

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual/Projected FERC Form 1 Data

For Twelve Months Ended 2019

AEP Kentucky Transmission Company

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 113)				\$14,209,842
			Total		Allocator	
2	REVENUE CREDITS	(Worksheet E, ln 8) (Note A)	-	DA	1.00000	\$ -
3	Facility Credits under PJM OATT Section 30.9	Worksheet E, ln 9) (Note X)				0
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 14,209,842

MEMO: The Carrying Charge Calculations on lines 7 to 12 below are used in calculating project revenue requirements billed through PJM Schedule 12, Transmission Enhancement Charges. The total non-incentive revenue requirements for these projects shown on line 5 is included in the total on line 4.

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives)	(Worksheet J/K)	4,412,111	DA	1.00000	\$ 4,412,111
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
7	Annual Rate	((ln 1- ln 80)/((ln 33) x 100))				12.34%
8	Monthly Rate	(ln 7 / 12)				1.03%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)					
10	Annual Rate	((ln 1- ln 80 - ln 83)/((ln 33) x 100))				10.12%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)					
12	Annual Rate	((ln 1 - ln 80 - ln 83 - ln 108 - ln 109) /((ln 33) x 100))				2.04%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)					-
14	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES					
15	Total Load Dispatch & Scheduling (Account 561)	Line 63 Below				69,000
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)				69,000

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(1)		(2)	(3)	(4)		(5)
<u>RATE BASE CALCULATION</u>		<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>		<u>Total</u> <u>Transmission</u>
Line No.						
19	GROSS PLANT IN SERVICE					
20	Transmission	(Worksheet A In 14.(d) & Ln 117)	120,447,308	DA	1.00000	120,447,308
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	1.00000	-
22	General Plant	(Worksheet A In 14.(h))	-	W/S	1.00000	-
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	-	W/S	1.00000	-
24	Intangible Plant	(Worksheet A In 14.(j))	694,000	W/S	1.00000	694,000
25	TOTAL GROSS PLANT	(Sum of Lines: 19 to 23)	121,141,308	GP=	1.000000	121,141,308
				GTD=	1.00000	
26	ACCUMULATED DEPRECIATION AND AMORTIZATION					
27	Transmission	(Worksheet A In 28.(d) & Ln 43.(b))	5,251,538	TP1=	1.00000	5,251,538
28	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	1.00000	-
29	General Plant	(Worksheet A In 28.(h))	-	W/S	1.00000	-
30	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	-	W/S	1.00000	-
31	Intangible Plant	(Worksheet A In 28.(j))	308,000	W/S	1.00000	308,000.00
32	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 26 to 30)	5,559,538			5,559,538
33	NET PLANT IN SERVICE					
34	Transmission	(In 19 + In 20 - In 26 - In 27)	115,195,769			115,195,769
35	General Plant	(In 21 + In 22 - In 28 - In 29)	-			-
36	Intangible Plant	(In 23 - In 30)	386,000			386,000
37	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 33 to 35)	115,581,769	NP=	1.000000	115,581,769
38	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
39	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
40	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(11,116,093)	DA		(15,819,189)
41	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(1,219,907)	DA		(751,436)
42	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	1,748,000	DA		246,611
43	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
44	TOTAL ADJUSTMENTS	(sum Ins 38 to 42)	(10,588,000)			(16,324,014)
45	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e)) In 45.(e))	-	DA		-
46	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA		-
47	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))		W/S	1.00000	
48	WORKING CAPITAL	(Note E)				
49	Cash Working Capital	(1/8 * In 66)	181,750			181,750
50	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	-	TP	1.00000	-
51	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S	1.00000	-
52	Stores Expense	(Worksheet C, In 4.(F))	-	GP	1.00000	-
53	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.(G))	-	W/S	1.00000	-
54	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.(F))	30,387	GP	1.00000	30,387
55	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.(E))	-	DA	1.00000	-
56	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.(D))	-	NA	0.00000	-
57	TOTAL WORKING CAPITAL	(sum Ins 48 to 55)	212,137			212,137
58	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	-	DA	1.00000	-
59	RATE BASE (sum Ins 36, 43, 44, 45, 46, 56, 57)		105,205,906			99,469,892

