

AEP East Companies
Transmission Cost of Service Formula Rate
Utilizing Actual/Projected FERC Form 1 Data

Twelve Months Ended 2020

KINGSPORT POWER COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 130)				\$6,274,881
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	Total 330,176	DA	Allocator 1.00000	\$ 330,176
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)				\$ -
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 5,944,705

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)	-	DA	1.00000	\$ -
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	((ln 1 - ln 95)/((ln 42) x 100))			18.19%
8	Monthly Rate	(ln 7 / 12)			1.52%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	((ln 1 - ln 95 - ln 100) /((ln 42) x 100))			16.21%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	((ln 1 - ln 95 - ln 100 - ln 125 - ln 126) /((ln 42) x 100))			8.51%
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 75 Below			55,131
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)			55,131

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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	Production	(Worksheet A In 14.(b))	-	NA	-
21	Less: Production ARO (Enter Negative)	(Worksheet A In 14.(c))	-	NA	-
22	Transmission	(Worksheet A In 14.(d) & TCOS Ln 134)	47,517,000	DA	47,517,000
23	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	-
24	Distribution	(Worksheet A In 14.(f))	195,997,000	NA	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 14.(g))	-	NA	-
26	General Plant	(Worksheet A In 14.(h))	3,172,000	W/S	384,557
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	-	W/S	-
28	Intangible Plant	(Worksheet A In 14.(j))	4,742,000	W/S	574,896
29	TOTAL GROSS PLANT	(sum Ins 19 to 27)	251,428,000	GP	48,476,452
30				GTD=	0.19513
31	ACCUMULATED DEPRECIATION AND AMORTIZATION				
32	Production	(Worksheet A In 28.(b))	-	NA	-
33	Less: Production ARO (Enter Negative)	(Worksheet A In 28.(c))	-	NA	-
34	Transmission	(Worksheet A In 28.(d) & In 43.(c))	13,012,000	TP1=	13,012,000
35	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	-
36	Distribution	(Worksheet A In 28.(f))	70,061,000	NA	-
37	Less: Distribution ARO (Enter Negative)	(Worksheet A In 28.(g))	-	NA	-
38	General Plant	(Worksheet A In 28.(h))	2,052,000	W/S	248,774
39	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	-	W/S	-
40	Intangible Plant	(Worksheet A In 28.(j))	2,106,000	W/S	255,321
41	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 30 to 38)	87,231,000		13,516,094
42					
43	NET PLANT IN SERVICE				
44	Production	(In 19 + In 20 - In 30 - In 31)	-		-
45	Transmission	(In 21 + In 22 - In 32 - In 33)	34,505,000		34,505,000
46	Distribution	(In 23 + In 24 - In 34 - In 35)	125,936,000		-
47	General Plant	(In 25 + In 26 - In 36 - In 37)	1,120,000		135,783
48	Intangible Plant	(In 27 - In 38)	2,636,000		319,575
49	TOTAL NET PLANT IN SERVICE	(sum Ins 41 to 45)	164,197,000	NP	34,960,358
50					
51	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
52	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA	-
53	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(17,227,920)	DA	(7,283,240)
54	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(7,815,783)	DA	(317,224)
55	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	5,762,852	DA	744,406
56	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
57	TOTAL ADJUSTMENTS	(sum Ins 48 to 52)	(19,280,851)		(6,856,058)
58					
59	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e) & In 45.(e))	187,000	DA	-
60					
61	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA	-
62					
63	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))	-	W/S	0.12123
64					
65	WORKING CAPITAL	(Note E)			
66	Cash Working Capital	(1/8 * In 78)	144,109		144,109
67	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	1,000	TP	1,000
68	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S	-
69	Stores Expense	(Worksheet C, In 4.(F))	-	GP	-
70	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	12,013,407	W/S	1,456,443
71	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	188,467	GP	36,337
72	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	-
73	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	(7,488,340)	NA	-
74	TOTAL WORKING CAPITAL	(sum Ins 58 to 65)	4,858,643		1,637,889
75					
76	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	-	DA	-
77					
78	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)		149,961,791		29,742,189

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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					
69	Production	321.80.b	130,338,000			
70	Distribution	322.156.b	7,215,000			
71	Customer Related Expense	322 & 323.164,171,178.b	1,991,000			
72	Regional Marketing Expenses	322.131.b	-			
73	Transmission	321.112.b	1,208,000			
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	140,752,000			
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	55,131			
76	Less: Account 565	(Note H) 321.96.b	-			
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-			
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	1,152,869	TP	1.00000	1,152,869
79	Administrative and General	323.197.b (Notes J and M)	2,329,000			
80	Less: Acct. 924, Property Insurance	323.185.b	49,000			
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(344,539)			
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(111,356)			
84	Acct. 928, Reg. Com. Exp.	323.189.b	101,000			
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	173,000			
87	Balance of A & G	(In 79 - sum In 80 to In 86)	2,461,895	W/S	0.12123	298,467
88	Plus: Acct. 924, Property Insurance	(In 80)	49,000	GP	0.19280	9,447
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	702	TP	1.00000	702
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000	-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	91,199	DA	1.00000	91,199
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(1,004,230)	W/S	0.12123	(121,748)
93	A & G Subtotal	(sum Ins 87 to 92)	1,598,566			278,068
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	2,751,435			1,430,937
95	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
96	TOTAL O & M EXPENSE	(In 94 + In 95)	2,751,435			1,430,937
97	DEPRECIATION AND AMORTIZATION EXPENSE					
98	Production	336.2-6.f	-	NA	0.00000	-
99	Distribution	336.8.f	6,971,000	NA	0.00000	-
100	Transmission	336.7.f	682,000	TP1	1.00000	682,000
101	General	336.10.f	379,000	W/S	0.12123	45,948
102	Intangible	336.1.f	821,000	W/S	0.12123	99,534
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+ 100+101+102) (Note N)	8,853,000			827,482
104	TAXES OTHER THAN INCOME					
105	Labor Related					
106	Payroll	Worksheet H In 24.(D)	154,593	W/S	0.12123	18,742
107	Plant Related					
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	1,606,000	DA		345,392
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	4,552,000	NA	0.00000	-
110	Other	Worksheet H In 24.(E)	5,166,000	GP	0.19280	996,028
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	11,478,593			1,360,162
112	INCOME TAXES	(Note O)				
113	T=1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p) =		26.14%			
114	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		27.34%			
115	where WCLTD=(In 154) and WACC = (In 157)					
116	and FIT, SIT & p are as given in Note O.					
117	GRCF=1 / (1 - T) = (from In 113)		1.3538			
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-			
119	Excess Deferred Income Tax	(Note U)	(383,868)	DA		(89,249)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	157,357	DA		273
121	Income Tax Calculation	(In 114 * In 126)	3,006,363			596,257
122	ITC adjustment	(In 117 * In 118)	-	GP	0.19280	-
123	Excess Deferred Income Tax	(In 117 * In 119)	(519,689)			(120,827)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	213,033			370
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	2,699,708			475,800
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	10,994,201			2,180,500
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000	-
128	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-			-
129	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 128 * In114)		-			-
130	TOTAL REVENUE REQUIREMENT (sum Ins 96, 103, 111, 125, 126, 127, 128, 129)		36,776,937			6,274,881

