

AEP EAST Companies Transmission Formula Rate Revenue Requirement  
Utilizing FERC Form 1 Data  
For Interim Rates effective June 1-June 30, 2010

AEP Zone Transmission Service Revenue Requirement

| Line No.                         |   |                         | AEP Annual Revenue Requirement | APCo Annual Revenue Requirement | CSP Annual Revenue Requirement | I&M Annual Revenue Requirement | KPCo Annual Revenue Requirement | KNG Annual Revenue Requirement | OPCo Annual Revenue Requirement | WPCo Annual Revenue Requirement |
|----------------------------------|---|-------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|---------------------------------|
| <b>A. Network Service</b>        |   |                         |                                |                                 |                                |                                |                                 |                                |                                 |                                 |
| 1                                | REVENUE REQUIREMENT (w/o incentives)                        | (TCOS Ln 1)             | \$634,392,581                  | \$181,407,686                   | \$146,405,938                  | \$86,882,743                   | \$50,347,271                    | \$2,516,408                    | \$164,031,043                   | \$2,801,491                     |
| 2                                | LESS: REVENUE CREDITS                                       | (TCOS Ln 2)             | \$31,538,912                   | \$13,076,923                    | \$8,057,824                    | \$3,281,616                    | \$1,005,221                     | \$76,961                       | \$4,864,700                     | \$1,175,667                     |
| 3                                | CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT | (TCOS Ln 3)             | \$602,853,669                  | \$168,330,763                   | \$138,348,114                  | \$83,601,127                   | \$49,342,050                    | \$2,439,447                    | \$159,166,343                   | \$1,625,824                     |
| 4                                | LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:          |                         |                                |                                 |                                |                                |                                 |                                |                                 |                                 |
| 5                                | RTEP UPGRADES (W/O INCENTIVES)                              | (TCOS Ln 4)             | \$3,282,828                    | \$2,172,070                     | \$0                            | \$0                            | \$0                             | \$0                            | \$1,110,758                     | \$0                             |
| 6                                | OTHER ZONAL UPGRADES (W/O INCENTIVES)                       | (Worksheet J)           | \$0                            | \$0                             | \$0                            | \$0                            | \$0                             | \$0                            | \$0                             | \$0                             |
| 7                                | SUBTOTAL  |                         | \$3,282,828                    | \$2,172,070                     | \$0                            | \$0                            | \$0                             | \$0                            | \$1,110,758                     | \$0                             |
| 8                                | EXISTING ZONAL ATRR (W/O INCENTIVES)                        | (Ln 3- Ln 7)            | \$599,570,841                  | \$166,158,693                   | \$138,348,114                  | \$83,601,127                   | \$49,342,050                    | \$2,439,447                    | \$158,055,585                   | \$1,625,824                     |
| 9                                | INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS            | (Worksheet J)           | \$0                            | \$0                             | \$0                            | \$0                            | \$0                             | \$0                            | \$0                             | \$0                             |
| 10                               | EXISTING ZONAL ATRR (W/ INCENTIVES)                         | (Ln 8 + Ln 9)           | \$599,570,841                  | \$166,158,693                   | \$138,348,114                  | \$83,601,127                   | \$49,342,050                    | \$2,439,447                    | \$158,055,585                   | \$1,625,824                     |
| 11                               | BILLED HISTORICAL YEAR (2010) ACTUAL ATRR                   | Input from 2010 True-up | \$0                            |                                 |                                |                                |                                 |                                |                                 |                                 |
| 12                               | BILLED PROJECTED (2010) ATRR FROM PRIOR YEAR                | Input from Prior Year   | \$0                            |                                 |                                |                                |                                 |                                |                                 |                                 |
| 13                               | PRIOR YEAR TRUE-UP  | (Ln 11 - Ln 12)         | \$0                            | \$0                             | \$0                            | \$0                            | \$0                             | \$0                            | \$0                             | \$0                             |
| 14                               | INTEREST ON PRIOR YEAR TRUE UP                              |                         | \$0                            | \$0                             | \$0                            | \$0                            | \$0                             | \$0                            | \$0                             | \$0                             |
| 15                               | <b>EXISTING ZONAL ATRR FOR PJM OATT</b>                     | (Ln 10 + Ln 13 + Ln 14) | <b>\$599,570,841</b>           | \$166,158,693                   | \$138,348,114                  | \$83,601,127                   | \$49,342,050                    | \$2,439,447                    | \$158,055,585                   | \$1,625,824                     |
| <b>B. Point-to-Point Service</b> |   |                         |                                |                                 |                                |                                |                                 |                                |                                 |                                 |
| 16                               | 2009 AEP East Zone Network Service Peak Load                |                         |                                | 24,421.9                        | MW                             |                                |                                 |                                |                                 |                                 |
| 17                               | Annual Point-to-Point Rate in \$/MW - Year                  | (Ln 15 / Ln 16)         | \$24,550.54                    |                                 |                                |                                |                                 |                                |                                 |                                 |
| 18                               | Monthly Point-to-Point Rate in \$/MW - Month                | (Ln 17 / 12)            | \$2,045.88                     |                                 |                                |                                |                                 |                                |                                 |                                 |
| 19                               | Weekly Point-to-Point Rate in \$/MW - Weekly                | (Ln 18 / 52)            | \$472.13                       |                                 |                                |                                |                                 |                                |                                 |                                 |
| 20                               | Daily On-Peak Point-to-Point Rate in \$/MW - Day            | (Ln 19 / 260)           | \$94.43                        |                                 |                                |                                |                                 |                                |                                 |                                 |
| 21                               | Daily Off-Peak Point-to-Point Rate in \$/MW - Day           | (Ln 20 / 365)           | \$67.26                        |                                 |                                |                                |                                 |                                |                                 |                                 |
| 22                               | Hourly On-Peak Point-to-Point Rate in \$/MW - Hour          | (Ln 21 / 4160)          | \$5.90                         |                                 |                                |                                |                                 |                                |                                 |                                 |
| 23                               | Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour         | (Ln 22 / 8760)          | \$2.80                         |                                 |                                |                                |                                 |                                |                                 |                                 |
| <b>C. PJM Regional Service</b>   |   |                         |                                |                                 |                                |                                |                                 |                                |                                 |                                 |
| 24                               | RTEP UPGRADE ATRR W/O INCENTIVES                            | (Ln 7)                  | 3,282,828                      | 2,172,070                       | -                              | -                              | -                               | -                              | 1,110,758                       | -                               |
| 25                               | ADDITIONAL ATRR FOR FERC-APPROVED INCENTIVES ON RTEP        | (Worksheet J)           | -                              | -                               | -                              | -                              | -                               | -                              | -                               | -                               |
| 26                               | <b>RTEP ATRR FOR PJM COLLECTION UNDER SCHEDULE 12</b>       |                         | <b>\$ 3,282,828</b>            | <b>2,172,070</b>                | <b>-</b>                       | <b>-</b>                       | <b>-</b>                        | <b>-</b>                       | <b>1,110,758</b>                | <b>-</b>                        |

