

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$34,566,928
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 34,566,928

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)		23,444,393	DA 1.00000	\$ 23,444,393
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			11.34%
7	Monthly Rate	(In 6 / 12)			0.95%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			10.87%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109 - In 131 - In 132) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.29%
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			1,231
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				238
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			993

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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
18	GROSS PLANT IN SERVICE				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	124,695,942	DA	124,695,942
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	-	TP 1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		182,246,776	DA 1.00000	182,246,776
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA 1.00000	-
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	-	W/S 0.99239	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S 0.99239	-
28	Intangible Plant	(Worksheet A In 9.C)	-	W/S 0.99239	-
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	306,942,718		306,942,718
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.C & 28.C)	685,813	TP1= 1.00000	685,813
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		763,075	DA 1.00000	763,075
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA 1.00000	-
37	Plus: Additional Transmission Depreciation for 2015 (In 108)		685,813	TP1 1.00000	685,813
38	Plus: Additional General & Intangible Depreciation for 2015 (In 111 + In 112)		-	W/S 0.99239	-
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA 1.00000	-
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	-	W/S 0.99239	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S 0.99239	-
44	Intangible Plant	(Worksheet A In 20.C)	-	W/S 0.99239	-
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	2,134,701		2,134,701
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	124,010,129		124,010,129
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		181,483,701		181,483,701
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2015 (-In 37)		(685,813)		(685,813)
52	Plus: Additional General & Intangible Depreciation for 2015 (-In 38)		-		-
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	-		-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	304,808,017		304,808,017
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(21,528,230)	DA	(21,528,230)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(4,681,568)	DA	(4,681,568)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	1,810,508	DA	1,810,508
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(24,399,290)		(24,399,290)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	15,167		15,167
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP 1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S 0.99239	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h) 1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	634,648	W/S 0.99239	629,817
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h) 1.00000	-
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA 1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA 0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	649,815		644,984
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA 1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		281,058,542		281,053,711

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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	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322,164,171,178.b	-		
82	Regional Marketing Expenses	322,131.b	-		
83	Transmission	321,112.b	<u>122,565</u>		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	<u>122,565</u>		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	1,231		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	<u>121,334</u>	TP 1.00000	121,334
89	Administrative and General	323,197.b (Note J)	767,313		
90	Less: Acct. 924, Property Insurance	323,185.b	517		
91	Acct. 928, Reg. Com. Exp.	323,189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323,191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323,192.b	<u>12,629</u>		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	<u>754,167</u>	W/S 0.99239	748,426
95	Plus: Acct. 924, Property Insurance	(In 90)	517	GP(h) 1.00000	517
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	12,629	DA 1.00000	12,629
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	<u>(2,811)</u>	W/S 0.99239	<u>(2,789)</u>
100	A & G Subtotal	(sum Ins 94 to 99)	<u>764,502</u>		<u>758,783</u>
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	<u>885,836</u>		<u>880,117</u>
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	<u>885,836</u>		<u>880,117</u>
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	685,813	TP1 1.00000	685,813
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)		763,075	DA 1.00000	763,075
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	-	TP1 1.00000	-
111	General	336.10.f	-	W/S 0.99239	-
112	Intangible	336.1.f	-	W/S 0.99239	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	<u>1,448,888</u>		<u>1,448,888</u>
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 0.99239	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	<u>-</u>		<u>-</u>
122	INCOME TAXES				
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.23%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		47.54%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6454		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	10,387,251		10,387,073
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	<u>10,387,251</u>		<u>10,387,073</u>
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 177)	21,851,226.39		21,850,850.79
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)	<u>34,573,202</u>		<u>34,566,928</u>

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF				
137	Total transmission plant	(In 20)			124,695,942
138	Less transmission plant excluded from PJM Tariff	(Note P)			-
139	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note Q)			-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)			124,695,942
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)		TP=	1.00000
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total
143	<i>Line Deliberately Left Blank</i>				
144	Transmission	354.21.b	-	65,184	65,184
145	Regional Market Expenses	354.22.b	-	-	-
146	<i>Line Deliberately Left Blank</i>				
147	Other (Excludes A&G)	354.24,25,26.b	-	500	500
148	Total	(sum Ins 144, 145, & 147)	-	65,684	65,684
149	Transmission related amount				W/S= 0.99239
Actual Capped Capital Cost Structure (Note S)					
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)				\$
151	Long Term Interest	(Worksheet L, In. 39, col. (D))			4,818,510
152	Preferred Dividends	(Worksheet L, In. 49, col. (D))			-
153	<u>Development of Common Stock:</u>				
154	Proprietary Capital	(FF1 p 112, Ln 16.c)			117,229,881
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)			-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)			-
157	Less: Account 219	(FF1 p 112, Ln 15.c)			-
158	Common Stock	(In 154 - In 155 - In 156 - In 157)			117,229,881
			Capital Structure Percentages		
			Actual	Cap Limit	
159	Long Term Debt	Worksheet L, In 39, col. (B))	118,000,000	50.16%	0.00%
160	Preferred Stock (In 155)		-	0.00%	0.00%
161	Common Stock (In 158)		117,229,881	49.84%	0.00%
162	Total (Sum Ins 159 to 161)		235,229,881	100.00%	0.00%
163	Capital Structure Equity Limit (Note T)		50.0%		
AEP OPERATING COMPANIES' COMPOSITE (Note S)					
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)				\$
165	Long Term Interest	(Worksheet Q, In. 14)			467,649,989
166	Preferred Dividends	(Worksheet Q, In. 36)			-
167	<u>Development of Common Stock:</u>				
168	Proprietary Capital	(Worksheet Q, In. 37)			8,094,481,064
169	Less: Preferred Stock	(Worksheet Q, In. 38)			-
170	Less: Account 216.1	(Worksheet Q, In. 39)			6,532,329
171	Less: Account 219	(Worksheet Q, In. 40)			(10,289,353)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)			8,098,238,088
			%	\$	
174	Long Term Debt	(Worksheet Q, In 50)	51.25%	8,511,972,247	5.49%
175	Preferred Stock (Worksheet Q, In 51)		0.00%	-	0.00%
176	Common Stock (Worksheet Q, In 52)		48.75%	8,098,238,088	11.49%
177	Total (Worksheet Q, In 45)			16,610,210,335	WACC= 0.0842

AEP WEST VIRGINIA TRANSMISSION 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 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 Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- 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 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- L Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 6.50% | (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 As shown on Worksheet Q, the AEP West Virginia Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for AEP West Virginia Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
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AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.			Total	DA	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)				\$13,642,977
179	REVENUE CREDITS	(Note A) (Worksheet E)	-		1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(ln 178 less ln 179)				\$ 13,642,977

MEMO: The Carrying Charge Calculations on lines 183 to 188 below are used in calculating project revenue requirements billed through PJM Schedule 12, Transmission Enhancement Charges. The total non-incentive revenue requirements for these projects shown on line 181 is included in the total on line 180.

181	Not applicable on this template					
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
183	Annual Rate	(ln 178 - ln 279 - ln 280) / ln 225 x 100)				11.00%
184	Monthly Rate	(ln 183 / 12)				0.92%
185	NET PLANT CARRYING CHARGE ON LINE 183 , w/o depreciation or ROE incentives (Note B)					
186	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285) / ln 225 x 100)				10.45%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)					
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)				0.72%
189	Not applicable on this template					

REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES						
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below				1,231
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					238
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)				993

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE				
195	<i>Line Deliberately Left Blank</i>				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	124,695,942	DA	124,695,942
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	-	W/S	-
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	-	W/S	-
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	124,695,942	GP(h)=	124,695,942
				GTD=	1.00000
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	685,813	TP1=	685,813
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2015 (-In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2015 (-In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	-	W/S	-
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
221	Intangible Plant	(Worksheet A In 20.C)	-	W/S	-
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	685,813		685,813
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	124,010,129		124,010,129
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2015 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2015 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	-		-
233	Intangible Plant	(In 205 - In 221)	-		-
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	124,010,129	NP(h)=	124,010,129
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(21,528,230)	DA	(21,528,230)
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(4,681,568)	DA	(4,681,568)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	1,810,508	DA	1,810,508
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum lns 236 to 240)	(24,399,290)		(24,399,290)
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	15,167		15,167
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	634,648	W/S	629,817
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	-
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	-
253	TOTAL WORKING CAPITAL	(sum lns 245 to 252)	649,815		644,984
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
255	RATE BASE (sum lns 234, 241, 242, 243, 253, 254)		100,260,654		100,255,823

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AEP WEST VIRGINIA TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
256	<i>Line Deliberately Left Blank</i>				
257	<i>Line Deliberately Left Blank</i>				
258	Customer Related Expense	322 & 323.164,171,178.b	-		
259	Regional Marketing Expenses	322.131.b	-		
					<i>Per Settlement in FERC Docket No. ER10-355-000 , Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	122,565		
261	TOTAL O&M EXPENSES	(sum lns 258 to 260)	122,565		
262	Less: Total Account 561	(Note G) (Worksheet F, ln 14.C)	1,231		
263	Less: Account 565	(Note H) 321.96.b	-		
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-		
265	Total O&M Allocable to Transmission	(lns 260 - 262 - 263 - 264)	121,334	TP	1.00000
					121,334
					<i>Per Settlement in FERC Docket No. ER10-355-000 , Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	767,313		
267	Less: Acct. 924, Property Insurance	323.185.b	517		
268	Acct. 928, Reg. Com. Exp.	323.189.b	-		
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	12,629		
271	Balance of A & G	(ln 266 - sum ln 267 to ln 270)	754,167	W/S	0.99239
272	Plus: Acct. 924, Property Insurance	(ln 267)	517	GP(h)	1.00000
273	Acct. 928 - Transmission Specific	Worksheet F ln 20.(E) (Note L)	-	TP	1.00000
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 37.(E) (Note L)	-	TP	1.00000
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 42.(E) (Note L)	12,629	DA	1.00000
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(2,811)	W/S	0.99239
277	A & G Subtotal	(sum lns 271 to 276)	764,502		
					748,426
					517
					-
					-
					12,629
					(2,789)
					758,783
278	O & M EXPENSE SUBTOTAL	(ln 265 + ln 277)	885,836		
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000
281	TOTAL O & M EXPENSE	(ln 278 + ln 279 + ln 280)	885,836		
					880,117
					-
282	DEPRECIATION AND AMORTIZATION EXPENSE				
283	<i>Line Deliberately Left Blank</i>				
284	<i>Line Deliberately Left Blank</i>				
285	Transmission	336.7.f	685,813	TP1	1.00000
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		
287	Plus: Formation Costs Amortization	(Worksheet A ln 35.C)	13,384	TP1	1.00000
288	General	336.10.f	-	W/S	0.99239
289	Intangible	336.1.f	-	W/S	0.99239
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	699,197		
					685,813
					N/A
					13,384
					-
					-
					699,197
291	TAXES OTHER THAN INCOME	(Note O)			
292	Labor Related				
293	Payroll	Worksheet H ln 23.(D)	-	W/S	0.99239
294	Plant Related				
295	Property	Worksheet H ln 23.(C) & ln 58.(C)	-	DA	-
296	Gross Receipts/Sales & Use	Worksheet H ln 23.(F)	-	NA	0.00000
297	Other	Worksheet H ln 23.(E)	-	GP(h)	1.00000
298	TOTAL OTHER TAXES	(sum lns 293 to 297)	-		
					-
299	INCOME TAXES	(Note O)			
300	$T=1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\}$		39.23%		
301	$\text{EIT}=(T/(1-T)) * (1-(\text{WCLTD}/\text{WACC})) =$		42.95%		
302	where WCLTD=(ln 350) and WACC = (ln 353)				
303	and FIT, SIT & p are as given in Note O.				
304	$\text{GRCF}=1 / (1 - T) =$ (from ln 300)		1.6454		
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
306	Income Tax Calculation	(ln 301 * ln 309)	3,624,966		
307	ITC adjustment	(ln 304 * ln 305)	-	NP(h)	1.00000
308	TOTAL INCOME TAXES	(sum lns 306 to 307)	3,624,966		
					3,624,791
309	RETURN ON RATE BASE (Rate Base*WACC)	(ln 255 * ln 353)	8,439,278		
					8,438,871
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-	DA	1.00000
					-
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. (F) & (H))		-		
					-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 311 * ln 301)		-		
					-
313	TOTAL REVENUE REQUIREMENT	(sum lns 281, 290, 298, 308, 309, 310, 311, 312)	13,649,278		
					13,642,977