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
131	Total transmission plant	(In 21)								47,517,000
132	Less transmission plant excluded from PJM Tariff (Worksheet A, In 42, Col. (d)) (Note P)									-
133	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note Q)									-
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)								47,517,000
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						TP=		1.00000
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
137	Production	354.20.b	0	955	955	NA	0.00000			-
138	Transmission	354.21.b	2,030	425,366	427,366	TP	1.00000			427,366
139	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000			-
140	Distribution	354.23.b	1,863,959	305,623	2,169,582	NA	0.00000			-
141	Other (Excludes A&G)	354.24,25,26.b	432,750	494,456	927,206	NA	0.00000			-
142	Total	(sum Ins 137 to 141)	2,298,739	1,226,370	3,525,109					427,366
143	Transmission related amount							W/S=		0.12123
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
145	Long Term Interest	(Worksheet M, In. 37, col. (d))								2,256,000
146	Preferred Dividends	(Worksheet M, In. 71)								-
147	Development of Common Stock:									
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))								74,161,000
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))								-
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))								-
151	Less: Account 219	(Worksheet M, In. 14, col. (e))								-
152	Common Stock	(In 148 - In 149 - In 150 - In 151)								74,161,000
153			\$	Capital Structure Percentages	Cost					Weighted
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		61,307,692	45.26%	45.26%	3.68%				0.0167
155	Preferred Stock (In 149)		-	0.00%	0.00%	-				0.0000
156	Common Stock (In 152)		74,161,000	54.74%	54.74%	10.35%				0.0567
157	Total (Sum Ins 154 to 156)		135,468,692					WACC=		0.0733
158	Capital Structure Equity Limit (Note Z)	55%								

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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 East companies have any directly assigned transmission facilities, the revenue credits in the AEP East 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 Q 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 of 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 flowthrough 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 the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section1.167(l)-(h)(6)(ii). RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the information filing.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 78. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 75. 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 77 4) All A&G Expenses, as shown on line 93.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 67 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 127.
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 78. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such cost is added back on line 95 to determine the total O&M collected in the formula. The amounts on line 95 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12. The addbacks on line 95 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 line 95 is the KINGSPORT POWER 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	These deductions on lines 81 through 83 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
L	Expenses recorded in FERC Accounts 928 (Regulatory Commission Expense), 930.1 (Safety Related Advertising) and 930.2 (Miscellaneous General Expenses) that are not directly related to or properly allocable to transmission service will be removed from the TCOS. If AEP includes any expenses booked to these accounts in future ATRR updates, AEP must provide supporting information demonstrating that the underlying activities are directly related to providing transmission service. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corportation. The calculation of the recoverable amount for each company is shown on Worksheet O.
N	Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 118) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 21.00% SIT= 6.50% (State Income Tax Rate or Composite SIT. Worksheet G)) p = 0.00% (percent of federal income tax deductible for state purposes) 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 (In 145) / Long-Term Debt (In 154). Preferred Stock cost rate = preferred dividends (In 146) / preferred outstanding (In 155). Common Stock cost rate (ROE) = 10.35%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO Membership. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the capital structure. Details and calculations of the weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are computed on Worksheet M.The unamortized balance of eligible hedge gains/losses and related ADIT amounts shall not flow through the formula rate.
T	The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of \$265,249,280 at 12/31/12 is not included in the balance in line 154 above. The cost rates for long-term debt shall include interest expense and related periodic expenses (such as remarketing and letter of credit fees) as recorded in FERC Account 427 or 430, amortization of issuance costs (including insurance) and discounts as recorded in FERC Account 428, issuance premiums as recorded in FERC Account 429 and losses or gains on reacquired debt as recorded in FERC Accounts 428.1 or 429.1, respectively. The cost rates for preferred stock (if applicable) shall include the dividends.
U	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.
V	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 other prepayments recorded in FERC Account 165 are directly assigned to the transmission function, allocated or excludable balances detailed on Worksheet C.
W	The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
X	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.
Y	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.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
KINGSPORT POWER COMPANY

		Gross Plant In Service								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	Acct 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	Acct. 399.1 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	(Note A)		45,131,000		192,047,000		3,151,000		3,930,000
2	January			45,445,000		192,786,000		2,893,000		4,415,000
3	February			45,612,000		193,467,000		2,799,000		4,483,000
4	March			45,633,000		194,091,000		2,870,000		4,523,000
5	April			45,655,000		194,718,000		2,942,000		4,613,000
6	May			45,916,000		195,349,000		3,014,000		4,705,000
7	June			47,550,000		195,981,000		3,086,000		4,746,000
8	July			47,598,000		196,614,000		3,158,000		4,851,000
9	August			47,704,000		197,245,000		3,225,000		4,955,000
10	September			49,904,000		197,877,000		3,292,000		4,951,000
11	October			50,127,000		198,506,000		3,359,000		5,089,000
12	November			50,350,000		199,132,000		3,425,000		5,263,000
13	December of Rate Year			51,091,000		200,143,000		4,022,000		5,116,000
14	Average of the 13 Monthly Balances	-	-	47,517,000	-	195,997,000	-	3,172,000	-	4,742,000

		Accumulated Depreciation								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 219, lns 20-24, Col. (b)	Company Records (Included in total in Column (b))	FF1, page 219, ln 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, ln 26, Col. (b)	Company Records (Included in total in Column (f))	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	(Note A)		12,802,000		67,667,000		1,900,000		1,925,000
16	January			12,835,000		68,058,000		1,921,000		1,985,000
17	February			12,869,000		68,452,000		1,942,000		2,048,000
18	March			12,903,000		68,849,000		1,964,000		1,953,000
19	April			12,938,000		69,246,000		1,987,000		2,018,000
20	May			12,972,000		69,646,000		2,013,000		2,084,000
21	June			13,006,000		70,048,000		2,040,000		2,095,000
22	July			13,043,000		70,451,000		2,069,000		2,164,000
23	August			13,080,000		70,857,000		2,100,000		2,234,000
24	September			13,116,000		71,265,000		2,132,000		2,198,000
25	October			13,156,000		71,675,000		2,166,000		2,270,000
26	November			13,196,000		72,087,000		2,203,000		2,344,000
27	December of Rate Year			13,236,000		72,498,000		2,241,000		2,063,000
28	Average of the 13 Monthly Balances	-	-	13,012,000	-	70,061,000	-	2,052,000	-	2,106,000

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)
			Company Records (included in total in column (d) of gross plant above)		Company Records (included in total in column (b) of accumulated depreciation above)		Company Records	Company Records	
		(Note A)							
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 Accum Depreciation net of GSU 13,012,000

Plant Held For Future Use		Source of Data	Balance @ December 31, 2020 (c)	Balance @ December 31, 2019 (d)	Average Balance for 2020 (e)
44	Plant Held For Future Use (a)	FF1, page 214, In 47, Col. (d) (b)	187,000	187,000	187,000
45	Transmission Plant Held For Future Use (Included in total on line 44)	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)					
52	Description	Account			
53a	Accum Prv I/D Worker's Com		-	-	-
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.