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	(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					
59	Customer Related Expense	322 & 323.164,171,178.b				
60	Regional Marketing Expenses	322.131.b				
61	Transmission	321.112.b	1,523,000			
62	TOTAL O&M EXPENSES	(sum Ins 59 to 61)	1,523,000			
63	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	69,000			
64	Less: Account 565	(Note H) 321.96.b	-			
65	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-			
66	Total O&M Allocable to Transmission	(Ins 61 - 63 - 64 - 65)	1,454,000	TP	1.00000	1,454,000
67	Administrative and General	323.197.b (Notes J & M)	522,000			
68	Less: Acct. 924, Property Insurance	323.185.b	28,000			
69	Acct. 928, Reg. Com. Exp.	323.189.b	-			
70	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
71	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,000			
72	Balance of A & G	(In 67 - sum In 68 to In 71)	491,000	W/S	1.00000	491,000
73	Plus: Acct. 924, Property Insurance	(In 68)	28,000	GP(h)	1.00000	28,000
74	Acct. 928 - Transmission Specific	Worksheet F In 21.(E) (Note L)	-	TP	1.00000	-
75	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 38.(E) (Note L)	-	TP	1.00000	-
76	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	-	DA	1.00000	-
77	PBOP Adjustment	Worksheet O Ln 16.(B), (Note K & M)	23,081	W/S	1.00000	23,081
78	A & G Subtotal	(sum Ins 72 to 77)	542,081			542,081
79	O & M EXPENSE SUBTOTAL	(In 66 + In 78)	1,996,081			1,996,081
80	Plus: Transmission Lease Payments To Affiliates In Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
81	TOTAL O & M EXPENSE	(In 79 + In 80)	1,996,081			1,996,081
82	DEPRECIATION AND AMORTIZATION EXPENSE					
83	Transmission	336.7.f	2,549,000	TP1	1.00000	2,549,000
84	General	336.10.f	-	W/S	1.00000	-
85	Intangible	336.1.f	127,000	W/S	1.00000	127,000
86	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 83+84+85)	2,676,000			2,676,000
87	TAXES OTHER THAN INCOME	(Note N)				
88	Labor Related					
89	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
90	Plant Related					
91	Property	Worksheet H-p2 In 3.(C) & In 3.(G)	229,000	DA	1.00000	229,000
92	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000	-
93	Other	Worksheet H In 23.(E)	-	GP	1.00000	-
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	229,000			229,000
95	INCOME TAXES	(Note O)				
96	T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =		25.74%			
97	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		26.38%			
98	where WCLTD=(In 136) and WACC = (In 139)					
99	and FIT, SIT & p are as given in Note O.					
100	GRCF=1 / (1 - T) = (from In 96)		1.3466			
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-			
102	Excess Deferred Income Tax	(Note T)	3,964	NP(h)	1.00000	3,964
103	Tax Effect of Permanent and Flow-Through Differences	(Note T)	15,120	NP(h)	1.00000	15,120
104	Income Tax Calculation	(In 97 * In 109)	2,049,369			1,937,634
105	ITC adjustment	(In 100 * In 101)	-	NP(h)	1.00000	-
106	Excess Deferred Income Tax	(In 100 * In 102)	5,338			5,338
107	Tax Effect of Permanent and Flow-Through Differences	(In 100 * In 103)	20,361			20,361
108	TOTAL INCOME TAXES	(sum Ins 104 to 107)	2,075,068			1,963,333
109	RETURN ON RATE BASE (Rate Base*WACC)	(In 58 * In 139)	7,769,008			7,345,428
110	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000	-
111	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-			-
112	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 111 * In97)		-			-
113	TOTAL REVENUE REQUIREMENT (sum Ins 81, 86, 94, 108, 109, 110, 111, 112)		14,745,157			14,209,842

Capital Structure Percentages

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Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
7) If AEP Transmission Companies have any directly assigned transmission facilities, the revenue credits in the formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based. See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet R and any over under recovery will be filed and posted as part of the informational filing.
- C Transmission Plant Balances in this study are projected or actual average 13 month balances.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior 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.
In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(l)-(h)(6)(ii). Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the informational filing.
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 66. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 63.
2) Costs of Transmission of Electricity by Others, as described in Note H.
3) The impact of state regulatory deferrals and amortizations, as shown on line 65
4) All A&G Expenses, as shown on line 78.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 57 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 110.
- G
Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 66. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such costs are added back on line 80 to determine the total O&M collected in the formula. The amounts on line80 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.

The addbacks on line80 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 line80 is the AEP Kentucky Transmission Company general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from Transmission O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K 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. Recoverable PBOP expense is based on a rate of \$(0.058) 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. 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 101) multiplied by (1/(1-T)) . If the applicable tax rates are zero enter 0.
Inputs Required:
FIT = 21.00%
SIT= 6.00% (State Income Tax Rate or Composite SIT, Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable. If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = long-term interest (Ln 128)/average long term debt (Ln 136). Preferred Stock cost rate = preferred dividends (Ln 129)/preferred outstanding (Ln 137).
Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER10-355. It includes an additional 50 basis points for PJM RTO membership. All Transmission Companies other than AEP Appalachian Transmission Company utilize their own capital structure and costs as shown on Worksheet M. The calculations on Worksheet M will use the projected or actual 13 month average balances of long-term debt, common and preferred equity and calendar year long term debt interest expenses, preferred dividends and approved ROE. The long term debt balances and long term debt cost rate shall not include any amounts related to hedging activity. As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on the weighted composite of the AEP East Operating Companies beginning and ending average outstanding LTD and PS issuances with the common equity portion in Docket No. ER08-1329, and (2) the weighted composite LTD and PS cost using projected or 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 Company establishes its own actual capital structure.
- Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- T
- U Cash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs. All
- V The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- W AEP Transmission Companies will record depreciation expense using composites of the depreciation rates shown on Worksheet P which rates will not be changed absent a Section 205 or 206 filing at FERC to seek a change in depreciation rates. No other changes to the formula rate may be included in that filing.

Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.
- X The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.
- Z Per the settlement in EL17-13, equity is limited to 55% in of the Company's capital structure. If the percentage of actual equity exceeds the cap, the excess is included as long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP Kentucky Transmission Company

		Gross Plant In Service				
Line No	Month (a)	Transmission (d)	Transmission ARO (e)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5
1	December Prior to Rate Year	96,705,000	-	-	-	694,000
2	January	97,757,000	-	-	-	694,000
3	February	98,261,000	-	-	-	694,000
4	March	98,496,000	-	-	-	694,000
5	April	125,607,000	-	-	-	694,000
6	May	127,155,000	-	-	-	694,000
7	June	127,984,000	-	-	-	694,000
8	July	128,816,000	-	-	-	694,000
9	August	129,543,000	-	-	-	694,000
10	September	130,162,000	-	-	-	694,000
11	October	130,442,000	-	-	-	694,000
12	November	130,478,000	-	-	-	694,000
13	December of Rate Year	144,409,000	-	-	-	694,000
14	Average of the 13 Monthly Balances	120,447,308	-	-	-	694,000