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AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
314	Total transmission plant	(In 197)						124,695,942
315	Less transmission plant excluded from PJM Tariff (Note P)							-
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)						124,695,942
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)					TP=	1.00000
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
320	<i>Line Deliberately Left Blank</i>		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
321	Transmission	354.21.b	-	65,184	65,184	TP	1.00000	65,184
322	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000	-
323	<i>Line Deliberately Left Blank</i>							
324	Other (Excludes A&G)	354.24,25,26.b	-	500	500	NA	0.00000	-
325	Total	(sum Ins 321, 322, & 324)	-	65,684	65,684			65,184
326	Transmission related amount						W/S=	0.99239
327	Actual (Uncapped) Capital Structure							\$
328	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							4,818,510
329	Long Term Interest	(Worksheet L, In. 39, col. (D))				See W/S L		-
330	Preferred Dividends	(Worksheet L, In. 49, col. (D))						-
331	<u>Development of Common Stock:</u>							117,229,881
332	Proprietary Capital	(FF1 p 112, Ln 16.c)						-
333	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
334	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
335	Less: Account 219	(FF1 p 112, Ln 15.c)						-
336	Common Stock	(In 331 - In 332 - In 333 - In 334)						117,229,881
337			Capital Structure Percentages					
338			\$	%		Cost (Note S)		Weighted
339	Long Term Debt	Worksheet L, In 39, col. (B))	118,000,000	50.16%		4.08%		0.0205
340	Preferred Stock (In 332)		-	0.00%		0.00%		0.0000
341	Common Stock (In 335)		117,229,881	49.84%		11.49%		0.0573
342	Total (Sum Ins 336 to 338)		235,229,881	100.00%			WACC=	0.0777
343	AEP OPERATING COMPANIES' COMPOSITE (Note S)							\$
344	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							467,649,989
345	Long Term Interest	(Worksheet Q, In. 14)						-
346	Preferred Dividends	(Worksheet Q, In. 36)						-
347	<u>Development of Common Stock:</u>							8,094,481,064
348	Proprietary Capital	(Worksheet Q, In. 37)						-
349	Less: Preferred Stock	(Worksheet Q, In. 38)						6,532,329
350	Less: Account 216.1	(Worksheet Q, In. 39)						(10,289,353)
351	Less: Account 219	(Worksheet Q, In. 40)						-
352	Common Stock	(In 344 - In 345 - In 346 - In 347)						8,098,238,088
353								
354			%	\$		Cost		Weighted
355	Long Term Debt	(Worksheet Q, In 50)	51.25%	8,511,972,247		5.49%		0.0282
356	Preferred Stock (Worksheet Q, In 51)		0.00%	-		0.00%		0.0000
357	Common Stock (Worksheet Q, In 52)		48.75%	8,098,238,088		11.49%		0.0560
358	Total (Worksheet Q, In 45)			16,610,210,335			WACC=	0.0842

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AEP WEST VIRGINIA TRANSMISSION 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 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 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 310.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 192 & 193 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 279 and 280 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- L Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT = | 6.50% | (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 As shown on Worksheet Q, the AEP West Virginia Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure. Upon establishment of actual debt financing for AEP West Virginia Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

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AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$7,487,813
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			<u>\$ 7,487,813</u>

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)		12,075,557	DA 1.00000	\$ 12,075,557
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			12.08%
7	Monthly Rate	(In 6 / 12)			1.01%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			10.97%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			1.45%
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			1,231
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				238
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			<u>993</u>

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
18	GROSS PLANT IN SERVICE				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.E & Ln 140)	62,347,971	DA	62,347,971
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.E)	-	W/S	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
28	Intangible Plant	(Worksheet A In 9.E)	-	W/S	-
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	62,347,971	GP(h)= GTD=	1.00000 0.00000
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.E & 28.E)	342,907	TP1=	342,907
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
37	Plus: Additional Transmission Depreciation for 2015 (In 108)		N/A	TP1	N/A
38	Plus: Additional General & Intangible Depreciation for 2015 (In 107 + In 108)		N/A	W/S	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.E)	-	W/S	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	-
44	Intangible Plant	(Worksheet A In 20.E)	-	W/S	-
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	342,907		342,907
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	62,005,065		62,005,065
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		N/A		N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		N/A		N/A
51	Plus: Additional Transmission Depreciation for 2015 (-In 37)		N/A		N/A
52	Plus: Additional General & Intangible Depreciation for 2015 (-In 38)		N/A		N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A		N/A
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	-		-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	62,005,065	NP(h)=	1.00000
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(10,765,549)	DA	(10,765,549)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(2,355,180)	DA	(2,355,180)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	947,917	DA	947,917
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(12,172,812)		(12,172,812)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	15,167		15,167
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	317,324	W/S	314,908
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	-	GP(h)	-
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	332,491		330,075
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		50,164,743		50,162,328

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

Formula Rate
True-UP TCOS
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AEP WEST VIRGINIA TRANSMISSION 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	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	122,565		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	122,565		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	1,231		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	121,334	TP	1.00000
89	Administrative and General	323.197.b (Note J)	767,313		
90	Less: Acct. 924, Property Insurance	323.185.b	517		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	12,629		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	754,167	W/S	0.99239
95	Plus: Acct. 924, Property Insurance	(In 90)	517	GP(h)	1.00000
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	12,629	DA	1.00000
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(2,811)	W/S	0.99239
100	A & G Subtotal	(sum Ins 94 to 99)	764,502		758,783
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	885,836		880,117
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	885,836		880,117
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	685,813	TP1	1.00000
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	20,076	TP1	1.00000
111	General	336.10.f	-	W/S	0.99239
112	Intangible	336.1.f	-	W/S	0.99239
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	705,889		705,889
114	TAXES OTHER THAN INCOME				
115	(Note N)				
116	Labor Related				
117	Payroll	Worksheet H In 23.(D)	-	W/S	0.99239
118	Plant Related				
119	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
120	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000
121	Other	Worksheet H In 23.(E)	-	GP(h)	1.00000
122	TOTAL OTHER TAXES	(sum Ins 116 to 120)	-		-
123	INCOME TAXES				
124	T=1 - {(1 - SIT) * (1 - FIT)} / (1 - SIT * FIT * p) =		39.23%		
125	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.66%		
126	where WCLTD=(In 174) and WACC = (In 177)				
127	and FIT, SIT & p are as given in Note O.				
128	GRCF=1 / (1 - T) = (from In 123)		1.6454		
129	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
130	Income Tax Calculation	(In 124 * In 132)	1,764,947		1,764,862
131	ITC adjustment	(In 127 * In 128)	-	NP(h)	1.00000
132	TOTAL INCOME TAXES	(sum Ins 129 to 130)	1,764,947		1,764,862
133	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	4,137,144		4,136,945
134	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
135	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. (F) & (H))		-		-
136	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		-
137	TOTAL REVENUE REQUIREMENT	(sum Ins 104, 113, 121, 131, 132, 133)	7,493,817		7,487,813

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In								
<u>No.</u>	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(In 20)						62,347,971
138	Less transmission plant excluded from PJM Tariff (Note P)							-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)						62,347,971
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TP=	1.00000
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	-	65,184	65,184	TP	1.00000	65,184
145	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	-	500	500	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	-	65,684	65,684			65,184
149	Transmission related amount						W/S=	0.99239
	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E))						709,616
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))						-
153	<u>Development of Average Common Stock Balance:</u>							
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						78,569,248
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))						-
157	Less: Account 219	(Worksheet M, In. 4, col. (E))						-
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)						78,569,248
	Capped Actual Average Capital Structure	<u>Average \$</u>	Capital Structure Percentages			Cost (Note S)		Weighted
159	Long Term Debt W/S M, In 11, In 21, col. (E))	59,000,000	Actual	Cap Limit		1.20%		0.0060
160	Preferred Stock (In 155)	-	42.89%	50.00%		0.00%		0.0000
161	Common Stock (In 158)	78,569,248	0.00%	0.00%		11.49%		0.0575
162	Total (Sum Ins 159 to 161)	137,569,248	57.11%	50.00%		WACC=		0.0635
162			100.00%	100.00%				
163	Capital Structure Equity Limit (Note T)	50.0%						
	AEP OPERATING COMPANIES' COMPOSITE (Note S)							
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest	(Worksheet Q, In. 132)						467,649,989
166	Preferred Dividends	(Worksheet Q, In. 134)						-
167	<u>Development of Actual Average Common Stock:</u>							Average
168	Proprietary Capital	(Worksheet Q, In. 135)						7,931,955,417
169	Less: Preferred Stock	(Worksheet Q, In. 136)						-
170	Less: Account 216.1	(Worksheet Q, In. 137)						6,495,866
171	Less: Account 219	(Worksheet Q, In. 138)						(10,105,810)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						7,935,565,361
173	True Up Capitalization with Equity Caps		%	\$		Cost		Weighted
174	Long Term Debt (Worksheet Q, In 148)		52.56%	8,790,846,586		5.32%		0.0280
175	Preferred Stock (Worksheet Q, In 149)		0.00%	-		0.00%		0.0000
176	Common Stock (Worksheet Q, In 150)		47.44%	7,935,565,361		11.49%		0.0545
177	Total (Worksheet Q, In 143)		100%	16,726,411,947		WACC=		0.0825

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP WEST VIRGINIA TRANSMISSION 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 Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F** Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 133.
- 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 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H** Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I** Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J** General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K** The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- L** Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M** See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N** Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O** The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 6.50% (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** As shown on Worksheet Q, the AEP West Virginia Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure. Upon establishment of actual debt financing for AEP West Virginia Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T** 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet A Supporting Plant Balances
AEP WEST VIRGINIA TRANSMISSION 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
Plant Investment Balances					
1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	124,695,942	-	62,347,971
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	-	-	-
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	124,695,942	-	62,347,971
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	685,813	-	342,907
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	-	-	-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	685,813	-	342,907
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
Generation Step-Up Units					
23	GSU Investment Amount	Company Records - Note 1	-	-	-
24	GSU Accumulated Depreciation	Company Records - Note 1	-	-	-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	685,813	-	342,907
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	685,813	-	342,907
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records - Note 1	-	-	-
Regulatory Assets and Liabilities Approved for Recovery in Ratebase					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
31	Beginning Balance of Regulatory Asset (Note 2)		13,384	40,153	26,768
32	Amortization in Months		6	18	12
33	Monthly Amortization		2,231	2,231	2,231
34	Months in 2014 to be amortized		6	12	9
35	Amortization Expense in 2014		13,384	26,768	20,076
36	Months in 2015 to be amortized		-	6	3
37	Amortization Expense in 2015		-	13,384	6,692
38	Ending Balance of Regulatory Asset		-	13,384	6,692
39	Average Balance of Regulatory Asset		6,692	26,768	16,730
40	Unamortized Balance of Regulatory Asset at YE 2014		-	13,384	6,692
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		-	-	-

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

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2014</u>	<u>(D) Balance @ December 31, 2013</u>	<u>(E) Average Balance for 2014</u>
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	-	-	-
3	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
4	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	21,528,230	2,867	10,765,549
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	21,528,230	2,867	10,765,549
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	4,681,568	28,792	2,355,180
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	4,681,568	28,792	2,355,180
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	1,810,508	85,325	947,917
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	1,810,508	85,325	947,917
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	-	-	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable in Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records - Note 1	-	-	-

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

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP WEST VIRGINIA TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2014	Balance @ December 31, 2013	Average Balance for 2014				
1								
2	Transmission Materials & Supplies	0	0	-				
3	General Materials & Supplies	0	0	-				
4	Stores Expense (Undistributed)	0	0	-				

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	
6	Totals as of December 31, 2014	634,648	0	0	634,648	634,648
7	Totals as of December 31, 2013	0	0	0	0	0
8	Average Balance	317,324	-	-	317,324	317,324

Prepayments Account 165 - Balance @ 12/31/2014

2014 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation	
9	Acc. No.	Description					
10	1650001	Prepaid Insurance	0	-	-	-	
11	165000214	Prepaid Taxes	0	-	-	-	
12	1650003	Prepaid Rents	0	-	-	-	
13	1650004	Prepaid Interest	0	-	-	-	
14	1650005	Prepaid Employee Benefits	0	-	-	-	
15	1650006	Other Prepayments	0	-	-	-	
16	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	
17	1650010	Prepaid Pension Benefits	0	-	-	-	
18	1650014	FAS 158 Qual Contra Asset	0	-	-	-	
19	1650016	FAS 112 ASSETS	0	-	-	-	
20	1650031	Prepaid OCIP Work Comp	37,638	-	37,638	37,638	
21	1650032	Prepaid OCIP Work Comp	37,638	-	37,638	37,638	
22	1650033	Prepaid OCIP Work Comp - Aff	279,686	-	279,686	279,686	
23	1650034	Prepaid OCIP Work Comp LT- Aff	279,686	-	279,686	279,686	
Subtotal - Form 1, p 111.57.c			634,648	0	0	634,648	634,648

Prepayments Account 165 - Balance @ 12/31/ 2013

2013 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation	
24	Acc. No.	Description					
25	1650001	Prepaid Insurance	0	-	-	-	
26	165000213	Prepaid Taxes	0	-	-	-	
27	1650003	Prepaid Rents	0	-	-	-	
28	1650004	Prepaid Interest	0	-	-	-	
29	1650005	Prepaid Employee Benefits	0	-	-	-	
30	1650006	Other Prepayments	0	-	-	-	
31	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	
32	1650010	Prepaid Pension Benefits	0	-	-	-	
33	1650014	FAS 158 Qual Contra Asset	0	-	-	-	
34	1650016	FAS 112 ASSETS	0	-	-	-	
Subtotal - Form 1, p 111.57.c			0	0	0	0	0

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers 12/31/2013 (2014 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	-
6		-
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column $((\text{In } 1 + \text{In } 7)/2)$	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet E Supporting Revenue Credits
 AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non-Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	-
4	Account 4560015, Associated Business Development - (Company Records - Note 1)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	4,302,529	4,302,529	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	4,302,529	4,302,529	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	4,302,529	4,302,529	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP WEST VIRGINIA TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	
<u>Line Number</u>	<u>Item No.</u>	<u>Description</u>	<u>2014 Expense</u>	<u>100% Non-Transmission</u>	<u>100% Transmission Specific</u>	<u>Explanation</u>
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	-			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	-			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	-			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	-			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	-			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	238			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	993			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	-			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	-			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	-			
14		Total of Account 561	1,231			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	8,976	-	8,976	
39	9302003	Corporate & Fiscal Expenses	2,516	-	2,516	
40	9302004	Research, Develop&Demonstr Exp	-	-	0	
41	9302007	Assoc Business Development Exp	1,137	-	1,137	
42		Total	12,629	-	12,629	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP WEST VIRGINIA TRANSMISSION COMPANY

1	West Virginia Excise Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	6.50% <u>100.00%</u>	6.50%
2	_____ Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	0.00% <u>0.00%</u>	0.00%
3	_____ Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	0.00% <u>0.00%</u>	0.00%
4	_____ Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	0.00% <u>0.00%</u>	0.00%
5	_____ Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	0.00% <u>0.00%</u>	0.00%
	Total Effective State Income Tax Rate	<u><u>6.50%</u></u>	

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 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H.

