

AEP East Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2007 and Projected Net Plant at Year-End 2008

WHEELING POWER COMPANY

Line No.					Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 137)			\$2,865,926
2	REVENUE CREDITS	(Note A) (Worksheet E)	<u>Total</u>	<u>Allocator</u>	
			1,167,497	DA 1.00000	\$ 1,167,497
3	REVENUE REQUIREMENT For All I&M Facilities	(In 1 less In 2)			<u>\$ 1,698,429</u>
MEMO: The Carrying Charge Calculations on lines 6 to below is used in calculating project revenue requirements billed on PJM Schedule 12.					
The total non-incentive revenue requirements for these projects shown on line is included in the total on line 3.					
4	Revenue Requirement for PJM RTEP Regional Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE W/O AFFILIATED LEASE PAYMENTS & T.E.A. ADJUSTMENT ADDBACK (w/o incentives) (Note B)				
6	Annual Rate	((In 1 - In 106 - In 107) / In 54 x 100)			34.82%
7	Monthly Rate	(In 6 / 12)			2.90%
8	NET PLANT CARRYING CHARGE ON LINE 6 , W/O DEPRECIATION (w/o incentives) (Note B)				
9	Annual Rate	((In 1 - In 106 - In 107 - In 112) / In 48 x 100)			26.79%
10	NET PLANT CARRYING CHARGE ON LINE 8, W/O INCOME TAXES, RETURN (Note B)				
11	Annual Rate	((In 1 - In 106 - In 107 - In 112 - In 134 - In 135) / In 48 x 100)			13.08%
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 86 Below			42,983
15	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)				-
16	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.6)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			<u>42,983</u>

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Line No.	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
18	GROSS PLANT IN SERVICE				
18	Production	(Worksheet A In 1.E)	-	NA 0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	-	NA 0.00000	-
20	Transmission	(Worksheet A In 3.E)	25,623,654	DA	25,623,654
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP 1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		1,782,000	TP 1.00000	1,782,000
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		-	TP 1.00000	-
24	Distribution	(Worksheet A In 5.E)	100,771,272	NA 0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	-	NA 0.00000	-
26	General Plant	(Worksheet A In 7.E)	4,620,998	W/S 0.03313	153,114
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(34,819)	W/S 0.03313	(1,154)
28	Intangible Plant	(Worksheet A In 9.E)	2,614,743	W/S 0.03313	86,638
29	TOTAL GROSS PLANT	(sum Ins 18 to 28)	135,377,848		27,644,252
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	Production	(Worksheet A In 12.E)	-	NA 0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	-	NA 0.00000	-
33	Transmission	(Worksheet A In 14.E & 14.E)	17,392,878	TP1= 1.00000	17,392,878
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1= 1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		24,486	DA 1.00000	24,486
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		-	DA 1.00000	-
37	Plus: Additional Transmission Depreciation for 2008 (In 112)		661,100	TP1 1.00000	661,100
38	Plus: Additional General & Intangible Depreciation for 2008 (In 114 + In 115)		665,235	W/S 0.03313	22,042
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		-	DA 1.00000	-
40	Distribution	(Worksheet A In 16.E)	32,165,805	NA 0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA 0.00000	-
42	General Plant	(Worksheet A In 18.E)	2,165,674	W/S 0.03313	71,758
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(14,218)	W/S 0.03313	(471)
44	Intangible Plant	(Worksheet A In 20.E)	2,153,068	W/S 0.03313	71,341
45	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 31 to 44)	55,214,028		18,243,134
46	NET PLANT IN SERVICE				
47	Production	(In 18 + In 19 - In 31 - In 32)	-		-
48	Transmission	(In 20 + In 21 - In 33 - In 34)	8,230,776		8,230,776
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		1,757,514		1,757,514
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2008 (-In 37)		(661,100)		(661,100)
52	Plus: Additional General & Intangible Depreciation for 2008 (-In 38)		(665,235)		(22,042)
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	Distribution	(In 24 + In 25 - In 40 - In 41)	68,605,467		-
55	General Plant	(In 26 + In 27 - In 42 - In 43)	2,434,723		80,673
56	Intangible Plant	(In 28 - In 44)	461,675		15,297
57	TOTAL NET PLANT IN SERVICE	(sum Ins 47 to 56)	80,163,820		9,401,118
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)	(8,647,335)	DA	(1,409,274)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(2,422,580)	DA	(259,171)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	3,936,905	DA	2,052
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	(176,245)	DA	(58,160)
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(7,309,255)		(1,724,554)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29 & In 30)	-	DA	-
66	CONSTRUCTION WORK IN PROGRESS	Company Records	-	TP 1.00000	-
67	REGULATORY ASSETS	(Worksheet A In 36. (C))	-	DA	-
68	WORKING CAPITAL	(Note E)			
69	Cash Working Capital	(1/8 * In 105)	392,624		104,666
70	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	444	TP 1.00000	444
71	A&G Materials & Supplies	(Worksheet C, In 3.(D))	1,727	W/S 0.03313	57
72	Stores Expense	(Worksheet C, In .(D))	-	GP(h) 0.19359	-
73	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.F)	6,762,294	W/S 0.03313	224,065
74	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.E)	231,872	GP(h) 0.19359	44,887
75	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.D)	-	DA 1.00000	-
76	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.C)	(6,701,280)	NA 0.00000	-
77	TOTAL WORKING CAPITAL	(sum Ins 69 to 76)	687,682		374,119
78	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.(B))	-	DA 1.00000	-
79	RATE BASE (sum Ins 57, 64, 65, 77, 78)		73,542,247		8,050,683