		Accumulated Depreciation				
Line No	Month (a)	Transmission (d)	Transmission ARO (e)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 219, ln 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, ln 28, Col. (b)	Company Records (Included in total in Column (h))	FF1, page 200, ln 21, Col. (b)
15	December Prior to Rate Year	4,134,000	-	-	-	245,000
16	January	4,293,000	-	-	-	255,000
17	February	4,454,000	-	-	-	266,000
18	March	4,617,000	-	-	-	276,000
19	April	4,779,000	-	-	-	287,000
20	May	4,991,000	-	-	-	297,000
21	June	5,205,000	-	-	-	308,000
22	July	5,420,000	-	-	-	319,000
23	August	5,637,000	-	-	-	329,000
24	September	5,855,000	-	-	-	340,000
25	October	6,075,000	-	-	-	350,000
26	November	6,295,000	-	-	-	361,000
27	December of Rate Year	6,515,000	-	-	-	371,000
28	Average of the 13 Monthly Balances	5,251,538	-	-	-	308,000

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP Kentucky Transmission Company

Line No	Month (a)	OATT Ancillary Services (GSU) Plant In Service (b)	OATT Ancillary Services (GSU) Accumulated Depreciation (c)	Excluded Plant - Plant In Service (d)	Excluded Plant - Accumulated Depreciation (e)
	(Note A)	Company Records (included in total in column (d) of gross plant above)	Company Records (included in total in column (d) of accumulated depreciation above)	Company Records	Company Records
29	December Prior to Rate Year	-	-	-	-
30	January	-	-	-	-
31	February	-	-	-	-
32	March	-	-	-	-
33	April	-	-	-	-
34	May	-	-	-	-
35	June	-	-	-	-
36	July	-	-	-	-
37	August	-	-	-	-
38	September	-	-	-	-
39	October	-	-	-	-
40	November	-	-	-	-
41	December of Rate Year	-	-	-	-
42	Average of the 13 Monthly Balances	-	-	-	-

43 Transmission Accumulated Depreciation net of GSU 5,251,538

<u>Plant Held For Future Use</u>	<u>Source of Data</u>	<u>Balance @ December 31, 2019</u>	<u>Balance @ December 31, 2018</u>	<u>Average Balance for 2019</u>
(a)	(b)	(c)	(d)	(e)
44 <u>Plant Held For Future Use</u>	FF1, page 214, ln 47, Col. (d)	-	-	-
45 <u>Transmission Plant Held For Future Use (Included in total on line 4</u>	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.

46		-
47		-
48		-
49		-
50		-
51	Total Regulatory Deferrals Included in Ratebase	-

Unfunded Reserves Summary (Company Records)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP Kentucky Transmission Company

52	<u>Description</u>	<u>Account</u>			
53a					-
53b					-
54		Total	-	-	-

NOTE 1: On this worksheet, "Company Records" refers to AEP's property accounting ledger.
NOTE 2: The ratebase should not include the unamortized balance of hedging gains or losses.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP Kentucky Transmission Company

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2019</u>	<u>(D) Balance @ December 31, 2018</u>	<u>(E) Average Balance for 2019</u>
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	-	-	-
3	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 4 (Note 1)	-	-	-
4	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 3 (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)	11,621,625	10,610,561	11,116,093
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	-	-	-
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	(4,431,748)	(4,974,445)	(4,703,096)
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	16,053,373	15,585,006	15,819,189
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	1,212,375	1,227,439	1,219,907
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	-	-	-
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	468,471	468,471	468,471
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	743,904	758,968	751,436
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	1,748,000	1,748,000	1,748,000
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	-	-	-
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	1,501,389	1,501,389	1,501,389
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	246,611	246,611	246,611
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	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section 1.167(l)-l(h)(6)(ii). Line item detail of actual deferred tax items will be included on Work

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

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2018			FUNCTIONALIZATION 12/31/2019		
	ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2018	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2018	BALANCE AS OF 12-31-2019	UTILITY (B+C+D+E)/2	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1.00	ACCOUNT 281:														
2.01															
2.02		0	0			0	0	0	0						
2.03															
2.04		0	0	0	0	0									
2.05		0	0	0	0	0									
2.06		0	0	0	0	0									
3	TOTAL ACCOUNT 281	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	ACCOUNT 281 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	ACCOUNT 282:														
5.01		0	0			0	0	0	0						
5.02		0	0			0	0	0	0						
5.03		0	0			0	0	0	0						
5.04		0	0			0	0	0	0						
5.05		0	0			0	0	0	0						
5.38		0	0			0	0	0	0						
5.39				0	0	0	0	0	0						
5.40					0	0									
5.41				0	0	0									
6	TOTAL ACCOUNT 282	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	ACCOUNT 282 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	ACCOUNT 283:														
9.01		0	0			0	0	0	0						
9.02		0	0			0	0	0	0						
9.94				0	0	0									
9.95				0	0	0									
9.96				0	0	0									
9.97				0	0	0									
9.98				0	0	0									
9.99				0	0	0									
10		0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	DEFD STATE INCOME TAXES	0	0			0	0	0	0						
11.01				0	0	0									
12	TOTAL ACCOUNT 283	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	ACCOUNT 283 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	JURISDICTIONAL AMOUNTS FUNCTIONALIZED														
15	TOTAL COMPANY AMOUNTS FUNCTIONALIZED														
16	REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT														
17	NOTE: POST 1970 ACCUMULATED DEFERRED														
18	INV TAX CRED. (JDITO) IN A/C 255														
18.01		0	0			0	0	0	0						
18.02		0	0			0	0	0	0						
19															
20	TOTAL ACCOUNT 255	0	0	0	0	0	0	0	0	0	0	0	0	0	0

