,292,861)	(5,996,222)	(880,466)	(4,721,190)	(7,391,089)	(1,167,990)	(5,864,531)
2.59	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	11,520,154	11,520,154			11,520,154	5,763,865	523,255	5,233,035	5,763,865	523,255				

0	0	4,450,348	0	0	4,450,348
0	0	0	10,550	0	105,633
0	0	0	7,199	0	64,906
0	0	0	91,360	0	0
142,502,432	58,739,489	94,652,590	142,671,444	64,030,742	92,651,932
44,220,709	8,160	297,632	43,491,155	8,674	272,546

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

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2017	Balance @ December 31, 2016	Average Balance for 2017				
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c) & (b)	4,458,854	1,510,127	2,984,491			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c) & (b)	216,219	180,013	198,116			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

		<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>
5							
6	Totals as of December 31, 2017	9,029,564	(211,337,418)	0	4,299,244	216,067,738	220,366,982
7	Totals as of December 31, 2016	<u>7,927,598</u>	<u>(203,422,929)</u>		<u>4,505,036</u>	<u>206,845,492</u>	<u>211,350,528</u>
8	<b>Average Balance</b>	<u>8,478,581</u>	<u>(207,380,174)</u>	-	<u>4,402,140</u>	<u>211,456,615</u>	<u>215,858,755</u>

Prepayments Account 165 - Balance @ 12/31/2017

Acc. No.	Description	2017 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001	Prepaid Insurance	2,071,930	-		2,071,930		2,071,930	Plant Related Insurance Policies
165000217	Prepaid Taxes	1,990,995	1,990,995				-	Prepaid Taxes - Distribution
1650003	Prepaid Rents	0	-				-	
1650004	Prepaid Interest	24,773	24,773			-	-	Prepaid Interest - Distribution
1650005	Prepaid Employee Benefits	0	-			-	-	Health Savings Program
1650006	Other Prepayments	2,595,636	2,595,636			-	-	Technology Development
1650009	Prepaid Carry Cost-Factored AR	99,242	99,242			-	-	AR Factoring - Retail Only
1650010	Prepaid Pension Benefits	164,847,647	-			164,847,647	164,847,647	Prefunded Pension Expense
1650014	FAS 158 Qual Contra Asset	(164,847,647)	(164,847,647)			-	-	SFAS 158 Offset
1650016	FAS 112 ASSETS	0	-			-	-	SFAS 112 Overfunding Asset
1650021	Prepaid Insurance - EIS	1,421,334	-		1,421,334		1,421,334	Plant Related Insurance Policies
1650023	Prepaid Lease	2,500	2,500			-	-	Prepaid Lease - Gen
1650031	Prepaid OCIP Work Comp	0	-			-	-	Labor Related Expense
1650032	Prepaid OCIP Work Comp LT	0	-			-	-	Labor Related Expense
1650033	Prepaid OCIP Work Comp	0	-			-	-	Labor Related Expense
1650034	Prepaid OCIP Work Comp LT-Aff	0	-			-	-	Labor Related Expense
1650035	PRW without MED-D benefits	51,220,091				51,220,091	51,220,091	Labor Related Expense
1650036	PRW for Med-D benefits	0				-	-	
1650037	FAS 158 Contra-PRW exclud Med-D	(51,220,091)	(51,220,091)					SFAS 158 Offset
165000218	Prepaid Taxes	805,980		-	805,980		805,980	Property Fees
165001217	Prepaid Use Tax	17,174	17,174	-			-	Prepaid Use Tax - Generation
Subtotal - Form 1, p 111.57.c		9,029,564	(211,337,418)	0	4,299,244	216,067,738	220,366,982	

Prepayments Account 165 - Balance @ 12/31/ 2016

Acc. No.	Description	2016 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001	Prepaid Insurance	2,182,620	-		2,182,620		2,182,620	Plant Related Insurance Policies
165000216	Prepaid Taxes	2,032,408	2,032,408				-	Prepaid Taxes - Distribution
165000217	Prepaid Taxes	801,550	-		801,550		801,550	Prepaid Taxes - Property
1650003	Prepaid Rents	0	-			-	-	
1650004	Prepaid Interest	25,374	25,374			-	-	Prepaid Interest - Distribution
1650005	Prepaid Employee Benefits	239,500	-			239,500	239,500	Health Savings Program
1650006	Other Prepayments	116,848	116,848			-	-	PPD Sales
1650009	Prepaid Carry Cost-Factored AR	103,436	103,436			-	-	AR Factoring - Retail Only
1650010	Prepaid Pension Benefits	164,624,905	-			164,624,905	164,624,905	Prefunded Pension Expense
1650014	FAS 158 Qual Contra Asset	(164,624,905)	(164,624,905)			-	-	SFAS 158 Offset
1650016	FAS 112 ASSETS	0	-			-	-	SFAS 112 Overfunding Asset
1650021	Prepaid Insurance - EIS	1,284,616	-		1,284,616		1,284,616	Plant Related Insurance Policies
1650023	Prepaid Lease	236,250	-		236,250		236,250	Prepaid Lease
1650031	Prepaid OCIP Work Comp	324,410	-			324,410	324,410	Labor Related Expense
1650032	Prepaid OCIP Work Comp LT	109,502	-			109,502	109,502	Labor Related Expense
1650033	Prepaid OCIP Work Comp	336,856	-			336,856	336,856	Labor Related Expense
1650034	Prepaid OCIP Work Comp LT-Aff	119,616				119,616	119,616	Labor Related Expense
1650035	PRW without MED-D benefits	41,090,703				41,090,703	41,090,703	Labor Related Expense
1650036	PRW for Med-D benefits	0	-					
1650037	FAS 158 Contra-PRW exclud Med-D	(41,090,703)	(41,090,703)				-	SFAS 158 Offset
165001113	Prepaid Sales Taxes	0	-				-	
165001216	Prepaid Use Tax	14,613	14,613					Prepaid Use Tax - Generation
Subtotal - Form 1, p 111.57.d		7,927,598	(203,422,929)		4,505,036	206,845,492	211,350,528	

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

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet D Supporting IPP Credits  
APPALACHIAN POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2017</u>
1	Net Funds from IPP Customers 12/31/2016 (2017 FORM 1, P269)	(2,788,702)
2	Interest Accrual (Company Records - Note 1)	(108,843)
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2017 (2017 FORM 1, P269)	(2,897,545)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(2,843,124)
Note 1	On this worksheet Company Records refers to APPALACHIAN POWER COMPANY's general ledger.	



AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet E Supporting Revenue Credits  
APPALACHIAN POWER COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non- Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	4,919,692	4,919,692	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	3,253,253	2,895,352	357,901
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	24,124,282	21,908,139	2,216,143
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	11,122,078	3,059,179	8,062,898
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	101,771,786	101,771,786	-
5a	Account 457.1, Regional Control Service Revenues (FF1 p.300.23.(b); Company Records - Note 1)	-	-	-
5b	Account 457.2, Miscellaneous Revenues (FF1 p.300.24.(b); Company Records - Note 1)	-	-	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	145,191,090	134,554,148	10,636,943
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	145,191,090	134,554,148	10,636,943

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

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

9 Facility Credits under PJM OATT Section 30.9

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

Tennessee Income Tax Rate	6.50%	
Apportionment Factor - Note 1	2.15%	
Effective State Tax Rate		0.14%
West Virginia Net Income Tax Rate	6.50%	
Apportionment Factor - Note 1	54.20%	
Effective State Tax Rate		3.52%
Virginia Income Tax Rate	6.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Ohio Franchise Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Michigan Business Income Tax Rate	6.00%	
Apportionment Factor - Note 1	0.02%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	9.50%	
Apportionment Factor - Note 1	0.86%	
Effective State Tax Rate		0.08%
Total Effective State Income Tax Rate		<u>3.74%</u>

Note 1 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
APPALACHIAN POWER COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Line</u> <u>Number</u>	<u>Item No.</u>	<u>Description</u>	<u>2017</u> <u>Expense</u>	<u>100%</u> <u>Non-Transmission</u>	<u>100%</u> <u>Transmission</u> <u>Specific</u>	<u>Explanation</u>
<u>Regulatory O&amp;M Deferrals &amp; Amortizations</u>						
1	5660007	Virginia T-RAC UnderRecovery	6,020,206			
2	5660000	Amortization Severance	140,450			
3						
4		Total	6,160,656			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b 561.1 -	Load Dispatch - Reliability	10,572			
7	FF1 p 321.86.b 561.2 -	Load Dispatch - Monitor & Operate Trans System	2,288,136			
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	5,974,378			
10	FF1 p 321.89.b 561.5 -	Reliability, Planning and Standards Development	434,743			
11	FF1 p 321.90.b 561.6 -	Transmission Service Studies	22			
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 Ser	1,887,434			
14		Total of Account 561	10,595,285			
<u>Account 928</u>						
15	9280000	Regulatory Commission Exp	6,505	6,505	-	
16	9280001	Regulatory Commission Exp-Adm	1,772,905	1,772,905	-	
17	9280002	Regulatory Commission Exp-Case	2,364,619	2,364,619	-	
18	9280003	Rate Case Amortization	-	-		
19	9280005	Reg Com Exp-FERC Trans	124,016		124,016	
20		Total (FERC Form 1 p.323.189.b)	4,268,045	4,144,030	124,016	
<u>Account 930.1</u>						
21	9301000	General Advertising Expenses	177,340	177,340	-	
22	9301001	Newspaper Advertising Space	331,955	331,955	-	
23	9301002	Radio Station Advertising Time	11,792	11,792	-	
24	9301003	TV Station Advertising Time	8,005	8,005	-	
25	9301004	Newspaper Advertising Prod Exp	2,021	2,021	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	10,900	10,900	-	
28	9301007	Special Adv Space & Prod Exp	3,156	3,156	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	18,521	18,521	-	
31	9301010	Publicity	3,165	3,165	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	136,013	136,013	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	42,009	42,009	-	
37		Total (FERC Form 1 p.323.191.b)	744,877	744,877	-	
<u>Account 930.2</u>						
38	9302000	Misc General Expenses	1,033,224	1,033,224		
39	9302003	Corporate & Fiscal Expenses	62,955	62,955		
40	9302004	Research, Develop&Demonstr Exp	10,664	10,664		
41	9302006	Assoc Business Development Materials Sold	249,686	249,686	-	
42	9302007	Assoc Business Development Exp	6,203,004	1,601,906	4,601,098	
43		Total (FERC Form 1 p.323.192.b)	7,559,533	2,958,435	4,601,098	

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet H Supporting Taxes Other than Income  
APPALACHIAN POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b><u>Revenue Taxes</u></b>					
2	Gross Receipts Tax	11,512,016				11,512,016
3	<b><u>Real Estate and Personal Property Taxes</u></b>					
4	Real and Personal Property - West Virginia	46,680,527	46,680,527			
5	Real and Personal Property - Virginia	20,311,896	20,311,896			
6	Real and Personal Property - Tennessee	1,320,636	1,320,636			
7	Real and Personal Property - Other	1,387,768	1,387,768			
8	<b><u>Payroll Taxes</u></b>					
9	Federal Insurance Contribution (FICA )	7,877,931		7,877,931		
10	Federal Unemployment Tax	45,525		45,525		
11	State Unemployment Insurance	166,216		166,216		
12	<b><u>Production Taxes</u></b>					
13	State Severance Taxes	-				-
14	<b><u>Miscellaneous Taxes</u></b>					
15	List Individual Taxes Here	21,336,451				21,336,451
16		5,630,936			5,630,936	
17		9,515,539			9,515,539	
18		2,712			2,712	
19		99			99	
20		92				92
21		16,746				16,746
22		-				-
23						
24	Total Taxes by Allocable Basis	125,805,090	69,700,827	8,089,672	15,149,286	32,865,305

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

NOTE 1: The detail of each total company number and its source in the FERC Form 1 is shown on WS H-1.