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

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	-				-
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - West Virginia	-	-			
5	Real and Personal Property - Virginia	-	-			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	<i>Line Deliberately Left Blank</i>					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16	State Public Service Commission Fees	-			-	
17	State Franchise Taxes	-			-	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	-				-
21	Federal Excise Tax	-				-
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis (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	Column (B) Deliberately Left Blank		Column (D) Deliberately Left		Total
		Blank	Transmission	Blank	General	
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234) VIRGINIA JURISDICTION	-	124,010,129	-	-	124,010,129
25	Percentage of Plant in VIRGINIA JURISDICTION					
26	Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	-	-	-	-	-
27	Less: Net Value of Exempted Generation Plant	-	-	-	-	-
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-	-
29	Relative Valuation Factor					0
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-	-
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
35	Functionalized Expense in VIRGINIA JURISDICTION	-	-	-		-
	WEST VA JURISDICTION					
36	Percentage of Plant in WEST VA JURISDICTION					
37	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	-	-	-	-	-
38	Less: Net Value of Exempted Generation Plant	-	-	-	-	-
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor					0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	-
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	0.00%	100.00%	0.00%		
46	Functionalized Expense in WEST VA JURISDICTION	-	-	-		-
	TENNESSEE JURISDICTION					
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	124,010,129	-	-	124,010,129
48	Less: Net Value Exempted Generation Plant	-	-	-	-	-
49	Taxable Property Basis	-	124,010,129	-	-	124,010,129
50	Relative Valuation Factor					
51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	-
52	General Plant Allocator (Ln 51 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	-
54	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	-	-	-	-	-
55	Functional Percentage (Ln 54/Total Ln 54)	0.00%	100.00%	0.00%		
56	Functionalized Expense in TENNESSEE JURISDICTION	-	-	-		-
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-	-	-		-

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

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission companies by both the type of taxes and the states in which they were assessed. Therefore, for each company, the types and jurisdictions of tax expense recorded on this page could differ from the same page in the same company's prior year template or from this page in other transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14 of the Ferc Form 1.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP WEST VIRGINIA TRANSMISSION 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, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	124,695,942
3		<u>124,695,942</u>
4	Average Balance of Transmission Investment	62,347,971
5	Annual Depreciation Expense, Historic TCOS, In 285	685,813
6	Composite Depreciation Rate	1.10%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.10%

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	\$ 13,166,615	1.10%	\$ 144,830	\$ 12,069	11	\$ 132,759
10	February	\$ -	1.10%	\$ -	\$ -	10	\$ -
11	March	\$ 4,093,555	1.10%	\$ 45,028	\$ 3,752	9	\$ 33,768
12	April	\$ 6,150,282	1.10%	\$ 67,652	\$ 5,638	8	\$ 45,104
13	May	\$ 62,116,844	1.10%	\$ 683,271	\$ 56,939	7	\$ 398,573
14	June	\$ 16,543,106	1.10%	\$ 181,970	\$ 15,164	6	\$ 90,984
15	July	\$ 6,658,621	1.10%	\$ 73,243	\$ 6,104	5	\$ 30,520
16	August	\$ -	1.10%	\$ -	\$ -	4	\$ -
17	September	\$ 7,869,881	1.10%	\$ 86,567	\$ 7,214	3	\$ 21,642
18	October	\$ 4,247,163	1.10%	\$ 46,718	\$ 3,893	2	\$ 7,786
19	November	\$ 2,115,761	1.10%	\$ 23,273	\$ 1,939	1	\$ 1,939
20	December	\$ 59,284,949	1.10%	\$ 652,120	\$ 54,343	0	\$ -
21	Investment	<u>\$ 182,246,776</u>				Depreciation Expense	<u>\$ 763,075</u>

III. Plant Transferred

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

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

	Estimated Cost (000's)	Month in Service
25 Major Zonal Projects		
26 T/WVTC/Mountaineer Trf & CBs	53,622	June-15
27 T/WVTC/Kammer Area 345kV & 138	16,490	November-15
28 T/WVTC/Kammer 400 Yard: Replac	13,951	August-15
29		
30		
31	Subtotal	\$84,063
32 PJM Socialized/Beneficiary Allocated Regional Projects		
33		\$0
34	Subtotal	\$0

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
 AEP WEST VIRGINIA TRANSMISSION COMPANY

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

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

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

	%	Cost	Weighted cost
Long Term Debt	51.25%	5.49%	2.815%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	48.75%	11.49%	5.602%
		R =	8.417%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS				
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2015	23,444,393	23,444,393	\$ -

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

Rate Base (Projected TCOS, In 78) 281,053,711
 R (from A. above) 8.417%
 Return (Rate Base x R) 23,657,241

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

Return (from B. above) 23,657,241
 Effective Tax Rate (Projected TCOS, In 124) 47.54%
 Income Tax Calculation (Return x CIT) 11,245,763
 ITC Adjustment -
 Income Taxes 11,245,763

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

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

Annual Revenue Requirement (Projected TCOS, In 1) 34,566,928
 T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103) -
 Return (Projected TCOS, In 132) 21,850,851
 Income Taxes (Projected TCOS, In 131) 10,387,073
 Annual Revenue Requirement, Less TEA Charges, Return and Taxes 2,329,005

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes 2,329,005
 Return (from I.B. above) 23,657,241
 Income Taxes (from I.C. above) 11,245,763
 Annual Revenue Requirement, with 0 Basis Point ROE increase 37,232,008
 Depreciation (Projected TCOS, In 108) 685,813
 Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation 36,546,195

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

Net Transmission Plant (Projected TCOS, In 48) 124,010,129
 Annual Revenue Requirement, with 0 Basis Point ROE increase 37,232,008
 FCR with 0 Basis Point increase in ROE 30.02%
 Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep. 36,546,195
 FCR with 0 Basis Point ROE increase, less Depreciation 29.47%
 FCR less Depreciation (Projected TCOS, In 9) 10.87%
 Incremental FCR with 0 Basis Point ROE increase, less Depreciation 18.61%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)): -
 Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)): 124,695,942
 Subtotal 124,695,942
 Average Transmission Plant Balance for 2014 62,347,971
 Annual Depreciation Rate (Projected TCOS, In 108) 685,813
 Composite Depreciation Rate 1.10%
 Depreciable Life for Composite Depreciation Rate 90.91
 Round to nearest whole year 91

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1661 (Install a 765 kV circuit breaker at Wyoming station)

Current Projected Year ARR	511,336
Current Projected Year ARR w/ Incentive	511,336
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	4,320,280		
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	11	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	47,522

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	4,320,280	3,960	4,316,320	472,938	472,938	\$ -	\$ 541,349	\$ 541,349
2015	4,316,320	47,522	4,268,798	511,336	511,336	\$ -		
2016	4,268,798	47,522	4,221,276	506,173	506,173	\$ -		
2017	4,221,276	47,522	4,173,754	501,009	501,009	\$ -		
2018	4,173,754	47,522	4,126,232	495,846	495,846	\$ -		
2019	4,126,232	47,522	4,078,710	490,683	490,683	\$ -		
2020	4,078,710	47,522	4,031,187	485,519	485,519	\$ -		
2021	4,031,187	47,522	3,983,665	480,356	480,356	\$ -		
2022	3,983,665	47,522	3,936,143	475,192	475,192	\$ -		
2023	3,936,143	47,522	3,888,621	470,029	470,029	\$ -		
2024	3,888,621	47,522	3,841,099	464,866	464,866	\$ -		
2025	3,841,099	47,522	3,793,577	459,702	459,702	\$ -		
2026	3,793,577	47,522	3,746,055	454,539	454,539	\$ -		
2027	3,746,055	47,522	3,698,533	449,376	449,376	\$ -		
2028	3,698,533	47,522	3,651,011	444,212	444,212	\$ -		
2029	3,651,011	47,522	3,603,489	439,049	439,049	\$ -		
2030	3,603,489	47,522	3,555,967	433,885	433,885	\$ -		
2031	3,555,967	47,522	3,508,445	428,722	428,722	\$ -		
2032	3,508,445	47,522	3,460,923	423,559	423,559	\$ -		
2033	3,460,923	47,522	3,413,401	418,395	418,395	\$ -		
2034	3,413,401	47,522	3,365,879	413,232	413,232	\$ -		
2035	3,365,879	47,522	3,318,357	408,069	408,069	\$ -		
2036	3,318,357	47,522	3,270,834	402,905	402,905	\$ -		
2037	3,270,834	47,522	3,223,312	397,742	397,742	\$ -		
2038	3,223,312	47,522	3,175,790	392,578	392,578	\$ -		
2039	3,175,790	47,522	3,128,268	387,415	387,415	\$ -		
2040	3,128,268	47,522	3,080,746	382,252	382,252	\$ -		
2041	3,080,746	47,522	3,033,224	377,088	377,088	\$ -		
2042	3,033,224	47,522	2,985,702	371,925	371,925	\$ -		
2043	2,985,702	47,522	2,938,180	366,762	366,762	\$ -		
2044	2,938,180	47,522	2,890,658	361,598	361,598	\$ -		
2045	2,890,658	47,522	2,843,136	356,435	356,435	\$ -		
2046	2,843,136	47,522	2,795,614	351,271	351,271	\$ -		
2047	2,795,614	47,522	2,748,092	346,108	346,108	\$ -		
2048	2,748,092	47,522	2,700,570	340,945	340,945	\$ -		
2049	2,700,570	47,522	2,653,048	335,781	335,781	\$ -		
2050	2,653,048	47,522	2,605,526	330,618	330,618	\$ -		
2051	2,605,526	47,522	2,558,004	325,455	325,455	\$ -		
2052	2,558,004	47,522	2,510,481	320,291	320,291	\$ -		
2053	2,510,481	47,522	2,462,959	315,128	315,128	\$ -		
2054	2,462,959	47,522	2,415,437	309,964	309,964	\$ -		
2055	2,415,437	47,522	2,367,915	304,801	304,801	\$ -		
2056	2,367,915	47,522	2,320,393	299,638	299,638	\$ -		
2057	2,320,393	47,522	2,272,871	294,474	294,474	\$ -		
2058	2,272,871	47,522	2,225,349	289,311	289,311	\$ -		
2059	2,225,349	47,522	2,177,827	284,148	284,148	\$ -		
2060	2,177,827	47,522	2,130,305	278,984	278,984	\$ -		
2061	2,130,305	47,522	2,082,783	273,821	273,821	\$ -		
2062	2,082,783	47,522	2,035,261	268,657	268,657	\$ -		
2063	2,035,261	47,522	1,987,739	263,494	263,494	\$ -		
2064	1,987,739	47,522	1,940,217	258,331	258,331	\$ -		
2065	1,940,217	47,522	1,892,695	253,167	253,167	\$ -		
2066	1,892,695	47,522	1,845,173	248,004	248,004	\$ -		
2067	1,845,173	47,522	1,797,651	242,841	242,841	\$ -		
2068	1,797,651	47,522	1,750,128	237,677	237,677	\$ -		
2069	1,750,128	47,522	1,702,606	232,514	232,514	\$ -		
2070	1,702,606	47,522	1,655,084	227,350	227,350	\$ -		
2071	1,655,084	47,522	1,607,562	222,187	222,187	\$ -		
2072	1,607,562	47,522	1,560,040	217,024	217,024	\$ -		
2073	1,560,040	47,522	1,512,518	211,860	211,860	\$ -		
Project Totals		2,807,762		21,807,232	21,807,232	-		