AEP Kentucky Transmission Company
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2019

DEBIT (CREDIT)

[illegible]

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
AEP Kentucky Transmission Company

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number		Source	Balance @ December 31, 2019	Balance @ December 31, 2018	Average Balance for 2019			
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)			-			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)			-			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, ln 16, Col. (c) & (b)			-			
Prepayment Balance Summary (Note 1)								
		Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	
5								
6	Totals as of December 31, 2019	30,387	0	0	30,387	0	30,387	
7	Totals as of December 31, 2018	30,387	0	0	30,387	0	30,387	
8	Average Balance	30,387	-	-	30,387	-	30,387	

Prepayments Account 165 - Balance @ 12/31/2019								
	2019 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)		
9	Acc. No.	Description					Explanation	
10	1650001	Prepaid Insurance	13,724	-	13,724	13,724		
11	1650021	Prepaid Insurance - EIS	-	-	-	-		
12	1650023	Prepaid Lease	16,664	-	16,664	16,664		
13			-	-	-	-		
14			-	-	-	-		
15			-	-	-	-		
16			-	-	-	-		
17			-	-	-	-		
18			-	-	-	-		
19			-	-	-	-		
20			-	-	-	-		
21			-	-	-	-		
22			-	-	-	-		
23			-	-	-	-		
24			-	-	-	-		
25			-	-	-	-		
Subtotal - Form 1, p 111.57.c			30,387	0	30,387	0	30,387	

Prepayments Account 165 - Balance @ 12/31/ 2018								
	2018 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)		
26	Acc. No.	Description					Explanation	
27	1650001	Prepaid Insurance	13,724	-	13,724	13,724		
28	1650021	Prepaid Insurance - EIS	-	-	-	-		
29	1650023	Prepaid Lease	16,664	-	16,664	16,664		
30			-	-	-	-		
31			-	-	-	-		
32			-	-	-	-		
33			-	-	-	-		
34			-	-	-	-		
35			-	-	-	-		
36			-	-	-	-		
37			-	-	-	-		
38			-	-	-	-		
39			-	-	-	-		
40			-	-	-	-		
Subtotal - Form 1, p 111.57.d			30,387	0	30,387	0	30,387	

Note 1: Prepayment Balance will not include: (i) federal and state income tax payments made to offset additional tax liabilities resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; (ii) outstanding income tax refunds due to [company] resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; or (iii) prepayments of federal or state income taxes which are attributable to income earned during periods prior to January 1 of the year depicted in the Balance Sheet (as described in USofA Account 236).

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
AEP Kentucky Transmission Company

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2019</u>
1	Net Funds from IPP Customers 12/31/2018 (2019 FORM 1, P269)	-
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 12/31/2019 (2019 FORM 1, P269)	-
8	Average Balance for Year as Indicated in Column $((\text{Ln } 1 + \text{Ln } 7)/2)$	-

Note 1 On this worksheet Company Records refers to AEP Kentucky Transmission Company's general ledger.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
AEP Kentucky 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 - Notes 1, 2)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	13,540,000	13,540,000	
5a	Account 457.1, Regional Control Service Revenues (FF1 p.300.23.(b); Company Records - Note 1)		-	
5b	Account 457.2, Miscellaneous Revenues (FF1 p.300.24.(b); Company Records - Note 1)		-	
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	13,540,000	13,540,000	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	13,540,000	13,540,000	-
9	Facility Credits under PJM OATT Section 30.9			

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

Note 2 The total of line 4 and line 5 will equal total Account 456 as listed on FF1 p.300.21-22.(b)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
AEP Kentucky Transmission Company

Formula Rate
WS F Misc Exp
Page 15 of 29

	(A)	(B)	(C)	(D)	(E)	(F)
Line Number	Item No.	Description	2019 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
Regulatory O&M Deferrals & Amortizations						
1						
2						
3						
4						
4	Total		-			
Detail of Account 561 Per FERC Form 1						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	62,000			
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				
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development				
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	7,000			
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		69,000			
Account 928						
15				-	-	
16				-	-	
17				-	-	
18				-	-	
19				-	-	
20				-	-	
21	Total (FERC Form 1 p.323.189.b)		-	-	-	
Account 930.1						
22				-	-	
23				-	-	
24				-	-	
25				-	-	
26				-	-	
27				-	-	
28				-	-	
29				-	-	
30				-	-	
31				-	-	
32				-	-	
33				-	-	
34				-	-	
35				-	-	
36				-	-	
37	-	-				
38	Total (FERC Form 1 p.323.191.b)		-	-	-	
Account 930.2						
39	9302000	Misc General Expenses	3,000	3,000	-	
40	9302003	Corporate & Fiscal Expenses	-	-	-	
41	9302004	Research, Develop&Demonstr Exp	-	-	-	
42	9302007	Assoc Business Development Exp	-	-	-	
43	Total (FERC Form 1 p.323.192.b)		3,000	3,000	-	

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
AEP Kentucky Transmission Company

1	Kentucky State Tax Rate	6.00%	
	Apportionment Factor - Note 1	100.00%	
	Effective State Tax Rate		6.00%
2	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
3	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
4	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
5	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>6.00%</u>

Note 1 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 - Kentucky	229,000	229,000			
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	229,000	229,000	-	-	-