Functional Property Tax Allocation

		Production	Transmsission	Distribution	General	Total
25	Functionalized Net Plant (TCOS, Lns 41 thru 46)	4,023,088,731	2,193,632,252	2,428,396,540	150,158,239	8,795,275,761
	VIRGINIA JURISDICTION					
26	Percentage of Plant in VIRGINIA JURISDICTION	7.79%	53.68%	55.79%	52.20%	
27	Net Plant in VIRGINIA JURISDICTION (Ln 25 * Ln 26)	313,398,612	1,177,541,793	1,354,802,430	78,382,601	2,924,125,435
28	Less: Net Value of Exempted Generation Plant	43,408,002				
29	Taxable Property Basis (Ln 27 - Ln 28)	269,990,610	1,177,541,793	1,354,802,430	78,382,601	2,880,717,433
30	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
31	Weighted Net Plant (Ln 29 * Ln 30)	269,990,610	1,177,541,793	1,354,802,430	78,382,601	
32	General Plant Allocator (Ln 31 / (Total - General Plant))	9.63%	42.02%	48.35%	-100.00%	
33	Functionalized General Plant (Ln 32 * General Plant)	7,551,762	32,936,388	37,894,450	(78,382,601)	-
34	Weighted VIRGINIA JURISDICTION Plant (Ln 31 + 33)	277,542,372	1,210,478,181	1,392,696,880	(0)	2,880,717,433
35	Functional Percentage (Ln 34/Total Ln 34)	9.63%	42.02%	48.35%		
	WEST VA JURISDICTION					
36	Percentage of Plant in WEST VA JURISDICTION	90.97%	44.13%	44.21%	47.61%	
37	Net Plant in WEST VA JURISDICTION (Ln 25 * Ln 36)	3,659,803,819	968,049,913	1,073,594,110	71,490,337	5,772,938,179
38	Less: Net Value of Exempted Generation Plant	2,156,229,548				
39	Taxable Property Basis (Ln 37 - Ln 38)	1,503,574,271	968,049,913	1,073,594,110	71,490,337	3,616,708,631
40	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
41	Weighted Net Plant (Ln 39 * Ln 40)	1,503,574,271	968,049,913	1,073,594,110	71,490,337	
42	General Plant Allocator (Ln 41 / (Total - General Plant))	42.41%	27.31%	30.28%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	30,320,004	19,521,002	21,649,331	(71,490,337)	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	1,533,894,275	987,570,915	1,095,243,441	0	3,616,708,631
45	Functional Percentage (Ln 44/Total Ln 44)	42.41%	27.31%	30.28%		
	TENNESSEE JURISDICTION					
46	Net Plant in TENNESSEE JURISDICTION (Ln 25 - Ln 27 - Ln 37)	49,886,300	48,040,546	-	285,301	98,212,147
47	Less: Net Value Exempted Generation Plant					
48	Taxable Property Basis	49,886,300	48,040,546	-	285,301	98,212,147
49	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
50	Weighted Net Plant (Ln 48 * Ln 49)	49,886,300	48,040,546	-	285,301	
51	General Plant Allocator (Ln 50 / (Total - General Plant))	50.94%	49.06%	0.00%	-100.00%	
52	Functionalized General Plant (Ln 52 * General Plant)	145,339	139,962	-	(285,301)	
53	Weighted TENNESSEE JURISDICTION Plant (Ln 50 + 52)	50,031,639	48,180,508	-	(0)	98,212,147
54	Functional Percentage (Ln 53/Total Ln 53)	50.94%	49.06%	0.00%		



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

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
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1	<b>Revenue Taxes</b>			
2	Gross Receipts Tax	11,512,016		
			13,331,105	P.263.1 ln 3 (i)
			(59,694)	P.263.1 ln 27 (i)
			75,245	P.263.1 ln 28 (i)
			(1,834,640)	P.263.1 ln 29 (i)

	(A) Real Estate and Personal Propety Tax Detail Annual Tax Expenses by Type (Note 1)	(B) Tax Year	(C) Total Company	(D) FERC FORM 1 Tie-Back	(E) FERC FORM 1 Reference	(F) Tax Year Factor (Note 2)	(G) Transmission Function (Note 2)
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3	<b>Real Estate and Personal Property Taxes Total</b> <b>(Ln 4 + Ln 5 + Ln 6 + Ln 7)</b>		69,700,827				24,292,258
4	Real and Personal Property - West Virginia		46,680,527				14,825,612
		2015		22,317,848	P.263 ln 33 (i)	26.68%	5,955,025
		2016		24,218,358	P.263 ln 34 (i)	36.44%	8,825,616
		2016		60,905	P.263 ln 37 (i)	36.44%	22,195
		2017		83,416	P.263 ln 38 (i)	27.31%	22,777
							-
5	Real and Personal Property - Virginia		20,311,896				8,534,777
		2016		65	P.263.2 ln 20 (i)	40.05%	26
		2017		19,897,720	P.263.2 ln 21 (i)	42.02%	8,361,027
		2015		2,473	P.263.2 ln 23 (i)	33.62%	831
		2016		3,925	P.263.2 ln 24 (i)	40.05%	1,572
		2017		407,713	P.263.2 ln 25 (i)	42.02%	171,321
				-			-
				-			-
				-			-
				-			-
6	Real and Personal Property - Tennessee		1,320,636				647,872
		2017		1,320,635	P.263.3 ln 8 (i)	49.06%	647,872
				1	P.263.3 ln 19 (i)	49.06%	0
				-			-
				-			-
				-			-
7	Real and Personal Property - Other		1,387,768				283,996
		2015		(16,039)	P.263.1 ln 31 (i)	18.47%	(2,962)
		2016		1,403,627	P.263.1 ln 32 (i)	20.44%	286,921
		2016		180	P.263.1 ln 35 (i)	20.44%	37

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
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8	<b>Payroll Taxes</b>			
9	Federal Insurance Contribution (FICA )	7,877,931	7,877,931	P.263 ln 6 (i)
10	Federal Unemployment Tax	45,525	45,525	P.263 ln 9 (i)
11	State Unemployment Insurance	166,216	-	P.263.1 ln 17 (i)
			141,228	P.263.1 ln 15 (i)
			2,789	P.263.1 ln 39 (i)
			21,884	P.263.2 ln 31 (i)
			315	P.263.4 ln 24 (i)
12	<b>Production Taxes</b>	-	-	P.263.3 ln 5 (i)
13	State Severance Taxes			
14	<b>Miscellaneous Taxes</b>			
15	State Business & Occupation Tax	21,336,451	52,712	P.263 ln 20 (i)
			21,283,739	P.263 ln 21 (i)
			-	
16	State Public Service Commission Fees	5,630,936	2,032,408	P.263 ln 25 (i)
			3,598,528	P.263 ln 26 (i)
17	State Franchise Taxes	9,515,539	(185,244)	P.263.1 ln 18 (i)
			(95,962)	P.263.1 ln 19 (i)
			(479,469)	P.263.2 ln 8 (i)
			10,224,003	P.263.2 ln 9 (i)
			(8,239)	P.263.3 ln 3 (i)
			60,000	P.263.3 ln 4 (i)
			225	P.263.3 ln 29 (i)
			225	P.263.3 ln 30 (i)
18	State Lic/Registration Fee	2,712	512	P.263.1 ln 5 (i)
			50	P.263.1 ln 8 (i)
			1,802	P.263.2 ln 33 (i)
			25	P.263.2 ln 36 (i)
			41	P.263.3 ln 11 (i)
			20	P.263.3 ln 26 (i)
			25	P.263.4 ln 3 (i)
			15	P.263.4 ln 22 (i)
			15	P.263.4 ln 27 (i)
			155	P.263.4 ln 29 (i)
			52	P.263.4 ln 31 (i)
19	Misc. State and Local Tax	99	100	P.263.3 ln 21 (i)
			(1)	P.263.3 ln 22 (i)
20	Sales & Use	92	179	P.263 ln 29 (i)
			287	P.263 ln 30(i)
			(374)	P.263.1 ln 25 (i)
			-	
21	Federal Excise Tax	16,746	16,746	P.263 ln 14 (i)
			-	
22	Michigan Single Business Tax	-	-	
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	125,805,090	125,805,090	

Note 1: The taxes assessed on each operating company can differ from year to year and between operating companies by both the type of taxes and the states in which they were assessed. Therefore, for each company, the types and jurisdictions of tax expense recorded on this page could differ from the same page in the same company's prior year template or from this page in other operating companies' current year templates. For each update, this sheet will be revised to

ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14.(c) of the Ferc Form 1.

