Twleve Months Ended 2017

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

INDIANA MICHIGAN POWER COMPANY

Line No.			Total	Allocator			Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 143)					$140,802,942
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note X)	1,498,420	DA	1.00000	$	1,498,420
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9)				$	-
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 - ln 2 + ln 3)				$	139,304,522

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)	6,594,270	DA	1.00000	$	6,594,270
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)						
7	Annual Rate	((ln 1 - ln 107)/((ln 49 + ln 50 + ln 51 + ln 52 + ln 54) x 100))					16.63%
8	Monthly Rate	(ln 7 / 12)					1.39%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)						
10	Annual Rate	((ln 1 - ln 107 - ln 112) /((ln 49 + ln 50 + ln 51 + ln 52 + ln 54) x 100))					13.79%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)						
12	Annual Rate	((ln 1 - ln 107 - ln 112 - ln 138 - ln 139) /((ln 49 + ln 50 + ln 51 + ln 52 + ln 54) x 100))					4.16%
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 86 Below	8,284,417
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)		5,397,407
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)		1,360,070
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)	1,526,940

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Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator		(5) Total Transmission
	GROSS PLANT IN SERVICE					
19	Production	(Worksheet A ln 1.E)	4,223,503,989	NA	0.00000	-
20	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.E)	(141,826,613)	NA	0.00000	-
21	Transmission	(Worksheet A ln 3.E & Ln 147)	1,471,745,523	DA		1,412,730,815
22	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E)	-	TP	0.95990	-
23	Line Deliberately Left Blank		**N/A**	NA	0.00000	**N/A**
24	Line Deliberately Left Blank		**N/A**	NA	0.00000	**N/A**
25	Distribution	(Worksheet A ln 5.E)	1,992,880,680	NA	0.00000	-
26	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.E)	-	NA	0.00000	-
27	General Plant	(Worksheet A ln 7.E)	125,305,999	W/S	0.05089	6,376,504
28	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	-	W/S	0.05089	-
29	Intangible Plant	(Worksheet A ln 9.E)	128,917,574	W/S	0.05089	6,560,288
30	TOTAL GROSS PLANT	(sum lns 19 to 29)	7,800,527,151	**GP(h)=**	**0.182766**	1,425,667,607
				GTD=	**0.40776**	
31	ACCUMULATED DEPRECIATION AND AMORTIZATION					
32	Production	(Worksheet A ln 12.E)	1,764,743,403	NA	0.00000	-
33	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.E)	(108,617,681)	NA	0.00000	-
34	Transmission	(Worksheet A ln 14.E & 28.E)	573,308,151	**TP1=**	0.98715	565,942,397
35	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.98715	-
36	Line Deliberately Left Blank		**N/A**	DA	0.00000	**N/A**
37	Line Deliberately Left Blank		**N/A**	DA	0.00000	**N/A**
38	Line Deliberately Left Blank		**N/A**	TP	0.00000	**N/A**
39	Line Deliberately Left Blank		**N/A**	W/S	0.00000	**N/A**
40	Line Deliberately Left Blank		**N/A**	DA	0.00000	**N/A**
41	Distribution	(Worksheet A ln 16.E)	600,186,237	NA	0.00000	-
42	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.E)	-	NA	0.00000	-
43	General Plant	(Worksheet A ln 18.E)	33,095,021	W/S	0.05089	1,684,122
44	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	-	W/S	0.05089	-
45	Intangible Plant	(Worksheet A ln 20.E)	66,257,840	W/S	0.05089	3,371,693
46	TOTAL ACCUMULATED DEPRECIATION	(sum lns 32 to 45)	2,928,972,970			570,998,212
47	NET PLANT IN SERVICE					
48	Production	(ln 19 + ln 20 - ln 32 - ln 33)	2,425,551,654			-
49	Transmission	(ln 21 + ln 22 - ln 34 - ln 35)	898,437,372			846,788,418
50	Line Deliberately Left Blank		**N/A**			**N/A**
51	Line Deliberately Left Blank		**N/A**			**N/A**
52	Line Deliberately Left Blank		**N/A**			**N/A**
53	Line Deliberately Left Blank		**N/A**			**N/A**
54	Line Deliberately Left Blank		**N/A**			**N/A**
55	Distribution	(ln 25 + ln 26 - ln 41 - ln 42)	1,392,694,443			-
56	General Plant	(ln 27 + ln 28 - ln 43 - ln 44)	92,210,978			4,692,383
57	Intangible Plant	(ln 29 - ln 45)	62,659,734			3,188,595
58	TOTAL NET PLANT IN SERVICE	(sum lns 48 to 57)	4,871,554,181	**NP(h)=**	**0.175441**	854,669,395
59	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
60	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.E)	(13,390,137)	NA		-
61	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.E)	(1,348,126,453)	DA		(202,548,559)
62	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.E)	(1,149,855,279)	DA		(7,771,530)
63	Account No. 190.1	(Worksheet B, ln 17 & ln 20.E)	914,387,387	DA		12,847,576
64	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.E)	-	DA		-
65	TOTAL ADJUSTMENTS	(sum lns 60 to 64)	(1,596,984,482)			(197,472,513)
66	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	5,305,042	DA		-
67	REGULATORY ASSETS	(Worksheet A ln 36.E)	-	DA		-
68	WORKING CAPITAL	(Note E)				
69	Cash Working Capital	(1/8 * ln 89)	2,174,235			2,087,052
70	Transmission Materials & Supplies	(Worksheet C, ln 2.(F))	2,337,514	TP	0.95990	2,243,783
71	A&G Materials & Supplies	(Worksheet C, ln 3.(F))	335,473	W/S	0.05089	17,071
72	Stores Expense	(Worksheet C, ln 4.(F))	-	GP(h)	0.18277	-
73	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 8.G)	123,610,951	W/S	0.05089	6,290,248
74	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 8.F)	4,545,667	GP(h)	0.18277	830,791
75	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 8.E)	-	DA	1.00000	-
76	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 8.D)	(120,998,058)	NA	0.00000	-
77	TOTAL WORKING CAPITAL	(sum lns 69 to 76)	12,005,781			11,468,945
78	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 8.B)	(3,047,621)	DA	1.00000	(3,047,621)
79	RATE BASE (sum lns 58, 65, 66, 67, 77, 78)		3,288,832,902			665,618,207

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Line No.	(1) **EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION**	(2) **Data Sources (See "General Notes")**	(3) **TO Total**	(4) **Allocator**		(5) **Total Transmission**
	OPERATION & MAINTENANCE EXPENSE					
80	Production	321.80.b	1,072,489,014			
81	Distribution	322.156.b	74,269,040			
82	Customer Related Expense	322 & 323.164,171,178.b	52,215,435			
83	Regional Marketing Expenses	322.131.b	4,811,670			
84	Transmission	321.112.b	110,616,182			
85	TOTAL O&M EXPENSES	(sum lns 80 to 84)	1,314,401,341			
86	Less: Total Account 561	(Note G) (Worksheet F, ln 14.C)	8,284,417			
87	Less: Account 565	(Note H) 321.96.b	84,937,883			
88	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
89	Total O&M Allocable to Transmission	(lns 84 - 86 - 87 - 88)	17,393,882	TP	0.95990	16,696,414
90	Administrative and General	323.197.b (Note J)	121,831,748			
91	Less: Acct. 924, Property Insurance	323.185.b	3,527,590			
92	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(10,701,398)			
93	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
94	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(808,038)			
95	Acct. 928, Reg. Com. Exp.	323.189.b	13,969,703			
96	Acct. 930.1, Gen. Advert. Exp.	323.191.b	73,876			
97	Acct. 930.2, Misc. Gen. Exp.	323.192.b	4,005,135			
98	Balance of A & G	(ln 90 - sum ln 91 to ln 97)	111,764,880	W/S	0.05089	5,687,431
99	Plus: Acct. 924, Property Insurance	(ln 91)	3,527,590	GP(h)	0.18277	644,722
100	Acct. 928 - Transmission Specific	Worksheet F ln 19.(E) (Note L)	-	TP	0.95990	-
101	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 34.(E) (Note L)	-	TP	0.95990	-
102	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 42.(E) (Note L)	278,769	DA	1.00000	278,769
103	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 3, (Note M)	-	W/S	0.05089	-
104	A & G Subtotal	(sum lns 98 to 103)	115,571,239			6,610,922
105	O & M EXPENSE SUBTOTAL	(ln 89 + ln 104)	132,965,121			23,307,336
106	Line Deliberately Left Blank					
107	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
108	TOTAL O & M EXPENSE	(ln 105 + ln 107)	132,965,121			23,307,336
109	DEPRECIATION AND AMORTIZATION EXPENSE					
110	Production	336.2-6.f	97,924,091	NA	0.00000	-
111	Distribution	336.8.f	56,809,574	NA	0.00000	-
112	Transmission	336.7.f	24,337,272	TP1	0.98715	24,024,591
113	Line Deliberately Left Blank		N/A			N/A
114	General	336.10.f	3,943,813	W/S	0.05089	200,691
115	Intangible	336.1.f	19,019,812	W/S	0.05089	967,870
116	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 110+111+ 112+113+114+115)	202,034,562			25,193,152
117	TAXES OTHER THAN INCOME	(Note N)				
118	Labor Related					
119	Payroll	Worksheet H ln 22.(D)	13,633,774	W/S	0.05089	693,788
120	Plant Related					
121	Property	Worksheet H ln 22.(C) & ln 47.(C)	60,434,000	DA		9,582,007
122	Gross Receipts/Sales & Use	Worksheet H ln 22.(F)	20,087,468	NA	0.00000	-
123	Other	Worksheet H ln 22.(E)	2,139,000	GP(h)	0.18277	390,936
124	TOTAL OTHER TAXES	(sum lns 119 to 123)	96,294,242			10,666,730
125	INCOME TAXES	(Note O)				
126	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.69%			
127	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		44.36%			
128	where WCLTD=(ln 167) and WACC = (ln 170)					
129	and FIT, SIT & p are as given in Note O.					
130	GRCF=1 / (1 - T) = (from ln 126)		1.6311			
131	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(3,313,845)			
132	Excess Deferred Income Tax	(Note U)	(691,200)	DA		130,000
133	Tax Affect of Permanent Differences	(Note U)	5,556,729	DA		1,953,020
134	Income Tax Calculation	(ln 127 * ln 139)	120,074,837			24,301,629
135	ITC adjustment	(ln 130 * ln 131)	(5,405,241)	NP(h)	0.17544	(948,300)
136	Excess Deferred Income Tax	(ln 130 * ln 132)	(1,127,422)			212,044
137	Tax Affect of Permanent Differences	(ln 130 * ln 133)	9,063,628			3,185,588
138	TOTAL INCOME TAXES	(sum lns 134 to 137)	122,605,802			26,750,961
139	RETURN ON RATE BASE (Rate Base*WACC)	(ln 79 * ln 170)	270,699,332			54,786,123
140	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		98,639	DA	1.00000	98,639
141	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
142	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 141 * ln127)		-			-
143	TOTAL REVENUE REQUIREMENT (sum lns 108, 116, 124, 138, 139, 140, 141, 142)		824,697,698			140,802,942

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SUPPORTING CALCULATIONS

ln No.									
	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
144	Total transmission plant	(ln 21)							1,471,745,523
145	Less transmission plant excluded from PJM Tariff (Note P)								
146	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (E)) (Note Q)								59,014,708
147	Transmission plant included in PJM Tariff	(ln 144 - ln 145 - ln 146)							1,412,730,815
148	Percent of transmission plant in PJM Tariff	(ln 147 / ln 144)						TP=	0.95990
			Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
149	WAGES & SALARY ALLOCATOR (W/S)	(Note R)							
150	Production	354.20.b	145,500,676	11,563,321	157,063,997	NA	0.00000		-
151	Transmission	354.21.b	4,587,894	6,042,262	10,630,156	TP	0.95990		10,203,903
152	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-
153	Distribution	354.23.b	19,790,076	1,671,347	21,461,423	NA	0.00000		-
154	Other (Excludes A&G)	354.24,25,26.b	5,887,922	5,475,506	11,363,428	NA	0.00000		-
155	Total	(sum lns 150 to 154)	175,766,568	24,752,436	200,519,004				10,203,903
156	Transmission related amount							W/S=	0.05089

ln No.							
157	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
158	Long Term Interest	(Worksheet M, ln. 21, col. (E))					105,331,748
159	Preferred Dividends	(Worksheet M, ln. 55, col. (E))					-
160	Development of Common Stock:						
161	Proprietary Capital	(Worksheet M, ln. 1, col. (E))					2,156,474,711
162	Less: Preferred Stock	(Worksheet M, ln. 2, col. (E))					-
163	Less: Account 216.1	(Worksheet M, ln. 3, col. (E))					-
164	Less: Account 219	(Worksheet M, ln. 4, col. (E))					(11,828,042)
165	Common Stock	(ln 161 - ln 162 - ln 163 - ln 164)					2,168,302,753
166			$	%	Cost (Note S)		Weighted
167	Long Term Debt (Note T) W/S M, ln 11, ln 22, col.)		2,138,289,792	49.65%	0.0493		0.0245
168	Preferred Stock (ln 162)		-	0.00%	-		0.0000
169	Common Stock (ln 165)		2,168,302,753	50.35%	11.49%		0.0579
170	Total (Sum lns 167 to 169)		4,306,592,545			WACC=	0.0823

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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)-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 89. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 86.
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 88
4) All A&G Expenses, as shown on line 104.

F Consistent with Paragraph 657 of Order 2003-A, the amount on line 78 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 140.

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 89. 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 107 to determine the total O&M collected in the formula. The amounts on line 107 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.
The addbacks on line 107 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 107 is the INDIANA MICHIGAN 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 92 through 94 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 (Miscellaneouse 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 Corportation. 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 131) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.

Inputs Required:	FIT =	35.00%	
	SIT=	5.68%	(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 158) / average long term debt (ln 167). Preferred Stock cost rate = preferred dividends (ln 159) / preferred outstanding (ln 168).
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 captial 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 167 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 Tax effect of permanent differences captures the differences in the income taxes due under the Federal and State calculatins that are not the result of timing differences.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.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Supporting Plant Balances
INDIANA MICHIGAN POWER COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2017	(D) Balance @ December 31, 2016	(E) Average Balance for 2017
	NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.				
	Plant Investment Balances				
1	**Production Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	4,374,615,854	4,072,392,124	4,223,503,989
2	**Production Asset Retirement Obligation (ARO)**	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	141,826,613	141,826,613	141,826,613
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	1,522,349,870	1,421,141,175	1,471,745,523
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	**Distribution Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	2,070,861,605	1,914,899,755	1,992,880,680
6	**Distribution Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	-	-	-
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	128,626,470	121,985,527	125,305,999
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	-	-	-
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	144,688,138	113,147,010	128,917,574
10	**Total Property Investment Balance**	(Sum of Lines: 3, 1, 5, 7, 9)	8,241,141,937	7,643,565,591	7,942,353,764
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 4, 2, 6, 8)	141,826,613	141,826,613	141,826,613
	Accumulated Depreciation & Amortization Balances				
12	**Production Accumulated Depreciation**	FF1, page 219, lns 20-24, Col. (b)	1,776,156,328	1,753,330,478	1,764,743,403
13	**Production ARO Accumulated Depreciation**	Company Records - Note 1	109,427,448	107,807,914	108,617,681
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	578,606,187	568,010,114	573,308,151
15	**Transmission ARO Accumulated Depreciation**	Company Records - Note 1	-	-	-
16	**Distribution Accumulated Depreciation**	FF1, page 219, ln 26, Col. (b)	613,454,428	586,918,046	600,186,237
17	**Distribution ARO Accumulated Depreciation**	Company Records - Note 1	-	-	-
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	33,196,850	32,993,191	33,095,021
19	**General ARO Accumulated Depreciation**	Company Records - Note 1	-	-	-
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	73,582,598	58,933,082	66,257,840
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 14, 12, 16, 18, 20)	3,074,996,391	3,000,184,911	3,037,590,651
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 15, 13, 17, 19)	109,427,448	107,807,914	108,617,681
	Generation Step-Up Units				
23	**GSU Investment Amount**	Company Records - Note 1	59,014,708	59,014,708	59,014,708
24	**GSU Accumulated Depreciation**	Company Records - Note 1	7,878,001	6,853,506	7,365,754
25	**GSU Net Balance**	(Line 23 - Line 24)	51,136,707	52,161,202	51,648,955
	Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation				
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	578,606,187	568,010,114	573,308,151
27	**Less: GSU Accumulated Depreciation**	(Line 24 Above)	7,878,001	6,853,506	7,365,754
28	**Subtotal of Transmission Net of GSU**	(Line 26 - Line 27)	570,728,186	561,156,608	565,942,397
	Plant Held For Future Use				
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	5,305,042	5,305,042	5,305,042
30	**Transmission Plant Held For Future**	Company Records - Note 1	-	-	-
	Regulatory Assets and Liabilities Approved for Recovery In Ratebase				
	Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.				
31					-
32					-
33					-
34					-
35					-
36	Total Regulatory Deferrals Included in Ratebase		-	-	-

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

NOTE: The ratebase should not include the unamoritzed 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
INDIANA MICHIGAN POWER COMPANY

	(A)	(B)	(C)	(D)	(E)
Line Number	Description	Source	Balance @ December 31, 2017	Balance @ December 31, 2016	Average Balance for 2017
1	**Account 281**				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	13,771,403	13,008,872	13,390,137
3	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
4	Less: Other Excluded Deferrals	Company Records - Note 1	13,771,403	13,008,872	13,390,137
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	**Account 282**				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	1,383,300,155	1,312,952,751	1,348,126,453
8	Less: ARO Related Deferrals	Company Records - Note 1	30,013,585	30,013,585	30,013,585
9	Less: Other Excluded Deferrals	Company Records - Note 1	1,148,024,895	1,083,103,722	1,115,564,308
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	205,261,675	199,835,443	202,548,559
11	**Account 283**				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	1,174,664,168	1,125,046,390	1,149,855,279
13	Less: ARO Related Deferrals	Company Records - Note 1	629,574,019	629,574,019	629,574,019
14	Less: Other Excluded Deferrals	Company Records - Note 1	537,095,877	487,923,584	512,509,730
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	7,994,273	7,548,788	7,771,530
16	**Account 190**				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	895,391,888	933,382,887	914,387,387
18	Less: ARO Related Deferrals	Company Records - Note 1	661,604,925	661,604,925	661,604,925
19	Less: Other Excluded Deferrals	Company Records - Note 1	221,234,458	258,635,315	239,934,886
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	12,552,505	13,142,647	12,847,576
21	**Account 255**				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	34,075,627	38,781,415	36,428,521
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	34,075,627	38,781,415	36,428,521
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records - Note 1	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax accounting ledger. Projected ending balances reflect proration required by IRS Letter Rule Section I.I67(I)-I(h)(6)(ii).