(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				
		Lines 24-58 Column (B) Deliberately Left Blank	Transmission	Lines 24-58 Column (D) Deliberately Left Blank	General	Total
24	Functionalized Net Plant (TCOS, Lns 33 thru 36)	-	115,195,769	-	-	115,195,769
KENTUCKY JURISDICTION						
25	Percentage of Plant in KENTUCKY JURISDICTION		100.00%		100.00%	
26	Net Plant in KENTUCKY JURISDICTION (Ln 24 * Ln 25)	-	115,195,769	-	-	115,195,769
27	Less: Net Value of Exempted Generation Plant					
28	Taxable Property Basis (Ln 26 - Ln 27)	-	115,195,769	-	-	115,195,769
29	Relative Valuation Factor					-
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 KENTUCKY JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
JURISDICTION						
35	Net Plant in JURISDICTION (Ln 24 - Ln 26)	-	-	-	-	-
36	Less: Net Value Exempted Generation Plant					
37	Taxable Property Basis	-	-	-	-	-
38	Relative Valuation Factor					
39	Weighted Net Plant (Ln 37 * Ln 38)	-	-	-	-	
40	General Plant Allocator (Ln 39 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
41	Functionalized General Plant (Ln 41 * General Plant)	-	-	-	-	-
42	Weighted JURISDICTION Plant (Ln 39 + 41)	-	-	-	-	-
43	Functional Percentage (Ln 42/Total Ln 42)	0.00%	100.00%	0.00%		

(A)		(B)	(C)	(D)			
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference			
1	Revenue Taxes						
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)			
(A)		(B)	(C)	(D)	(E)	(F)	(G)
"Real Estate and Personal Property Tax Detail Annual Tax Expenses by Type (Note 1)"		Tax Year	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference	Tax Year Factor (Note 2)	Transmission Function (Note 2)
Real Estate and Personal Property Taxes Total							
3	(Ln 4 + Ln 5 + Ln 6 + Ln 7)		229,000				229,000
4	Real and Personal Property - Kentucky		229,000				229,000
				229,000		100%	229,000
							-
							-
							-
5	Real and Personal Property - Virginia		-				-
							-
							-
							-
							-
6	Real and Personal Property - Tennessee		-				-
							-
							-
7	Real and Personal Property - Other Jurisdictions		-				-
							-

(A)		(B)	(C)	(D)	
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference	
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 16 (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))		229,000	229,000	

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.(c) of the Ferc Form 1.

Note 2: The transmission functional amounts for any Real Estate and Property taxes listed on pages 263 of the FERC Form 1 will be allocated using the transmission functional allocator calculated for each state in Worksheet H of the applicable year that the taxes were assessed. Real and Personal Property - Other Jurisdictions will be allocated using the Gross Plant Allocator from the applicable year..

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet I RESERVED
AEP Kentucky Transmission Company

Reserved for Future Use

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
AEP Kentucky 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 (TCOS, ln 138)			10.35%
Project ROE Incentive Adder			0
ROE with additional 0 basis point incentive			10.35%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 136 through 138)			
	%	Cost	Weighted cost
Long Term Debt	45.70%	3.86%	1.765%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	54.30%	10.35%	5.620%
R =			7.385%

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

Rate Base (TCOS, ln 58)	99,469,892
R (from A. above)	7.385%
Return (Rate Base x R)	7,345,428

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

Return (from B. above)	7,345,428
Effective Tax Rate (TCOS, ln 97)	26.38%
Income Tax Calculation (Return x CIT)	1,937,634
ITC Adjustment	-
Excess Deferred Income Tax	5,338
Tax Affect of Permanent Differences	20,361
Income Taxes	1,963,333

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2019	4,412,111	4,412,111 \$ -

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

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

Annual Revenue Requirement (TCOS, ln 1)	14,209,842
Lease Payments (TCOS, Ln 80)	-
Return (TCOS, ln 109)	7,345,428
Income Taxes (TCOS, ln 108)	1,963,333
Annual Revenue Requirement, Less Return and Taxes	4,901,081

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

Annual Revenue Requirement, Less Return and Taxes	4,901,081
Return (from I.B. above)	7,345,428
Income Taxes (from I.C. above)	1,963,333
Annual Revenue Requirement, with 0 Basis Point ROE increase	14,209,842
Depreciation & Amortization (TCOS, ln 83)	2,549,000
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	11,660,842

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

Net Transmission Plant (Projected TCOS, ln 33)	115,195,769
Annual Revenue Requirement, with 0 Basis Point ROE increase	14,209,842
FCR with 0 Basis Point increase in ROE	12.34%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	11,660,842
FCR with 0 Basis Point ROE increase, less Depreciation	10.12%
FCR less Depreciation (TCOS, ln 10)	10.12%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2019 TCOS, ln 19	120,447,308
Annual Depreciation and Amortization Expense (TCOS, ln 83)	2,549,000
Composite Depreciation Rate	2.12%
Depreciable Life for Composite Depreciation Rate	47.25
Average Life in Whole Years	47

Note 1: Until AEP Kentucky 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 Kentucky Transmission Company is shown on Worksheet P.

AEP Kentucky 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)

Current Projected Year ARR	4,412,111
Current Projected Year ARR w/ Incentive	4,412,111
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: b1495 (Add an additional 765/345 kV transformer at Baker Station)