** 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.

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

Project Description: RTEP ID: b1864.1 (Add two additional 345/138 kV transformers at Kammer)

Current Projected Year ARR	9,963,550
Current Projected Year ARR w/ Incentive	9,963,550
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	84,395,124		
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	8	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	928,326

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	84,395,124	309,442	84,085,682	9,445,531	9,445,531	\$ -	\$ 2,795,819	\$ 2,795,819
2015	84,085,682	928,326	83,157,355	9,963,550	9,963,550	\$ -		
2016	83,157,355	928,326	82,229,029	9,862,686	9,862,686	\$ -		
2017	82,229,029	928,326	81,300,702	9,761,821	9,761,821	\$ -		
2018	81,300,702	928,326	80,372,376	9,660,956	9,660,956	\$ -		
2019	80,372,376	928,326	79,444,049	9,560,092	9,560,092	\$ -		
2020	79,444,049	928,326	78,515,723	9,459,227	9,459,227	\$ -		
2021	78,515,723	928,326	77,587,396	9,358,362	9,358,362	\$ -		
2022	77,587,396	928,326	76,659,070	9,257,498	9,257,498	\$ -		
2023	76,659,070	928,326	75,730,743	9,156,633	9,156,633	\$ -		
2024	75,730,743	928,326	74,802,417	9,055,768	9,055,768	\$ -		
2025	74,802,417	928,326	73,874,090	8,954,904	8,954,904	\$ -		
2026	73,874,090	928,326	72,945,764	8,854,039	8,854,039	\$ -		
2027	72,945,764	928,326	72,017,437	8,753,175	8,753,175	\$ -		
2028	72,017,437	928,326	71,089,111	8,652,310	8,652,310	\$ -		
2029	71,089,111	928,326	70,160,784	8,551,445	8,551,445	\$ -		
2030	70,160,784	928,326	69,232,458	8,450,581	8,450,581	\$ -		
2031	69,232,458	928,326	68,304,131	8,349,716	8,349,716	\$ -		
2032	68,304,131	928,326	67,375,805	8,248,851	8,248,851	\$ -		
2033	67,375,805	928,326	66,447,478	8,147,987	8,147,987	\$ -		
2034	66,447,478	928,326	65,519,152	8,047,122	8,047,122	\$ -		
2035	65,519,152	928,326	64,590,826	7,946,257	7,946,257	\$ -		
2036	64,590,826	928,326	63,662,499	7,845,393	7,845,393	\$ -		
2037	63,662,499	928,326	62,734,173	7,744,528	7,744,528	\$ -		
2038	62,734,173	928,326	61,805,846	7,643,663	7,643,663	\$ -		
2039	61,805,846	928,326	60,877,520	7,542,799	7,542,799	\$ -		
2040	60,877,520	928,326	59,949,193	7,441,934	7,441,934	\$ -		
2041	59,949,193	928,326	59,020,867	7,341,069	7,341,069	\$ -		
2042	59,020,867	928,326	58,092,540	7,240,205	7,240,205	\$ -		
2043	58,092,540	928,326	57,164,214	7,139,340	7,139,340	\$ -		
2044	57,164,214	928,326	56,235,887	7,038,475	7,038,475	\$ -		
2045	56,235,887	928,326	55,307,561	6,937,611	6,937,611	\$ -		
2046	55,307,561	928,326	54,379,234	6,836,746	6,836,746	\$ -		
2047	54,379,234	928,326	53,450,908	6,735,881	6,735,881	\$ -		
2048	53,450,908	928,326	52,522,581	6,635,017	6,635,017	\$ -		
2049	52,522,581	928,326	51,594,255	6,534,152	6,534,152	\$ -		
2050	51,594,255	928,326	50,665,928	6,433,288	6,433,288	\$ -		
2051	50,665,928	928,326	49,737,602	6,332,423	6,332,423	\$ -		
2052	49,737,602	928,326	48,809,275	6,231,558	6,231,558	\$ -		
2053	48,809,275	928,326	47,880,949	6,130,694	6,130,694	\$ -		
2054	47,880,949	928,326	46,952,622	6,029,829	6,029,829	\$ -		
2055	46,952,622	928,326	46,024,296	5,928,964	5,928,964	\$ -		
2056	46,024,296	928,326	45,095,969	5,828,100	5,828,100	\$ -		
2057	45,095,969	928,326	44,167,643	5,727,235	5,727,235	\$ -		
2058	44,167,643	928,326	43,239,316	5,626,370	5,626,370	\$ -		
2059	43,239,316	928,326	42,310,990	5,525,506	5,525,506	\$ -		
2060	42,310,990	928,326	41,382,663	5,424,641	5,424,641	\$ -		
2061	41,382,663	928,326	40,454,337	5,323,776	5,323,776	\$ -		
2062	40,454,337	928,326	39,526,010	5,222,912	5,222,912	\$ -		
2063	39,526,010	928,326	38,597,684	5,122,047	5,122,047	\$ -		
2064	38,597,684	928,326	37,669,357	5,021,182	5,021,182	\$ -		
2065	37,669,357	928,326	36,741,031	4,920,318	4,920,318	\$ -		
2066	36,741,031	928,326	35,812,704	4,819,453	4,819,453	\$ -		
2067	35,812,704	928,326	34,884,378	4,718,588	4,718,588	\$ -		
2068	34,884,378	928,326	33,956,051	4,617,724	4,617,724	\$ -		
2069	33,956,051	928,326	33,027,725	4,516,859	4,516,859	\$ -		
2070	33,027,725	928,326	32,099,398	4,415,995	4,415,995	\$ -		
2071	32,099,398	928,326	31,171,072	4,315,130	4,315,130	\$ -		
2072	31,171,072	928,326	30,242,745	4,214,265	4,214,265	\$ -		
2073	30,242,745	928,326	29,314,419	4,113,401	4,113,401	\$ -		
Project Totals		55,080,705		424,715,581	424,715,581	-		

** 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.

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

Project Description: RTEP ID: b2021 (Add 345/138 kV Transformers at Sporn, Kanawha River, and Muskingum River stations)

Current Projected Year ARR	2,304,583
Current Projected Year ARR w/ Incentive	2,304,583
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	19,455,062		
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	214,001

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	19,455,062	-	19,455,062	2,113,834	2,113,834	\$ -	\$ 2,093,479	\$ 2,093,479
2015	19,455,062	214,001	19,241,061	2,304,583	2,304,583	\$ -		
2016	19,241,061	214,001	19,027,060	2,281,332	2,281,332	\$ -		
2017	19,027,060	214,001	18,813,059	2,258,080	2,258,080	\$ -		
2018	18,813,059	214,001	18,599,058	2,234,828	2,234,828	\$ -		
2019	18,599,058	214,001	18,385,056	2,211,577	2,211,577	\$ -		
2020	18,385,056	214,001	18,171,055	2,188,325	2,188,325	\$ -		
2021	18,171,055	214,001	17,957,054	2,165,073	2,165,073	\$ -		
2022	17,957,054	214,001	17,743,053	2,141,822	2,141,822	\$ -		
2023	17,743,053	214,001	17,529,052	2,118,570	2,118,570	\$ -		
2024	17,529,052	214,001	17,315,051	2,095,318	2,095,318	\$ -		
2025	17,315,051	214,001	17,101,050	2,072,067	2,072,067	\$ -		
2026	17,101,050	214,001	16,887,049	2,048,815	2,048,815	\$ -		
2027	16,887,049	214,001	16,673,048	2,025,563	2,025,563	\$ -		
2028	16,673,048	214,001	16,459,047	2,002,312	2,002,312	\$ -		
2029	16,459,047	214,001	16,245,045	1,979,060	1,979,060	\$ -		
2030	16,245,045	214,001	16,031,044	1,955,808	1,955,808	\$ -		
2031	16,031,044	214,001	15,817,043	1,932,557	1,932,557	\$ -		
2032	15,817,043	214,001	15,603,042	1,909,305	1,909,305	\$ -		
2033	15,603,042	214,001	15,389,041	1,886,053	1,886,053	\$ -		
2034	15,389,041	214,001	15,175,040	1,862,802	1,862,802	\$ -		
2035	15,175,040	214,001	14,961,039	1,839,550	1,839,550	\$ -		
2036	14,961,039	214,001	14,747,038	1,816,298	1,816,298	\$ -		
2037	14,747,038	214,001	14,533,037	1,793,046	1,793,046	\$ -		
2038	14,533,037	214,001	14,319,036	1,769,795	1,769,795	\$ -		
2039	14,319,036	214,001	14,105,034	1,746,543	1,746,543	\$ -		
2040	14,105,034	214,001	13,891,033	1,723,291	1,723,291	\$ -		
2041	13,891,033	214,001	13,677,032	1,700,040	1,700,040	\$ -		
2042	13,677,032	214,001	13,463,031	1,676,788	1,676,788	\$ -		
2043	13,463,031	214,001	13,249,030	1,653,536	1,653,536	\$ -		
2044	13,249,030	214,001	13,035,029	1,630,285	1,630,285	\$ -		
2045	13,035,029	214,001	12,821,028	1,607,033	1,607,033	\$ -		
2046	12,821,028	214,001	12,607,027	1,583,781	1,583,781	\$ -		
2047	12,607,027	214,001	12,393,026	1,560,530	1,560,530	\$ -		
2048	12,393,026	214,001	12,179,025	1,537,278	1,537,278	\$ -		
2049	12,179,025	214,001	11,965,023	1,514,026	1,514,026	\$ -		
2050	11,965,023	214,001	11,751,022	1,490,775	1,490,775	\$ -		
2051	11,751,022	214,001	11,537,021	1,467,523	1,467,523	\$ -		
2052	11,537,021	214,001	11,323,020	1,444,271	1,444,271	\$ -		
2053	11,323,020	214,001	11,109,019	1,421,020	1,421,020	\$ -		
2054	11,109,019	214,001	10,895,018	1,397,768	1,397,768	\$ -		
2055	10,895,018	214,001	10,681,017	1,374,516	1,374,516	\$ -		
2056	10,681,017	214,001	10,467,016	1,351,265	1,351,265	\$ -		
2057	10,467,016	214,001	10,253,015	1,328,013	1,328,013	\$ -		
2058	10,253,015	214,001	10,039,014	1,304,761	1,304,761	\$ -		
2059	10,039,014	214,001	9,825,012	1,281,510	1,281,510	\$ -		
2060	9,825,012	214,001	9,611,011	1,258,258	1,258,258	\$ -		
2061	9,611,011	214,001	9,397,010	1,235,006	1,235,006	\$ -		
2062	9,397,010	214,001	9,183,009	1,211,755	1,211,755	\$ -		
2063	9,183,009	214,001	8,969,008	1,188,503	1,188,503	\$ -		
2064	8,969,008	214,001	8,755,007	1,165,251	1,165,251	\$ -		
2065	8,755,007	214,001	8,541,006	1,142,000	1,142,000	\$ -		
2066	8,541,006	214,001	8,327,005	1,118,748	1,118,748	\$ -		
2067	8,327,005	214,001	8,113,004	1,095,496	1,095,496	\$ -		
2068	8,113,004	214,001	7,899,003	1,072,245	1,072,245	\$ -		
2069	7,899,003	214,001	7,685,001	1,048,993	1,048,993	\$ -		
2070	7,685,001	214,001	7,471,000	1,025,741	1,025,741	\$ -		
2071	7,471,000	214,001	7,256,999	1,002,490	1,002,490	\$ -		
2072	7,256,999	214,001	7,042,998	979,238	979,238	\$ -		
2073	7,042,998	214,001	6,828,997	955,986	955,986	\$ -		
Project Totals		12,626,065		98,300,635	98,300,635	-		

** 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.

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: b1948 (Establish a new 765/345 interconnection at Sporn. Install a 765/345 kV transformer at Mountaineer and build ¼ mile of 345 kV to Sporn)

Current Projected Year ARR	6,946,099
Current Projected Year ARR w/ Incentive	6,946,099
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	60,732,784		
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	5	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	668,046

