

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

Twelve Months Ended 2020

KENTUCKY POWER COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 130)				\$63,275,567
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	Total 1,273,954	DA	1.00000	\$ 1,273,954
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)				\$ 62,001,613

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))			15.08%
8	Monthly Rate	(ln 7 / 12)			1.26%
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))			11.07%
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))			3.85%
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			2,696,000
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				1,233,000
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				348,000
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			1,115,000

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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	Production	(Worksheet A In 14.(b))	1,220,200,000	NA	0.00000
21	Less: Production ARO (Enter Negative)	(Worksheet A In 14.(c))	(11,646,000)	NA	0.00000
22	Transmission	(Worksheet A In 14.(d) & TCOS Ln 134)	653,453,000	DA	643,255,000
23	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	0.98439
24	Distribution	(Worksheet A In 14.(f))	927,176,000	NA	0.00000
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 14.(g))	-	NA	0.00000
26	General Plant	(Worksheet A In 14.(h))	55,198,000	W/S	0.07933
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	-	W/S	0.07933
28	Intangible Plant	(Worksheet A In 14.(j))	53,306,000	W/S	0.07933
29	TOTAL GROSS PLANT	(sum Ins 19 to 27)	2,897,687,000	GP	0.224960
30	ACCUMULATED DEPRECIATION AND AMORTIZATION			GTD=	0.40696
31	Production	(Worksheet A In 28.(b))	497,940,000	NA	0.00000
32	Less: Production ARO (Enter Negative)	(Worksheet A In 28.(c))	(5,408,000)	NA	0.00000
33	Transmission	(Worksheet A In 28.(d) & In 43.(c))	229,748,000	TP1=	0.97377
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	0.97377
35	Distribution	(Worksheet A In 28.(f))	276,641,000	NA	0.00000
36	Less: Distribution ARO (Enter Negative)	(Worksheet A In 28.(g))	-	NA	0.00000
37	General Plant	(Worksheet A In 28.(h))	19,486,000	W/S	0.07933
38	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	-	W/S	0.07933
39	Intangible Plant	(Worksheet A In 28.(j))	21,840,000	W/S	0.07933
40	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 30 to 38)	1,040,247,000		
41	NET PLANT IN SERVICE				
42	Production	(In 19 + In 20 - In 30 - In 31)	716,022,000		-
43	Transmission	(In 21 + In 22 - In 32 - In 33)	423,705,000		419,533,000
44	Distribution	(In 23 + In 24 - In 34 - In 35)	650,535,000		-
45	General Plant	(In 25 + In 26 - In 36 - In 37)	35,712,000		2,832,963
46	Intangible Plant	(In 27 - In 38)	31,466,000		2,496,136
47	TOTAL NET PLANT IN SERVICE	(sum Ins 41 to 45)	1,857,440,000	NP	0.228735
48	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
49	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	(55,454,377)	NA	-
50	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(277,117,675)	DA	(92,887,294)
51	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(203,958,270)	DA	605,333
52	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	91,584,023	DA	4,114,310
53	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
54	TOTAL ADJUSTMENTS	(sum Ins 48 to 52)	(444,946,298)		(88,167,650)
55	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e) & In 45.(e))	6,232,000	DA	-
56	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA	-
57	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))	(127,000)	W/S	0.07933
58	WORKING CAPITAL	(Note E)			
59	Cash Working Capital	(1/8 * In 78)	935,625		921,023
60	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	17,000	TP	0.98439
61	A&G Materials & Supplies	(Worksheet C, In 3.(F))	16,000	W/S	0.07933
62	Stores Expense	(Worksheet C, In 4.(F))	-	GP	0.22496
63	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	115,368,357	W/S	0.07933
64	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	1,624,289	GP	0.22496
65	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000
66	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	(113,220,647)	NA	0.00000
67	TOTAL WORKING CAPITAL	(sum Ins 58 to 65)	4,740,624		10,456,373
68	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	(315,571)	DA	1.00000
69	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)		1,423,023,755		346,825,177

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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	293,854,000			
70	Distribution	322.156.b	39,812,000			
71	Customer Related Expense	322 & 323.164,171,178.b	6,777,000			
72	Regional Marketing Expenses	322.131.b	1,207,000			
73	Transmission	321.112.b	45,345,000			
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	386,995,000			
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	2,696,000			
76	Less: Account 565	(Note H) 321.96.b	50,723,000			
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	(15,559,000)			
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	7,485,000	TP	0.98439	7,368,187
79	Administrative and General	323.197.b (Notes J and M)	22,604,000			
80	Less: Acct. 924, Property Insurance	323.185.b	948,000			
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(3,524,096)			
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)	(1,251,834)			
84	Acct. 928, Reg. Com. Exp.	323.189.b	-			
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	115,000			
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	447,000			
87	Balance of A & G	(In 79 - sum In 80 to In 86)	25,869,930	W/S	0.07933	2,052,211
88	Plus: Acct. 924, Property Insurance	(In 80)	948,000	GP	0.22496	213,262
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	0.98439	-
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	0.98439	-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	36,968	DA	1.00000	36,968
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(10,520,253)	W/S	0.07933	(834,551)
93	A & G Subtotal	(sum Ins 87 to 92)	16,334,645			1,467,890
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	23,819,645			8,836,076
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)	23,819,645			8,836,076
97	DEPRECIATION AND AMORTIZATION EXPENSE					
98	Production	336.2-6.f	37,032,000	NA	0.00000	-
99	Distribution	336.8.f	32,495,000	NA	0.00000	-
100	Transmission	336.7.f	17,285,000	TP1	0.97377	16,831,636
101	General	336.10.f	2,443,000	W/S	0.07933	193,798
102	Intangible	336.1.f	8,335,000	W/S	0.07933	661,199
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+ 100+101+102) (Note N)	97,590,000			17,686,634
104	TAXES OTHER THAN INCOME					
105	Labor Related					
106	Payroll	Worksheet H In 24.(D)	2,601,929	W/S	0.07933	206,406
107	Plant Related					
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	19,369,900	DA		5,740,289
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	6,373,200	NA	0.00000	-
110	Other	Worksheet H In 24.(E)	2,162,400	GP	0.22496	486,453
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	30,507,429			6,433,147
112	INCOME TAXES	(Note O)				
113	T=1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p) =		25.81%			
114	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		23.08%			
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)		1.3479			
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-			
119	Excess Deferred Income Tax	(Note U)	(8,949,901)	DA		(1,277,834)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	1,689,086	DA		1,182,069
121	Income Tax Calculation	(In 114 * In 126)	23,414,115			5,706,584
122	ITC adjustment	(In 117 * In 118)	-	GP	0.22496	-
123	Excess Deferred Income Tax	(In 117 * In 119)	(12,063,666)			(1,722,406)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	2,276,737			1,593,323
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	13,627,186			5,577,501
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	101,458,145			24,727,794
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		14,414	DA	1.00000	14,414
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)		267,016,819			63,275,567