Details		Current Year				
Investment	38,021,786					2019
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)				-
Service Month (1-12)	6	FCR w/o incentives, less depreciation				10.12%
Useful life	47	FCR w/incentives approved for these facilities, less dep.				10.12%
CIAC (Yes or No)	No	Annual Depreciation Expense				808,974
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2016	38,021,786	404,487	37,617,299	4,232,820	4,232,820	\$ -
2017	37,617,299	808,974	36,808,325	4,575,890	4,575,890	\$ -
2018	36,808,325	808,974	35,999,351	4,494,000	4,494,000	\$ -
2019	35,999,351	808,974	35,190,376	4,412,111	4,412,111	\$ -
2020	35,190,376	808,974	34,381,402	4,330,221	4,330,221	\$ -
2021	34,381,402	808,974	33,572,428	4,248,332	4,248,332	\$ -
2022	33,572,428	808,974	32,763,454	4,166,442	4,166,442	\$ -
2023	32,763,454	808,974	31,954,480	4,084,553	4,084,553	\$ -
2024	31,954,480	808,974	31,145,506	4,002,663	4,002,663	\$ -
2025	31,145,506	808,974	30,336,531	3,920,774	3,920,774	\$ -
2026	30,336,531	808,974	29,527,557	3,838,884	3,838,884	\$ -
2027	29,527,557	808,974	28,718,583	3,756,995	3,756,995	\$ -
2028	28,718,583	808,974	27,909,609	3,675,105	3,675,105	\$ -
2029	27,909,609	808,974	27,100,635	3,593,216	3,593,216	\$ -
2030	27,100,635	808,974	26,291,661	3,511,326	3,511,326	\$ -
2031	26,291,661	808,974	25,482,686	3,429,437	3,429,437	\$ -
2032	25,482,686	808,974	24,673,712	3,347,548	3,347,548	\$ -
2033	24,673,712	808,974	23,864,738	3,265,658	3,265,658	\$ -
2034	23,864,738	808,974	23,055,764	3,183,769	3,183,769	\$ -
2035	23,055,764	808,974	22,246,790	3,101,879	3,101,879	\$ -
2036	22,246,790	808,974	21,437,816	3,019,990	3,019,990	\$ -
2037	21,437,816	808,974	20,628,841	2,938,100	2,938,100	\$ -
2038	20,628,841	808,974	19,819,867	2,856,211	2,856,211	\$ -
2039	19,819,867	808,974	19,010,893	2,774,321	2,774,321	\$ -
2040	19,010,893	808,974	18,201,919	2,692,432	2,692,432	\$ -
2041	18,201,919	808,974	17,392,945	2,610,542	2,610,542	\$ -
2042	17,392,945	808,974	16,583,970	2,528,653	2,528,653	\$ -
2043	16,583,970	808,974	15,774,996	2,446,763	2,446,763	\$ -
2044	15,774,996	808,974	14,966,022	2,364,874	2,364,874	\$ -
2045	14,966,022	808,974	14,157,048	2,282,985	2,282,985	\$ -
2046	14,157,048	808,974	13,348,074	2,201,095	2,201,095	\$ -
2047	13,348,074	808,974	12,539,100	2,119,206	2,119,206	\$ -
2048	12,539,100	808,974	11,730,125	2,037,316	2,037,316	\$ -
2049	11,730,125	808,974	10,921,151	1,955,427	1,955,427	\$ -
2050	10,921,151	808,974	10,112,177	1,873,537	1,873,537	\$ -
2051	10,112,177	808,974	9,303,203	1,791,648	1,791,648	\$ -
2052	9,303,203	808,974	8,494,229	1,709,758	1,709,758	\$ -
2053	8,494,229	808,974	7,685,255	1,627,869	1,627,869	\$ -
2054	7,685,255	808,974	6,876,280	1,545,979	1,545,979	\$ -
2055	6,876,280	808,974	6,067,306	1,464,090	1,464,090	\$ -
2056	6,067,306	808,974	5,258,332	1,382,200	1,382,200	\$ -
2057	5,258,332	808,974	4,449,358	1,300,311	1,300,311	\$ -
2058	4,449,358	808,974	3,640,384	1,218,421	1,218,421	\$ -
2059	3,640,384	808,974	2,831,410	1,136,532	1,136,532	\$ -
2060	2,831,410	808,974	2,022,435	1,054,643	1,054,643	\$ -
2061	2,022,435	808,974	1,213,461	972,753	972,753	\$ -
2062	1,213,461	808,974	404,487	890,864	890,864	\$ -
2063	404,487	404,487	-	424,959	424,959	\$ -
2064	-	-	-	-	-	\$ -
2065	-	-	-	-	-	\$ -
2066	-	-	-	-	-	\$ -
2067	-	-	-	-	-	\$ -
2068	-	-	-	-	-	\$ -
2069	-	-	-	-	-	\$ -
2070	-	-	-	-	-	\$ -
2071	-	-	-	-	-	\$ -
2072	-	-	-	-	-	\$ -
2073	-	-	-	-	-	\$ -
2074	-	-	-	-	-	\$ -
2075	-	-	-	-	-	\$ -

[illegible]

Project Totals	38,021,786	130,393,101	130,393,101
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** 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.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet L RESERVED
AEP Kentucky Transmission Company

RESERVED FOR FUTURE USE

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
AEP Kentucky Transmission Company

Line No	Month (a)	Average Balance of Common Equity				Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
		Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1) (d)	Less AOCI (Acct 219.1) (e)	
	(Note A)	(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	55,370,000	-	-	-	55,370,000
2	January	56,026,000	-	-	-	56,026,000
3	February	56,609,000	-	-	-	56,609,000
4	March	57,270,000	-	-	-	57,270,000
5	April	57,848,000	-	-	-	57,848,000
6	May	58,360,000	-	-	-	58,360,000
7	June	58,212,000	-	-	-	58,212,000
8	July	58,703,000	-	-	-	58,703,000
9	August	59,197,000	-	-	-	59,197,000
10	September	59,668,000	-	-	-	59,668,000
11	October	60,166,000	-	-	-	60,166,000
12	November	60,646,000	-	-	-	60,646,000
13	December of Rate Year	61,122,000	-	-	-	61,122,000
14	Average of the 13 Monthly Balances	58,399,769	-	-	-	58,399,769