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

AEP East Companies  
Cost of Service Formula Rate Using 2017 FF1 Balances  
Worksheet I RESERVED FOR FUTURE USE  
APPALACHIAN POWER COMPANY

AEP East Companies  
Cost of Service Formula Rate Using 2017 FF1 Balances  
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
APPALACHIAN POWER COMPANY

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

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

ROE w/o incentives (TCOS, ln 156)			11.49%
Project ROE Incentive Adder			0
ROE with additional 0 basis point incentive			11.49%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 154 through156)			
	%	Cost	Weighted cost
Long Term Debt	52.22%	4.73%	2.470%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	47.78%	11.49%	5.490%
		R =	7.960%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	2017	Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year WS J	\$	23,358,102	\$	23,358,102 \$ -
Actual after True-up	\$	20,041,492	\$	20,041,492 \$ -
True-up of ARR For 2017		(3,316,610)	(3,316,610)	-

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

Rate Base (TCOS, ln 68)	1,712,773,913
R (from A. above)	7.960%
Return (Rate Base x R)	136,337,183

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

Return (from B. above)	136,337,183
Effective Tax Rate (TCOS, ln 114)	41.26%
Income Tax Calculation (Return x CIT)	56,256,756
ITC Adjustment	-
Excess Deferred Income Tax	(111,525)
Tax Affect of Permanent Differences	5,020,250
Income Taxes	61,165,481

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

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

Annual Revenue Requirement (TCOS, ln 1)	316,382,941
Lease Payments (TCOS, ln 95)	-
Return (TCOS, ln 126)	136,337,183
Income Taxes (TCOS, ln 125)	61,165,481
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	118,880,276

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	118,880,276
Return (from I.B. above)	136,337,183
Income Taxes (from I.C. above)	61,165,481
Annual Revenue Requirement, with 0 Basis Point ROE increase	316,382,941
Depreciation (TCOS, ln 100)	46,834,148
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	269,548,793

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

Net Transmission Plant (TCOS, ln 42)	2,146,327,724
Annual Revenue Requirement, with 0 Basis Point ROE increase	316,382,941
FCR with 0 Basis Point increase in ROE	14.74%

Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	269,548,793
FCR with 0 Basis Point ROE increase, less Depreciation	12.56%
FCR less Depreciation (TCOS, ln 10)	12.56%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2017 (TCOS, ln 21)	2,838,265,097
Annual Depreciation and Amortization Expense (TCOS, ln 100)	46,834,148
Composite Depreciation Rate	1.65%
Depreciable Life for Composite Depreciation Rate	60.60
Round to nearest whole year	61



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

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

### A. Base Plan Facilities

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

**Project Description:** RTEP ID: b0318 (Amos 765/138 kV Transformer)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,743,200	1,743,200	-
Prior Yr True-Up	1,702,291	1,702,291	-
True-Up Adjustment	(40,909)	(40,909)	-

Details							
Investment	13,789,272	Current Year				2017	
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	6	FCR w/o incentives, less depreciation				12.56%	
Useful life	61	FCR w/incentives approved for these facilities, less dep.				12.56%	
CIAC (Yes or No)	No	Annual Depreciation Expense				226,054	
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 #
2008	13,789,272	113,027	13,676,245	13,732,758	1,837,669	1,837,669	\$ -
2009	13,676,245	226,054	13,450,191	13,563,218	1,929,404	1,929,404	\$ -
2010	13,450,191	226,054	13,224,137	13,337,164	1,901,015	1,901,015	\$ -
2011	13,224,137	226,054	12,998,084	13,111,111	1,872,626	1,872,626	\$ -
2012	12,998,084	226,054	12,772,030	12,885,057	1,844,237	1,844,237	\$ -
2013	12,772,030	226,054	12,545,977	12,659,003	1,815,848	1,815,848	\$ -
2014	12,545,977	226,054	12,319,923	12,432,950	1,787,459	1,787,459	\$ -
2015	12,319,923	226,054	12,093,869	12,206,896	1,759,069	1,759,069	\$ -
2016	12,093,869	226,054	11,867,816	11,980,842	1,730,680	1,730,680	\$ -
2017	11,867,816	226,054	11,641,762	11,754,789	1,702,291	1,702,291	\$ -
2018	11,641,762	226,054	11,415,708	11,528,735	1,673,902	1,673,902	\$ -
2019	11,415,708	226,054	11,189,655	11,302,682	1,645,513	1,645,513	\$ -
2020	11,189,655	226,054	10,963,601	11,076,628	1,617,123	1,617,123	\$ -
2021	10,963,601	226,054	10,737,548	10,850,574	1,588,734	1,588,734	\$ -
2022	10,737,548	226,054	10,511,494	10,624,521	1,560,345	1,560,345	\$ -
2023	10,511,494	226,054	10,285,440	10,398,467	1,531,956	1,531,956	\$ -
2024	10,285,440	226,054	10,059,387	10,172,413	1,503,567	1,503,567	\$ -
2025	10,059,387	226,054	9,833,333	9,946,360	1,475,178	1,475,178	\$ -
2026	9,833,333	226,054	9,607,279	9,720,306	1,446,788	1,446,788	\$ -
2027	9,607,279	226,054	9,381,226	9,494,253	1,418,399	1,418,399	\$ -
2028	9,381,226	226,054	9,155,172	9,268,199	1,390,010	1,390,010	\$ -
2029	9,155,172	226,054	8,929,118	9,042,145	1,361,621	1,361,621	\$ -
2030	8,929,118	226,054	8,703,065	8,816,092	1,333,232	1,333,232	\$ -
2031	8,703,065	226,054	8,477,011	8,590,038	1,304,842	1,304,842	\$ -
2032	8,477,011	226,054	8,250,958	8,363,984	1,276,453	1,276,453	\$ -
2033	8,250,958	226,054	8,024,904	8,137,931	1,248,064	1,248,064	\$ -
2034	8,024,904	226,054	7,798,850	7,911,877	1,219,675	1,219,675	\$ -
2035	7,798,850	226,054	7,572,797	7,685,823	1,191,286	1,191,286	\$ -
2036	7,572,797	226,054	7,346,743	7,459,770	1,162,897	1,162,897	\$ -
2037	7,346,743	226,054	7,120,689	7,233,716	1,134,507	1,134,507	\$ -
2038	7,120,689	226,054	6,894,636	7,007,663	1,106,118	1,106,118	\$ -
2039	6,894,636	226,054	6,668,582	6,781,609	1,077,729	1,077,729	\$ -
2040	6,668,582	226,054	6,442,529	6,555,555	1,049,340	1,049,340	\$ -
2041	6,442,529	226,054	6,216,475	6,329,502	1,020,951	1,020,951	\$ -
2042	6,216,475	226,054	5,990,421	6,103,448	992,561	992,561	\$ -
2043	5,990,421	226,054	5,764,368	5,877,394	964,172	964,172	\$ -
2044	5,764,368	226,054	5,538,314	5,651,341	935,783	935,783	\$ -
2045	5,538,314	226,054	5,312,260	5,425,287	907,394	907,394	\$ -
2046	5,312,260	226,054	5,086,207	5,199,234	879,005	879,005	\$ -
2047	5,086,207	226,054	4,860,153	4,973,180	850,616	850,616	\$ -
2048	4,860,153	226,054	4,634,099	4,747,126	822,226	822,226	\$ -
2049	4,634,099	226,054	4,408,046	4,521,073	793,837	793,837	\$ -
2050	4,408,046	226,054	4,181,992	4,295,019	765,448	765,448	\$ -
2051	4,181,992	226,054	3,955,939	4,068,965	737,059	737,059	\$ -
2052	3,955,939	226,054	3,729,885	3,842,912	708,670	708,670	\$ -
2053	3,729,885	226,054	3,503,831	3,616,858	680,281	680,281	\$ -
2054	3,503,831	226,054	3,277,778	3,390,804	651,891	651,891	\$ -
2055	3,277,778	226,054	3,051,724	3,164,751	623,502	623,502	\$ -
2056	3,051,724	226,054	2,825,670	2,938,697	595,113	595,113	\$ -
2057	2,825,670	226,054	2,599,617	2,712,644	566,724	566,724	\$ -
2058	2,599,617	226,054	2,373,563	2,486,590	538,335	538,335	\$ -
2059	2,373,563	226,054	2,147,510	2,260,536	509,945	509,945	\$ -
2060	2,147,510	226,054	1,921,456	2,034,483	481,556	481,556	\$ -
2061	1,921,456	226,054	1,695,402	1,808,429	453,167	453,167	\$ -
2062	1,695,402	226,054	1,469,349	1,582,375	424,778	424,778	\$ -
2063	1,469,349	226,054	1,243,295	1,356,322	396,389	396,389	\$ -
2064	1,243,295	226,054	1,017,241	1,130,268	368,000	368,000	\$ -
2065	1,017,241	226,054	791,188	904,215	339,610	339,610	\$ -
2066	791,188	226,054	565,134	678,161	311,221	311,221	\$ -
2067	565,134	226,054	339,080	452,107	282,832	282,832	\$ -
Project Totals		13,450,191			67,098,644	67,098,644	

[illegible]

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

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

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

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

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

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	331,151	331,151	-
Prior Yr True-Up	323,542	323,542	-
True-Up Adjustment	(7,609)	(7,609)	-

Details							
Investment	2,476,289	Current Year				2017	
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation				12.56%	
Useful life	61	FCR w/incentives approved for these facilities, less dep.				12.56%	
CIAC (Yes or No)	No	Annual Depreciation Expense				40,595	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2011	2,476,289	0	2,476,289	2,476,289	310,987	310,987	\$ -
2012	2,476,289	40,595	2,435,694	2,455,992	349,033	349,033	\$ -
2013	2,435,694	40,595	2,395,099	2,415,397	343,935	343,935	\$ -
2014	2,395,099	40,595	2,354,504	2,374,802	338,837	338,837	\$ -
2015	2,354,504	40,595	2,313,909	2,334,207	333,739	333,739	\$ -
2016	2,313,909	40,595	2,273,314	2,293,612	328,641	328,641	\$ -
2017	2,273,314	40,595	2,232,720	2,253,017	323,542	323,542	\$ -
2018	2,232,720	40,595	2,192,125	2,212,422	318,444	318,444	\$ -
2019	2,192,125	40,595	2,151,530	2,171,827	313,346	313,346	\$ -
2020	2,151,530	40,595	2,110,935	2,131,232	308,248	308,248	\$ -
2021	2,110,935	40,595	2,070,340	2,090,637	303,150	303,150	\$ -
2022	2,070,340	40,595	2,029,745	2,050,043	298,052	298,052	\$ -
2023	2,029,745	40,595	1,989,150	2,009,448	292,953	292,953	\$ -
2024	1,989,150	40,595	1,948,555	1,968,853	287,855	287,855	\$ -
2025	1,948,555	40,595	1,907,960	1,928,258	282,757	282,757	\$ -
2026	1,907,960	40,595	1,867,365	1,887,663	277,659	277,659	\$ -
2027	1,867,365	40,595	1,826,771	1,847,068	272,561	272,561	\$ -
2028	1,826,771	40,595	1,786,176	1,806,473	267,463	267,463	\$ -
2029	1,786,176	40,595	1,745,581	1,765,878	262,365	262,365	\$ -
2030	1,745,581	40,595	1,704,986	1,725,283	257,266	257,266	\$ -
2031	1,704,986	40,595	1,664,391	1,684,688	252,168	252,168	\$ -
2032	1,664,391	40,595	1,623,796	1,644,094	247,070	247,070	\$ -
2033	1,623,796	40,595	1,583,201	1,603,499	241,972	241,972	\$ -
2034	1,583,201	40,595	1,542,606	1,562,904	236,874	236,874	\$ -
2035	1,542,606	40,595	1,502,011	1,522,309	231,776	231,776	\$ -
2036	1,502,011	40,595	1,461,416	1,481,714	226,677	226,677	\$ -
2037	1,461,416	40,595	1,420,822	1,441,119	221,579	221,579	\$ -
2038	1,420,822	40,595	1,380,227	1,400,524	216,481	216,481	\$ -
2039	1,380,227	40,595	1,339,632	1,359,929	211,383	211,383	\$ -
2040	1,339,632	40,595	1,299,037	1,319,334	206,285	206,285	\$ -
2041	1,299,037	40,595	1,258,442	1,278,739	201,187	201,187	\$ -
2042	1,258,442	40,595	1,217,847	1,238,145	196,089	196,089	\$ -
2043	1,217,847	40,595	1,177,252	1,197,550	190,990	190,990	\$ -
2044	1,177,252	40,595	1,136,657	1,156,955	185,892	185,892	\$ -
2045	1,136,657	40,595	1,096,062	1,116,360	180,794	180,794	\$ -
2046	1,096,062	40,595	1,055,467	1,075,765	175,696	175,696	\$ -
2047	1,055,467	40,595	1,014,873	1,035,170	170,598	170,598	\$ -
2048	1,014,873	40,595	974,278	994,575	165,500	165,500	\$ -
2049	974,278	40,595	933,683	953,980	160,401	160,401	\$ -
2050	933,683	40,595	893,088	913,385	155,303	155,303	\$ -
2051	893,088	40,595	852,493	872,790	150,205	150,205	\$ -
2052	852,493	40,595	811,898	832,195	145,107	145,107	\$ -
2053	811,898	40,595	771,303	791,601	140,009	140,009	\$ -
2054	771,303	40,595	730,708	751,006	134,911	134,911	\$ -
2055	730,708	40,595	690,113	710,411	129,813	129,813	\$ -
2056	690,113	40,595	649,518	669,816	124,714	124,714	\$ -
2057	649,518	40,595	608,924	629,221	119,616	119,616	\$ -
2058	608,924	40,595	568,329	588,626	114,518	114,518	\$ -
2059	568,329	40,595	527,734	548,031	109,420	109,420	\$ -
2060	527,734	40,595	487,139	507,436	104,322	104,322	\$ -
2061	487,139	40,595	446,544	466,841	99,224	99,224	\$ -
2062	446,544	40,595	405,949	426,246	94,126	94,126	\$ -
2063	405,949	40,595	365,354	385,652	89,027	89,027	\$ -
2064	365,354	40,595	324,759	345,057	83,929	83,929	\$ -
2065	324,759	40,595	284,164	304,462	78,831	78,831	\$ -
2066	284,164	40,595	243,569	263,867	73,733	73,733	\$ -
2067	243,569	40,595	202,975	223,272	68,635	68,635	\$ -
2068	202,975	40,595	162,380	182,677	63,537	63,537	\$ -
2069	162,380	40,595	121,785	142,082	58,438	58,438	\$ -
2070	121,785	40,595	81,190	101,487	53,340	53,340	\$ -
Project Totals	2,395,099	2,395,099	12,181,004	12,181,004	12,181,004	12,181,004	-