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

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

Materials & Supplies

(A) Line Number	(B)	(C) Source	(D) Balance @ December 31, 2017	(E) Balance @ December 31, 2016	(F) Average Balance for 2017
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	2,337,514	2,337,514	2,337,514
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	335,473	335,473	335,473
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-

Prepayment Balance Summary

Line		Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
5							
6	Totals as of December 31, 2017	7,158,559	(120,998,058)	0	4,545,667	123,610,951	128,156,617
7	Totals as of December 31, 2016	7,158,558	(120,998,058)		4,545,667	123,610,951	128,156,617
8	**Average Balance**	7,158,559	(120,998,058)	-	4,545,667	123,610,951	128,156,617

Prepayments Account 165 - Balance @ 12/31/2017

9	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
10	1650001	Prepaid Insurance	3,813,178	-		3,813,178		3,813,178	Plant Related Insurance Policies
11	165000215	Prepaid Taxes	384,869	384,869				-	Prepaid Taxes-Distribution
12	1650003	Prepaid Rents	3,238	3,238				-	River Transport
13	1650005	Prepaid Employee Benefits	403,862	-			403,862	403,862	Health Savings Program
14	1650006	Other Prepayments	74,902	74,902				-	Relates to EPRI dues
15	1650009	Prepaid Carry Cost-Factored AR	78,068	78,068				-	AR Factoring
16	1650010	Prepaid Pension Benefits	100,285,004				100,285,004	100,285,004	Prefunded Pension Expense
17	1650014	FAS 158 Qual Contra Asset	(100,285,004)	(100,285,004)				-	SFAS 158 Offset
18	165001115	Prepaid Sales Taxes	408,628	408,628			-	-	Prepaid Sales Tax - Distribution
19	165001215	Prepaid Use Taxes	63,503	63,503			-	-	Prepaid Use Tax - Distribution
20	1650021	Prepaid Insurance - EIS	732,489	-		732,489		732,489	Energy INS Services
21	1650022	Prepaid SNF Container Costs	0	-			-	-	
22	1650023	Prepaid Lease	490,752	490,752			-	-	Prepaid Leases-Gen/Dist
23	1650026	Prepaid SNF Costs	0	-					
24	1650031	Prepaid OCIP Work Comp	364,708	-			364,708	364,708	Workers Compensation
25	1650033	Prepaid OCIP Work Comp-Aff	340,361	-			340,361	340,361	Workers Compensation
26	1650035	PRW without MED-D Benefits	22,217,015				22,217,015	22,217,015	Med-D Benefits
27	1650036	PRW for Med-D Benefits	0				-	-	
28	1650037	FAS 158 Contra-PRW Exc Med-D	(22,217,015)	(22,217,015)					SFAS 158 Offset
29	1650032	Prepaid OCIP WC LT	0		-			-	
30	1650034	Prepaid OCIP WC LT-Aff	0		-			-	
		Subtotal - Form 1, p 111.57.c	7,158,559	(120,998,058)	0	4,545,667	123,610,951	128,156,617	

Prepayments Account 165 - Balance @ 12/31/ 2016

31	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
32	1650001	Prepaid Insurance	3,813,178	-		3,813,178		3,813,178	Plant Related Insurance Policies
33	165000214	Prepaid Taxes	384,869	384,869				-	Prepaid Taxes-Distribution
34	1650003	Prepaid Rents	3,238	3,238				-	River Transport
35	1650005	Prepaid Employee Benefits	403,862	-			403,862	403,862	Health Savings Program
36	1650006	Other Prepayments	74,902	74,902				-	Relates to EPRI dues
37	1650009	Prepaid Carry Cost-Factored AR	78,068	78,068				-	AR Factoring
38	1650010	Prepaid Pension Benefits	100,285,004				100,285,004	100,285,004	Prefunded Pension Expense
39	1650014	FAS 158 Qual Contra Asset	(100,285,004)	(100,285,004)				-	SFAS 158 Offset
40	165001114	Prepaid Sales Taxes	408,628	408,628			-	-	Prepaid Sales Tax - Distribution
41	165001214	Prepaid Use Taxes	63,503	63,503			-	-	Prepaid Use Tax - Distribution
42	1650021	Prepaid Insurance - EIS	732,489	-		732,489		732,489	Energy INS Services
43	1650022	Prepaid SNF Container Costs	0	-			-	-	
44	1650023	Prepaid Lease	490,752	490,752			-	-	Prepaid Leases-Gen/Dist
45	1650026	Prepaid SNF Costs	0	-					
46	1650031	Prepaid OCIP Work Comp	364,708	-			364,708	364,708	Workers Compensation
47	1650033	Prepaid OCIP Work Comp-Aff	340,361	-			340,361	340,361	Workers Compensation
48	1650035	PRW without MED-D Benefits	22,217,015				22,217,015	22,217,015	Med-D Benefits
49	1650036	PRW for Med-D Benefits	0				-	-	
50	1650037	FAS 158 Contra-PRW Exc Med-D	(22,217,015)	(22,217,015)					SFAS 158 Offset
51	1650032	Prepaid OCIP WC LT	0		-			-	
52	1650034	Prepaid OCIP WC LT-Aff	0		-			-	
		Subtotal - Form 1, p 111.57.d	7,158,558	(120,998,058)		4,545,667	123,610,951	128,156,617	

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

Line Number	(A) Description	(B) 2017
1	Net Funds from IPP Customers 12/31/2016 (2017 FORM 1, P269, line 6.b)	(2,998,301)
2	Interest Accrual (Company Records - Note 1)	(98,639)
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	Other Adjustments	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2017 (2017 FORM 1, P269, line 6.f)	(3,096,940)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(3,047,621)

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

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

Line Number	Description	Total Company	Non-Transmission	Transmission
1	**Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)**	5,000,000	5,000,000	-
2	**Account 451,Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)**	4,800,000	4,747,054	52,946
3	**Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)**	9,455,956	8,990,481	465,475
4	**Account 4560015, Associated Business Development - (Company Records - Note 1)**	2,741,000	2,160,821	580,179
5	**Account 456 - Other Electric Revenues - (Company Records - Note 1)**	31,597,887	31,198,068	399,819
6	**Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))**	53,594,843	52,096,423	1,498,420
7	**Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)**	-	-	-
8	**Total Other Operating Revenues To Reduce Revenue Requirement**	53,594,843	52,096,423	1,498,420

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

Line Number	Description	Total Company	Non-Transmission	Transmission
9	**Facility Credits under PJM OATT Section 30.9**			-

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
INDIANA MICHIGAN POWER COMPANY

(A)		(B)	(C)	(D)	(E)	(F)
Line Number	Item No.	Description	2017 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
		Regulatory O&M Deferrals & Amortizations				
1	5660000	Misc Transmission Expense	-			
2						
3						
4		**Total**	0			
		Detail of Account 561 Per FERC Form 1				
5	FF1 p 321.84.b	561 - Load Dispatching	0			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	1,526,940			
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	5,397,407			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Serv	1,360,070			
14		**Total of Account 561**	8,284,417			
		Account 928				
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	13,969,703	13,969,703	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280003	Rate Case Amortization	-	-		
19		**Total**	13,969,703	13,969,703	-	
		Account 930.1				
20	9301000	General Advertising Expenses	73,876	73,876	-	
21	9301001	Newspaper Advertising Space	-	-	-	
22	9301002	Radio Station Advertising Time	-	-	-	
23	9301003	TV Station Advertising Time			-	
24	9301006	Spec Corporate Comm Info Proj			-	
25	9301007	Special Adv Space & Prod Exp			-	
26	9301008	Direct Mail and Handouts			-	
27	9301009	Fairs, Shows, and Exhibits	-	-	-	
28	9301010	Publicity			-	
29	9301011	Dedications, Tours, & Openings			-	
30	9301012	Public Opinion Surveys			-	
31	9301013	Movies Slide Films & Speeches			-	
32	9301014	Video Communications			-	
33	9301015	Other Corporate Comm Exp			-	
34		**Total**	73,876	73,876	-	
		Account 930.2				
35	9302000	Misc General Expenses	3,042,416	3,042,416		
36	9302003	Corporate & Fiscal Expenses	-	0		
37	9302004	Research, Develop&Demonstr Exp	-	0		
38	9302005	Nucl Fac Ins - Replce Engy Cst	-	0		
39	9302006	Assoc Business Development Materials Sold	-	0	0	
40	9302007	Assoc Business Development Exp	962,719	683,950	278,769	
41	9302458	AEPSC nonaffiliated expense	-	0		
42		**Total**	4,005,135	3,726,366	278,769	

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

Indiana Corporate Income Tax Rate	6.13%	
Apportionment Factor - Note 2	72.76%	
Effective State Tax Rate		4.46%
Michigan Single Business Tax Rate	6.00%	
Apportionment Factor - Note 2	14.74%	
Effective State Tax Rate		0.88%
West Virginia Corporation Income Tax Rate	6.50%	
Apportionment Factor - Note 2	2.29%	
Effective State Tax Rate		0.15%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor Note 1	0.00%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Kentucky Corporation Income Tax Rate	6.00%	
Apportionment Factor - Note 2	1.12%	
Effective State Tax Rate		0.07%
Missouri Corporation Income Tax Rate	6.25%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	7.75%	
Apportionment Factor - Note 2	1.50%	
Effective State Tax Rate		0.12%
Total Effective State Income Tax Rate		5.68%

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 0% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H and H-1.

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

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

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	**Revenue Taxes**					
2	Gross Receipts Tax	19,978,468				19,978,468
3	**Real Estate and Personal Property Taxes**					
4	Real and Personal Property - Michigan	40,286,872	40,286,872			
5	Real and Personal Property - Indiana	20,139,027	20,139,027			
6	Real and Personal Property - Other Jurisdictions	8,101	8,101			
7	**Payroll Taxes**					
8	Federal Insurance Contribution (FICA)	13,197,731		13,197,731		
9	Federal Unemployment Tax	65,988		65,988		
10	State Unemployment Insurance	370,055		370,055		
11	**Production Taxes**					
12	State Severance Taxes	-				-
13	**Miscellaneous Taxes**					
14	State Business & Occupation Tax	-				-
15	State Public Service Commission Fees	2,139,000			2,139,000	
16	State Franchise Taxes	-			-	
17	State Lic/Registration Fee	-			-	
18	Misc. State and Local Tax	-			-	
19	Sales & Use	109,000				109,000
20	Federal Excise Tax	-				-
21	Michigan Single Business Tax	-				-
22	Total Taxes by Allocable Basis	96,294,242	60,434,000	13,633,774	2,139,000	20,087,468
	(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

Line No.	Account	Production	Transmission	Distribution	General	Total
23	Functionalized Net Plant (Hist. TCOS, Lns 48 thru 58)	2,425,551,654	898,437,372	1,392,694,443	92,210,978	4,808,894,447
	MICHIGAN JURISDICTION					
24	Percentage of Plant in MICHIGAN JURISDICTION	77.45%	16.00%	19.62%	18.06%	
25	Net Plant in MICHIGAN JURISDICTION (Ln 23 * Ln 24)	1,878,589,756	143,749,980	273,246,650	16,653,303	2,312,239,688
26	Less: Net Value of Exempted Generation Plant	299,595,383				
27	Taxable Property Basis (Ln 25 - Ln 26)	1,578,994,373	143,749,980	273,246,650	16,653,303	2,012,644,305
28	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
29	Weighted Net Plant (Ln 27 * Ln 28)	1,578,994,373	143,749,980	273,246,650	16,653,303	
30	General Plant Allocator (Ln 29 / (Total - General Plant))	79.11%	7.20%	13.69%	-100.00%	
31	Functionalized General Plant (Ln 30 * General Plant)	13,174,143	1,199,360	2,279,799	(16,653,303)	-
32	Weighted MICHIGAN JURISDICTION Plant (Ln 29 + 31)	1,592,168,516	144,949,340	275,526,449	(0)	2,012,644,305
33	Functional Percentage (Ln 32/Total Ln 32)	79.11%	7.20%	13.69%		
34	Functionalized Expense in MICHIGAN JURISDICTION	31,870,256	2,901,434	5,515,182		40,286,872
	INDIANA JURISDICTION					
35	Percentage of Plant in INDIANA JURISDICTION	22.55%	84.00%	80.38%	81.89%	
36	Net Plant in INDIANA JURISDICTION (Ln 23 * Ln 35)	546,961,898	754,687,392	1,119,447,793	75,511,570	2,496,608,654
37	Less: Net Value of Exempted Generation Plant	145,557,928				
38	Taxable Property Basis (Ln 36 - Ln 37)	401,403,970	754,687,392	1,119,447,793	75,511,570	2,351,050,726
39	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
40	Weighted Net Plant (Ln 38 * Ln 39)	401,403,970	754,687,392	1,119,447,793	75,511,570	
41	General Plant Allocator (Ln 40 / (Total - General Plant))	17.64%	33.17%	49.19%	-100.00%	
42	Functionalized General Plant (Ln 41 * General Plant)	13,320,203	25,043,572	37,147,794	(75,511,570)	-
43	Weighted INDIANA JURISDICTION Plant (Ln 40 + 42)	414,724,173	779,730,965	1,156,595,587	(0)	2,351,050,726
44	Functional Percentage (Ln 43/Total Ln 43)	17.64%	33.17%	49.19%		
45	Functionalized Expense in INDIANA JURISDICTION	3,552,514	6,679,151	9,907,362		20,139,027
46	Total Other Jurisdictions: (Line 6 * Net Plant Allocator)		1,421			8,101
47	Total Func. Property Taxes (Sum Lns 34, 45 46)	35,422,770	9,582,007	15,422,543		60,434,000

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
INDIANA MICHIGAN POWER COMPANY