Line No	Month (a)	Average Balance of Long Term Debt					Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
		Bonds (b)	Less: Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	
	(Note A)	(FF1 112.18)	(FF1 112.19)	(FF1 112.20)	(FF1 112.21)	FF1, page 257, Col. (h) - Note 1	
15	December Prior to Rate Year	-	-	43,000,000	-	-	43,000,000
16	January	-	-	43,000,000	-	-	43,000,000
17	February	-	-	43,000,000	-	-	43,000,000
18	March	-	-	43,000,000	-	-	43,000,000
19	April	-	-	43,000,000	-	-	43,000,000
20	May	-	-	43,000,000	10,000,000	-	53,000,000
21	June	-	-	43,000,000	10,000,000	-	53,000,000
22	July	-	-	43,000,000	10,000,000	-	53,000,000
23	August	-	-	43,000,000	10,000,000	-	53,000,000
24	September	-	-	43,000,000	10,000,000	-	53,000,000
25	October	-	-	43,000,000	10,000,000	-	53,000,000
26	November	-	-	43,000,000	10,000,000	-	53,000,000
27	December of Rate Year	-	-	43,000,000	10,000,000	-	53,000,000
28	Average of the 13 Monthly Balances	-	-	43,000,000	6,153,846	-	49,153,846

NOTE 1: 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)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
AEP Kentucky Transmission Company

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	Annual Interest Expense for 2019						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			1,898,000			
	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1						
31	included in Ln 30 and shown in 43 below.			-			
32	Amort of Debt Discount & Expense - Acct 428 (117.63.c)						
33	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)						
34	Less: Amort of Premium on Debt - Acct 429 (117.65.c)						
35	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)						
36	Total Interest Expense (Ln 30 - 31 + 32 + 33 - 34 - 35)			1,898,000			
37	Average Cost of Debt for 2019 (Ln 36/ In 28 (g))			3.86%			

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

38 AEP Kentucky Transmission Company may not include costs (or gains) related to interest hedging activities.

			Amortization Period		
	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	(Amortization of (Gain)/Loss for 2019	Remaining Unamortized Balance	Beginning	Ending
39					
40					
41					
42					
43	Net (Gain)/Loss Hedge Amortization To Be Removed	-	-	-	-

Development of Cost of Preferred Stock

44	Balance of Preferred Stock (Line 14 (c))	-
45	Dividends on Preferred Stock (Acct 437, FF1 118.29))	
46	Average Cost of Preferred Stock (Ln 45 / Ln 44)	#DIV/0!

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
AEP Kentucky Transmission Company

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

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
Worksheet O - PBOP Support
AEP Kentucky 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	-\$62,529,765
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$62,529,765
6	Total AEP System Direct Labor Expense	\$1,368,849,981
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.046
8	Currently Approved PBOP Rate	-\$0.058
9	Base PBOP TransCo labor expensed in current year	335,700
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$19,471
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)	-\$42,552
15	Actual PBOP Expense (Sum Lines 11-14)	-\$42,552
16	PBOP Adjustment Line 10 less Line 15	\$23,081

Note: PBOP Expense will be calculated in accordance with the settlement in Docket ER10-355.

As part of the annual update process, AEP will provide to transmission customers and include in its informational filing an independently prepared actuarial report that includes a ten (10) year forecast of PBOP expenses. During the annual update process conducted for rate year 2018 and every four years thereafter, Worksheet O will be used to determine whether the PBOP allowance rate (\$PBOP per \$Direct O&M Labor) should be adjusted going forward for the next four years. If the annual actuarial report issued during the year of any PBOP rate review projects PBOP costs during the next four years that, when allocated to the AEP Transmission Companies based on their projected direct labor expenses over that same projected four-year period, absent a change in the PBOP Rate, will likely cause the AEP East Transmission Companies to over or under collect their cumulative PBOP expenses by more than 20% of the projected next four year's total PBOP expense, taking into account the net over or under collection of such expenses during the previous four years, the PBOP rate shall be adjusted. In order to determine whether continued use of the then approved PBOP rate is likely to result in the AEP Companies' incurrence of a cumulative allowance of PBOP costs under the formula rate will result in a cumulative over or under-recovery of actual PBOP expenses exceeding 20% over the subsequent four year period, Worksheet O will be used to determine (a) the level of cumulative over or under collections of PBOP expense during the time since the PBOP allowance rate was last set, including carrying costs based on the weighted average cost of capital each year from the formula rate actual transmission cost-of-service (b) the cumulative net present value of projected PBOP costs during the next four years as estimated by the then current actuarial report, assuming a discount rate equal to the actual transmission cost of service average cost of capital for the immediately prior calendar year and (c) the cumulative net present value of continued collections over the next four years based on the projected AEP Transmission Companies direct labor expenses and the then effective PBOP allowance rate assuming a discount rate equal to the prior year weighted average cost of capital. If the absolute value of (a)+(b)-(c) exceeds 20% of (b), then the PBOP allowance rate used in the formula rate calculation shall be changed to the value that will cause the projected result of (a)+(b)-(c) to equal zero. If the projected over or under collection during the next four years, (a)+(b)-(c), is less than 20% of (b), then the PBOP Rate will continue in effect for the next four years at the then effective rate. If it is determined through this procedure AEP Companies will over-recover or under-recover actual PBOP expenses by more than 20% over the subsequent four-year period, AEP shall make a filing under FPA Section 205 to change the PBOP Rate stated in the formula rate shown on Worksheet O. No other changes to the formula rate may be included in that filing.