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WHEELING POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
80	OPERATION & MAINTENANCE EXPENSE				
81	Production	322.80.b	42,440,084		
82	Distribution	321.156.b	4,815,138		
83	Customer Related Expense	322.164,171,178.b	2,325,193		
84	Regional Marketing Expenses	322.131.b	-		
85	Transmission	321.112.b	799,456		
86	TOTAL O&M EXPENSES	(sum Ins 80 to 84)	50,379,871		
87	Less: Total Account 561	(Note G) 322.84-92.b	42,983		
88	Less: Account 565	(Note H) 322.96.b	-		
89	Less: Regulatory Deferrals & Amortizations	(Note J) (Worksheet F, In 4)	-		
89	Total O&M Allocable to Transmission	(Ins 84 - 86 - 87 - 88)	756,473	TP 1.00000	756,473
90	Administrative and General	323.197.b (Note K)	2,431,420		
91	Less: Acct. 924, Property Insurance	323.185.b	11,499		
92	Acct. 928, Reg. Com. Exp.	322.189.b	11		
93	Acct. 930.1, Gen. Advert. Exp.	322.191.b	32,223		
94	Acct. 930.2, Misc. Gen. Exp.	322.192.b	56,326		
95	Balance of A & G	(In 90 - sum In 91 to In 94)	2,331,361	W/S 0.03313	77,248
96	Plus: Acct. 924, Property Insurance	(In 91)	11,499	GP(h) 0.19359	2,226
97	Acct. 928 - Transmission Specific	Worksheet F In 19.(E) (Note L)	-	TP 1.00000	-
98	Acct. 928 - Transmission Allocated	Worksheet F In 19.(F) (Note L)	-	GP(h) 0.19359	-
99	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 33.(E) (Note L)	-	GP(h) 0.19359	-
100	Acct 930.1 - Only safety related ads - Allocated.	Worksheet F In 33.(F) (Note L)	-	DA 1.00000	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 39.(E) (Note L)	-	DA 1.00000	-
102	Acct 930.2 - Misc Gen. Exp. - Allocated	Worksheet F In 39.(F) (Note L)	41,661	W/S 0.03313	1,380
103	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet F In 12.(F) (Note L)	-	W/S 0.03313	-
104	A & G Subtotal	(sum Ins 95 to 102 less In 103)	2,384,521		80,855
105	O & M EXPENSE SUBTOTAL	(In 89 + In 104)	3,140,994		837,328
106	Plus: TEA Settlement in Account 565	Company Records (Note M)	-	DA 1.00000	-
107	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note M)		-	DA 1.00000	-
108	TOTAL O & M EXPENSE	(In 105 + In 106 + In 107)	3,140,994		837,328
109	DEPRECIATION AND AMORTIZATION EXPENSE				
110	Production	336.2-6.f	-	NA 0.00000	-
111	Distribution	336.8.f	3,310,392	NA 0.00000	-
112	Transmission	336.7.f	661,100	TP 1.00000	661,100
113	Plus: Transmission Plant-in-Service Additions (Worksheet I)		24,486	TP 1.00000	24,486
114	General	336.10.f	154,971	W/S 0.03313	5,135
115	Intangible	336.1.f	510,264	W/S 0.03313	16,907
116	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 110 to 115)	4,661,213		707,628
117	TAXES OTHER THAN INCOME	(Note N)			
118	Labor Related				
119	Payroll	Worksheet H	145,747	W/S 0.03313	4,829
120	Plant Related				
121	Property	Worksheet H	1,111,040	DA	119,016
122	Gross Receipts/Sales & Use	Worksheet H	4,228,596	NA 0.00000	-
123	Other	Worksheet H	355,770	GP(h) 0.19359	68,872
124	TOTAL OTHER TAXES	(sum Ins 119 to 123)	5,841,153		192,717
125	INCOME TAXES	(Note O)			
126	$T=1 - \frac{((1 - \text{SIT}) * (1 - \text{FIT}))}{(1 - \text{SIT} * \text{FIT} * p)}$		40.68%		
127	$\text{EIT} = \frac{T}{(1-T)} * (1 - (\text{WCLTD}/\text{WACC}))$		52.11%		
128	where WCLTD=(In 160) and WACC = (In 163)				
129	and FIT, SIT & p are as given in Note O.				
130	$\text{GRCF} = 1 / (1 - T)$ = (from In 126)		1.6858		
131	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
132	Income Tax Calculation	(In 127 * In 127)	3,530,859		386,524
133	ITC adjustment	(In 130 * In 131)	-	NP(h) 0.10443	-
134	TOTAL INCOME TAXES	(sum Ins 132 to 133)	3,530,859		386,524
135	RETURN ON RATE BASE (Rate Base*WACC)	(In 79 * In 163)	6,775,627		741,729
136	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet D, In 2)		-	DA 1.00000	-
137	TOTAL REVENUE REQUIREMENT	(sum Ins 108, 116, 124, 134, 135, 136)	23,949,845		2,865,926

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WHEELING POWER COMPANY
SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
138	Total transmission plant	(In 20)						25,623,654
139	Less transmission plant excluded from PJM Tariff (Note P)							-
140	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
141	Transmission plant included in PJM Tariff	(In 138 - In 139 - In 140)						<u>25,623,654</u>
142	Percent of transmission plant in PJM Tariff	(In 141 / In 138)					TP=	1.00000
143	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Payroll Billed from					
144	Production	354.20.b	Direct Payroll	AEP Service Corp.	Total			
145	Transmission	354.21,22.b	248	295	543	NA	0.00000	-
146	Distribution	354.23.b	0	81,911	81,911	TP	1.00000	81,911
147	Other (Excludes A&G)	354.24,25,26.b	1,352,966	226,924	1,579,890	NA	0.00000	-
148	Total	(sum Ins 144 to 147)	<u>387,158</u>	<u>422,582</u>	<u>809,740</u>	NA	0.00000	<u>81,911</u>
149	Transmission related amount		1,740,372	731,712	2,472,084			
							WS=	0.03313
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet K)						<u>1,312,500</u>
152	Preferred Dividends	(Worksheet K)						-
153	<u>Development of Common Stock:</u>							
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						33,223,131
155	Less Preferred Stock (In 161)	(FF1 p 112, Ln 3.c)						-
156	Less Account 216.1	(FF1 p 112, Ln 13.c)						-
157	Less Account 219	(FF1 p 112, Ln 15.c)						<u>(1,099,520)</u>
158	Common Stock	(In 154 - In 155 - In 156 - In 157)						<u>34,322,651</u>
159							Cost	
160	Long Term Debt (Note T)	(Worksheet K)	\$	%			(Note S)	Weighted
161	Preferred Stock	(In 155)	25,000,000	42.14%			5.25%	0.0221
162	Common Stock	(In 158)	-	0.00%			0.00%	0.0000
163	Total	(Sum Ins 160 to 162)	<u>34,322,651</u>	57.86%			12.10%	<u>0.0700</u>
			59,322,651				WACC=	0.0921

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WHEELING POWER COMPANY

Letter

Notes

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

- A Revenue credits include:
 a) revenues for grandfathered PTP contracts included in the load divisor
 b) revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
 c) rental revenues earned on assets included in the rate base.
 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 Plant balances in this study are projected as of December 31, 2008. Other ratebase amounts are as of December 31, 2007.
- 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 Allocations are shown on WS B.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, excluding AEP transmission equalization transfers, as shown on line 105.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 78 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 136.
- G Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- H Removes cost of transmission service provided by others. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such cost is added back after cash working capital is computed from line 124.
- I Per Note H above, this line is an adjustment to addback the activity in account 565 related to the PJM service at issue in this filing. The amount identified in column is used to remove the impact of this adjustment from the FCR rate calculated on line 11.
- J Removes the impact of regulatory deferrals or their amortization applicable only for state regulatory purposes.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. Worksheet F allocates these expense items. 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.
- M Addback of activity recorded in 565 that represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts tax 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 $p = \frac{\text{the percentage of federal income tax deductible for state income taxes}}{\text{the percentage of federal income tax deductible for state income taxes}}$. If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, 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 131) multiplied by $(1/1-T)$. If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 8.74% (State Income Tax Rate or Composite SIT. Worksheet G)) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = long-term interest (In 151) / long term debt (In 160). Preferred Stock cost rate = preferred dividends (In 152) / preferred outstanding (In 161). Common Stock cost rate (ROE) = 12.1%, the rate accepted by FERC in Docket No. ER08-XXX. It includes an additional 50 basis points for remaining a member of the PJM RTO.
- T This note only applies to Indiana Michigan Power Company.