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
131	Total transmission plant	(In 21)							653,453,000	
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)								10,198,000	
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)							643,255,000	
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						TP=	0.98439	
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
137	Production	354.20.b	14,332,438	8,172,132	22,504,570	NA	0.00000		-	
138	Transmission	354.21.b	78,603	2,990,314	3,068,917	TP	0.98439		3,021,022	
139	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-	
140	Distribution	354.23.b	7,952,652	1,082,874	9,035,526	NA	0.00000		-	
141	Other (Excludes A&G)	354.24,25,26.b	1,754,064	1,719,575	3,473,639	NA	0.00000		-	
142	Total	(sum Ins 137 to 141)	24,117,757	13,964,895	38,082,652				3,021,022	
143	Transmission related amount							W/S=	0.07933	
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$	
145	Long Term Interest	(Worksheet M, In. 37, col. (d))							42,536,000	
146	Preferred Dividends	(Worksheet M, In. 71)							-	
147	Development of Common Stock:									
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))							809,552,000	
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))							(145,000)	
152	Common Stock	(In 148 - In 149 - In 150 - In 151)							809,697,000	
153			\$	Capital Structure Percentages	Cost (Note S)				Weighted	
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		962,307,692	54.31%	54.31%	4.42%			0.0240	
155	Preferred Stock (In 149)		-	0.00%	0.00%	-			0.0000	
156	Common Stock (In 152)		809,697,000	45.69%	45.69%	10.35%			0.0473	
157	Total (Sum Ins 154 to 156)		1,772,004,692					WACC=	0.0713	
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 KENTUCKY 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= 6.09% (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
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Worksheet A Rate Base
KENTUCKY 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), In 46		FF1, page 205&204, Col.(g)&(b), Ins 15,24,34,44		Acct. 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57		Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99		FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	
1	December Prior to Rate Year	1,217,959,000	11,646,000	642,083,000		913,770,000		53,285,000		42,511,000	
2	January	1,217,815,000	11,646,000	643,266,000		911,897,000		53,464,000		50,852,000	
3	February	1,217,591,000	11,646,000	644,189,000		915,166,000		53,550,000		51,791,000	
4	March	1,217,734,000	11,646,000	644,425,000		917,856,000		53,623,000		52,210,000	
5	April	1,218,519,000	11,646,000	644,646,000		920,535,000		55,674,000		52,991,000	
6	May	1,219,596,000	11,646,000	649,597,000		923,298,000		55,744,000		53,757,000	
7	June	1,220,468,000	11,646,000	653,902,000		926,121,000		55,813,000		53,750,000	
8	July	1,220,693,000	11,646,000	654,276,000		929,058,000		55,883,000		54,641,000	
9	August	1,220,653,000	11,646,000	654,997,000		932,011,000		55,958,000		55,529,000	
10	September	1,220,803,000	11,646,000	655,189,000		934,931,000		56,032,000		55,291,000	
11	October	1,221,053,000	11,646,000	655,998,000		937,734,000		56,105,000		56,420,000	
12	November	1,221,302,000	11,646,000	657,309,000		941,251,000		56,178,000		57,826,000	
13	December of Rate Year	1,228,408,000	11,646,000	695,006,000		949,665,000		56,262,000		55,404,000	
14	Average of the 13 Monthly Balances	1,220,200,000	11,646,000	653,453,000	-	927,176,000	-	55,198,000	-	53,306,000	

