

July 31, 2018

***Via eTariff Filing***

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: PJM Interconnection, L.L.C. and Buckeye Power, Inc.  
Docket No. ER18-2110-000  
*Network Integration Transmission Service Agreement – Calculation of  
Transmission Credits under Section 30.9 of PJM Open Access Transmission  
Tariff*

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)<sup>1</sup> and Section 35.13 of the regulations of the Federal Energy Regulatory Commission (“Commission”),<sup>2</sup> PJM Interconnection, L.L.C. (“PJM”) and Buckeye Power, Inc. (“Buckeye”) hereby tender for filing a fully executed Network Integration Transmission Service Agreement (“NITSA”) between PJM and Buckeye dated July 31, 2018. The NITSA, designated as PJM Second Revised Service Agreement No. 4753, replaces the existing PJM First Revised Service Agreement No. 4753.<sup>3</sup> The NITSA contains certain terms and conditions that do not conform to the standard form of service agreement for Network Integration Transmission Service set forth in Attachment F to PJM’s Open Access Transmission Tariff (“Tariff” or “OATT”).

This filing is made jointly by PJM and Buckeye in order to provide for transmission credits for customer-owned facilities located in the American Electric Power, Inc. (“AEP”) Zone of the PJM-operated transmission system, as provided for in Section 30.9 of PJM’s Tariff. Specifically, Buckeye seeks to include in the NITSA revisions to implement the receipt of Section 30.9 credits for Buckeye’s minority ownership interest in certain transmission project facilities (hereafter, the “Transmission Projects”; singular, “Transmission Project”) to be planned, constructed, operated and maintained by AEP Ohio Transmission Company (“AEPOHTCo”), an AEP subsidiary. The credits will be computed through a formula rate

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<sup>1</sup> 16 USC § 824d.

<sup>2</sup> 18 CFR § 35.13 (2017).

<sup>3</sup> The Commission accepted PJM First Revised Service Agreement No. 4753 by letter order dated January 3, 2018, in Docket No. ER18-254-000.

mechanism (hereafter the “Formula Rate” or “Formula Rate Template”) for calculating and specifying Buckeye’s annual transmission revenue requirement in the Transmission Projects.

PJM is submitting the NITSA in accordance with Section 29.5 of the PJM Tariff.<sup>4</sup> The remainder of this filing, detailing the support for Buckeye’s request for transmission credits and the Formula Rate, has been prepared by Buckeye. Although Buckeye is an electric cooperative that receives financing from the Rural Utilities Service and, as such, is not subject to the Commission’s jurisdiction under subchapter II of the FPA,<sup>5</sup> Buckeye recognizes that its transmission revenue requirements proposed for inclusion in rates charged by PJM under its Tariff are subject to Commission review under Section 205 of the FPA.<sup>6</sup>

PJM and Buckeye request that the NITSA be made effective on October 1, 2018.

## I. BACKGROUND

### A. Description of Buckeye

Buckeye is an Ohio non-profit corporation and a generation and transmission cooperative with its principal place of business located at 6677 Busch Boulevard, Columbus, Ohio 43229. Buckeye produces, procures, and provides at wholesale all of the electric capacity and energy required by its 25 member electric distribution cooperatives operating in Ohio. Those member cooperatives serve more than 380,000 residential, commercial, and industrial customers in service territories encompassing 77 of Ohio’s 88 counties. Buckeye and its affiliates own or control power generation resources with nameplate capacity totaling approximately 2,600 megawatts (“MW”). Buckeye is also a participant in PJM markets.

### B. Buckeye’s Acquisition of Minority Interests in Transmission Facilities

Historically, Buckeye has owned no transmission facilities and, along with its members, has depended entirely upon PJM for open-access transmission service to transmit electric capacity and energy from Buckeye’s generation resources to its members’ delivery points.

As discussed in the attached Prepared Direct Testimony of Craig Grooms,<sup>7</sup> Buckeye’s Vice President, Engineering and Operations, about 65% of Buckeye’s member load is served by 17 of Buckeye’s members at 204 transmission delivery points that are dependent on the transmission facilities of AEPOHTCo for network integration transmission service. In view of this heavy use of AEPOHTCo’s facilities, Buckeye has concluded that it will best serve the

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<sup>4</sup> Section 29.5 of the PJM Tariff provides as follows: “The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.”