AEP East Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2007 with Year-End Rate Base Balances

WHEELING POWER COMPANY

Line No.			Total	Allocator	Transmission Amount
164	REVENUE REQUIREMENT (w/o incentives)	(In 300)			\$2,690,873
165	REVENUE CREDITS	(Note A) (Worksheet E)	1,167,497	DA 1.00000	\$ 1,167,497
166	REVENUE REQUIREMENT For All Facilities	(In 164 less In 165)			<u>\$ 1,523,376</u>
MEMO: The Carrying Charge Calculations on lines 169 to below is used in calculating project revenue requirements billed on PJM Schedule 12.					
The total non-incentive revenue requirements for these projects shown on line is included in the total on line 166.					
167	Revenue Requirement for PJM RTEP Regional Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000	\$ -
168	NET PLANT CARRYING CHARGE W/O AFFILIATED LEASE PAYMENTS & T.E.A. ADJUSTMENT ADDBACK (w/o incentives) (Note B)				
169	Annual Rate	((In 164 - In 269 - In 270) / In 217 x 100)			32.69%
170	Monthly Rate	(In 169 / 12)			2.72%
171	NET PLANT CARRYING CHARGE ON LINE 169 , W/O DEPRECIATION (w/o incentives) (Note B)				
172	Annual Rate	((In 164 - In 269 - In 270 - In 275) / In 211 x 100)			24.66%
173	NET PLANT CARRYING CHARGE ON LINE 171, W/O INCOME TAXES, RETURN (Note B)				
174	Annual Rate	((In 164 - In 269 - In 270 - In 275 - In 297 - In 298) / In 211 x 100)			12.78%
175	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
176	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
177	Total Load Dispatch & Scheduling (Account 561)	Line 249 Below			42,983
178	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)				-
179	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.6)				-
180	Total 561 Internally Developed Costs	(Line 177 - Line 178 - Line 179)			<u>42,983</u>

AEP East Companies
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Utilizing Historic Cost Data for 2007 with Year-End Rate Base Balances

WHEELING POWER COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
181	GROSS PLANT IN SERVICE				
181	Production	(Worksheet A In 1.C)	-	NA	0.00000
182	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA	0.00000
183	Transmission	(Worksheet A In 3.C)	25,623,654	DA	
184	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	1.00000
185	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000
186	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000
187	Distribution	(Worksheet A In 5.C)	100,771,272	NA	0.00000
188	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000
189	General Plant	(Worksheet A In 7.C)	4,620,998	W/S	0.03313
190	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(34,819)	W/S	0.03313
191	Intangible Plant	(Worksheet A In 9.C)	2,614,743	W/S	0.03313
192	TOTAL GROSS PLANT	(sum Ins 181 to 191)	133,595,848	GP(h)=	0.193586
				GTD=	0.20273
193	ACCUMULATED DEPRECIATION AND AMORTIZATION				
194	Production	(Worksheet A In 12.C)	-	NA	0.00000
195	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA	0.00000
196	Transmission	(Worksheet A In 14.C & 14.C)	17,392,878	TP1	1.00000
197	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1	1.00000
198	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000
199	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000
200	Plus: Additional Transmission Depreciation for 2008 (In 275)		N/A	TP1	1.00000
201	Plus: Additional General & Intangible Depreciation for 2008 (In 274 + In 275)		N/A	W/S	0.03313
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000
203	Distribution	(Worksheet A In 16.C)	32,165,805	NA	0.00000
204	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA	0.00000
205	General Plant	(Worksheet A In 18.C)	2,165,674	W/S	0.03313
206	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(14,218)	W/S	0.03313
207	Intangible Plant	(Worksheet A In 20.C)	2,153,068	W/S	0.03313
208	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 194 to 207)	53,863,207		
209	NET PLANT IN SERVICE				
210	Production	(In 181 + In 182 - In 194 - In 195)	-		
211	Transmission	(In 183 + In 184 - In 196 - In 197)	8,230,776		
212	Plus: Transmission Plant-in-Service Additions (In 185 - In 198)		N/A		
213	Plus: Additional Trans Plant on Transferred Assets (In 186 - In 199)		N/A		
214	Plus: Additional Transmission Depreciation for 2008 (-In 200)		N/A		
215	Plus: Additional General & Intangible Depreciation for 2008 (-In 201)		N/A		
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 202)		N/A		
217	Distribution	(In 187 + In 188 - In 203 - In 204)	68,605,467		
218	General Plant	(In 189 + In 190 - In 205 - In 206)	2,434,723		
219	Intangible Plant	(In 191 - In 207)	461,675		
220	TOTAL NET PLANT IN SERVICE	(sum Ins 210 to 219)	79,732,641	NP(h)=	0.104433
221	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
222	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA	
223	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(8,647,335)	DA	
224	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(2,422,580)	DA	
225	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	3,936,905	DA	
226	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	(176,245)	DA	
227	TOTAL ADJUSTMENTS	(sum Ins 222 to 226)	(7,309,255)		
228	PLANT HELD FOR FUTURE USE	(Worksheet A In 29 & In 30)	-	DA	
229	CONSTRUCTION WORK IN PROGRESS	Company Records	-	TP	1.00000
230	REGULATORY ASSETS	(Worksheet A In 36. (C))	-	DA	
231	WORKING CAPITAL	(Note E)			
232	Cash Working Capital	(1/8 * In 268)	392,624		
233	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	444	TP	1.00000
234	A&G Materials & Supplies	(Worksheet C, In 3.(D))	1,727	W/S	0.03313
235	Stores Expense	(Worksheet C, In (D))	-	GP(h)	0.19359
236	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.F)	6,762,294	W/S	0.03313
237	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.E)	231,872	GP(h)	0.19359
238	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.D)	-	DA	1.00000
239	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.C)	(6,701,280)	NA	0.00000
240	TOTAL WORKING CAPITAL	(sum Ins 232 to 239)	687,682		
241	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.(B))	-	DA	1.00000
242	RATE BASE (sum Ins 220, 227, 228, 240, 241)		<u>73,111,068</u>		<u>6,976,311</u>