		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)	
		Company Records (Included in total in Column (b))		Company Records (Included in total in Column (d))		Company Records (Included in total in Column (f))		Company Records (Included in total in Column (h))		Company Records (Included in total in Column (j))	
15	December Prior to Rate Year	488,564,000	5,191,000	224,080,000		267,440,000		18,398,000		19,975,000	
16	January	490,453,000	5,227,000	225,014,000		268,962,000		18,575,000		20,564,000	
17	February	492,018,000	5,264,000	225,949,000		270,478,000		18,753,000		21,210,000	
18	March	493,235,000	5,300,000	226,887,000		272,003,000		18,931,000		20,501,000	
19	April	494,556,000	5,336,000	227,825,000		273,534,000		19,109,000		21,172,000	
20	May	495,865,000	5,372,000	228,763,000		275,071,000		19,294,000		21,857,000	
21	June	497,144,000	5,408,000	229,709,000		276,616,000		19,479,000		21,729,000	
22	July	498,929,000	5,445,000	230,664,000		278,169,000		19,665,000		22,428,000	
23	August	500,816,000	5,481,000	231,619,000		279,731,000		19,850,000		23,142,000	
24	September	502,514,000	5,517,000	232,575,000		281,302,000		20,037,000		22,769,000	
25	October	504,508,000	5,553,000	233,531,000		282,881,000		20,223,000		23,497,000	
26	November	506,297,000	5,589,000	234,489,000		284,468,000		20,410,000		24,243,000	
27	December of Rate Year	508,324,000	5,625,000	235,623,000		285,677,000		20,597,000		20,829,000	
28	Average of the 13 Monthly Balances	497,940,000	5,408,000	229,748,000	-	276,641,000	-	19,486,000	-	21,840,000	

Line No		Month (a)	OATT Ancillary Services (GSU) Plant In Service			OATT Ancillary Services (GSU) Accumulated Depreciation	Excluded Plant - Plant In Service	Excluded Plant - Accumulated Depreciation
			(b)	(c)	(d)	(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)
(Note A)								
29	December Prior to Rate Year		10,198,000	5,917,000				
30	January		10,198,000	5,935,000				
31	February		10,198,000	5,953,000				
32	March		10,198,000	5,972,000				
33	April		10,198,000	5,990,000				
34	May		10,198,000	6,008,000				
35	June		10,198,000	6,026,000				
36	July		10,198,000	6,045,000				
37	August		10,198,000	6,063,000				
38	September		10,198,000	6,081,000				
39	October		10,198,000	6,099,000				
40	November		10,198,000	6,118,000				
41	December of Rate Year		10,198,000	6,136,000				
42	Average of the 13 Monthly Balances		10,198,000	6,026,000	-	-	-	

43 Transmission Accum Depreciation net of GSU 223,722,000

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, ln 47, Col. (d) (b)	6,232,000	6,232,000	6,232,000
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		127,000	127,000	127,000
53b					-
54	Total		127,000	127,000	127,000

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.

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

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2020</u>	<u>(D) Balance @ December 31, 2019</u>	<u>(E) Average Balance for 2020</u>
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	55,913,733	54,995,020	55,454,377
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)	55,913,733	54,995,020	55,454,377
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)	280,363,198	273,872,152	277,117,675
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	15,172,623	15,172,623	15,172,623
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	171,945,256	166,170,260	169,057,758
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	93,245,319	92,529,269	92,887,294
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	204,920,161	202,996,379	203,958,270
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	18,053,342	18,053,342	18,053,342
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	187,477,167	185,543,355	186,510,261
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	(610,347)	(600,319)	(605,333)
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	91,584,023	91,584,023	91,584,023
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	7,280,077	7,280,077	7,280,077
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	80,189,636	80,189,636	80,189,636
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	4,114,310	4,114,310	4,114,310
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.

KENTUCKY POWER COMPANY
SPECIFIED DEFERRED CREDITS - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2020

(DEBIT) CREDIT

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 UTILITY		FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2019			FUNCTIONALIZATION 12/31/2020		
ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2020	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2020	(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			0	0	0									
2.04	0	0	0	0	0									
2.05	0	0	0	0	0									
2.06														
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									
5.03	0	0			0									
5.04	0	0			0									
5.05	0	0			0									
5.06	0	0			0									
5.07	0	0			0	0	0	0						
5.08	0	0			0	0	0	0						
5.09	0				0									
5.10	0				0									
5.11	0	0			0									
5.12	0	0			0									
5.13	0	0			0									
5.14	0	0			0									
5.15	0	0			0									
5.16	0	0			0									
5.17	0	0			0									
5.18	0	0			0									
5.19	0	0			0									
5.20	0	0			0									
5.21	0	0			0									
5.22	0	0			0									
5.23	0	0			0									
5.24	0	0			0									
5.25	0	0			0									
5.26	0	0			0									
5.27	0	0			0									
5.28	0	0			0									
5.29	0	0			0									
5.30	0	0			0									
5.31	0	0			0									
5.32	0	0			0									
5.33	0	0			0									
5.34	0	0			0	0	0	0						
5.35	0	0			0	0	0	0						
5.36	0	0			0	0	0	0						
5.37	0				0	0	0	0						
5.38	0	0			0									
5.39			0	0	0									
5.40				0	0									
5.41				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									
9.03	0				0									
9.04	0				0									
9.05	0	0			0									
9.06	0	0			0									
9.07	0	0			0									
9.08	0	0			0									
9.09	0	0			0									
9.10	0	0			0									
9.11	0	0			0									
9.12	0	0			0									
9.13	0	0			0									
9.14	0	0			0									
9.15	0	0			0									
9.16	0	0			0									
9.17	0	0			0									
9.18	0	0			0									
9.19	0	0			0									
9.20	0	0			0									
9.21	0	0			0									
9.22	0	0			0									
9.23	0	0			0									
9.24	0	0			0									
9.25	0	0			0									
9.26	0	0			0									
9.27	0	0			0									
9.28	0	0			0									
9.29	0	0			0									
9.30	0	0			0									
9.31	0	0			0	0	0	0						
9.32	0				0									
9.33	0				0									
9.34	0	0			0									
9.35	0	0			0									
9.36	0	0			0									
9.37	0	0			0									
9.38	0	0			0									
9.39	0	0			0									
9.40	0	0			0									
9.41	0	0			0									
9.42	0	0			0									
9.43	0	0			0									
9.44	0	0			0									
9.45	0	0			0									
9.46	0	0			0									
9.47	0	0			0									
9.48	0	0			0									
9.49	0	0			0									
9.50	0	0			0									
9.51	0	0			0									
9.52	0	0			0									
9.53	0	0			0									
9.54	0	0			0									
9.55	0	0			0									
9.56	0	0			0									
9.57	0	0			0									
9.58	0	0			0									
9.														