	(A)	(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	19,978,468		
			-	P.263 ln 14 (i)
			19,978,468	P.263 ln 15 (i)
			-	P.263.2 ln 24 (i)
			-	P.263.2 ln 25 (i)
			-	P.263.2 ln 26 (i)
			-	P.263.2 ln 38 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - Michigan	40,286,872		
			-	P.263.1 ln 18 (i)
			-	P.263.1 ln 19 (i)
			40,286,872	P.263.1 ln 20 (i)
			-	P.263.1 ln 23 (i)
			-	P.263.1 ln 24 (i)
			-	P.263.1 ln 27 (i)
			-	P.263.1 ln 28 (i)
5	Real and Personal Property - Indiana	20,139,027		
			-	P.263 ln 24 (i)
			-	P.263 ln 25 (i)
			-	P.263 ln 26 (i)
			20,139,027	P.263 ln 27 (i)
			-	P.263 ln 29 (i)
			-	P.263 ln 30 (i)
			-	P.263 ln 31 (i)
6	Real and Personal Property - Other Jurisdictions	8,101		
			8,101	P.263.2 ln 9 (i)
			-	P.263.2 ln 10 (i)
			-	P.263.3 ln 3 (i)
			-	P.263.3 ln 4 (i)
7	Payroll Taxes			
8	Federal Insurance Contribution (FICA)	13,197,731		
			13,197,731	P.263 ln 3 (i)
9	Federal Unemployment Tax	65,988		
			65,988	P.263 ln 4 (i)
10	State Unemployment Insurance	370,055		
			370,055	P.263 ln 13 (i)
			-	P.263.1 ln 10 (i)
			-	P.263.2 ln 18 (i)
			-	P.263.2 ln 26 (i)
11	Production Taxes	-		
12	Misc States 2014		-	P.263.3 ln 5 (i)
13	Misc States 2012		-	P.263.2 ln 33 (i)
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	-		
			-	
16	State Public Service Commission Fees	2,139,000		
			2,139,000	P.263 ln 21 (i)
			-	P.263 ln 22 (i)
			-	P.263.1 ln 11 (i)
			-	P.263.1 ln 12 (i)
17	State Franchise Taxes	-		
			-	P.263.2 ln 6(i)
			-	P.263.2 ln 5(i)
18	State Lic/Registration Fee	-		
			-	P.263.3 ln 24 (i)
			-	P.263.3 ln 25 (i)
			-	P.263.1 ln 31(i)
			-	P.263.3 ln 22 (i)
			-	P.263 ln 17 (i)
			-	
19	Misc. State and Local Tax	-		
			-	
20	Sales & Use	109,000		
			109,000	P.263.1 ln 13 (i)
			-	P.263.1 ln 14 (i)
21	Federal Excise Tax	-		
			-	P.263 ln 5 (i)
			-	P.263 ln 6 (i)
22	Michigan Single Business Tax	-		
			-	
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	96,294,242	96,294,242	

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 of the Ferc Form 1.

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

AEP East Companies
Cost of Service Formula Rate Using 2017 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
INDIANA MICHIGAN POWER COMPANY

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

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

ROE w/o incentives (TCOS, ln 169)				11.49%
Project ROE Incentive Adder				
ROE with additional basis point incentive				11.49%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 167 through169)				
		%	Cost	Weighted cost
	Long Term Debt	49.65%	4.93%	2.446%
	Preferred Stock	0.00%	0.00%	0.000%
	Common Stock	50.35%	11.49%	5.785%
			R =	8.231%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2017	6,594,270	6,594,270	$ -

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

Rate Base (TCOS, ln 79)	665,618,207
R (from A. above)	8.231%
Return (Rate Base x R)	54,786,123

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

Return (from B. above)	54,786,123
Effective Tax Rate (TCOS, ln 127)	44.36%
Income Tax Calculation (Return x CIT)	24,301,629
ITC Adjustment	(948,300)
Excess Deferred Income Tax	212,044
Tax Affect of Permanent Differences	3,185,588
Income Taxes	26,750,961

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

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

Annual Revenue Requirement (TCOS, ln 1)	140,802,942
Lease Payments (TCOS, Ln 107)	-
Return (TCOS, ln 139)	54,786,123
Income Taxes (TCOS, ln 138)	26,750,961
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	59,265,858

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	59,265,858
Return (from I.B. above)	54,786,123
Income Taxes (from I.C. above)	26,750,961
Annual Revenue Requirement, with Basis Point ROE increase	140,802,942
Depreciation (TCOS, ln 112)	24,024,591
Annual Rev. Req, w/ Basis Point ROE increase, less Depreciation	116,778,350

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (TCOS, ln 49)	846,788,418
Annual Revenue Requirement, with Basis Point ROE increase	140,802,942
FCR with Basis Point increase in ROE	16.63%
Annual Rev. Req, w / Basis Point ROE increase, less Dep.	116,778,350
FCR with Basis Point ROE increase, less Depreciation	13.79%
FCR less Depreciation (TCOS, ln 10)	13.79%
Incremental FCR with Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Rate Year (2017) (P. 206, Ln 58(b)):	1,421,141,175
Transmission Plant @ End of Rate Year (2017) (P 207, Ln 58(g)):	1,522,349,870
Subtotal	2,943,491,045
Average Transmission Plant Balance for 2017	1,471,745,523
Annual Depreciation and Amortization Expense (TCOS, ln 112)	24,024,591
Composite Depreciation Rate	1.63%
Depreciable Life for Composite Depreciation Rate	61.26
Round to nearest whole year	61

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

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

A. Base Plan Facilities

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

Project Description:

RTEP ID: b0839 (Replace existing 450 MVA transformer at Twin Branch 345 / 138 kV with a 675 MVA transformer)

Current Projected Year ARR	**1,132,871**
Current Projected Year ARR w/ Incentive	**1,132,871**
Current Projected Year Incentive ARR	**-**

Details			
Investment	8,316,810	Current Year	2017
Service Year (yyyy)	2009	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	136,341

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
2009	8,316,810	68,171	8,248,639	1,210,419	1,210,419	$ -					
2010	8,248,639	136,341	8,112,298	1,264,488	1,264,488	$ -	$ 1,408,114		$ 1,408,114		
2011	8,112,298	136,341	7,975,957	1,245,686	1,245,686	$ -	$ 1,487,355		$ 1,487,355		
2012	7,975,957	136,341	7,839,616	1,226,883	1,226,883	$ -	$ 1,319,695		$ 1,319,695		
2013	7,839,616	136,341	7,703,275	1,208,081	1,208,081	$ -	$ 1,272,484		$ 1,272,484		
2014	7,703,275	136,341	7,566,934	1,189,278	1,189,278	$ -	$ 1,249,385		$ 1,249,385		
2015	7,566,934	136,341	7,430,593	1,170,476	1,170,476	$ -	$ 1,278,273		$ 1,278,273		
2016	7,430,593	136,341	7,294,251	1,151,673	1,151,673	$ -					
2017	7,294,251	136,341	7,157,910	1,132,871	1,132,871	$ -					
2018	7,157,910	136,341	7,021,569	1,114,068	1,114,068	$ -					
2019	7,021,569	136,341	6,885,228	1,095,266	1,095,266	$ -					
2020	6,885,228	136,341	6,748,887	1,076,463	1,076,463	$ -					
2021	6,748,887	136,341	6,612,546	1,057,661	1,057,661	$ -					
2022	6,612,546	136,341	6,476,205	1,038,859	1,038,859	$ -					
2023	6,476,205	136,341	6,339,863	1,020,056	1,020,056	$ -					
2024	6,339,863	136,341	6,203,522	1,001,254	1,001,254	$ -					
2025	6,203,522	136,341	6,067,181	982,451	982,451	$ -					
2026	6,067,181	136,341	5,930,840	963,649	963,649	$ -					
2027	5,930,840	136,341	5,794,499	944,846	944,846	$ -					
2028	5,794,499	136,341	5,658,158	926,044	926,044	$ -					
2029	5,658,158	136,341	5,521,816	907,241	907,241	$ -					
2030	5,521,816	136,341	5,385,475	888,439	888,439	$ -					
2031	5,385,475	136,341	5,249,134	869,637	869,637	$ -					
2032	5,249,134	136,341	5,112,793	850,834	850,834	$ -					
2033	5,112,793	136,341	4,976,452	832,032	832,032	$ -					
2034	4,976,452	136,341	4,840,111	813,229	813,229	$ -					
2035	4,840,111	136,341	4,703,770	794,427	794,427	$ -					
2036	4,703,770	136,341	4,567,428	775,624	775,624	$ -					
2037	4,567,428	136,341	4,431,087	756,822	756,822	$ -					
2038	4,431,087	136,341	4,294,746	738,019	738,019	$ -					
2039	4,294,746	136,341	4,158,405	719,217	719,217	$ -					
2040	4,158,405	136,341	4,022,064	700,415	700,415	$ -					
2041	4,022,064	136,341	3,885,723	681,612	681,612	$ -					
2042	3,885,723	136,341	3,749,382	662,810	662,810	$ -					
2043	3,749,382	136,341	3,613,040	644,007	644,007	$ -					
2044	3,613,040	136,341	3,476,699	625,205	625,205	$ -					
2045	3,476,699	136,341	3,340,358	606,402	606,402	$ -					
2046	3,340,358	136,341	3,204,017	587,600	587,600	$ -					
2047	3,204,017	136,341	3,067,676	568,797	568,797	$ -					
2048	3,067,676	136,341	2,931,335	549,995	549,995	$ -					
2049	2,931,335	136,341	2,794,994	531,193	531,193	$ -					
2050	2,794,994	136,341	2,658,652	512,390	512,390	$ -					
2051	2,658,652	136,341	2,522,311	493,588	493,588	$ -					
2052	2,522,311	136,341	2,385,970	474,785	474,785	$ -					
2053	2,385,970	136,341	2,249,629	455,983	455,983	$ -					
2054	2,249,629	136,341	2,113,288	437,180	437,180	$ -					
2055	2,113,288	136,341	1,976,947	418,378	418,378	$ -					
2056	1,976,947	136,341	1,840,605	399,575	399,575	$ -					
2057	1,840,605	136,341	1,704,264	380,773	380,773	$ -					
2058	1,704,264	136,341	1,567,923	361,971	361,971	$ -					
2059	1,567,923	136,341	1,431,582	343,168	343,168	$ -					
2060	1,431,582	136,341	1,295,241	324,366	324,366	$ -					
2061	1,295,241	136,341	1,158,900	305,563	305,563	$ -					
2062	1,158,900	136,341	1,022,559	286,761	286,761	$ -					
2063	1,022,559	136,341	886,217	267,958	267,958	$ -					
2064	886,217	136,341	749,876	249,156	249,156	$ -					
2065	749,876	136,341	613,535	230,353	230,353	$ -					
2066	613,535	136,341	477,194	211,551	211,551	$ -					
2067	477,194	136,341	340,853	192,748	192,748	$ -					
2068	340,853	136,341	204,512	173,946	173,946	$ -					
Project Totals		8,112,298		43,644,222	43,644,222	-					

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

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

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

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

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	**77,494**
Current Projected Year ARR w/ Incentive	**77,494**
Current Projected Year Incentive ARR	**-**

Details			
Investment	533,495	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	8,746

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2013	533,495	4,373	529,122	77,644	77,644	$ -
2014	529,122	8,746	520,376	81,113	81,113	$ -
2015	520,376	8,746	511,630	79,906	79,906	$ -
2016	511,630	8,746	502,885	78,700	78,700	$ -
2017	502,885	8,746	494,139	77,494	77,494	$ -
2018	494,139	8,746	485,393	76,288	76,288	$ -
2019	485,393	8,746	476,647	75,082	75,082	$ -
2020	476,647	8,746	467,901	73,876	73,876	$ -
2021	467,901	8,746	459,156	72,670	72,670	$ -
2022	459,156	8,746	450,410	71,464	71,464	$ -
2023	450,410	8,746	441,664	70,258	70,258	$ -
2024	441,664	8,746	432,918	69,051	69,051	$ -
2025	432,918	8,746	424,172	67,845	67,845	$ -
2026	424,172	8,746	415,426	66,639	66,639	$ -
2027	415,426	8,746	406,681	65,433	65,433	$ -
2028	406,681	8,746	397,935	64,227	64,227	$ -
2029	397,935	8,746	389,189	63,021	63,021	$ -
2030	389,189	8,746	380,443	61,815	61,815	$ -
2031	380,443	8,746	371,697	60,609	60,609	$ -
2032	371,697	8,746	362,952	59,403	59,403	$ -
2033	362,952	8,746	354,206	58,196	58,196	$ -
2034	354,206	8,746	345,460	56,990	56,990	$ -
2035	345,460	8,746	336,714	55,784	55,784	$ -
2036	336,714	8,746	327,968	54,578	54,578	$ -
2037	327,968	8,746	319,222	53,372	53,372	$ -
2038	319,222	8,746	310,477	52,166	52,166	$ -
2039	310,477	8,746	301,731	50,960	50,960	$ -
2040	301,731	8,746	292,985	49,754	49,754	$ -
2041	292,985	8,746	284,239	48,548	48,548	$ -
2042	284,239	8,746	275,493	47,341	47,341	$ -
2043	275,493	8,746	266,748	46,135	46,135	$ -
2044	266,748	8,746	258,002	44,929	44,929	$ -
2045	258,002	8,746	249,256	43,723	43,723	$ -
2046	249,256	8,746	240,510	42,517	42,517	$ -
2047	240,510	8,746	231,764	41,311	41,311	$ -
2048	231,764	8,746	223,018	40,105	40,105	$ -
2049	223,018	8,746	214,273	38,899	38,899	$ -
2050	214,273	8,746	205,527	37,693	37,693	$ -
2051	205,527	8,746	196,781	36,486	36,486	$ -
2052	196,781	8,746	188,035	35,280	35,280	$ -
2053	188,035	8,746	179,289	34,074	34,074	$ -
2054	179,289	8,746	170,543	32,868	32,868	$ -
2055	170,543	8,746	161,798	31,662	31,662	$ -
2056	161,798	8,746	153,052	30,456	30,456	$ -
2057	153,052	8,746	144,306	29,250	29,250	$ -
2058	144,306	8,746	135,560	28,044	28,044	$ -
2059	135,560	8,746	126,814	26,838	26,838	$ -
2060	126,814	8,746	118,069	25,631	25,631	$ -
2061	118,069	8,746	109,323	24,425	24,425	$ -
2062	109,323	8,746	100,577	23,219	23,219	$ -
2063	100,577	8,746	91,831	22,013	22,013	$ -
2064	91,831	8,746	83,085	20,807	20,807	$ -
2065	83,085	8,746	74,339	19,601	19,601	$ -
2066	74,339	8,746	65,594	18,395	18,395	$ -
2067	65,594	8,746	56,848	17,189	17,189	$ -
2068	56,848	8,746	48,102	15,982	15,982	$ -
2069	48,102	8,746	39,356	14,776	14,776	$ -
2070	39,356	8,746	30,610	13,570	13,570	$ -
2071	30,610	8,746	21,865	12,364	12,364	$ -
2072	21,865	8,746	13,119	11,158	11,158	$ -
Project Totals		520,376		2,799,628	2,799,628	-

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
$ 92,625		$ 92,625		
$ 87,393		$ 87,393		
$ 87,463		$ 87,463		

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

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

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1465.3 (Transpose the Rockport - Sullivan 765 kV line and the Rockport - Jefferson 765 kV line)

Current Projected Year ARR	3,162,406
Current Projected Year ARR w/ Incentive	3,162,406
Current Projected Year Incentive ARR	-

Details			
Investment	21,827,624	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	4	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	357,830