[illegible]

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

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



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

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

### A. Base Plan Facilities

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

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

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	2,152,715	2,152,715	-
Prior Yr True-Up	2,205,586	2,205,586	-
True-Up Adjustment	52,871	52,871	-

Details							
Investment	16,179,736	Current Year				2017	
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	9	FCR w/o incentives, less depreciation				12.56%	
Useful life	61	FCR w/incentives approved for these facilities, less dep.				12.56%	
CIAC (Yes or No)	No	Annual Depreciation Expense				265,242	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2014	16,179,736	66,310	16,113,426	16,146,581	2,094,095	2,094,095	\$ -
2015	16,113,426	265,242	15,848,184	15,980,805	2,272,208	2,272,208	\$ -
2016	15,848,184	265,242	15,582,942	15,715,563	2,238,897	2,238,897	\$ -
2017	15,582,942	265,242	15,317,701	15,450,322	2,205,586	2,205,586	\$ -
2018	15,317,701	265,242	15,052,459	15,185,080	2,172,276	2,172,276	\$ -
2019	15,052,459	265,242	14,787,218	14,919,839	2,138,965	2,138,965	\$ -
2020	14,787,218	265,242	14,521,976	14,654,597	2,105,654	2,105,654	\$ -
2021	14,521,976	265,242	14,256,735	14,389,355	2,072,344	2,072,344	\$ -
2022	14,256,735	265,242	13,991,493	14,124,114	2,039,033	2,039,033	\$ -
2023	13,991,493	265,242	13,726,251	13,858,872	2,005,722	2,005,722	\$ -
2024	13,726,251	265,242	13,461,010	13,593,631	1,972,412	1,972,412	\$ -
2025	13,461,010	265,242	13,195,768	13,328,389	1,939,101	1,939,101	\$ -
2026	13,195,768	265,242	12,930,527	13,063,148	1,905,790	1,905,790	\$ -
2027	12,930,527	265,242	12,665,285	12,797,906	1,872,480	1,872,480	\$ -
2028	12,665,285	265,242	12,400,044	12,532,664	1,839,169	1,839,169	\$ -
2029	12,400,044	265,242	12,134,802	12,267,423	1,805,859	1,805,859	\$ -
2030	12,134,802	265,242	11,869,560	12,002,181	1,772,548	1,772,548	\$ -
2031	11,869,560	265,242	11,604,319	11,736,940	1,739,237	1,739,237	\$ -
2032	11,604,319	265,242	11,339,077	11,471,698	1,705,927	1,705,927	\$ -
2033	11,339,077	265,242	11,073,836	11,206,456	1,672,616	1,672,616	\$ -
2034	11,073,836	265,242	10,808,594	10,941,215	1,639,305	1,639,305	\$ -
2035	10,808,594	265,242	10,543,353	10,675,973	1,605,995	1,605,995	\$ -
2036	10,543,353	265,242	10,278,111	10,410,732	1,572,684	1,572,684	\$ -
2037	10,278,111	265,242	10,012,869	10,145,490	1,539,373	1,539,373	\$ -
2038	10,012,869	265,242	9,747,628	9,880,249	1,506,063	1,506,063	\$ -
2039	9,747,628	265,242	9,482,386	9,615,007	1,472,752	1,472,752	\$ -
2040	9,482,386	265,242	9,217,145	9,349,765	1,439,442	1,439,442	\$ -
2041	9,217,145	265,242	8,951,903	9,084,524	1,406,131	1,406,131	\$ -
2042	8,951,903	265,242	8,686,662	8,819,282	1,372,820	1,372,820	\$ -
2043	8,686,662	265,242	8,421,420	8,554,041	1,339,510	1,339,510	\$ -
2044	8,421,420	265,242	8,156,178	8,288,799	1,306,199	1,306,199	\$ -
2045	8,156,178	265,242	7,890,937	8,023,558	1,272,888	1,272,888	\$ -
2046	7,890,937	265,242	7,625,695	7,758,316	1,239,578	1,239,578	\$ -
2047	7,625,695	265,242	7,360,454	7,493,074	1,206,267	1,206,267	\$ -
2048	7,360,454	265,242	7,095,212	7,227,833	1,172,956	1,172,956	\$ -
2049	7,095,212	265,242	6,829,971	6,962,591	1,139,646	1,139,646	\$ -
2050	6,829,971	265,242	6,564,729	6,697,350	1,106,335	1,106,335	\$ -
2051	6,564,729	265,242	6,299,487	6,432,108	1,073,025	1,073,025	\$ -
2052	6,299,487	265,242	6,034,246	6,166,867	1,039,714	1,039,714	\$ -
2053	6,034,246	265,242	5,769,004	5,901,625	1,006,403	1,006,403	\$ -
2054	5,769,004	265,242	5,503,763	5,636,383	973,093	973,093	\$ -
2055	5,503,763	265,242	5,238,521	5,371,142	939,782	939,782	\$ -
2056	5,238,521	265,242	4,973,280	5,105,900	906,471	906,471	\$ -
2057	4,973,280	265,242	4,708,038	4,840,659	873,161	873,161	\$ -
2058	4,708,038	265,242	4,442,796	4,575,417	839,850	839,850	\$ -
2059	4,442,796	265,242	4,177,555	4,310,176	806,539	806,539	\$ -
2060	4,177,555	265,242	3,912,313	4,044,934	773,229	773,229	\$ -
2061	3,912,313	265,242	3,647,072	3,779,692	739,918	739,918	\$ -
2062	3,647,072	265,242	3,381,830	3,514,451	706,608	706,608	\$ -
2063	3,381,830	265,242	3,116,588	3,249,209	673,297	673,297	\$ -
2064	3,116,588	265,242	2,851,347	2,983,968	639,986	639,986	\$ -
2065	2,851,347	265,242	2,586,105	2,718,726	606,676	606,676	\$ -
2066	2,586,105	265,242	2,320,864	2,453,485	573,365	573,365	\$ -
2067	2,320,864	265,242	2,055,622	2,188,243	540,054	540,054	\$ -
2068	2,055,622	265,242	1,790,381	1,923,001	506,744	506,744	\$ -
2069	1,790,381	265,242	1,525,139	1,657,760	473,433	473,433	\$ -
2070	1,525,139	265,242	1,259,897	1,392,518	440,122	440,122	\$ -
2071	1,259,897	265,242	994,656	1,127,277	406,812	406,812	\$ -
2072	994,656	265,242	729,414	862,035	373,501	373,501	\$ -
2073	729,414	265,242	464,173	596,794	340,191	340,191	\$ -
Project Totals			15,715,563		79,159,837	79,159,837	

[illegible]

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

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

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

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

A. Base Plan Facilities

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

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

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	308,414	308,414	-
Prior Yr True-Up	331,122	331,122	-
True-Up Adjustment	22,708	22,708	-

Details			
Investment	2,419,910	Current Year	2017
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	12.56%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.56%
CIAC (Yes or No)	No	Annual Depreciation Expense	39,671