<sup>5</sup> See 16 USC § 824(f).

<sup>6</sup> See *Southwest Power Pool, Inc.*, 153 FERC ¶ 61,366 at P 37 (2015).

<sup>7</sup> Exhibit No. BPI-1, included as Attachment 4.

interests of its members with load in the AEP Zone for Buckeye to participate selectively in the financing of, and thereby acquire minority ownership interests in, new AEPOHTCo-developed transmission facilities that benefit the grid and improve reliability in the mostly rural areas of the AEP Zone where such Buckeye load is located.

Mr. Grooms explains that Buckeye now has the option to acquire a minority ownership share of up to 40% in certain transmission facilities to be planned, constructed, operated and maintained by AEPOHTCo. AEPOHTCo will also provide compliance services for these project facilities. As discussed more fully below and in the accompanying testimony of Dennis W. Bethel, President of Bethel Electric Rate Consulting, LLC, *see infra* at n.14, Buckeye proposes to recover its revenue requirement in the Transmission Projects (*i.e.*, those project facilities in which Buckeye commits to own jointly with AEPOHTCo) under PJM's zonal license plate rate design through Section 30.9 of the PJM OATT using the Formula Rate,<sup>8</sup> which is modeled on the transmission formula rate used by AEPOHTCo (and other AEP Companies) that the Commission authorized in Docket Nos. ER17-405-000 and ER17-406-000, *et al.* Mr. Grooms emphasizes that Buckeye has no plans to own any transmission facilities other than the transmission facilities it describes in this filing.<sup>9</sup>

The transmission project facilities are situated where Buckeye's member electric distribution cooperatives are located and are part of the integrated AEP transmission system. The projects will be comparable to other facilities wholly-owned by AEPOHTCo that are integrated with the AEP system. Mr. Grooms explains that once an in-service date for each project is identified, AEP will provide notice to Buckeye, which will have the option to acquire up to a 40% minority ownership share of the facilities at the same time those facilities are placed in service. Notably, however, AEPOHTCo will proceed with the various transmission facility projects on its own even if Buckeye elects not to participate as a minority owner.

AEPOHTCo will follow the established PJM processes, practices and criteria within PJM for the planning, review, construction and operation of potential Transmission Projects as AEPOHTCo uses for all other projects. Hence, explains Mr. Grooms, there will be no difference in the evaluation, planning, vetting, development, construction and operation of the Transmission Projects and those transmission facility projects that AEPOHTCo, or any other Transmission Owner in PJM, might undertake on their own.

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<sup>8</sup> Buckeye's cost recovery of its revenue requirement in Transmission Projects will be made pursuant to the provisions of "Attachment 2 to the Specifications for Network Integration Transmission Service" to the NITSA tendered with the instant filing.

<sup>9</sup> Buckeye notes that the facilities whose cost Buckeye is proposing to recover under this filing through Section 30.9 of the PJM OATT in many important respects are unlike the facilities the Commission authorized for cost recovery in Docket No. ER18-254-000. That proceeding involved cost recovery under Section 30.9 of the PJM OATT for existing 69 kV transmission facilities that had been planned in coordination with AEP and are integrated in the AEP Zone, but were constructed and are owned and operated by a Buckeye member cooperative, South Central Power Company ("SCP"). Another significant difference exists in the cost recovery method that will be applicable to the Transmission Project facilities. Unlike the Formula Rate proposed herein, the revenue requirement for the SCP transmission facilities are calculated using a levelized annual revenue requirement methodology that provides for fixed-rate cost recovery until and unless a different revenue requirement is approved pursuant to a filing with the Commission.

Mr. Grooms discusses one such project that has made its way through the PJM transmission planning process that AEPOHTCo is currently constructing, with an expected in-service date of November 1, 2018 (Mt. Sterling – Zanesville 69kV Circuit, PJM Upgrade ID: S1514.1 (“Mt. Sterling – Zanesville”)). Buckeye has already provided notice to AEPOHTCo that it intends to participate in that project as a 40% minority owner.