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
2013	21,827,624	238,553	21,589,071	3,232,294	3,232,294	$ -	$ 1,301,059		$ 1,301,059		
2014	21,589,071	357,830	21,231,241	3,310,448	3,310,448	$ -	$ 3,243,481		$ 3,243,481		
2015	21,231,241	357,830	20,873,411	3,261,100	3,261,100	$ -	$ 3,604,460		$ 3,604,460		
2016	20,873,411	357,830	20,515,581	3,211,753	3,211,753	$ -					
2017	20,515,581	357,830	20,157,751	3,162,406	3,162,406	$ -					
2018	20,157,751	357,830	19,799,921	3,113,058	3,113,058	$ -					
2019	19,799,921	357,830	19,442,091	3,063,711	3,063,711	$ -					
2020	19,442,091	357,830	19,084,261	3,014,364	3,014,364	$ -					
2021	19,084,261	357,830	18,726,432	2,965,016	2,965,016	$ -					
2022	18,726,432	357,830	18,368,602	2,915,669	2,915,669	$ -					
2023	18,368,602	357,830	18,010,772	2,866,321	2,866,321	$ -					
2024	18,010,772	357,830	17,652,942	2,816,974	2,816,974	$ -					
2025	17,652,942	357,830	17,295,112	2,767,627	2,767,627	$ -					
2026	17,295,112	357,830	16,937,282	2,718,279	2,718,279	$ -					
2027	16,937,282	357,830	16,579,452	2,668,932	2,668,932	$ -					
2028	16,579,452	357,830	16,221,622	2,619,585	2,619,585	$ -					
2029	16,221,622	357,830	15,863,792	2,570,237	2,570,237	$ -					
2030	15,863,792	357,830	15,505,962	2,520,890	2,520,890	$ -					
2031	15,505,962	357,830	15,148,133	2,471,542	2,471,542	$ -					
2032	15,148,133	357,830	14,790,303	2,422,195	2,422,195	$ -					
2033	14,790,303	357,830	14,432,473	2,372,848	2,372,848	$ -					
2034	14,432,473	357,830	14,074,643	2,323,500	2,323,500	$ -					
2035	14,074,643	357,830	13,716,813	2,274,153	2,274,153	$ -					
2036	13,716,813	357,830	13,358,983	2,224,806	2,224,806	$ -					
2037	13,358,983	357,830	13,001,153	2,175,458	2,175,458	$ -					
2038	13,001,153	357,830	12,643,323	2,126,111	2,126,111	$ -					
2039	12,643,323	357,830	12,285,493	2,076,763	2,076,763	$ -					
2040	12,285,493	357,830	11,927,663	2,027,416	2,027,416	$ -					
2041	11,927,663	357,830	11,569,833	1,978,069	1,978,069	$ -					
2042	11,569,833	357,830	11,212,004	1,928,721	1,928,721	$ -					
2043	11,212,004	357,830	10,854,174	1,879,374	1,879,374	$ -					
2044	10,854,174	357,830	10,496,344	1,830,027	1,830,027	$ -					
2045	10,496,344	357,830	10,138,514	1,780,679	1,780,679	$ -					
2046	10,138,514	357,830	9,780,684	1,731,332	1,731,332	$ -					
2047	9,780,684	357,830	9,422,854	1,681,984	1,681,984	$ -					
2048	9,422,854	357,830	9,065,024	1,632,637	1,632,637	$ -					
2049	9,065,024	357,830	8,707,194	1,583,290	1,583,290	$ -					
2050	8,707,194	357,830	8,349,364	1,533,942	1,533,942	$ -					
2051	8,349,364	357,830	7,991,534	1,484,595	1,484,595	$ -					
2052	7,991,534	357,830	7,633,705	1,435,248	1,435,248	$ -					
2053	7,633,705	357,830	7,275,875	1,385,900	1,385,900	$ -					
2054	7,275,875	357,830	6,918,045	1,336,553	1,336,553	$ -					
2055	6,918,045	357,830	6,560,215	1,287,205	1,287,205	$ -					
2056	6,560,215	357,830	6,202,385	1,237,858	1,237,858	$ -					
2057	6,202,385	357,830	5,844,555	1,188,511	1,188,511	$ -					
2058	5,844,555	357,830	5,486,725	1,139,163	1,139,163	$ -					
2059	5,486,725	357,830	5,128,895	1,089,816	1,089,816	$ -					
2060	5,128,895	357,830	4,771,065	1,040,469	1,040,469	$ -					
2061	4,771,065	357,830	4,413,235	991,121	991,121	$ -					
2062	4,413,235	357,830	4,055,406	941,774	941,774	$ -					
2063	4,055,406	357,830	3,697,576	892,426	892,426	$ -					
2064	3,697,576	357,830	3,339,746	843,079	843,079	$ -					
2065	3,339,746	357,830	2,981,916	793,732	793,732	$ -					
2066	2,981,916	357,830	2,624,086	744,384	744,384	$ -					
2067	2,624,086	357,830	2,266,256	695,037	695,037	$ -					
2068	2,266,256	357,830	1,908,426	645,690	645,690	$ -					
2069	1,908,426	357,830	1,550,596	596,342	596,342	$ -					
2070	1,550,596	357,830	1,192,766	546,995	546,995	$ -					
2071	1,192,766	357,830	834,936	497,647	497,647	$ -					
2072	834,936	357,830	477,107	448,300	448,300	$ -					
Project Totals		21,350,517		114,115,358	114,115,358	-					

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

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

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

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1659.14 (Fort Wayne - Marion: Relocate 138 kV line due to new 765 kV build into Sorenson)**

Current Projected Year ARR	**7,946**
Current Projected Year ARR w/ Incentive	**7,946**
Current Projected Year Incentive ARR	**-**

Details			
Investment	52,263	Current Year	2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	857

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2016	52,263	428	51,835	7,606	7,606	$ -
2017	51,835	857	50,978	7,946	7,946	$ -
2018	50,978	857	50,121	7,828	7,828	$ -
2019	50,121	857	49,264	7,710	7,710	$ -
2020	49,264	857	48,408	7,592	7,592	$ -
2021	48,408	857	47,551	7,473	7,473	$ -
2022	47,551	857	46,694	7,355	7,355	$ -
2023	46,694	857	45,837	7,237	7,237	$ -
2024	45,837	857	44,980	7,119	7,119	$ -
2025	44,980	857	44,124	7,001	7,001	$ -
2026	44,124	857	43,267	6,883	6,883	$ -
2027	43,267	857	42,410	6,765	6,765	$ -
2028	42,410	857	41,553	6,646	6,646	$ -
2029	41,553	857	40,697	6,528	6,528	$ -
2030	40,697	857	39,840	6,410	6,410	$ -
2031	39,840	857	38,983	6,292	6,292	$ -
2032	38,983	857	38,126	6,174	6,174	$ -
2033	38,126	857	37,270	6,056	6,056	$ -
2034	37,270	857	36,413	5,937	5,937	$ -
2035	36,413	857	35,556	5,819	5,819	$ -
2036	35,556	857	34,699	5,701	5,701	$ -
2037	34,699	857	33,842	5,583	5,583	$ -
2038	33,842	857	32,986	5,465	5,465	$ -
2039	32,986	857	32,129	5,347	5,347	$ -
2040	32,129	857	31,272	5,229	5,229	$ -
2041	31,272	857	30,415	5,110	5,110	$ -
2042	30,415	857	29,559	4,992	4,992	$ -
2043	29,559	857	28,702	4,874	4,874	$ -
2044	28,702	857	27,845	4,756	4,756	$ -
2045	27,845	857	26,988	4,638	4,638	$ -
2046	26,988	857	26,132	4,520	4,520	$ -
2047	26,132	857	25,275	4,401	4,401	$ -
2048	25,275	857	24,418	4,283	4,283	$ -
2049	24,418	857	23,561	4,165	4,165	$ -
2050	23,561	857	22,704	4,047	4,047	$ -
2051	22,704	857	21,848	3,929	3,929	$ -
2052	21,848	857	20,991	3,811	3,811	$ -
2053	20,991	857	20,134	3,692	3,692	$ -
2054	20,134	857	19,277	3,574	3,574	$ -
2055	19,277	857	18,421	3,456	3,456	$ -
2056	18,421	857	17,564	3,338	3,338	$ -
2057	17,564	857	16,707	3,220	3,220	$ -
2058	16,707	857	15,850	3,102	3,102	$ -
2059	15,850	857	14,993	2,984	2,984	$ -
2060	14,993	857	14,137	2,865	2,865	$ -
2061	14,137	857	13,280	2,747	2,747	$ -
2062	13,280	857	12,423	2,629	2,629	$ -
2063	12,423	857	11,566	2,511	2,511	$ -
2064	11,566	857	10,710	2,393	2,393	$ -
2065	10,710	857	9,853	2,275	2,275	$ -
2066	9,853	857	8,996	2,156	2,156	$ -
2067	8,996	857	8,139	2,038	2,038	$ -
2068	8,139	857	7,283	1,920	1,920	$ -
2069	7,283	857	6,426	1,802	1,802	$ -
2070	6,426	857	5,569	1,684	1,684	$ -
2071	5,569	857	4,712	1,566	1,566	$ -
2072	4,712	857	3,855	1,448	1,448	$ -
2073	3,855	857	2,999	1,329	1,329	$ -
2074	2,999	857	2,142	1,211	1,211	$ -
2075	2,142	857	1,285	1,093	1,093	$ -
Project Totals		50,978		274,261	274,261	-

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		

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

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

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

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

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b2048 (Tanners Creek - Support for Transformer A/B Replacement)**

Current Projected Year ARR	**119,121**
Current Projected Year ARR w/ Incentive	**119,121**
Current Projected Year Incentive ARR	**-**

Details			
Investment	813,735	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	13,340

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
2013	813,735	-	813,735	112,220	112,220	$ -	$ -		$ -		
2014	813,735	13,340	800,395	124,640	124,640	$ -	$ 139,756		$ 139,756		
2015	800,395	13,340	787,055	122,800	122,800	$ -	$ 133,078		$ 133,078		
2016	787,055	13,340	773,715	120,961	120,961	$ -					
2017	773,715	13,340	760,375	119,121	119,121	$ -					
2018	760,375	13,340	747,035	117,281	117,281	$ -					
2019	747,035	13,340	733,695	115,442	115,442	$ -					
2020	733,695	13,340	720,356	113,602	113,602	$ -					
2021	720,356	13,340	707,016	111,762	111,762	$ -					
2022	707,016	13,340	693,676	109,923	109,923	$ -					
2023	693,676	13,340	680,336	108,083	108,083	$ -					
2024	680,336	13,340	666,996	106,243	106,243	$ -					
2025	666,996	13,340	653,656	104,404	104,404	$ -					
2026	653,656	13,340	640,316	102,564	102,564	$ -					
2027	640,316	13,340	626,976	100,724	100,724	$ -					
2028	626,976	13,340	613,636	98,885	98,885	$ -					
2029	613,636	13,340	600,296	97,045	97,045	$ -					
2030	600,296	13,340	586,956	95,205	95,205	$ -					
2031	586,956	13,340	573,616	93,366	93,366	$ -					
2032	573,616	13,340	560,277	91,526	91,526	$ -					
2033	560,277	13,340	546,937	89,686	89,686	$ -					
2034	546,937	13,340	533,597	87,847	87,847	$ -					
2035	533,597	13,340	520,257	86,007	86,007	$ -					
2036	520,257	13,340	506,917	84,167	84,167	$ -					
2037	506,917	13,340	493,577	82,328	82,328	$ -					
2038	493,577	13,340	480,237	80,488	80,488	$ -					
2039	480,237	13,340	466,897	78,648	78,648	$ -					
2040	466,897	13,340	453,557	76,809	76,809	$ -					
2041	453,557	13,340	440,217	74,969	74,969	$ -					
2042	440,217	13,340	426,877	73,129	73,129	$ -					
2043	426,877	13,340	413,537	71,290	71,290	$ -					
2044	413,537	13,340	400,198	69,450	69,450	$ -					
2045	400,198	13,340	386,858	67,610	67,610	$ -					
2046	386,858	13,340	373,518	65,771	65,771	$ -					
2047	373,518	13,340	360,178	63,931	63,931	$ -					
2048	360,178	13,340	346,838	62,091	62,091	$ -					
2049	346,838	13,340	333,498	60,252	60,252	$ -					
2050	333,498	13,340	320,158	58,412	58,412	$ -					
2051	320,158	13,340	306,818	56,572	56,572	$ -					
2052	306,818	13,340	293,478	54,733	54,733	$ -					
2053	293,478	13,340	280,138	52,893	52,893	$ -					
2054	280,138	13,340	266,798	51,053	51,053	$ -					
2055	266,798	13,340	253,458	49,214	49,214	$ -					
2056	253,458	13,340	240,119	47,374	47,374	$ -					
2057	240,119	13,340	226,779	45,534	45,534	$ -					
2058	226,779	13,340	213,439	43,695	43,695	$ -					
2059	213,439	13,340	200,099	41,855	41,855	$ -					
2060	200,099	13,340	186,759	40,015	40,015	$ -					
2061	186,759	13,340	173,419	38,176	38,176	$ -					
2062	173,419	13,340	160,079	36,336	36,336	$ -					
2063	160,079	13,340	146,739	34,496	34,496	$ -					
2064	146,739	13,340	133,399	32,656	32,656	$ -					
2065	133,399	13,340	120,059	30,817	30,817	$ -					
2066	120,059	13,340	106,719	28,977	28,977	$ -					
2067	106,719	13,340	93,379	27,137	27,137	$ -					
2068	93,379	13,340	80,040	25,298	25,298	$ -					
2069	80,040	13,340	66,700	23,458	23,458	$ -					
2070	66,700	13,340	53,360	21,618	21,618	$ -					
2071	53,360	13,340	40,020	19,779	19,779	$ -					
2072	40,020	13,340	26,680	17,939	17,939	$ -					
Project Totals		787,055		4,318,307	4,318,307	-					

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

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

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1818 (Expand the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch -Milan 138 kV double circuit tower line)**

Current Projected Year ARR	**1,427,903**
Current Projected Year ARR w/ Incentive	**1,427,903**
Current Projected Year Incentive ARR	**-**

Details			
Investment	9,630,290	Current Year	2017
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	157,874

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't.From Prior Year Template with Incentives **
2014	9,630,290	26,312	9,603,978	1,352,586	1,352,586	$ -	$ -	$ -
2015	9,603,978	157,874	9,446,104	1,471,447	1,471,447	$ -	$ 248,467	$ 248,467
2016	9,446,104	157,874	9,288,231	1,449,675	1,449,675	$ -		
2017	9,288,231	157,874	9,130,357	1,427,903	1,427,903	$ -		
2018	9,130,357	157,874	8,972,483	1,406,131	1,406,131	$ -		
2019	8,972,483	157,874	8,814,610	1,384,359	1,384,359	$ -		
2020	8,814,610	157,874	8,656,736	1,362,587	1,362,587	$ -		
2021	8,656,736	157,874	8,498,862	1,340,815	1,340,815	$ -		
2022	8,498,862	157,874	8,340,989	1,319,043	1,319,043	$ -		
2023	8,340,989	157,874	8,183,115	1,297,271	1,297,271	$ -		
2024	8,183,115	157,874	8,025,242	1,275,499	1,275,499	$ -		
2025	8,025,242	157,874	7,867,368	1,253,727	1,253,727	$ -		
2026	7,867,368	157,874	7,709,494	1,231,956	1,231,956	$ -		
2027	7,709,494	157,874	7,551,621	1,210,184	1,210,184	$ -		
2028	7,551,621	157,874	7,393,747	1,188,412	1,188,412	$ -		
2029	7,393,747	157,874	7,235,874	1,166,640	1,166,640	$ -		
2030	7,235,874	157,874	7,078,000	1,144,868	1,144,868	$ -		
2031	7,078,000	157,874	6,920,126	1,123,096	1,123,096	$ -		
2032	6,920,126	157,874	6,762,253	1,101,324	1,101,324	$ -		
2033	6,762,253	157,874	6,604,379	1,079,552	1,079,552	$ -		
2034	6,604,379	157,874	6,446,506	1,057,780	1,057,780	$ -		
2035	6,446,506	157,874	6,288,632	1,036,008	1,036,008	$ -		
2036	6,288,632	157,874	6,130,758	1,014,236	1,014,236	$ -		
2037	6,130,758	157,874	5,972,885	992,464	992,464	$ -		
2038	5,972,885	157,874	5,815,011	970,692	970,692	$ -		
2039	5,815,011	157,874	5,657,138	948,920	948,920	$ -		
2040	5,657,138	157,874	5,499,264	927,149	927,149	$ -		
2041	5,499,264	157,874	5,341,390	905,377	905,377	$ -		
2042	5,341,390	157,874	5,183,517	883,605	883,605	$ -		
2043	5,183,517	157,874	5,025,643	861,833	861,833	$ -		
2044	5,025,643	157,874	4,867,770	840,061	840,061	$ -		
2045	4,867,770	157,874	4,709,896	818,289	818,289	$ -		
2046	4,709,896	157,874	4,552,022	796,517	796,517	$ -		
2047	4,552,022	157,874	4,394,149	774,745	774,745	$ -		
2048	4,394,149	157,874	4,236,275	752,973	752,973	$ -		
2049	4,236,275	157,874	4,078,402	731,201	731,201	$ -		
2050	4,078,402	157,874	3,920,528	709,429	709,429	$ -		
2051	3,920,528	157,874	3,762,654	687,657	687,657	$ -		
2052	3,762,654	157,874	3,604,781	665,885	665,885	$ -		
2053	3,604,781	157,874	3,446,907	644,113	644,113	$ -		
2054	3,446,907	157,874	3,289,033	622,341	622,341	$ -		
2055	3,289,033	157,874	3,131,160	600,570	600,570	$ -		
2056	3,131,160	157,874	2,973,286	578,798	578,798	$ -		
2057	2,973,286	157,874	2,815,413	557,026	557,026	$ -		
2058	2,815,413	157,874	2,657,539	535,254	535,254	$ -		
2059	2,657,539	157,874	2,499,665	513,482	513,482	$ -		
2060	2,499,665	157,874	2,341,792	491,710	491,710	$ -		
2061	2,341,792	157,874	2,183,918	469,938	469,938	$ -		
2062	2,183,918	157,874	2,026,045	448,166	448,166	$ -		
2063	2,026,045	157,874	1,868,171	426,394	426,394	$ -		
2064	1,868,171	157,874	1,710,297	404,622	404,622	$ -		
2065	1,710,297	157,874	1,552,424	382,850	382,850	$ -		
2066	1,552,424	157,874	1,394,550	361,078	361,078	$ -		
2067	1,394,550	157,874	1,236,677	339,306	339,306	$ -		
2068	1,236,677	157,874	1,078,803	317,534	317,534	$ -		
2069	1,078,803	157,874	920,929	295,763	295,763	$ -		
2070	920,929	157,874	763,056	273,991	273,991	$ -		
2071	763,056	157,874	605,182	252,219	252,219	$ -		
2072	605,182	157,874	447,309	230,447	230,447	$ -		
2073	447,309	157,874	289,435	208,675	208,675	$ -		
Project Totals		9,340,855		50,916,172	50,916,172	-		

