AEP East Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

APPALACHIAN POWER COMPANY

Line No.			Total	Allocator			Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 138)					$253,543,461
2	REVENUE CREDITS	(Note A) (Worksheet E)	5,850,451	DA	1.00000	$	5,850,451
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$	247,693,010

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		6,437,855	DA	1.00000	$	6,437,855
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)						
6	Annual Rate	((ln 1 - ln 105 - ln 106)/((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 100))					15.10%
7	Monthly Rate	(ln 6 / 12)					1.26%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)						
9	Annual Rate	((ln 1 - ln 105 - ln 106 - ln 111 - ln 112) /((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 100))					12.93%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)						
11	Annual Rate	((ln 1 - ln 105 - ln 106 - ln 111 - ln 112 - ln 133 - ln 134) /((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 100))					3.75%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)						-
13	**REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES**						
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below					11,291,674
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)						6,073,777
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)						1,385,152
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					3,832,745

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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					
18	Production	(Worksheet A ln 1.C)	6,809,296,146	NA	0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(120,120,200)	NA	0.00000	-
20	Transmission	(Worksheet A ln 3.C & Ln 142)	2,226,150,897	DA		2,164,574,488
21	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C& Ln 143)	-	TP	0.97234	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, ln 21.D)		220,116,625	DA	1.00000	220,116,625
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, ln 22.D)		-	DA	1.00000	-
24	Distribution	(Worksheet A ln 5.C)	3,256,229,906	NA	0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	(3,069)	NA	0.00000	-
26	General Plant	(Worksheet A ln 7.C)	202,635,177	W/S	0.07080	14,346,034
27	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(811,747)	W/S	0.07080	(57,470)
28	Intangible Plant	(Worksheet A ln 9.C)	117,046,278	W/S	0.07080	8,286,566
29	TOTAL GROSS PLANT	(sum lns 18 to 28)	12,710,540,013			2,407,266,243
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Production	(Worksheet A ln 12.C)	2,522,016,228	NA	0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(52,726,108)	NA	0.00000	-
33	Transmission	(Worksheet A ln 14.C & 28.C)	688,377,785	**TP1=**	0.97204	669,128,891
34	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.97204	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, ln 21.I)		1,297,262	DA	1.00000	1,297,262
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I ln. 24.D)		-	DA	1.00000	-
37	Plus: Additional Transmission Depreciation for 2015 (ln 111)		36,168,976	TP1	0.97204	35,157,594
38	Plus: Additional General & Intangible Depreciation for 2015 (ln 113 + ln 114)		20,286,665	W/S	0.07080	1,436,242
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I ln 23.D)		-	DA	1.00000	-
40	Distribution	(Worksheet A ln 16.C)	1,046,013,655	NA	0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	(1,654)	NA	0.00000	-
42	General Plant	(Worksheet A ln 18.C)	69,903,932	W/S	0.07080	4,949,013
43	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(629,022)	W/S	0.07080	(44,533)
44	Intangible Plant	(Worksheet A ln 20.C)	87,936,996	W/S	0.07080	6,225,706
45	TOTAL ACCUMULATED DEPRECIATION	(sum lns 31 to 44)	4,418,644,715			718,150,175
46	NET PLANT IN SERVICE					
47	Production	(ln 18 + ln 19 - ln 31 - ln 32)	4,219,885,826			-
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	1,537,773,112			1,495,445,597
49	Plus: Transmission Plant-in-Service Additions (ln 22 - ln 35)		218,819,363			218,819,363
50	Plus: Additional Trans Plant on Transferred Assets (ln 23 - ln 36)		-			-
51	Plus: Additional Transmission Depreciation for 2015 (-ln 37)		(36,168,976)			(35,157,594)
52	Plus: Additional General & Intangible Depreciation for 2015 (-ln 38)		(20,286,665)			(1,436,242)
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 39)		-			-
54	Distribution	(ln 24 + ln 25 - ln 40 - ln 41)	2,210,214,836			-
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	132,548,520			9,384,084
56	Intangible Plant	(ln 28 - ln 44)	29,109,282			2,060,860
57	TOTAL NET PLANT IN SERVICE	(sum lns 47 to 56)	8,291,895,298			1,689,116,068
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.C)	(308,697,317)	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.C)	(1,569,029,178)	DA		(350,305,504)
61	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.C)	(377,641,323)	DA		(36,423,206)
62	Account No. 190.1	(Worksheet B, ln 17 & ln 20.C)	363,308,515	DA		51,736,470
63	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.C)	(1,311,931)	DA		(230,008)
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	(1,893,371,234)			(335,222,248)
65	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	4,417,694	DA		1,877,675
66	REGULATORY ASSETS	(Worksheet A ln 36. (C))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * ln 88)	3,722,120			3,619,164
69	Transmission Materials & Supplies	(Worksheet C, ln 2.(D))	1,055,592	TP	0.97234	1,026,394
70	A&G Materials & Supplies	(Worksheet C, ln 3.(D))	206,529	W/S	0.07080	14,622
71	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.17511	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 6.G)	186,058,409	W/S	0.07080	13,172,443
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 6.F)	3,070,083	GP(h)	0.17511	537,590
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 6.E)	1,932,237	DA	1.00000	1,932,237
75	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 6.D)	(182,866,130)	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum lns 68 to 75)	13,178,840			20,302,450
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 7.B)	(2,609,281)	DA	1.00000	(2,609,281)
78	RATE BASE (sum lns 57, 64, 65, 66, 76, 77)		6,413,511,317			1,373,464,663

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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					
79	Production	321.80.b	1,564,617,266			
80	Distribution	322.156.b	123,922,789			
81	Customer Related Expense	322.164,171,178.b	49,903,680			
82	Regional Marketing Expenses	322.131.b	5,280,570			
83	Transmission	321.112.b	141,645,793			
84	TOTAL O&M EXPENSES	(sum lns 79 to 83)	1,885,370,097			
85	Less: Total Account 561	(Note G) (Worksheet F, ln 15.C)	11,291,674			
86	Less: Account 565	(Note H) 321.96.b	106,278,193			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	(5,701,034)			
88	Total O&M Allocable to Transmission	(lns 83 - 85 - 86 - 87)	29,776,960	TP	0.97234	28,953,315
89	Administrative and General	323.197.b (Note J)	111,162,526			
90	Less: Acct. 924, Property Insurance	323.185.b	2,522,259			
91	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(13,020,078)			
92	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
93	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(960,629)			
94	Acct. 928, Reg. Com. Exp.	323.189.b	2,312,503			
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	826,959			
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	7,068,587			
97	Balance of A & G	(ln 89 - sum ln 90 to ln 96)	112,412,925	W/S	0.07080	7,958,537
98	Plus: Acct. 924, Property Insurance	(ln 90)	2,522,259	GP(h)	0.17511	441,663
99	Acct. 928 - Transmission Specific	Worksheet F ln 19.(E) (Note L)	-	TP	0.97234	-
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 36.(E) (Note L)	-	TP	0.97234	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 43.(E) (Note L)	3,049,274	DA	1.00000	3,049,274
102	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 1, (Note M)	11,060,258	W/S	0.07080	783,037
103	A & G Subtotal	(sum lns 97 to 102)	129,044,715			12,232,511
104	O & M EXPENSE SUBTOTAL	(ln 88 + ln 103)	158,821,675			41,185,826
105	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
106	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
107	TOTAL O & M EXPENSE	(ln 104 + ln 105 + ln 106)	158,821,675			41,185,826
108	DEPRECIATION AND AMORTIZATION EXPENSE					
109	Production	336.2-6.f	215,287,953	NA	0.00000	-
110	Distribution	336.8.f	111,569,810	NA	0.00000	-
111	Transmission	336.7.f	36,168,976	TP1	0.97204	35,157,594
112	Plus: Transmission Plant-in-Service Additions (Worksheet I ln 21.I)		1,297,262	DA	1.00000	1,297,262
113	General	336.10.f	3,698,853	W/S	0.07080	261,869
114	Intangible	336.1.f	16,587,812	W/S	0.07080	1,174,373
115	TOTAL DEPRECIATION AND AMORTIZATI0N	(Lns 109+110+111 +112+113+114)	384,610,666			37,891,098
116	TAXES OTHER THAN INCOME	(Note N)				
117	Labor Related					
118	Payroll	Worksheet H ln 23.(D)	9,640,870	W/S	0.07080	682,548
119	Plant Related					
120	Property	Worksheet H ln 23.(C) & ln 58.(C)	59,387,933	DA		16,640,499
121	Gross Receipts/Sales & Use	Worksheet H ln 23.(F)	35,842,995	NA	0.00000	-
122	Other	Worksheet H ln 23.(E)	16,976,881	GP(h)	0.17511	2,972,756
123	TOTAL OTHER TAXES	(sum lns 118 to 122)	121,848,679			20,295,802
124	INCOME TAXES	(Note O)				
125	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.41%			
126	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.86%			
127	where WCLTD=(ln 162) and WACC = (ln 165)					
128	and FIT, SIT & p are as given in Note O.					
129	GRCF=1 / (1 - T) = (from ln 125)		1.5977			
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(97,900)			
131	Income Tax Calculation	(ln 126 * ln 134)	201,413,052			43,132,957
132	ITC adjustment	(ln 129 * ln 130)	(156,419)	NP(h)	0.18536	(28,994)
133	TOTAL INCOME TAXES	(sum lns 131 to 132)	201,256,633			43,103,963
134	RETURN ON RATE BASE (Rate Base * WACC)	(ln 78 * ln 165)	518,247,761			110,983,664
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		83,107	DA	1.00000	83,107
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
137	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (ln 136 * ln126)		-			-
138	TOTAL REVENUE REQUIREMENT (sum lns 107, 115, 123, 133, 134, 135, 136, 137)		1,384,868,521			253,543,461

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SUPPORTING CALCULATIONS

ln No.									
	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
139	Total transmission plant	(ln 20)							2,226,150,897
140	Less transmission plant excluded from PJM Tariff (Note P)								-
141	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)								61,576,409
142	Transmission plant included in PJM Tariff	(ln 139 - ln 140 - ln 141)							2,164,574,488
143	Percent of transmission plant in PJM Tariff	(ln 142 / ln 139)						**TP**	**0.97234**
				Payroll Billed from					
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total				
145	Production	354.20.b	73,067,088	24,737,818	97,804,906	NA	0.00000		-
146	Transmission	354.21.b	2,437,704	9,623,281	12,060,985	TP	0.97234		11,727,372
147	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-
148	Distribution	354.23.b	32,132,660	3,954,113	36,086,773	NA	0.00000		-
149	Other (Excludes A&G)	354.24,25,26.b	10,151,143	9,543,242	19,694,385	NA	0.00000		-
150	Total	(sum lns 145 to 149)	117,788,595	47,858,454	165,647,049				11,727,372
151	Transmission related amount							**W/S=**	**0.07080**

152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)					$
153	Long Term Interest	(Worksheet L, ln. 38, col. (D))				207,723,211
154	Preferred Dividends	(Worksheet L, ln. 43, col. (D))				-
155	Development of Common Stock:					
156	Proprietary Capital	(FF1 p 112, Ln 16.c)				3,366,927,928
157	Less: Preferred Stock	(FF1 p 112, Ln 3.c)				-
158	Less: Account 216.1	(FF1 p 112, Ln 12.c)				1,649,787
159	Less: Account 219	(FF1 p 112, Ln 15.c)				5,031,962
160	Common Stock	(ln 156 - ln 157 - ln 158 - ln 159)				3,360,246,179
					Cost	
161			$	%	(Note S)	Weighted
162	Long Term Debt (Note T) Worksheet L, ln 38, col. (B))		3,988,444,344	54.27%	0.0521	0.0283
163	Preferred Stock (ln 157)		-	0.00%	-	0.0000
164	Common Stock (ln 160)		3,360,246,179	45.73%	11.49%	0.0525
165	Total (Sum lns 162 to 164)		7,348,690,523		**WACC=**	**0.0808**

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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. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study are projected as of December 31, 2015. Other ratebase amounts are as of December 31, 2014.
D	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85. 2) AEP transmission equalization transfers, as shown on line 86 3) The impact of state regulatory deferrals and amortizations, as shown on line 87 4) All A&G Expenses, as shown on line 103.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 135.
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 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 6 through 15, for descriptions and the Form 1 Source of these accounts' balances.
H	Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 105 and 106 to determine the total O&M collected in the formula. The amounts on lines 105 and 106 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 105 and 106 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 105 and 106 is the APPALACHIAN POWER COMPANY general ledger.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.
J	General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
K	These deductions on lines 91 through 93 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 reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	See note K above. Per the settlement in Docket 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, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
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 130) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.

Inputs Required:	FIT =	35.00%	
	SIT=	3.71%	(State Income Tax Rate or Composite SIT. Worksheet G))
	p =	0.00%	(percent of federal income tax deductible for state purposes)

Letter	Notes
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 153) / long term debt (ln 162). Preferred Stock cost rate = preferred dividends (ln 154) / preferred outstanding (ln 163). 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. In the Projected & Historic templates, the interest expense on long-term debt is the sum of a full year's interest expense at the coupon rate for each issuance outstanding as of December 31 of the historic year. The projected expense for variable rate debt will be based on the effective rate at December 31. These conventions ensure that the expense used in the projection will reflect a full year, similar to the actual expense that will appear in the subsequent true-up of the projection, and minimize the impact on the true-up of using a partial year interest expense. The projection will reflect the actual historic-year expense recorded for issuance expenses, discounts and premiums, and gains or losses on reacquired debt. Eligible hedging gains or losses will be limited to five basis points of the projected capital structure. Details and calculations are shown on Worksheet L.
T	This note only applies to Indiana Michigan Power Company.
U	This note only applies to the true-up template.

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Line No.			Total	Allocator		Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(ln 303)				$231,798,653
167	REVENUE CREDITS	(Note A) (Worksheet E)	5,850,451	DA	1.00000	$ 5,850,451
168	REVENUE REQUIREMENT For All Company Facilities	(ln 166 less ln 167)				$ 225,948,202

MEMO: The Carrying Charge Calculations on lines 171 to 176 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 169 is included in the total on line 168.

169	Not applicable on this template		
170	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)		
171	Annual Rate	((ln 166 - ln 270 - ln 271)/ ln 213 x 100)	15.50%
172	Monthly Rate	(ln 171 / 12)	1.29%
173	NET PLANT CARRYING CHARGE ON LINE 171 , w/o depreciation or ROE incentives (Note B)		
174	Annual Rate	((ln 166 - ln 270 - ln 271 - ln 276) / ln 213 x 100)	13.15%
175	NET PLANT CARRYING CHARGE ON LINE 174, w/o Return, income taxes or ROE incentives (Note B)		
176	Annual Rate	((ln 166 - ln 270 - ln 271 - ln 276 - ln 298 - ln 299) / ln 213 x 100)	4.21%
177	Not applicable on this template		
178	**REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES**		
179	Total Load Dispatch & Scheduling (Account 561)	Line 250 Below	11,291,674
180	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)		6,073,777
181	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)		1,385,152
182	Total 561 Internally Developed Costs	(Line 179 - Line 180 - Line 181)	3,832,745