Privileged and Confidential
Subject to FERC Rules 602 and 606

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A)</u> <u>Description</u>	<u>(B)</u> <u>Source</u>	<u>(C)</u> <u>Balance @ December 31,</u> <u>2020</u>	<u>(D)</u> <u>Balance @ December 31,</u> <u>2019</u>	<u>(E)</u> <u>Average Balance for</u> <u>2020</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)	17,456,980	16,998,861	17,227,920
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)	10,144,477	9,744,883	9,944,680
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	7,312,503	7,253,977	7,283,240
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	7,843,064	7,788,501	7,815,783
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)	7,523,102	7,474,017	7,498,559
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	319,962	314,485	317,224
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	5,762,852	5,762,852	5,762,852
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)	5,018,446	5,018,446	5,018,446
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	744,406	744,406	744,406
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 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 I.167(l)-(h)(6)(ii). Line item detail of actual deferred tax items will be included on Worksheets B-1 and B-2.

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

(DEBIT) CREDIT

18.01
18.02

KINGSPORT POWER COMPANY
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2020

DEBIT (CREDIT)

[illegible]

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
KINGSPORT POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number		Source	Balance @ December 31, 2020	Balance @ December 31, 2019	Average Balance for 2020			
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	1,000	1,000	1,000			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	0	0	-			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			

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, 2020	4,713,534	(7,488,340)	0	188,467	12,013,407
7	Totals as of December 31, 2019	4,713,533	(7,488,340)		188,467	12,013,407
8	Average Balance	4,713,534	(7,488,340)	-	188,467	12,013,407

Prepayments Account 165 - Balance @ 12/31/2020

	Acc. No.	Description	2020 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
9									
10	1650001	Prepaid Insurance	83,077	-		83,077		83,077	Plant Related Insurance Policies
11	165000218	Prepaid Taxes	4,445,915	4,445,915				-	Prepaid Taxes - Distribution
12	165000219	Prepaid Taxes	49,885	49,885				-	Prepaid Taxes - Distribution
13	1650003	Prepaid Rents	0	-				-	
14	1650004	Prepaid Interest	0	-				-	
15	1650005	Prepaid Employee Benefits	0	-				-	
16	1650006	Other Prepayments	0	-				-	Prepayments-Other
17	1650009	Prepaid Carry Cost-Factored AR	29,267	29,267				-	AR Factoring - Retail Only
18	1650010	Prepaid Pension Benefits	9,122,917	-			9,122,917	9,122,917	Prefunded Pension Expense
19	1650014	FAS 158 Qual Contra Asset	(9,122,917)	(9,122,917)				-	SFAS 158 Offset
20	1650016	FAS 112 ASSETS	0	-				-	
21	1650021	Prepaid Insurance - EIS	105,391	-		105,391		105,391	EIS Insurance
22	1650023	Prepaid Lease	0	-				-	
23	1650035	PRW Without Med-D Benefits	2,890,490	-			2,890,490	2,890,490	Medical Benefits
24	1650036	PRW for Med-D Benefits	0	-				-	
25	1650037	FAS158 Contra-PRW Exc Med-D	(2,890,490)	(2,890,490)				-	SFAS 158 Offset
		Subtotal - Form 1, p 111.57.c	4,713,534	(7,488,340)	0	188,467	12,013,407	12,201,874	

Prepayments Account 165 - Balance @ 12/31/ 2019

	Acc. No.	Description	2019 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
26									
27	1650001	Prepaid Insurance	83,077	-		83,077		83,077	Plant Related Insurance Policies
28	165000218	Prepaid Taxes	4,445,915	4,445,915				-	Prepaid Taxes - Distribution
29	165000219	Prepaid Taxes	49,885	49,885				-	Prepaid Taxes - Distribution
30	1650003	Prepaid Rents	0	-				-	
31	1650004	Prepaid Interest	0	-				-	
32	1650005	Prepaid Employee Benefits	0	-				-	
33	1650006	Other Prepayments	0	-				-	Prepayments-Other
34	1650009	Prepaid Carry Cost-Factored AR	29,267	29,267				-	AR Factoring - Retail Only
35	1650010	Prepaid Pension Benefits	9,122,917	-			9,122,917	9,122,917	Prefunded Pension Expense
36	1650014	FAS 158 Qual Contra Asset	(9,122,917)	(9,122,917)				-	SFAS 158 Offset
37	1650016	FAS 112 ASSETS	0	-				-	
38	1650021	Prepaid Insurance - EIS	105,391	-		105,391		105,391	EIS Insurance
39	1650023	Prepaid Lease	0	-				-	
40	1650035	PRW Without Med-D Benefits	2,890,490	-			2,890,490	2,890,490	Medical Benefits
41	1650036	PRW for Med-D Benefits	0	-				-	
42	1650037	FAS158 Contra-PRW Exc Med-D	(2,890,490)	(2,890,490)				-	SFAS 158 Offset
		Subtotal - Form 1, p 111.57.d	4,713,533	(7,488,340)		188,467	12,013,407	12,201,874	

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 the 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).

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2020</u>
1	Net Funds from IPP Customers 12/31/2019 (2020 FORM 1, P269)	0
2	Interest Accrual (Company Records - Note 1)	0
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2020 (2020 FORM 1, P269)	-
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	-

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
KINGSPORT 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 (FF1 p.300.16.(b); Company Records - Note 1)	313,000	313,000	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	12,000	12,000	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	1,221,000	976,824	244,176
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	215,000	129,000	86,000
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	5,642,000	5,642,000	-
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))	7,403,000	7,072,824	330,176
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	7,403,000	7,072,824	330,176

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or KINGSPORT POWER 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)

9	Facility Credits under PJM OATT Section 30.9			-
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AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
KINGSPORT POWER COMPANY