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

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

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

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

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1819 (Rebuild the Robinson Park-Sorneson 138 kV line corridor as a 345 kV double circuit line with one side operated at 345 kV and one side at 138 kV)**

Current Projected Year ARR	**574,408**
Current Projected Year ARR w/ Incentive	**574,408**
Current Projected Year Incentive ARR	**-**

Details			
Investment	3,750,127	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	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	61,477

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
2016	3,750,127	-	3,750,127	517,170	517,170	$ -					
2017	3,750,127	61,477	3,688,650	574,408	574,408	$ -					
2018	3,688,650	61,477	3,627,172	565,930	565,930	$ -					
2019	3,627,172	61,477	3,565,695	557,452	557,452	$ -					
2020	3,565,695	61,477	3,504,217	548,974	548,974	$ -					
2021	3,504,217	61,477	3,442,740	540,496	540,496	$ -					
2022	3,442,740	61,477	3,381,262	532,017	532,017	$ -					
2023	3,381,262	61,477	3,319,785	523,539	523,539	$ -					
2024	3,319,785	61,477	3,258,307	515,061	515,061	$ -					
2025	3,258,307	61,477	3,196,830	506,583	506,583	$ -					
2026	3,196,830	61,477	3,135,352	498,105	498,105	$ -					
2027	3,135,352	61,477	3,073,875	489,627	489,627	$ -					
2028	3,073,875	61,477	3,012,397	481,148	481,148	$ -					
2029	3,012,397	61,477	2,950,920	472,670	472,670	$ -					
2030	2,950,920	61,477	2,889,442	464,192	464,192	$ -					
2031	2,889,442	61,477	2,827,965	455,714	455,714	$ -					
2032	2,827,965	61,477	2,766,487	447,236	447,236	$ -					
2033	2,766,487	61,477	2,705,010	438,757	438,757	$ -					
2034	2,705,010	61,477	2,643,532	430,279	430,279	$ -					
2035	2,643,532	61,477	2,582,055	421,801	421,801	$ -					
2036	2,582,055	61,477	2,520,577	413,323	413,323	$ -					
2037	2,520,577	61,477	2,459,100	404,845	404,845	$ -					
2038	2,459,100	61,477	2,397,622	396,366	396,366	$ -					
2039	2,397,622	61,477	2,336,145	387,888	387,888	$ -					
2040	2,336,145	61,477	2,274,667	379,410	379,410	$ -					
2041	2,274,667	61,477	2,213,190	370,932	370,932	$ -					
2042	2,213,190	61,477	2,151,712	362,454	362,454	$ -					
2043	2,151,712	61,477	2,090,235	353,975	353,975	$ -					
2044	2,090,235	61,477	2,028,757	345,497	345,497	$ -					
2045	2,028,757	61,477	1,967,280	337,019	337,019	$ -					
2046	1,967,280	61,477	1,905,802	328,541	328,541	$ -					
2047	1,905,802	61,477	1,844,325	320,063	320,063	$ -					
2048	1,844,325	61,477	1,782,847	311,584	311,584	$ -					
2049	1,782,847	61,477	1,721,370	303,106	303,106	$ -					
2050	1,721,370	61,477	1,659,892	294,628	294,628	$ -					
2051	1,659,892	61,477	1,598,415	286,150	286,150	$ -					
2052	1,598,415	61,477	1,536,937	277,672	277,672	$ -					
2053	1,536,937	61,477	1,475,460	269,193	269,193	$ -					
2054	1,475,460	61,477	1,413,982	260,715	260,715	$ -					
2055	1,413,982	61,477	1,352,505	252,237	252,237	$ -					
2056	1,352,505	61,477	1,291,027	243,759	243,759	$ -					
2057	1,291,027	61,477	1,229,550	235,281	235,281	$ -					
2058	1,229,550	61,477	1,168,072	226,802	226,802	$ -					
2059	1,168,072	61,477	1,106,595	218,324	218,324	$ -					
2060	1,106,595	61,477	1,045,117	209,846	209,846	$ -					
2061	1,045,117	61,477	983,640	201,368	201,368	$ -					
2062	983,640	61,477	922,162	192,890	192,890	$ -					
2063	922,162	61,477	860,685	184,411	184,411	$ -					
2064	860,685	61,477	799,207	175,933	175,933	$ -					
2065	799,207	61,477	737,730	167,455	167,455	$ -					
2066	737,730	61,477	676,252	158,977	158,977	$ -					
2067	676,252	61,477	614,775	150,499	150,499	$ -					
2068	614,775	61,477	553,297	142,020	142,020	$ -					
2069	553,297	61,477	491,820	133,542	133,542	$ -					
2070	491,820	61,477	430,342	125,064	125,064	$ -					
2071	430,342	61,477	368,865	116,586	116,586	$ -					
2072	368,865	61,477	307,387	108,108	108,108	$ -					
2073	307,387	61,477	245,910	99,629	99,629	$ -					
2074	245,910	61,477	184,432	91,151	91,151	$ -					
2075	184,432	61,477	122,955	82,673	82,673	$ -					
Project Totals		3,627,172		19,901,074	19,901,074	-					

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

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

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

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

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	**92,121**
Current Projected Year ARR w/ Incentive	**92,121**
Current Projected Year Incentive ARR	**-**

Details			
Investment	605,900	Current Year	2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	9,933

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2016	605,900	4,966	600,934	88,182	88,182	$ -
2017	600,934	9,933	591,001	92,121	92,121	$ -
2018	591,001	9,933	581,068	90,751	90,751	$ -
2019	581,068	9,933	571,135	89,381	89,381	$ -
2020	571,135	9,933	561,202	88,012	88,012	$ -
2021	561,202	9,933	551,270	86,642	86,642	$ -
2022	551,270	9,933	541,337	85,272	85,272	$ -
2023	541,337	9,933	531,404	83,902	83,902	$ -
2024	531,404	9,933	521,471	82,532	82,532	$ -
2025	521,471	9,933	511,539	81,163	81,163	$ -
2026	511,539	9,933	501,606	79,793	79,793	$ -
2027	501,606	9,933	491,673	78,423	78,423	$ -
2028	491,673	9,933	481,740	77,053	77,053	$ -
2029	481,740	9,933	471,807	75,683	75,683	$ -
2030	471,807	9,933	461,875	74,314	74,314	$ -
2031	461,875	9,933	451,942	72,944	72,944	$ -
2032	451,942	9,933	442,009	71,574	71,574	$ -
2033	442,009	9,933	432,076	70,204	70,204	$ -
2034	432,076	9,933	422,143	68,834	68,834	$ -
2035	422,143	9,933	412,211	67,465	67,465	$ -
2036	412,211	9,933	402,278	66,095	66,095	$ -
2037	402,278	9,933	392,345	64,725	64,725	$ -
2038	392,345	9,933	382,412	63,355	63,355	$ -
2039	382,412	9,933	372,480	61,985	61,985	$ -
2040	372,480	9,933	362,547	60,616	60,616	$ -
2041	362,547	9,933	352,614	59,246	59,246	$ -
2042	352,614	9,933	342,681	57,876	57,876	$ -
2043	342,681	9,933	332,748	56,506	56,506	$ -
2044	332,748	9,933	322,816	55,136	55,136	$ -
2045	322,816	9,933	312,883	53,767	53,767	$ -
2046	312,883	9,933	302,950	52,397	52,397	$ -
2047	302,950	9,933	293,017	51,027	51,027	$ -
2048	293,017	9,933	283,084	49,657	49,657	$ -
2049	283,084	9,933	273,152	48,287	48,287	$ -
2050	273,152	9,933	263,219	46,918	46,918	$ -
2051	263,219	9,933	253,286	45,548	45,548	$ -
2052	253,286	9,933	243,353	44,178	44,178	$ -
2053	243,353	9,933	233,420	42,808	42,808	$ -
2054	233,420	9,933	223,488	41,438	41,438	$ -
2055	223,488	9,933	213,555	40,068	40,068	$ -
2056	213,555	9,933	203,622	38,699	38,699	$ -
2057	203,622	9,933	193,689	37,329	37,329	$ -
2058	193,689	9,933	183,757	35,959	35,959	$ -
2059	183,757	9,933	173,824	34,589	34,589	$ -
2060	173,824	9,933	163,891	33,219	33,219	$ -
2061	163,891	9,933	153,958	31,850	31,850	$ -
2062	153,958	9,933	144,025	30,480	30,480	$ -
2063	144,025	9,933	134,093	29,110	29,110	$ -
2064	134,093	9,933	124,160	27,740	27,740	$ -
2065	124,160	9,933	114,227	26,370	26,370	$ -
2066	114,227	9,933	104,294	25,001	25,001	$ -
2067	104,294	9,933	94,361	23,631	23,631	$ -
2068	94,361	9,933	84,429	22,261	22,261	$ -
2069	84,429	9,933	74,496	20,891	20,891	$ -
2070	74,496	9,933	64,563	19,521	19,521	$ -
2071	64,563	9,933	54,630	18,152	18,152	$ -
2072	54,630	9,933	44,698	16,782	16,782	$ -
2073	44,698	9,933	34,765	15,412	15,412	$ -
2074	34,765	9,933	24,832	14,042	14,042	$ -
2075	24,832	9,933	14,899	12,672	12,672	$ -
Project Totals		591,001		3,179,589	3,179,589	-

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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

Investment Year	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
2016	$ 169,845		$ 169,845		

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

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

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

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
INDIANA MICHIGAN 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 169)			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 167 through169)

	%	Cost	Weighted cost
Long Term Debt	49.65%	4.93%	2.446%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.35%	11.49%	5.785%
		R =	8.231%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS	Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR 2017			
As Projected in Prior Year WS J	$ -	$ -	$ -
Actual after True-up	$ 4,823,488	$ 4,823,488	$ -
True-up of ARR For 2017	4,823,488	4,823,488	-

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

Rate Base (TCOS, ln 79)	665,618,207
R (from A. above)	8.231%
Return (Rate Base x R)	54,786,123

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

Return (from B. above)	54,786,123
Effective Tax Rate (TCOS, ln 127)	44.36%
Income Tax Calculation (Return x CIT)	24,301,629
ITC Adjustment	(948,300)
Excess Deferred Income Tax	212,044
Tax Affect of Permanent Differences	3,185,588
Income Taxes	26,750,961

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)	140,802,942
Lease Payments (TCOS, Ln 107)	-
Return (TCOS, ln 139)	54,786,123
Income Taxes (TCOS, ln 138)	26,750,961
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	59,265,858

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	59,265,858
Return (from I.B. above)	54,786,123
Income Taxes (from I.C. above)	26,750,961
Annual Revenue Requirement, with 0 Basis Point ROE increase	140,802,942
Depreciation (TCOS, ln 112)	24,024,591
Annual Rev. Req, w/ 0 Basis Point ROE increase, less Depreciation	116,778,350

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

Net Transmission Plant (TCOS, ln 49)	846,788,418
Annual Revenue Requirement, with 0 Basis Point ROE increase	140,802,942
FCR with 0 Basis Point increase in ROE	16.63%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	116,778,350
FCR with 0 Basis Point ROE increase, less Depreciation	13.79%
FCR less Depreciation (TCOS, ln 10)	13.79%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Rate Year (2017) (P. 206, Ln 58(b)):	1,421,141,175
Transmission Plant @ End of Rate Year (2017) (P. 207, Ln 58(g)):	1,522,349,870
Subtotal	2,943,491,045
Average Transmission Plant Balance for 2017	1,471,745,523
Annual Depreciation and Amortization Expense (TCOS, ln 112)	24,024,591
Composite Depreciation Rate	1.63%
Depreciable Life for Composite Depreciation Rate	61.26
Round to nearest whole year	61

I & M 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: b0839 (Replace existing 450 MVA transformer at Twin Branch 345 / 138 kV with a 675 MVA transformer)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected			-
Prior Yr True-Up	1,132,871	1,132,871	-
True-Up Adjustment	1,132,871	1,132,871	-

Details			
Investment	8,316,810	Current Year	2017
Service Year (yyyy)	2009	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	136,341