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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					
183	Production	(Worksheet A ln 1.C)	6,809,296,146	NA	0.00000	-
184	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(120,120,200)	NA	0.00000	-
185	Transmission	(Worksheet A ln 3.C & Ln 307)	2,226,150,897	DA		2,164,574,488
186	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C& Ln 308)	-	TP	0.97234	-
187	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	NA	0.00000	**N/A**
188	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		**N/A**	NA	0.00000	**N/A**
189	Distribution	(Worksheet A ln 5.C)	3,256,229,906	NA	0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	(3,069)	NA	0.00000	-
191	General Plant	(Worksheet A ln 7.C)	202,635,177	W/S	0.07080	14,346,034
192	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(811,747)	W/S	0.07080	(57,470)
193	Intangible Plant	(Worksheet A ln 9.C)	117,046,278	W/S	0.07080	8,286,566
194	TOTAL GROSS PLANT	(sum lns 183 to 193)	12,490,423,388	**GP(h)=**	**0.175106**	2,187,149,618
				GTD=	**0.39482**	
195	ACCUMULATED DEPRECIATION AND AMORTIZATION					
196	Production	(Worksheet A ln 12.C)	2,522,016,228	NA	0.00000	-
197	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(52,726,108)	NA	0.00000	-
198	Transmission	(Worksheet A ln 14.C & 28.C)	688,377,785	**TP1=**	0.97204	669,128,891
199	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.97204	-
200	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	DA	1.00000	**N/A**
201	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
202	Plus: Additional Transmission Depreciation for 2015 (ln 276)		**N/A**	TP1	0.97204	**N/A**
203	Plus: Additional General & Intangible Depreciation for 2015 (ln 275 + ln 276)		**N/A**	W/S	0.07080	**N/A**
204	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
205	Distribution	(Worksheet A ln 16.C)	1,046,013,655	NA	0.00000	-
206	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	(1,654)	NA	0.00000	-
207	General Plant	(Worksheet A ln 18.C)	69,903,932	W/S	0.07080	4,949,013
208	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(629,022)	W/S	0.07080	(44,533)
209	Intangible Plant	(Worksheet A ln 20.C)	87,936,996	W/S	0.07080	6,225,706
210	TOTAL ACCUMULATED DEPRECIATION	(sum lns 196 to 209)	4,360,891,812			680,259,077
211	NET PLANT IN SERVICE					
212	Production	(ln 183 + ln 184 - ln 196 - ln 197)	4,219,885,826			-
213	Transmission	(ln 185 + ln 186 - ln 198 - ln 199)	1,537,773,112			1,495,445,597
214	Plus: Transmission Plant-in-Service Additions (ln 187 - ln 200)		**N/A**			**N/A**
215	Plus: Additional Trans Plant on Transferred Assets (ln 188 - ln 201)		**N/A**			**N/A**
216	Plus: Additional Transmission Depreciation for 2015 (-ln 202)		**N/A**			**N/A**
217	Plus: Additional General & Intangible Depreciation for 2015 (-ln 203)		**N/A**			**N/A**
218	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 204)		**N/A**			**N/A**
219	Distribution	(ln 189 + ln 190 - ln 205 - ln 206)	2,210,214,836			-
220	General Plant	(ln 191 + ln 192 - ln 207 - ln 208)	132,548,520			9,384,084
221	Intangible Plant	(ln 193 - ln 209)	29,109,282			2,060,860
222	TOTAL NET PLANT IN SERVICE	(sum lns 212 to 221)	8,129,531,576	**NP(h)=**	**0.185360**	1,506,890,541
223	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
224	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.C)	(308,697,317)	NA		-
225	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.C)	(1,569,029,178)	DA		(350,305,504)
226	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.C)	(377,641,323)	DA		(36,423,206)
227	Account No. 190.1	(Worksheet B, ln 17 & ln 20.C)	363,308,515	DA		51,736,470
228	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.C)	(1,311,931)	DA		(230,008)
229	TOTAL ADJUSTMENTS	(sum lns 224 to 228)	(1,893,371,234)			(335,222,248)
230	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	4,417,694	DA		1,877,675
231	REGULATORY ASSETS	(Worksheet A ln 36. (C))	-	DA		-
232	WORKING CAPITAL	(Note E)				
233	Cash Working Capital	(1/8 * ln 253)	3,722,120			3,619,164
234	Transmission Materials & Supplies	(Worksheet C, ln 2.(D))	1,055,592	TP	0.97234	1,026,394
235	A&G Materials & Supplies	(Worksheet C, ln 3.(D))	206,529	W/S	0.07080	14,622
236	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.17511	-
237	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 6.G)	186,058,409	W/S	0.07080	13,172,443
238	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 6.F)	3,070,083	GP(h)	0.17511	537,590
239	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 6.E)	1,932,237	DA	1.00000	1,932,237
240	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 6.D)	(182,866,130)	NA	0.00000	-
241	TOTAL WORKING CAPITAL	(sum lns 233 to 240)	13,178,840			20,302,450
242	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 7.B)	(2,609,281)	DA	1.00000	(2,609,281)
243	RATE BASE (sum lns 222, 229, 230, 231, 241, 242)		6,251,147,595			1,191,239,137

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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					
244	Production	321.80.b	1,564,617,266			
245	Distribution	322.156.b	123,922,789			
246	Customer Related Expense	322 & 323.164,171,178.b	49,903,680			
247	Regional Marketing Expenses	322.131.b	5,280,570			
248	Transmission	321.112.b	141,645,793			
249	TOTAL O&M EXPENSES	(sum lns 244 to 248)	1,885,370,097			
250	Less: Total Account 561	(Note G) (Worksheet F, ln 15.C)	11,291,674			
251	Less: Account 565	(Note H) 321.96.b	106,278,193			
252	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	(5,701,034)			
253	Total O&M Allocable to Transmission	(lns 248 - 250 - 251 - 252)	29,776,960	TP	0.97234	28,953,315
254	Administrative and General	323.197.b (Note J)	111,162,526			
255	Less: Acct. 924, Property Insurance	323.185.b	2,522,259			
256	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(13,020,078)			
257	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
258	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(960,629)			
259	Acct. 928, Reg. Com. Exp.	323.189.b	2,312,503			
260	Acct. 930.1, Gen. Advert. Exp.	323.191.b	826,959			
261	Acct. 930.2, Misc. Gen. Exp.	323.192.b	7,068,587			
262	Balance of A & G	(ln 254 - sum ln 255 to ln 261)	112,412,925	W/S	0.07080	7,958,537
263	Plus: Acct. 924, Property Insurance	(ln 255)	2,522,259	GP(h)	0.17511	441,663
264	Acct. 928 - Transmission Specific	Worksheet F ln 19.(E) (Note L)	-	TP	0.97234	-
265	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 36.(E) (Note L)	-	TP	0.97234	-
266	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 43.(E) (Note L)	3,049,274	DA	1.00000	3,049,274
267	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 1, (Note M)	11,060,258	W/S	0.07080	783,037
268	A & G Subtotal	(sum lns 262 to 267)	129,044,715			12,232,511
269	O & M EXPENSE SUBTOTAL	(ln 253 + ln 268)	158,821,675			41,185,826
270	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
271	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
272	TOTAL O & M EXPENSE	(ln 269 + ln 270 + ln 271)	158,821,675			41,185,826
273	DEPRECIATION AND AMORTIZATION EXPENSE					
274	Production	336.2-6.f	215,287,953	NA	0.00000	-
275	Distribution	336.8.f	111,569,810	NA	0.00000	-
276	Transmission	336.7.f	36,168,976	TP1	0.97204	35,157,594
277	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A			**N/A**
278	General	336.10.f	3,698,853	W/S	0.07080	261,869
279	Intangible	336.1.f	16,587,812	W/S	0.07080	1,174,373
280	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 274+275+ 276+277+278+279)	383,313,404			36,593,836
281	TAXES OTHER THAN INCOME	(Note N)				
282	Labor Related					
283	Payroll	Worksheet H ln 23.(D)	9,640,870	W/S	0.07080	682,548
284	Plant Related					
285	Property	Worksheet H ln 23.(C) & ln 58.(C)	59,387,933	DA		16,640,499
286	Gross Receipts/Sales & Use	Worksheet H ln 23.(F)	35,842,995	NA	0.00000	-
287	Other	Worksheet H ln 23.(E)	16,976,881	GP(h)	0.17511	2,972,756
288	TOTAL OTHER TAXES	(sum lns 283 to 287)	121,848,679			20,295,802
289	INCOME TAXES	(Note O)				
290	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.41%			
291	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.86%			
292	where WCLTD=(ln 327) and WACC = (ln 330)					
293	and FIT, SIT & p are as given in Note O.					
294	GRCF=1 / (1 - T) = (from ln 290)		1.5977			
295	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(97,900)			
296	Income Tax Calculation	(ln 291 * ln 299)	196,314,102			37,410,258
297	ITC adjustment	(ln 294 * ln 295)	(156,419)	NP(h)	0.18536	(28,994)
298	TOTAL INCOME TAXES	(sum lns 296 to 297)	196,157,683			37,381,264
299	RETURN ON RATE BASE (Rate Base*WACC)	(ln 243 * ln 330)	505,127,860			96,258,817
300	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		83,107	DA	1.00000	83,107
301	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
302	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 301 * ln291)		-			-
303	TOTAL REVENUE REQUIREMENT (sum lns 272, 280, 288, 298, 299, 300, 301, 302)		1,365,352,408			231,798,653

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SUPPORTING CALCULATIONS

ln No.								
	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
304	Total transmission plant	(ln 185)						2,226,150,897
305	Less transmission plant excluded from PJM Tariff (Note P)							
306	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)							61,576,409
307	Transmission plant included in PJM Tariff	(ln 304 - ln 305 - ln 306)						2,164,574,488
308	Percent of transmission plant in PJM Tariff	(ln 307 / ln 304)					TP=	**0.97234**

ln No.			Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
309	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
310	Production	354.20.b	73,067,088	24,737,818	97,804,906	NA	0.00000	-
311	Transmission	354.21.b	2,437,704	9,623,281	12,060,985	TP	0.97234	11,727,372
312	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
313	Distribution	354.23.b	32,132,660	3,954,113	36,086,773	NA	0.00000	-
314	Other (Excludes A&G)	354.24,25,26.b	10,151,143	9,543,242	19,694,385	NA	0.00000	-
315	Total	(sum lns 310 to 314)	117,788,595	47,858,454	165,647,049			11,727,372
			✓	✓				
316	Transmission related amount						W/S=	**0.07080**

ln No.			
317	WEIGHTED AVERAGE COST OF CAPITAL (WACC)		$
318	Long Term Interest	(Worksheet L, ln. 38, col. (D))	207,723,211
319	Preferred Dividends	(Worksheet L, ln. 43, col. (D))	-
320	Development of Common Stock:		
321	Proprietary Capital	(FF1 p 112, Ln 16.c)	3,366,927,928
322	Less: Preferred Stock	(FF1 p 112, Ln 3.c)	-
323	Less: Account 216.1	(FF1 p 112, Ln 12 .c)	1,649,787
324	Less: Account 219	(FF1 p 112, Ln 15.c)	5,031,962
325	Common Stock	(ln 321 - ln 322 - ln 323 - ln 324)	3,360,246,179

ln No.		$	%	Cost (Note S)	Weighted
326					
327	Long Term Debt (Note T) Worksheet L, ln 38, col. (B))	3,988,444,344	54.27%	0.0521	0.0283
328	Preferred Stock (ln 322)	-	0.00%	-	0.0000
329	Common Stock (ln 325)	3,360,246,179	45.73%	11.49%	0.0525
330	Total (Sum lns 327 to 329)	7,348,690,523		WACC=	**0.0808**

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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. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study are historic as of December 31, 2014.
D	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 253. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 250. 2) AEP transmission equalization transfers, as shown on line 251 3) The impact of state regulatory deferrals and amortizations, as shown on line 252 4) All A&G Expenses, as shown on line 268.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 242 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 300.
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 180 & 181 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 6 through 15, 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 253. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 270 and 271 to determine the total O&M collected in the formula. The amounts on lines 270 and 271 are also excluded in the calculation of the FCR percentage calculated on lines 170 through 176. The addbacks on lines 270 and 271 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 270 and 271 is the APPALACHIAN POWER COMPANY general ledger.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.
J	General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
K	These deductions on lines 256 through 258 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 reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	See note K above. Per the settlement in Docket 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, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
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 295) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.

Inputs Required:	FIT =	35.00%	
	SIT=	3.71%	(State Income Tax Rate or Composite SIT. Worksheet G))
	p =	0.00%	(percent of federal income tax deductible for state purposes)

P	Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
Q	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
R	Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
S	Long Term Debt cost rate = long-term interest (ln 318) / long term debt (ln 327). Preferred Stock cost rate = preferred dividends (ln 319) / preferred outstanding (ln 328). 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 remaining a member of the PJM RTO. In the Projected & Historic templates, the interest expense on long-term debt is the sum of a full year's interest expense at the coupon rate for each issuance outstanding as of December 31 of the historic year. The projected expense for variable rate debt will be based on the effective rate at December 31. These conventions ensure that the expense used in the projection will reflect a full year, similar to the actual expense that will appear in the subsequent true-up of the projection, and minimize the impact on the true-up of using a partial year interest expense. The projection will reflect the actual historic-year expense recorded for issuance expenses, discounts and premiums, and gains or losses on reacquired debt. Eligible hedging gains or losses will be limited to five basis points of the projected capital structure. Details and calculations are shown on Worksheet L.
T	This note only applies to Indiana Michigan Power Company.
U	This note only applies to the true-up template.

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Line No.			Total	Allocator			Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 138)					$228,717,931
2	REVENUE CREDITS	(Note A) (Worksheet E)	5,850,451	DA	1.00000	$	5,850,451
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$	222,867,479

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		2,304,491	DA	1.00000	$	2,304,491
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)						
6	Annual Rate	((ln 1 - ln 105 - ln 106)/ ln 48 x 100)					15.51%
7	Monthly Rate	(ln 6 / 12)					1.29%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)						
9	Annual Rate	((ln 1 - ln 106 - ln 111) / ln 48 x 100)					13.13%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)						
11	Annual Rate	((ln 1 - ln 105 - ln 106 - ln 111 - ln 133 - ln 134) / ln 48 x 100)					4.27%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)						-
13	**REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES**						
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below					11,291,674
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)						6,073,777
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)						1,385,152
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					3,832,745

AEP East Companies
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APPALACHIAN POWER COMPANY

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					
18	Production	(Worksheet A ln 1.E)	6,752,508,573	NA	0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.E)	(114,779,618)	NA	0.00000	-
20	Transmission	(Worksheet A ln 3.E & Ln 142)	2,192,466,786	DA		2,130,890,376
21	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E & Ln 143)	-	TP	0.97191	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	NA	0.00000	**N/A**
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		**N/A**	NA	0.00000	**N/A**
24	Distribution	(Worksheet A ln 5.E)	3,196,441,250	NA	0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.E)	(3,069)	NA	0.00000	-
26	General Plant	(Worksheet A ln 7.E)	200,335,905	W/S	0.07077	14,177,053
27	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	(811,747)	W/S	0.07077	(57,444)
28	Intangible Plant	(Worksheet A ln 9.E)	111,907,799	W/S	0.07077	7,919,313
29	TOTAL GROSS PLANT	(sum lns 18 to 28)	12,338,065,878	**GP(h)=**	**0.17449**	2,152,929,297
				GTD=	**0.00000**	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Production	(Worksheet A ln 12.E)	2,457,987,931	NA	0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.E)	(48,915,184)	NA	0.00000	-
33	Transmission	(Worksheet A ln 14.E & 28.E)	675,112,716	**TP1=**	0.97243	656,497,133
34	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.97243	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	DA	1.00000	**N/A**
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
37	Plus: Additional Transmission Depreciation for 2015 (ln 111)		**N/A**	TP1	0.97243	**N/A**
38	Plus: Additional General & Intangible Depreciation for 2015 (ln 110 + ln 111)		**N/A**	W/S	0.07077	**N/A**
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
40	Distribution	(Worksheet A ln 16.E)	1,011,070,989	NA	0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.E)	(1,620)	NA	0.00000	-
42	General Plant	(Worksheet A ln 18.E)	68,551,255	W/S	0.07077	4,851,126
43	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	(620,377)	W/S	0.07077	(43,902)
44	Intangible Plant	(Worksheet A ln 20.E)	83,252,062	W/S	0.07077	5,891,449
45	TOTAL ACCUMULATED DEPRECIATION	(sum lns 31 to 44)	4,246,437,771			667,195,806
46	NET PLANT IN SERVICE					
47	Production	(ln 18 + ln 19 - ln 31 - ln 32)	4,228,656,208			-
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	1,517,354,070			1,474,393,243
49	Plus: Transmission Plant-in-Service Additions (ln 22 - ln 35)		**N/A**			**N/A**
50	Plus: Additional Trans Plant on Transferred Assets (ln 23 - ln 36)		**N/A**			**N/A**
51	Plus: Additional Transmission Depreciation for 2015 (-ln 37)		**N/A**			**N/A**
52	Plus: Additional General & Intangible Depreciation for 2015 (-ln 38)		**N/A**			**N/A**
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 39)		**N/A**			**N/A**
54	Distribution	(ln 24 + ln 25 - ln 40 - ln 41)	2,185,368,812			-
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	131,593,280			9,312,384
56	Intangible Plant	(ln 28 - ln 44)	28,655,737			2,027,864
57	TOTAL NET PLANT IN SERVICE	(sum lns 47 to 56)	8,091,628,107	**NP(h)=**	**0.18361**	1,485,733,491
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.E)	(299,785,821)	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.E)	(1,517,033,653)	DA		(333,034,871)
61	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.E)	(389,850,470)	DA		(35,578,946)
62	Account No. 190.1	(Worksheet B, ln 17 & ln 20.E)	396,114,253	DA		50,855,683
63	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.E)	(1,587,318)	DA		(310,945)
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	(1,812,143,009)			(318,069,079)
65	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	22,382,090	DA		1,877,675
66	REGULATORY ASSETS	(Worksheet A ln 36. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * ln 88)	3,722,120			3,617,583
69	Transmission Materials & Supplies	(Worksheet C, ln 2.F)	1,255,061	TP	0.97191	1,219,812
70	A&G Materials & Supplies	(Worksheet C, ln 3.F)	392,721	W/S	0.07077	27,791
71	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.17449	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 8.G)	183,924,285	W/S	0.07077	13,015,661
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 8.F)	2,968,204	GP(h)	0.17449	517,936
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 8.E)	968,478	DA	1.00000	968,478
75	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 8.D)	(181,166,433)	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum lns 68 to 75)	12,064,435			19,367,261
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 8 (B))	(2,567,728)	DA	1.00000	(2,567,728)
78	RATE BASE (sum lns 57, 64, 65, 66, 76, 77)		6,311,363,896			1,186,341,620