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

DEBIT (CREDIT)

	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 UTILITY (B+C+D+E)/2	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2019			FUNCTIONALIZATION 12/31/2020		
	ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2020	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2020		GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1	ACCOUNT 190:														
2.01		0	0			0	0	0	0	-	-		-	-	
2.02		0	0			0	0	0	0		-				
2.03		0	0			0	0	0	0						
2.04		0	0			0	0	0	0						
2.05		0	0			0	0	0	0						
2.06		0	0			0	0	0	0						
2.07		0	0			0	0	0	0						
2.08		0	0			0	0	0	0						
2.09		0	0			0	0	0	0						
2.10		0	0			0	0	0	0						
2.11		0	0			0	0	0	0						
2.12		0	0			0	0	0	0						
2.13		0	0			0	0	0	0						
2.14		0	0			0	0	0	0						
2.15		0	0			0	0	0	0						
2.16		0	0			0	0	0	0						
2.17		0	0			0	0	0	0						
2.18		0	0			0	0	0	0						
2.19		0	0			0	0	0	0						
2.20		0	0			0	0	0	0						
2.21		0	0			0	0	0	0						
2.22		0	0			0	0	0	0						
2.23		0	0			0	0	0	0						
2.24		0	0			0	0	0	0						
2.25		0	0			0	0	0	0						
2.26		0	0			0	0	0	0						
2.27		0	0			0	0	0	0						
2.28		0	0			0	0	0	0						
2.29		0	0			0	0	0	0						
2.30		0	0			0	0	0	0						
2.31		0	0			0	0	0	0						
2.32		0	0			0	0	0	0						
2.33		0	0			0	0	0	0						
2.34		0	0			0	0	0	0						
2.35		0	0			0	0	0	0						
2.36		0	0			0	0	0	0						
2.37		0	0			0	0	0	0						
2.38		0	0			0	0	0	0						
2.39		0	0			0	0	0	0						
2.40		0	0			0	0	0	0						
2.41		0	0			0	0	0	0						
2.42		0	0			0	0	0	0						
2.43		0	0			0	0	0	0						
2.44		0	0			0	0	0	0						
2.45		0	0			0	0	0	0						
2.46		0	0			0	0	0	0						
2.47		0	0			0	0	0	0						
2.48		0	0			0	0	0	0						
2.49		0	0			0	0	0	0						
2.50		0	0			0	0	0	0						
2.51		0	0			0	0	0	0						
2.52		0	0			0	0	0	0						
2.53		0	0			0	0	0	0						
2.54		0	0			0	0	0	0						
2.55		0	0			0	0	0	0						
2.56		0	0			0	0	0	0						
2.57		0	0			0	0	0	0						
2.58		0	0			0	0	0	0						
2.59		0	0			0	0	0	0						
2.60		0	0			0	0	0	0						
2.61		0	0			0	0	0	0						
2.62		0	0			0	0	0	0						
2.63		0	0			0	0	0	0						
2.64		0	0			0	0	0	0						
2.65		0	0			0	0	0	0						
2.66		0	0			0	0	0	0						
2.67		0	0			0	0	0	0						
2.68		0	0			0	0	0	0						
2.69		0	0			0	0	0	0						
2.70		0	0			0	0	0	0						
2.71		0	0			0	0	0	0						
2.72		0	0			0	0	0	0						
2.73		0	0			0	0	0	0						
2.74		0	0			0	0	0	0						
2.75		0	0			0	0	0	0						
2.76		0	0			0	0	0	0						
2.77		0	0			0	0	0	0						
2.78		0	0			0	0	0	0						
2.79		0	0			0	0	0	0						
2.80				0	0	0									
2.81				0	0	0									
2.82				0	0	0									
2.83				0	0	0									
2.84				0	0	0									
2.85				0	0	0									
2.86				0	0	0									
2.87				0	0	0									
2.88				0	0	0									
2.89				0	0	0									
2.90				0	0	0	0	0	0						
2.91		0	0			0	0	0	0						
3	TOTAL ACCOUNT 190	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	ACCOUNT 190 - ARO-Related Deferals	0	0	0	0	0	0	0	0	0	0	0	0	0	0

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
KENTUCKY 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)	17,000	17,000	17,000			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	16,000	16,000	16,000			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

		<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>
5							
6	Totals as of December 31, 2020	3,771,999	(113,220,647)	0	1,624,289	115,368,357	116,992,647
7	Totals as of December 31, 2019	<u>3,771,999</u>	<u>(113,220,647)</u>		<u>1,624,289</u>	<u>115,368,357</u>	<u>116,992,647</u>
8	Average Balance	<u>3,771,999</u>	<u>(113,220,647)</u>	-	<u>1,624,289</u>	<u>115,368,357</u>	<u>116,992,647</u>