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 **
2015	60,732,784	389,694	60,343,090	6,946,099	6,946,099	\$ -		
2016	60,343,090	668,046	59,675,044	7,151,867	7,151,867	\$ -		
2017	59,675,044	668,046	59,006,998	7,079,282	7,079,282	\$ -		
2018	59,006,998	668,046	58,338,951	7,006,698	7,006,698	\$ -		
2019	58,338,951	668,046	57,670,905	6,934,113	6,934,113	\$ -		
2020	57,670,905	668,046	57,002,859	6,861,528	6,861,528	\$ -		
2021	57,002,859	668,046	56,334,812	6,788,944	6,788,944	\$ -		
2022	56,334,812	668,046	55,666,766	6,716,359	6,716,359	\$ -		
2023	55,666,766	668,046	54,998,720	6,643,774	6,643,774	\$ -		
2024	54,998,720	668,046	54,330,673	6,571,190	6,571,190	\$ -		
2025	54,330,673	668,046	53,662,627	6,498,605	6,498,605	\$ -		
2026	53,662,627	668,046	52,994,581	6,426,020	6,426,020	\$ -		
2027	52,994,581	668,046	52,326,534	6,353,436	6,353,436	\$ -		
2028	52,326,534	668,046	51,658,488	6,280,851	6,280,851	\$ -		
2029	51,658,488	668,046	50,990,442	6,208,266	6,208,266	\$ -		
2030	50,990,442	668,046	50,322,395	6,135,682	6,135,682	\$ -		
2031	50,322,395	668,046	49,654,349	6,063,097	6,063,097	\$ -		
2032	49,654,349	668,046	48,986,303	5,990,512	5,990,512	\$ -		
2033	48,986,303	668,046	48,318,256	5,917,928	5,917,928	\$ -		
2034	48,318,256	668,046	47,650,210	5,845,343	5,845,343	\$ -		
2035	47,650,210	668,046	46,982,164	5,772,759	5,772,759	\$ -		
2036	46,982,164	668,046	46,314,118	5,700,174	5,700,174	\$ -		
2037	46,314,118	668,046	45,646,071	5,627,589	5,627,589	\$ -		
2038	45,646,071	668,046	44,978,025	5,555,005	5,555,005	\$ -		
2039	44,978,025	668,046	44,309,979	5,482,420	5,482,420	\$ -		
2040	44,309,979	668,046	43,641,932	5,409,835	5,409,835	\$ -		
2041	43,641,932	668,046	42,973,886	5,337,251	5,337,251	\$ -		
2042	42,973,886	668,046	42,305,840	5,264,666	5,264,666	\$ -		
2043	42,305,840	668,046	41,637,793	5,192,081	5,192,081	\$ -		
2044	41,637,793	668,046	40,969,747	5,119,497	5,119,497	\$ -		
2045	40,969,747	668,046	40,301,701	5,046,912	5,046,912	\$ -		
2046	40,301,701	668,046	39,633,654	4,974,327	4,974,327	\$ -		
2047	39,633,654	668,046	38,965,608	4,901,743	4,901,743	\$ -		
2048	38,965,608	668,046	38,297,562	4,829,158	4,829,158	\$ -		
2049	38,297,562	668,046	37,629,515	4,756,573	4,756,573	\$ -		
2050	37,629,515	668,046	36,961,469	4,683,989	4,683,989	\$ -		
2051	36,961,469	668,046	36,293,423	4,611,404	4,611,404	\$ -		
2052	36,293,423	668,046	35,625,376	4,538,819	4,538,819	\$ -		
2053	35,625,376	668,046	34,957,330	4,466,235	4,466,235	\$ -		
2054	34,957,330	668,046	34,289,284	4,393,650	4,393,650	\$ -		
2055	34,289,284	668,046	33,621,237	4,321,065	4,321,065	\$ -		
2056	33,621,237	668,046	32,953,191	4,248,481	4,248,481	\$ -		
2057	32,953,191	668,046	32,285,145	4,175,896	4,175,896	\$ -		
2058	32,285,145	668,046	31,617,098	4,103,311	4,103,311	\$ -		
2059	31,617,098	668,046	30,949,052	4,030,727	4,030,727	\$ -		
2060	30,949,052	668,046	30,281,006	3,958,142	3,958,142	\$ -		
2061	30,281,006	668,046	29,612,959	3,885,557	3,885,557	\$ -		
2062	29,612,959	668,046	28,944,913	3,812,973	3,812,973	\$ -		
2063	28,944,913	668,046	28,276,867	3,740,388	3,740,388	\$ -		
2064	28,276,867	668,046	27,608,820	3,667,803	3,667,803	\$ -		
2065	27,608,820	668,046	26,940,774	3,595,219	3,595,219	\$ -		
2066	26,940,774	668,046	26,272,728	3,522,634	3,522,634	\$ -		
2067	26,272,728	668,046	25,604,681	3,450,050	3,450,050	\$ -		
2068	25,604,681	668,046	24,936,635	3,377,465	3,377,465	\$ -		
2069	24,936,635	668,046	24,268,589	3,304,880	3,304,880	\$ -		
2070	24,268,589	668,046	23,600,543	3,232,296	3,232,296	\$ -		
2071	23,600,543	668,046	22,932,496	3,159,711	3,159,711	\$ -		
2072	22,932,496	668,046	22,264,450	3,087,126	3,087,126	\$ -		
2073	22,264,450	668,046	21,596,404	3,014,542	3,014,542	\$ -		
2074	21,596,404	668,046	20,928,357	2,941,957	2,941,957	\$ -		
Project Totals		39,804,427		304,713,904	304,713,904	-		

** 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.

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: b1962 (Add four 765 kV breakers at Kammer)

Current Projected Year ARR	2,348,715
Current Projected Year ARR w/ Incentive	2,348,715
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	21,616,834		
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	237,780

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 **
2015	21,616,834	-	21,616,834	2,348,715	2,348,715	\$ -		
2016	21,616,834	237,780	21,379,054	2,560,660	2,560,660	\$ -		
2017	21,379,054	237,780	21,141,274	2,534,825	2,534,825	\$ -		
2018	21,141,274	237,780	20,903,494	2,508,989	2,508,989	\$ -		
2019	20,903,494	237,780	20,665,714	2,483,154	2,483,154	\$ -		
2020	20,665,714	237,780	20,427,934	2,457,319	2,457,319	\$ -		
2021	20,427,934	237,780	20,190,153	2,431,483	2,431,483	\$ -		
2022	20,190,153	237,780	19,952,373	2,405,648	2,405,648	\$ -		
2023	19,952,373	237,780	19,714,593	2,379,813	2,379,813	\$ -		
2024	19,714,593	237,780	19,476,813	2,353,977	2,353,977	\$ -		
2025	19,476,813	237,780	19,239,033	2,328,142	2,328,142	\$ -		
2026	19,239,033	237,780	19,001,253	2,302,307	2,302,307	\$ -		
2027	19,001,253	237,780	18,763,473	2,276,471	2,276,471	\$ -		
2028	18,763,473	237,780	18,525,693	2,250,636	2,250,636	\$ -		
2029	18,525,693	237,780	18,287,913	2,224,801	2,224,801	\$ -		
2030	18,287,913	237,780	18,050,133	2,198,965	2,198,965	\$ -		
2031	18,050,133	237,780	17,812,353	2,173,130	2,173,130	\$ -		
2032	17,812,353	237,780	17,574,573	2,147,295	2,147,295	\$ -		
2033	17,574,573	237,780	17,336,792	2,121,460	2,121,460	\$ -		
2034	17,336,792	237,780	17,099,012	2,095,624	2,095,624	\$ -		
2035	17,099,012	237,780	16,861,232	2,069,789	2,069,789	\$ -		
2036	16,861,232	237,780	16,623,452	2,043,954	2,043,954	\$ -		
2037	16,623,452	237,780	16,385,672	2,018,118	2,018,118	\$ -		
2038	16,385,672	237,780	16,147,892	1,992,283	1,992,283	\$ -		
2039	16,147,892	237,780	15,910,112	1,966,448	1,966,448	\$ -		
2040	15,910,112	237,780	15,672,332	1,940,612	1,940,612	\$ -		
2041	15,672,332	237,780	15,434,552	1,914,777	1,914,777	\$ -		
2042	15,434,552	237,780	15,196,772	1,888,942	1,888,942	\$ -		
2043	15,196,772	237,780	14,958,992	1,863,106	1,863,106	\$ -		
2044	14,958,992	237,780	14,721,212	1,837,271	1,837,271	\$ -		
2045	14,721,212	237,780	14,483,431	1,811,436	1,811,436	\$ -		
2046	14,483,431	237,780	14,245,651	1,785,600	1,785,600	\$ -		
2047	14,245,651	237,780	14,007,871	1,759,765	1,759,765	\$ -		
2048	14,007,871	237,780	13,770,091	1,733,930	1,733,930	\$ -		
2049	13,770,091	237,780	13,532,311	1,708,095	1,708,095	\$ -		
2050	13,532,311	237,780	13,294,531	1,682,259	1,682,259	\$ -		
2051	13,294,531	237,780	13,056,751	1,656,424	1,656,424	\$ -		
2052	13,056,751	237,780	12,818,971	1,630,589	1,630,589	\$ -		
2053	12,818,971	237,780	12,581,191	1,604,753	1,604,753	\$ -		
2054	12,581,191	237,780	12,343,411	1,578,918	1,578,918	\$ -		
2055	12,343,411	237,780	12,105,631	1,553,083	1,553,083	\$ -		
2056	12,105,631	237,780	11,867,851	1,527,247	1,527,247	\$ -		
2057	11,867,851	237,780	11,630,070	1,501,412	1,501,412	\$ -		
2058	11,630,070	237,780	11,392,290	1,475,577	1,475,577	\$ -		
2059	11,392,290	237,780	11,154,510	1,449,741	1,449,741	\$ -		
2060	11,154,510	237,780	10,916,730	1,423,906	1,423,906	\$ -		
2061	10,916,730	237,780	10,678,950	1,398,071	1,398,071	\$ -		
2062	10,678,950	237,780	10,441,170	1,372,235	1,372,235	\$ -		
2063	10,441,170	237,780	10,203,390	1,346,400	1,346,400	\$ -		
2064	10,203,390	237,780	9,965,610	1,320,565	1,320,565	\$ -		
2065	9,965,610	237,780	9,727,830	1,294,730	1,294,730	\$ -		
2066	9,727,830	237,780	9,490,050	1,268,894	1,268,894	\$ -		
2067	9,490,050	237,780	9,252,270	1,243,059	1,243,059	\$ -		
2068	9,252,270	237,780	9,014,490	1,217,224	1,217,224	\$ -		
2069	9,014,490	237,780	8,776,709	1,191,388	1,191,388	\$ -		
2070	8,776,709	237,780	8,538,929	1,165,553	1,165,553	\$ -		
2071	8,538,929	237,780	8,301,149	1,139,718	1,139,718	\$ -		
2072	8,301,149	237,780	8,063,369	1,113,882	1,113,882	\$ -		
2073	8,063,369	237,780	7,825,589	1,088,047	1,088,047	\$ -		
2074	7,825,589	237,780	7,587,809	1,062,212	1,062,212	\$ -		
Project Totals		14,029,025		109,223,426	109,223,426	-		

** 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.

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

Project Description: RTEP ID: b2017 (Reconductor or rebuild Sporn - Waterford - Muskingum River 345 KV line)

Current Projected Year ARR	231,097
Current Projected Year ARR w/ Incentive	231,097
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	2,020,583		
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	5	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	22,226

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 **
2015	2,020,583	12,965	2,007,618	231,097	231,097	\$ -		
2016	2,007,618	22,226	1,985,392	237,943	237,943	\$ -		
2017	1,985,392	22,226	1,963,166	235,528	235,528	\$ -		
2018	1,963,166	22,226	1,940,940	233,113	233,113	\$ -		
2019	1,940,940	22,226	1,918,714	230,698	230,698	\$ -		
2020	1,918,714	22,226	1,896,488	228,283	228,283	\$ -		
2021	1,896,488	22,226	1,874,262	225,869	225,869	\$ -		
2022	1,874,262	22,226	1,852,036	223,454	223,454	\$ -		
2023	1,852,036	22,226	1,829,810	221,039	221,039	\$ -		
2024	1,829,810	22,226	1,807,584	218,624	218,624	\$ -		
2025	1,807,584	22,226	1,785,358	216,209	216,209	\$ -		
2026	1,785,358	22,226	1,763,133	213,794	213,794	\$ -		
2027	1,763,133	22,226	1,740,907	211,379	211,379	\$ -		
2028	1,740,907	22,226	1,718,681	208,964	208,964	\$ -		
2029	1,718,681	22,226	1,696,455	206,549	206,549	\$ -		
2030	1,696,455	22,226	1,674,229	204,134	204,134	\$ -		
2031	1,674,229	22,226	1,652,003	201,720	201,720	\$ -		
2032	1,652,003	22,226	1,629,777	199,305	199,305	\$ -		
2033	1,629,777	22,226	1,607,551	196,890	196,890	\$ -		
2034	1,607,551	22,226	1,585,325	194,475	194,475	\$ -		
2035	1,585,325	22,226	1,563,099	192,060	192,060	\$ -		
2036	1,563,099	22,226	1,540,873	189,645	189,645	\$ -		
2037	1,540,873	22,226	1,518,647	187,230	187,230	\$ -		
2038	1,518,647	22,226	1,496,421	184,815	184,815	\$ -		
2039	1,496,421	22,226	1,474,195	182,400	182,400	\$ -		
2040	1,474,195	22,226	1,451,969	179,986	179,986	\$ -		
2041	1,451,969	22,226	1,429,744	177,571	177,571	\$ -		
2042	1,429,744	22,226	1,407,518	175,156	175,156	\$ -		
2043	1,407,518	22,226	1,385,292	172,741	172,741	\$ -		
2044	1,385,292	22,226	1,363,066	170,326	170,326	\$ -		
2045	1,363,066	22,226	1,340,840	167,911	167,911	\$ -		
2046	1,340,840	22,226	1,318,614	165,496	165,496	\$ -		
2047	1,318,614	22,226	1,296,388	163,081	163,081	\$ -		
2048	1,296,388	22,226	1,274,162	160,666	160,666	\$ -		
2049	1,274,162	22,226	1,251,936	158,251	158,251	\$ -		
2050	1,251,936	22,226	1,229,710	155,837	155,837	\$ -		
2051	1,229,710	22,226	1,207,484	153,422	153,422	\$ -		
2052	1,207,484	22,226	1,185,258	151,007	151,007	\$ -		
2053	1,185,258	22,226	1,163,032	148,592	148,592	\$ -		
2054	1,163,032	22,226	1,140,806	146,177	146,177	\$ -		
2055	1,140,806	22,226	1,118,580	143,762	143,762	\$ -		
2056	1,118,580	22,226	1,096,354	141,347	141,347	\$ -		
2057	1,096,354	22,226	1,074,129	138,932	138,932	\$ -		
2058	1,074,129	22,226	1,051,903	136,517	136,517	\$ -		
2059	1,051,903	22,226	1,029,677	134,102	134,102	\$ -		
2060	1,029,677	22,226	1,007,451	131,688	131,688	\$ -		
2061	1,007,451	22,226	985,225	129,273	129,273	\$ -		
2062	985,225	22,226	962,999	126,858	126,858	\$ -		
2063	962,999	22,226	940,773	124,443	124,443	\$ -		
2064	940,773	22,226	918,547	122,028	122,028	\$ -		
2065	918,547	22,226	896,321	119,613	119,613	\$ -		
2066	896,321	22,226	874,095	117,198	117,198	\$ -		
2067	874,095	22,226	851,869	114,783	114,783	\$ -		
2068	851,869	22,226	829,643	112,368	112,368	\$ -		
2069	829,643	22,226	807,417	109,954	109,954	\$ -		
2070	807,417	22,226	785,191	107,539	107,539	\$ -		
2071	785,191	22,226	762,965	105,124	105,124	\$ -		
2072	762,965	22,226	740,739	102,709	102,709	\$ -		
2073	740,739	22,226	718,514	100,294	100,294	\$ -		
2074	718,514	22,226	696,288	97,879	97,879	\$ -		
Project Totals		1,324,295		10,137,848	10,137,848	-		