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APPALACHIAN POWER COMPANY

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					
79	Production	321.80.b	1,564,617,266			
80	Distribution	322.156.b	123,922,789			
81	Customer Related Expense	322.164,171,178.b	49,903,680			
82	Regional Marketing Expenses	322.131.b	5,280,570			
83	Transmission	321.112.b	141,645,793			
84	TOTAL O&M EXPENSES	(sum lns 79 to 83)	1,885,370,097			
85	Less: Total Account 561	(Note G) (Worksheet F, ln 15.C)	11,291,674			
86	Less: Account 565	(Note H) 321.96.b	106,278,193			
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	(5,701,034)			
88	Total O&M Allocable to Transmission	(lns 83 - 85 - 86 - 87)	29,776,960	TP	0.97191	28,940,661
89	Administrative and General	323.197.b (Note J)	111,162,526			
90	Less: Acct. 924, Property Insurance	323.185.b	2,522,259			
91	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(13,020,078)			
92	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
93	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(960,629)			
94	Acct. 928, Reg. Com. Exp.	323.189.b	2,312,503			
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	826,959			
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	7,068,587			
97	Balance of A & G	(ln 89 - sum ln 90 to ln 96)	112,412,925	W/S	0.07077	7,955,059
98	Plus: Acct. 924, Property Insurance	(ln 90)	2,522,259	GP(h)	0.17449	440,121
99	Acct. 928 - Transmission Specific	Worksheet F ln 19.(E) (Note L)	-	TP	0.97234	-
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 36.(E) (Note L)	-	TP	0.97234	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 43.(E) (Note L)	3,049,274	DA	1.00000	3,049,274
102	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 1, (Note M)	11,060,258	W/S	0.07077	782,695
103	A & G Subtotal	(sum lns 97 to 102)	129,044,715			12,227,149
104	O & M EXPENSE SUBTOTAL	(ln 88 + ln 103)	158,821,675			41,167,810
105	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
106	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
107	TOTAL O & M EXPENSE	(ln 104 + ln 105 + ln 106)	158,821,675			41,167,810
108	DEPRECIATION AND AMORTIZATION EXPENSE					
109	Production	336.2-6.f	215,287,953	NA	0.00000	-
110	Distribution	336.8.f	111,569,810	NA	0.00000	-
111	Transmission	336.7.f	36,168,976	TP1	0.97243	35,171,651
112	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**			**N/A**
113	General	336.10.f	3,698,853	W/S	0.07077	261,755
114	Intangible	336.1.f	16,587,812	W/S	0.07077	1,173,860
115	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 109+110+ 111+112+113+114)	383,313,404			36,607,266
116	TAXES OTHER THAN INCOME	(Note N)				
117	Labor Related					
118	Payroll	Worksheet H ln 23.(D)	9,640,870	W/S	0.07077	682,250
119	Plant Related					
120	Property	Worksheet H ln 23.(C) & ln 58.(C)	59,387,933	DA		16,640,499
121	Gross Receipts/Sales & Use	Worksheet H ln 23.(F)	35,842,995	NA	0.00000	-
122	Other	Worksheet H ln 23.(E)	16,976,881	GP(h)	0.17449	2,962,379
123	TOTAL OTHER TAXES	(sum lns 118 to 122)	121,848,679			20,285,127
124	INCOME TAXES	(Note O)				
125	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.41%			
126	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.52%			
127	where WCLTD=(ln 162) and WACC = (ln 165)					
128	and FIT, SIT & p are as given in Note O.					
129	GRCF=1 / (1 - T) = (from ln 125)		1.5977			
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(97,900)			
131	Income Tax Calculation	(ln 126 * ln 134)	193,226,468			36,320,612
132	ITC adjustment	(ln 129 * ln 130)	(156,419)	NP(h)	0.18361	(28,721)
133	TOTAL INCOME TAXES	(sum lns 131 to 132)	193,070,049			36,291,892
134	RETURN ON RATE BASE (Rate Base*WACC)	(ln 78 * ln 165)	501,586,225			94,282,730
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		83,107	DA	1.00000	83,107
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
137	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 136 * ln126)		-			-
138	TOTAL REVENUE REQUIREMENT (sum lns 107, 115, 123, 133, 134, 135)		1,358,723,139			228,717,931

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APPALACHIAN POWER COMPANY

SUPPORTING CALCULATIONS

ln No.								
	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
139	Total transmission plant	(ln 20)						2,192,466,786
140	Less transmission plant excluded from PJM Tariff (Note P)							-
141	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)							61,576,409
142	Transmission plant included in PJM Tariff	(ln 139 - ln 140 - ln 141)						2,130,890,376
143	Percent of transmission plant in PJM Tariff	(ln 142 / ln 139)					TF	0.97191
				Payroll Billed from				
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
145	Production	354.20.b	73,067,088	24,737,818	97,804,906	NA	0.00000	-
146	Transmission	354.21.b	2,437,704	9,623,281	12,060,985	TP	0.97191	11,722,247
147	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
148	Distribution	354.23.b	32,132,660	3,954,113	36,086,773	NA	0.00000	-
149	Other (Excludes A&G)	354.24,25,26.b	10,151,143	9,543,242	19,694,385	NA	0.00000	-
150	Total	(sum lns 145 to 149)	117,788,595	47,858,454	165,647,049			11,722,247
151	Transmission related amount						W/S=	0.07077

152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
153	Long Term Interest	(Worksheet M, ln. 21, col. (E))					208,751,117
154	Preferred Dividends	(Worksheet M, ln. 55, col. (E))					-
155	Development of Common Stock:						Average
156	Proprietary Capital	(Worksheet M, ln. 1, col. (E))					3,299,131,078
157	Less: Preferred Stock	(Worksheet M, ln. 2, col. (E))					-
158	Less: Account 216.1	(Worksheet M, ln. 3, col. (E))					1,644,761
159	Less: Account 219	(Worksheet M, ln. 4, col. (E))					3,991,586
160	Common Stock	(ln 156 - ln 157 - ln 158 - ln 159)					3,293,494,731
			Capital Structure Weighting		Cost		
161		Average $	Actual	Cap Limit	(Note S)		Weighted
162	Long Term Debt (Note T) W/S M, ln 11, ln 22, col. (E))	4,094,799,565	55.42%	0.00%	0.0510		0.0283
163	Preferred Stock (ln 157)	-	0.00%	0.00%	-		0.0000
164	Commone Stock (ln 160)	3,293,494,731	44.58%	0.00%	11.49%		0.0512
165	Total (Sum lns 162 to 164)	7,388,294,296				WACC=	0.0795
166	Capital Structure Equity Limit (Note U)	100.0%					

AEP East Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

APPALACHIAN POWER COMPANY

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. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study reflect the average of the balances at December 31, 2013 and December 31, 2014.
D	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85. 2) AEP transmission equalization transfers, as shown on line 86 3) The impact of state regulatory deferrals and amortizations, as shown on line 87 4) All A&G Expenses, as shown on line 103.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 135.
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 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 6 through 15, for descriptions and the Form 1 Source of these accounts' balances.
H	Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 105 and 106 to determine the total O&M collected in the formula. The amounts on lines 105 and 106 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 105 and 106 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 105 and 106 is the APPALACHIAN POWER COMPANY general ledger.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.
J	General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
K	These deductions on lines 91 through 93 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 reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	See note K above. Per the settlement in Docket 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, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
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 130) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.

Inputs Required:			
	FIT =	35.00%	
	SIT=	3.71%	(State Income Tax Rate or Composite SIT. Worksheet G))
	p =	0.00%	(percent of federal income tax deductible for state purposes)

Letter	Notes
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 153) /average long term debt (ln 162). Preferred Stock cost rate = preferred dividends (ln 154) / preferred outstanding (ln 163). 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. Interest expense for the true-up WACC is based on actual expenses for the true-up year. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the true-up capital structure. Details and calculations of the true-up weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are defined in the Formula Protocols in the tariff, and on Worksheet M.
T	This note only applies to Indiana Michigan Power Company.
U	Per Settlement, equity for APPALACHIAN POWER COMPANY is limited to 100% of Capital Structure. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure. During the period ended December 31, 2011 the equity cap is in effect. During this period, a change in the cap percentage must be approved via a 205 filing with the FERC.

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet A Supporting Plant Balances
APPALACHIAN POWER COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2014	(D) Balance @ December 31, 2013	(E) Average Balance for 2014
	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	6,809,296,146	6,695,720,999	6,752,508,573
2	**Production Asset Retirement Obligation (ARO)**	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	120,120,200	109,439,035	114,779,618
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	2,226,150,897	2,158,782,674	2,192,466,786
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	3,256,229,906	3,136,652,594	3,196,441,250
6	**Distribution Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	3,069	3,069	3,069
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	202,635,177	198,036,633	200,335,905
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	811,747	811,747	811,747
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	117,046,278	106,769,319	111,907,799
10	**Total Property Investment Balance**	(Sum of Lines: 3, 1, 5, 7, 9)	12,611,358,404	12,295,962,219	12,453,660,312
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 4, 2, 6, 8)	120,935,016	110,253,851	115,594,434
	Accumulated Depreciation & Amortization Balances				
12	**Production Accumulated Depreciation**	FF1, page 219, lns 20-24, Col. (b)	2,522,016,228	2,393,959,634	2,457,987,931
13	**Production ARO Accumulated Depreciation**	Company Records - Note 1	52,726,108	45,104,260	48,915,184
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	688,377,785	661,847,646	675,112,716
15	**Transmission ARO Accumulated Depreciation**	Company Records - Note 1	-	-	-
16	**Distribution Accumulated Depreciation**	FF1, page 219, ln 26, Col. (b)	1,046,013,655	976,128,323	1,011,070,989
17	**Distribution ARO Accumulated Depreciation**	Company Records - Note 1	1,654	1,585	1,620
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	69,903,932	67,198,578	68,551,255
19	**General ARO Accumulated Depreciation**	Company Records - Note 1	629,022	611,733	620,377
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	87,936,996	78,567,127	83,252,062
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 14, 12, 16, 18, 20)	4,414,248,596	4,177,701,308	4,295,974,952
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 15, 13, 17, 19)	53,356,784	45,717,578	49,537,181
	Generation Step-Up Units				
23	**GSU Investment Amount**	Company Records - Note 1	61,576,409	61,576,409	61,576,409
24	**GSU Accumulated Depreciation**	Company Records - Note 1	19,248,894	17,982,271	18,615,583
25	**GSU Net Balance**	(Line 23 - Line 24)	42,327,515	43,594,138	42,960,827
	Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation				
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	688,377,785	661,847,646	675,112,716
27	**Less: GSU Accumulated Depreciation**	(Line 24 Above)	19,248,894	17,982,271	18,615,583
28	**Subtotal of Transmission Net of GSU**	(Line 26 - Line 27)	669,128,891	643,865,375	656,497,133
	Plant Held For Future Use				
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	4,417,694	40,346,487	22,382,090
30	**Transmission Plant Held For Future**	Company Records - Note 1	1,877,675	1,877,675	1,877,675
	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 unamortized balance of hedging gains or losses.

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
APPALACHIAN POWER COMPANY

	(A)	(B)	(C)	(D)	(E)
Line Number	**Description**	**Source**	**Balance @ December 31, 2014**	**Balance @ December 31, 2013**	**Average Balance for 2014**
1	**Account 281**				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	308,697,317	290,874,325	299,785,821
3	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
4	Less: Other Excluded Deferrals	Company Records - Note 1	308,697,317	290,874,325	299,785,821
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)	1,569,029,178	1,465,038,128	1,517,033,653
8	Less: ARO Related Deferrals	Company Records - Note 1	24,219,615	14,225,977	19,222,796
9	Less: Other Excluded Deferrals	Company Records - Note 1	1,194,504,059	1,135,047,913	1,164,775,986
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	350,305,504	315,764,238	333,034,871
11	**Account 283**				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	377,641,323	402,059,616	389,850,470
13	Less: ARO Related Deferrals	Company Records - Note 1	1,546,214	2,258,617	1,902,416
14	Less: Other Excluded Deferrals	Company Records - Note 1	339,671,904	365,066,312	352,369,108
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	36,423,206	34,734,688	35,578,946
16	**Account 190**				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	363,308,515	428,919,990	396,114,253
18	Less: ARO Related Deferrals	Company Records - Note 1	51,994,133	53,614,775	52,804,454
19	Less: Other Excluded Deferrals	Company Records - Note 1	259,577,912	325,330,320	292,454,116
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	51,736,470	49,974,895	50,855,683
21	**Account 255**				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	1,335,984	1,984,658	1,660,321
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	24,053	121,953	73,003
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	1,311,931	1,862,705	1,587,318
25	Transmission Related Deferrals	Company Records - Note 1	230,008	391,881	310,945

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

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

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
APPALACHIAN POWER COMPANY

Materials & Supplies

(A) Line Number	(B)	(C) Source	(D) Balance @ December 31, 2014	(E) Balance @ December 31, 2013	(F) Average Balance for 2014
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	1,055,592	1,454,529	1,255,061
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	206,529	578,913	392,721
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, 2014	8,194,599	(182,866,130)	1,932,237	3,070,083	186,058,409	191,060,729
7	Totals as of December 31, 2013	5,214,468	(179,466,736)	4,719	2,866,325	181,790,160	184,661,204
8	**Average Balance**	6,704,534	(181,166,433)	968,478	2,968,204	183,924,285	187,860,967

Prepayments Account 165 - Balance @ 12/31/2014

9	Acc. No.	Description	2014 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	1,943,649	-		1,943,649		1,943,649	Plant Related Insurance Policies
11	165000214	Prepaid Taxes	2,197,376	2,197,376		-		-	Prepaid Taxes - Distribution
12	1650003	Prepaid Rents	0	-			-	-	Prepaid Distribution Rent Expense
13	1650004	Prepaid Interest	26,243	26,243				-	Prepaid Interest - Distribution
14	1650005	Prepaid Employee Benefits	0	-			-	-	
15	1650006	Other Prepayments	1,515	-	1,515	-		1,515	PPD Sales
16	1650009	Prepaid Carry Cost-Factored AR	98,021	98,021				-	AR Factoring - Retail Only
17	1650010	Prepaid Pension Benefits	171,274,429				171,274,429	171,274,429	Prefunded Pension Expense
18	1650014	FAS 158 Qual Contra Asset	(171,274,429)	(171,274,429)				-	SFAS 158 Offset
19	1650016	FAS 112 ASSETS	0	-			-	-	SFAS 112 Overfunding Asset
20	1650021	Prepaid Insurance - EIS	1,126,434	-		1,126,434		1,126,434	
21	1650023	Prepaid Lease	855,639	855,639				-	Prepaid Lease
22	1650031	Prepaid OCIP Work Comp	685,945		685,945			685,945	Trans. Related Work Comp
23	1650032	Prepaid OCIP Work Comp LT	281,998		281,998			281,998	Trans. Related Work Comp
24	1650033	Prepaid OCIP Work Comp	667,484		667,484			667,484	Trans. Related Work Comp
25	1650034	Prepaid OCIP Work Comp LT-Aff	295,295		295,295			295,295	Trans. Related Work Comp
26	1650035	PRW without MED-D benefits	(10,334,698)				(10,334,698)	(10,334,698)	
27	1650036	PRW for Med-D benefits	25,118,678				25,118,678	25,118,678	
28	1650037	FAS 158 Contra-PRW exclud Med-D	(14,783,980)	(14,783,980)					
29	165001113	Prepaid Sales Taxes	0	-				-	Prepaid Taxes - Distribution
30	165001214	Prepaid Use Tax	15,000	15,000					Prepaid Use Tax - Generation
		Subtotal - Form 1, p 111.57.c	8,194,599	(182,866,130)	1,932,237	3,070,083	186,058,409	191,060,729	

Prepayments Account 165 - Balance @ 12/31/ 2013

31	Acc. No.	Description	2013 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	1,810,059			1,810,059		1,810,059	Plant Related Insurance Policies
33	165000213	Prepaid Taxes	2,060,961	2,060,961		0		-	Prepaid Taxes-Distribution
34	1650003	Prepaid Rents	0	0				-	Prepaid Distribution Rent Expense
35	1650004	Prepaid Interest	26,614	26,614				-	Prepaid Interest-Distribtion
36	1650005	Prepaid Employee Benefits	0						
37	1650006	Other Prepayments	4,719		4,719	0		4,719	PPD Sales
38	1650009	Prepaid Carry Cost-Factored AR	97,338	97,338				-	AR Factoring - Retail Only
39	1650010	Prepaid Pension Benefits	181,790,160				181,790,160	181,790,160	Prefunded Pension Expense
40	1650014	FAS 158 Qual Contra Asset	(181,790,160)	(181,790,160)				-	SFAS 158 Offset
41	1650016	FAS 112 ASSETS	0	0				-	SFAS 112 Overfunding Asset
42	1650021	Prepaid Insurance - EIS	1,056,266			1,056,266		1,056,266	
43	1650023	Prepaid Lease	137,659	137,659					Prepaid Lease Distribution
44	165001113	Prepaid Sales Taxes	852	852					Prepaid Taxes Distribution
45	165001213	Prepaid Use Tax	20,000	20,000					Prepaid Use Tax-Generation
		Subtotal - Form 1, p 111.57.d	5,214,468	(179,466,736)	4,719	2,866,325	181,790,160	184,661,204	

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet D Supporting IPP Credits
APPALACHIAN POWER COMPANY

Line Number	(A) Description	(B) 2014
1	Net Funds from IPP Customers 12/31/2013 (2014 FORM 1, P269, line 15.b)	(2,526,174.00)
2	Interest Accrual (Company Records - Note 1)	(83,107.00)
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	Other Adjustments	
5	Accounting Adjustment (Company Records - Note 1)	0
6		0
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, line 15.f)	(2,609,281.00)
8	Average Balance for Year as Indicated in Column ((ln 1 + ln 7)/2)	(2,567,727.50)

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

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet E Supporting Revenue Credits
APPALACHIAN POWER COMPANY

Line Number	Description	Total Company	Non-Transmission	Transmission
1	**Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)**	5,490,874	5,490,874	-
2	**Account 451,Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)**	2,167,930	1,810,029	357,901
3	**Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)**	19,801,458	17,559,386	2,242,072
4	**Account 4560015, Associated Business Development - (Company Records - Note 1)**	6,976,996	3,726,518	3,250,478
5	**Account 456 - Other Electric Revenues - (Company Records - Note 1)**	110,284,377	110,284,377	-
6	**Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))**	144,721,635	138,871,184	5,850,451
7	**Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)**	-	-	-
8	**Total Other Operating Revenues To Reduce Revenue Requirement**	144,721,635	138,871,184	5,850,451