Approval of Buckeye’s proposal for Transmission Projects, according to Mr. Grooms, will provide a number of benefits. These include:

- furthering the development of integrated transmission project facilities that will enhance the AEP transmission system and provide greater reliability in rural areas of Ohio served by electric distribution cooperatives;
- eliminating the need for Buckeye to develop duplicate transmission facilities on its own in the AEP Zone of PJM; and
- providing cost savings for customers because the total revenue requirements of both AEPOHTCo and Buckeye for Transmission Projects are expected to be lower than would otherwise be the case if each of these projects were owned exclusively by AEPOHTCo.<sup>10</sup>

The qualification of Buckeye’s Transmission Project revenue requirements for credits under Section 30.9 and the Formula Rate mechanism for calculating the credits, are addressed, in turn, below.

## **II. PROPOSED CHANGES TO THE NITSA**

### **A. Eligibility of Buckeye’s Transmission Revenue Requirements for Transmission Credits Under PJM Tariff Section 30.9**

Section 30.9 of the PJM Tariff provides as follows::

#### **30.9 Network Customer Owned Transmission Facilities:**

The 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. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For

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<sup>10</sup> According to Mr. Bethel in his testimony, these cost savings can be expected because Buckeye has a lower weighted average cost of capital than does AEPOHTCo due to a higher percentage of long-term debt, and because Buckeye is exempt from state and federal income tax liability.

facilities added by the Network Customer subsequent to the [effective date of a Final Rule in RM05-25-000], the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

In the Order No. 890 series,<sup>11</sup> the Commission established a test for determining whether a network transmission customer is eligible to receive credits for new facilities, whereby:

a network customer shall receive credit for transmission facilities added subsequent to the effective date of the Final Rule if such facilities are integrated into the operations of the transmission provider's facilities; provided however, the customer's transmission facilities shall be presumed to be integrated if the transmission facilities, if owned by the transmission provider, would be eligible for inclusion in the transmission provider's annual transmission revenue requirement as specified in Attachment H of the pro forma OATT.<sup>12</sup>

The effective date of the Final Rule in Docket No. RM05-25-000 – *i.e.*, Order No. 890 – is July 13, 2007.

The Commission further clarified that “[i]n light of the planning-related reforms implemented in Order No. 890, the Commission determined it is now appropriate to grant the same presumption of integration to new customer-owned facilities that are similar in scope and design to those transmission provider facilities that are in rates.”<sup>13</sup>

The presumption of integration is plainly applicable to Buckeye's minority ownership interest in Transmission Projects. As noted above, the Transmission Projects developed by AEPOHTCo in which Buckeye is entitled to acquire an interest will all be vetted by AEPOHTCo through the PJM planning process and will thus be certified as integral parts of the interstate grid that support grid reliability of service. Significantly, AEPOHTCo will proceed with the various transmission facility projects on its own even if Buckeye elects not to participate as a minority owner. Thus, not only will the facilities in which Buckeye acquires an ownership interest be “facilities that are similar in scope and design to those transmission provider facilities that are in rates,” they will be the same facilities as those in the transmission provider's rates.

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<sup>11</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241; *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007); *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008); *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009).

<sup>12</sup> Order No. 890 at P 753.

<sup>13</sup> Order No. 890-B at P 63.

## **B. Calculating Buckeye's Section 30.9 Credits Through the Formula Rate**

Buckeye proposes to recover its revenue requirement in Transmission Projects under PJM's zonal license plate rate design through Section 30.9 of the PJM OATT. Because Buckeye is a PJM network integration transmission service customer in the AEP Zone, it is appropriate to use Section 30.9 of the PJM OATT as the mechanism for Buckeye to receive credits for these transmission facilities in which it becomes a minority owner.

As discussed in the attached Prepared Direct Testimony of Dennis W. Bethel,<sup>14</sup> the Formula Rate will only compute revenue requirements for Transmission Projects and has been modeled on the transmission formula rate used by AEPOHTCo (and other AEP affiliates) to calculate the revenue requirements for AEPOHTCo's transmission investments, including its majority share in potential Transmission Projects. The AEPOHTCo transmission formula rate, at Line No. 3 of page 1 of the "TCOS" section and Note "X", provides for AEPOHTCo to include "Facility Credits under PJM OATT Section 30.9" in its transmission revenue requirement.<sup>15</sup>

### **Mechanics of the Proposed Formula Rate**

The Formula Rate Template proposed by Buckeye is an Excel spreadsheet model that is populated with projected costs each October to determine the estimated revenue requirement that will be collected beginning January 1 of the following calendar year. The Formula Rate will also be populated each May with actual costs for the prior year. The difference between actual costs and revenues collected using projected rates will then be trued-up with interest in the next calendar year.