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP 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 **
2014	2,419,910	-	2,419,910	2,419,910	303,907	303,907	\$ -	\$ 222,712	\$ 81,195	\$ 222,712	\$ 81,195	\$ -
2015	2,419,910	39,671	2,380,239	2,400,075	341,087	341,087	\$ -	\$ 317,491	\$ 23,596	\$ 317,491	\$ 23,596	\$ -
2016	2,380,239	39,671	2,340,569	2,360,404	336,104	336,104	\$ -	\$ 303,455	\$ 32,649	\$ 303,455	\$ 32,649	\$ -
2017	2,340,569	39,671	2,300,898	2,320,733	331,122	331,122	\$ -	\$ 308,414	\$ 22,708	\$ 308,414	\$ 22,708	\$ -
2018	2,300,898	39,671	2,261,227	2,281,063	326,140	326,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	2,261,227	39,671	2,221,557	2,241,392	321,158	321,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	2,221,557	39,671	2,181,886	2,201,721	316,176	316,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	2,181,886	39,671	2,142,215	2,162,051	311,194	311,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	2,142,215	39,671	2,102,545	2,122,380	306,212	306,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	2,102,545	39,671	2,062,874	2,082,709	301,230	301,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	2,062,874	39,671	2,023,203	2,043,039	296,248	296,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	2,023,203	39,671	1,983,533	2,003,368	291,266	291,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	1,983,533	39,671	1,943,862	1,963,697	286,284	286,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	1,943,862	39,671	1,904,191	1,924,027	281,302	281,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	1,904,191	39,671	1,864,521	1,884,356	276,319	276,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	1,864,521	39,671	1,824,850	1,844,685	271,337	271,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	1,824,850	39,671	1,785,180	1,805,015	266,355	266,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	1,785,180	39,671	1,745,509	1,765,344	261,373	261,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	1,745,509	39,671	1,705,838	1,725,674	256,391	256,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	1,705,838	39,671	1,666,168	1,686,003	251,409	251,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	1,666,168	39,671	1,626,497	1,646,332	246,427	246,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	1,626,497	39,671	1,586,826	1,606,662	241,445	241,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	1,586,826	39,671	1,547,156	1,566,991	236,463	236,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	1,547,156	39,671	1,507,485	1,527,320	231,481	231,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	1,507,485	39,671	1,467,814	1,487,650	226,499	226,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	1,467,814	39,671	1,428,144	1,447,979	221,517	221,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	1,428,144	39,671	1,388,473	1,408,308	216,535	216,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	1,388,473	39,671	1,348,802	1,368,638	211,552	211,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	1,348,802	39,671	1,309,132	1,328,967	206,570	206,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	1,309,132	39,671	1,269,461	1,289,296	201,588	201,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	1,269,461	39,671	1,229,790	1,249,626	196,606	196,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	1,229,790	39,671	1,190,120	1,209,955	191,624	191,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2046	1,190,120	39,671	1,150,449	1,170,284	186,642	186,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2047	1,150,449	39,671	1,110,778	1,130,614	181,660	181,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2048	1,110,778	39,671	1,071,108	1,090,943	176,678	176,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2049	1,071,108	39,671	1,031,437	1,051,272	171,696	171,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2050	1,031,437	39,671	991,766	1,011,602	166,714	166,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2051	991,766	39,671	952,096	971,931	161,732	161,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2052	952,096	39,671	912,425	932,260	156,750	156,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2053	912,425	39,671	872,754	892,590	151,767	151,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2054	872,754	39,671	833,084	852,919	146,785	146,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2055	833,084	39,671	793,413	813,248	141,803	141,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2056	793,413	39,671	753,742	773,578	136,821	136,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2057	753,742	39,671	714,072	733,907	131,839	131,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2058	714,072	39,671	674,401	694,236	126,857	126,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2059	674,401	39,671	634,730	654,566	121,875	121,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2060	634,730	39,671	595,060	614,895	116,893	116,893	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2061	595,060	39,671	555,389	575,225	111,911	111,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2062	555,389	39,671	515,719	535,554	106,929	106,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2063	515,719	39,671	476,048	495,883	101,947	101,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2064	476,048	39,671	436,377	456,213	96,965	96,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2065	436,377	39,671	396,707	416,542	91,983	91,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2066	396,707	39,671	357,036	376,871	87,000	87,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2067	357,036	39,671	317,365	337,201	82,018	82,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2068	317,365	39,671	277,695	297,530	77,036	77,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2069	277,695	39,671	238,024	257,859	72,054	72,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2070	238,024	39,671	198,353	218,189	67,072	67,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2071	198,353	39,671	158,683	178,518	62,090	62,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2072	158,683	39,671	119,012	138,847	57,108	57,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2073	119,012	39,671	79,341	99,177	52,126	52,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		2,340,569			11,903,672	11,903,672	-					

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

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



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

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	2,125,650	2,125,650	-
Prior Yr True-Up	2,087,962	2,087,962	-
True-Up Adjustment	(37,688)	(37,688)	-

[illegible]

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

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

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

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

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	8,871,247	8,871,247	-
Prior Yr True-Up	423,933	423,933	-
True-Up Adjustment	(8,447,314)	(8,447,314)	-

Details							
Investment	3,308,186	Current Year				2017	
Service Year (yyyy)	2017	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	10	FCR w/o incentives, less depreciation				12.56%	
Useful life	61	FCR w/incentives approved for these facilities, less dep.				12.56%	
CIAC (Yes or No)	No	Annual Depreciation Expense				54,233	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2017	3,308,186	9,039	3,299,147	3,303,667	423,933	423,933	\$ -
2018	3,299,147	54,233	3,244,915	3,272,031	465,154	465,154	\$ -
2019	3,244,915	54,233	3,190,682	3,217,798	458,343	458,343	\$ -
2020	3,190,682	54,233	3,136,450	3,163,566	451,532	451,532	\$ -
2021	3,136,450	54,233	3,082,217	3,109,333	444,721	444,721	\$ -
2022	3,082,217	54,233	3,027,984	3,055,101	437,911	437,911	\$ -
2023	3,027,984	54,233	2,973,752	3,000,868	431,100	431,100	\$ -
2024	2,973,752	54,233	2,919,519	2,946,636	424,289	424,289	\$ -
2025	2,919,519	54,233	2,865,287	2,892,403	417,478	417,478	\$ -
2026	2,865,287	54,233	2,811,054	2,838,171	410,667	410,667	\$ -
2027	2,811,054	54,233	2,756,822	2,783,938	403,856	403,856	\$ -
2028	2,756,822	54,233	2,702,589	2,729,705	397,045	397,045	\$ -
2029	2,702,589	54,233	2,648,357	2,675,473	390,235	390,235	\$ -
2030	2,648,357	54,233	2,594,124	2,621,240	383,424	383,424	\$ -
2031	2,594,124	54,233	2,539,891	2,567,008	376,613	376,613	\$ -
2032	2,539,891	54,233	2,485,659	2,512,775	369,802	369,802	\$ -
2033	2,485,659	54,233	2,431,426	2,458,543	362,991	362,991	\$ -
2034	2,431,426	54,233	2,377,194	2,404,310	356,180	356,180	\$ -
2035	2,377,194	54,233	2,322,961	2,350,077	349,369	349,369	\$ -
2036	2,322,961	54,233	2,268,729	2,295,845	342,559	342,559	\$ -
2037	2,268,729	54,233	2,214,496	2,241,612	335,748	335,748	\$ -
2038	2,214,496	54,233	2,160,264	2,187,380	328,937	328,937	\$ -
2039	2,160,264	54,233	2,106,031	2,133,147	322,126	322,126	\$ -
2040	2,106,031	54,233	2,051,798	2,078,915	315,315	315,315	\$ -
2041	2,051,798	54,233	1,997,566	2,024,682	308,504	308,504	\$ -
2042	1,997,566	54,233	1,943,333	1,970,450	301,694	301,694	\$ -
2043	1,943,333	54,233	1,889,101	1,916,217	294,883	294,883	\$ -
2044	1,889,101	54,233	1,834,868	1,861,984	288,072	288,072	\$ -
2045	1,834,868	54,233	1,780,636	1,807,752	281,261	281,261	\$ -
2046	1,780,636	54,233	1,726,403	1,753,519	274,450	274,450	\$ -
2047	1,726,403	54,233	1,672,171	1,699,287	267,639	267,639	\$ -
2048	1,672,171	54,233	1,617,938	1,645,054	260,828	260,828	\$ -
2049	1,617,938	54,233	1,563,705	1,590,822	254,018	254,018	\$ -
2050	1,563,705	54,233	1,509,473	1,536,589	247,207	247,207	\$ -
2051	1,509,473	54,233	1,455,240	1,482,357	240,396	240,396	\$ -
2052	1,455,240	54,233	1,401,008	1,428,124	233,585	233,585	\$ -
2053	1,401,008	54,233	1,346,775	1,373,891	226,774	226,774	\$ -
2054	1,346,775	54,233	1,292,543	1,319,659	219,963	219,963	\$ -
2055	1,292,543	54,233	1,238,310	1,265,426	213,152	213,152	\$ -
2056	1,238,310	54,233	1,184,078	1,211,194	206,342	206,342	\$ -
2057	1,184,078	54,233	1,129,845	1,156,961	199,531	199,531	\$ -
2058	1,129,845	54,233	1,075,612	1,102,729	192,720	192,720	\$ -
2059	1,075,612	54,233	1,021,380	1,048,496	185,909	185,909	\$ -
2060	1,021,380	54,233	967,147	994,264	179,098	179,098	\$ -
2061	967,147	54,233	912,915	940,031	172,287	172,287	\$ -
2062	912,915	54,233	858,682	885,798	165,476	165,476	\$ -
2063	858,682	54,233	804,450	831,566	158,666	158,666	\$ -
2064	804,450	54,233	750,217	777,333	151,855	151,855	\$ -
2065	750,217	54,233	695,984	723,101	145,044	145,044	\$ -
2066	695,984	54,233	641,752	668,868	138,233	138,233	\$ -
2067	641,752	54,233	587,519	614,636	131,422	131,422	\$ -
2068	587,519	54,233	533,287	560,403	124,611	124,611	\$ -
2069	533,287	54,233	479,054	506,171	117,801	117,801	\$ -
2070	479,054	54,233	424,822	451,938	110,990	110,990	\$ -
2071	424,822	54,233	370,589	397,705	104,179	104,179	\$ -
2072	370,589	54,233	316,357	343,473	97,368	97,368	\$ -
2073	316,357	54,233	262,124	289,240	90,557	90,557	\$ -
2074	262,124	54,233	207,891	235,008	83,746	83,746	\$ -
2075	207,891	54,233	153,659	180,775	76,935	76,935	\$ -
2076	153,659	54,233	99,426	126,543	70,125	70,125	\$ -
Project Totals		3,208,760		16,214,649	16,214,649	16,214,649	-

[illegible]

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

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



### A. Base Plan Facilities

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	3,514,742	3,514,742	-
Prior Yr True-Up	4,108,106	4,108,106	-
True-Up Adjustment	593,364	593,364	-

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

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

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

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

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

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	779,062	779,062	-
Prior Yr True-Up	761,678	761,678	-
True-Up Adjustment	(17,384)	(17,384)	-

Details			
Investment	5,483,986	Current Year	2017
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	12.56%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.56%
CIAC (Yes or No)	No	Annual Depreciation Expense	89,901