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

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
APPALACHIAN POWER COMPANY

Line Number	(A) Item No.	(B) Description	(C) 2014 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
		Regulatory O&M Deferrals & Amortizations				
1	5700005	Maint Station-Reliability-Df	-			
2	5660007	Virginia T-RAC UnderRecovery	(5,841,484)			
3	5660000	Amortization Severance	140,450			
4						
5		Total	$ (5,701,034)			
		Detail of Account 561 Per FERC Form 1				
6	FF1 p 321.84.b	561 - Load Dispatching	0			
7	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	31,158			
8	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	3,323,183			
9	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
10	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	6,073,777			
11	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	478,404			
12	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
13	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
14	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	1,385,152			
15		Total of Account 561	11,291,674			
		Account 928				
16	9280000	Regulatory Commission Exp	668	668	-	
17	9280001	Regulatory Commission Exp-Adm	1,229,355	1,229,355	-	
18	9280002	Regulatory Commission Exp-Case	1,082,480	1,082,480	-	
19		Total	2,312,503	2,312,503	-	
		Account 930.1				
20	9301000	General Advertising Expenses	2,966	2,966	-	
21	9301001	Newspaper Advertising Space	359,269	359,269	-	
22	9301002	Radio Station Advertising Time	5,713	5,713	-	
23	9301003	TV Station Advertising Time	23,338	23,338	-	
24	9301004	Newspaper Advertising Prod Exp	4,886	4,886		
25	9301005	Radio &TV Advertising Prod Exp	-	-	-	
26	9301006	Spec Corporate Comm Info Proj	-	-	-	
27	9301007	Special Adv Space & Prod Exp	3,366	3,366	-	
28	9301008	Direct Mail and Handouts	-	-	-	
29	9301009	Fairs, Shows, and Exhibits	-	-	-	
30	9301010	Publicity	21,003	21,003	-	
31	9301011	Dedications, Tours, & Openings	2,622	2,622	-	
32	9301012	Public Opinion Surveys	42,563	42,563	-	
33	9301013	Movies Slide Films & Speeches		-	-	
34	9301014	Video Communications	-	0	-	
35	9301015	Other Corporate Comm Exp	361,234	361,234	-	
36		Total	826,959	826,959	-	
		Account 930.2				
37	9302000	Misc General Expenses	1,281,638	1,281,638	0	
38	9302003	Corporate & Fiscal Expenses	105,275	105,275	0	
39	9302004	Research, Develop&Demonstr Exp	18,142	18,142	0	
40	9302006	Assoc Bus Dev - Materials Sold	255,153	243,764	11,389	
41	9302007	Assoc Business Development Exp	5,408,379	2,370,494	3,037,885	
42	9302458	Non Affiliated Expense	0	0		
43		Total	7,068,587	4,019,313	3,049,274	

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
APPALACHIAN POWER COMPANY

Tennessee Income Tax Rate	6.50%	
Apportionment Factor - Note 2	2.00%	
Effective State Tax Rate		0.13%
West Virginia Net Income Tax Rate	6.50%	
Apportionment Factor - Note 2	52.71%	
Effective State Tax Rate		3.43%
Virginia Income Tax Rate	6.00%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Michigan Business Income Tax Rate	6.00%	
Apportionment Factor - Note 2	0.11%	
Effective State Tax Rate		0.01%
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%
Illinios Corporate Income Tax Rate	9.50%	
Apportionment Factor - Note 2	1.45%	
Effective State Tax Rate		0.14%
Total Effective State Income Tax Rate		3.71%

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 2014 FF1 Balances
Worksheet H Supporting Taxes Other than Income
APPALACHIAN POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	12,472,710				12,472,710
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - West Virginia	40,772,874	40,772,874			
5	Real and Personal Property - Virginia	16,622,156	16,622,156			
6	Real and Personal Property - Tennessee	882,392	882,392			
7	Real and Personal Property - Other Jurisdictions	1,110,511	1,110,511			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	9,305,021		9,305,021		
10	Federal Unemployment Tax	62,822		62,822		
11	State Unemployment Insurance	273,027		273,027		
12	Production Taxes					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	23,340,840				23,340,840
16	State Public Service Commission Fees	5,592,261			5,592,261	
17	State Franchise Taxes	11,383,892			11,383,892	
18	State Lic/Registration Fee	327			327	
19	Misc. State and Local Tax	401			401	
20	Sales & Use	13,359				13,359
21	Federal Excise Tax	16,086				16,086
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis	121,848,679	59,387,933	9,640,870	16,976,881	35,842,995
	(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
24	Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)	4,219,885,826	1,537,773,112	2,210,214,836	132,548,520	8,100,422,294
	VIRGINIA JURISDICTION					
25	Percentage of Plant in VIRGINIA JURISDICTION	12.22%	44.89%	56.00%	51.13%	
26	Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	515,670,048	690,306,350	1,237,720,308	67,772,058	2,511,468,765
27	Less: Net Value of Exempted Generation Plant	121,201,149				
28	Taxable Property Basis (Ln 26 - Ln 27)	394,468,899	690,306,350	1,237,720,308	67,772,058	2,390,267,616
29	Relative Valuation Factor	100%	100%	100%	100%	
30	Weighted Net Plant (Ln 28 * Ln 29)	394,468,899	690,306,350	1,237,720,308	67,772,058	
31	General Plant Allocator (Ln 30 / (Total - General Plant))	16.98%	29.72%	53.29%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	11,510,881	20,143,626	36,117,552	(67,772,058)	-
33	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	405,979,780	710,449,976	1,273,837,860	0	2,390,267,616
34	Functional Percentage (Ln 33/Total Ln 33)	16.98%	29.72%	53.29%		
35	Functionalized Expense in VIRGINIA JURISDICTION	2,823,223	4,940,539	8,858,394		16,622,156
	WEST VA JURISDICTION					
36	Percentage of Plant in WEST VA JURISDICTION	87.55%	52.19%	44.00%	48.70%	
37	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	3,694,510,040	802,563,787	972,494,528	64,551,129	5,534,119,485
38	Less: Net Value of Exempted Generation Plant	2,430,828,370				
39	Taxable Property Basis (Ln 37 - Ln 38)	1,263,681,670	802,563,787	972,494,528	64,551,129	3,103,291,115
40	Relative Valuation Factor	100%	100%	100%	100%	
41	Weighted Net Plant (Ln 39 * Ln 40)	1,263,681,670	802,563,787	972,494,528	64,551,129	
42	General Plant Allocator (Ln 41 / (Total - General Plant))	41.59%	26.41%	32.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	26,844,047	17,048,645	20,658,437	(64,551,129)	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	1,290,525,717	819,612,432	993,152,965	0	3,103,291,115
45	Functional Percentage (Ln 44/Total Ln 44)	41.59%	26.41%	32.00%		
46	Functionalized Expense in WEST VA JURISDICTION	16,955,690	10,768,553	13,048,631		40,772,874
	TENNESSEE JURISDICTION					
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37	9,705,737	44,902,975	-	225,332	54,834,045
48	Less: Net Value Exempted Generation Plant					
49	Taxable Property Basis	9,705,737	44,902,975	-	225,332	54,834,045
50	Relative Valuation Factor	100%	100%	100%	100%	
51	Weighted Net Plant (Ln 49 * Ln 50)	9,705,737	44,902,975	-	225,332	
52	General Plant Allocator (Ln 51 / (Total - General Plant)	17.77%	82.23%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	40,049	185,284	-	(225,332)	
54	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	9,745,786	45,088,259	-	0	54,834,045
55	Functional Percentage (Ln 54/Total Ln 54)	17.77%	82.23%	0.00%		
56	Functionalized Expense in TENNESSEE JURISDICTION	156,830	725,562	-		882,392
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		205,844			1,110,511
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	19,935,743	16,640,499	21,907,025		59,387,933

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H
APPALACHIAN 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	12,472,710		
			12,272,092	P.263.1 ln 3 (i)
			(21,482)	P.263.1 ln 27 (i)
			222,100	P.263.1 ln 28 (i)
			-	P.263.4 ln 12 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - West Virginia	40,772,874		
			19,844,502	P.263 ln 33 (i)
			20,776,408	P.263 ln 34 (i)
			80,966	P.263 ln 38 (i)
			70,998	P.263 ln 39 (i)
			-	P.263 ln 40 (i)
5	Real and Personal Property - Virginia	16,622,156		
			5,667	P.263.2 ln 16 (i)
			16,438,059	P.263.2 ln 17 (i)
			(2,800)	P.263.2 ln 20 (i)
			181,230	P.263.2 ln 21 (i)
			-	P.263.2 ln 23 (i)
			-	P.263.2 ln 26 (i)
			-	P.263.2 ln 27 (i)
			-	P.263.2 ln 28 (i)
			-	P.263.2 ln 29 (i)
6	Real and Personal Property - Tennessee	882,392		
			4,792	P.263.3 ln 3 (i)
			877,600	P.263.3 ln 4 (i)
7	Real and Personal Property - Other Jurisdictions	1,110,511		
			1,109,610	P.263.1 ln 31 (i)
			901	P.263.3 ln 31 (i)
			-	P.263.3 ln 35 (i)
8	Payroll Taxes			
9	Federal Insurance Contribution (FICA)	9,305,021		
			9,305,021	P.263 ln 6 (i)
10	Federal Unemployment Tax	62,822		
			62,822	P.263 ln 9 (i)
11	State Unemployment Insurance	273,027		
			155,335	P.263.1 ln 16 (i)
			9,434	P.263.1 ln 36 (i)
			108,178	P.263.2 ln 28 (i)
			80	P.263.4 ln 16 (i)
12	Production Taxes			
13	State Severance Taxes	-		
			-	
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	23,340,840		
			173,086	P.263 ln 20 (i)
			23,167,754	P.263 ln 21 (i)
			-	P.263 ln 23 (i)
16	State Public Service Commission Fees	5,592,261		
			2,085,913	P.263 ln 25 (i)
			3,506,348	P.263 ln 26 (i)
17	State Franchise Taxes	11,383,892		
			(45,728)	P.263.1 ln 20 (i)
			4,201	P.263.1 ln 21 (i)
			(8,231)	P.263.2 ln 39 (i)
			1,081,394	P.263.2 ln 6 (i)
			10,352,256	P.263.2 ln 7 (i)
			-	P.263.2 ln 9 (i)
			-	P.263.2 ln 8 (i)
			-	P.263.3 ln 2 (i)
18	State Lic/Registration Fee	327		
			75	P.263.1 ln 9 (i)
			22	P.263.3 ln 7 (i)
			100	P.263.3 ln 17 (i)
			130	P.263.4 ln 13 (i)
			-	P.263.3 ln 21 (i)
19	Misc. State and Local Tax	401		
			401	P.263.1 ln 7 (i)
20	Sales & Use	13,359		
			(41)	P.263.2 ln 10 (i)
			13,879	P.263.2 ln 11(i)
			(479)	P.263.1 ln 25 (i)
			-	P.263.1 ln 30(i)
			-	P.263.2 ln 14 (i)
			-	P.263.2 ln 15 (i)
			-	P.263.3 ln 23 (i)
21	Federal Excise Tax	16,086		
			16,086	P.263 ln 14 (i)
22	Michigan Single Business Tax	-		
			-	
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	121,848,679	121,848,679	

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 2014 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
APPALACHIAN POWER COMPANY

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

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2014) (P.206, ln 58,(b)):	2,158,782,674
2	Transmission Plant @ End of Historic Period (2014) (P.207, ln 58,(g)):	2,226,150,897
3		4,384,933,571
4	Average Balance of Transmission Investment	2,192,466,786
5	Annual Depreciation Expense, Historic TCOS, ln 276	36,168,976
6	Composite Depreciation Rate	1.65%
7	Round to 1.65% to Reflect a Composite Life of 61 Years	1.65%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	$ 15,035,701	1.65%	$ 248,089	$ 20,674	11	$ 227,414
10	February	$ 14,772,706	1.65%	$ 243,750	$ 20,312	10	$ 203,120
11	March	$ 9,064,381	1.65%	$ 149,562	$ 12,464	9	$ 112,176
12	April	$ 6,568,511	1.65%	$ 108,380	$ 9,032	8	$ 72,256
13	May	$ 23,409,167	1.65%	$ 386,251	$ 32,188	7	$ 225,316
14	June	$ 30,584,516	1.65%	$ 504,645	$ 42,054	6	$ 252,324
15	July	$ 4,457,332	1.65%	$ 73,546	$ 6,129	5	$ 30,645
16	August	$ 9,630,070	1.65%	$ 158,896	$ 13,241	4	$ 52,964
17	September	$ 14,172,449	1.65%	$ 233,845	$ 19,487	3	$ 58,461
18	October	$ 5,696,848	1.65%	$ 93,998	$ 7,833	2	$ 15,666
19	November	$ 34,123,377	1.65%	$ 563,036	$ 46,920	1	$ 46,920
20	December	$ 52,601,567	1.65%	$ 867,926	$ 72,327	0	$ -
21	Investment	$ 220,116,625				Depreciation Expense	$ 1,297,262

III. Plant Transferred

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

IV. List of Major Projects Expected to be In-Service in 2015

		Estimated Cost (000's)	Month in Service
25	**Major Zonal Projects**		
26	TS/AP/Jackson Ferry 765/138kV	$ 31,911	Dec-15
27	T/AP/Progress Park 138kV Exten	$ 22,088	Dec-15
28	TL/AP/Jacksons Ferry-Wythe	$ 18,992	Dec-15
29	TL/APCO/138kV ROW Merrimac	$ 14,476	Nov-15
30	T/RO/AP/2013-14 Sta Repl/Refur	$ 10,631	Dec-15
	Subtotal	$98,098	
31	**PJM Socialized/Beneficiary Allocated Regional Projects**		
32		$0	
33	Subtotal	$0	

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
APPALACHIAN 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 (Projected TCOS, ln 164)			11.49%	
Project ROE Incentive Adder				<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional basis point incentive			11.49%	**<== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012**

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, lns 162 through164)

	%	Cost		Weighted cost
Long Term Debt	54.27%	5.21%		2.827%
Preferred Stock	0.00%	0.00%		0.000%
Common Stock	45.73%	11.49%		5.254%
			R =	8.081%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2015	6,437,855	6,437,855	$ -

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

Rate Base (Projected TCOS, ln 78)	1,373,464,663
R (from A. above)	8.081%
Return (Rate Base x R)	110,983,664

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

Return (from B. above)	110,983,664
Effective Tax Rate (Projected TCOS, ln 126)	38.86%
Income Tax Calculation (Return x CIT)	43,132,957
ITC Adjustment	(28,994)
Income Taxes	43,103,963

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 (Projected TCOS, ln 1)	253,543,461
T.E.A. & Lease Payments (Projected TCOS, Lns 105 & 106)	-
Return (Projected TCOS, ln 134)	110,983,664
Income Taxes (Projected TCOS, ln 133)	43,103,963
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	99,455,834

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	99,455,834
Return (from I.B. above)	110,983,664
Income Taxes (from I.C. above)	43,103,963
Annual Revenue Requirement, with Basis Point ROE increase	253,543,461
Depreciation (Projected TCOS, ln 111)	35,157,594
Annual Rev. Req, w/ Basis Point ROE increase, less Depreciation	218,385,867

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (Projected TCOS, ln 48)	1,495,445,597
Annual Revenue Requirement, with Basis Point ROE increase	253,543,461
FCR with Basis Point increase in ROE	16.95%
Annual Rev. Req, w / Basis Point ROE increase, less Dep.	218,385,867
FCR with Basis Point ROE increase, less Depreciation	14.60%
FCR less Depreciation (Projected TCOS, ln 9)	12.93%
Incremental FCR with Basis Point ROE increase, less Depreciation	1.67%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2014) (P.206, ln 58,(b)):	2,158,782,674
Transmission Plant @ End of Historic Period (2014) (P.207, ln 58,(g)):	2,226,150,897
Subtotal	4,384,933,571
Average Transmission Plant Balance for 2014	2,192,466,786
Annual Depreciation Rate (Projected TCOS, ln 111)	36,168,976
Composite Depreciation Rate	1.65%
Depreciable Life for Composite Depreciation Rate	60.62
Round to nearest whole year	61

APCo 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: b0318 (Amos 765/138 kV Transformer)**

Current Projected Year ARR	**1,790,894**
Current Projected Year ARR w/ Incentive	**1,790,894**
Current Projected Year Incentive ARR	**-**

Details			
Investment	13,798,879	Current Year	**2015**
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	12.93%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.93%
CIAC (Yes or No)	No	Annual Depreciation Expense	226,211