Buckeye will populate the Formula Rate with estimated cost information to produce a projected transmission revenue requirement ("PTRR") each year in October prior to the PJM website posting of AEPOHTCo's PTRR for the up-coming calendar rate year. Then, Buckeye will provide this populated Formula Rate to AEPOHTCo so that the charges PJM will make under Section 30.9 to AEPOHTCo will be concurrently recovered by AEPOHTCo in AEP Zone network integration transmission service charges collected by PJM.

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<sup>14</sup> Exhibit No. BPI-2, with attached Exhibit Nos. BPI-3, BPI-4, and BPI-5, included together as Attachment 5.

<sup>15</sup> Mr. Grooms explains in his testimony that Transmission Projects will be planned by AEP and are "generally situated in the rural areas of Ohio where Buckeye's member electric distribution cooperatives are located" and that the costs will be recovered from network integration transmission service customers with load in PJM's AEP Zone. Buckeye's proposed Formula Rate, however, also provides for the possibility that PJM could determine that the costs of a Transmission Project should be recovered under Schedule 12 of the PJM OATT and Mr. Bethel describes in his testimony the Buckeye mechanism for Formula Rate recovery under Schedule 12. This situation is highly unlikely to occur because the cost of contemplated projects in rural Ohio areas would typically have to be recovered by PJM through network integration transmission service charges for load in the AEP Zone, and not under Schedule 12 of the PJM OATT.



The Buckeye PTRR computed each October will reflect the investments in Transmission Projects that Buckeye has made or has committed to make that are in-service or are projected to enter service during the following rate year. Other cost inputs to the PTRR will be estimated.

Each May, following a PTRR update, Buckeye will calculate its actual transmission revenue requirements (“ATTR”) for the previous year and provide the update to AEPOHTCo prior to its required PJM ATTR posting. Buckeye will compare the ATTR to Section 30.9 revenues (*i.e.*, the PTRR amounts) it received from PJM during the same previous calendar year to determine the amount of under- or over-collection and interest that will need to be combined with the next PTRR (“True-up Adjustment”). The True-up Adjustment interest will be computed from the month the corresponding PTRR was first effective through the end of the next calendar rate year, following the similar adjustment AEPOHTCo will be making. The interest rate used in the computation will be the average monthly FERC refund interest rate (*i.e.*, the interest rate determined pursuant to 18 C.F.R. § 35.19a) for the twenty months from the beginning of the rate year being tried-up through August 31 of the following year – the same interest rate AEPOHTCo will use.

AEPOHTCo will be the majority owner of every Transmission Project that Buckeye will include in its annual updates. Interested Parties will be able to examine and verify the appropriateness of all Transmission Project costs and O&M expenses allocated by AEPOHTCo to Buckeye for its ownership share in each of the projects. To this end, Buckeye commits that upon request from AEPOHTCo, Buckeye will cooperate with AEPOHTCo and provide such information to support Buckeye’s costs as may reasonably be needed to respond to an inquiry in AEPOHTCo’s annual reviews that involve Buckeye costs for the Transmission Projects, including Buckeye administrative and other costs.

Buckeye is not a Major electric utility and is otherwise not required to file a FERC Form No. 1-Electric Utility Annual Report under the Commission’s regulations. Nevertheless, explains Mr. Bethel, each year as part of its ATTR annual update, Buckeye proposes to prepare and provide to interested parties an “informational” version of the FERC Form No. 1 (“FF-1”) containing the applicable investment, expense and other financial information that will be used to populate the Formula Rate. The Formula Rate contains all the page, row and column references necessary to locate the appropriate inputs in the FF-1. To the extent that any needed cost information (*i.e.*, 13-month balances for most components of rate base) is not a part of the FF-1, or must be adjusted or allocated, the Formula Rate also identifies the source of the additional data, and the allocation basis employed to determine the appropriate transmission-related portion of all costs. Buckeye will provide the informational FF-1 to PJM for posting along with Buckeye’s ATTR so that both documents will be available to interested parties for their timely review.