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	748,285	-		748,285		748,285	Plant Related Insurance Policies
11	1650005	Prepaid Employee Benefits	0	-				-	
12	1650006	Other Prepayments	316,225	316,225				-	Prepaid - Gen
13	165000218	Prepaid Taxes	1,079,415	1,079,415				-	Prepaid Interest - Distribution
14	1650009	Prepaid Carry Cost-Factored AR	74,535	74,535				-	AR Factoring
15	1650010	Prepaid Pension Benefits	85,864,852	-			85,864,852	85,864,852	Pension
16	1650014	FAS 158 Qual Contra Asset	(85,864,852)	(85,864,852)				-	SFAS 158 Contra Acct
17	1650016	FAS 112 ASSETS	0	-				-	
18	165001218	Prepaid Use Taxes	61,592	61,592				-	Prepaid Tax - Dist
19	165001118	Prepaid Sales Taxes	581,579	581,579				-	SFAS 112 Overfunding Asset
20	1650021	Prepaid Insurance - EIS	876,005	-		876,005		876,005	Plant Related Insurance Policies
21	1650023	Prepaid Lease	34,365	34,365				-	Prepaid Lease - Dist
22	1650031	Prepaid OCIP Work Comp	0	-				-	
23	1650033	Prepaid OCIP Work Comp-Aff	0	-				-	
24	1650035	PRW Without Med-D Benefits	29,503,505	-			29,503,505	29,503,505	Labor Related Expense
25	1650036	PRW for Med-D Benefits	0	-				-	
26	1650037	FAS 158 Contra-PRW Exc Med-D	(29,503,505)	(29,503,505)				-	SFAS 158 Offset
27									
28									
29									
30		Subtotal - Form 1, p 111.57.c	3,771,999	(113,220,647)	0	1,624,289	115,368,357	116,992,647	

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
31									
32	1650001	Prepaid Insurance	748,285	-		748,285		748,285	Plant Related Insurance Policies
33	1650005	Prepaid Employee Benefits	0	-				-	
34	1650006	Other Prepayments	316,225	316,225				-	Prepaid - Gen
35	165000218	Prepaid Taxes	1,079,415	1,079,415				-	Prepaid Interest - Distribution
36	1650009	Prepaid Carry Cost-Factored AR	74,535	74,535				-	AR Factoring
37	1650010	Prepaid Pension Benefits	85,864,852	-			85,864,852	85,864,852	Pension
38	1650014	FAS 158 Qual Contra Asset	(85,864,852)	(85,864,852)				-	SFAS 158 Contra Acct
39	1650016	FAS 112 ASSETS	0	-				-	
40	165001218	Prepaid Use Taxes	61,592	61,592				-	Prepaid Tax - Dist
41	165001118	Prepaid Sales Taxes	581,579	581,579				-	SFAS 112 Overfunding Asset
42	1650021	Prepaid Insurance - EIS	876,005	-		876,005		876,005	Plant Related Insurance Policies
43	1650023	Prepaid Lease	34,365	34,365				-	Prepaid Lease - Dist
44	1650031	Prepaid OCIP Work Comp	0	-				-	
45	1650033	Prepaid OCIP Work Comp-Aff	0	-				-	
46	1650035	PRW Without Med-D Benefits	29,503,505	-			29,503,505	29,503,505	Labor Related Expense
47	1650036	PRW for Med-D Benefits	0	-				-	
48	1650037	FAS 158 Contra-PRW Exc Med-D	(29,503,505)	(29,503,505)				-	SFAS 158 Offset
49									
50									
51									
52		Subtotal - Form 1, p 111.57.d	3,771,999	(113,220,647)		1,624,289	115,368,357	116,992,647	

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
KENTUCKY 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)	(308,364)
2	Interest Accrual (Company Records - Note 1)	(14,414)
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)	(322,778)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(315,571)

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
KENTUCKY 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)	4,496,000	4,496,000	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	710,000	695,427	14,573
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	6,615,000	5,519,934	1,095,066
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	3,286,000	3,121,685	164,315
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	16,677,000	16,677,000	-
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))	31,784,000	30,510,046	1,273,954
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	31,784,000	30,510,046	1,273,954

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

-

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
KENTUCKY POWER COMPANY

(A)		(B)	(C)	(D)	(E)	(F)
<u>Line</u>	<u>Item No.</u>	<u>Description</u>	<u>2020</u>	<u>100%</u>	<u>100%</u>	
<u>Number</u>			<u>Expense</u>	<u>Non-Transmission</u>	<u>Transmission</u>	<u>Explanation</u>
					<u>Specific</u>	
Regulatory O&M Deferrals & Amortizations						
1	5660009	T-RAC UnderRecovery	(15,559,000)			
2						
3						
4		Total	(15,559,000)			
Detail of Account 561 Per FERC Form 1						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability				
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	1,115,000			
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	1,233,000			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development				
11	FF1 p 321.90.b	561.6 - Transmission Service Studies				
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies				
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	348,000			
14		Total of Account 561	2,696,000			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16				-	-	
17				-	-	
18				-	-	
19						
20		Total (FERC Form 1 p.323.189.b)	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	17,742	17,742	-	
22	9301001	Newspaper Advertising Space	6,130	6,130	-	
23	9301002	Radio Station Advertising Time	11,470	11,470	-	
24	9301003	TV Station Advertising Time	3,523	3,523	-	
25	9301010	Publicity	649	649	-	
26	9301012	Public Opinion Surveys	68,298	68,298	-	
27	9301015	Other Corporate Comm Exp	6,815	6,815	-	
28				-	-	
29						
30						
31				-	-	
32				-	-	
33				-	-	
34				-	-	
35				-	-	
36				-	-	
37		Total (FERC Form 1 p.323.191.b)	114,628	114,628	-	
Account 930.2						
38	9302000	Misc General Expenses	215,283	215,283		
39	9302003	Corporate & Fiscal Expenses	28,162	28,162		
40	9302004	Research, Develop&Demonstr Exp	1,367	1,367		
41	9302006	Assoc Business Development Materials Sold	35,154	35,154	-	
42	9302007	Assoc Business Development Exp	167,027	130,059	36,968	
43		Total (FERC Form 1 p.323.192.b)	446,994	410,026	36,968	