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 **		
2008	13,798,879	113,106	13,685,773	1,882,513	1,882,513	$ -					
2009	13,685,773	226,211	13,459,562	1,966,372	1,966,372	$ -	$ 1,124,469		$ 1,124,469		
2010	13,459,562	226,211	13,233,351	1,937,126	1,937,126	$ -	$ 2,027,403		$ 2,027,403		
2011	13,233,351	226,211	13,007,140	1,907,880	1,907,880	$ -	$ 2,050,107		$ 2,050,107		
2012	13,007,140	226,211	12,780,929	1,878,633	1,878,633	$ -	$ 1,906,118		$ 1,906,118		
2013	12,780,929	226,211	12,554,718	1,849,387	1,849,387	$ -	$ 1,915,150		$ 1,915,150		
2014	12,554,718	226,211	12,328,507	1,820,140	1,820,140	$ -	$ 1,778,172		$ 1,778,172		
2015	12,328,507	226,211	12,102,296	1,790,894	1,790,894	$ -					
2016	12,102,296	226,211	11,876,084	1,761,648	1,761,648	$ -					
2017	11,876,084	226,211	11,649,873	1,732,401	1,732,401	$ -					
2018	11,649,873	226,211	11,423,662	1,703,155	1,703,155	$ -					
2019	11,423,662	226,211	11,197,451	1,673,908	1,673,908	$ -					
2020	11,197,451	226,211	10,971,240	1,644,662	1,644,662	$ -					
2021	10,971,240	226,211	10,745,029	1,615,416	1,615,416	$ -					
2022	10,745,029	226,211	10,518,818	1,586,169	1,586,169	$ -					
2023	10,518,818	226,211	10,292,606	1,556,923	1,556,923	$ -					
2024	10,292,606	226,211	10,066,395	1,527,676	1,527,676	$ -					
2025	10,066,395	226,211	9,840,184	1,498,430	1,498,430	$ -					
2026	9,840,184	226,211	9,613,973	1,469,183	1,469,183	$ -					
2027	9,613,973	226,211	9,387,762	1,439,937	1,439,937	$ -					
2028	9,387,762	226,211	9,161,551	1,410,691	1,410,691	$ -					
2029	9,161,551	226,211	8,935,340	1,381,444	1,381,444	$ -					
2030	8,935,340	226,211	8,709,129	1,352,198	1,352,198	$ -					
2031	8,709,129	226,211	8,482,917	1,322,951	1,322,951	$ -					
2032	8,482,917	226,211	8,256,706	1,293,705	1,293,705	$ -					
2033	8,256,706	226,211	8,030,495	1,264,459	1,264,459	$ -					
2034	8,030,495	226,211	7,804,284	1,235,212	1,235,212	$ -					
2035	7,804,284	226,211	7,578,073	1,205,966	1,205,966	$ -					
2036	7,578,073	226,211	7,351,862	1,176,719	1,176,719	$ -					
2037	7,351,862	226,211	7,125,651	1,147,473	1,147,473	$ -					
2038	7,125,651	226,211	6,899,440	1,118,227	1,118,227	$ -					
2039	6,899,440	226,211	6,673,228	1,088,980	1,088,980	$ -					
2040	6,673,228	226,211	6,447,017	1,059,734	1,059,734	$ -					
2041	6,447,017	226,211	6,220,806	1,030,487	1,030,487	$ -					
2042	6,220,806	226,211	5,994,595	1,001,241	1,001,241	$ -					
2043	5,994,595	226,211	5,768,384	971,995	971,995	$ -					
2044	5,768,384	226,211	5,542,173	942,748	942,748	$ -					
2045	5,542,173	226,211	5,315,962	913,502	913,502	$ -					
2046	5,315,962	226,211	5,089,750	884,255	884,255	$ -					
2047	5,089,750	226,211	4,863,539	855,009	855,009	$ -					
2048	4,863,539	226,211	4,637,328	825,762	825,762	$ -					
2049	4,637,328	226,211	4,411,117	796,516	796,516	$ -					
2050	4,411,117	226,211	4,184,906	767,270	767,270	$ -					
2051	4,184,906	226,211	3,958,695	738,023	738,023	$ -					
2052	3,958,695	226,211	3,732,484	708,777	708,777	$ -					
2053	3,732,484	226,211	3,506,273	679,530	679,530	$ -					
2054	3,506,273	226,211	3,280,061	650,284	650,284	$ -					
2055	3,280,061	226,211	3,053,850	621,038	621,038	$ -					
2056	3,053,850	226,211	2,827,639	591,791	591,791	$ -					
2057	2,827,639	226,211	2,601,428	562,545	562,545	$ -					
2058	2,601,428	226,211	2,375,217	533,298	533,298	$ -					
2059	2,375,217	226,211	2,149,006	504,052	504,052	$ -					
2060	2,149,006	226,211	1,922,795	474,806	474,806	$ -					
2061	1,922,795	226,211	1,696,583	445,559	445,559	$ -					
2062	1,696,583	226,211	1,470,372	416,313	416,313	$ -					
2063	1,470,372	226,211	1,244,161	387,066	387,066	$ -					
2064	1,244,161	226,211	1,017,950	357,820	357,820	$ -					
2065	1,017,950	226,211	791,739	328,574	328,574	$ -					
2066	791,739	226,211	565,528	299,327	299,327	$ -					
2067	565,528	226,211	339,317	270,081	270,081	$ -					
Project Totals		13,459,562		67,857,881	67,857,881	-					

** 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.

APCo 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: b1712.2 (Altavista-Leesville 138kV line)**

Current Projected Year ARR	**36,769**
Current Projected Year ARR w/ Incentive	**36,769**
Current Projected Year Incentive ARR	-

Details			
Investment	267,989	Current Year	2015
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	12.93%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.93%
CIAC (Yes or No)	No	Annual Depreciation Expense	4,393

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2011	267,989	-	267,989	34,648	34,648	$ -
2012	267,989	4,393	263,596	38,473	38,473	$ -
2013	263,596	4,393	259,202	37,905	37,905	$ -
2014	259,202	4,393	254,809	37,337	37,337	$ -
2015	254,809	4,393	250,416	36,769	36,769	$ -
2016	250,416	4,393	246,023	36,201	36,201	$ -
2017	246,023	4,393	241,629	35,633	35,633	$ -
2018	241,629	4,393	237,236	35,065	35,065	$ -
2019	237,236	4,393	232,843	34,497	34,497	$ -
2020	232,843	4,393	228,450	33,929	33,929	$ -
2021	228,450	4,393	224,056	33,361	33,361	$ -
2022	224,056	4,393	219,663	32,793	32,793	$ -
2023	219,663	4,393	215,270	32,225	32,225	$ -
2024	215,270	4,393	210,877	31,657	31,657	$ -
2025	210,877	4,393	206,483	31,089	31,089	$ -
2026	206,483	4,393	202,090	30,521	30,521	$ -
2027	202,090	4,393	197,697	29,953	29,953	$ -
2028	197,697	4,393	193,304	29,385	29,385	$ -
2029	193,304	4,393	188,910	28,817	28,817	$ -
2030	188,910	4,393	184,517	28,249	28,249	$ -
2031	184,517	4,393	180,124	27,681	27,681	$ -
2032	180,124	4,393	175,730	27,113	27,113	$ -
2033	175,730	4,393	171,337	26,545	26,545	$ -
2034	171,337	4,393	166,944	25,977	25,977	$ -
2035	166,944	4,393	162,551	25,409	25,409	$ -
2036	162,551	4,393	158,157	24,841	24,841	$ -
2037	158,157	4,393	153,764	24,273	24,273	$ -
2038	153,764	4,393	149,371	23,705	23,705	$ -
2039	149,371	4,393	144,978	23,137	23,137	$ -
2040	144,978	4,393	140,584	22,569	22,569	$ -
2041	140,584	4,393	136,191	22,001	22,001	$ -
2042	136,191	4,393	131,798	21,433	21,433	$ -
2043	131,798	4,393	127,405	20,865	20,865	$ -
2044	127,405	4,393	123,011	20,297	20,297	$ -
2045	123,011	4,393	118,618	19,729	19,729	$ -
2046	118,618	4,393	114,225	19,161	19,161	$ -
2047	114,225	4,393	109,832	18,593	18,593	$ -
2048	109,832	4,393	105,438	18,025	18,025	$ -
2049	105,438	4,393	101,045	17,457	17,457	$ -
2050	101,045	4,393	96,652	16,889	16,889	$ -
2051	96,652	4,393	92,259	16,321	16,321	$ -
2052	92,259	4,393	87,865	15,753	15,753	$ -
2053	87,865	4,393	83,472	15,185	15,185	$ -
2054	83,472	4,393	79,079	14,617	14,617	$ -
2055	79,079	4,393	74,685	14,049	14,049	$ -
2056	74,685	4,393	70,292	13,481	13,481	$ -
2057	70,292	4,393	65,899	12,913	12,913	$ -
2058	65,899	4,393	61,506	12,345	12,345	$ -
2059	61,506	4,393	57,112	11,777	11,777	$ -
2060	57,112	4,393	52,719	11,209	11,209	$ -
2061	52,719	4,393	48,326	10,641	10,641	$ -
2062	48,326	4,393	43,933	10,073	10,073	$ -
2063	43,933	4,393	39,539	9,505	9,505	$ -
2064	39,539	4,393	35,146	8,937	8,937	$ -
2065	35,146	4,393	30,753	8,369	8,369	$ -
2066	30,753	4,393	26,360	7,801	7,801	$ -
2067	26,360	4,393	21,966	7,233	7,233	$ -
2068	21,966	4,393	17,573	6,665	6,665	$ -
2069	17,573	4,393	13,180	6,097	6,097	$ -
2070	13,180	4,393	8,787	5,529	5,529	$ -
Project Totals		259,202		1,332,716	1,332,716	-

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 **		
$ -				
$ 39,854		$ 39,854		
$ 41,778		$ 41,778		
$ 36,470		$ 36,470		

** 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.

APCo 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: b2020 (Rebuild Amos-Kanawha River 138 kV corridor)**

Current Projected Year ARR	**1,644,963**
Current Projected Year ARR w/ Incentive	**1,644,963**
Current Projected Year Incentive ARR	**-**

Details			
Investment	11,500,647	Current Year	**2015**
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	9	FCR w/o incentives, less depreciation	12.93%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.93%
CIAC (Yes or No)	No	Annual Depreciation Expense	188,535

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	11,500,647	47,134	11,453,513	1,527,937	1,527,937	$ -	$ 184,681		$ 184,681		
2015	11,453,513	188,535	11,264,978	1,644,963	1,644,963	$ -					
2016	11,264,978	188,535	11,076,443	1,620,587	1,620,587	$ -					
2017	11,076,443	188,535	10,887,908	1,596,212	1,596,212	$ -					
2018	10,887,908	188,535	10,699,372	1,571,837	1,571,837	$ -					
2019	10,699,372	188,535	10,510,837	1,547,461	1,547,461	$ -					
2020	10,510,837	188,535	10,322,302	1,523,086	1,523,086	$ -					
2021	10,322,302	188,535	10,133,767	1,498,711	1,498,711	$ -					
2022	10,133,767	188,535	9,945,232	1,474,335	1,474,335	$ -					
2023	9,945,232	188,535	9,756,696	1,449,960	1,449,960	$ -					
2024	9,756,696	188,535	9,568,161	1,425,585	1,425,585	$ -					
2025	9,568,161	188,535	9,379,626	1,401,209	1,401,209	$ -					
2026	9,379,626	188,535	9,191,091	1,376,834	1,376,834	$ -					
2027	9,191,091	188,535	9,002,556	1,352,459	1,352,459	$ -					
2028	9,002,556	188,535	8,814,020	1,328,083	1,328,083	$ -					
2029	8,814,020	188,535	8,625,485	1,303,708	1,303,708	$ -					
2030	8,625,485	188,535	8,436,950	1,279,332	1,279,332	$ -					
2031	8,436,950	188,535	8,248,415	1,254,957	1,254,957	$ -					
2032	8,248,415	188,535	8,059,880	1,230,582	1,230,582	$ -					
2033	8,059,880	188,535	7,871,344	1,206,206	1,206,206	$ -					
2034	7,871,344	188,535	7,682,809	1,181,831	1,181,831	$ -					
2035	7,682,809	188,535	7,494,274	1,157,456	1,157,456	$ -					
2036	7,494,274	188,535	7,305,739	1,133,080	1,133,080	$ -					
2037	7,305,739	188,535	7,117,204	1,108,705	1,108,705	$ -					
2038	7,117,204	188,535	6,928,668	1,084,330	1,084,330	$ -					
2039	6,928,668	188,535	6,740,133	1,059,954	1,059,954	$ -					
2040	6,740,133	188,535	6,551,598	1,035,579	1,035,579	$ -					
2041	6,551,598	188,535	6,363,063	1,011,204	1,011,204	$ -					
2042	6,363,063	188,535	6,174,528	986,828	986,828	$ -					
2043	6,174,528	188,535	5,985,992	962,453	962,453	$ -					
2044	5,985,992	188,535	5,797,457	938,077	938,077	$ -					
2045	5,797,457	188,535	5,608,922	913,702	913,702	$ -					
2046	5,608,922	188,535	5,420,387	889,327	889,327	$ -					
2047	5,420,387	188,535	5,231,852	864,951	864,951	$ -					
2048	5,231,852	188,535	5,043,317	840,576	840,576	$ -					
2049	5,043,317	188,535	4,854,781	816,201	816,201	$ -					
2050	4,854,781	188,535	4,666,246	791,825	791,825	$ -					
2051	4,666,246	188,535	4,477,711	767,450	767,450	$ -					
2052	4,477,711	188,535	4,289,176	743,075	743,075	$ -					
2053	4,289,176	188,535	4,100,641	718,699	718,699	$ -					
2054	4,100,641	188,535	3,912,105	694,324	694,324	$ -					
2055	3,912,105	188,535	3,723,570	669,949	669,949	$ -					
2056	3,723,570	188,535	3,535,035	645,573	645,573	$ -					
2057	3,535,035	188,535	3,346,500	621,198	621,198	$ -					
2058	3,346,500	188,535	3,157,965	596,822	596,822	$ -					
2059	3,157,965	188,535	2,969,429	572,447	572,447	$ -					
2060	2,969,429	188,535	2,780,894	548,072	548,072	$ -					
2061	2,780,894	188,535	2,592,359	523,696	523,696	$ -					
2062	2,592,359	188,535	2,403,824	499,321	499,321	$ -					
2063	2,403,824	188,535	2,215,289	474,946	474,946	$ -					
2064	2,215,289	188,535	2,026,753	450,570	450,570	$ -					
2065	2,026,753	188,535	1,838,218	426,195	426,195	$ -					
2066	1,838,218	188,535	1,649,683	401,820	401,820	$ -					
2067	1,649,683	188,535	1,461,148	377,444	377,444	$ -					
2068	1,461,148	188,535	1,272,613	353,069	353,069	$ -					
2069	1,272,613	188,535	1,084,077	328,694	328,694	$ -					
2070	1,084,077	188,535	895,542	304,318	304,318	$ -					
2071	895,542	188,535	707,007	279,943	279,943	$ -					
2072	707,007	188,535	518,472	255,567	255,567	$ -					
2073	518,472	188,535	329,937	231,192	231,192	$ -					
Project Totals		11,170,710		56,874,506	56,874,506	-					

** 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.

APCo 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: b2021 (Kanawha River Gen Retirement - Upgrades)**

Current Projected Year ARR	**317,491**
Current Projected Year ARR w/ Incentive	**317,491**
Current Projected Year Incentive ARR	-

Details			
Investment	2,211,524	Current Year	2015
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	12.93%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.93%
CIAC (Yes or No)	No	Annual Depreciation Expense	36,254

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	2,211,524	-	2,211,524	285,924	285,924	$ -	$ 222,712		$ 222,712		
2015	2,211,524	36,254	2,175,270	317,491	317,491	$ -					
2016	2,175,270	36,254	2,139,015	312,804	312,804	$ -					
2017	2,139,015	36,254	2,102,761	308,116	308,116	$ -					
2018	2,102,761	36,254	2,066,506	303,429	303,429	$ -					
2019	2,066,506	36,254	2,030,252	298,742	298,742	$ -					
2020	2,030,252	36,254	1,993,997	294,055	294,055	$ -					
2021	1,993,997	36,254	1,957,743	289,367	289,367	$ -					
2022	1,957,743	36,254	1,921,488	284,680	284,680	$ -					
2023	1,921,488	36,254	1,885,234	279,993	279,993	$ -					
2024	1,885,234	36,254	1,848,979	275,305	275,305	$ -					
2025	1,848,979	36,254	1,812,725	270,618	270,618	$ -					
2026	1,812,725	36,254	1,776,470	265,931	265,931	$ -					
2027	1,776,470	36,254	1,740,216	261,244	261,244	$ -					
2028	1,740,216	36,254	1,703,961	256,556	256,556	$ -					
2029	1,703,961	36,254	1,667,707	251,869	251,869	$ -					
2030	1,667,707	36,254	1,631,452	247,182	247,182	$ -					
2031	1,631,452	36,254	1,595,198	242,495	242,495	$ -					
2032	1,595,198	36,254	1,558,943	237,807	237,807	$ -					
2033	1,558,943	36,254	1,522,689	233,120	233,120	$ -					
2034	1,522,689	36,254	1,486,434	228,433	228,433	$ -					
2035	1,486,434	36,254	1,450,180	223,745	223,745	$ -					
2036	1,450,180	36,254	1,413,925	219,058	219,058	$ -					
2037	1,413,925	36,254	1,377,671	214,371	214,371	$ -					
2038	1,377,671	36,254	1,341,416	209,684	209,684	$ -					
2039	1,341,416	36,254	1,305,162	204,996	204,996	$ -					
2040	1,305,162	36,254	1,268,907	200,309	200,309	$ -					
2041	1,268,907	36,254	1,232,653	195,622	195,622	$ -					
2042	1,232,653	36,254	1,196,398	190,935	190,935	$ -					
2043	1,196,398	36,254	1,160,144	186,247	186,247	$ -					
2044	1,160,144	36,254	1,123,889	181,560	181,560	$ -					
2045	1,123,889	36,254	1,087,635	176,873	176,873	$ -					
2046	1,087,635	36,254	1,051,380	172,185	172,185	$ -					
2047	1,051,380	36,254	1,015,126	167,498	167,498	$ -					
2048	1,015,126	36,254	978,871	162,811	162,811	$ -					
2049	978,871	36,254	942,617	158,124	158,124	$ -					
2050	942,617	36,254	906,362	153,436	153,436	$ -					
2051	906,362	36,254	870,108	148,749	148,749	$ -					
2052	870,108	36,254	833,853	144,062	144,062	$ -					
2053	833,853	36,254	797,599	139,375	139,375	$ -					
2054	797,599	36,254	761,344	134,687	134,687	$ -					
2055	761,344	36,254	725,090	130,000	130,000	$ -					
2056	725,090	36,254	688,835	125,313	125,313	$ -					
2057	688,835	36,254	652,581	120,625	120,625	$ -					
2058	652,581	36,254	616,326	115,938	115,938	$ -					
2059	616,326	36,254	580,072	111,251	111,251	$ -					
2060	580,072	36,254	543,817	106,564	106,564	$ -					
2061	543,817	36,254	507,563	101,876	101,876	$ -					
2062	507,563	36,254	471,308	97,189	97,189	$ -					
2063	471,308	36,254	435,054	92,502	92,502	$ -					
2064	435,054	36,254	398,799	87,815	87,815	$ -					
2065	398,799	36,254	362,545	83,127	83,127	$ -					
2066	362,545	36,254	326,290	78,440	78,440	$ -					
2067	326,290	36,254	290,036	73,753	73,753	$ -					
2068	290,036	36,254	253,781	69,065	69,065	$ -					
2069	253,781	36,254	217,527	64,378	64,378	$ -					
2070	217,527	36,254	181,272	59,691	59,691	$ -					
2071	181,272	36,254	145,018	55,004	55,004	$ -					
2072	145,018	36,254	108,763	50,316	50,316	$ -					
2073	108,763	36,254	72,509	45,629	45,629	$ -					
Project Totals		2,139,015		10,997,964	10,997,964	-					