True-up of each PTRR to actual costs will occur in the calendar year following the posting and review of the ATTR. For example, Buckeye’s 2019 ATTR will be posted in May 2020, and any under- or over-collection of Buckeye’s 2019 ATTR will be collected or refunded, respectively, with interest during calendar rate year 2021, similar to the process AEPOHTCo

must follow respecting its 2019 true-up. In this regard, Buckeye notes that it currently intends to become a part owner of the first Transmission Project in the 4<sup>th</sup> quarter of 2018. If this comes about in fact, Buckeye will produce a 2018 ATRR in May 2019. Since the time for posting a 2018 PTRR under Buckeye's proposal would have been October 2017 and has already passed, Buckeye will not recover its 2018 revenue requirement until 2020 when PJM collects Buckeye's 2018 ATRR true-up, and that cost is incorporated in AEPOHTCo's 2020 rates.

Mr. Bethel has prepared Exhibit No. BPI-4, a clean version of the Formula Rate, and Exhibit No. BPI-5, a populated version of the Formula Rate that also shows the differences between the AEPOHTCo formula rate and the Buckeye Formula Rate appearing as redline changes in the exhibit. Exhibit No. BPI-5 also provides illustrative cost information reflecting the expected cost of the first Transmission Project (*i.e.*, Mt. Sterling – Zanesville) in which Buckeye has provided notice that it intends to own jointly with AEPOHTCo.

### **Details on the Layout of the Formula Rate Template**

The first section of the Formula Rate summarizes the cost of service calculation. Page 1 of Exhibit No. BPI-4 (and 5) summarizes the PTRR and the carrying charge rate that would apply to a Transmission Project if PJM were to allocate the costs to customers determined to benefit from the project under PJM OATT Schedule 12.<sup>16</sup>

Page 2 details components of rate base, reflecting Buckeye's gross investment in Transmission Projects, less accumulated depreciation, plus an allocation of Buckeye's general plant based on projected Buckeye functional wages and salaries ("labor") and applicable components of working capital. There are line items in the Formula Rate that are never expected to apply to Buckeye, but which have been retained to preserve consistency of the line numbering and source references that exist under the AEPOHTCo formula rate. (Such inapplicable line items include state and federal income taxes, deferred income taxes, and long-term debt hedging.)

Page 3 details projected expenses for O&M, administrative and general ("A&G"), depreciation, and taxes. The total revenue requirement, consisting of expenses plus allowed return on rate base, is shown at the bottom of page 3. O&M expenses will consist of charges from AEPOHTCo based on the rate per dollar of gross plant investment determined pursuant to the Services Agreement between AEPOHTCo and Buckeye that the Commission accepted for filing in Docket No. ER18-1486-000,<sup>17</sup> which Mr. Grooms describes in his testimony.<sup>18</sup> A&G costs will reflect a transmission labor share of Buckeye administrative and general expenses.

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<sup>16</sup> See *supra* n.15.

<sup>17</sup> By letter order issued May 31, 2018, the Commission accepted effective June 30, 2018, the Services Agreement as filed with the Commission by AEP on behalf of AEPOHTCo.

<sup>18</sup> In addition to Buckeye's ownership share of O&M expenses of the Transmission Projects that Buckeye will be billed under the Services Agreement, Mr. Grooms explains that the Services Agreement addresses the compliance services that AEPOHTCo will perform associated with the Transmission Projects.



Because AEPOHTCo will reduce the O&M expenses included in its formula rate by the amounts charged to Buckeye, collection of Service Agreement O&M charges in Buckeye's Formula Rate will restore full O&M cost recovery and will not result in any double recovery of O&M expenses for Transmission Projects.