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WHEELING POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Locator	(5) Total Transmission
243	OPERATION & MAINTENANCE EXPENSE				
243	Production	322.80.b	42,440,084		
244	Distribution	321.156.b	4,815,138		
245	Customer Related Expense	322.164,171,178.b	2,325,193		
246	Regional Marketing Expenses	322.131.b	-		
247	Transmission	321.112.b	799,456		
248	TOTAL O&M EXPENSES	(sum lns 243 to 247)	50,379,871		
249	Less: Total Account 561	(Note G) 322.84-92.b	42,983		
250	Less: Account 565	(Note H) 322.96.b	-		
251	Less: Regulatory Deferrals & Amortizations	(Note J) (Worksheet F, In 4)	-		
252	Total O&M Allocable to Transmission	(lns 247 - 249 - 250 - 251)	756,473	TP 1.00000	756,473
253	Administrative and General	323.197.b (Note K)	2,431,420		
254	Less: Acct. 924, Property Insurance	323.185.b	11,499		
255	Acct. 928, Reg. Com. Exp.	322.189.b	11		
256	Acct. 930.1, Gen. Advert. Exp.	322.191.b	32,223		
257	Acct. 930.2, Misc. Gen. Exp.	322.192.b	56,326		
258	Balance of A & G	(ln 253 - sum ln 254 to ln 257)	2,331,361	W/S 0.03313	77,248
259	Plus: Acct. 924, Property Insurance	(ln 254)	11,499	GP(h) 0.19359	2,226
260	Acct. 928 - Transmission Specific	Worksheet F In 19.(E) (Note L)	-	TP 1.00000	-
261	Acct. 928 - Transmission Allocated	Worksheet F In 19.(F) (Note L)	-	GP(h) 0.19359	-
262	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 33.(E) (Note L)	-	GP(h) 0.19359	-
263	Acct 930.1 - Only safety related ads - Allocated.	Worksheet F In 33.(F) (Note L)	-	DA 1.00000	-
264	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 39.(E) (Note L)	-	DA 1.00000	-
265	Acct 930.2 - Misc Gen. Exp. - Allocated	Worksheet F In 39.(F) (Note L)	41,661	W/S 0.03313	1,380
266	Less: PBOP Expense ln Acct. 926 Adjustment	Worksheet F In 12.(F) (Note L)	-	W/S 0.03313	-
267	A & G Subtotal	(sum lns 258 to 265 less ln 266)	2,384,521		80,855
268	O & M EXPENSE SUBTOTAL	(ln 252 + ln 267)	3,140,994		837,328
269	Plus: TEA Settlement in Account 565	Company Records (Note M)	-	DA 1.00000	-
270	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note M)		-	DA 1.00000	-
271	TOTAL O & M EXPENSE	(ln 268 + ln 269 + ln 270)	3,140,994		837,328
272	DEPRECIATION AND AMORTIZATION EXPENSE				
273	Production	336.2-6.f	-	NA 0.00000	-
274	Distribution	336.8.f	3,310,392	NA 0.00000	-
275	Transmission	336.7.f	661,100	TP 1.00000	661,100
276	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
277	General	336.10.f	154,971	W/S 0.03313	5,135
278	Intangible	336.1.f	510,264	W/S 0.03313	16,907
279	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 273 to 278)	4,636,727		683,142
280	TAXES OTHER THAN INCOME	(Note N)			
281	Labor Related				
282	Payroll	Worksheet H	145,747	W/S 0.03313	4,829
283	Plant Related				
284	Property	Worksheet H	1,111,040	DA	119,016
285	Gross Receipts/Sales & Use	Worksheet H	4,228,596	NA 0.00000	-
286	Other	Worksheet H	355,770	GP(h) 0.19359	68,872
287	TOTAL OTHER TAXES	(sum lns 282 to 286)	5,841,153		192,717
288	INCOME TAXES	(Note O)			
289	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		40.68%		
290	$EIT = (T / (1 - T)) * (1 - (WCLTD / WACC)) =$		52.11%		
291	where WCLTD = (ln 323) and WACC = (ln 326)				
292	and FIT, SIT & p are as given in Note O.				
293	$GRCF = 1 / (1 - T) =$ (from ln 289)		1.6858		
294	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
295	Income Tax Calculation	(ln 290 * ln 290)	3,510,157		334,942
296	ITC adjustment	(ln 293 * ln 294)	-	NP(h) 0.10443	-
297	TOTAL INCOME TAXES	(sum lns 295 to 296)	3,510,157		334,942
298	RETURN ON RATE BASE (Rate Base*WACC)	(ln 242 * ln 326)	6,735,901		642,745
299	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet D, ln 2)		-	DA 1.00000	-
300	TOTAL REVENUE REQUIREMENT		23,864,932		2,690,873
	(sum lns 271, 279, 287, 297, 298, 299)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
301	Total transmission plant	(In 183)							25,623,654
302	Less transmission plant excluded from PJM Tariff (Note P)								-
303	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)								-
304	Transmission plant included in PJM Tariff	(In 301 - In 302 - In 303)							25,623,654
305	Percent of transmission plant in PJM Tariff	(In 304 / In 301)						TP=	1.00000
306	WAGES & SALARY ALLOCATOR (W/S)	(Note R)							
			Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
307	Production	354.20.b	248	295	543	NA	0.00000		-
308	Transmission	354.21,22.b	0	81,911	81,911	TP	1.00000		81,911
309	Distribution	354.23.b	1,352,966	226,924	1,579,890	NA	0.00000		-
310	Other (Excludes A&G)	354.24,25,26.b	387,158	422,582	809,740	NA	0.00000		-
311	Total	(sum Ins 307 to 310)	1,740,372	731,712	2,472,084				81,911
312	Transmission related amount							W/S=	0.03313
313	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
314	Long Term Interest	(Worksheet K)							1,312,500
315	Preferred Dividends	(Worksheet K)							-
316	<u>Development of Common Stock:</u>								
317	Proprietary Capital	(FF1 p 112, Ln 16.c)							33,223,131
318	Less Preferred Stock (In 324)	(FF1 p 112, Ln 3.c)							-
319	Less Account 216.1	(FF1 p 112, Ln 13.c)							-
320	Less Account 219	(FF1 p 112, Ln 15.c)							(1,099,520)
321	Common Stock	(In 317 - In 318 - In 319 - In 320)							34,322,651
322								Cost	Weighted
323	Long Term Debt (Note T)	(Worksheet K)	\$	%				(Note S)	
324	Preferred Stock	(In 318)	25,000,000	42.14%				5.25%	0.0221
325	Common Stock	(In 321)	-	0.00%				0.00%	0.0000
326	Total	(Sum Ins 323 to 325)	34,322,651	57.86%				12.10%	0.0700
			59,322,651					WACC=	0.0921

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WHEELING POWER COMPANY

Letter

Notes

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

- A Revenue credits include:
 a) revenues for grandfathered PTP contracts included in the load divisor
 b) revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
 c) rental revenues earned on assets included in the rate base.
 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 Plant balances in this study are as of December 31, 2007.
- 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 Allocations are shown on WS B.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, excluding AEP transmission equalization transfers, as shown on line 268.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 241 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 299.
- G Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- H Removes cost of transmission service provided by others. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such cost is added back after cash working capital is computed from line 287.
- I Per Note H above, this line is an adjustment to addback the activity in account 565 related to the PJM service at issue in this filing. The amount identified in column is used to remove the impact of this adjustment from the FCR rate calculated on line 174.
- J Removes the impact of regulatory deferrals or their amortization applicable only for state regulatory purposes.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. Worksheet F allocates these expense items. 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.
- M Addback of activity recorded in 565 that represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts tax 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". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, 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 294) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 8.74% | (State Income Tax Rate or Composite SIT. Worksheet G) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = long-term interest (In 314) / long term debt (In 323). Preferred Stock cost rate = preferred dividends (In 315) / preferred outstanding (In 324). Common Stock cost rate (ROE) = 12.1%, the rate accepted by FERC in Docket No. ER08-XXX. It includes an additional 50 basis points for remaining a member of the PJM RTO.
- T This note only applies to Indiana Michigan Power Company.