** 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.

APCo 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: b2017 (Rebuild Sporn-Waterford-Muskingum River 345 kV line)**

Current Projected Year ARR	**2,647,738**
Current Projected Year ARR w/ Incentive	**2,647,738**
Current Projected Year Incentive ARR	**-**

Details			
Investment	19,408,002	Current Year	**2015**
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	12.93%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	12.93%
CIAC (Yes or No)	No	Annual Depreciation Expense	318,164

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2015	19,408,002	159,082	19,248,920	2,647,738	2,647,738	$ -
2016	19,248,920	318,164	18,930,756	2,765,685	2,765,685	$ -
2017	18,930,756	318,164	18,612,592	2,724,551	2,724,551	$ -
2018	18,612,592	318,164	18,294,428	2,683,416	2,683,416	$ -
2019	18,294,428	318,164	17,976,264	2,642,281	2,642,281	$ -
2020	17,976,264	318,164	17,658,100	2,601,146	2,601,146	$ -
2021	17,658,100	318,164	17,339,936	2,560,011	2,560,011	$ -
2022	17,339,936	318,164	17,021,772	2,518,877	2,518,877	$ -
2023	17,021,772	318,164	16,703,608	2,477,742	2,477,742	$ -
2024	16,703,608	318,164	16,385,444	2,436,607	2,436,607	$ -
2025	16,385,444	318,164	16,067,280	2,395,472	2,395,472	$ -
2026	16,067,280	318,164	15,749,116	2,354,337	2,354,337	$ -
2027	15,749,116	318,164	15,430,952	2,313,203	2,313,203	$ -
2028	15,430,952	318,164	15,112,788	2,272,068	2,272,068	$ -
2029	15,112,788	318,164	14,794,624	2,230,933	2,230,933	$ -
2030	14,794,624	318,164	14,476,461	2,189,798	2,189,798	$ -
2031	14,476,461	318,164	14,158,297	2,148,663	2,148,663	$ -
2032	14,158,297	318,164	13,840,133	2,107,528	2,107,528	$ -
2033	13,840,133	318,164	13,521,969	2,066,394	2,066,394	$ -
2034	13,521,969	318,164	13,203,805	2,025,259	2,025,259	$ -
2035	13,203,805	318,164	12,885,641	1,984,124	1,984,124	$ -
2036	12,885,641	318,164	12,567,477	1,942,989	1,942,989	$ -
2037	12,567,477	318,164	12,249,313	1,901,854	1,901,854	$ -
2038	12,249,313	318,164	11,931,149	1,860,720	1,860,720	$ -
2039	11,931,149	318,164	11,612,985	1,819,585	1,819,585	$ -
2040	11,612,985	318,164	11,294,821	1,778,450	1,778,450	$ -
2041	11,294,821	318,164	10,976,657	1,737,315	1,737,315	$ -
2042	10,976,657	318,164	10,658,493	1,696,180	1,696,180	$ -
2043	10,658,493	318,164	10,340,329	1,655,045	1,655,045	$ -
2044	10,340,329	318,164	10,022,165	1,613,911	1,613,911	$ -
2045	10,022,165	318,164	9,704,001	1,572,776	1,572,776	$ -
2046	9,704,001	318,164	9,385,837	1,531,641	1,531,641	$ -
2047	9,385,837	318,164	9,067,673	1,490,506	1,490,506	$ -
2048	9,067,673	318,164	8,749,509	1,449,371	1,449,371	$ -
2049	8,749,509	318,164	8,431,345	1,408,237	1,408,237	$ -
2050	8,431,345	318,164	8,113,181	1,367,102	1,367,102	$ -
2051	8,113,181	318,164	7,795,017	1,325,967	1,325,967	$ -
2052	7,795,017	318,164	7,476,853	1,284,832	1,284,832	$ -
2053	7,476,853	318,164	7,158,689	1,243,697	1,243,697	$ -
2054	7,158,689	318,164	6,840,525	1,202,563	1,202,563	$ -
2055	6,840,525	318,164	6,522,361	1,161,428	1,161,428	$ -
2056	6,522,361	318,164	6,204,197	1,120,293	1,120,293	$ -
2057	6,204,197	318,164	5,886,033	1,079,158	1,079,158	$ -
2058	5,886,033	318,164	5,567,869	1,038,023	1,038,023	$ -
2059	5,567,869	318,164	5,249,705	996,888	996,888	$ -
2060	5,249,705	318,164	4,931,541	955,754	955,754	$ -
2061	4,931,541	318,164	4,613,378	914,619	914,619	$ -
2062	4,613,378	318,164	4,295,214	873,484	873,484	$ -
2063	4,295,214	318,164	3,977,050	832,349	832,349	$ -
2064	3,977,050	318,164	3,658,886	791,214	791,214	$ -
2065	3,658,886	318,164	3,340,722	750,080	750,080	$ -
2066	3,340,722	318,164	3,022,558	708,945	708,945	$ -
2067	3,022,558	318,164	2,704,394	667,810	667,810	$ -
2068	2,704,394	318,164	2,386,230	626,675	626,675	$ -
2069	2,386,230	318,164	2,068,066	585,540	585,540	$ -
2070	2,068,066	318,164	1,749,902	544,405	544,405	$ -
2071	1,749,902	318,164	1,431,738	503,271	503,271	$ -
2072	1,431,738	318,164	1,113,574	462,136	462,136	$ -
2073	1,113,574	318,164	795,410	421,001	421,001	$ -
2074	795,410	318,164	477,246	379,866	379,866	$ -
Project Totals		18,930,756		95,441,513	95,441,513	-

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

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

ROE w/o incentives (True-Up TCOS, ln 164)			11.49%	
Project ROE Incentive Adder			0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49%	**<== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012**

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 162 through164)

	%	Cost	Weighted cost
Long Term Debt	55.42%	5.10%	2.825%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	44.58%	11.49%	5.122%
		R =	7.947%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS	Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR 2014			
As Projected in Prior Year WS J	$ 2,222,035	$ 2,222,035	$ -
Actual after True-up	$ 2,304,491	$ 2,304,491	$ -
True-up of ARR For 2014	82,456	82,456	-

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

Rate Base (True-Up TCOS, ln 78)	1,186,341,620
R (fom A. above)	7.947%
Return (Rate Base x R)	94,282,730

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

Return (from B. above)	94,282,730
Effective Tax Rate (True-Up TCOS, ln 126)	38.52%
Income Tax Calculation (Return x CIT)	36,320,612
ITC Adjustment	(28,721)
Income Taxes	36,291,892

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

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

Annual Revenue Requirement (True-Up TCOS, ln 1)	228,717,931
T.E.A. & Lease Payments (True-Up TCOS, Lns 105 & 106)	-
Return (True-Up TCOS, ln 134)	94,282,730
Income Taxes (True-Up TCOS, ln 133)	36,291,892
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	98,143,309

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	98,143,309
Return (from I.B. above)	94,282,730
Income Taxes (from I.C. above)	36,291,892
Annual Revenue Requirement, with 0 Basis Point ROE increase	228,717,931
Depreciation (True-Up TCOS, ln 111)	35,171,651
Annual Rev. Req, w/ 0 Basis Point ROE increase, less Depreciation	193,546,279

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

Net Transmission Plant (True-Up TCOS, ln 48)	1,474,393,243
Annual Revenue Requirement, with 0 Basis Point ROE increase	228,717,931
FCR with 0 Basis Point increase in ROE	15.51%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	193,546,279
FCR with 0 Basis Point ROE increase, less Depreciation	13.13%
FCR less Depreciation (True-Up TCOS, ln 9)	13.13%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, ln 58,(b)):	2,158,782,674
Transmission Plant @ End of Historic Period () (P.207, ln 58,(g)):	2,226,150,897
Subtotal	4,384,933,571
Average Transmission Plant Balance for	2,192,466,786
Annual Depreciation Rate (True-Up TCOS, ln 111)	36,168,976
Composite Depreciation Rate	1.65%
Depreciable Life for Composite Depreciation Rate	60.62
Round to nearest whole year	61

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

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

A. Base Plan Facilities

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

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

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,778,172	1,778,172	-
Prior Yr True-Up	1,859,444	1,859,444	-
True-Up Adjustment	81,272	81,272	-

Details			
Investment	13,798,879	Current Year	2014
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	13.13%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.13%
CIAC (Yes or No)	No	Annual Depreciation Expense	226,211

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 **
2008	13,798,879	113,106	13,685,773	13,742,326	1,917,086	1,917,086	$ -	$ -	$ -	$ -	$ -	$ -
2009	13,685,773	226,211	13,459,562	13,572,668	2,007,920	2,007,920	$ -	$ 1,124,469	$ 883,451	$ 1,124,469	$ 883,451	$ -
2010	13,459,562	226,211	13,233,351	13,346,457	1,978,225	1,978,225	$ -	$ 2,027,403	$ (49,178)	$ 2,027,403	$ (49,178)	$ -
2011	13,233,351	226,211	13,007,140	13,120,246	1,948,530	1,948,530	$ -	$ 2,050,107	$ (101,577)	$ 2,050,107	$ (101,577)	$ -
2012	13,007,140	226,211	12,780,929	12,894,034	1,918,834	1,918,834	$ -	$ 1,906,118	$ 12,716	$ 1,906,118	$ 12,716	$ -
2013	12,780,929	226,211	12,554,718	12,667,823	1,889,139	1,889,139	$ -	$ 1,915,150	$ (26,011)	$ 1,915,150	$ (26,011)	$ -
2014	12,554,718	226,211	12,328,507	12,441,612	1,859,444	1,859,444	$ -	$ 1,778,172	$ 81,272	$ 1,778,172	$ 81,272	$ -
2015	12,328,507	226,211	12,102,296	12,215,401	1,829,749	1,829,749	$ -		$ -		$ -	$ -
2016	12,102,296	226,211	11,876,084	11,989,190	1,800,054	1,800,054	$ -		$ -		$ -	$ -
2017	11,876,084	226,211	11,649,873	11,762,979	1,770,359	1,770,359	$ -		$ -		$ -	$ -
2018	11,649,873	226,211	11,423,662	11,536,768	1,740,664	1,740,664	$ -		$ -		$ -	$ -
2019	11,423,662	226,211	11,197,451	11,310,557	1,710,968	1,710,968	$ -		$ -		$ -	$ -
2020	11,197,451	226,211	10,971,240	11,084,345	1,681,273	1,681,273	$ -		$ -		$ -	$ -
2021	10,971,240	226,211	10,745,029	10,858,134	1,651,578	1,651,578	$ -		$ -		$ -	$ -
2022	10,745,029	226,211	10,518,818	10,631,923	1,621,883	1,621,883	$ -		$ -		$ -	$ -
2023	10,518,818	226,211	10,292,606	10,405,712	1,592,188	1,592,188	$ -		$ -		$ -	$ -
2024	10,292,606	226,211	10,066,395	10,179,501	1,562,493	1,562,493	$ -		$ -		$ -	$ -
2025	10,066,395	226,211	9,840,184	9,953,290	1,532,798	1,532,798	$ -		$ -		$ -	$ -
2026	9,840,184	226,211	9,613,973	9,727,079	1,503,102	1,503,102	$ -		$ -		$ -	$ -
2027	9,613,973	226,211	9,387,762	9,500,868	1,473,407	1,473,407	$ -		$ -		$ -	$ -
2028	9,387,762	226,211	9,161,551	9,274,656	1,443,712	1,443,712	$ -		$ -		$ -	$ -
2029	9,161,551	226,211	8,935,340	9,048,445	1,414,017	1,414,017	$ -		$ -		$ -	$ -
2030	8,935,340	226,211	8,709,129	8,822,234	1,384,322	1,384,322	$ -		$ -		$ -	$ -
2031	8,709,129	226,211	8,482,917	8,596,023	1,354,627	1,354,627	$ -		$ -		$ -	$ -
2032	8,482,917	226,211	8,256,706	8,369,812	1,324,932	1,324,932	$ -		$ -		$ -	$ -
2033	8,256,706	226,211	8,030,495	8,143,601	1,295,236	1,295,236	$ -		$ -		$ -	$ -
2034	8,030,495	226,211	7,804,284	7,917,390	1,265,541	1,265,541	$ -		$ -		$ -	$ -
2035	7,804,284	226,211	7,578,073	7,691,178	1,235,846	1,235,846	$ -		$ -		$ -	$ -
2036	7,578,073	226,211	7,351,862	7,464,967	1,206,151	1,206,151	$ -		$ -		$ -	$ -
2037	7,351,862	226,211	7,125,651	7,238,756	1,176,456	1,176,456	$ -		$ -		$ -	$ -
2038	7,125,651	226,211	6,899,440	7,012,545	1,146,761	1,146,761	$ -		$ -		$ -	$ -
2039	6,899,440	226,211	6,673,228	6,786,334	1,117,066	1,117,066	$ -		$ -		$ -	$ -
2040	6,673,228	226,211	6,447,017	6,560,123	1,087,370	1,087,370	$ -		$ -		$ -	$ -
2041	6,447,017	226,211	6,220,806	6,333,912	1,057,675	1,057,675	$ -		$ -		$ -	$ -
2042	6,220,806	226,211	5,994,595	6,107,701	1,027,980	1,027,980	$ -		$ -		$ -	$ -
2043	5,994,595	226,211	5,768,384	5,881,489	998,285	998,285	$ -		$ -		$ -	$ -
2044	5,768,384	226,211	5,542,173	5,655,278	968,590	968,590	$ -		$ -		$ -	$ -
2045	5,542,173	226,211	5,315,962	5,429,067	938,895	938,895	$ -		$ -		$ -	$ -
2046	5,315,962	226,211	5,089,750	5,202,856	909,199	909,199	$ -		$ -		$ -	$ -
2047	5,089,750	226,211	4,863,539	4,976,645	879,504	879,504	$ -		$ -		$ -	$ -
2048	4,863,539	226,211	4,637,328	4,750,434	849,809	849,809	$ -		$ -		$ -	$ -
2049	4,637,328	226,211	4,411,117	4,524,223	820,114	820,114	$ -		$ -		$ -	$ -
2050	4,411,117	226,211	4,184,906	4,298,011	790,419	790,419	$ -		$ -		$ -	$ -
2051	4,184,906	226,211	3,958,695	4,071,800	760,724	760,724	$ -		$ -		$ -	$ -
2052	3,958,695	226,211	3,732,484	3,845,589	731,029	731,029	$ -		$ -		$ -	$ -
2053	3,732,484	226,211	3,506,273	3,619,378	701,333	701,333	$ -		$ -		$ -	$ -
2054	3,506,273	226,211	3,280,061	3,393,167	671,638	671,638	$ -		$ -		$ -	$ -
2055	3,280,061	226,211	3,053,850	3,166,956	641,943	641,943	$ -		$ -		$ -	$ -
2056	3,053,850	226,211	2,827,639	2,940,745	612,248	612,248	$ -		$ -		$ -	$ -
2057	2,827,639	226,211	2,601,428	2,714,534	582,553	582,553	$ -		$ -		$ -	$ -
2058	2,601,428	226,211	2,375,217	2,488,322	552,858	552,858	$ -		$ -		$ -	$ -
2059	2,375,217	226,211	2,149,006	2,262,111	523,163	523,163	$ -		$ -		$ -	$ -
2060	2,149,006	226,211	1,922,795	2,035,900	493,467	493,467	$ -		$ -		$ -	$ -
2061	1,922,795	226,211	1,696,583	1,809,689	463,772	463,772	$ -		$ -		$ -	$ -
2062	1,696,583	226,211	1,470,372	1,583,478	434,077	434,077	$ -		$ -		$ -	$ -
2063	1,470,372	226,211	1,244,161	1,357,267	404,382	404,382	$ -		$ -		$ -	$ -
2064	1,244,161	226,211	1,017,950	1,131,056	374,687	374,687	$ -		$ -		$ -	$ -
2065	1,017,950	226,211	791,739	904,845	344,992	344,992	$ -		$ -		$ -	$ -
2066	791,739	226,211	565,528	678,633	315,297	315,297	$ -		$ -		$ -	$ -
2067	565,528	226,211	339,317	452,422	285,601	285,601	$ -		$ -		$ -	$ -
Project Totals		13,459,562			69,575,965	69,575,965	-					