AEPTCo subsidiaries in PJM
Worksheet - P
DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
EFFECTIVE AS OF 07/01/2015

AEP Kentucky Transmission Company

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	1.44%
Structures & Improvements	352.0	2.08%
Station Equipment	353.0	2.15%
Towers & Fixtures	354.0	2.61%
Poles & Fixtures	355.0	3.95%
Overhead Conductor	356.0	2.91%
Underground Conduit	357.0	2.99%
Underground Conductors	358.0	2.62%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP KENTUCKY 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>Composite Depreciation Rate</u>	<u>KPCo</u>	<u>TOTAL</u>
T-Plant (FF1 206.58.g)	438,744,866	438,744,866
T-Plant (FF1 206.58.b)	431,804,417	431,804,417
Average (Ln 1+ Ln 2)/2	435,274,642	435,274,642
Depreciation (FF1 336.7.f)	7,420,678	7,420,678
Composite Depreciation (Ln 3 / Ln 4)		1.70%

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

AEPTCo Subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet R - True-up With Interest

Reconciliation Revenue Requirement For Year 2017 Available May 25, 2018		2017 Forecasted Revenue Requirement For Year 2017		True-up Adjustment - Over (Under) Recovery
\$4,601,337	-	\$4,841,379	=	\$240,042

Interest Rate on Amount of Refunds or Surcharges (Note 1)	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.3420%				

An over or under collection will be recovered prorata over 2017, held for 2018 and returned prorata over 2019

Calculation of Interest				Monthly		
January	Year 2017	20,004	0.3420%	12	(821)	(20,824)
February	Year 2017	20,004	0.3420%	11	(753)	(20,756)
March	Year 2017	20,004	0.3420%	10	(684)	(20,688)
April	Year 2017	20,004	0.3420%	9	(616)	(20,619)
May	Year 2017	20,004	0.3420%	8	(547)	(20,551)
June	Year 2017	20,004	0.3420%	7	(479)	(20,482)
July	Year 2017	20,004	0.3420%	6	(410)	(20,414)
August	Year 2017	20,004	0.3420%	5	(342)	(20,346)
September	Year 2017	20,004	0.3420%	4	(274)	(20,277)
October	Year 2017	20,004	0.3420%	3	(205)	(20,209)
November	Year 2017	20,004	0.3420%	2	(137)	(20,140)
December	Year 2017	20,004	0.3420%	1	(68)	(20,072)
					(5,336)	(245,378)
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Annual		
January through December	Year 2018	(245,378)	0.3420%	12	(10,070)	(255,448)

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2019	255,448	0.3420%		(874)	21,764
February	Year 2019	234,559	0.3420%		(802)	21,764
March	Year 2019	213,597	0.3420%		(731)	21,764
April	Year 2019	192,564	0.3420%		(659)	21,764
May	Year 2019	171,459	0.3420%		(586)	21,764
June	Year 2019	150,282	0.3420%		(514)	21,764
July	Year 2019	129,032	0.3420%		(441)	21,764
August	Year 2019	107,710	0.3420%		(368)	21,764
September	Year 2019	86,315	0.3420%		(295)	21,764
October	Year 2019	64,847	0.3420%		(222)	21,764
November	Year 2019	43,305	0.3420%		(148)	21,764
December	Year 2019	21,689	0.3420%		(74)	21,764
					(5,714)	0
True-Up Adjustment with Interest					(261,163)	
Less Over (Under) Recovery					240,042	
Total Interest					(21,121)	

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

AEPTCo Subsidiaraies in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet R - True-up With Interest

Reconciliation Revenue Requirement For Year 2017 Available May 25, 2018	-	2017 Forecasted Revenue Requirement For Year 2017	=	True-up Adjustment - Over (Under) Recovery
\$5,015,456		\$5,097,838		\$82,382

Interest Rate on Amount of Refunds or Surcharges (Note 1)	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.3420%				

An over or under collection will be recovered prorata over 2017, held for 2018 and returned prorata over 2019

Calculation of Interest				Monthly		
January	Year 2017	6,865	0.3420%	12	(282)	(7,147)
February	Year 2017	6,865	0.3420%	11	(258)	(7,123)
March	Year 2017	6,865	0.3420%	10	(235)	(7,100)
April	Year 2017	6,865	0.3420%	9	(211)	(7,076)
May	Year 2017	6,865	0.3420%	8	(188)	(7,053)
June	Year 2017	6,865	0.3420%	7	(164)	(7,030)
July	Year 2017	6,865	0.3420%	6	(141)	(7,006)
August	Year 2017	6,865	0.3420%	5	(117)	(6,983)
September	Year 2017	6,865	0.3420%	4	(94)	(6,959)
October	Year 2017	6,865	0.3420%	3	(70)	(6,936)
November	Year 2017	6,865	0.3420%	2	(47)	(6,912)
December	Year 2017	6,865	0.3420%	1	(23)	(6,889)
					(1,831)	(84,213)
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2019	87,669	0.3420%		(300)	(80,500)
February	Year 2019	80,500	0.3420%		(275)	(73,306)
March	Year 2019	73,306	0.3420%		(251)	(66,088)
April	Year 2019	66,088	0.3420%		(226)	(58,844)
May	Year 2019	58,844	0.3420%		(201)	(51,577)
June	Year 2019	51,577	0.3420%		(176)	(44,284)
July	Year 2019	44,284	0.3420%		(151)	(36,966)
August	Year 2019	36,966	0.3420%		(126)	(29,623)
September	Year 2019	29,623	0.3420%		(101)	(22,255)
October	Year 2019	22,255	0.3420%		(76)	(14,862)
November	Year 2019	14,862	0.3420%		(51)	(7,444)
December	Year 2019	7,444	0.3420%		(25)	0
					(1,961)	
True-Up Adjustment with Interest					(89,631)	
Less Over (Under) Recovery					82,382	
Total Interest					(7,249)	

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