(A)		(B)	(C)	(D)	€ 100%	(F)
<u>Line</u> <u>Number</u>	<u>Item No.</u>	<u>Description</u>	<u>2020</u> <u>Expense</u>	<u>100%</u> <u>Non-Transmission</u>	<u>Transmission</u> <u>Specific</u>	<u>Explanation</u>
<u>Regulatory O&M Deferrals & Amortizations</u>						
1			-			
2			-			
3						
4		Total	0			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	35,487			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	0			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	19,644			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	55,131			
<u>Account 928</u>						
15	9280000	Regulatory Commission Exp	63	63	-	
16	9280002	Regulatory Commission Exp-Case	24,092	-	-	
17	9280003	Rate Case Amort	76,363	76,363	-	
18	9280005	Reg Com Exp-FERC Trans Cases	702	-	702	
19						
20		Total (FERC Form 1 p.323.189.b)	101,221	76,426	702	
<u>Account 930.1</u>						
21	9301000	General Advertising Expenses	9	9	-	
22	9301001	Newspaper Advertising Space	2	2	-	
23	9301010	Publicity	15	15	-	
24	9301012	Public Opinion Surveys	842	842	-	
25	9301015	Other Corporate Comm Exp	610	610	-	
26				-	-	
27				-	-	
28				-	-	
29						
30						
31				-	-	
32				-	-	
33				-	-	
34				-	-	
35				-	-	
36				-	-	
37		Total (FERC Form 1 p.323.191.b)	1,479	1,479	-	
<u>Account 930.2</u>						
38	9302000	Misc General Expenses	13,927	13,927		
39	9302003	Corporate & Fiscal Expenses	553	553		
40	9302004	Research, Develop&Demonstr Exp	114	114		
41	9302006	Assoc Business Development Materials Sold	776	776	-	
42	9302007	Assoc Business Development Exp	158,087	66,889	91,199	
43		Total (FERC Form 1 p.323.192.b)	173,457	82,259	91,199	

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
KINGSPORT POWER COMPANY

Tennessee Income Tax Rate	6.50%	
Apportionment Factor - Note 1	100.00%	
Effective State Tax Rate		6.50%
West Virginia Net Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Virginia Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Michigan Business Income Tax Rate	6.00%	
Apportionment Factor - Note 1	0.02%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Total Effective State Income Tax Rate		6.50%

Note 1 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet H Supporting Taxes Other than Income
KINGSPORT POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	4,552,000				4,552,000
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Tennessee	1,606,000	1,606,000			
5	Real and Personal Property - Other Jurisdictions	-	-			
6	Real and Personal Property	-	-			
7	Real and Personal Property	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	154,593		154,593		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	Production Taxes					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	List Individual Taxes Here	-				-
16	Public Service Commission Fees	708,000			708,000	
17	State Franchise Taxes	4,458,000			4,458,000	
18		-			-	
19		-			-	
20		-				-
21		-				-
22		-				-
23						
24	Total Taxes by Allocable Basis	11,478,593	1,606,000	154,593	5,166,000	4,552,000

(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						
	Production	Transmsission	Distribution	General	Total	
25	Functionalized Net Plant (TCOS, Lns 41 thru 46)	-	34,505,000	125,936,000	1,120,000	161,561,000
TENNESSEE JURISDICTION						
26	Percentage of Plant in TENNESSEE JURISDICTION	0.00%	100.00%	100.00%	100.00%	
27	Net Plant in TENNESSEE JURISDICTION (Ln 25 * Ln 26)	-	34,505,000	125,936,000	1,120,000	161,561,000
28	Less: Net Value of Exempted Generation Plant	-				
29	Taxable Property Basis (Ln 27 - Ln 28)	-	34,505,000	125,936,000	1,120,000	161,561,000
30	Relative Valuation Factor	0.00%	100.00%	100.00%	100.00%	
31	Weighted Net Plant (Ln 29 * Ln 30)	-	34,505,000	125,936,000	1,120,000	
32	General Plant Allocator (Ln 31 / (Total - General Plant))	0.00%	21.51%	78.49%	-100.00%	
33	Functionalized General Plant (Ln 32 * General Plant)	-	240,871	879,129	(1,120,000)	-
34	Weighted TENNESSEE JURISDICTION Plant (Ln 31 + 33)	-	34,745,871	126,815,129	-	161,561,000
35	Functional Percentage (Ln 34/Total Ln 34)	0.00%	21.51%	78.49%		
STATE JURISDICTION #2						
36	Percentage of Plant in STATE JURISDICTION #2					
37	Net Plant in STATE JURISDICTION #2 (Ln 25 * Ln 36)	-	-	-	-	-
38	Less: Net Value of Exempted Generation Plant					
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor					
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
44	Weighted STATE JURISDICTION #2 Plant (Ln 41 + 43)	-	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	#DIV/0!	#DIV/0!	#DIV/0!		
STATE JURISDICTION #3						
46	Net Plant in STATE JURISDICTION #3 (Ln 25 - Ln 27 - Ln 37)	-	-	-	-	-
47	Less: Net Value Exempted Generation Plant					
48	Taxable Property Basis	-	-	-	-	-
49	Relative Valuation Factor					
50	Weighted Net Plant (Ln 48 * Ln 49)	-	-	-	-	
51	General Plant Allocator (Ln 50 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
52	Functionalized General Plant (Ln 52 * General Plant)	-	-	-	-	-
53	Weighted STATE JURISDICTION #3 Plant (Ln 50 + 52)	-	-	-	-	-
54	Functional Percentage (Ln 53/Total Ln 53)	#DIV/0!	#DIV/0!	#DIV/0!		

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H
KINGSPORT POWER COMPANY

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

1 Revenue Taxes
2 Gross Receipts Tax

4,552,000

4,554,000
(2,000)

	(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)

3 Real Estate and Personal Property Taxes Total
(Ln 4 + Ln 5 + Ln 6 + Ln 7)

1,606,000

345,392

4 Real and Personal Property - Tennessee

2020

1,606,000

1,606,000

21.51%

345,392

5 Real and Personal Property - Other

-

0.00%

-

6 Real and Personal Property - Tennessee

-

0.00%

-

7 Real and Personal Property - Other Jurisdictions

-

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

8 Payroll Taxes

9 Federal Insurance Contribution (FICA)

154,593

154,593

10 Federal Unemployment Tax

-

-

11 State Unemployment Insurance

-

-

12 Production Taxes

13 State Severance Taxes

-

14 Miscellaneous Taxes

15 State Business & Occupation Tax

-

-

16 State Public Service Commission Fees

708,000

708,000

17 State Franchise Taxes

4,458,000

4,218,000
240,000

18 State Lic/Registration Fee

-

19 Misc. State and Local Tax

-

20 Sales & Use

-

21 Federal Excise Tax

-

22 Michigan Single Business Tax

-

23 Total Taxes by Allocable Basis

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

11,478,593

11,478,593

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

AEP East Companies
Cost of Service Formula Rate Using 2020 FF1 Balances
Worksheet I RESERVED FOR FUTURE USE
KINGSPORT POWER COMPANY

AEP East Companies
Cost of Service Formula Rate Using 2020 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
KINGSPORT POWER COMPANY

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

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

ROE w/o incentives (TCOS, ln 156)				10.35%
Project ROE Incentive Adder				
ROE with additional basis point incentive				10.35%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 154 through156)				
	%	Cost	Weighted cost	
Long Term Debt	45.26%	3.68%	1.665%	
Preferred Stock	0.00%	0.00%	0.000%	
Common Stock	54.74%	10.35%	5.666%	
		R =	7.331%	

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

Rate Base (TCOS, ln 68)	29,742,189
R (from A. above)	7.331%
Return (Rate Base x R)	2,180,500