** 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.

APCo 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: b1712.2 (Altavista-Leesville 138kV line)**

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	**36,470**	**36,470**	-
Prior Yr True-Up	**38,131**	**38,131**	-
True-Up Adjustment	**1,661**	**1,661**	**-**

Details			
Investment	267,989	Current Year	2014
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.13%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.13%
CIAC (Yes or No)	No	Annual Depreciation Expense	4,393

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 **
2011	267,989	-	267,989	267,989	35,179.40	35,179	$ -	$ -	$ -	$ -	$ -	$ -
2012	267,989	4,393	263,596	265,792	39,284	39,284	$ -	$ 39,854	$ (570)	$ 39,854	$ (570)	$ -
2013	263,596	4,393	259,202	261,399	38,708	38,708	$ -	$ 41,778	$ (3,070)	$ 41,778	$ (3,070)	$ -
2014	259,202	4,393	254,809	257,006	38,131	38,131	$ -	$ 36,470	$ 1,661	$ 36,470	$ 1,661	$ -
2015	254,809	4,393	250,416	252,613	37,554	37,554	$ -		$ -		$ -	$ -
2016	250,416	4,393	246,023	248,219	36,977	36,977	$ -		$ -		$ -	$ -
2017	246,023	4,393	241,629	243,826	36,401	36,401	$ -		$ -		$ -	$ -
2018	241,629	4,393	237,236	239,433	35,824	35,824	$ -		$ -		$ -	$ -
2019	237,236	4,393	232,843	235,040	35,247	35,247	$ -		$ -		$ -	$ -
2020	232,843	4,393	228,450	230,646	34,671	34,671	$ -		$ -		$ -	$ -
2021	228,450	4,393	224,056	226,253	34,094	34,094	$ -		$ -		$ -	$ -
2022	224,056	4,393	219,663	221,860	33,517	33,517	$ -		$ -		$ -	$ -
2023	219,663	4,393	215,270	217,466	32,940	32,940	$ -		$ -		$ -	$ -
2024	215,270	4,393	210,877	213,073	32,364	32,364	$ -		$ -		$ -	$ -
2025	210,877	4,393	206,483	208,680	31,787	31,787	$ -		$ -		$ -	$ -
2026	206,483	4,393	202,090	204,287	31,210	31,210	$ -		$ -		$ -	$ -
2027	202,090	4,393	197,697	199,893	30,634	30,634	$ -		$ -		$ -	$ -
2028	197,697	4,393	193,304	195,500	30,057	30,057	$ -		$ -		$ -	$ -
2029	193,304	4,393	188,910	191,107	29,480	29,480	$ -		$ -		$ -	$ -
2030	188,910	4,393	184,517	186,714	28,904	28,904	$ -		$ -		$ -	$ -
2031	184,517	4,393	180,124	182,320	28,327	28,327	$ -		$ -		$ -	$ -
2032	180,124	4,393	175,730	177,927	27,750	27,750	$ -		$ -		$ -	$ -
2033	175,730	4,393	171,337	173,534	27,173	27,173	$ -		$ -		$ -	$ -
2034	171,337	4,393	166,944	169,141	26,597	26,597	$ -		$ -		$ -	$ -
2035	166,944	4,393	162,551	164,747	26,020	26,020	$ -		$ -		$ -	$ -
2036	162,551	4,393	158,157	160,354	25,443	25,443	$ -		$ -		$ -	$ -
2037	158,157	4,393	153,764	155,961	24,867	24,867	$ -		$ -		$ -	$ -
2038	153,764	4,393	149,371	151,568	24,290	24,290	$ -		$ -		$ -	$ -
2039	149,371	4,393	144,978	147,174	23,713	23,713	$ -		$ -		$ -	$ -
2040	144,978	4,393	140,584	142,781	23,136	23,136	$ -		$ -		$ -	$ -
2041	140,584	4,393	136,191	138,388	22,560	22,560	$ -		$ -		$ -	$ -
2042	136,191	4,393	131,798	133,995	21,983	21,983	$ -		$ -		$ -	$ -
2043	131,798	4,393	127,405	129,601	21,406	21,406	$ -		$ -		$ -	$ -
2044	127,405	4,393	123,011	125,208	20,830	20,830	$ -		$ -		$ -	$ -
2045	123,011	4,393	118,618	120,815	20,253	20,253	$ -		$ -		$ -	$ -
2046	118,618	4,393	114,225	116,421	19,676	19,676	$ -		$ -		$ -	$ -
2047	114,225	4,393	109,832	112,028	19,099	19,099	$ -		$ -		$ -	$ -
2048	109,832	4,393	105,438	107,635	18,523	18,523	$ -		$ -		$ -	$ -
2049	105,438	4,393	101,045	103,242	17,946	17,946	$ -		$ -		$ -	$ -
2050	101,045	4,393	96,652	98,848	17,369	17,369	$ -		$ -		$ -	$ -
2051	96,652	4,393	92,259	94,455	16,793	16,793	$ -		$ -		$ -	$ -
2052	92,259	4,393	87,865	90,062	16,216	16,216	$ -		$ -		$ -	$ -
2053	87,865	4,393	83,472	85,669	15,639	15,639	$ -		$ -		$ -	$ -
2054	83,472	4,393	79,079	81,275	15,062	15,062	$ -		$ -		$ -	$ -
2055	79,079	4,393	74,685	76,882	14,486	14,486	$ -		$ -		$ -	$ -
2056	74,685	4,393	70,292	72,489	13,909	13,909	$ -		$ -		$ -	$ -
2057	70,292	4,393	65,899	68,096	13,332	13,332	$ -		$ -		$ -	$ -
2058	65,899	4,393	61,506	63,702	12,756	12,756	$ -		$ -		$ -	$ -
2059	61,506	4,393	57,112	59,309	12,179	12,179	$ -		$ -		$ -	$ -
2060	57,112	4,393	52,719	54,916	11,602	11,602	$ -		$ -		$ -	$ -
2061	52,719	4,393	48,326	50,523	11,025	11,025	$ -		$ -		$ -	$ -
2062	48,326	4,393	43,933	46,129	10,449	10,449	$ -		$ -		$ -	$ -
2063	43,933	4,393	39,539	41,736	9,872	9,872	$ -		$ -		$ -	$ -
2064	39,539	4,393	35,146	37,343	9,295	9,295	$ -		$ -		$ -	$ -
2065	35,146	4,393	30,753	32,949	8,719	8,719	$ -		$ -		$ -	$ -
2066	30,753	4,393	26,360	28,556	8,142	8,142	$ -		$ -		$ -	$ -
2067	26,360	4,393	21,966	24,163	7,565	7,565	$ -		$ -		$ -	$ -
2068	21,966	4,393	17,573	19,770	6,988	6,988	$ -		$ -		$ -	$ -
2069	17,573	4,393	13,180	15,376	6,412	6,412	$ -		$ -		$ -	$ -
2070	13,180	4,393	8,787	10,983	5,835	5,835	$ -		$ -		$ -	$ -
Project Totals		259,202			1,366,200	1,366,200	-					

** 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.

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

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

A. Base Plan Facilities

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

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

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	184,681	184,681	-
Prior Yr True-Up	121,108	121,108	-
True-Up Adjustment	(63,573)	(63,573)	-

Details			
Investment	896,421	Current Year	2014
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	9	FCR w/o incentives, less depreciation	13.13%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.13%
CIAC (Yes or No)	No	Annual Depreciation Expense	14,695

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	896,421	3,674	892,747	894,584	121,108	121,108	$ -	$ 184,681	$ (63,573)	$ 184,681	$ (63,573)	$ -
2015	892,747	14,695	878,052	885,399	130,923	130,923	$ -		$ -		$ -	$ -
2016	878,052	14,695	863,356	870,704	128,994	128,994	$ -		$ -		$ -	$ -
2017	863,356	14,695	848,661	856,009	127,065	127,065	$ -		$ -		$ -	$ -
2018	848,661	14,695	833,965	841,313	125,136	125,136	$ -		$ -		$ -	$ -
2019	833,965	14,695	819,270	826,618	123,207	123,207	$ -		$ -		$ -	$ -
2020	819,270	14,695	804,575	811,922	121,278	121,278	$ -		$ -		$ -	$ -
2021	804,575	14,695	789,879	797,227	119,349	119,349	$ -		$ -		$ -	$ -
2022	789,879	14,695	775,184	782,531	117,420	117,420	$ -		$ -		$ -	$ -
2023	775,184	14,695	760,488	767,836	115,491	115,491	$ -		$ -		$ -	$ -
2024	760,488	14,695	745,793	753,141	113,562	113,562	$ -		$ -		$ -	$ -
2025	745,793	14,695	731,097	738,445	111,632	111,632	$ -		$ -		$ -	$ -
2026	731,097	14,695	716,402	723,750	109,703	109,703	$ -		$ -		$ -	$ -
2027	716,402	14,695	701,707	709,054	107,774	107,774	$ -		$ -		$ -	$ -
2028	701,707	14,695	687,011	694,359	105,845	105,845	$ -		$ -		$ -	$ -
2029	687,011	14,695	672,316	679,663	103,916	103,916	$ -		$ -		$ -	$ -
2030	672,316	14,695	657,620	664,968	101,987	101,987	$ -		$ -		$ -	$ -
2031	657,620	14,695	642,925	650,273	100,058	100,058	$ -		$ -		$ -	$ -
2032	642,925	14,695	628,229	635,577	98,129	98,129	$ -		$ -		$ -	$ -
2033	628,229	14,695	613,534	620,882	96,200	96,200	$ -		$ -		$ -	$ -
2034	613,534	14,695	598,839	606,186	94,271	94,271	$ -		$ -		$ -	$ -
2035	598,839	14,695	584,143	591,491	92,342	92,342	$ -		$ -		$ -	$ -
2036	584,143	14,695	569,448	576,795	90,412	90,412	$ -		$ -		$ -	$ -
2037	569,448	14,695	554,752	562,100	88,483	88,483	$ -		$ -		$ -	$ -
2038	554,752	14,695	540,057	547,405	86,554	86,554	$ -		$ -		$ -	$ -
2039	540,057	14,695	525,361	532,709	84,625	84,625	$ -		$ -		$ -	$ -
2040	525,361	14,695	510,666	518,014	82,696	82,696	$ -		$ -		$ -	$ -
2041	510,666	14,695	495,971	503,318	80,767	80,767	$ -		$ -		$ -	$ -
2042	495,971	14,695	481,275	488,623	78,838	78,838	$ -		$ -		$ -	$ -
2043	481,275	14,695	466,580	473,927	76,909	76,909	$ -		$ -		$ -	$ -
2044	466,580	14,695	451,884	459,232	74,980	74,980	$ -		$ -		$ -	$ -
2045	451,884	14,695	437,189	444,537	73,051	73,051	$ -		$ -		$ -	$ -
2046	437,189	14,695	422,494	429,841	71,121	71,121	$ -		$ -		$ -	$ -
2047	422,494	14,695	407,798	415,146	69,192	69,192	$ -		$ -		$ -	$ -
2048	407,798	14,695	393,103	400,450	67,263	67,263	$ -		$ -		$ -	$ -
2049	393,103	14,695	378,407	385,755	65,334	65,334	$ -		$ -		$ -	$ -
2050	378,407	14,695	363,712	371,060	63,405	63,405	$ -		$ -		$ -	$ -
2051	363,712	14,695	349,016	356,364	61,476	61,476	$ -		$ -		$ -	$ -
2052	349,016	14,695	334,321	341,669	59,547	59,547	$ -		$ -		$ -	$ -
2053	334,321	14,695	319,626	326,973	57,618	57,618	$ -		$ -		$ -	$ -
2054	319,626	14,695	304,930	312,278	55,689	55,689	$ -		$ -		$ -	$ -
2055	304,930	14,695	290,235	297,582	53,760	53,760	$ -		$ -		$ -	$ -
2056	290,235	14,695	275,539	282,887	51,831	51,831	$ -		$ -		$ -	$ -
2057	275,539	14,695	260,844	268,192	49,901	49,901	$ -		$ -		$ -	$ -
2058	260,844	14,695	246,148	253,496	47,972	47,972	$ -		$ -		$ -	$ -
2059	246,148	14,695	231,453	238,801	46,043	46,043	$ -		$ -		$ -	$ -
2060	231,453	14,695	216,758	224,105	44,114	44,114	$ -		$ -		$ -	$ -
2061	216,758	14,695	202,062	209,410	42,185	42,185	$ -		$ -		$ -	$ -
2062	202,062	14,695	187,367	194,714	40,256	40,256	$ -		$ -		$ -	$ -
2063	187,367	14,695	172,671	180,019	38,327	38,327	$ -		$ -		$ -	$ -
2064	172,671	14,695	157,976	165,324	36,398	36,398	$ -		$ -		$ -	$ -
2065	157,976	14,695	143,280	150,628	34,469	34,469	$ -		$ -		$ -	$ -
2066	143,280	14,695	128,585	135,933	32,540	32,540	$ -		$ -		$ -	$ -
2067	128,585	14,695	113,890	121,237	30,610	30,610	$ -		$ -		$ -	$ -
2068	113,890	14,695	99,194	106,542	28,681	28,681	$ -		$ -		$ -	$ -
2069	99,194	14,695	84,499	91,846	26,752	26,752	$ -		$ -		$ -	$ -
2070	84,499	14,695	69,803	77,151	24,823	24,823	$ -		$ -		$ -	$ -
2071	69,803	14,695	55,108	62,456	22,894	22,894	$ -		$ -		$ -	$ -
2072	55,108	14,695	40,412	47,760	20,965	20,965	$ -		$ -		$ -	$ -
2073	40,412	14,695	25,717	33,065	19,036	19,036	$ -		$ -		$ -	$ -
Project Totals		870,704			4,544,907	4,544,907	-					

** 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.

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

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

A. Base Plan Facilities

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

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

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	222,712	222,712	-
Prior Yr True-Up	285,808	285,808	-
True-Up Adjustment	63,096	63,096	-

Details			
Investment	2,177,223	Current Year	2014
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	13.13%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.13%
CIAC (Yes or No)	No	Annual Depreciation Expense	35,692