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 **
2009	8,316,810	68,171	8,248,639	8,282,725	1,210,419	1,210,419	$ -	$ -	$ -	$ -	$ -	$ -
2010	8,248,639	136,341	8,112,298	8,180,469	1,264,488	1,264,488	$ -	$ 1,408,114	$ (143,627)	$ 1,408,114	$ (143,627)	$ -
2011	8,112,298	136,341	7,975,957	8,044,128	1,245,686	1,245,686	$ -	$ 1,487,355	$ (241,669)	$ 1,487,355	$ (241,669)	$ -
2012	7,975,957	136,341	7,839,616	7,907,787	1,226,883	1,226,883	$ -	$ 1,319,695	$ (92,812)	$ 1,319,695	$ (92,812)	$ -
2013	7,839,616	136,341	7,703,275	7,771,445	1,208,081	1,208,081	$ -	$ 1,272,484	$ (64,403)	$ 1,272,484	$ (64,403)	$ -
2014	7,703,275	136,341	7,566,934	7,635,104	1,189,278	1,189,278	$ -	$ 1,249,385	$ (60,107)	$ 1,249,385	$ (60,107)	$ -
2015	7,566,934	136,341	7,430,593	7,498,763	1,170,476	1,170,476	$ -	$ 1,278,273	$ (107,797)	$ 1,278,273	$ (107,797)	$ -
2016	7,430,593	136,341	7,294,251	7,362,422	1,151,673	1,151,673	$ -		$ -		$ -	$ -
2017	7,294,251	136,341	7,157,910	7,226,081	1,132,871	1,132,871	$ -		$ -		$ -	$ -
2018	7,157,910	136,341	7,021,569	7,089,740	1,114,068	1,114,068	$ -		$ -		$ -	$ -
2019	7,021,569	136,341	6,885,228	6,953,399	1,095,266	1,095,266	$ -		$ -		$ -	$ -
2020	6,885,228	136,341	6,748,887	6,817,057	1,076,463	1,076,463	$ -		$ -		$ -	$ -
2021	6,748,887	136,341	6,612,546	6,680,716	1,057,661	1,057,661	$ -		$ -		$ -	$ -
2022	6,612,546	136,341	6,476,205	6,544,375	1,038,859	1,038,859	$ -		$ -		$ -	$ -
2023	6,476,205	136,341	6,339,863	6,408,034	1,020,056	1,020,056	$ -		$ -		$ -	$ -
2024	6,339,863	136,341	6,203,522	6,271,693	1,001,254	1,001,254	$ -		$ -		$ -	$ -
2025	6,203,522	136,341	6,067,181	6,135,352	982,451	982,451	$ -		$ -		$ -	$ -
2026	6,067,181	136,341	5,930,840	5,999,010	963,649	963,649	$ -		$ -		$ -	$ -
2027	5,930,840	136,341	5,794,499	5,862,669	944,846	944,846	$ -		$ -		$ -	$ -
2028	5,794,499	136,341	5,658,158	5,726,328	926,044	926,044	$ -		$ -		$ -	$ -
2029	5,658,158	136,341	5,521,816	5,589,987	907,241	907,241	$ -		$ -		$ -	$ -
2030	5,521,816	136,341	5,385,475	5,453,646	888,439	888,439	$ -		$ -		$ -	$ -
2031	5,385,475	136,341	5,249,134	5,317,305	869,637	869,637	$ -		$ -		$ -	$ -
2032	5,249,134	136,341	5,112,793	5,180,964	850,834	850,834	$ -		$ -		$ -	$ -
2033	5,112,793	136,341	4,976,452	5,044,622	832,032	832,032	$ -		$ -		$ -	$ -
2034	4,976,452	136,341	4,840,111	4,908,281	813,229	813,229	$ -		$ -		$ -	$ -
2035	4,840,111	136,341	4,703,770	4,771,940	794,427	794,427	$ -		$ -		$ -	$ -
2036	4,703,770	136,341	4,567,428	4,635,599	775,624	775,624	$ -		$ -		$ -	$ -
2037	4,567,428	136,341	4,431,087	4,499,258	756,822	756,822	$ -		$ -		$ -	$ -
2038	4,431,087	136,341	4,294,746	4,362,917	738,019	738,019	$ -		$ -		$ -	$ -
2039	4,294,746	136,341	4,158,405	4,226,576	719,217	719,217	$ -		$ -		$ -	$ -
2040	4,158,405	136,341	4,022,064	4,090,234	700,415	700,415	$ -		$ -		$ -	$ -
2041	4,022,064	136,341	3,885,723	3,953,893	681,612	681,612	$ -		$ -		$ -	$ -
2042	3,885,723	136,341	3,749,382	3,817,552	662,810	662,810	$ -		$ -		$ -	$ -
2043	3,749,382	136,341	3,613,040	3,681,211	644,007	644,007	$ -		$ -		$ -	$ -
2044	3,613,040	136,341	3,476,699	3,544,870	625,205	625,205	$ -		$ -		$ -	$ -
2045	3,476,699	136,341	3,340,358	3,408,529	606,402	606,402	$ -		$ -		$ -	$ -
2046	3,340,358	136,341	3,204,017	3,272,188	587,600	587,600	$ -		$ -		$ -	$ -
2047	3,204,017	136,341	3,067,676	3,135,846	568,797	568,797	$ -		$ -		$ -	$ -
2048	3,067,676	136,341	2,931,335	2,999,505	549,995	549,995	$ -		$ -		$ -	$ -
2049	2,931,335	136,341	2,794,994	2,863,164	531,193	531,193	$ -		$ -		$ -	$ -
2050	2,794,994	136,341	2,658,652	2,726,823	512,390	512,390	$ -		$ -		$ -	$ -
2051	2,658,652	136,341	2,522,311	2,590,482	493,588	493,588	$ -		$ -		$ -	$ -
2052	2,522,311	136,341	2,385,970	2,454,141	474,785	474,785	$ -		$ -		$ -	$ -
2053	2,385,970	136,341	2,249,629	2,317,800	455,983	455,983	$ -		$ -		$ -	$ -
2054	2,249,629	136,341	2,113,288	2,181,458	437,180	437,180	$ -		$ -		$ -	$ -
2055	2,113,288	136,341	1,976,947	2,045,117	418,378	418,378	$ -		$ -		$ -	$ -
2056	1,976,947	136,341	1,840,605	1,908,776	399,575	399,575	$ -		$ -		$ -	$ -
2057	1,840,605	136,341	1,704,264	1,772,435	380,773	380,773	$ -		$ -		$ -	$ -
2058	1,704,264	136,341	1,567,923	1,636,094	361,971	361,971	$ -		$ -		$ -	$ -
2059	1,567,923	136,341	1,431,582	1,499,753	343,168	343,168	$ -		$ -		$ -	$ -
2060	1,431,582	136,341	1,295,241	1,363,411	324,366	324,366	$ -		$ -		$ -	$ -
2061	1,295,241	136,341	1,158,900	1,227,070	305,563	305,563	$ -		$ -		$ -	$ -
2062	1,158,900	136,341	1,022,559	1,090,729	286,761	286,761	$ -		$ -		$ -	$ -
2063	1,022,559	136,341	886,217	954,388	267,958	267,958	$ -		$ -		$ -	$ -
2064	886,217	136,341	749,876	818,047	249,156	249,156	$ -		$ -		$ -	$ -
2065	749,876	136,341	613,535	681,706	230,353	230,353	$ -		$ -		$ -	$ -
2066	613,535	136,341	477,194	545,365	211,551	211,551	$ -		$ -		$ -	$ -
2067	477,194	136,341	340,853	409,023	192,748	192,748	$ -		$ -		$ -	$ -
2068	340,853	136,341	204,512	272,682	173,946	173,946	$ -		$ -		$ -	$ -
Project Totals		8,112,298			43,644,222	43,644,222	-					

** 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.

I & M 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: b1465.2 (Replace the 100 MVAR 765 kV shunt reactor bank on Rockport - Jefferson 765 kV line with a 300 MVAR bank at Rockport Station)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	77,494	77,494	-
True-Up Adjustment	77,494	77,494	-

Details			
Investment	533,495	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	8,746

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 **
2013	533,495	4,373	529,122	531,309	77,644	77,644	$ -	$ 92,625	$ (14,981)	$ 92,625	$ (14,981)	$ -
2014	529,122	8,746	520,376	524,749	81,113	81,113	$ -	$ 87,393	$ (6,280)	$ 87,393	$ (6,280)	$ -
2015	520,376	8,746	511,630	516,003	79,906	79,906	$ -	$ 87,463	$ (7,557)	$ 87,463	$ (7,557)	$ -
2016	511,630	8,746	502,885	507,258	78,700	78,700	$ -		$ -		$ -	$ -
2017	502,885	8,746	494,139	498,512	77,494	77,494	$ -		$ -		$ -	$ -
2018	494,139	8,746	485,393	489,766	76,288	76,288	$ -		$ -		$ -	$ -
2019	485,393	8,746	476,647	481,020	75,082	75,082	$ -		$ -		$ -	$ -
2020	476,647	8,746	467,901	472,274	73,876	73,876	$ -		$ -		$ -	$ -
2021	467,901	8,746	459,156	463,528	72,670	72,670	$ -		$ -		$ -	$ -
2022	459,156	8,746	450,410	454,783	71,464	71,464	$ -		$ -		$ -	$ -
2023	450,410	8,746	441,664	446,037	70,258	70,258	$ -		$ -		$ -	$ -
2024	441,664	8,746	432,918	437,291	69,051	69,051	$ -		$ -		$ -	$ -
2025	432,918	8,746	424,172	428,545	67,845	67,845	$ -		$ -		$ -	$ -
2026	424,172	8,746	415,426	419,799	66,639	66,639	$ -		$ -		$ -	$ -
2027	415,426	8,746	406,681	411,054	65,433	65,433	$ -		$ -		$ -	$ -
2028	406,681	8,746	397,935	402,308	64,227	64,227	$ -		$ -		$ -	$ -
2029	397,935	8,746	389,189	393,562	63,021	63,021	$ -		$ -		$ -	$ -
2030	389,189	8,746	380,443	384,816	61,815	61,815	$ -		$ -		$ -	$ -
2031	380,443	8,746	371,697	376,070	60,609	60,609	$ -		$ -		$ -	$ -
2032	371,697	8,746	362,952	367,324	59,403	59,403	$ -		$ -		$ -	$ -
2033	362,952	8,746	354,206	358,579	58,196	58,196	$ -		$ -		$ -	$ -
2034	354,206	8,746	345,460	349,833	56,990	56,990	$ -		$ -		$ -	$ -
2035	345,460	8,746	336,714	341,087	55,784	55,784	$ -		$ -		$ -	$ -
2036	336,714	8,746	327,968	332,341	54,578	54,578	$ -		$ -		$ -	$ -
2037	327,968	8,746	319,222	323,595	53,372	53,372	$ -		$ -		$ -	$ -
2038	319,222	8,746	310,477	314,850	52,166	52,166	$ -		$ -		$ -	$ -
2039	310,477	8,746	301,731	306,104	50,960	50,960	$ -		$ -		$ -	$ -
2040	301,731	8,746	292,985	297,358	49,754	49,754	$ -		$ -		$ -	$ -
2041	292,985	8,746	284,239	288,612	48,548	48,548	$ -		$ -		$ -	$ -
2042	284,239	8,746	275,493	279,866	47,341	47,341	$ -		$ -		$ -	$ -
2043	275,493	8,746	266,748	271,120	46,135	46,135	$ -		$ -		$ -	$ -
2044	266,748	8,746	258,002	262,375	44,929	44,929	$ -		$ -		$ -	$ -
2045	258,002	8,746	249,256	253,629	43,723	43,723	$ -		$ -		$ -	$ -
2046	249,256	8,746	240,510	244,883	42,517	42,517	$ -		$ -		$ -	$ -
2047	240,510	8,746	231,764	236,137	41,311	41,311	$ -		$ -		$ -	$ -
2048	231,764	8,746	223,018	227,391	40,105	40,105	$ -		$ -		$ -	$ -
2049	223,018	8,746	214,273	218,645	38,899	38,899	$ -		$ -		$ -	$ -
2050	214,273	8,746	205,527	209,900	37,693	37,693	$ -		$ -		$ -	$ -
2051	205,527	8,746	196,781	201,154	36,486	36,486	$ -		$ -		$ -	$ -
2052	196,781	8,746	188,035	192,408	35,280	35,280	$ -		$ -		$ -	$ -
2053	188,035	8,746	179,289	183,662	34,074	34,074	$ -		$ -		$ -	$ -
2054	179,289	8,746	170,543	174,916	32,868	32,868	$ -		$ -		$ -	$ -
2055	170,543	8,746	161,798	166,171	31,662	31,662	$ -		$ -		$ -	$ -
2056	161,798	8,746	153,052	157,425	30,456	30,456	$ -		$ -		$ -	$ -
2057	153,052	8,746	144,306	148,679	29,250	29,250	$ -		$ -		$ -	$ -
2058	144,306	8,746	135,560	139,933	28,044	28,044	$ -		$ -		$ -	$ -
2059	135,560	8,746	126,814	131,187	26,838	26,838	$ -		$ -		$ -	$ -
2060	126,814	8,746	118,069	122,441	25,631	25,631	$ -		$ -		$ -	$ -
2061	118,069	8,746	109,323	113,696	24,425	24,425	$ -		$ -		$ -	$ -
2062	109,323	8,746	100,577	104,950	23,219	23,219	$ -		$ -		$ -	$ -
2063	100,577	8,746	91,831	96,204	22,013	22,013	$ -		$ -		$ -	$ -
2064	91,831	8,746	83,085	87,458	20,807	20,807	$ -		$ -		$ -	$ -
2065	83,085	8,746	74,339	78,712	19,601	19,601	$ -		$ -		$ -	$ -
2066	74,339	8,746	65,594	69,967	18,395	18,395	$ -		$ -		$ -	$ -
2067	65,594	8,746	56,848	61,221	17,189	17,189	$ -		$ -		$ -	$ -
2068	56,848	8,746	48,102	52,475	15,982	15,982	$ -		$ -		$ -	$ -
2069	48,102	8,746	39,356	43,729	14,776	14,776	$ -		$ -		$ -	$ -
2070	39,356	8,746	30,610	34,983	13,570	13,570	$ -		$ -		$ -	$ -
2071	30,610	8,746	21,865	26,237	12,364	12,364	$ -		$ -		$ -	$ -
2072	21,865	8,746	13,119	17,492	11,158	11,158	$ -		$ -		$ -	$ -
Project Totals		520,376			2,799,628	2,799,628	-					

** 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.

I & M 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: b1465.3 (Transpose the Rockport - Sullivan 765 kV line and the Rockport - Jefferson 765 kV line)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	3,162,461	3,162,461	-
True-Up Adjustment	3,162,461	3,162,461	-

Details			
Investment	21,828,009	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	4	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	357,836

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 **
2013	21,828,009	238,557	21,589,452	21,708,730	3,232,351	3,232,351	$ -	$ 1,301,059	$ 1,931,292	$ 1,301,059	$ 1,931,292	$ -
2014	21,589,452	357,836	21,231,615	21,410,533	3,310,506	3,310,506	$ -	$ 3,243,481	$ 67,025	$ 3,243,481	$ 67,025	$ -
2015	21,231,615	357,836	20,873,779	21,052,697	3,261,158	3,261,158	$ -	$ 3,604,460	$ (343,302)	$ 3,604,460	$ (343,302)	$ -
2016	20,873,779	357,836	20,515,943	20,694,861	3,211,810	3,211,810	$ -		$ -		$ -	$ -
2017	20,515,943	357,836	20,158,107	20,337,025	3,162,461	3,162,461	$ -		$ -		$ -	$ -
2018	20,158,107	357,836	19,800,270	19,979,189	3,113,113	3,113,113	$ -		$ -		$ -	$ -
2019	19,800,270	357,836	19,442,434	19,621,352	3,063,765	3,063,765	$ -		$ -		$ -	$ -
2020	19,442,434	357,836	19,084,598	19,263,516	3,014,417	3,014,417	$ -		$ -		$ -	$ -
2021	19,084,598	357,836	18,726,762	18,905,680	2,965,069	2,965,069	$ -		$ -		$ -	$ -
2022	18,726,762	357,836	18,368,926	18,547,844	2,915,720	2,915,720	$ -		$ -		$ -	$ -
2023	18,368,926	357,836	18,011,089	18,190,008	2,866,372	2,866,372	$ -		$ -		$ -	$ -
2024	18,011,089	357,836	17,653,253	17,832,171	2,817,024	2,817,024	$ -		$ -		$ -	$ -
2025	17,653,253	357,836	17,295,417	17,474,335	2,767,676	2,767,676	$ -		$ -		$ -	$ -
2026	17,295,417	357,836	16,937,581	17,116,499	2,718,327	2,718,327	$ -		$ -		$ -	$ -
2027	16,937,581	357,836	16,579,745	16,758,663	2,668,979	2,668,979	$ -		$ -		$ -	$ -
2028	16,579,745	357,836	16,221,908	16,400,826	2,619,631	2,619,631	$ -		$ -		$ -	$ -
2029	16,221,908	357,836	15,864,072	16,042,990	2,570,283	2,570,283	$ -		$ -		$ -	$ -
2030	15,864,072	357,836	15,506,236	15,685,154	2,520,934	2,520,934	$ -		$ -		$ -	$ -
2031	15,506,236	357,836	15,148,400	15,327,318	2,471,586	2,471,586	$ -		$ -		$ -	$ -
2032	15,148,400	357,836	14,790,563	14,969,482	2,422,238	2,422,238	$ -		$ -		$ -	$ -
2033	14,790,563	357,836	14,432,727	14,611,645	2,372,890	2,372,890	$ -		$ -		$ -	$ -
2034	14,432,727	357,836	14,074,891	14,253,809	2,323,541	2,323,541	$ -		$ -		$ -	$ -
2035	14,074,891	357,836	13,717,055	13,895,973	2,274,193	2,274,193	$ -		$ -		$ -	$ -
2036	13,717,055	357,836	13,359,219	13,538,137	2,224,845	2,224,845	$ -		$ -		$ -	$ -
2037	13,359,219	357,836	13,001,382	13,180,301	2,175,497	2,175,497	$ -		$ -		$ -	$ -
2038	13,001,382	357,836	12,643,546	12,822,464	2,126,148	2,126,148	$ -		$ -		$ -	$ -
2039	12,643,546	357,836	12,285,710	12,464,628	2,076,800	2,076,800	$ -		$ -		$ -	$ -
2040	12,285,710	357,836	11,927,874	12,106,792	2,027,452	2,027,452	$ -		$ -		$ -	$ -
2041	11,927,874	357,836	11,570,038	11,748,956	1,978,104	1,978,104	$ -		$ -		$ -	$ -
2042	11,570,038	357,836	11,212,201	11,391,119	1,928,755	1,928,755	$ -		$ -		$ -	$ -
2043	11,212,201	357,836	10,854,365	11,033,283	1,879,407	1,879,407	$ -		$ -		$ -	$ -
2044	10,854,365	357,836	10,496,529	10,675,447	1,830,059	1,830,059	$ -		$ -		$ -	$ -
2045	10,496,529	357,836	10,138,693	10,317,611	1,780,711	1,780,711	$ -		$ -		$ -	$ -
2046	10,138,693	357,836	9,780,856	9,959,775	1,731,362	1,731,362	$ -		$ -		$ -	$ -
2047	9,780,856	357,836	9,423,020	9,601,938	1,682,014	1,682,014	$ -		$ -		$ -	$ -
2048	9,423,020	357,836	9,065,184	9,244,102	1,632,666	1,632,666	$ -		$ -		$ -	$ -
2049	9,065,184	357,836	8,707,348	8,886,266	1,583,318	1,583,318	$ -		$ -		$ -	$ -
2050	8,707,348	357,836	8,349,512	8,528,430	1,533,969	1,533,969	$ -		$ -		$ -	$ -
2051	8,349,512	357,836	7,991,675	8,170,594	1,484,621	1,484,621	$ -		$ -		$ -	$ -
2052	7,991,675	357,836	7,633,839	7,812,757	1,435,273	1,435,273	$ -		$ -		$ -	$ -
2053	7,633,839	357,836	7,276,003	7,454,921	1,385,925	1,385,925	$ -		$ -		$ -	$ -
2054	7,276,003	357,836	6,918,167	7,097,085	1,336,576	1,336,576	$ -		$ -		$ -	$ -
2055	6,918,167	357,836	6,560,331	6,739,249	1,287,228	1,287,228	$ -		$ -		$ -	$ -
2056	6,560,331	357,836	6,202,494	6,381,412	1,237,880	1,237,880	$ -		$ -		$ -	$ -
2057	6,202,494	357,836	5,844,658	6,023,576	1,188,532	1,188,532	$ -		$ -		$ -	$ -
2058	5,844,658	357,836	5,486,822	5,665,740	1,139,183	1,139,183	$ -		$ -		$ -	$ -
2059	5,486,822	357,836	5,128,986	5,307,904	1,089,835	1,089,835	$ -		$ -		$ -	$ -
2060	5,128,986	357,836	4,771,150	4,950,068	1,040,487	1,040,487	$ -		$ -		$ -	$ -
2061	4,771,150	357,836	4,413,313	4,592,231	991,139	991,139	$ -		$ -		$ -	$ -
2062	4,413,313	357,836	4,055,477	4,234,395	941,790	941,790	$ -		$ -		$ -	$ -
2063	4,055,477	357,836	3,697,641	3,876,559	892,442	892,442	$ -		$ -		$ -	$ -
2064	3,697,641	357,836	3,339,805	3,518,723	843,094	843,094	$ -		$ -		$ -	$ -
2065	3,339,805	357,836	2,981,968	3,160,887	793,746	793,746	$ -		$ -		$ -	$ -
2066	2,981,968	357,836	2,624,132	2,803,050	744,397	744,397	$ -		$ -		$ -	$ -
2067	2,624,132	357,836	2,266,296	2,445,214	695,049	695,049	$ -		$ -		$ -	$ -
2068	2,266,296	357,836	1,908,460	2,087,378	645,701	645,701	$ -		$ -		$ -	$ -
2069	1,908,460	357,836	1,550,624	1,729,542	596,353	596,353	$ -		$ -		$ -	$ -
2070	1,550,624	357,836	1,192,787	1,371,705	547,004	547,004	$ -		$ -		$ -	$ -
2071	1,192,787	357,836	834,951	1,013,869	497,656	497,656	$ -		$ -		$ -	$ -
2072	834,951	357,836	477,115	656,033	448,308	448,308	$ -		$ -		$ -	$ -
Project Totals		21,350,894			114,117,371	114,117,371	-					