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AEP Transmission Schedule 1A Revenue Requirements

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| <b>A. Schedule 1A ARR</b>               |   |                                |                                 |                                |                                |                                 |                                |                                 |                                 |
| 1                                       | Total Load Dispatch & Scheduling (Account 561) (TCOS Line 14)                           | \$31,876,600                   | \$10,449,906                    | \$5,167,007                    | \$4,586,660                    | \$2,218,840                     | \$46,135                       | \$9,339,810                     | \$68,242                        |
| 2                                       | Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)       | \$16,591,561                   | \$5,600,457                     | \$3,266,714                    | \$2,680,249                    | \$1,181,168                     | \$0                            | \$3,862,973                     | \$0                             |
| 3                                       | Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.6) | \$2,873,952                    | \$968,844                       | \$565,696                      | \$463,820                      | \$205,033                       | \$0                            | \$670,559                       | \$0                             |
| 4                                       | Total 561 Internally Developed Costs (Ln 1 - Ln 2 - Ln 3)                               | \$12,411,087                   | \$3,880,605                     | \$1,334,597                    | \$1,442,591                    | \$832,639                       | \$46,135                       | \$4,806,278                     | \$68,242                        |
| 5                                       | Less: PTP Service Credit  | \$2,184,615                    | \$714,723                       | \$418,877                      | \$403,201                      | \$151,734                       |                                | \$496,080                       |                                 |
| 6                                       | EXISTING ZONAL ARR (Ln 4 - Ln 5)  | \$10,226,472                   | \$3,165,882                     | \$915,720                      | \$1,039,390                    | \$680,905                       | \$46,135                       | \$4,310,198                     | \$68,242                        |
| 7                                       | BILLED HISTORICAL YEAR (2009) ACTUAL ARR  | \$0                            |                                 |                                |                                |                                 |                                |                                 |                                 |
| 8                                       | BILLED PROJECTED (2009) ARR FROM PRIOR YEAR   | \$0                            |                                 |                                |                                |                                 |                                |                                 |                                 |
| 9                                       | PRIOR YEAR TRUE-UP (Ln 7 - Ln 8)  | \$0                            | \$0                             | \$0                            | \$0                            | \$0                             | \$0                            | \$0                             | \$0                             |
| 10                                      | INTEREST ON PRIOR YEAR TRUE UP  | \$0                            | \$0                             | \$0                            | \$0                            | \$0                             | \$0                            | \$0                             | \$0                             |
| 11                                      | <b>Net Schedule 1A Revenue Requirement for Zone</b>                                     | <b>\$10,226,472</b>            | <b>\$3,165,882</b>              | <b>\$915,720</b>               | <b>\$1,039,390</b>             | <b>\$680,905</b>                | <b>\$46,135</b>                | <b>\$4,310,198</b>              | <b>\$68,242</b>                 |
| <b>B. Schedule 1A Rate Calculations</b> |   |                                |                                 |                                |                                |                                 |                                |                                 |                                 |
| 12                                      | 2008 AEP East Zone Annual MWh   |                                | 143,922,872 MWh                 |                                |                                |                                 |                                |                                 |                                 |
| 13                                      | AEP Zone Rate for Schedule 1A Service. (Line 11 / Line 12)                              |                                |                                 | \$0.0711                       |                                |                                 |                                |                                 |                                 |