The allowed return on Buckeye's Rate Base reflects Buckeye's capital structure (on page 4) composed of long-term debt and proprietary (*e.g.*, equity) capital, Buckeye's long-term debt cost rate, and a 10.35% return on equity ("ROE") that includes a 50 basis-point RTO participation bonus. Presently, AEPOHTCo's rates include a 10.35% ROE arising from the proceedings in Docket No. EL17-13. In that proceeding, the so-called "AEP Parties" have reached a settlement with certain parties that provides for a base ROE of 9.85%, effective as of January 1, 2018. However, other participants, including the Commission's staff, have opposed the settlement. Thereafter, on May 22, 2018, Administrative Law Judge Steven L. Sterner issued a Report of Contested Settlement, on May 31, 2018, an order terminating settlement judge procedures was issued, and a final determination now awaits Commission action. Buckeye commits that if a different base ROE is approved by the Commission for AEPOHTCo, the Buckeye ROE will change correspondingly effective as of the date the new rate is effective for AEPOHTCo.

The development of major allocation factors and the weighted average cost of capital, or "WACC," are shown on page 4. Notes referenced throughout the Formula Rate are detailed on page 5.<sup>19</sup>

**C. Description of, and Justification for, the Non-Conforming Language in the NITSA**

The NITSA conforms to the standard form of service agreement in the PJM Tariff, except for the pre-existing language in Section 7.6 that was added respecting information on the Section 30.9 credits for the SCP facilities accepted by the Commission in Docket No. ER18-254-000 and the language added to provide for the Formula Rate recovery mechanism that will be used to calculate credits for Buckeye's ownership interests in Transmission Projects set out in the provisions of "Attachment 2 to the Specifications for Network Integration Transmission Service" to the NITSA tendered with the instant filing.

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<sup>19</sup> There are parts of the Formula Rate that have been included but are unlikely to be applicable to Buckeye. For example, there are various worksheets that are not expected to apply to Buckeye that are retained in order to maintain consistency with the AEPOHTCo formula rate. These include: worksheets B, B-1 and B-2 dealing with accumulated deferred income taxes; worksheet D regarding credits due to independent power producers for AEP system transmission upgrades; and worksheet G concerning development of the effective state income tax rate. There are also two "Reserved" worksheets (I and L) in the formula as used by AEPOHTCo that are maintained in the Buckeye Formula Rate.

### **III. DOCUMENTS INCLUDED WITH THIS FILING**

The following documents, along with this transmittal letter, are included with this filing:

|              |   |
|--------------|---|
| Attachment 1 | PJM Second Revised Service Agreement No. 4753, the NITSA between Buckeye and PJM for transmission service in the PJM Region (Marked Tariff)   |
| Attachment 2 | PJM Second Revised Service Agreement No. 4753, the NITSA between Buckeye and PJM for transmission service in the PJM Region (Clean Tariff)  |
| Attachment 3 | PDF of executed signature page of PJM Second Revised Service Agreement No. 4753   |
| Attachment 4 | Prepared Direct Testimony of Craig Grooms, Exhibit No. BPI-1  |
| Attachment 5 | Prepared Direct Testimony of Dennis W. Bethel, Exhibit No. BPI-2, with attached Exhibit Nos. BPI-3, D. W. Bethel Expert Witness Qualifications, BPI-4, the Buckeye Formula Rate (clean), and BPI-5, the Buckeye Formula Rate with illustrative costs and redlined to show changes to AEPOHTCo transmission formula rate |

### **IV. EFFECTIVE DATE**

PJM and Buckeye request the Commission to accept this filing and permit the NITSA to become effective on October 1, 2018.

## V. COMMUNICATIONS

Correspondence and communications with respect to this filing should be sent to, and PJM and Buckeye request the Secretary to include on the official service list, the following persons:

**PJM:**

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PJM and Buckeye request waiver of Rule 203(b)(3) of the Commission's Rules of Practice and Procedure<sup>20</sup> to permit the inclusion of more than two representatives on the Commission's official service list in this docket.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Marvin T. Griff

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*Counsel for Buckeye Power, Inc.*

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<sup>20</sup> 18 CFR § 385.203(b)(3) (2017).