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

Return (from B. above)	2,180,500
Effective Tax Rate (TCOS, ln 114)	27.34%
Income Tax Calculation (Return x CIT)	596,257
ITC Adjustment	-
Excess Deferred Income Tax	(120,827)
Tax Affect of Permanent Differences	370
Income Taxes	475,800

SUMMARY OF PROJECTED ANNUAL RTEP		REVENUE REQUIREMENTS		
		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2020	-	-	\$ -

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 (TCOS, ln 1)	6,274,881
Lease Payments (TCOS, Ln 95)	-
Return (TCOS, ln 126)	2,180,500
Income Taxes (TCOS, ln 125)	475,800
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	3,618,581

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	3,618,581
Return (from I.B. above)	2,180,500
Income Taxes (from I.C. above)	475,800
Annual Revenue Requirement, with Basis Point ROE increase	6,274,881
Depreciation (TCOS, ln 100)	682,000
Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation	5,592,881

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (TCOS, ln 42)	34,505,000
Annual Revenue Requirement, with Basis Point ROE increase	6,274,881
FCR with Basis Point increase in ROE	18.19%
Annual Rev. Req. w/ Basis Point ROE increase, less Dep.	5,592,881
FCR with Basis Point ROE increase, less Depreciation	16.21%
FCR less Depreciation (TCOS, ln 10)	16.21%
Incremental FCR with Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2020 (TCOS, ln 21)	47,517,000
Annual Depreciation and Amortization Expense (TCOS, ln 100)	682,000
Composite Depreciation Rate	1.44%
Depreciable Life for Composite Depreciation Rate	69.67
Round to nearest whole year	70

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

A. Base Plan Facilities

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

Project Description:

Current Projected Year ARR	-
Current Projected Year ARR w/ Incentive	-
Current Projected Year Incentive ARR	-

Details						
Investment	-	Current Year	2020			
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)	-			
Service Month (1-12)	-	FCR w/o incentives, less depreciation	16.21%			
Useful life	70	FCR w/incentives approved for these facilities, less dep.	16.21%			
CIAC (Yes or No)		Annual Depreciation Expense	-			
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
0	-	-	-	-	-	\$ -
1	-	-	-	-	-	\$ -
2	-	-	-	-	-	\$ -
3	-	-	-	-	-	\$ -
4	-	-	-	-	-	\$ -
5	-	-	-	-	-	\$ -
6	-	-	-	-	-	\$ -
7	-	-	-	-	-	\$ -
8	-	-	-	-	-	\$ -
9	-	-	-	-	-	\$ -
10	-	-	-	-	-	\$ -
11	-	-	-	-	-	\$ -
12	-	-	-	-	-	\$ -
13	-	-	-	-	-	\$ -
14	-	-	-	-	-	\$ -
15	-	-	-	-	-	\$ -
16	-	-	-	-	-	\$ -
17	-	-	-	-	-	\$ -
18	-	-	-	-	-	\$ -
19	-	-	-	-	-	\$ -
20	-	-	-	-	-	\$ -
21	-	-	-	-	-	\$ -
22	-	-	-	-	-	\$ -
23	-	-	-	-	-	\$ -
24	-	-	-	-	-	\$ -
25	-	-	-	-	-	\$ -
26	-	-	-	-	-	\$ -
27	-	-	-	-	-	\$ -
28	-	-	-	-	-	\$ -
29	-	-	-	-	-	\$ -
30	-	-	-	-	-	\$ -
31	-	-	-	-	-	\$ -
32	-	-	-	-	-	\$ -
33	-	-	-	-	-	\$ -
34	-	-	-	-	-	\$ -
35	-	-	-	-	-	\$ -
36	-	-	-	-	-	\$ -
37	-	-	-	-	-	\$ -
38	-	-	-	-	-	\$ -
39	-	-	-	-	-	\$ -
40	-	-	-	-	-	\$ -
41	-	-	-	-	-	\$ -
42	-	-	-	-	-	\$ -
43	-	-	-	-	-	\$ -
44	-	-	-	-	-	\$ -
45	-	-	-	-	-	\$ -
46	-	-	-	-	-	\$ -
47	-	-	-	-	-	\$ -
48	-	-	-	-	-	\$ -
49	-	-	-	-	-	\$ -
50	-	-	-	-	-	\$ -
51	-	-	-	-	-	\$ -
52	-	-	-	-	-	\$ -
53	-	-	-	-	-	\$ -
54	-	-	-	-	-	\$ -
55	-	-	-	-	-	\$ -
56	-	-	-	-	-	\$ -
57	-	-	-	-	-	\$ -
58	-	-	-	-	-	\$ -
59	-	-	-	-	-	\$ -

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:				
CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS: INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE LIFE OF THE PROJECT.				
RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		

This is the 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.

AEP East Companies
Cost of Service Formula Rate Using 2020 FF1 Balances
Worksheet L Reserved for Future Use
KINGSPORT POWER COMPANY

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
KINGSPORT POWER 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		69,436,000			-	69,436,000
2	January		73,633,000			-	73,633,000
3	February		73,760,000			-	73,760,000
4	March		73,868,000			-	73,868,000
5	April		73,880,000			-	73,880,000
6	May		74,172,000			-	74,172,000
7	June		74,093,000			-	74,093,000
8	July		74,500,000			-	74,500,000
9	August		74,933,000			-	74,933,000
10	September		75,090,000			-	75,090,000
11	October		75,297,000			-	75,297,000
12	November		75,646,000			-	75,646,000
13	December of Rate Year		75,779,000			-	75,779,000
14	Average of the 13 Monthly Balances		74,161,000	-	-	-	74,160,538

Line No		Month (a)	Average Balance of Long Term Debt					Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
			Acct 221 Bonds (b)	Less: Acct 222 Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	
					(FF1 112.20)			
		(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				59,000,000	-		59,000,000
16	January				59,000,000	-		59,000,000
17	February				59,000,000	-		59,000,000
18	March				59,000,000	-		59,000,000
19	April				59,000,000	-		59,000,000
20	May				59,000,000	-		59,000,000
21	June				59,000,000	-		59,000,000
22	July				59,000,000	-		59,000,000
23	August				59,000,000	-		59,000,000
24	September				59,000,000	-		59,000,000
25	October				39,000,000	30,000,000		69,000,000
26	November				39,000,000	30,000,000		69,000,000
27	December of Rate Year				39,000,000	30,000,000		69,000,000
28	Average of the 13 Monthly Balances		-	-	54,385,000	6,923,000	-	61,307,692

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)

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	Annual Interest Expense for 2020						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			2,256,000			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 50 below.			-			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			-			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			-			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			-			
35	Less: Amort of Premium on Debt - Acct 429 (117.65.c)						
36	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)						
37	Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)			2,256,000			
38	Average Cost of Debt for 2020 (Ln 37/ Ln 28 (g))			3.68%			

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

39 NOTE: The net amount of hedging gains or losses recorded in account 427 to be recovered in this formula rate should be limited to the effective portion of pre-issuance cash flow hedges that are amortized over the life of the underlying debt issuances. The recovery of a net loss or passback of a net gain will be limited to five basis points of the total Capital Structure. Amounts related to the ineffective portion of pre-issuance hedges, cash settlements of fair value hedges issued on Long Term Debt, post-issuance cash flow hedges, and cash flow hedges of variable rate debt issuances are not recoverable in this formula and are to be recorded in the “Excludable” column below.