** 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.

I & M 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: b1659.14 (Fort Wayne - Marion: Relocate 138 kV line due to new 765 kV build into Sorenson)**

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

Details			
Investment	-	Current Year	2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP 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	-	-	-	-	-	-	$ -				$ -	$ -
2017	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2018	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2019	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2020	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2021	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2022	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2023	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2024	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2025	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2026	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2027	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2028	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2029	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2030	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2031	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2032	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2033	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2034	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2035	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2036	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2037	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2038	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2039	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2040	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2041	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2042	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2043	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2044	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2045	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2046	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2047	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2048	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2049	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2050	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2051	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2052	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2053	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2054	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2055	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2056	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2057	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2058	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2059	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2060	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2061	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2062	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2063	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2064	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2065	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2066	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2067	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2068	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2069	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2070	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2071	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2072	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2073	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2074	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2075	-	-	-	-	-	-	$ -		$ -		$ -	$ -
Project Totals		-			-	-	-					

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

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

I & M 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: b2048 (Tanners Creek - Support for Transformer A/B Replacemen)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	119,121	119,121	-
True-Up Adjustment	119,121	119,121	-

Details			
Investment	813,735	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	13,340

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 **
2013	813,735	-	813,735	813,735	112,220	112,220	$ -	$ 0	$ 112,220	$ 0	$ 112,220	$ -
2014	813,735	13,340	800,395	807,065	124,640	124,640	$ -	$ 139,756	$ (15,116)	$ 139,756	$ (15,116)	$ -
2015	800,395	13,340	787,055	793,725	122,800	122,800	$ -	$ 133,078	$ (10,278)	$ 133,078	$ (10,278)	$ -
2016	787,055	13,340	773,715	780,385	120,961	120,961	$ -		$ -		$ -	$ -
2017	773,715	13,340	760,375	767,045	119,121	119,121	$ -		$ -		$ -	$ -
2018	760,375	13,340	747,035	753,705	117,281	117,281	$ -		$ -		$ -	$ -
2019	747,035	13,340	733,695	740,365	115,442	115,442	$ -		$ -		$ -	$ -
2020	733,695	13,340	720,356	727,026	113,602	113,602	$ -		$ -		$ -	$ -
2021	720,356	13,340	707,016	713,686	111,762	111,762	$ -		$ -		$ -	$ -
2022	707,016	13,340	693,676	700,346	109,923	109,923	$ -		$ -		$ -	$ -
2023	693,676	13,340	680,336	687,006	108,083	108,083	$ -		$ -		$ -	$ -
2024	680,336	13,340	666,996	673,666	106,243	106,243	$ -		$ -		$ -	$ -
2025	666,996	13,340	653,656	660,326	104,404	104,404	$ -		$ -		$ -	$ -
2026	653,656	13,340	640,316	646,986	102,564	102,564	$ -		$ -		$ -	$ -
2027	640,316	13,340	626,976	633,646	100,724	100,724	$ -		$ -		$ -	$ -
2028	626,976	13,340	613,636	620,306	98,885	98,885	$ -		$ -		$ -	$ -
2029	613,636	13,340	600,296	606,966	97,045	97,045	$ -		$ -		$ -	$ -
2030	600,296	13,340	586,956	593,626	95,205	95,205	$ -		$ -		$ -	$ -
2031	586,956	13,340	573,616	580,286	93,366	93,366	$ -		$ -		$ -	$ -
2032	573,616	13,340	560,277	566,947	91,526	91,526	$ -		$ -		$ -	$ -
2033	560,277	13,340	546,937	553,607	89,686	89,686	$ -		$ -		$ -	$ -
2034	546,937	13,340	533,597	540,267	87,847	87,847	$ -		$ -		$ -	$ -
2035	533,597	13,340	520,257	526,927	86,007	86,007	$ -		$ -		$ -	$ -
2036	520,257	13,340	506,917	513,587	84,167	84,167	$ -		$ -		$ -	$ -
2037	506,917	13,340	493,577	500,247	82,328	82,328	$ -		$ -		$ -	$ -
2038	493,577	13,340	480,237	486,907	80,488	80,488	$ -		$ -		$ -	$ -
2039	480,237	13,340	466,897	473,567	78,648	78,648	$ -		$ -		$ -	$ -
2040	466,897	13,340	453,557	460,227	76,809	76,809	$ -		$ -		$ -	$ -
2041	453,557	13,340	440,217	446,887	74,969	74,969	$ -		$ -		$ -	$ -
2042	440,217	13,340	426,877	433,547	73,129	73,129	$ -		$ -		$ -	$ -
2043	426,877	13,340	413,537	420,207	71,290	71,290	$ -		$ -		$ -	$ -
2044	413,537	13,340	400,198	406,867	69,450	69,450	$ -		$ -		$ -	$ -
2045	400,198	13,340	386,858	393,528	67,610	67,610	$ -		$ -		$ -	$ -
2046	386,858	13,340	373,518	380,188	65,771	65,771	$ -		$ -		$ -	$ -
2047	373,518	13,340	360,178	366,848	63,931	63,931	$ -		$ -		$ -	$ -
2048	360,178	13,340	346,838	353,508	62,091	62,091	$ -		$ -		$ -	$ -
2049	346,838	13,340	333,498	340,168	60,252	60,252	$ -		$ -		$ -	$ -
2050	333,498	13,340	320,158	326,828	58,412	58,412	$ -		$ -		$ -	$ -
2051	320,158	13,340	306,818	313,488	56,572	56,572	$ -		$ -		$ -	$ -
2052	306,818	13,340	293,478	300,148	54,733	54,733	$ -		$ -		$ -	$ -
2053	293,478	13,340	280,138	286,808	52,893	52,893	$ -		$ -		$ -	$ -
2054	280,138	13,340	266,798	273,468	51,053	51,053	$ -		$ -		$ -	$ -
2055	266,798	13,340	253,458	260,128	49,214	49,214	$ -		$ -		$ -	$ -
2056	253,458	13,340	240,119	246,788	47,374	47,374	$ -		$ -		$ -	$ -
2057	240,119	13,340	226,779	233,449	45,534	45,534	$ -		$ -		$ -	$ -
2058	226,779	13,340	213,439	220,109	43,695	43,695	$ -		$ -		$ -	$ -
2059	213,439	13,340	200,099	206,769	41,855	41,855	$ -		$ -		$ -	$ -
2060	200,099	13,340	186,759	193,429	40,015	40,015	$ -		$ -		$ -	$ -
2061	186,759	13,340	173,419	180,089	38,176	38,176	$ -		$ -		$ -	$ -
2062	173,419	13,340	160,079	166,749	36,336	36,336	$ -		$ -		$ -	$ -
2063	160,079	13,340	146,739	153,409	34,496	34,496	$ -		$ -		$ -	$ -
2064	146,739	13,340	133,399	140,069	32,656	32,656	$ -		$ -		$ -	$ -
2065	133,399	13,340	120,059	126,729	30,817	30,817	$ -		$ -		$ -	$ -
2066	120,059	13,340	106,719	113,389	28,977	28,977	$ -		$ -		$ -	$ -
2067	106,719	13,340	93,379	100,049	27,137	27,137	$ -		$ -		$ -	$ -
2068	93,379	13,340	80,040	86,709	25,298	25,298	$ -		$ -		$ -	$ -
2069	80,040	13,340	66,700	73,370	23,458	23,458	$ -		$ -		$ -	$ -
2070	66,700	13,340	53,360	60,030	21,618	21,618	$ -		$ -		$ -	$ -
2071	53,360	13,340	40,020	46,690	19,779	19,779	$ -		$ -		$ -	$ -
2072	40,020	13,340	26,680	33,350	17,939	17,939	$ -		$ -		$ -	$ -
Project Totals		787,055			4,318,307	4,318,307	-					

** 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.

I & M 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)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	331,540	331,540	-
True-Up Adjustment	331,540	331,540	-

Project Description: **RTEP ID: b1818 (Expand the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch -Milan 138 kV double circuit tower line)**

Details			
Investment	2,236,028	Current Year	2017
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	36,656

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	2,236,028	6,109	2,229,919	2,232,973	314,053	314,053	$ -	$ -	$ -	$ -	$ -	$ -
2015	2,229,919	36,656	2,193,262	2,211,591	341,651	341,651	$ -	$ 248,467	$ 93,184	$ 248,467	$ 93,184	$ -
2016	2,193,262	36,656	2,156,606	2,174,934	336,596	336,596	$ -		$ -		$ -	$ -
2017	2,156,606	36,656	2,119,950	2,138,278	331,540	331,540	$ -		$ -		$ -	$ -
2018	2,119,950	36,656	2,083,294	2,101,622	326,485	326,485	$ -		$ -		$ -	$ -
2019	2,083,294	36,656	2,046,638	2,064,966	321,430	321,430	$ -		$ -		$ -	$ -
2020	2,046,638	36,656	2,009,981	2,028,310	316,375	316,375	$ -		$ -		$ -	$ -
2021	2,009,981	36,656	1,973,325	1,991,653	311,320	311,320	$ -		$ -		$ -	$ -
2022	1,973,325	36,656	1,936,669	1,954,997	306,265	306,265	$ -		$ -		$ -	$ -
2023	1,936,669	36,656	1,900,013	1,918,341	301,210	301,210	$ -		$ -		$ -	$ -
2024	1,900,013	36,656	1,863,357	1,881,685	296,154	296,154	$ -		$ -		$ -	$ -
2025	1,863,357	36,656	1,826,700	1,845,029	291,099	291,099	$ -		$ -		$ -	$ -
2026	1,826,700	36,656	1,790,044	1,808,372	286,044	286,044	$ -		$ -		$ -	$ -
2027	1,790,044	36,656	1,753,388	1,771,716	280,989	280,989	$ -		$ -		$ -	$ -
2028	1,753,388	36,656	1,716,732	1,735,060	275,934	275,934	$ -		$ -		$ -	$ -
2029	1,716,732	36,656	1,680,076	1,698,404	270,879	270,879	$ -		$ -		$ -	$ -
2030	1,680,076	36,656	1,643,419	1,661,748	265,823	265,823	$ -		$ -		$ -	$ -
2031	1,643,419	36,656	1,606,763	1,625,091	260,768	260,768	$ -		$ -		$ -	$ -
2032	1,606,763	36,656	1,570,107	1,588,435	255,713	255,713	$ -		$ -		$ -	$ -
2033	1,570,107	36,656	1,533,451	1,551,779	250,658	250,658	$ -		$ -		$ -	$ -
2034	1,533,451	36,656	1,496,795	1,515,123	245,603	245,603	$ -		$ -		$ -	$ -
2035	1,496,795	36,656	1,460,139	1,478,467	240,548	240,548	$ -		$ -		$ -	$ -
2036	1,460,139	36,656	1,423,482	1,441,810	235,492	235,492	$ -		$ -		$ -	$ -
2037	1,423,482	36,656	1,386,826	1,405,154	230,437	230,437	$ -		$ -		$ -	$ -
2038	1,386,826	36,656	1,350,170	1,368,498	225,382	225,382	$ -		$ -		$ -	$ -
2039	1,350,170	36,656	1,313,514	1,331,842	220,327	220,327	$ -		$ -		$ -	$ -
2040	1,313,514	36,656	1,276,858	1,295,186	215,272	215,272	$ -		$ -		$ -	$ -
2041	1,276,858	36,656	1,240,201	1,258,529	210,217	210,217	$ -		$ -		$ -	$ -
2042	1,240,201	36,656	1,203,545	1,221,873	205,162	205,162	$ -		$ -		$ -	$ -
2043	1,203,545	36,656	1,166,889	1,185,217	200,106	200,106	$ -		$ -		$ -	$ -
2044	1,166,889	36,656	1,130,233	1,148,561	195,051	195,051	$ -		$ -		$ -	$ -
2045	1,130,233	36,656	1,093,577	1,111,905	189,996	189,996	$ -		$ -		$ -	$ -
2046	1,093,577	36,656	1,056,920	1,075,248	184,941	184,941	$ -		$ -		$ -	$ -
2047	1,056,920	36,656	1,020,264	1,038,592	179,886	179,886	$ -		$ -		$ -	$ -
2048	1,020,264	36,656	983,608	1,001,936	174,831	174,831	$ -		$ -		$ -	$ -
2049	983,608	36,656	946,952	965,280	169,775	169,775	$ -		$ -		$ -	$ -
2050	946,952	36,656	910,296	928,624	164,720	164,720	$ -		$ -		$ -	$ -
2051	910,296	36,656	873,639	891,967	159,665	159,665	$ -		$ -		$ -	$ -
2052	873,639	36,656	836,983	855,311	154,610	154,610	$ -		$ -		$ -	$ -
2053	836,983	36,656	800,327	818,655	149,555	149,555	$ -		$ -		$ -	$ -
2054	800,327	36,656	763,671	781,999	144,500	144,500	$ -		$ -		$ -	$ -
2055	763,671	36,656	727,015	745,343	139,444	139,444	$ -		$ -		$ -	$ -
2056	727,015	36,656	690,358	708,686	134,389	134,389	$ -		$ -		$ -	$ -
2057	690,358	36,656	653,702	672,030	129,334	129,334	$ -		$ -		$ -	$ -
2058	653,702	36,656	617,046	635,374	124,279	124,279	$ -		$ -		$ -	$ -
2059	617,046	36,656	580,390	598,718	119,224	119,224	$ -		$ -		$ -	$ -
2060	580,390	36,656	543,734	562,062	114,169	114,169	$ -		$ -		$ -	$ -
2061	543,734	36,656	507,077	525,405	109,113	109,113	$ -		$ -		$ -	$ -
2062	507,077	36,656	470,421	488,749	104,058	104,058	$ -		$ -		$ -	$ -
2063	470,421	36,656	433,765	452,093	99,003	99,003	$ -		$ -		$ -	$ -
2064	433,765	36,656	397,109	415,437	93,948	93,948	$ -		$ -		$ -	$ -
2065	397,109	36,656	360,453	378,781	88,893	88,893	$ -		$ -		$ -	$ -
2066	360,453	36,656	323,796	342,125	83,838	83,838	$ -		$ -		$ -	$ -
2067	323,796	36,656	287,140	305,468	78,783	78,783	$ -		$ -		$ -	$ -
2068	287,140	36,656	250,484	268,812	73,727	73,727	$ -		$ -		$ -	$ -
2069	250,484	36,656	213,828	232,156	68,672	68,672	$ -		$ -		$ -	$ -
2070	213,828	36,656	177,172	195,500	63,617	63,617	$ -		$ -		$ -	$ -
2071	177,172	36,656	140,515	158,844	58,562	58,562	$ -		$ -		$ -	$ -
2072	140,515	36,656	103,859	122,187	53,507	53,507	$ -		$ -		$ -	$ -
2073	103,859	36,656	67,203	85,531	48,452	48,452	$ -		$ -		$ -	$ -
Project Totals		2,168,825			11,822,073	11,822,073	-					