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

Kentucky Income Tax Rate	5.00%	
Apportionment Factor - Note 1	91.49%	
Effective State Tax Rate		4.57%
West Virginia Income Tax Rate	6.50%	
Apportionment Factor - Note 1	21.65%	
Effective State Tax Rate		1.41%
Michigan Corporate Income Tax	6.00%	
Apportionment Factor - Note 1	0.04%	
Effective State Tax Rate		0.00%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor Note 1	0.00%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
_____ Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	9.50%	
Apportionment Factor - Note 1	1.20%	
Effective State Tax Rate		0.11%
Total Effective State Income Tax Rate		<u>6.09%</u>

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
KENTUCKY 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	20,200				20,200
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Kentucky	14,527,425	14,527,425			
5	Real and Personal Property - West Virginia	4,842,475	4,842,475			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	2,601,929		2,601,929		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	Production Taxes					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State B&O Tax	6,300,000				6,300,000
16	State Public Service Commission Fee	1,202,400			1,202,400	
17	State Franchise Tax	960,000			960,000	
18		-			-	
19		-			-	
20	Sales & Use	53,000				53,000
21		-				-
22		-				-
23						
24	Total Taxes by Allocable Basis	30,507,429	19,369,900	2,601,929	2,162,400	6,373,200

(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						
	<u>Production</u>	<u>Transmsission</u>	<u>Distribution</u>	<u>General</u>	<u>Total</u>	
25	Functionalized Net Plant (TCOS, Lns 41 thru 46)	716,022,000	423,705,000	650,535,000	35,712,000	1,825,974,000
	KENTUCKY JURISDICTION					
26	Percentage of Plant in KENTUCKY JURISDICTION	33.59%	98.41%	100.00%	99.68%	
27	Net Plant in KENTUCKY JURISDICTION (Ln 25 * Ln 26)	240,511,790	416,968,091	650,535,000	35,597,722	1,343,612,602
28	Less: Net Value of Exempted Generation Plant	12,037,050				
29	Taxable Property Basis (Ln 27 - Ln 28)	228,474,740	416,968,091	650,535,000	35,597,722	1,331,575,552
30	Relative Valuation Factor	33.00%	100.00%	100.00%	100.00%	
31	Weighted Net Plant (Ln 29 * Ln 30)	75,396,664	416,968,091	650,535,000	35,597,722	
32	General Plant Allocator (Ln 31 / (Total - General Plant))	6.60%	36.48%	56.92%	-100.00%	
33	Functionalized General Plant (Ln 32 * General Plant)	2,348,368	12,987,241	20,262,113	(35,597,722)	-
34	Weighted KENTUCKY JURISDICTION Plant (Ln 31 + 33)	77,745,032	429,955,331	670,797,113	(0)	1,178,497,476
35	Functional Percentage (Ln 34/Total Ln 34)	6.60%	36.48%	56.92%		
	WEST VIRGINIA JURISDICTION					
46	Net Plant in WEST VIRGINIA JURISDICTION (Ln 25 - Ln 27 - Ln 37)	475,510,210	6,736,910	-	114,278	482,361,398
47	Less: Net Value Exempted Generation Plant	408,136,549				
48	Taxable Property Basis	67,373,661	6,736,910	-	114,278	74,224,849
49	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
50	Weighted Net Plant (Ln 48 * Ln 49)	67,373,661	6,736,910	-	114,278	
51	General Plant Allocator (Ln 50 / (Total - General Plant))	90.91%	9.09%	0.00%	-100.00%	
52	Functionalized General Plant (Ln 52 * General Plant)	103,890	10,388	-	(114,278)	
53	Weighted WEST VIRGINIA JURISDICTION Plant (Ln 50 + 52)	67,477,551	6,747,298	-	0	74,224,849
54	Functional Percentage (Ln 53/Total Ln 53)	90.91%	9.09%	0.00%		

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
KENTUCKY 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

20,200

37,200
(17,000)

	(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)

19,369,900

5,740,289

4 Real and Personal Property - Kentucky

2020

14,527,425

14,527,425

36.48%

5,300,091

5,300,091

-

-

-

-

5 Real and Personal Property - W Va

2020

4,842,475

4,842,475

9.09%

440,198

440,198

-

-

-

-

-

-

-

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)

2,601,929

2,601,929

10 Federal Unemployment Tax

-

-

11 State Unemployment Insurance

-

-

12 Production Taxes

13 State Severance Taxes

-

14 Miscellaneous Taxes

15 State Business & Occupation Tax

6,300,000

6,300,000

16 State Public Service Commission Fees

1,202,400

1,202,400

17 State Franchise Taxes

960,000

960,000

18 State Lic/Registration Fee

-

19 Misc. State and Local Tax

-

20 Sales & Use

53,000

53,000

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))

30,507,429

30,507,429

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.