# Attachment 1

(Marked / Redline Format)

**NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT**  
**Among**  
**PJM INTERCONNECTION, L.L.C.**  
**And**  
**BUCKEYE POWER, INC.**



## ATTACHMENT F

### **Service Agreement For Network Integration Transmission Service**

- 1.0 This Service Agreement, dated as of ~~November 3, 2017~~ July 31, 2018, is entered into, by and between the Office of the Interconnection of PJM Interconnection, L.L.C. (the Transmission Provider) as the administrator of the Tariff, PJM Settlement Inc. (“Counterparty”) as the counterparty, and Buckeye Power, Inc. (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a valid request for Network Transmission Service under the Tariff and to have satisfied the conditions for service imposed by the Tariff.
- 3.0 Service under this agreement shall commence on the later of: (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Transmission Service in accordance with the provisions of the Tariff, including the Network Operating Agreement (which is incorporated herein by reference), and this Service Agreement as they may be amended from time to time.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider (on behalf of Transmission Provider and Counterparty):

PJM Interconnection, L.L.C.  
2750 Monroe Blvd.  
Audubon, PA 19403

Transmission Customer:

Buckeye Power, Inc.  
6677 Busch Boulevard  
Columbus, OH 43229

- 6.0 The Tariff for Network Integration Transmission Service is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Office of the Interconnection:

By: /s/ Michael E. Bryson Vice President – Operations 11/3/2017 July 31, 2018

Name: Michael E. Bryson Title Date

Counterparty:

By: /s/ Stanley H. Williams President 11/3/2017 July 31, 2018

Name: Stanley H. Williams Title Date

Network Customer:

By: /s/ Craig W. Grooms V.P. – Engineering & Operations 11/1/2017 July 30, 2018

Name: Craig Grooms Title Date

**CERTIFICATION**

I, Craig Grooms, certify that I am a duly authorized officer of Buckeye Power, Inc. (Transmission Customer) and that Buckeye Power, Inc. (Transmission Customer) will not request service under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open-Access Transmission Tariff.

/s/ Craig W. Grooms  
(Name) Signature

V.P. – Engineering & Operations  
(Title)

Subscribed and sworn before me this 130th day of November July, 20178.

/s/ Manmohan K. Sachdeva James J Palnusino  
(Notary Public)

My Commission expires: May 18, 2018 10-16-21

SPECIFICATIONS FOR  
NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 Term of Transaction: Five (5) years

Start Date: January 1, 2018

Termination Date: January 1, 2023

2.0 Description of capacity and/or energy to be transmitted within the PJM Region (including electric control area in which the transaction originates).

Buckeye Power, Inc. (“Buckeye”) owns Cardinal Unit 2, Cardinal Unit 3, R.P. Mone Unit 1, R.P. Mone Unit 2 and R.P. Mone Unit 3 in the AEP zone and Greenville Unit 1, Greenville Unit 2, Greenville Unit 3 and Greenville Unit 4 in the Dayton zone. Buckeye is also an owner in the Ohio Valley Electric Corporation (“OVEC”) units (Clifty Creek and Kyger Creek) which are pseudo-tied to PJM. Buckeye also receives an entitlement from NYPA (Niagara and St. Lawrence) which is delivered from NYISO.

Load: Buckeye serves its member load within 5 transmission zones: AEPOH, AEPIM, Dayton, ATSI and DEOK.

3.0 Network Resources:

Cardinal Unit 2: ICAP 585 MW (RPM Resource ID: 89090102)  
Cardinal Unit 3: ICAP 620 MW (RPM Resource ID: 89090103)  
R.P. Mone Unit 1: ICAP 145 MW (RPM Resource ID: 89462101)  
R.P. Mone Unit 2: ICAP 145 MW (RPM Resource ID: 89462102)  
R.P. Mone Unit 3: ICAP 145 MW (RPM Resource ID: 89462103)  
Greenville Unit 1: ICAP 49 MW (RPM Resource ID: 87082101)  
Greenville Unit 2: ICAP 49 MW (RPM Resource ID: 87082102)  
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Clifty Creek Unit 1: ICAP 34.3 MW (RPM Resource ID: 99120451)  
Clifty Creek Unit 2: ICAP 34.3 MW (RPM Resource ID: 99120452)  
Clifty Creek Unit 3: ICAP 34.3 MW (RPM Resource ID: 99120453)  
Clifty Creek Unit 4: ICAP 34.3 MW (RPM Resource ID: 99120454)  
Clifty Creek Unit 5: ICAP 34.3 MW (RPM Resource ID: 99120455)  
Clifty Creek Unit 6: ICAP 34.3 MW (RPM Resource ID: 99120456)  
Kyger Creek Unit 1: ICAP 34.0 MW (RPM Resource ID: 99130451)  
Kyger Creek Unit 2: ICAP 33.8 MW (RPM Resource ID: 99130452)  
Kyger Creek Unit 3: ICAP 33.8 MW (RPM Resource ID: 99130453)  
Kyger Creek Unit 4: ICAP 33.8 MW (RPM Resource ID: 99130454)