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Line No.				Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 137)		\$0
			<u>Total</u>	
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	-
			<u>Allocator</u>	
3	REVENUE REQUIREMENT For All I&M Facilities	(In 1 less In 2)	DA 1.00000	\$ -
				<u>\$ -</u>
MEMO: The Carrying Charge Calculations on lines 6 to below is used in calculating project revenue requirements billed on PJM Schedule 12. The total non-incentive revenue requirements for these projects shown on line is included in the total on line 3.				
4	Revenue Requirement for PJM RTEP Regional Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000 \$ -
5	NET PLANT CARRYING CHARGE W/O AFFILIATED LEASE PAYMENTS & T.E.A. ADJUSTMENT ADDBACK (w/o incentives) (Note B)			
6	Annual Rate	((In 1 - In 106 - In 107) / In 54 x 100)		0.00%
7	Monthly Rate	(In 6 / 12)		0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , W/O DEPRECIATION (w/o incentives) (Note B)			
9	Annual Rate	((In 1 - In 106 - In 107 - In 112) / In 48 x 100)		0.00%
10	NET PLANT CARRYING CHARGE ON LINE 8, W/O INCOME TAXES, RETURN (Note B)			
11	Annual Rate	((In 1 - In 106 - In 107 - In 112 - In 134 - In 135) / In 48 x 100)		0.00%
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 86 Below		-
15	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)			-
16	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.6)			-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)		-

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WHEELING POWER COMPANY

Line No.	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
18	GROSS PLANT IN SERVICE				
18	Production	(Worksheet A In 1.C)	-	NA 0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA 0.00000	-
20	Transmission	(Worksheet A In 3.C)	-	DA	-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA 0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA 0.00000	N/A
24	Distribution	(Worksheet A In 5.C)	-	NA 0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
26	General Plant	(Worksheet A In 7.C)	-	W/S 0.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S 0.00000	-
28	Intangible Plant	(Worksheet A In 9.C)	-	W/S 0.00000	-
29	TOTAL GROSS PLANT	(sum Ins 18 to 28)	-	GP(h)= 0.00000 GTD= 0.00000	-
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	Production	(Worksheet A In 12.C)	-	NA 0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA 0.00000	-
33	Transmission	(Worksheet A In 14.C & 14.C)	-	TP1= 0.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA 1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA 1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2008 (In 112)		N/A	TP1 0.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 2008 (In 111 + In 112)		N/A	W/S 0.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA 1.00000	N/A
40	Distribution	(Worksheet A In 16.C)	-	NA 0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
42	General Plant	(Worksheet A In 18.C)	-	W/S 0.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S 0.00000	-
44	Intangible Plant	(Worksheet A In 20.C)	-	W/S 0.00000	-
45	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 31 to 44)	-		-
46	NET PLANT IN SERVICE				
47	Production	(In 18 + In 19 - In 31 - In 32)	-		-
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-		-
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 2008 (-In 37)		N/A		N/A
52	Plus: Additional General & Intangible Depreciation for 2008 (-In 38)		N/A		N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A		N/A
54	Distribution	(In 24 + In 25 - In 40 - In 41)	-		-
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 Ins 47 to 56)	-	NP(h)= 0.00000	-
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)	-	DA	-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	-	DA	-
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	-	DA	-
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	-		-
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29 & In 30)	-	DA	-
66	CONSTRUCTION WORK IN PROGRESS	Company Records	-	TP 0.00000	-
67	REGULATORY ASSETS	(Worksheet A In 36. (C))	-	DA	-
68	WORKING CAPITAL	(Note E)			
69	Cash Working Capital	(1/8 * In 105)	-		-
70	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP 0.00000	-
71	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S 0.00000	-
72	Stores Expense	(Worksheet C, In (D))	-	GP(h) 0.00000	-
73	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.F)	-	W/S 0.00000	-
74	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.E)	-	GP(h) 0.00000	-
75	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.D)	-	DA 1.00000	-
76	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.C)	-	NA 0.00000	-
77	TOTAL WORKING CAPITAL	(sum Ins 69 to 76)	-		-
78	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (C))	-	DA 1.00000	-
79	RATE BASE (sum Ins 57, 64, 65, 77, 78)		-		-

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WHEELING POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
80	OPERATION & MAINTENANCE EXPENSE				
80	Production	322.80.b			
81	Distribution	321.156.b			
82	Customer Related Expense	322.164,171,178.b			
83	Regional Marketing Expenses	322.131.b			
84	Transmission	321.112.b			
85	TOTAL O&M EXPENSES	(sum Ins 80 to 84)	-		
86	Less: Total Account 561	(Note G) 322.84-92.b			
87	Less: Account 565	(Note H) 322.96.b			
88	Less: Regulatory Deferrals & Amortizations	(Note J) (Worksheet F, In 4)	-		
89	Total O&M Allocable to Transmission	(Ins 84 - 86 - 87 - 88)	-	TP 0.00000	-
90	Administrative and General	323.197.b (Note K)			
91	Less: Acct. 924, Property Insurance	323.185.b			
92	Acct. 928, Reg. Com. Exp.	322.189.b			
93	Acct. 930.1, Gen. Advert. Exp.	322.191.b			
94	Acct. 930.2, Misc. Gen. Exp.	322.192.b			
95	Balance of A & G	(In 90 - sum In 91 to In 94)	-	W/S 0.00000	-
96	Plus: Acct. 924, Property Insurance	(In 91)	-	GP(h) 0.00000	-
97	Acct. 928 - Transmission Specific	Worksheet F In 58.(E) (Note L)	-	TP 0.00000	-
98	Acct. 928 - Transmission Allocated	Worksheet F In 58.(F) (Note L)	-	GP(h) 0.00000	-
99	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 74.(E) (Note L)	-	GP(h) 0.00000	-
100	Acct 930.1 - Only safety related ads - Allocated.	Worksheet F In 74.(F) (Note L)	-	DA 1.00000	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 80.(E) (Note L)	-	DA 1.00000	-
102	Acct 930.2 - Misc Gen. Exp. - Allocated	Worksheet F In 80.(F) (Note L)	-	W/S 0.00000	-
103	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet F In 12.(F) (Note L)	-	W/S 0.00000	-
104	A & G Subtotal	(sum Ins 95 to 102 less In 103)	-		-
105	O & M EXPENSE SUBTOTAL	(In 89 + In 104)	-		-
106	Plus: TEA Settlement in Account 565	Company Records (Note M)		DA 1.00000	-
107	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note M)			DA 1.00000	-
108	TOTAL O & M EXPENSE	(In 105 + In 106 + In 107)	-		-
109	DEPRECIATION AND AMORTIZATION EXPENSE				
110	Production	336.2-6.f		NA 0.00000	-
111	Distribution	336.8.f		NA 0.00000	-
112	Transmission	336.7.f		TP 0.00000	-
113	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
114	General	336.10.f		W/S 0.00000	-
115	Intangible	336.1.f		W/S 0.00000	-
116	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 110 to 115)	-		-
117	TAXES OTHER THAN INCOME	(Note N)			
118	Labor Related				
119	Payroll	Worksheet H	-	W/S 0.00000	-
120	Plant Related				
121	Property	Worksheet H	-	DA	-
122	Gross Receipts/Sales & Use	Worksheet H	-	NA 0.00000	-
123	Other	Worksheet H	-	GP(h) 0.00000	-
124	TOTAL OTHER TAXES	(sum Ins 119 to 123)	-		-
125	INCOME TAXES	(Note O)			
126	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		0.00%		
127	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		0.00%		
128	where WCLTD=(In 160) and WACC = (In 163)				
129	and FIT, SIT & p are as given in Note O.				
130	$GRCF=1 / (1 - T) =$ (from In 126)		-		
131	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)			
132	Income Tax Calculation	(In 127 * In 127)	-		-
133	ITC adjustment	(In 130 * In 131)	-	NP(h) 0.00000	-
134	TOTAL INCOME TAXES	(sum Ins 132 to 133)	-		-
135	RETURN ON RATE BASE (Rate Base*WACC)	(In 79 * In 163)	-		-
136	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet D, In 2.(C))		-	DA 1.00000	-
137	TOTAL REVENUE REQUIREMENT (sum Ins 108, 116, 124, 134, 135, 136)		-		-