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	2,177,223	-	2,177,223	2,177,223	285,808.02	285,808	$ -	$ 222,712	$ 63,096	$ 222,712	$ 63,096	$ -
2015	2,177,223	35,692	2,141,531	2,159,377	319,158	319,158	$ -		$ -		$ -	$ -
2016	2,141,531	35,692	2,105,839	2,123,685	314,472	314,472	$ -		$ -		$ -	$ -
2017	2,105,839	35,692	2,070,146	2,087,993	309,787	309,787	$ -		$ -		$ -	$ -
2018	2,070,146	35,692	2,034,454	2,052,300	305,101	305,101	$ -		$ -		$ -	$ -
2019	2,034,454	35,692	1,998,762	2,016,608	300,416	300,416	$ -		$ -		$ -	$ -
2020	1,998,762	35,692	1,963,070	1,980,916	295,731	295,731	$ -		$ -		$ -	$ -
2021	1,963,070	35,692	1,927,378	1,945,224	291,045	291,045	$ -		$ -		$ -	$ -
2022	1,927,378	35,692	1,891,686	1,909,532	286,360	286,360	$ -		$ -		$ -	$ -
2023	1,891,686	35,692	1,855,993	1,873,839	281,674	281,674	$ -		$ -		$ -	$ -
2024	1,855,993	35,692	1,820,301	1,838,147	276,989	276,989	$ -		$ -		$ -	$ -
2025	1,820,301	35,692	1,784,609	1,802,455	272,304	272,304	$ -		$ -		$ -	$ -
2026	1,784,609	35,692	1,748,917	1,766,763	267,618	267,618	$ -		$ -		$ -	$ -
2027	1,748,917	35,692	1,713,225	1,731,071	262,933	262,933	$ -		$ -		$ -	$ -
2028	1,713,225	35,692	1,677,532	1,695,379	258,248	258,248	$ -		$ -		$ -	$ -
2029	1,677,532	35,692	1,641,840	1,659,686	253,562	253,562	$ -		$ -		$ -	$ -
2030	1,641,840	35,692	1,606,148	1,623,994	248,877	248,877	$ -		$ -		$ -	$ -
2031	1,606,148	35,692	1,570,456	1,588,302	244,191	244,191	$ -		$ -		$ -	$ -
2032	1,570,456	35,692	1,534,764	1,552,610	239,506	239,506	$ -		$ -		$ -	$ -
2033	1,534,764	35,692	1,499,072	1,516,918	234,821	234,821	$ -		$ -		$ -	$ -
2034	1,499,072	35,692	1,463,379	1,481,225	230,135	230,135	$ -		$ -		$ -	$ -
2035	1,463,379	35,692	1,427,687	1,445,533	225,450	225,450	$ -		$ -		$ -	$ -
2036	1,427,687	35,692	1,391,995	1,409,841	220,765	220,765	$ -		$ -		$ -	$ -
2037	1,391,995	35,692	1,356,303	1,374,149	216,079	216,079	$ -		$ -		$ -	$ -
2038	1,356,303	35,692	1,320,611	1,338,457	211,394	211,394	$ -		$ -		$ -	$ -
2039	1,320,611	35,692	1,284,918	1,302,765	206,708	206,708	$ -		$ -		$ -	$ -
2040	1,284,918	35,692	1,249,226	1,267,072	202,023	202,023	$ -		$ -		$ -	$ -
2041	1,249,226	35,692	1,213,534	1,231,380	197,338	197,338	$ -		$ -		$ -	$ -
2042	1,213,534	35,692	1,177,842	1,195,688	192,652	192,652	$ -		$ -		$ -	$ -
2043	1,177,842	35,692	1,142,150	1,159,996	187,967	187,967	$ -		$ -		$ -	$ -
2044	1,142,150	35,692	1,106,458	1,124,304	183,282	183,282	$ -		$ -		$ -	$ -
2045	1,106,458	35,692	1,070,765	1,088,612	178,596	178,596	$ -		$ -		$ -	$ -
2046	1,070,765	35,692	1,035,073	1,052,919	173,911	173,911	$ -		$ -		$ -	$ -
2047	1,035,073	35,692	999,381	1,017,227	169,225	169,225	$ -		$ -		$ -	$ -
2048	999,381	35,692	963,689	981,535	164,540	164,540	$ -		$ -		$ -	$ -
2049	963,689	35,692	927,997	945,843	159,855	159,855	$ -		$ -		$ -	$ -
2050	927,997	35,692	892,305	910,151	155,169	155,169	$ -		$ -		$ -	$ -
2051	892,305	35,692	856,612	874,458	150,484	150,484	$ -		$ -		$ -	$ -
2052	856,612	35,692	820,920	838,766	145,799	145,799	$ -		$ -		$ -	$ -
2053	820,920	35,692	785,228	803,074	141,113	141,113	$ -		$ -		$ -	$ -
2054	785,228	35,692	749,536	767,382	136,428	136,428	$ -		$ -		$ -	$ -
2055	749,536	35,692	713,844	731,690	131,742	131,742	$ -		$ -		$ -	$ -
2056	713,844	35,692	678,151	695,998	127,057	127,057	$ -		$ -		$ -	$ -
2057	678,151	35,692	642,459	660,305	122,372	122,372	$ -		$ -		$ -	$ -
2058	642,459	35,692	606,767	624,613	117,686	117,686	$ -		$ -		$ -	$ -
2059	606,767	35,692	571,075	588,921	113,001	113,001	$ -		$ -		$ -	$ -
2060	571,075	35,692	535,383	553,229	108,316	108,316	$ -		$ -		$ -	$ -
2061	535,383	35,692	499,691	517,537	103,630	103,630	$ -		$ -		$ -	$ -
2062	499,691	35,692	463,998	481,844	98,945	98,945	$ -		$ -		$ -	$ -
2063	463,998	35,692	428,306	446,152	94,259	94,259	$ -		$ -		$ -	$ -
2064	428,306	35,692	392,614	410,460	89,574	89,574	$ -		$ -		$ -	$ -
2065	392,614	35,692	356,922	374,768	84,889	84,889	$ -		$ -		$ -	$ -
2066	356,922	35,692	321,230	339,076	80,203	80,203	$ -		$ -		$ -	$ -
2067	321,230	35,692	285,537	303,384	75,518	75,518	$ -		$ -		$ -	$ -
2068	285,537	35,692	249,845	267,691	70,833	70,833	$ -		$ -		$ -	$ -
2069	249,845	35,692	214,153	231,999	66,147	66,147	$ -		$ -		$ -	$ -
2070	214,153	35,692	178,461	196,307	61,462	61,462	$ -		$ -		$ -	$ -
2071	178,461	35,692	142,769	160,615	56,776	56,776	$ -		$ -		$ -	$ -
2072	142,769	35,692	107,077	124,923	52,091	52,091	$ -		$ -		$ -	$ -
2073	107,077	35,692	71,384	89,230	47,406	47,406	$ -		$ -		$ -	$ -
Project Totals		2,105,839			11,099,420	11,099,420	-					

** 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.

APCo 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: b2017 (Rebuild Sporn-Waterford-Muskingum River 345 kV line)**

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	#N/A	#N/A	#N/A
Prior Yr True-Up	#N/A	#N/A	#N/A
True-Up Adjustment	#N/A	#N/A	#N/A

Details			
Investment		Current Year	2014
Service Year (yyyy)		ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)		FCR w/o incentives, less depreciation	13.13%
Useful life	61	FCR w/incentives approved for these facilities, less dep.	13.13%
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 **
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Project Totals		-			-	-	-					

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

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

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet L Supporting Projected Cost of Debt
APPALACHIAN POWER COMPANY

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

Line Number	(A) Issuance		(B) Principle Outstanding	(C) Interest Rate	(D) Annual Expense (See Note S on Projected Template)	(E) Notes
1	**Long Term Debt (FF1.p. 256-257.h)**					
2	Advances From Associated Co.		86,000,000	3.125%	2,687,500	
3	Appalachian Consumer Rate Relief Funding Debenture:					
4	Tranche A-1 Due 2024		203,122,368	2.008%	4,077,885	
5	Tranche A-2 Due 2031		164,500,000	3.772%	6,205,269	
6	**Installment Purchase Contracts (FF1.p. 256-257.h, a)**					
7	WV EDA Amos Project, Series 2009A		54,375,000	0.040%	21,750	
8	WV EDA Amos Project, Series 2009B		50,000,000	0.040%	20,000	
9	IPC Mason Series L		100,000,000	1.625%	1,625,000	
10	WV EDA IPC Mountaineer Project, Series 2008A		75,000,000	0.040%	30,000	
11	WV EDA IPC Mountaineer Project, Series 2008B		50,275,000	0.050%	25,138	
12	IPC Putnam County, WV, Series 2008C		-	4.850%	-	
13	IPC Putnam County, WV, Series 2008D		-	4.850%	-	
14	Russell County, Va Series K		17,500,000	4.625%	809,375	
15	Amos Project, Series 2010A		50,000,000	5.375%	2,687,500	
16	Amos Project, Series 2011A		65,350,000	2.250%	1,470,375	
17	IPC Putnam County, WV, Series 2008C		30,000,000	3.250%	975,000	
18	IPC Putnam County, WV, Series 2008D		40,000,000	3.250%	1,300,000	
17	Senior Unsecured Notes - Series S		300,000,000	3.400%	10,200,000	
18	Senior Unsecured Notes - Series T		350,000,000	4.600%	16,100,000	
19	Senior Unsecured Notes - Series I		-	0.000%	-	
20	Senior Unsecured Notes - Series K		250,000,000	5.000%	12,500,000	
21	Senior Unsecured Notes - Series L		250,000,000	5.800%	14,500,000	
22	Senior Unsecured Notes - Series H		200,000,000	5.950%	11,900,000	
23	Senior Unsecured Notes - Series N		250,000,000	6.375%	15,937,500	
24	Senior Unsecured Notes - Series P		250,000,000	6.700%	16,750,000	
25	Senior Unsecured Notes - Series Q		500,000,000	7.000%	35,000,000	
26	Senior Unsecured Notes - Series R		350,000,000	7.950%	27,825,000	
27	Floating Rate Senior Unsecured Notes - Series U		300,000,000	4.400%	13,200,000	
28	Floating Rate Term Credit Agreement		-	0.000%	-	
29	Sale/Leaseback - Skimmer Station		2,321,976	13.669%	317,381	
30	Issuance Discount, Premium, & Expenses:					
31	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees			-	
32	Allowable Hedge Amortization (See Ln 48 Below)				1,240,531	
33	Amort of Debt Discount and Expenses	FF1.p. 117.63.c			3,105,002	
34	Amort of Debt Premimums (Enter Negative)	FF1.p. 117.65.c			-	
35	Reacquired Debt:					
36	Amortization of Loss	FF1.p. 117.64.c			7,213,006	
37	Amortization of Gain	FF1.p. 117.66.c			-	
38	**Total Interest on Long Term Debt**		3,988,444,344	5.21%	207,723,211	
39	**Preferred Stock (FF1.p. 250-251)**	**Preferred Shares Outstanding**				
40			-	0.00%	-	
41					-	
42					-	
43	**Dividends on Preferred Stock**		-	0.00%	-	
44	Eligible Hedging Gains and Losses (WS M, Ln 34, (E))				1,240,531	
45	Total Projected Capital Structure Balance for 2015 (Projected TCOS, Ln 165)				7,348,690,523	
46	Financial Hedge Recovery Limit - Five Basis Points of Total Capital				0.0005	
47	Limit of Recoverable Amount				3,674,345	
48	**Recoverable Hedge Amortization (Lesser of Ln 44 or Ln 47)**				**1,240,531**	

AEP East Companies
Transmission Cost of Service Formula Rate
APPALACHIAN POWER COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2013 & 12/31/2014

(A) Line	(B)	(C) Balances @ 12/31/2014	(D) Balances @ 12/31/2013	(E) Average
	Development of Average Balance of Common Equity			
1	Proprietary Capital (112.16.c&d)	3,366,927,928	3,231,334,227	3,299,131,078
2	Less Preferred Stock (Ln 54 Below)	0	0	-
3	Less Account 216.1 (112.12.c&d)	1,649,787	1,639,734	1,644,761
4	Less Account 219.1 (112.15.c&d)	5,031,962	2,951,210	3,991,586
5	**Average Balance of Common Equity**	3,360,246,179	3,226,743,283	**3,293,494,731**
	Development of Cost of Long Term Debt Based on Average Outstanding Balance			
6	Bonds (112.18.c&d)	367,622,368	380,300,000	373,961,184
7	Less: Reacquired Bonds (112.19.c&d)	-	-	-
8	LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	86,000,000	86,000,000
9	Senior Unsecured Notes (112.21.c&d)	3,534,821,976	3,734,854,787	3,634,838,381
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	**Total Average Debt**	3,988,444,344	4,201,154,787	**4,094,799,565**

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)**

13	**Annual Interest Expense for 2014**	
14	Interest on Long Term Debt (256-257.33.i)	198,433,109
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.	1,240,531
16	Plus: Allowed Hedge Recovery From Ln 38 below.	1,240,531
17	Amort of Debt Discount & Expense (117.63.c)	3,105,002
18	Amort of Loss on Reacquired Debt (117.64.c)	7,213,006
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)**	**208,751,117**
22	**Average Cost of Debt for 2014 (Ln 21/Ln 11)**	**5.10%**

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 2014	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 I	445,765		445,765	-	Jan-05	Jul-14
25	Senior Unsecured Notes - Series K	1,336,324		1,336,324	556,802	Jun-05	Jun-17
26	Senior Unsecured Notes - Series L	(238,880)		(238,880)	(179,159)	Sep-05	Oct-35
27	Senior Unsecured Notes - Series H	37,068		37,068	679,680	May-03	May-33
28	Senior Unsecured Notes - Series N	(194,198)		(194,198)	(4,126,717)	Apr-06	Apr-36
29	Senior Unsecured Notes - Series Q	159,672		159,672	3,705,699	Mar-08	Apr-38
30	Senior Unsecured Notes - Series S	826,212		826,212	328,707	May-10	May-15
31	Senior Unsecured Notes - Series T	(1,131,432)	-	(1,131,432)	(7,040,024)	Mar-11	Mar-21
32			-	-			
33	Total Hedge Amortization	1,240,531	-				

34	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 24 to)	1,240,531
35	Total Average Capital Structure Balance for 2014 (True-UP TCOS, Ln 165)	7,388,294,296
36	Financial Hedge Recovery Limit - Five Basis Points of Total Capital	0.0005
37	Limit of Recoverable Amount	3,694,147
38	**Recoverable Hedge Amortization (Lesser of Ln 34 or Ln 37)**	**1,240,531**

Development of Cost of Preferred Stock

Line	**Preferred Stock**	12/31/2014	12/31/2013	**Average**	
39	0% Series - 0 - Dividend Rate (p. 250-251. 7 & 10.a)	0.00%	0.00%		
40	0% Series - 0 - Par Value (p. 250-251. 8.c)	$ -	$ -		
41	0% Series - 0 - Shares O/S (p.250-251. 8 & 11.e)	-	-		
42	0% Series - 0 - Monetary Value (Ln 40 * Ln 41)	-	-	-	
43	0% Series - 0 - Dividend Amount (Ln 39 * Ln 42)	-	-	-	
44	0% Series - - Dividend Rate (p. 250-251.a)				
45	0% Series - - Par Value (p. 250-251.c)				
46	0% Series - - Shares O/S (p.250-251. e)				
47	0% Series - 0 - Monetary Value (Ln 45 * Ln 46)	-	-	-	
48	0% Series - - Dividend Amount (Ln 44 * Ln 47)	-	-	-	
49	0% Series - - Dividend Rate (p. 250-251.a)				
50	0% Series - - Par Value (p. 250-251.c)				
51	0% Series - - Shares O/S (p.250-251.e)				
52	0% Series - 0 - Monetary Value (Ln * Ln 49)	-	-	-	
53	0% Series - - 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 2014 FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
APPALACHIAN POWER COMPANY

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectivlely. 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 2014		-		-	

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service
APPALACHIAN POWER COMPANY

Total AEP East Operating Company PBOP Settlement Amount 30,000,000

Allocation of PBOP Settlement Amount for 2014:

Line#	Company	Total Company Amount Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2014	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * 30000000	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
1	APCo	(13,980,707)	36.87%	11,060,258	7.080%	(989,797)	783,037	(1,772,834)
2								
3	I&M	(9,910,530)	26.13%	7,840,305	4.555%	(451,452)	357,148	(808,600)
4	KPCo	(3,026,000)	7.98%	2,393,895	7.063%	(213,739)	169,090	(382,829)
5	KNGP	(304,086)	0.80%	240,565	11.505%	(34,986)	27,677	(62,663)
6	OPCo	(10,311,857)	27.19%	8,157,799	18.192%	(1,875,953)	1,484,083	(3,360,036)
7	WPCo	(388,288)	1.02%	307,178	12.660%	(49,156)	38,888	(88,044)
8	**Sum of Lines 1 to 7**	(37,921,469)		30,000,000		(3,615,083)	2,859,923	(6,475,006)

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

Line		APCo	I&M	KPCo	KNGSPT	OPCo	WPCo	AEP East Total
9	Direct Charged PBOP Expense per Actuarial Report *	(13,415,837)	(10,057,152)	(3,040,335)	(285,159)	(9,435,001)	(361,523)	(36,595,007)
10	Additional PBOP Ledger Entries (from Company Records)	395,759	814,185	252,888	3,649	114,856	3,709	
11	Medicare Subsidy *	-	-	-	-	-	-	-
12	Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(13,020,078)	(9,242,967)	(2,787,447)	(281,510)	(9,320,145)	(357,814)	(35,009,962)
				-				
13	PBOP Expenses From AEP Service Corporation (from Company Records)	(960,629)	(667,563)	(238,553)	(22,576)	(991,712)	(30,474)	(2,911,507)
14	Company PBOP Expense (Ln 12 + Ln 13)	(13,980,707)	(9,910,530)	(3,026,000)	(304,086)	(10,311,857)	(388,288)	(37,921,469)

* Sourced from Actuarial Report

AEP EAST COMPANIES
Worksheet - P CALCULATION OF
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNT
EFFECTIVE AS OF 2/1/2012
FOR MULTIPLE JURISDICTION COMPANIES
APPALACHIAN POWER COMPANY

		VIRGINIA			**WEST VIRGINIA**			**FERC WHOLESALE**			**FERC KINGSPORT**			**COMPANY**
		(1)			*(2)*			*(3)*			*(4)*			
	PLANT ACCT.	*VA SCC RATES*	*ALLOCATION FACTOR (5)*	*WTD AVG. DEPREC. RATE*	*PSC OF WV APPROVED RATES*	*ALLOCATION FACTOR (5)*	*WTD AVG. DEPREC. RATE*	*FERC RATES*	*ALLOCATION FACTOR (5)*	*WTD AVG. DEPREC. RATE*	*FERC RATES*	*ALLOCATION FACTOR (5)*	*WTD AVG. DEPREC. RATE*	*WTD AVG. DEPREC. RATE*
TRANSMISSION PLANT														
Land Rights - Va.	350.1	0.66%	1.000000	0.66%										0.66%
Structures & Improvements	352.0	1.55%	0.455791	0.71%	1.55%	0.444609	0.69%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	1.62%
Station Equipment	353.0	1.95%	0.455791	0.89%	1.95%	0.444609	0.87%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	1.98%
Towers & Fixtures	354.0	1.14%	0.455791	0.52%	1.14%	0.444609	0.51%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	1.25%
Poles & Fixtures	355.0	2.77%	0.455791	1.26%	2.77%	0.444609	1.23%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	2.71%
Overhead Conductor	356.0	1.01%	0.455791	0.46%	1.01%	0.444609	0.45%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	1.13%
Underground Conduit	357.0	1.23%	0.455791	0.56%	1.24%	0.444609	0.55%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	1.33%
Underground Conductors	358.0	3.18%	0.455791	1.45%	3.18%	0.444609	1.41%	2.19%	0.039062	0.09%	2.19%	0.060538	0.13%	3.08%

(1) As approved in VA Case No. PUE 2006-00065 on May 15, 2007.
Depreciation rates were made effective on January 1, 2006.

(2) Approved by PSC of WV Order dated July 26, 2006 in
Case No. 05-1278-E-PC-PW-42T effective July 1, 2006.

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

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

(5) 2009 Allocation factors based on APCo's 12 monthly Coincident Peaks for twelve months ended September 30, 2008 as provided by AEPSC Regulated Pricing. The demand allocation factors are updated annually as of January 1, based on the 12 monthly CP's as of the previous September 30th.

GENERAL NOTES:

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

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

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.