13984000

AEP East Companies
Cost of Service Formula Rate Using 2020 FF1 Balances
Worksheet I RESERVED FOR FUTURE USE
KENTUCKY 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
KENTUCKY 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	54.31%	4.42%	2.400%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	45.69%	10.35%	4.729%
		R =	7.130%

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

Rate Base (TCOS, ln 68)	346,825,177
R (from A. above)	7.130%
Return (Rate Base x R)	24,727,794

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

Return (from B. above)	24,727,794
Effective Tax Rate (TCOS, ln 114)	23.08%
Income Tax Calculation (Return x CIT)	5,706,584
ITC Adjustment	-
Excess Deferred Income Tax	(1,722,406)
Tax Affect of Permanent Differences	1,593,323
Income Taxes	5,577,501

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)	63,275,567
Lease Payments (TCOS, Ln 95)	-
Return (TCOS, ln 126)	24,727,794
Income Taxes (TCOS, ln 125)	5,577,501
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	32,970,272

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	32,970,272
Return (from I.B. above)	24,727,794
Income Taxes (from I.C. above)	5,577,501
Annual Revenue Requirement, with Basis Point ROE increase	63,275,567
Depreciation (TCOS, ln 100)	16,831,636
Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation	46,443,931

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (TCOS, ln 42)	419,533,000
Annual Revenue Requirement, with Basis Point ROE increase	63,275,567
FCR with Basis Point increase in ROE	15.08%
Annual Rev. Req. w/ Basis Point ROE increase, less Dep.	46,443,931
FCR with Basis Point ROE increase, less Depreciation	11.07%
FCR less Depreciation (TCOS, ln 10)	11.07%
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)	643,255,000
Annual Depreciation and Amortization Expense (TCOS, ln 100)	16,831,636
Composite Depreciation Rate	2.62%
Depreciable Life for Composite Depreciation Rate	38.22
Round to nearest whole year	38

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	#N/A
Current Projected Year ARR w/ Incentive	#N/A
Current Projected Year Incentive ARR	#N/A

[illegible]

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
KENTUCKY 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
KENTUCKY 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	788,582,000			(192,000)	788,774,000
2	January	797,458,000			(184,000)	797,642,000
3	February	803,816,000			(176,000)	803,992,000
4	March	808,881,000			(168,000)	809,049,000
5	April	808,405,000			(161,000)	808,566,000
6	May	811,432,000			(153,000)	811,585,000
7	June	809,141,000			(145,000)	809,286,000
8	July	811,186,000			(137,000)	811,323,000
9	August	814,234,000			(130,000)	814,364,000
10	September	813,462,000			(122,000)	813,584,000
11	October	814,382,000			(114,000)	814,496,000
12	November	818,509,000			(106,000)	818,615,000
13	December of Rate Year	824,684,000			(99,000)	824,783,000
14	Average of the 13 Monthly Balances	809,552,000	-	-	(145,000)	809,696,846

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)	
	(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		-		870,000,000		870,000,000
16	January		-		970,000,000		970,000,000
17	February		-		970,000,000		970,000,000
18	March		-		970,000,000		970,000,000
19	April		-		970,000,000		970,000,000
20	May		-		970,000,000		970,000,000
21	June		-		970,000,000		970,000,000
22	July		-		970,000,000		970,000,000
23	August		-		970,000,000		970,000,000
24	September		-		970,000,000		970,000,000
25	October		-		970,000,000		970,000,000
26	November		-		970,000,000		970,000,000
27	December of Rate Year		-		970,000,000		970,000,000
28	Average of the 13 Monthly Balances	-	-	-	962,308,000	-	962,307,692

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)			42,039,000			
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)			430,000			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			67,000			
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)			42,536,000			
38	Average Cost of Debt for 2020 (Ln 37/ Ln 28 (g))			4.42%			

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	Senior Unsecured Notes - Series G	-	-	-			
41	Senior Unsecured Notes - Series H	-		-			
42	Senior Unsecured Notes - Series J	-		-			
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)				1,772,004,692		
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital				0.0005		
54	Limit of Recoverable Amount				886,002		
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
KENTUCKY 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
KENTUCKY 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%
Energy Storage Equip	351.0			14.22%	1.000000	14.22%							14.22%
Structures & Improvements	352.0	1.55%	0.492648	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	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	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	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	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	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	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	1.91%	0.425935	0.81%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	1.78%
Office Furniture & Equipment	391.0	2.78%	0.519557	3.17%	0.425935	1.35%	3.43%	0.019780	0.07%	3.43%	0.034728	0.12%	2.98%
Transportation Equipment	392.0	0.00%	0.519557	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	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	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	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	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	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	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.		FERC	ALLOCATION	WTD AVG.	WTD AVG.
	ACCT.	RATES	FACTOR (4)	DEPREC. RATE	APPROVED RATES	FACTOR (4)	DEPREC. RATE	RATES	FACTOR (4)	DEPREC. RATE	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%	1.47%
Structures & Improvements	352.0	1.5500%	0.652103	1.0108%	1.5000%	0.144206	0.2163%	1.5000%	0.203691	0.3055%	1.53%
Station Equipment	353.0	1.8600%	0.652103	1.2129%	1.8400%	0.144206	0.2653%	1.8400%	0.203691	0.3748%	1.85%
Towers & Fixtures	354.0	1.6900%	0.652103	1.1021%	1.5700%	0.144206	0.2264%	1.5700%	0.203691	0.3198%	1.65%
Poles & Fixtures	355.0	2.8500%	0.652103	1.8585%	2.8300%	0.144206	0.4081%	2.8300%	0.203691	0.5764%	2.84%
Overhead Conductors	356.0	1.9700%	0.652103	1.2846%	1.8900%	0.144206	0.2725%	1.8900%	0.203691	0.3850%	1.94%
Underground Conduit	357.0	1.8600%	0.652103	1.2129%	1.7700%	0.144206	0.2552%	1.7700%	0.203691	0.3605%	1.83%
Underground Conductors	358.0	1.7000%	0.652103	1.1086%	1.6600%	0.144206	0.2394%	1.6600%	0.203691	0.3381%	1.69%
Trails & Roads	359.0	1.5000%	0.652103	0.9782%	1.4800%	0.144206	0.2134%	1.4800%	0.203691	0.3015%	1.49%