AEP East Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2008 with Average Ratebase Balances

WHEELING POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
138	Total transmission plant	(In 20)						-
139	Less transmission plant excluded from PJM Tariff (Note P)							-
140	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
141	Transmission plant included in PJM Tariff	(In 138 - In 139 - In 140)						-
142	Percent of transmission plant in PJM Tariff	(In 141 / In 138)					TP=	0.00000
143	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
144	Production	354.20.b	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			-
145	Transmission	354.21,22.b				-	NA	0.00000
146	Distribution	354.23.b				-	TP	0.00000
147	Other (Excludes A&G)	354.24,25,26.b				-	NA	0.00000
148	Total	(sum Ins 144 to 147)	0	0	0			-
149	Transmission related amount						WS=	0.00000
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(FF1 p. 257, In 33.i; p. 112, Lns 63-66.c)						-
152	Preferred Dividends	(Worksheet K)						-
153	<u>Development of Common Stock:</u>					12/31/2007	12/31/2008	Average
154	Proprietary Capital	(FF1 p 112, Ln 16.c.d.)				33,223,131		16,611,566
155	Less Preferred Stock (In 161)	(FF1 p 112, Ln 3.c.d.)				-		-
156	Less Account 216.1	(FF1 p 112, Ln 13.c.d.)				-		-
157	Less Account 219	(FF1 p 112, Ln 15.c.d.)				(1,099,520)		(549,760)
158	Common Stock	(In 154 - In 155 - In 156 - In 157)						17,161,326
159						Average \$	Cost (Note S)	Weighted
160	Long Term Debt (Note T)	(Worksheet K)				25,000,000	0.00%	0.0000
161	Preferred Stock	(In 155)				-	0.00%	0.0000
162	Common Stock	(In 158)				17,161,326	12.10%	0.0493
163	Total	(Sum Ins 160 to 162)				42,161,326		WACC= 0.0493

Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Plant Balances
WHEELING POWER COMPANY

<u>Line Number</u>	<u>(A) Rate Base Item & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ December 31, 2007</u>	<u>(D) Balances @ December 31, 2008</u>	<u>(E) Average Balance for 2008</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
<u>Plant Investment Balances</u>					
1	Production Plant In Service	FF1, page 204/205, ln 46, Col. (b)/(g)	-	-	-
2	Production Asset Retirement Obligation (ARO)	FF1, page 204/205, lns 15,24,34,44, Col. (b)/(g)	-	-	-
3	Transmission Plant In Service	FF1, page 206/207, ln 58, Col. (b)/(g)	25,623,654	-	-
4	Transmission Asset Retirement Obligation	FF1, page 206/207, ln 57, Col. (b)/(g)	-	-	-
5	Distribution Plant In Service	FF1, page 206/207, ln 75, Col. (b)/(g)	100,771,272	-	-
6	Distribution Asset Retirement Obligation	FF1, page 206/207, ln 74, Col. (b)/(g)	-	-	-
7	General Plant In Service	FF1, page 206/207, ln 99, Col. (b)/(g)	4,620,998	-	-
8	General Asset Retirement Obligation	FF1, page 206/207, lns 98, Col. (b)/(g)	34,819	-	-
9	Intangible Plant In Service	FF1, page 204/205, ln 5, Col. (b)/(g)	2,614,743	-	-
10	Total Property Investment Balance	(Sum of Lines: 3, 1, 5, 7, 9)	133,630,667	-	-
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 2, 6, 8)	34,819	-	-
<u>Accumulated Depreciation & Amortization Balances</u>					
12	Production Accumulated Depreciation	FF1, page 219, lns 20-24, Col. (b)	-	-	-
13	Production ARO Accumulated Depreciation	Company Records	-	-	-
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	17,392,878	-	-
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, ln 26, Col. (b)	32,165,805	-	-
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, ln 26, Col. (b)	2,165,674	-	-
19	General ARO Accumulated Depreciation	Company Records	14,218	-	-
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)	2,153,068	-	-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 12, 16, 18, 20)	53,877,425	-	-
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 13, 17, 19)	14,218	-	-
<u>Generation Step-Up Units</u>					
23	GSU Investment Amount	Company Records	-	-	-
24	GSU Accumulated Depreciation	Company Records	-	-	-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	17,392,878	-	-
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	17,392,878	-	-
<u>Plant Held For Future Use</u>					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records	-	-	-
31	Construction Work In Progress	Company Records	-	-	-
<u>Regulatory Assets Approved for Recovery In Ratebase</u>					
31					
32					
33					
34					
35					
36	Total Regulatory Deferrals Included in Ratebase		-	-	-

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting ADIT and ITC Balances
WHEELING POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2007</u>	<u>(D) Balance @ December 31, 2008</u>	<u>(E) Average Balance</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			-
4	Less: Other Excluded Deferrals	Company Records			-
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 9, Col. (k)	8,647,335		-
8	Less: ARO Related Deferrals	Company Records	467		-
9	Less: Other Excluded Deferrals	Company Records	7,237,593		-
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	1,409,274	-	-
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	2,422,580		-
13	Less: ARO Related Deferrals	Company Records	(738)		-
14	Less: Other Excluded Deferrals	Company Records	2,164,147		-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	259,171	-	-
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	3,936,905		-
18	Less: ARO Related Deferrals	Company Records	4,078		-
19	Less: Other Excluded Deferrals	Company Records	3,930,776		-
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	2,052	-	-
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (c)	176,245		-
23	Less: Balances Not Qualified for Ratebase	Company Records	0		-
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	176,245	-	-
25	Transmission Related Deferrals	Company Records	58,160		-

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Working Capital Rate Base Adjustments
WHEELING POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2007	Balance @ December 31, 2008	Average Balance for Rate Year 2007				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c)	444					
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c)	1,727					
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c)	0					

Prepayment Balance Summary

	Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (F)+(G)+(H)	
5							
6	Totals as of December 31, 2007	292,886	(6,701,280)	0	231,872	6,762,294	6,994,167
7	Totals as of December 31, 2008						
8	Average Balance	-	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2007