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

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

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2015	5,483,986	-	5,483,986	5,483,986	688,712	688,712	\$ -
2016	5,483,986	89,901	5,394,085	5,439,035	772,968	772,968	\$ -
2017	5,394,085	89,901	5,304,183	5,349,134	761,678	761,678	\$ -
2018	5,304,183	89,901	5,214,282	5,259,232	750,388	750,388	\$ -
2019	5,214,282	89,901	5,124,380	5,169,331	739,097	739,097	\$ -
2020	5,124,380	89,901	5,034,479	5,079,430	727,807	727,807	\$ -
2021	5,034,479	89,901	4,944,578	4,989,528	716,516	716,516	\$ -
2022	4,944,578	89,901	4,854,676	4,899,627	705,226	705,226	\$ -
2023	4,854,676	89,901	4,764,775	4,809,725	693,936	693,936	\$ -
2024	4,764,775	89,901	4,674,873	4,719,824	682,645	682,645	\$ -
2025	4,674,873	89,901	4,584,972	4,629,923	671,355	671,355	\$ -
2026	4,584,972	89,901	4,495,070	4,540,021	660,065	660,065	\$ -
2027	4,495,070	89,901	4,405,169	4,450,120	648,774	648,774	\$ -
2028	4,405,169	89,901	4,315,268	4,360,218	637,484	637,484	\$ -
2029	4,315,268	89,901	4,225,366	4,270,317	626,194	626,194	\$ -
2030	4,225,366	89,901	4,135,465	4,180,416	614,903	614,903	\$ -
2031	4,135,465	89,901	4,045,563	4,090,514	603,613	603,613	\$ -
2032	4,045,563	89,901	3,955,662	4,000,613	592,323	592,323	\$ -
2033	3,955,662	89,901	3,865,761	3,910,711	581,032	581,032	\$ -
2034	3,865,761	89,901	3,775,859	3,820,810	569,742	569,742	\$ -
2035	3,775,859	89,901	3,685,958	3,730,909	558,451	558,451	\$ -
2036	3,685,958	89,901	3,596,056	3,641,007	547,161	547,161	\$ -
2037	3,596,056	89,901	3,506,155	3,551,106	535,871	535,871	\$ -
2038	3,506,155	89,901	3,416,254	3,461,204	524,580	524,580	\$ -
2039	3,416,254	89,901	3,326,352	3,371,303	513,290	513,290	\$ -
2040	3,326,352	89,901	3,236,451	3,281,401	502,000	502,000	\$ -
2041	3,236,451	89,901	3,146,549	3,191,500	490,709	490,709	\$ -
2042	3,146,549	89,901	3,056,648	3,101,599	479,419	479,419	\$ -
2043	3,056,648	89,901	2,966,747	3,011,697	468,129	468,129	\$ -
2044	2,966,747	89,901	2,876,845	2,921,796	456,838	456,838	\$ -
2045	2,876,845	89,901	2,786,944	2,831,894	445,548	445,548	\$ -
2046	2,786,944	89,901	2,697,042	2,741,993	434,257	434,257	\$ -
2047	2,697,042	89,901	2,607,141	2,652,092	422,967	422,967	\$ -
2048	2,607,141	89,901	2,517,239	2,562,190	411,677	411,677	\$ -
2049	2,517,239	89,901	2,427,338	2,472,289	400,386	400,386	\$ -
2050	2,427,338	89,901	2,337,437	2,382,387	389,096	389,096	\$ -
2051	2,337,437	89,901	2,247,535	2,292,486	377,806	377,806	\$ -
2052	2,247,535	89,901	2,157,634	2,202,585	366,515	366,515	\$ -
2053	2,157,634	89,901	2,067,732	2,112,683	355,225	355,225	\$ -
2054	2,067,732	89,901	1,977,831	2,022,782	343,935	343,935	\$ -
2055	1,977,831	89,901	1,887,930	1,932,880	332,644	332,644	\$ -
2056	1,887,930	89,901	1,798,028	1,842,979	321,354	321,354	\$ -
2057	1,798,028	89,901	1,708,127	1,753,077	310,063	310,063	\$ -
2058	1,708,127	89,901	1,618,225	1,663,176	298,773	298,773	\$ -
2059	1,618,225	89,901	1,528,324	1,573,275	287,483	287,483	\$ -
2060	1,528,324	89,901	1,438,423	1,483,373	276,192	276,192	\$ -
2061	1,438,423	89,901	1,348,521	1,393,472	264,902	264,902	\$ -
2062	1,348,521	89,901	1,258,620	1,303,570	253,612	253,612	\$ -
2063	1,258,620	89,901	1,168,718	1,213,669	242,321	242,321	\$ -
2064	1,168,718	89,901	1,078,817	1,123,768	231,031	231,031	\$ -
2065	1,078,817	89,901	988,916	1,033,866	219,741	219,741	\$ -
2066	988,916	89,901	899,014	943,965	208,450	208,450	\$ -
2067	899,014	89,901	809,113	854,063	197,160	197,160	\$ -
2068	809,113	89,901	719,211	764,162	185,869	185,869	\$ -
2069	719,211	89,901	629,310	674,261	174,579	174,579	\$ -
2070	629,310	89,901	539,408	584,359	163,289	163,289	\$ -
2071	539,408	89,901	449,507	494,458	151,998	151,998	\$ -
2072	449,507	89,901	359,606	404,556	140,708	140,708	\$ -
2073	359,606	89,901	269,704	314,655	129,418	129,418	\$ -
2074	269,704	89,901	179,803	224,754	118,127	118,127	\$ -

[illegible]

Project Totals

5,304,183

26,976,033

26,976,033

—

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

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



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

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

**RTEP ID: b1875 (138 kV Bradley to McClung upgrades)**

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

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

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

### A. Base Plan Facilities

(e.g. ER05-925-000)

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

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

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



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

### A. Base Plan Facilities

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

**Project Description:** RTEP ID: b1712.1 (Altavista-Leesville 138kV line)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	35,555	35,555	-
Prior Yr True-Up	35,014	35,014	-
True-Up Adjustment	(541)	(541)	-

Details							
Investment	267,989	Current Year				2017	
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation				12.56%	
Useful life	61	FCR w/incentives approved for these facilities, less dep.				12.56%	
CIAC (Yes or No)	No	Annual Depreciation Expense				4,393	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2011	267,989	-	267,989	267,989	33,656	33,656	\$ -
2012	267,989	4,393	263,596	265,792	37,773	37,773	\$ -
2013	263,596	4,393	259,202	261,399	37,221	37,221	\$ -
2014	259,202	4,393	254,809	257,006	36,670	36,670	\$ -
2015	254,809	4,393	250,416	252,613	36,118	36,118	\$ -
2016	250,416	4,393	246,023	248,219	35,566	35,566	\$ -
2017	246,023	4,393	241,629	243,826	35,014	35,014	\$ -
2018	241,629	4,393	237,236	239,433	34,463	34,463	\$ -
2019	237,236	4,393	232,843	235,040	33,911	33,911	\$ -
2020	232,843	4,393	228,450	230,646	33,359	33,359	\$ -
2021	228,450	4,393	224,056	226,253	32,807	32,807	\$ -
2022	224,056	4,393	219,663	221,860	32,256	32,256	\$ -
2023	219,663	4,393	215,270	217,466	31,704	31,704	\$ -
2024	215,270	4,393	210,877	213,073	31,152	31,152	\$ -
2025	210,877	4,393	206,483	208,680	30,601	30,601	\$ -
2026	206,483	4,393	202,090	204,287	30,049	30,049	\$ -
2027	202,090	4,393	197,697	199,893	29,497	29,497	\$ -
2028	197,697	4,393	193,304	195,500	28,945	28,945	\$ -
2029	193,304	4,393	188,910	191,107	28,394	28,394	\$ -
2030	188,910	4,393	184,517	186,714	27,842	27,842	\$ -
2031	184,517	4,393	180,124	182,320	27,290	27,290	\$ -
2032	180,124	4,393	175,730	177,927	26,738	26,738	\$ -
2033	175,730	4,393	171,337	173,534	26,187	26,187	\$ -
2034	171,337	4,393	166,944	169,141	25,635	25,635	\$ -
2035	166,944	4,393	162,551	164,747	25,083	25,083	\$ -
2036	162,551	4,393	158,157	160,354	24,531	24,531	\$ -
2037	158,157	4,393	153,764	155,961	23,980	23,980	\$ -
2038	153,764	4,393	149,371	151,568	23,428	23,428	\$ -
2039	149,371	4,393	144,978	147,174	22,876	22,876	\$ -
2040	144,978	4,393	140,584	142,781	22,325	22,325	\$ -
2041	140,584	4,393	136,191	138,388	21,773	21,773	\$ -
2042	136,191	4,393	131,798	133,995	21,221	21,221	\$ -
2043	131,798	4,393	127,405	129,601	20,669	20,669	\$ -
2044	127,405	4,393	123,011	125,208	20,118	20,118	\$ -
2045	123,011	4,393	118,618	120,815	19,566	19,566	\$ -
2046	118,618	4,393	114,225	116,421	19,014	19,014	\$ -
2047	114,225	4,393	109,832	112,028	18,462	18,462	\$ -
2048	109,832	4,393	105,438	107,635	17,911	17,911	\$ -
2049	105,438	4,393	101,045	103,242	17,359	17,359	\$ -
2050	101,045	4,393	96,652	98,848	16,807	16,807	\$ -
2051	96,652	4,393	92,259	94,455	16,256	16,256	\$ -
2052	92,259	4,393	87,865	90,062	15,704	15,704	\$ -
2053	87,865	4,393	83,472	85,669	15,152	15,152	\$ -
2054	83,472	4,393	79,079	81,275	14,600	14,600	\$ -
2055	79,079	4,393	74,685	76,882	14,049	14,049	\$ -
2056	74,685	4,393	70,292	72,489	13,497	13,497	\$ -
2057	70,292	4,393	65,899	68,096	12,945	12,945	\$ -
2058	65,899	4,393	61,506	63,702	12,393	12,393	\$ -
2059	61,506	4,393	57,112	59,309	11,842	11,842	\$ -
2060	57,112	4,393	52,719	54,916	11,290	11,290	\$ -
2061	52,719	4,393	48,326	50,523	10,738	10,738	\$ -
2062	48,326	4,393	43,933	46,129	10,186	10,186	\$ -
2063	43,933	4,393	39,539	41,736	9,635	9,635	\$ -
2064	39,539	4,393	35,146	37,343	9,083	9,083	\$ -
2065	35,146	4,393	30,753	32,949	8,531	8,531	\$ -
2066	30,753	4,393	26,360	28,556	7,980	7,980	\$ -
2067	26,360	4,393	21,966	24,163	7,428	7,428	\$ -
2068	21,966	4,393	17,573	19,770	6,876	6,876	\$ -
2069	17,573	4,393	13,180	15,376	6,324	6,324	\$ -
2070	13,180	4,393	8,787	10,983	5,773	5,773	\$ -
Project Totals		259,202	1,318,253		1,318,253	-	

[illegible]

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

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b2230 (Amos Station retire three 765kV reactors Amos-Hanging Rock)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	99,486	99,486	-
True-Up Adjustment	99,486	99,486	-

Details			
Investment	705,825	Current Year	2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	12.56%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.56%
CIAC (Yes or No)	No	Annual Depreciation Expense	11,571