(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

Reconciliation Revenue Requirement For Year 2018 Available May 25, 2019	-	2018 Forecasted Revenue Requirement For Year 2018	=	True-up Adjustment - Over (Under) Recovery
\$58,108,015		\$56,019,802		(\$2,088,213)

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	(174,018)	0.4095%	12	8,551	182,569
February	Year 2018	(174,018)	0.4095%	11	7,839	181,856
March	Year 2018	(174,018)	0.4095%	10	7,126	181,144
April	Year 2018	(174,018)	0.4095%	9	6,413	180,431
May	Year 2018	(174,018)	0.4095%	8	5,701	179,719
June	Year 2018	(174,018)	0.4095%	7	4,988	179,006
July	Year 2018	(174,018)	0.4095%	6	4,276	178,293
August	Year 2018	(174,018)	0.4095%	5	3,563	177,581
September	Year 2018	(174,018)	0.4095%	4	2,850	176,868
October	Year 2018	(174,018)	0.4095%	3	2,138	176,156
November	Year 2018	(174,018)	0.4095%	2	1,425	175,443
December	Year 2018	(174,018)	0.4095%	1	713	174,730
					55,583	2,143,796
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Annual		
January through December	Year 2019	2,143,796	0.4095%	12	105,346	2,249,142
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2020	(2,249,142)	0.4095%		9,210	2,065,898
February	Year 2020	(2,065,898)	0.4095%		8,460	1,881,903
March	Year 2020	(1,881,903)	0.4095%		7,706	1,697,154
April	Year 2020	(1,697,154)	0.4095%		6,950	1,511,649
May	Year 2020	(1,511,649)	0.4095%		6,190	1,325,385
June	Year 2020	(1,325,385)	0.4095%		5,427	1,138,358
July	Year 2020	(1,138,358)	0.4095%		4,662	950,564
August	Year 2020	(950,564)	0.4095%		3,893	762,002
September	Year 2020	(762,002)	0.4095%		3,120	572,668
October	Year 2020	(572,668)	0.4095%		2,345	382,558
November	Year 2020	(382,558)	0.4095%		1,567	191,670
December	Year 2020	(191,670)	0.4095%		785	0
					60,315	
True-Up Adjustment with Interest					2,309,457	
Less Over (Under) Recovery					(2,088,213)	
Total Interest					221,244	

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

Reconciliation Revenue Requirement For Year 2018 Available May 25, 2019	-	2018 Forecasted Revenue Requirement For Year 2018	=	True-up Adjustment - Over (Under) Recovery
\$305,039		\$924,954		\$619,915

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	51,660	0.4095%	12	(2,539)	(54,198)
February	Year 2018	51,660	0.4095%	11	(2,327)	(53,987)
March	Year 2018	51,660	0.4095%	10	(2,115)	(53,775)
April	Year 2018	51,660	0.4095%	9	(1,904)	(53,563)
May	Year 2018	51,660	0.4095%	8	(1,692)	(53,352)
June	Year 2018	51,660	0.4095%	7	(1,481)	(53,140)
July	Year 2018	51,660	0.4095%	6	(1,269)	(52,929)
August	Year 2018	51,660	0.4095%	5	(1,058)	(52,717)
September	Year 2018	51,660	0.4095%	4	(846)	(52,506)
October	Year 2018	51,660	0.4095%	3	(635)	(52,294)
November	Year 2018	51,660	0.4095%	2	(423)	(52,083)
December	Year 2018	51,660	0.4095%	1	(212)	(51,871)
					(16,501)	(636,416)
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2020	667,689	0.4095%		(2,734)	(613,290)
February	Year 2020	613,290	0.4095%		(2,511)	(558,669)
March	Year 2020	558,669	0.4095%		(2,288)	(503,824)
April	Year 2020	503,824	0.4095%		(2,063)	(448,754)
May	Year 2020	448,754	0.4095%		(1,838)	(393,459)
June	Year 2020	393,459	0.4095%		(1,611)	(337,937)
July	Year 2020	337,937	0.4095%		(1,384)	(282,188)
August	Year 2020	282,188	0.4095%		(1,156)	(226,211)
September	Year 2020	226,211	0.4095%		(926)	(170,004)
October	Year 2020	170,004	0.4095%		(696)	(113,568)
November	Year 2020	113,568	0.4095%		(465)	(56,900)
December	Year 2020	56,900	0.4095%		(233)	(0)
					(17,905)	
True-Up Adjustment with Interest					(685,594)	
Less Over (Under) Recovery					619,915	
Total Interest					(65,679)	

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.