9	Acc. No.	Description	2007 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (F)+(G)+(H)	
10	1650001	Prepaid Insurance	47,537			47,537		47,537	Plant Related Insurance Policies
11	165000206	Prepaid Taxes	-			-		-	
12	165000207	Prepaid Taxes	162,723			162,723		162,723	Prepaid PSC Fees
13	165000208	Prepaid Taxes	21,613			21,613		21,613	Prepaid PSC Fees
14	1650004	Prepaid Interest	-					-	
15	1650010	Prepaid Pension Benefits	6,762,294				6,762,294	6,762,294	Prefunded Pension Expense
16	1650014	FAS 158 Qual Contra Asset	(6,762,294)	(6,762,294)				-	SFAS 158 Offset
17	1650016	FAS 112 ASSETS	61,014	61,014				-	Prefunded Pension Expense
18		Subtotal - Form 1, p 111.57.c	292,886	(6,701,280)	0	231,872	6,762,294	6,994,167	

Prepayments Account 165 - Balance @ 12/31/2008

19	Acc. No.	Description	2008 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
20								-
21								-
22								-
23								-
24								-
25								-
26								-
27								-
28								-
29								-
		Subtotal - Form 1, p 111.57.c						

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting IPP Credits
WHEELING POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2007</u>	<u>(C) 2008</u>
1	Net Funds from IPP Customers 12/31/2006 (FORM 1, P269, line 8 (b))		-
2	Interest Accrual		
3	Revenue Credits to Generators	-	
4	<u>Other Adjustments</u>		
5	Accounting Adjustment		
6			
7	Net Funds from IPP Customers 12/31/2007 (FORM 1, P269, line 8(f))	-	-
8	Average Balance for Year as Indicated in Column ((ln 1 + ln 7)/2)	-	-

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Revenue Credits
WHEELING POWER COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non-Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts	86,976	2,652,978	-
2	Account 451, Miscellaneous Service Revenues	(4,262)	(4,262)	-
3	Account 454, Rent from Electric Property	1,116,441	1,068,664	47,777
4	Account 4560015, Associated Business Development	9,632	9,632	-
5	Account 456 - Other Electric Revenues	1,119,720		1,119,720
6	Accounts 4470004 & 4470005, Revenues from Grandfathered Transmission Contracts			-
7	Total Other Operating Revenues To Reduce Revenue Requirement			<u>1,167,497</u>

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Allocation of Specific O&M or A&G Expenses
WHEELING POWER COMPANY

<u>Line Number</u>	<u>Item No.</u>	<u>Description</u>	<u>2007 Expense</u>	<u>100% Non-Transmission</u>	<u>100% Transmission Specific</u>	<u>Transmission Allocated</u>	<u>Explanation</u>
Regulatory Deferrals & Amortizations							
1		No Applicable Charges for I&M	-				
2			-				
3							
4		Total	0				
Account 926							
2007 Base Year OPEB Expense (Note 1)							
5	9260021	Postretirement Benefits - OPEB	520,476				
6	9260057	Postret Ben Medicare Subsidy	(179,523)				
7		Net 2007 Base Year Expense	340,953				
8	2007 Current Year Expense						
9	9260021	Postretirement Benefits - OPEB	520,476				
10	9260057	Postret Ben Medicare Subsidy	(179,523)				
11		Net 2007 Expense	340,953				
12		Net Increase (Decrease) in OPEB Expense	-	This Amount Is Allocated on Wages & Salaries			
Note 1: Absent a 205 Filing with FERC, this base amount will not change in subsequent years.							
Account 928							
13	9280000	Regulatory Commission Exp	-	-	-	-	
14	9280001	Regulatory Commission Exp-Adm	-	-	-	-	
15	9280001	Regulatory Commission Exp-Adm	-	-	-	-	
16	9280002	Regulatory Commission Exp-Case	11	11	-	-	Regulatory Commission Exp-Case
17	9280002	Regulatory Commission Exp-Case	-	-	-	-	
18	9280002	Regulatory Commission Exp	-	-	-	-	
19		Total	11	11	-	-	
Account 930.1							
20	9301001	Newspaper Advertising Space	14	14	-	-	
21	9301002	Radio Station Advertising Time	290	290	-	-	
22	9301006	Spec Corporate Comm Info Proj	-	-	-	-	
23	9301007	Special Adv Space & Prod Exp	4,397	4,397	-	-	
24	9301008	Direct Mail and Handouts	823	823	-	-	
25	9301009	Fairs, Shows, and Exhibits	27	27	-	-	
26	9301010	Publicity	59	59	-	-	
27	9301012	Public Opinion Surveys	130	130	-	-	
28	9301013	Movies Slide Films & Speeches	80	80	-	-	
29	9301014	Video Communications	11,076	11,076	-	-	
30	9301015	Other Corporate Comm Exp	33	33	-	-	
31	9301015	Public Opinion Surveys	15,294	15,294	-	-	
32							
33		Total	32,223	32,223	-	-	
Account 930.2							
34	9302000	Misc General Expenses	40,074			40,074	
35	9302003	Corporate & Fiscal Expenses	1,586			1,586	
36	9302004	Research, Develop&Demonstr Exp	834	834			
37	9302007	Assoc Business Development Exp	13,832	12,651	0	0	
38							
39		Total	56,326	13,485	-	41,661	

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting - Development of Composite State Income Tax Rate
WHEELING POWER COMPANY

West Virginia Corporate Income Tax	8.75%	
Apportionment Factor	99.86%	
Effective West Virginia State Income Tax Rate		8.74%
State Income Tax Rate - Ohio	8.50%	
Phase-out Factor	40.00%	
Apportionment Factor	0.11%	
Effective Ohio State Income Tax Rate		0.00%
Total Effective State Income Tax Rate		<u>8.74%</u>

Note 1

The Ohio State Income Tax is being phased-out over a 5 year period and is being replaced with a Commercial Activities Tax. The taxable portion of income is 40% in 2007.

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Taxes Other than Income
WHEELING POWER COMPANY

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	4,224,679				4,224,679
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - West Virginia	1,111,040	1,111,040			
5	Real and Personal Property - Other					
6	Payroll Taxes					
7	Federal Insurance Contribution (FICA)	141,347		141,347		
8	Federal Unemployment Tax	1,426		1,426		
9	State Unemployment Insurance	2,974		2,974		
10	Miscellaneous Taxes					
11	State Public Service Commission Fees	371,785			371,785	-
12	State Franchise Taxes	(17,098)			(17,098)	
13	State Lic/Registration Fee	1,012			1,012	
14	Misc. State and Local Tax	71			71	
15	Sales & Use	3,917				3,917
16	Federal Excise Tax	-				-
17	Michigan Single Business Tax	-				-
18	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	5,841,153	1,111,040	145,747	355,770	4,228,596

Functional Property Tax Allocation

	Production	Transmission	Distributions	General	Total	
19	Functionalized Net Plant (Hist. TCOS, Lns 210 thru 220)	-	8,230,776	68,605,467	2,434,723	79,270,966
20	Less: Net Value Exempted Generation Plant					
21	Taxable Property Basis (Ln 19 - Ln 20)	-	8,230,776	68,605,467	2,434,723	79,270,966
22	Relative Valuation Factor		100%	100%	100%	
23	Weighted Net Plant (Ln 21 * Ln 22)	-	8,230,776	68,605,467	2,434,723	
24	General Plant Allocator (Ln 23 / (Total - General Plant))	0.00%	10.71%	89.29%	-100.00%	
25	Functionalized General Plant (Ln 24 * General Plant)	-	260,810	2,173,913	(2,434,723)	-
26	Weighted WEST VA. JURISDICTION Plant (Ln 23 + 25)	-	8,491,586	70,779,380	-	79,270,966
27	Functional Percentage (Ln 26/Total Ln 26)	0.00%	10.71%	89.29%		
28	Functionalized Payment in WEST VA. JURISDICTION	-	119,016	992,024		1,111,040
29	Total Other Jurisdictions: (Line 5 * Net Plant Allocator)		-			-
30	Total Functionalized Property Taxes (Sum Lns 28 & 29)	-	119,016	992,024		1,111,040