** 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.

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	772,367
Current Projected Year ARR w/ Incentive	772,367
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	6,753,147		
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	5	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	74,283

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 **
2015	6,753,147	43,332	6,709,815	772,367	772,367	\$ -		
2016	6,709,815	74,283	6,635,532	795,248	795,248	\$ -		
2017	6,635,532	74,283	6,561,249	787,177	787,177	\$ -		
2018	6,561,249	74,283	6,486,966	779,106	779,106	\$ -		
2019	6,486,966	74,283	6,412,683	771,035	771,035	\$ -		
2020	6,412,683	74,283	6,338,400	762,964	762,964	\$ -		
2021	6,338,400	74,283	6,264,117	754,893	754,893	\$ -		
2022	6,264,117	74,283	6,189,834	746,822	746,822	\$ -		
2023	6,189,834	74,283	6,115,551	738,751	738,751	\$ -		
2024	6,115,551	74,283	6,041,268	730,680	730,680	\$ -		
2025	6,041,268	74,283	5,966,985	722,609	722,609	\$ -		
2026	5,966,985	74,283	5,892,702	714,538	714,538	\$ -		
2027	5,892,702	74,283	5,818,419	706,467	706,467	\$ -		
2028	5,818,419	74,283	5,744,136	698,396	698,396	\$ -		
2029	5,744,136	74,283	5,669,853	690,325	690,325	\$ -		
2030	5,669,853	74,283	5,595,570	682,254	682,254	\$ -		
2031	5,595,570	74,283	5,521,287	674,183	674,183	\$ -		
2032	5,521,287	74,283	5,447,004	666,112	666,112	\$ -		
2033	5,447,004	74,283	5,372,721	658,041	658,041	\$ -		
2034	5,372,721	74,283	5,298,438	649,970	649,970	\$ -		
2035	5,298,438	74,283	5,224,155	641,899	641,899	\$ -		
2036	5,224,155	74,283	5,149,872	633,828	633,828	\$ -		
2037	5,149,872	74,283	5,075,589	625,757	625,757	\$ -		
2038	5,075,589	74,283	5,001,306	617,686	617,686	\$ -		
2039	5,001,306	74,283	4,927,023	609,615	609,615	\$ -		
2040	4,927,023	74,283	4,852,740	601,544	601,544	\$ -		
2041	4,852,740	74,283	4,778,457	593,473	593,473	\$ -		
2042	4,778,457	74,283	4,704,174	585,402	585,402	\$ -		
2043	4,704,174	74,283	4,629,890	577,330	577,330	\$ -		
2044	4,629,890	74,283	4,555,607	569,259	569,259	\$ -		
2045	4,555,607	74,283	4,481,324	561,188	561,188	\$ -		
2046	4,481,324	74,283	4,407,041	553,117	553,117	\$ -		
2047	4,407,041	74,283	4,332,758	545,046	545,046	\$ -		
2048	4,332,758	74,283	4,258,475	536,975	536,975	\$ -		
2049	4,258,475	74,283	4,184,192	528,904	528,904	\$ -		
2050	4,184,192	74,283	4,109,909	520,833	520,833	\$ -		
2051	4,109,909	74,283	4,035,626	512,762	512,762	\$ -		
2052	4,035,626	74,283	3,961,343	504,691	504,691	\$ -		
2053	3,961,343	74,283	3,887,060	496,620	496,620	\$ -		
2054	3,887,060	74,283	3,812,777	488,549	488,549	\$ -		
2055	3,812,777	74,283	3,738,494	480,478	480,478	\$ -		
2056	3,738,494	74,283	3,664,211	472,407	472,407	\$ -		
2057	3,664,211	74,283	3,589,928	464,336	464,336	\$ -		
2058	3,589,928	74,283	3,515,645	456,265	456,265	\$ -		
2059	3,515,645	74,283	3,441,362	448,194	448,194	\$ -		
2060	3,441,362	74,283	3,367,079	440,123	440,123	\$ -		
2061	3,367,079	74,283	3,292,796	432,052	432,052	\$ -		
2062	3,292,796	74,283	3,218,513	423,981	423,981	\$ -		
2063	3,218,513	74,283	3,144,230	415,910	415,910	\$ -		
2064	3,144,230	74,283	3,069,947	407,839	407,839	\$ -		
2065	3,069,947	74,283	2,995,664	399,768	399,768	\$ -		
2066	2,995,664	74,283	2,921,381	391,697	391,697	\$ -		
2067	2,921,381	74,283	2,847,098	383,626	383,626	\$ -		
2068	2,847,098	74,283	2,772,815	375,555	375,555	\$ -		
2069	2,772,815	74,283	2,698,532	367,484	367,484	\$ -		
2070	2,698,532	74,283	2,624,249	359,413	359,413	\$ -		
2071	2,624,249	74,283	2,549,966	351,342	351,342	\$ -		
2072	2,549,966	74,283	2,475,683	343,271	343,271	\$ -		
2073	2,475,683	74,283	2,401,400	335,200	335,200	\$ -		
2074	2,401,400	74,283	2,327,117	327,129	327,129	\$ -		
Project Totals		4,426,030		33,882,487	33,882,487	-		

** 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.

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

Project Description: RTEP ID: b2022 (Terminate Tristate-Kyger Creek 345 kV line at Sporn)

Current Projected Year ARR	366,645
Current Projected Year ARR w/ Incentive	366,645
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	3,324,483		
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	10.87%
Useful life	91	FCR w/incentives approved for these facilities, less dep.	10.87%
CIAC (Yes or No)	No	Annual Depreciation Expense	36,569

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 **
2015	3,324,483	6,095	3,318,388	366,645	366,645	\$ -		
2016	3,318,388	36,569	3,281,820	393,145	393,145	\$ -		
2017	3,281,820	36,569	3,245,251	389,172	389,172	\$ -		
2018	3,245,251	36,569	3,208,683	385,199	385,199	\$ -		
2019	3,208,683	36,569	3,172,114	381,225	381,225	\$ -		
2020	3,172,114	36,569	3,135,546	377,252	377,252	\$ -		
2021	3,135,546	36,569	3,098,977	373,279	373,279	\$ -		
2022	3,098,977	36,569	3,062,409	369,306	369,306	\$ -		
2023	3,062,409	36,569	3,025,840	365,332	365,332	\$ -		
2024	3,025,840	36,569	2,989,271	361,359	361,359	\$ -		
2025	2,989,271	36,569	2,952,703	357,386	357,386	\$ -		
2026	2,952,703	36,569	2,916,134	353,413	353,413	\$ -		
2027	2,916,134	36,569	2,879,566	349,439	349,439	\$ -		
2028	2,879,566	36,569	2,842,997	345,466	345,466	\$ -		
2029	2,842,997	36,569	2,806,429	341,493	341,493	\$ -		
2030	2,806,429	36,569	2,769,860	337,520	337,520	\$ -		
2031	2,769,860	36,569	2,733,292	333,547	333,547	\$ -		
2032	2,733,292	36,569	2,696,723	329,573	329,573	\$ -		
2033	2,696,723	36,569	2,660,155	325,600	325,600	\$ -		
2034	2,660,155	36,569	2,623,586	321,627	321,627	\$ -		
2035	2,623,586	36,569	2,587,018	317,654	317,654	\$ -		
2036	2,587,018	36,569	2,550,449	313,680	313,680	\$ -		
2037	2,550,449	36,569	2,513,881	309,707	309,707	\$ -		
2038	2,513,881	36,569	2,477,312	305,734	305,734	\$ -		
2039	2,477,312	36,569	2,440,744	301,761	301,761	\$ -		
2040	2,440,744	36,569	2,404,175	297,787	297,787	\$ -		
2041	2,404,175	36,569	2,367,606	293,814	293,814	\$ -		
2042	2,367,606	36,569	2,331,038	289,841	289,841	\$ -		
2043	2,331,038	36,569	2,294,469	285,868	285,868	\$ -		
2044	2,294,469	36,569	2,257,901	281,894	281,894	\$ -		
2045	2,257,901	36,569	2,221,332	277,921	277,921	\$ -		
2046	2,221,332	36,569	2,184,764	273,948	273,948	\$ -		
2047	2,184,764	36,569	2,148,195	269,975	269,975	\$ -		
2048	2,148,195	36,569	2,111,627	266,001	266,001	\$ -		
2049	2,111,627	36,569	2,075,058	262,028	262,028	\$ -		
2050	2,075,058	36,569	2,038,490	258,055	258,055	\$ -		
2051	2,038,490	36,569	2,001,921	254,082	254,082	\$ -		
2052	2,001,921	36,569	1,965,353	250,108	250,108	\$ -		
2053	1,965,353	36,569	1,928,784	246,135	246,135	\$ -		
2054	1,928,784	36,569	1,892,216	242,162	242,162	\$ -		
2055	1,892,216	36,569	1,855,647	238,189	238,189	\$ -		
2056	1,855,647	36,569	1,819,079	234,215	234,215	\$ -		
2057	1,819,079	36,569	1,782,510	230,242	230,242	\$ -		
2058	1,782,510	36,569	1,745,941	226,269	226,269	\$ -		
2059	1,745,941	36,569	1,709,373	222,296	222,296	\$ -		
2060	1,709,373	36,569	1,672,804	218,322	218,322	\$ -		
2061	1,672,804	36,569	1,636,236	214,349	214,349	\$ -		
2062	1,636,236	36,569	1,599,667	210,376	210,376	\$ -		
2063	1,599,667	36,569	1,563,099	206,403	206,403	\$ -		
2064	1,563,099	36,569	1,526,530	202,429	202,429	\$ -		
2065	1,526,530	36,569	1,489,962	198,456	198,456	\$ -		
2066	1,489,962	36,569	1,453,393	194,483	194,483	\$ -		
2067	1,453,393	36,569	1,416,825	190,510	190,510	\$ -		
2068	1,416,825	36,569	1,380,256	186,536	186,536	\$ -		
2069	1,380,256	36,569	1,343,688	182,563	182,563	\$ -		
2070	1,343,688	36,569	1,307,119	178,590	178,590	\$ -		
2071	1,307,119	36,569	1,270,551	174,617	174,617	\$ -		
2072	1,270,551	36,569	1,233,982	170,643	170,643	\$ -		
2073	1,233,982	36,569	1,197,413	166,670	166,670	\$ -		
2074	1,197,413	36,569	1,160,845	162,697	162,697	\$ -		
Project Totals		2,163,638		16,763,985	16,763,985	-		