					Amortization Period		
HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)		Total Hedge (Gain)/Loss for 2020	Less Excludable Amounts (See NOTE on Line 39)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning	Ending
40				-			
41				-			
42				-			
43				-			
44				-			
45				-			
46				-			
47				-			
48				-			
49					-		
50	Total Hedge Amortization	-	-				
51	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			-			
52	Total Average Capital Structure Balance for 2020 (TCOS, Ln 157)			135,468,692			
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54	Limit of Recoverable Amount			67,734			
55	Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)			-			

Development of Cost of Preferred Stock

Preferred Stock				Average
56	0% Series - 0 - Dividend Rate (p. 250-251)	0.000%	0.000%	
57	0% Series - 0 - Par Value (p. 250-251)	\$ -	\$ -	
58	0% Series - 0 - Shares O/S (p.250-251)	-	-	
59	0% Series - 0 - Monetary Value (Ln 57 * Ln 58)	-	-	-
60	0% Series - 0 - Dividend Amount (Ln 56 * Ln 59)	-	-	-
61	0% Series - 0 - Dividend Rate (p. 250-251)	0.000%	0.000%	

62 0% Series - 0 - Par Value (p. 250-251)	\$	-	\$	-	
63 0% Series - 0 - Shares O/S (p.250-251)		-		-	
64 0% Series - 0 - Monetary Value (Ln 62 * Ln 63)		-		-	-
65 0% Series - 0 - Dividend Amount (Ln 61 * Ln 64)		-		-	-
66 0% Series - 0 - Dividend Rate (p. 250-251)		0.000%		0.000%	
67 0% Series - 0 - Par Value (p. 250-251)	\$	-	\$	-	
68 0% Series - 0 - Shares O/S (p.250-251)		-		-	
69 0% Series - 0 - Monetary Value (Ln 67 * Ln 68)		-		-	-
70 0% Series - 0 - Dividend Amount (Ln 66 * Ln 69)		-		-	-
71 Balance of Preferred Stock (Lns 59, 64, 69)		-		-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)
72 Dividends on Preferred Stock (Lns 60, 65, 70)		-		-	
73 Average Cost of Preferred Stock (Ln 72/71)		0.00%		0.00%	0.00%

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
KINGSPORT POWER 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.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line	Date	Property Description	Function (T) or (G) T = Transmission G = General	Basis	Proceeds	(Gain) / Loss	Functional Allocator	Functionalized Proceeds (Gain) / Loss	FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2020		-		-	

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

1 Total AEP East Operating Company PBOP Settlement Amount (127,041,505)

Allocation of PBOP Settlement Amount for 2020

		Total Company Amount						
Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2020	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
2	APCo	(21,243,233)	36.83%	(46,793,855)	9.272%	(1,969,696)	(4,338,779)	2,369,082
3	I&M	(14,970,273)	25.96%	(32,975,997)	4.367%	(653,716)	(1,439,983)	786,267
4	KPCo	(4,775,930)	8.28%	(10,520,253)	7.919%	(378,188)	(833,058)	454,871
5	KNGP	(455,895)	0.79%	(1,004,230)	12.123%	(55,270)	(121,748)	66,477
6	OPCo	(15,305,203)	26.54%	(33,713,769)	11.486%	(1,757,897)	(3,872,235)	2,114,338
7	WPCo	(923,113)	1.60%	(2,033,401)	2.686%	(24,793)	(54,613)	29,820
8	Sum of Lines 2 to 7	(57,673,647)		(127,041,505)		(4,839,561)	(10,660,416)	5,820,855

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

	<u>APCo</u>	<u>I&M</u>	<u>KPCo</u>	<u>KNGSPT</u>	<u>OPCo</u>	<u>WPCo</u>	<u>AEP East Total</u>
9 Direct Charged PBOP Expense per Actuarial Report	(16,451,990)	(12,482,067)	(3,951,629)	(344,539)	(11,517,600)	(427,831)	(45,175,656)
10 Additional PBOP Ledger Entries (from Company Records)	460,632	518,852	427,533			(385,001)	
11 Medicare Subsidy							-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(15,991,358)	(11,963,215)	(3,524,096)	(344,539)	(11,517,600)	(812,832)	(44,153,640)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(5,251,875)	(3,007,058)	(1,251,834)	(111,356)	(3,787,603)	(110,281)	(13,520,007)
14 Company PBOP Expense (Ln 12 + Ln 13)	(21,243,233)	(14,970,273)	(4,775,930)	(455,895)	(15,305,203)	(923,113)	(57,673,647)

For the rate year 2017 and adjusted every four years thereafter, using the annual actuarial report produced for that year, filed as part of the informational filing, Worksheet O will be used to adjust PBOP costs for the next four years (i.e. 2017, 2018, 2019, 2020). If the annual actuarial report projects PBOP costs during the next four years, taken together with the then current cumulative PBOP cost/allowance position, will, absent a change in the PBOP allowance, cause the AEP Companies to over or under collect their cumulative PBOP costs by more than 20% of the projected next four year's total cost, the PBOP allowance shall be adjusted. Worksheet O will be used in the process of updating the PBOP allowance determining (a) the level of cumulative over or under collections during the period since the PBOP allowance was last set, including carrying costs based on the weighted average cost of capital ("WACC") each year from the actual formula rate; (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 formula rate weighted average cost of capital for the prior calendar year; and (c) the cumulative net present value of continued collections over the next four years based on the then effective PBOP allowance, assuming a discount rate equal to the prior year WACC. If the absolute value of (a)+(b)-(c) exceeds 20% of (b), then the PBOP allowance used in the formula rate calculation shall be changed to the value that will cause the projected result (a)+(b)-(c) to equal zero. If the projected over or under collection during the next four years will be less than 20% of (b), then the PBOP allowacance 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 expense stated in the formula rate shown on Worksheet O. No other changes to the formula rate may be included in that filing.