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Transmission Plant in Service Additions
WHEELING POWER COMPANY

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2007) (P.206, In 58,(b)):	24,639,303
2	Transmission Plant @ End of Historic Period (2007) (P.207, In 58,(g)):	25,623,654
3		50,262,957
4	Average Balance of Transmission Investment	25,131,479
5	Annual Depreciation Expense, Historic TCOS, In 275	661,100
6	Composite Depreciation Rate	2.63%
7	Round to 3% to Reflect a Composite Life of 33 Years	3.00%

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	\$ 148,500	3.00%	\$ 4,455	\$ 371	11	\$ 4,081
10	February	\$ 148,500	3.00%	\$ 4,455	\$ 371	10	\$ 3,710
11	March	\$ 148,500	3.00%	\$ 4,455	\$ 371	9	\$ 3,339
12	April	\$ 148,500	3.00%	\$ 4,455	\$ 371	8	\$ 2,968
13	May	\$ 148,500	3.00%	\$ 4,455	\$ 371	7	\$ 2,597
14	June	\$ 148,500	3.00%	\$ 4,455	\$ 371	6	\$ 2,226
15	July	\$ 148,500	3.00%	\$ 4,455	\$ 371	5	\$ 1,855
16	August	\$ 148,500	3.00%	\$ 4,455	\$ 371	4	\$ 1,484
17	September	\$ 148,500	3.00%	\$ 4,455	\$ 371	3	\$ 1,113
18	October	\$ 148,500	3.00%	\$ 4,455	\$ 371	2	\$ 742
19	November	\$ 148,500	3.00%	\$ 4,455	\$ 371	1	\$ 371
20	December	\$ 148,500	3.00%	\$ 4,455	\$ 371	0	-
21	Investment	\$ 1,782,000				Depreciation Expense	\$ 24,486

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 2008

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in</u> <u>Service</u>
25 <u>Projects in Service Ratably During Year</u>		
26 ROW Widening, Customer Service Blanket & System Improvement Blanket	177	Multiple
27 Other Projects or Blankets with less than \$2 million each	1,605	Multiple
28		Multiple
29	Subtotal	
30	1,782	
31 <u>Projects in Service in Specific Months</u>		
32 None for Wheeling Power Company		
33		
34		
35	Subtotal	
	-	
36 <u>Total Projects in Service</u>	\$1,782	

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

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

ROE w/o incentives (Historic TCOS, In 325)			12.10%
Project ROE Incentive Adder			
ROE with additional basis point incentive			12.10%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from Historic TCOS, Ins 323 through 325)			
	%	Cost	Weighted cost
Long Term Debt	42.14%	5.25%	2.212%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	57.86%	12.10%	7.001%
		R =	9.213%

SUMMARY OF ANNUAL PJM RTEP APPROVED REGIONAL REVENUE REQUIREMENTS				
HISTORIC YEAR	2007	Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year	\$	-	\$	-
Actual after True-up	\$	-	\$	-
Incremental Revenue Requirement		-		-
PROJECTED YEAR	2008	-	-	\$

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

Rate Base (Historic TCOS, In 242)	6,976,311
R (from A. above)	9.213%
Return (Rate Base x R)	642,745

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

Return (from B. above)	642,745
Effective Tax Rate (Historic TCOS, In 290)	52.11%
Income Tax Calculation (Return x CIT)	334,942
ITC Adjustment	-
Income Taxes	334,942

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

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

Annual Revenue Requirement (Historic TCOS, In 164)	2,690,873
T.E.A. & Lease Payments (Hist TCOS Lns 269 & 270)	-
Return (Historic TCOS, In 298)	642,745
Income Taxes (Historic TCOS, In 295)	334,942
Annual Revenue Requirement, Less TEA Charges, Return & Taxes	1,713,187

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

Annual Revenue Requirement, Less TEA Charges, Return & Taxes	1,713,187
Return (from I.B. above)	642,745
Income Taxes (from I.C. above)	334,942
Annual Revenue Requirement, with Basis Point ROE increase	2,690,873
Depreciation (Historic TCOS, In 275)	661,100
Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation	2,029,773

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (Historic TCOS, In 211)	8,230,776
Annual Revenue Requirement, with Basis Point ROE increase	2,690,873
FCR with Basis Point increase in ROE	32.69%
Annual Rev. Req. w / Basis Point ROE increase, less Dep.	2,029,773
FCR with Basis Point ROE increase, less Depreciation	24.66%
FCR less Depreciation (Historic TCOS, In 172)	24.66%
Incremental FCR with 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)):	24,639,303
Transmission Plant @ End of Historic Period () (P.207, In 58.(g)):	25,623,654
Subtotal	50,262,957
Average Transmission Plant Balance for 2007	25,131,479
Annual Depreciation (Historic TCOS In 275)	661,100
Composite Depreciation Rate	2.63%
Depreciable Life for Composite Depreciation Rate	38.01
Round to nearest whole year	38

AEP East Companies
Cost of Service Formula Rate Using 2007 FF1 Balances
Worksheet Supporting Cost of Debt
WHEELING POWER COMPANY

Calculation of Interest Expense Based on Outstanding Debt at Year End

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u>	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<u>Long Term Debt (FF1.p. 256-257.h)</u>				
Advances From Associated Co.	25,000,000	5.250%	1,312,500	
<u>Issuance Discount, Premium, & Expenses:</u>				
Financial Hedges & Auction Fees	FF1.p. 256 & 257.Lines Described as Hedges or Fees		-	
Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-	
Amor of Debt Premimums (Enter Negative)	FF1.p. 117.65.c		-	
<u>Reacquired Debt:</u>				
Amortization of Loss	FF1.p. 117.64.c		-	
Amortization of Gain	FF1.p. 117.66.c		-	
Total Interest on Long Term Debt	25,000,000	5.25%	1,312,500	
<u>Preferred Stock (FF1.p. 250-251)</u>				
<u>Preferred Shares Outstanding</u>				
4.5% Series - \$100 - Shares O/S	-	0.00%		-
Dividends on Preferred Stock	-	0.00%	-	

Calculation of Average Debt Balance in Calendar Year

Long Term Debt @ December 31, 2007	25,000,000
Long Term Debt @ December 31, 2008	(FF1, p.257.33.h)
Average Balance During 2008	25,000,000

Calculation of Average Preferred Stock Balance in Calendar Year

	<u>Balance</u>	<u>Dividend</u>
Preferred Stock @ December 31, 2007	-	
Preferred Stock @ December 31, 2008	-	
Average Balance During 2008	-	(FF1 p. 118. Ln 29.c)