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP 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 **
2016	705,825	-	705,825	705,825	88,642	88,642	\$ -		\$ -		\$ -	\$ -
2017	705,825	11,571	694,254	700,040	99,486	99,486	\$ -		\$ -		\$ -	\$ -
2018	694,254	11,571	682,683	688,469	98,033	98,033	\$ -		\$ -		\$ -	\$ -
2019	682,683	11,571	671,112	676,898	96,580	96,580	\$ -		\$ -		\$ -	\$ -
2020	671,112	11,571	659,541	665,327	95,127	95,127	\$ -		\$ -		\$ -	\$ -
2021	659,541	11,571	647,970	653,756	93,674	93,674	\$ -		\$ -		\$ -	\$ -
2022	647,970	11,571	636,400	642,185	92,220	92,220	\$ -		\$ -		\$ -	\$ -
2023	636,400	11,571	624,829	630,614	90,767	90,767	\$ -		\$ -		\$ -	\$ -
2024	624,829	11,571	613,258	619,043	89,314	89,314	\$ -		\$ -		\$ -	\$ -
2025	613,258	11,571	601,687	607,472	87,861	87,861	\$ -		\$ -		\$ -	\$ -
2026	601,687	11,571	590,116	595,901	86,408	86,408	\$ -		\$ -		\$ -	\$ -
2027	590,116	11,571	578,545	584,331	84,955	84,955	\$ -		\$ -		\$ -	\$ -
2028	578,545	11,571	566,974	572,760	83,502	83,502	\$ -		\$ -		\$ -	\$ -
2029	566,974	11,571	555,403	561,189	82,048	82,048	\$ -		\$ -		\$ -	\$ -
2030	555,403	11,571	543,832	549,618	80,595	80,595	\$ -		\$ -		\$ -	\$ -
2031	543,832	11,571	532,261	538,047	79,142	79,142	\$ -		\$ -		\$ -	\$ -
2032	532,261	11,571	520,691	526,476	77,689	77,689	\$ -		\$ -		\$ -	\$ -
2033	520,691	11,571	509,120	514,905	76,236	76,236	\$ -		\$ -		\$ -	\$ -
2034	509,120	11,571	497,549	503,334	74,783	74,783	\$ -		\$ -		\$ -	\$ -
2035	497,549	11,571	485,978	491,763	73,330	73,330	\$ -		\$ -		\$ -	\$ -
2036	485,978	11,571	474,407	480,192	71,876	71,876	\$ -		\$ -		\$ -	\$ -
2037	474,407	11,571	462,836	468,622	70,423	70,423	\$ -		\$ -		\$ -	\$ -
2038	462,836	11,571	451,265	457,051	68,970	68,970	\$ -		\$ -		\$ -	\$ -
2039	451,265	11,571	439,694	445,480	67,517	67,517	\$ -		\$ -		\$ -	\$ -
2040	439,694	11,571	428,123	433,909	66,064	66,064	\$ -		\$ -		\$ -	\$ -
2041	428,123	11,571	416,552	422,338	64,611	64,611	\$ -		\$ -		\$ -	\$ -
2042	416,552	11,571	404,982	410,767	63,158	63,158	\$ -		\$ -		\$ -	\$ -
2043	404,982	11,571	393,411	399,196	61,704	61,704	\$ -		\$ -		\$ -	\$ -
2044	393,411	11,571	381,840	387,625	60,251	60,251	\$ -		\$ -		\$ -	\$ -
2045	381,840	11,571	370,269	376,054	58,798	58,798	\$ -		\$ -		\$ -	\$ -
2046	370,269	11,571	358,698	364,483	57,345	57,345	\$ -		\$ -		\$ -	\$ -
2047	358,698	11,571	347,127	352,912	55,892	55,892	\$ -		\$ -		\$ -	\$ -
2048	347,127	11,571	335,556	341,342	54,439	54,439	\$ -		\$ -		\$ -	\$ -
2049	335,556	11,571	323,985	329,771	52,985	52,985	\$ -		\$ -		\$ -	\$ -
2050	323,985	11,571	312,414	318,200	51,532	51,532	\$ -		\$ -		\$ -	\$ -
2051	312,414	11,571	300,843	306,629	50,079	50,079	\$ -		\$ -		\$ -	\$ -
2052	300,843	11,571	289,273	295,058	48,626	48,626	\$ -		\$ -		\$ -	\$ -
2053	289,273	11,571	277,702	283,487	47,173	47,173	\$ -		\$ -		\$ -	\$ -
2054	277,702	11,571	266,131	271,916	45,720	45,720	\$ -		\$ -		\$ -	\$ -
2055	266,131	11,571	254,560	260,345	44,267	44,267	\$ -		\$ -		\$ -	\$ -
2056	254,560	11,571	242,989	248,774	42,813	42,813	\$ -		\$ -		\$ -	\$ -
2057	242,989	11,571	231,418	237,203	41,360	41,360	\$ -		\$ -		\$ -	\$ -
2058	231,418	11,571	219,847	225,633	39,907	39,907	\$ -		\$ -		\$ -	\$ -
2059	219,847	11,571	208,276	214,062	38,454	38,454	\$ -		\$ -		\$ -	\$ -
2060	208,276	11,571	196,705	202,491	37,001	37,001	\$ -		\$ -		\$ -	\$ -
2061	196,705	11,571	185,134	190,920	35,548	35,548	\$ -		\$ -		\$ -	\$ -
2062	185,134	11,571	173,564	179,349	34,095	34,095	\$ -		\$ -		\$ -	\$ -
2063	173,564	11,571	161,993	167,778	32,641	32,641	\$ -		\$ -		\$ -	\$ -
2064	161,993	11,571	150,422	156,207	31,188	31,188	\$ -		\$ -		\$ -	\$ -
2065	150,422	11,571	138,851	144,636	29,735	29,735	\$ -		\$ -		\$ -	\$ -
2066	138,851	11,571	127,280	133,065	28,282	28,282	\$ -		\$ -		\$ -	\$ -
2067	127,280	11,571	115,709	121,494	26,829	26,829	\$ -		\$ -		\$ -	\$ -
2068	115,709	11,571	104,138	109,924	25,376	25,376	\$ -		\$ -		\$ -	\$ -
2069	104,138	11,571	92,567	98,353	23,923	23,923	\$ -		\$ -		\$ -	\$ -
2070	92,567	11,571	80,996	86,782	22,469	22,469	\$ -		\$ -		\$ -	\$ -
2071	80,996	11,571	69,425	75,211	21,016	21,016	\$ -		\$ -		\$ -	\$ -
2072	69,425	11,571	57,855	63,640	19,563	19,563	\$ -		\$ -		\$ -	\$ -
2073	57,855	11,571	46,284	52,069	18,110	18,110	\$ -		\$ -		\$ -	\$ -
2074	46,284	11,571	34,713	40,498	16,657	16,657	\$ -		\$ -		\$ -	\$ -
2075	34,713	11,571	23,142	28,927	15,204	15,204	\$ -		\$ -		\$ -	\$ -
Project Totals		682,683			3,471,992	3,471,992	-					

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

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



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

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

**RTEP ID: b2687.2 (Reactor replacement at Broadford)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	1,137,174	1,137,174	-
True-Up Adjustment	1,137,174	1,137,174	-

Details			
Investment	9,054,937	Current Year	2017
Service Year (yyyy)	2017	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	12.56%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.56%
CIAC (Yes or No)	No	Annual Depreciation Expense	148,442

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

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

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP 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 **
2017	9,054,937	-	9,054,937	9,054,937	1,137,174	1,137,174	\$ -		\$ -		\$ -	\$ -
2018	9,054,937	148,442	8,906,495	8,980,716	1,276,294	1,276,294	\$ -		\$ -		\$ -	\$ -
2019	8,906,495	148,442	8,758,054	8,832,275	1,257,652	1,257,652	\$ -		\$ -		\$ -	\$ -
2020	8,758,054	148,442	8,609,612	8,683,833	1,239,010	1,239,010	\$ -		\$ -		\$ -	\$ -
2021	8,609,612	148,442	8,461,171	8,535,391	1,220,368	1,220,368	\$ -		\$ -		\$ -	\$ -
2022	8,461,171	148,442	8,312,729	8,386,950	1,201,725	1,201,725	\$ -		\$ -		\$ -	\$ -
2023	8,312,729	148,442	8,164,287	8,238,508	1,183,083	1,183,083	\$ -		\$ -		\$ -	\$ -
2024	8,164,287	148,442	8,015,846	8,090,067	1,164,441	1,164,441	\$ -		\$ -		\$ -	\$ -
2025	8,015,846	148,442	7,867,404	7,941,625	1,145,799	1,145,799	\$ -		\$ -		\$ -	\$ -
2026	7,867,404	148,442	7,718,963	7,793,183	1,127,157	1,127,157	\$ -		\$ -		\$ -	\$ -
2027	7,718,963	148,442	7,570,521	7,644,742	1,108,514	1,108,514	\$ -		\$ -		\$ -	\$ -
2028	7,570,521	148,442	7,422,080	7,496,300	1,089,872	1,089,872	\$ -		\$ -		\$ -	\$ -
2029	7,422,080	148,442	7,273,638	7,347,859	1,071,230	1,071,230	\$ -		\$ -		\$ -	\$ -
2030	7,273,638	148,442	7,125,196	7,199,417	1,052,588	1,052,588	\$ -		\$ -		\$ -	\$ -
2031	7,125,196	148,442	6,976,755	7,050,976	1,033,946	1,033,946	\$ -		\$ -		\$ -	\$ -
2032	6,976,755	148,442	6,828,313	6,902,534	1,015,303	1,015,303	\$ -		\$ -		\$ -	\$ -
2033	6,828,313	148,442	6,679,872	6,754,092	996,661	996,661	\$ -		\$ -		\$ -	\$ -
2034	6,679,872	148,442	6,531,430	6,605,651	978,019	978,019	\$ -		\$ -		\$ -	\$ -
2035	6,531,430	148,442	6,382,988	6,457,209	959,377	959,377	\$ -		\$ -		\$ -	\$ -
2036	6,382,988	148,442	6,234,547	6,308,768	940,735	940,735	\$ -		\$ -		\$ -	\$ -
2037	6,234,547	148,442	6,086,105	6,160,326	922,093	922,093	\$ -		\$ -		\$ -	\$ -
2038	6,086,105	148,442	5,937,664	6,011,884	903,450	903,450	\$ -		\$ -		\$ -	\$ -
2039	5,937,664	148,442	5,789,222	5,863,443	884,808	884,808	\$ -		\$ -		\$ -	\$ -
2040	5,789,222	148,442	5,640,780	5,715,001	866,166	866,166	\$ -		\$ -		\$ -	\$ -
2041	5,640,780	148,442	5,492,339	5,566,560	847,524	847,524	\$ -		\$ -		\$ -	\$ -
2042	5,492,339	148,442	5,343,897	5,418,118	828,882	828,882	\$ -		\$ -		\$ -	\$ -
2043	5,343,897	148,442	5,195,456	5,269,676	810,239	810,239	\$ -		\$ -		\$ -	\$ -
2044	5,195,456	148,442	5,047,014	5,121,235	791,597	791,597	\$ -		\$ -		\$ -	\$ -
2045	5,047,014	148,442	4,898,572	4,972,793	772,955	772,955	\$ -		\$ -		\$ -	\$ -
2046	4,898,572	148,442	4,750,131	4,824,352	754,313	754,313	\$ -		\$ -		\$ -	\$ -
2047	4,750,131	148,442	4,601,689	4,675,910	735,671	735,671	\$ -		\$ -		\$ -	\$ -
2048	4,601,689	148,442	4,453,248	4,527,469	717,028	717,028	\$ -		\$ -		\$ -	\$ -
2049	4,453,248	148,442	4,304,806	4,379,027	698,386	698,386	\$ -		\$ -		\$ -	\$ -
2050	4,304,806	148,442	4,156,365	4,230,585	679,744	679,744	\$ -		\$ -		\$ -	\$ -
2051	4,156,365	148,442	4,007,923	4,082,144	661,102	661,102	\$ -		\$ -		\$ -	\$ -
2052	4,007,923	148,442	3,859,481	3,933,702	642,460	642,460	\$ -		\$ -		\$ -	\$ -
2053	3,859,481	148,442	3,711,040	3,785,261	623,817	623,817	\$ -		\$ -		\$ -	\$ -
2054	3,711,040	148,442	3,562,598	3,636,819	605,175	605,175	\$ -		\$ -		\$ -	\$ -
2055	3,562,598	148,442	3,414,157	3,488,377	586,533	586,533	\$ -		\$ -		\$ -	\$ -
2056	3,414,157	148,442	3,265,715	3,339,936	567,891	567,891	\$ -		\$ -		\$ -	\$ -
2057	3,265,715	148,442	3,117,273	3,191,494	549,249	549,249	\$ -		\$ -		\$ -	\$ -
2058	3,117,273	148,442	2,968,832	3,043,053	530,607	530,607	\$ -		\$ -		\$ -	\$ -
2059	2,968,832	148,442	2,820,390	2,894,611	511,964	511,964	\$ -		\$ -		\$ -	\$ -
2060	2,820,390	148,442	2,671,949	2,746,169	493,322	493,322	\$ -		\$ -		\$ -	\$ -
2061	2,671,949	148,442	2,523,507	2,597,728	474,680	474,680	\$ -		\$ -		\$ -	\$ -
2062	2,523,507	148,442	2,375,065	2,449,286	456,038	456,038	\$ -		\$ -		\$ -	\$ -
2063	2,375,065	148,442	2,226,624	2,300,845	437,396	437,396	\$ -		\$ -		\$ -	\$ -
2064	2,226,624	148,442	2,078,182	2,152,403	418,753	418,753	\$ -		\$ -		\$ -	\$ -
2065	2,078,182	148,442	1,929,741	2,003,961	400,111	400,111	\$ -		\$ -		\$ -	\$ -
2066	1,929,741	148,442	1,781,299	1,855,520	381,469	381,469	\$ -		\$ -		\$ -	\$ -
2067	1,781,299	148,442	1,632,857	1,707,078	362,827	362,827	\$ -		\$ -		\$ -	\$ -
2068	1,632,857	148,442	1,484,416	1,558,637	344,185	344,185	\$ -		\$ -		\$ -	\$ -
2069	1,484,416	148,442	1,335,974	1,410,195	325,542	325,542	\$ -		\$ -		\$ -	\$ -
2070	1,335,974	148,442	1,187,533	1,261,754	306,900	306,900	\$ -		\$ -		\$ -	\$ -
2071	1,187,533	148,442	1,039,091	1,113,312	288,258	288,258	\$ -		\$ -		\$ -	\$ -
2072	1,039,091	148,442	890,650	964,870	269,616	269,616	\$ -		\$ -		\$ -	\$ -
2073	890,650	148,442	742,208	816,429	250,974	250,974	\$ -		\$ -		\$ -	\$ -
2074	742,208	148,442	593,766	667,987	232,331	232,331	\$ -		\$ -		\$ -	\$ -
2075	593,766	148,442	445,325	519,546	213,689	213,689	\$ -		\$ -		\$ -	\$ -
2076	445,325	148,442	296,883	371,104	195,047	195,047	\$ -		\$ -		\$ -	\$ -
Project Totals		8,758,054			44,541,739	44,541,739	-					