AEP EAST COMPANIES
Worksheet - P CALCULATION OF
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNT
EFFECTIVE AS OF 3/6/2019
FOR MULTIPLE JURISDICTION COMPANIES
Appalachian Power Company

	VIRGINIA				WEST VIRGINIA			FERC WHOLESALE			FERC KINGSFORT			COMPANY
	(1)				(2)			(3)			(4)			
	PLANT ACCT.	VA SCC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	PSC OF WV APPROVED RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
TRANSMISSION PLANT														
Land Rights - Va.	350.1	0.66%	1.000000	0.66%										0.66%
Energy Storage Equip	351.0				14.22%	1.000000	14.22%							14.22%
Structures & Improvements	352.0	1.55%	0.492648	0.76%	1.62%	0.414603	0.67%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	1.63%
Station Equipment	353.0	1.95%	0.492648	0.96%	2.37%	0.414603	0.98%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	2.14%
Towers & Fixtures	354.0	1.14%	0.492648	0.56%	1.59%	0.414603	0.66%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	1.42%
Poles & Fixtures	355.0	2.77%	0.492648	1.36%	2.71%	0.414603	1.12%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	2.68%
Overhead Conductor	356.0	1.01%	0.492648	0.50%	1.53%	0.414603	0.63%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	1.33%
Underground Conduit	351.0	1.23%	0.492648	0.61%	3.71%	0.414603	1.54%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	2.35%
Underground Conductors	351.0	3.18%	0.492648	1.57%	5.24%	0.414603	2.17%	2.19%	0.033874	0.07%	2.19%	0.058874	0.13%	3.94%
GENERAL PLANT														
Structures & Improvements	390.0	1.50%	0.519557	0.78%	1.91%	0.425935	0.8100%	3.43%	0.019780	0.0700%	3.43%	0.034728	0.1200%	1.78%
Office Furniture & Equipment	391.0	2.78%	0.519557	1.44%	3.17%	0.425935	1.35%	3.43%	0.019780	0.0700%	3.43%	0.034728	0.1200%	2.98%
Transportation Equipment	392.0	0.00%	0.519557	0.00%	3.40%	0.425935	1.45%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	1.64%
Stores Equipment	393.0	1.60%	0.519557	0.83%	1.80%	0.425935	0.77%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	1.79%
Tools Shop & Garage Equipment	394.0	2.07%	0.519557	1.08%	2.57%	0.425935	1.09%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	2.36%
Laboratory Equipment	395.0	1.53%	0.519557	0.79%	4.01%	0.425935	1.71%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	2.69%
Power Operated Equipment	396.0	0.00%	0.519557	0.00%	3.90%	0.425935	1.66%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	1.85%
Communication Equipment	397.0	3.27%	0.519557	1.70%	4.98%	0.425935	2.12%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	4.01%
Miscellaneous Equipment	398.0	2.51%	0.519557	1.30%	2.70%	0.425935	1.15%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	2.64%

(1) As approved in VA Case No. PUE 2011-00037 on Nov. 30, 2011.
Depreciation rates were made effective on January 1, 2012.

(2) Approved by PSC of WV Order dated May 26, 2015 in
Case No. 14-1151-E-D effective June 1, 2015.

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

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

(5) Transmission allocation factors are changed annually in January based on
September factors as per the PJM tariff approved in FERC Docket ER08-1329
Attachment H-14B, Part II, pg. 15 of 21.

(6) Energy Storage Equipment is a new account established per FERC Order 784.

GENERAL NOTES:

The rates for each AEP company have been approved by their respective regulatory commissions.
APCo falls under the authority of Virginia, West Virginia and the FERC. Therefore, APCo's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.
AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
Worksheet - P CALCULATION OF
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNT
EFFECTIVE AS OF October 31, 2018
FOR MULTIPLE JURISDICTION COMPANIES
INDIANA MICHIGAN POWER COMPANY

	INDIANA				MICHIGAN			FERC WHOLESALE			COMPANY
	(1)				(2)			(3)			
	PLANT	IURC	ALLOCATION	WTD AVG.	MPSC		WTD AVG.			WTD AVG.	
	ACCT.	RATES	FACTOR (4)	DEPREC. RATE	APPROVED RATES	ALLOCATION FACTOR (4)	DEPREC. RATE		FERC RATES	ALLOCATION FACTOR (4)	DEPREC. RATE
TRANSMISSION PLANT											
Land Improvements	350.1	1.4800%	0.652103	0.9651%	1.4400%	0.144206	0.2077%		1.4400%	0.203691	0.2933%
Structures & Improvements	352.0	1.5500%	0.652103	1.0108%	1.5000%	0.144206	0.2163%		1.5000%	0.203691	0.3055%
Station Equipment	353.0	1.8600%	0.652103	1.2129%	1.8400%	0.144206	0.2653%		1.8400%	0.203691	0.3748%
Towers & Fixtures	354.0	1.6900%	0.652103	1.1021%	1.5700%	0.144206	0.2264%		1.5700%	0.203691	0.3198%
Poles & Fixtures	355.0	2.8500%	0.652103	1.8585%	2.8300%	0.144206	0.4081%		2.8300%	0.203691	0.5764%
Overhead Conductors	356.0	1.9700%	0.652103	1.2846%	1.8900%	0.144206	0.2725%		1.8900%	0.203691	0.3850%
Underground Conduit	357.0	1.8600%	0.652103	1.2129%	1.7700%	0.144206	0.2552%		1.7700%	0.203691	0.3605%
Underground Conductors	358.0	1.7000%	0.652103	1.1086%	1.6600%	0.144206	0.2394%		1.6600%	0.203691	0.3381%
Trails & Roads	359.0	1.5000%	0.652103	0.9782%	1.4800%	0.144206	0.2134%		1.4800%	0.203691	0.3015%

(1) As approved in Indiana Case No. 44967.
(2) As approved in MICHIGAN Case No. U18370.
(3) FERC wholesale formula rate agreements specify that the depreciation rates in the formula rates change upon approval of MPSC rates in the Michigan jurisdiction.
(4) The rates approved for each jurisdiction are updated when approved by that commission. These demand-based allocation factors for all jurisdictions are updated when new rates are approved in one of the jurisdictions. These allocation factors reflect I&M's 12 monthly Coincident Peaks during test year of the most recent rate case.

GENERAL NOTES:
The rates for each AEP company have been approved by their respective regulatory commissions.
I&M falls under the authority of Indiana, Michigan and the FERC. Therefore, I&M's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.
AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 09/1/2016
FOR SINGLE JURISDICTION COMPANIES
KINGSPORT POWER COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Structures & Improvements	352.0	1.04%
Station Equipment	353.0	1.49%
Towers & Fixtures	354.0	0.12%
Poles & Fixtures	355.0	2.14%
Overhead Conductors	356.0	0.77%
Underground Conduit	357.0	Note 2
Underground Conductors	358.0	Note 2
Composite Transmission Depreciation Rate		1.46%
GENERAL PLANT		
Structures & Improvements	390.0	1.71%
Office Furniture & Equipment	391.0	2.82%
Stores Equipment	393.0	2.22%
Tools Shop & Garage Equipment	394.0	3.12%
Laboratory Equipment	395.0	3.17%
Communication Equipment	397.0	3.32%
Miscellaneous Equipment	398.0	4.92%
Total General Plant		3.25%

Reference:

Note 1: Rates Approved In Tennessee Regulatory Authority Docket No. 16-00001.
K

Note 2: Kingsport Power Company does not have investment in plant
accounts 357 or 358. Therefore, there are no depreciation rates approved

General Note

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 07/1/2015
FOR SINGLE JURISDICTION COMPANIES
KENTUCKY POWER 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 Conductors	356.0	2.91%
Underground Conduit	357.0	2.99%
Underground Conductors	358.0	2.62%

Reference:

Note 1: Rates Approved in KPSC Case No. 2014-00396.