** 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.

I & M 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: b1819 (Rebuild the Robinson Park-Sorneson 138 kV line corridor as a 345 kV double circuit line with one side operated at 345 kV and one side at 138 kV)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	0	0	-
True-Up Adjustment	0	0	-

Details			
Investment	0	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	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	0

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 **
2015	0	-	0	0	0	0	$ -	$ 35,564	$ (35,564)	$ 35,564	$ (35,564)	$ -
2016	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2017	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2018	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2019	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2020	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2021	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2022	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2023	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2024	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2025	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2026	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2027	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2028	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2029	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2030	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2031	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2032	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2033	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2034	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2035	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2036	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2037	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2038	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2039	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2040	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2041	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2042	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2043	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2044	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2045	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2046	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2047	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2048	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2049	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2050	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2051	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2052	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2053	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2054	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2055	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2056	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2057	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2058	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2059	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2060	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2061	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2062	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2063	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2064	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2065	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2066	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2067	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2068	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2069	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2070	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2071	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2072	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2073	0	0	0	0	0	0	$ -		$ -		$ -	$ -
2074	0	0	0	0	0	0	$ -		$ -		$ -	$ -
Project Totals		0			0	0	-					

** 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.

I & M 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: b1465.4 (Make switching improvements at Sullivan and Jefferson 765 kV stations)**

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

Details			
Investment	-	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	13.79%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.79%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP 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 **
2015	-	-	-	-	-	-	$ -	$ 169,845	$ (169,845)	$ 169,845	$ (169,845)	$ -
2016	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2017	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2018	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2019	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2020	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2021	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2022	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2023	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2024	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2025	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2026	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2027	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2028	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2029	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2030	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2031	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2032	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2033	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2034	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2035	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2036	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2037	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2038	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2039	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2040	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2041	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2042	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2043	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2044	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2045	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2046	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2047	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2048	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2049	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2050	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2051	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2052	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2053	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2054	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2055	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2056	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2057	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2058	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2059	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2060	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2061	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2062	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2063	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2064	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2065	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2066	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2067	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2068	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2069	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2070	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2071	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2072	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2073	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2074	-	-	-	-	-	-	$ -		$ -		$ -	$ -
Project Totals		-			-	-	-					

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

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

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

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
Based on Average of Balances At 12/31/2016 & 12/31/2017

(A) Line	(B)	(C) Balances @ 12/31/2017	(D) Balances @ 12/31/2016	(E) Average
	Development of Average Balance of Common Equity			
1	Proprietary Capital (112.16.c&d)	2,184,239,428	2,128,709,994	2,156,474,711
2	Less Preferred Stock (Ln 54 Below)	0	0	-
3	Less Account 216.1 (112.12.c&d)	-	-	-
4	Less Account 219.1 (112.15.c&d)	(11,656,308)	(11,999,775)	(11,828,042)
5	**Average Balance of Common Equity**	2,195,895,736	2,140,709,769	**2,168,302,753**
	Development of Cost of Long Term Debt Based on Average Outstanding Balance			
6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	40,000,000	40,000,000	40,000,000
8	LT Advances from Assoc. Companies (112.20.c&d)	-	-	-
9	Senior Unsecured Notes (112.21.c&d)	2,348,289,792	2,008,289,792	2,178,289,792
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	**Total Average Debt**	2,308,289,792	1,968,289,792	**2,138,289,792**

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

Line	Description	Amount
13	**Annual Interest Expense for 2017**	
14	Interest on Long Term Debt (256-257.33.i)	102,840,279
15	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 14 and shown in Ln 33 below.	1,676,623
16	Plus: Allowed Hedge Recovery From Ln 38 below.	1,676,623
17	Amort of Debt Discount & Expense (117.63.c)	1,479,041
18	Amort of Loss on Reacquired Debt (117.64.c)	1,012,428
19	Less: Amort of Premium on Debt (117.65.c)	-
20	Less: Amort of Gain on Reacquired Debt (117.66.c)	-
21	**Total Interest Expense (Ln 14 + Ln 17 + Ln 18 - Ln 19 - Ln 20)**	**105,331,748**
22	**Average Cost of Debt for 2017 (Ln 21/Ln 11)**	**4.93%**

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

23 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.

Line	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 23)	Net Includable Hedge Amount	Remaining Unamortized Balance	Amortization Period Beginning	Amortization Period Ending
24	Senior Unsecured Notes - Series G	(351,606)		(351,606)	-	December-05	November-15
25	Senior Unsecured Notes - Series H	421,740		421,740	8,909,264	November-06	February-37
26	Senior Unsecured Notes - Series J	1,606,489		1,606,489	11,580,111	March-13	March-23
27				-			
28				-			
29				-			
30				-			
31				-			
32				-			
33	Total Hedge Amortization	1,676,623	-		20,489,375		

Line	Description	Amount
34	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 24 to 32)	1,676,623
35	Total Average Capital Structure Balance for 2017 (TCOS, Ln 170)	4,306,592,545
36	Financial Hedge Recovery Limit - Five Basis Points of Total Capital	0.0005
37	Limit of Recoverable Amount	2,153,296
38	**Recoverable Hedge Amortization (Lesser of Ln 34 or Ln 37)**	**1,676,623**

Development of Cost of Preferred Stock

Line	**Preferred Stock**	(C)	(D)	**Average**
39	4.125% Series - 100 - Dividend Rate (p. 250-251. 9.a)	4.125%	4.125%	
40	4.125% Series - 100 - Par Value (p. 250-251. 9.c)	$ 100.00	$ 100.00	
41	4.125% Series - 100 - Shares O/S (p.250-251. 9.e)	-	-	
42	4.125% Series - 100 - Monetary Value (Ln 40 * Ln 41)	-	-	-
43	4.125% Series - 100 - Dividend Amount (Ln 39 * Ln 42)	-	-	-
44	4.12% Series - 100 - Dividend Rate (p. 250-251 11.a)	4.120%	4.120%	
45	4.12% Series - 100 - Par Value (p. 250-251 11.c)	$ 100.00	$ 100.00	
46	4.12% Series - 100 - Shares O/S (p.250-251 11.e)	-	-	
47	4.12% Series - 100 - Monetary Value (Ln 45 * Ln 46)	-	-	-
48	4.12% Series - 100 - Dividend Amount (Ln 44 * Ln 47)	-	-	-
49	4.56% Series - 100 - Dividend Rate (p. 250-251. 10a)	4.560%	4.560%	
50	4.56% Series - 100 - Par Value (p. 250-251. 10c)	$ 100.00	$ 100.00	
51	4.56% Series - 100 - Shares O/S (p.250-251 10.e)	-	-	
52	4.56% Series - 100 - Monetary Value (Ln 50 * Ln 51)	-	-	-
53	4.56% Series - 100 - Dividend Amount (Ln 49 * Ln 52)	-	-	-
54	**Balance of Preferred Stock (Lns 42, 47, 52)**	-	-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)
55	**Dividends on Preferred Stock (Lns 43, 48, 53)**	-	-	-
56	**Average Cost of Preferred Stock (Ln 55/54)**	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
INDIANA MICHIGAN POWER COMPANY

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

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line	**Date**	**Property Description**	**Function (T) or (G)** T = Transmission G = General	**Basis**	**Proceeds**	**(Gain) / Loss**	**Functional Allocator**	**Functionalized Proceeds (Gain) / Loss**	**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
INDIANA MICHIGAN POWER COMPANY

Total AEP East Operating Company PBOP Settlement Amount -

Allocation of PBOP Settlement Amount for 2017

Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Total Company Amount 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) * 0	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
1	APCo	(16,200,897)	36.57%	-	8.052%	(1,304,430)	-	(1,304,430)
2								
3	I&M	(11,509,436)	25.98%	-	5.095%	(586,456)	-	(586,456)
4	KPCo	(3,481,273)	7.86%	-	6.818%	(237,367)	-	(237,367)
5	KNGP	(378,229)	0.85%	-	9.691%	(36,653)	-	(36,653)
6	OPCo	(11,964,459)	27.01%	-	15.466%	(1,850,380)	-	(1,850,380)
7	WPCo	(769,194)	1.74%	-	2.347%	(18,050)	-	(18,050)
8	**Sum of Lines 1 to 7**	(44,303,488)		-		(4,033,336)	-	(4,033,336)

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	(15,553,365)		(11,620,295)	(3,566,295)	(334,834)	(11,037,888)	(417,243)	(42,529,920)
10 Additional PBOP Ledger Entries (from Company Records)	465,717		918,897	369,757	4,572	135,109	(290,243)	
11 Medicare Subsidy	-		-	-	-	-	-	-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(15,087,648)		(10,701,398)	(3,196,538)	(330,262)	(10,902,779)	(707,486)	(40,926,111)
				-				
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(1,113,249)		(808,038)	(284,735)	(47,967)	(1,061,680)	(61,708)	(3,377,377)
14 Company PBOP Expense (Ln 12 + Ln 13)	(16,200,897)		(11,509,436)	(3,481,273)	(378,229)	(11,964,459)	(769,194)	(44,303,488)

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 July 1, 2014
FOR MULTIPLE JURISDICTION COMPANIES
INDIANA MICHIGAN POWER COMPANY

		INDIANA			**MICHIGAN**			**FERC WHOLESALE**			**COMPANY**
	PLANT ACCT.	*(1) IURC RATES*	*ALLOCATION FACTOR (4)*	*WTD AVG. DEPREC. RATE*	*(2) MPSC APPROVED RATES*	*ALLOCATION FACTOR (4)*	*WTD AVG. DEPREC. RATE*	*(3) FERC RATES*	*ALLOCATION FACTOR (4)*	*WTD AVG. DEPREC. RATE*	*WTD AVG. DEPREC. RATE*
TRANSMISSION PLANT											
Land Improvements	350.1	1.2700%	0.646552	0.8211%	1.1700%	0.139381	0.1631%	1.1700%	0.214067	0.2505%	1.23%
Structures & Improvements	352.0	1.3200%	0.646552	0.8534%	1.2700%	0.139381	0.1770%	1.2700%	0.214067	0.2719%	1.30%
Station Equipment	353.0	1.6900%	0.646552	1.0927%	1.6500%	0.139381	0.2300%	1.6500%	0.214067	0.3532%	1.68%
Towers & Fixtures	354.0	1.6000%	0.646552	1.0345%	1.4400%	0.139381	0.2007%	1.4400%	0.214067	0.3083%	1.54%
Poles & Fixtures	355.0	2.4300%	0.646552	1.5711%	2.3900%	0.139381	0.3331%	2.3900%	0.214067	0.5116%	2.42%
Overhead Conductors	356.0	1.5300%	0.646552	0.9892%	1.4500%	0.139381	0.2021%	1.4500%	0.214067	0.3104%	1.50%
Underground Conduit	357.0	1.5600%	0.646552	1.0086%	1.3900%	0.139381	0.1937%	1.3900%	0.214067	0.2976%	1.50%
Underground Conductors	358.0	1.5500%	0.646552	1.0022%	1.4600%	0.139381	0.2035%	1.4600%	0.214067	0.3125%	1.52%
Trails & Roads	359.0	1.4900%	0.646552	0.9634%	1.4700%	0.139381	0.2049%	1.4700%	0.214067	0.3147%	1.48%

(1) As approved in Indiana Case No. 44075.
(2) As approved in MICHIGAN Case No. U16801.
(3) FERC wholesale formula rate agreements specify that the depreciation rates in the formula rates change upon approval of MPSC rates in the Michigan jurisdiction.
(4) The rates approved for each jurisdiction are updated when approved by that commission. These demand-based allocation factors for all jurisdictions are updated when new rates are approved in one of the jurisdictions. These allocation factors reflect I&M's 12 monthly Coincident Peaks during test year of the most recent rate case.

GENERAL NOTES:

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

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

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet Q - True-up With Interest

Reconciliation Revenue Requirement For Year 2018 Available May 25, 2019		2018Revenue Requirement Forecast by October 31, 2017		True-up Adjustment - Over (Under) Recovery
$16,511,590	-	$15,216,438	=	($1,295,152)

Interest Rate on Amount of Refunds or Surcharges from 35.19a		Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
			0.2780%				

An over or under collection will be recovered prorata over 2016, held for 2017 and returned prorate over 2018

Calculation of Interest					Monthly		
January	Year 2018	(107,929)	0.2780%	12	3,601		111,530
February	Year 2018	(107,929)	0.2780%	11	3,300		111,230
March	Year 2018	(107,929)	0.2780%	10	3,000		110,930
April	Year 2018	(107,929)	0.2780%	9	2,700		110,630
May	Year 2018	(107,929)	0.2780%	8	2,400		110,330
June	Year 2018	(107,929)	0.2780%	7	2,100		110,030
July	Year 2018	(107,929)	0.2780%	6	1,800		109,730
August	Year 2018	(107,929)	0.2780%	5	1,500		109,430
September	Year 2018	(107,929)	0.2780%	4	1,200		109,130
October	Year 2018	(107,929)	0.2780%	3	900		108,829
November	Year 2018	(107,929)	0.2780%	2	600		108,529
December	Year 2018	(107,929)	0.2780%	1	300		
					23,403		1,210,326
					Annual		
January through December	Year 2019	1,210,326	0.2780%	12	40,376		1,250,702
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months					Monthly		
January	Year 2020	(1,250,702)	0.2780%		3,477	(106,118)	1,148,061
February	Year 2020	(1,148,061)	0.2780%		3,192	(106,118)	1,045,135
March	Year 2020	(1,045,135)	0.2780%		2,905	(106,118)	941,922
April	Year 2020	(941,922)	0.2780%		2,619	(106,118)	838,423
May	Year 2020	(838,423)	0.2780%		2,331	(106,118)	734,635
June	Year 2020	(734,635)	0.2780%		2,042	(106,118)	630,559
July	Year 2020	(630,559)	0.2780%		1,753	(106,118)	526,194
August	Year 2020	(526,194)	0.2780%		1,463	(106,118)	421,539
September	Year 2020	(421,539)	0.2780%		1,172	(106,118)	316,593
October	Year 2020	(316,593)	0.2780%		880	(106,118)	211,355
November	Year 2020	(211,355)	0.2780%		588	(106,118)	105,824
December	Year 2020	(105,824)	0.2780%		294	(106,118)	(0)
					22,715		
True-Up Adjustment with Interest						1,273,418	
Less Over (Under) Recovery						(1,295,152)	
Total Interest						(21,734)	

Note 1: The interest rate to be applied to the over recovery or under recovery amounts will be determined using the average monthly FERC interest rate (as determined pursuant to 18 C.F.R. Section 35.19a) for the twenty (20) months from the beginning of the rate year being trued-up through August 31 of the following year.