** 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, In 176)			11.49%
Project ROE Incentive Adder		0	<=ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49% <= ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, Ins 174 through 176)			
	<u>%</u>	<u>Cost</u>	<u>Weighted cost</u>
Long Term Debt	52.56%	5.32%	2.796%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	47.44%	11.49%	5.451%
		R =	8.247%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS					
TRUE-UP YEAR	2014	Rev Require	W Incentives	Incentive Amounts	
As Projected in Prior Year WS J	\$	5,430,647	\$	5,430,647	\$ -
Actual after True-up	\$	12,075,557	\$	12,075,557	\$ -
True-up of ARR For 2014		6,644,910		6,644,910	-

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

Rate Base (True-Up TCOS, In 78)	50,162,328
R (from A. above)	8.247%
Return (Rate Base x R)	4,136,945

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

Return (from B. above)	4,136,945
Effective Tax Rate (True-Up TCOS, In 124)	42.66%
Income Tax Calculation (Return x CIT)	1,764,862
ITC Adjustment	-
Income Taxes	1,764,862

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	7,487,813
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	-
Return (True-Up TCOS, In 132)	4,136,945
Income Taxes (True-Up TCOS, In 131)	1,764,862
Annual Revenue Requirement, Less TEA	1,586,006
Charges, Return and Taxes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	1,586,006
Return (from I.B. above)	4,136,945
Income Taxes (from I.C. above)	1,764,862
Annual Revenue Requirement, with 0 Basis Point ROE increase	7,487,813
Depreciation (True-Up TCOS, In 108)	685,813
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	6,802,000

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

Net Transmission Plant (True-Up TCOS, In 48)	62,005,065
Annual Revenue Requirement, with 0 Basis Point ROE increase	7,487,813
FCR with 0 Basis Point increase in ROE	12.08%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	6,802,000
FCR with 0 Basis Point ROE increase, less Depreciation	10.97%
FCR less Depreciation (True-Up TCOS, In 9)	10.97%
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, In 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	124,695,942
Subtotal	124,695,942
Average Transmission Plant Balance for	62,347,971
Annual Depreciation Rate (True-Up TCOS, In 108)	685,813
Composite Depreciation Rate	1.10%
Depreciable Life for Composite Depreciation Rate	90.91
Round to nearest whole year	91

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

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: b1661 (Install a 765 kV circuit breaker at Wyoming station)

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	541,349	541,349	-
Prior Yr True-Up	514,115	514,115	-
True-Up Adjustment	(27,234)	(27,234)	-

Details		2014
Investment	4,649,800	Current Year
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	11	FCR w/o incentives, less depreciation
Useful life	91	FCR w/incentives approved for these facilities, less dep.
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 **
2014	4,649,800	4,262	4,645,538	4,647,669	514,115	514,115	\$ -	\$ 541,349	\$ (27,234)	\$ 541,349	\$ (27,234)	\$ -
2015	4,645,538	51,147	4,594,391	4,619,964	557,960	557,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	4,594,391	51,147	4,543,244	4,568,818	552,349	552,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	4,543,244	51,147	4,492,098	4,517,671	546,738	546,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	4,492,098	51,147	4,440,951	4,466,524	541,128	541,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	4,440,951	51,147	4,389,804	4,415,378	535,517	535,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	4,389,804	51,147	4,338,658	4,364,231	529,906	529,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	4,338,658	51,147	4,287,511	4,313,084	524,295	524,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	4,287,511	51,147	4,236,364	4,261,937	518,684	518,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	4,236,364	51,147	4,185,217	4,210,791	513,073	513,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	4,185,217	51,147	4,134,071	4,159,644	507,463	507,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	4,134,071	51,147	4,082,924	4,108,497	501,852	501,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	4,082,924	51,147	4,031,777	4,057,351	496,241	496,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	4,031,777	51,147	3,980,631	4,006,204	490,630	490,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	3,980,631	51,147	3,929,484	3,955,057	485,019	485,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	3,929,484	51,147	3,878,337	3,903,911	479,409	479,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	3,878,337	51,147	3,827,190	3,852,764	473,798	473,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	3,827,190	51,147	3,776,044	3,801,617	468,187	468,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	3,776,044	51,147	3,724,897	3,750,470	462,576	462,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	3,724,897	51,147	3,673,750	3,699,324	456,965	456,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	3,673,750	51,147	3,622,604	3,648,177	451,354	451,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	3,622,604	51,147	3,571,457	3,597,030	445,744	445,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	3,571,457	51,147	3,520,310	3,545,884	440,133	440,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	3,520,310	51,147	3,469,164	3,494,737	434,522	434,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	3,469,164	51,147	3,418,017	3,443,590	428,911	428,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	3,418,017	51,147	3,366,870	3,392,443	423,300	423,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	3,366,870	51,147	3,315,723	3,341,297	417,689	417,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	3,315,723	51,147	3,264,577	3,290,150	412,079	412,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	3,264,577	51,147	3,213,430	3,239,003	406,468	406,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	3,213,430	51,147	3,162,283	3,187,857	400,857	400,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	3,162,283	51,147	3,111,137	3,136,710	395,246	395,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	3,111,137	51,147	3,059,990	3,085,563	389,635	389,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2046	3,059,990	51,147	3,008,843	3,034,417	384,024	384,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2047	3,008,843	51,147	2,957,697	2,983,270	378,414	378,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2048	2,957,697	51,147	2,906,550	2,932,123	372,803	372,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2049	2,906,550	51,147	2,855,403	2,880,976	367,192	367,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2050	2,855,403	51,147	2,804,256	2,829,830	361,581	361,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2051	2,804,256	51,147	2,753,110	2,778,683	355,970	355,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2052	2,753,110	51,147	2,701,963	2,727,536	350,359	350,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2053	2,701,963	51,147	2,650,816	2,676,390	344,749	344,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2054	2,650,816	51,147	2,599,670	2,625,243	339,138	339,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2055	2,599,670	51,147	2,548,523	2,574,096	333,527	333,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2056	2,548,523	51,147	2,497,376	2,522,950	327,916	327,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2057	2,497,376	51,147	2,446,229	2,471,803	322,305	322,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2058	2,446,229	51,147	2,395,083	2,420,656	316,694	316,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2059	2,395,083	51,147	2,343,936	2,369,509	311,084	311,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2060	2,343,936	51,147	2,292,789	2,318,363	305,473	305,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2061	2,292,789	51,147	2,241,643	2,267,216	299,862	299,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2062	2,241,643	51,147	2,190,496	2,216,069	294,251	294,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2063	2,190,496	51,147	2,139,349	2,164,923	288,640	288,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2064	2,139,349	51,147	2,088,203	2,113,776	283,029	283,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2065	2,088,203	51,147	2,037,056	2,062,629	277,419	277,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2066	2,037,056	51,147	1,985,909	2,011,482	271,808	271,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2067	1,985,909	51,147	1,934,762	1,960,336	266,197	266,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2068	1,934,762	51,147	1,883,616	1,909,189	260,586	260,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2069	1,883,616	51,147	1,832,469	1,858,042	254,975	254,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2070	1,832,469	51,147	1,781,322	1,806,896	249,364	249,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2071	1,781,322	51,147	1,730,176	1,755,749	243,754	243,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2072	1,730,176	51,147	1,679,029	1,704,602	238,143	238,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2073	1,679,029	51,147	1,627,882	1,653,456	232,532	232,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		3,021,918			23,833,632	23,833,632	-					

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1948 (Establish a new 765/345 interconnection at Sporn. Install a 765/345 kV transformer at Mountaineer and build 1/4 mile of 345 kV to Sporn)

Table with 4 columns: 2014 Rev Require, W Incentives, Incentive Amounts. Rows: Prior Yr Projected, Prior Yr True-Up, True-Up Adjustment. All values are #N/A.

Details table with 2 columns: Current Year, 2014. Rows: Investment, Service Year (yyyy), Service Month (1-12), Useful life, CIAC (Yes or No). Values include ROE increase, FCR, and 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.

Main table with 8 columns: 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 ##. Includes Project Totals row.

Table with 5 columns: 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 **. Values include \$ 2,093,479 and (2,093,479).

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

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

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

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

A. Base Plan Facilities

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

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

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 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 ##
Project Totals							

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.

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 **

** 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.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP WEST VIRGINIA TRANSMISSION COMPANY

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

<u>Line Number</u>	<u>(A)</u> <u>Issuance</u>	<u>(B)</u> <u>Principle Outstanding</u>	<u>(C)</u> <u>Interest Rate</u>	<u>(D)</u> <u>Annual Expense</u> (See Note S on Projected Template)
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			
3				-
4				-
5				-
6	Reacquired Bonds - Total Account 222			
7				-
8				-
9				-
10	Advances from Assoc Companies			
11	Senior Notes, Series B, Tranche F, 5.52%	35,000,000	5.520%	1,932,000
12	Senior Notes, Series C, Tranche A, 2.68%	20,400,000	2.680%	546,720
13	Senior Notes, Series C, Tranche B, 3.18%	12,000,000	3.180%	381,600
14	Senior Notes, Series C, Tranche C, 3.56%	22,800,000	3.560%	811,680
15	Senior Notes, Series C, Tranche F, 3.81%	13,200,000	3.810%	502,920
16	Senior Notes, Series C, Tranche H, 4.05%	5,000,000	4.050%	202,500
17	Senior Notes, Series C, Tranche I, 4.53%	9,600,000	4.530%	434,880
18				-
19	Other Long Term Debt - Acc 224			
20				-
21				-
22				-
23				-
24				-
25				-
26				-
27				-
28				-
29				-
30				-
31	Sale/Leaseback (If Applicable)		0.00%	-
32	<u>Issuance Discount, Premium, & Expenses:</u>			
33	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
34	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		6,210
35	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
36	<u>Reacquired Debt:</u>			
37	Amortization of Loss	FF1.p. 117.64.c		-
38	Less: Amortization of Gain	FF1.p. 117.66.c		-
39	Total Interest on Long Term Debt	118,000,000	4.08%	4,818,510
40	Preferred Stock (FF1.p. 250-251)			
41		<u>Preferred Shares Outstanding</u>		-
42				-
43				-
44				-
45				-
46				-
47				-
48				-
49	Dividends on Preferred Stock	-	0.00%	-

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

**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)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2014	Balances @ 12/31/2013	Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	117,229,881	39,908,614	78,569,248
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	-	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	Average Balance of Common Equity	117,229,881	39,908,614	78,569,248

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

6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	-	-	-
8	LT Advances from Assoc. Companies (112.20.c&d)	118,000,000	-	59,000,000
9	Senior Unsecured Notes (112.21.c&d)	-	-	-
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	Total Average Debt	118,000,000	-	59,000,000

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

13 Annual Interest Expense for 2014

14	Interest on Long Term Debt (256-257.33.i)			703,406
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1			-
15	included in Ln 14 and shown in Ln 32 below.			-
16	Amort of Debt Discount & Expense (117.63.c)			6,210
17	Amort of Loss on Reacquired Debt (117.64.c)			-
18	Less: Amort of Premium on Debt (117.65.c)			-
19	Less: Amort of Gain on Reacquired Debt (117.66.c)			-
20	Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)			709,616

21 **Average Cost of Debt for 2014 (Ln 20/Ln 11)** 1.20%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

22 AEP WEST VIRGINIA TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	(Amortization of (Gain)/Loss for 2014)	Remaining Unamortized Balance	Amortization Period	
				Beginning	Ending
23					
24					
25					
26					
27					
28					
29					
30					
31					

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

Development of Cost of Preferred Stock

Preferred Stock			Average
33 0% Series - - Dividend Rate (p. 250-251. 7 & 10.a)			
34 0% Series - - Par Value (p. 250-251. 8.c)			
35 0% Series - - Shares O/S (p.250-251. 8 & 11.e)			
36 0% Series - - Monetary Value (Ln 34 * Ln 35)	-	-	-
37 0% Series - - Dividend Amount (Ln 33 * Ln 36)	-	-	-
38 0% Series - - Dividend Rate (p. 250-251.a)			
39 0% Series - - Par Value (p. 250-251.c)			
40 0% Series - - Shares O/S (p.250-251. e)			
41 0% Series - - Monetary Value (Ln 39 * Ln 40)	-	-	-
42 0% Series - - Dividend Amount (Ln 38 * Ln 41)	-	-	-
43 0% Series - - Dividend Rate (p. 250-251.a)			
44 0% Series - - Par Value (p. 250-251.c)			
45 0% Series - - Shares O/S (p.250-251.e)			
46 0% Series - - Monetary Value (Ln 44 * Ln 45)	-	-	-
47 0% Series - - Dividend Amount (Ln 43 * Ln 46)	-	-	-
48 Balance of Preferred Stock (Lns 36, 41, 46)	-	-	-
49 Dividends on Preferred Stock (Lns 37, 42, 47)	-	-	-
50 Average Cost of Preferred Stock (Ln 49/48)	0.00%	0.00%	0.00%

- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)

**AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
 AEP WEST VIRGINIA TRANSMISSION COMPANY**

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

Line	(A) Date	(B) Property Description	(C) Function (T) or (G) T = Transmission G = General	(D) Basis	(E) Proceeds	(F) (Gain) / Loss	(G) Functional Allocator	(H) Functionalized Proceeds (Gain) / Loss	(I) FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2014		-		-	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP WEST VIRGINIA TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
3	Total AEP System PBOP expenses	-\$76,811,513
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$76,811,513
6	Total AEP System Direct Labor Expense	\$1,252,531,222
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.061
8	Currently Approved PBOP Rate	-\$0.058
9	Base PBOP TransCo labor expensed in current year	\$158,941
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$9,219
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	-\$6,408
15	Actual PBOP Expense (Sum Lines 11-14)	-\$6,408
16	PBOP Adjustment Line 10 less Line 15	-\$2,811

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

AEP WEST VIRGINIA TRANSMISSION COMPANY

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

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

	<u>APCo</u>	<u>WPCo</u>	<u>TOTAL</u>
1 Composite Depreciation Rate			
1 T-Plant (FF1 206.58.g)	1,811,822,367	29,740,179	1,841,562,546
2 T-Plant (FF1 206.58.b)	1,752,450,105	25,887,202	1,778,337,307
3 Average (Ln 1+ Ln 2)/2	1,782,136,236	27,813,691	1,809,949,927
4 Depreciation (FF1 336.7.f)	29,597,240	752,928	30,350,168
5 Composite Depreciation (Ln 3 / Ln 4)			1.68%

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

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2014
Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Long Term Debt Balances at Year End							
1 Bonds (112.18.c&d)	367,622,368	-	-	-	-	-	367,622,368
2 Less: Reacquired Bonds (112.19.c&d)	-	40,000,000	-	-	345,400,000	-	385,400,000
3 LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	-	-	20,000,000	-	25,000,000	131,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,534,821,976	1,628,907,909	820,000,000	-	2,415,019,994	-	8,398,749,879
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,988,444,344	1,588,907,909	820,000,000	20,000,000	2,069,619,994	25,000,000	8,511,972,247
7 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (page 257, Column H of the FF1)							
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	198,433,109	82,484,400	38,642,264	904,000	121,704,036	1,312,500	443,480,309
9 Amort of Debt Discount & Expense (117.63.c)	3,105,002	2,188,650	517,866	-	1,580,870	-	7,392,388
10 Amort of Loss on Reacquired Debt (117.64.c)	7,213,006	8,235,783	33,635	-	1,338,683	-	16,821,107
11 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
12 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
13 Less: Hedge Interest on pp 256-257(i)	1,240,531	806,279	92,956	-	(2,097,663)	-	42,103
14 LTD Interest Expense	207,510,586	92,100,842	39,100,809	904,000	126,721,252	1,312,500	467,649,989
Development of Cost of Preferred Stock and Preferred Dividends							
15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%	-	-	4.08%	-	-
16 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00	-	-	\$ 100.00	-	-
17 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
18 Monetary Value (Ln 16 * Ln 17)	-	-	-	-	-	-	-
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a)	-	4.12%	-	-	4.20%	-	-
21 Par Value (p. 250-251. 8.c)	-	\$ 100.00	-	-	\$ 100.00	-	-
22 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
23 Monetary Value (Ln 21 * Ln 22)	-	-	-	-	-	-	-
24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	-	-	-	-
25 Dividend Rate (p. 250-251. 7.a)	-	4.56%	-	-	4.40%	-	-
26 Par Value (p. 250-251. 8.c)	-	\$ 100.00	-	-	\$ 100.00	-	-
27 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
28 Monetary Value (Ln 26 * Ln 27)	-	-	-	-	-	-	-
29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251. 7.a)	-	-	-	-	4.50%	-	-
31 Par Value (p. 250-251. 8.c)	-	-	-	-	\$ 100.00	-	-
32 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
33 Monetary Value (Ln 31 * Ln 32)	-	-	-	-	-	-	-
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c)	3,366,927,928	1,953,950,018	663,642,997	31,277,290	1,980,209,844	98,472,987	8,094,481,064
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,649,787	(33,162)	-	-	4,915,704	-	6,532,329
40 Less: Account 219.1 (112.15.c)	5,031,962	(14,359,735)	(7,335,603)	-	5,601,842	772,181	(10,289,353)
41 Balance of Common Equity	3,360,246,179	1,968,342,915	670,978,600	31,277,290	1,969,692,298	97,700,806	8,098,238,088
Calculation of Capital Shares							
42 Long Term Debt (Ln 6 Above)	3,988,444,344	1,588,907,909	820,000,000	20,000,000	2,069,619,994	25,000,000	8,511,972,247
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,360,246,179	1,968,342,915	670,978,600	31,277,290	1,969,692,298	97,700,806	8,098,238,088
45 Total Company Structure	7,348,690,523	3,557,250,824	1,490,978,600	51,277,290	4,039,312,292	122,700,806	16,610,210,335
46 LTD Capital Shares (Ln 42 / Ln 45)	54.27%	44.67%	55.00%	39.00%	51.24%	20.37%	51.25%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
48 Common Equity Capital Shares (Ln 44 / Ln 45)	45.73%	55.33%	45.00%	61.00%	48.76%	79.63%	48.75%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.27%	44.67%	55.00%	39.00%	51.24%	20.37%	51.25%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.73%	55.33%	45.00%	61.00%	48.76%	79.63%	48.75%
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.20%	5.80%	4.77%	4.52%	6.12%	5.25%	5.49%
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.82%	2.59%	2.62%	1.76%	3.14%	1.07%	2.82%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.25%	6.36%	5.17%	7.01%	5.60%	9.15%	5.60%
59 Total Company Structure	8.08%	8.95%	7.79%	8.77%	8.74%	10.22%	8.42%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2013
Worksheet Q Page 2

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Long Term Debt Balances at Year End							
60 Bonds (112.18.c&d)	380,300,000	-	-	-	-	-	380,300,000
61 Less: Reacquired Bonds (112.19.c&d)	-	40,000,000	-	-	460,400,000	-	500,400,000
62 LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	-	20,000,000	20,000,000	-	25,000,000	151,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,854,787	1,640,281,142	730,000,000	-	2,933,684,996	-	9,038,820,925
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	4,201,154,787	1,600,281,142	750,000,000	20,000,000	2,473,284,996	25,000,000	9,069,720,925
66 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. (p. 257, Column H of the FF1)							
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	185,202,116	92,594,357	35,048,706	904,000	177,049,876	1,312,500	492,111,555
68 Amort of Debt Discount & Expense (117.63.c)	3,337,225	2,814,644	471,186	-	5,807,092	-	12,430,147
69 Amort of Loss on Reacquired Debt (117.64.c)	1,347,335	1,941,251	33,649	-	1,359,637	-	4,681,872
70 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
71 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
72 Less: Hedge Interest on pp 256-257(i)	1,558,935	916,010	92,956	-	(2,097,663)	-	470,238
73 LTD Interest Expense	188,327,741	96,432,530	35,460,585	904,000	186,314,268	1,312,500	508,751,624
Development of Cost of Preferred Stock and Preferred Dividends							
74 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%	-	-	4.08%	-	-
75 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00	-	-	\$ 100.00	-	-
76 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
77 Monetary Value (Ln 75 * Ln 76)	-	-	-	-	-	-	-
78 Dividend Amount (Ln 74 * Ln 77)	-	-	-	-	-	-	-
79 Dividend Rate (p. 250-251. 7.a)	-	4.12%	-	-	4.20%	-	-
80 Par Value (p. 250-251. 8.c)	-	\$ 100.00	-	-	\$ 100.00	-	-
81 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
82 Monetary Value (Ln 80 * Ln 81)	-	-	-	-	-	-	-
83 Dividend Amount (Ln 79 * Ln 82)	-	-	-	-	-	-	-
84 Dividend Rate (p. 250-251. 7.a)	-	4.56%	-	-	4.40%	-	-
85 Par Value (p. 250-251. 8.c)	-	\$ 100.00	-	-	\$ 100.00	-	-
86 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
87 Monetary Value (Ln 85 * Ln 86)	-	-	-	-	-	-	-
88 Dividend Amount (Ln 84 * Ln 87)	-	-	-	-	-	-	-
89 Dividend Rate (p. 250-251. 7.a)	-	-	-	-	4.50%	-	-
90 Par Value (p. 250-251. 8.c)	-	-	-	-	\$ 100.00	-	-
91 Shares Outstanding (p.250-251. 8.e)	-	-	-	-	-	-	-
92 Monetary Value (Ln 90 * Ln 91)	-	-	-	-	-	-	-
93 Dividend Amount (Ln 89 * Ln 92)	-	-	-	-	-	-	-
94 Preferred Stock (Lns 77, 82, 87,92)	-	-	-	-	-	-	-
95 Preferred Dividends (Lns 78, 83, 88,93)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c)	3,231,334,227	1,922,153,922	839,369,490	31,081,849	1,625,265,129	120,225,152	7,769,429,769
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,639,734	(96,036)	-	-	4,915,704	-	6,459,402
99 Less: Account 219.1 (112.15.c)	2,951,210	(15,508,739)	(5,419,702)	3,296	7,079,463	972,206	(9,922,266)
100 Balance of Common Equity	3,226,743,283	1,937,758,697	844,789,192	31,078,553	1,613,269,962	119,252,946	7,772,892,633
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above)	4,201,154,787	1,600,281,142	750,000,000	20,000,000	2,473,284,996	25,000,000	9,069,720,925
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	3,226,743,283	1,937,758,697	844,789,192	31,078,553	1,613,269,962	119,252,946	7,772,892,633
104 Total Company Structure	7,427,898,070	3,538,039,839	1,594,789,192	51,078,553	4,086,554,958	144,252,946	16,842,613,558
105 LTD Capital Shares (Ln 101 / Ln 104)	56.56%	45.23%	47.03%	39.16%	60.52%	17.33%	53.85%
106 Preferred Stock Capital Shares (Ln 102 / Ln 104)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
107 Common Equity Capital Shares (Ln 103 / Ln 104)	43.44%	54.77%	52.97%	60.84%	39.48%	82.67%	46.15%
108 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	56.56%	45.23%	47.03%	39.16%	60.52%	17.33%	53.85%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	43.44%	54.77%	52.97%	60.84%	39.48%	82.67%	46.15%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	4.48%	6.03%	4.73%	4.52%	7.53%	5.25%	5.61%
113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	2.54%	2.73%	2.22%	1.77%	4.56%	0.91%	3.02%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	4.99%	6.29%	6.09%	6.99%	4.54%	9.50%	5.30%
118 Total Company Structure	7.53%	9.02%	8.31%	8.76%	9.10%	10.41%	8.32%

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

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	373,961,184	-	-	-	-	-	373,961,184
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	40,000,000	-	-	402,900,000	-	442,900,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	86,000,000	-	10,000,000	20,000,000	-	25,000,000	141,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,634,838,382	1,634,594,526	775,000,000	-	2,674,352,495	-	8,718,785,402
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	4,094,799,566	1,594,594,526	785,000,000	20,000,000	2,271,452,495	25,000,000	8,790,846,586
125 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (p. 257, Column H of the FF1)							
Development of 2014 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	198,433,109	82,484,400	38,642,264	904,000	121,704,036	1,312,500	443,480,309
127 Amort of Debt Discount & Expense (117.63.c)	3,105,002	2,188,650	517,866	-	1,580,870	-	7,392,388
128 Amort of Loss on Reacquired Debt (117.64.c)	7,213,006	8,235,783	33,635	-	1,338,683	-	16,821,107
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,240,531	806,279	92,956	-	(2,097,663)	-	42,103
132 2014 LTD Interest Expense	207,510,586	92,100,842	39,100,809	904,000	126,721,252	1,312,500	467,649,989
2014 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2014 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	3,299,131,078	1,938,051,970	751,506,244	31,179,570	1,802,737,487	109,349,070	7,931,955,417
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,644,761	(64,599)	-	-	4,915,704	-	6,495,866
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	3,991,586	(14,934,237)	(6,377,653)	1,648	6,340,653	872,194	(10,105,810)
139 Average Balance of Common Equity	3,293,494,731	1,953,050,806	757,883,896	31,177,922	1,791,481,130	108,476,876	7,935,565,361
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	4,094,799,566	1,594,594,526	785,000,000	20,000,000	2,271,452,495	25,000,000	8,790,846,586
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,293,494,731	1,953,050,806	757,883,896	31,177,922	1,791,481,130	108,476,876	7,935,565,361
143 Average of Total Company Structure	7,388,294,297	3,547,645,332	1,542,883,896	51,177,922	4,062,933,625	133,476,876	16,726,411,947
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.42%	44.95%	50.88%	39.08%	55.91%	18.73%	52.56%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.58%	55.05%	49.12%	60.92%	44.09%	81.27%	47.44%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.42%	44.95%	50.88%	39.08%	55.91%	18.73%	52.56%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.58%	55.05%	49.12%	60.92%	44.09%	81.27%	47.44%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.07%	5.78%	4.98%	4.52%	5.58%	5.25%	5.32%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.81%	2.60%	2.53%	1.77%	3.12%	0.98%	2.80%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.12%	6.33%	5.64%	7.00%	5.07%	9.34%	5.45%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	7.93%	8.92%	8.18%	8.77%	8.19%	10.32%	8.25%