General Note

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 1/1/2012
FOR SINGLE JURISDICTION COMPANIES
OHIO POWER COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Structures & Improvements	352.0	2.02%
Station Equipment	353.0	2.29%
Twrs and Fixtures Above 69 KV	354.0	1.88%
Twrs and Fixtures Below 69 KV	354.0	1.88%
Poles and Fixtures Above 69 KV	355.0	3.52%
Poles and Fixtures Below 69 KV	355.0	3.52%
Overhead Conductor & Devices Above	356.0	1.91%
Overhead Conductor & Devices MSP	356.0	1.91%
Overhead Conductor & Devices 138KV	356.0	1.91%
Overhead Conductor & Devices 69KV	356.0	1.91%
Overhead Conductor & Devices CLR	356.0	1.91%
Underground Conduit	357.0	2.26%
Underground Conductors	358.0	3.27%

Reference:

Note 1: These are the weighted average of the depreciation rates in effect for Columbus Southern Power and Ohio Power prior to the merger of Columbus Southern into Ohio Power.

General Note:

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 3/6/2019
FOR SINGLE JURISDICTION COMPANIES
WHEELING POWER COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Structures & Improvements	352.0	1.15%
Station Equipment	353.0	2.22%
Towers & Fixtures	354.0	2.65%
Poles & Fixtures	355.0	2.41%
Overhead Conductors	356.0	1.32%
Underground Conduit	351.0	9.94%
Underground Conductors	351.0	13.98%
Trails & Roads	359.0	-
GENERAL PLANT		
Structures & Improvements	390.0	1.08%
Office Furniture & Equipment	391.0	2.13%
Stores Equipment	393.0	1.78%
Tools Shop & Garage Equipment	394.0	1.65%
Communication Equipment	397.0	5.09%
Miscellaneous Equipment	398.0	2.76%

Note 1: Rates Approved in WV Public Service Commission Case No. 14-1151-E-D.

General Note:

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet Q - True-up With Interest
KINGSPORT POWER COMPANY

Reconciliation Revenue Requirement For Year 2018 Available May 25, 2019	-	2018 Revenue Requirement Forecast	=	True-up Adjustment - Over (Under) Recovery
\$4,574,393		\$3,416,562		(\$1,157,831)

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.4095%				

An over or under collection will be recovered prorata over 2018, held for 2019 and returned prorata over 2020

Calculation of Interest				Monthly		
January	Year 2018	(96,486)	0.4095%	12	4,741	101,227
February	Year 2018	(96,486)	0.4095%	11	4,346	100,832
March	Year 2018	(96,486)	0.4095%	10	3,951	100,437
April	Year 2018	(96,486)	0.4095%	9	3,556	100,042
May	Year 2018	(96,486)	0.4095%	8	3,161	99,647
June	Year 2018	(96,486)	0.4095%	7	2,766	99,252
July	Year 2018	(96,486)	0.4095%	6	2,371	98,857
August	Year 2018	(96,486)	0.4095%	5	1,976	98,461
September	Year 2018	(96,486)	0.4095%	4	1,580	98,066
October	Year 2018	(96,486)	0.4095%	3	1,185	97,671
November	Year 2018	(96,486)	0.4095%	2	790	97,276
December	Year 2018	(96,486)	0.4095%	1	395	96,881
					30,819	1,188,650

				Annual		
January through December	Year 2019	1,188,650	0.4095%	12	58,410	1,247,060

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2020	(1,247,060)	0.4095%		5,107	1,145,458
February	Year 2020	(1,145,458)	0.4095%		4,691	1,043,440
March	Year 2020	(1,043,440)	0.4095%		4,273	941,005
April	Year 2020	(941,005)	0.4095%		3,853	838,149
May	Year 2020	(838,149)	0.4095%		3,432	734,873
June	Year 2020	(734,873)	0.4095%		3,009	631,174
July	Year 2020	(631,174)	0.4095%		2,585	527,050
August	Year 2020	(527,050)	0.4095%		2,158	422,500
September	Year 2020	(422,500)	0.4095%		1,730	317,521
October	Year 2020	(317,521)	0.4095%		1,300	212,113
November	Year 2020	(212,113)	0.4095%		869	106,273
December	Year 2020	(106,273)	0.4095%		435	(0)
					33,442	

True-Up Adjustment with Interest	1,280,502
Less Over (Under) Recovery	(1,157,831)
Total Interest	122,671

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.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet Q - True-up With Interest
KINGSPORT POWER COMPANY

Reconciliation Revenue Requirement For Year 2018 Available May 25, 2019	-	2018 Revenue Requirement Forecast	=	True-up Adjustment - Over (Under) Recovery
\$7,114		\$42,905		\$35,791

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.4095%				

An over or under collection will be recovered prorata over 2018, held for 2019 and returned prorata over 2020

Calculation of Interest				Monthly		
January	Year 2018	2,983	0.4095%	12	(147)	(3,129)
February	Year 2018	2,983	0.4095%	11	(134)	(3,117)
March	Year 2018	2,983	0.4095%	10	(122)	(3,105)
April	Year 2018	2,983	0.4095%	9	(110)	(3,093)
May	Year 2018	2,983	0.4095%	8	(98)	(3,080)
June	Year 2018	2,983	0.4095%	7	(85)	(3,068)
July	Year 2018	2,983	0.4095%	6	(73)	(3,056)
August	Year 2018	2,983	0.4095%	5	(61)	(3,044)
September	Year 2018	2,983	0.4095%	4	(49)	(3,031)
October	Year 2018	2,983	0.4095%	3	(37)	(3,019)
November	Year 2018	2,983	0.4095%	2	(24)	(3,007)
December	Year 2018	2,983	0.4095%	1	(12)	(2,995)
					(953)	(36,744)

Annual				Annual		
January through December	Year 2019	(36,744)	0.4095%	12	(1,806)	(38,549)

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2020	38,549	0.4095%		(158)	3,299
February	Year 2020	35,409	0.4095%		(145)	3,299
March	Year 2020	32,255	0.4095%		(132)	3,299
April	Year 2020	29,088	0.4095%		(119)	3,299
May	Year 2020	25,909	0.4095%		(106)	3,299
June	Year 2020	22,716	0.4095%		(93)	3,299
July	Year 2020	19,511	0.4095%		(80)	3,299
August	Year 2020	16,292	0.4095%		(67)	3,299
September	Year 2020	13,060	0.4095%		(53)	3,299
October	Year 2020	9,815	0.4095%		(40)	3,299
November	Year 2020	6,557	0.4095%		(27)	3,299
December	Year 2020	3,285	0.4095%		(13)	3,299
					(1,034)	

True-Up Adjustment with Interest	(39,583)
Less Over (Under) Recovery	35,791
Total Interest	(3,792)

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.