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

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

AEP East Companies  
Cost of Service Formula Rate Using 2017 FF1 Balances  
Worksheet L Reserved for Future Use  
APPALACHIAN POWER COMPANY

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital  
APPALACHIAN POWER COMPANY

		Average Balance of Common Equity				
Line No	Month (a)	Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1)	Less AOCI (Acct 219.1) (e)	Average Balance of Common Equity (f)=(b)-( c)-(d)-( e)
				(d)		
(Note A)		(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	3,582,763,277	-	1,758,641	(9,136,157)	3,590,140,793
2	January					
3	February					
4	March					
5	April					
6	May					
7	June					
8	July					
9	August					
10	September					
11	October					
12	November					
13	December of Rate Year	3,804,481,343	-	(3,524,449)	1,354,510	3,806,651,282
14	Average of the Beginning and End Year Balances	3,693,622,310	-	(882,904)	(3,890,824)	3,698,396,038

		Average Balance of Long Term Debt					
Line No	Month (a)	Acct 221 Bonds (b)	Less: Acct 222 Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	Gross Proceeds Outstanding Long-Term Debt (g)=(b)-( c)+(d)+( e)-(f)
(Note A)		(FF1 112.18)	(FF1 112.19)	(FF1 112.20)	(FF1 112.21)	FF1, page 257, Col. (h) - Note 1	
15	December Prior to Rate Year	322,118,952	-	-	3,745,741,308	-	4,067,860,260
16	January						
17	February						
18	March						
19	April						
20	May						
21	June						
22	July						
23	August						
24	September						
25	October						
26	November						
27	December of Rate Year	298,676,142	104,375,000	-	3,820,691,863	-	4,014,993,005
28	Average of the Beginning and End Year Balances	310,397,547	52,187,500	-	3,783,216,585	-	4,041,426,632

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	<b>Annual Interest Expense for 2017</b>						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			183,897,633			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 50 below.			(1,128,890)			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			(1,128,890)			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			3,251,998			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			3,996,264			
35	Less: Amort of Premium on Debt - Acct 429 (117.65.c)			-			
36	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)			-			
37	<b>Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)</b>			191,145,895			
38	<b>Average Cost of Debt for 2017 (Ln 37/ Ln 28 (g))</b>			4.73%			

**CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES**

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

				Amortization Period			
HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)		Total Hedge (Gain)/Loss for 2017	Less Excludable Amounts (See NOTE on Line 39)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning	Ending
40	Senior Unsecured Notes - Series I	-		-	-	Jan-05	Jul-14
41	Senior Unsecured Notes - Series K	-		-	-	Jun-05	May-15
42	Senior Unsecured Notes - Series L	-		-	-	Sep-05	Sep-15
43	Senior Unsecured Notes - Series H	37,068		37,068	568,476	May-03	May-33
44	Senior Unsecured Notes - Series N	(194,198)		(194,198)	(3,544,122)	Apr-06	Apr-36
45	Senior Unsecured Notes - Series Q	159,672		159,672	3,226,683	Mar-08	Apr-38
46	Senior Unsecured Notes - Series S	-		-	-	May-10	May-15
47	Senior Unsecured Notes - Series T	(1,131,432)		(1,131,432)	(3,645,728)	Mar-11	Mar-21
48				-			
49					(3,394,691)		
50	Total Hedge Amortization	(1,128,890)	-				
51	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			(1,128,890)			
52	Total Average Capital Structure Balance for 2017 (TCOS, Ln 157)			7,739,822,670			
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54	Limit of Recoverable Amount			3,869,911			
55	<b>Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)</b>			(1,128,890)			

**Development of Cost of Preferred Stock**

Preferred Stock		Average	
56	4.125% Series - 100 - Dividend Rate (p. 250-251)	4.125%	4.125%
57	4.125% Series - 100 - Par Value (p. 250-251)	\$ 100.00	\$ 100.00
58	4.125% Series - 100 - Shares O/S (p.250-251)	-	-
59	4.125% Series - 100 - Monetary Value (Ln 57 * Ln 58)	-	-
60	4.125% Series - 100 - Dividend Amount (Ln 56 * Ln 59)	-	-
61	4.12% Series - 100 - Dividend Rate (p. 250-251)	4.120%	4.120%



62 4.12% Series - 100 - Par Value (p. 250-251)	\$	100.00	\$	100.00	
63 4.12% Series - 100 - Shares O/S (p.250-251)		-		-	
64 4.12% Series - 100 - Monetary Value (Ln 62 * Ln 63)		-		-	-
65 4.12% Series - 100 - Dividend Amount (Ln 61 * Ln 64)		-		-	-
66 4.56% Series - 100 - Dividend Rate (p. 250-251)		4.560%		4.560%	
67 4.56% Series - 100 - Par Value (p. 250-251)	\$	100.00	\$	100.00	
68 4.56% Series - 100 - Shares O/S (p.250-251)		-		-	
69 4.56% Series - 100 - Monetary Value (Ln 67 * Ln 68)		-		-	-
70 4.56% Series - 100 - Dividend Amount (Ln 66 * Ln 69)		-		-	-
71 Balance of Preferred Stock (Lns 59, 64, 69)		-		-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c ) & (d)
72 Dividends on Preferred Stock (Lns 60, 65, 70)		-		-	
73 Average Cost of Preferred Stock (Ln 72/71)		0.00%		0.00%	0.00%

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

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

Line	(A) Date	(B) Property Description	(C) Function (T) or (G) T = Transmission G = General	(D) Basis	(E) Proceeds	(F) (Gain) / Loss	(G) Functional Allocator	(H) Functionalized Proceeds (Gain) / Loss	(I) FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2017		-		-	

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service  
APPALACHIAN POWER COMPANY

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

Allocation of PBOP Settlement Amount for 2017

		Total Company Amount						
Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2017	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
2	APCo	(10,786,934)	35.95%	(45,673,479)	8.501%	(917,029)	(3,882,836)	2,965,807
3	I&M	(8,341,369)	27.80%	(35,318,595)	3.875%	(323,253)	(1,368,701)	1,045,448
4	KPCo	(2,497,070)	8.32%	(10,572,965)	7.390%	(184,544)	(781,386)	596,842
5	KNGP	(238,736)	0.80%	(1,010,844)	10.505%	(25,079)	(106,188)	81,109
6	OPCo	(7,704,846)	25.68%	(32,623,461)	11.590%	(892,964)	(3,780,944)	2,887,979
7	WPCo	(435,072)	1.45%	(1,842,161)	2.529%	(11,002)	(46,585)	35,583
8	Sum of Lines 2 to 7	(30,004,027)		(127,041,505)		(2,353,871)	(9,966,640)	7,612,769

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

	APCo	I&M	KPCo	KNGSPT	OPCo	WPCo	AEP East Total
9 Direct Charged PBOP Expense per Actuarial Report	(10,200,682)	(7,960,375)	(2,383,555)	(210,469)	(6,946,810)	(266,258)	(27,968,149)
10 Additional PBOP Ledger Entries (from Company Records)	222,743	181,345	119,014	(2,018)	(67,394)	(141,891)	
11 Medicare Subsidy	-	-	-	-	-	-	-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(9,977,939)	(7,779,030)	(2,264,541)	(212,487)	(7,014,204)	(408,149)	(27,656,349)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(808,995)	(562,339)	(232,529)	(26,249)	(690,642)	(26,923)	(2,347,678)
14 Company PBOP Expense (Ln 12 + Ln 13)	(10,786,934)	(8,341,369)	(2,497,070)	(238,736)	(7,704,846)	(435,072)	(30,004,027)

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





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

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

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

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

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

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

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

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

**GENERAL NOTES:**

The rates for each AEP company have been approved by their respective regulatory commissions.  
APCo falls under the authority of Virginia, West Virginia and the FERC. Therefore, APCo's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.  
AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.