Kyger Creek Unit 5: ICAP 33.8 MW (RPM Resource ID: 99130455)

NYPA (RECS GEN): ICAP 55MW – 81MW (depends on yearly entitlement) (RPM Resource ID: 99122105)

4.0 Network Load:

AEP Zone (Buckeye – AEPOH) 2017 NSPL: 1,056.2 MW

AEP Zone (Buckeye – AEPIM) 2017 NSPL: 19.5 MW

Dayton Zone (Buckeye – DPL) 2017 NSPL: 290.3 MW

ATSI Zone (BUCK-FE) 2017 NSPL: 196.4 MW

DEOK Zone (BUCK-CIN) 2017 NSPL: 45.3 MW

5.0 Designation of party subject to reciprocal service obligation: Per Section 6.0 of the PJM Open Access Transmission Tariff (“Tariff”).

6.0 Name(s) of any Intervening Systems providing transmission service: OVEC

7.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the tariff.)

7.1 Embedded Cost Transmission Charge: Per the applicable sections of the PJM Tariff.

7.2 Facilities Study Charge: Per the applicable sections of the PJM Tariff.

7.3 Direct Assignment Facilities Charge: Per the applicable sections of the PJM Tariff.

7.4 Ancillary Services Charge: Per the applicable sections of the PJM Tariff.

7.5 Other Supporting Facilities Charge: Per the applicable sections of the PJM Tariff. In addition, the Wholesale Distribution Services (“WDS”) rate for Buckeye members located in the Duke Energy footprint is 65 cents/kW-month. (This WDS rate was set in the 1968 Power Delivery Agreement among Columbus Southern Power, Buckeye Power, Inc., The Cincinnati Gas & Electric Company, The Dayton Power and Light Company, Monongahela Power Company, Ohio Power Company, and Toledo Edison Company. Due to its vintage, there is no record of the docket number in which this rate was accepted by the Commission.)

7.6 Transmission Credits: See Attachment 1 [and Attachment 2](#) to the Specifications for Network Integration Transmission Service.

**ATTACHMENT 1 TO THE SPECIFICATIONS FOR  
NETWORK INTEGRATION TRANSMISSION SERVICE**

**TRANSMISSION CREDITS PURSUANT TO PJM TARIFF SECTION 30.9**

A total annual Transmission Credit will be issued to Buckeye Power, Inc., in monthly increments, on behalf of its member South Central Power Company (“SCP”), in the amount indicated for the following listed SCP transmission facilities:

| Line No. | Transmission Facility Description          | Original Cost          | Annual Cost           |
|----------|--|------------------------|-----------------------|
| A - D    | (1)  | (2)                    | (3) = (2) * LFCR      |
| 1        | Pre-July13, 2007 Stations                  | \$4,055,497.02         | \$548,526.90          |
| 2        | Pre-July13, 2007 Lines                     | \$9,854,760.27         | \$1,332,907.19        |
| 3        | Post-July13, 2007 Stations                 | \$7,263,729.33         | \$982,456.88          |
| 4        | Post-July13, 2007 Lines                    | \$8,609,390.65         | \$1,164,464.52        |
| <b>5</b> | <b>Total 30.9 Facilities &amp; Credits</b> | <b>\$29,783,377.27</b> | <b>\$4,028,355.50</b> |

**ATTACHMENT 2 TO THE SPECIFICATIONS FOR  
NETWORK INTEGRATION TRANSMISSION SERVICE**

**TRANSMISSION CREDITS PURSUANT TO PJM TARIFF SECTION 30.9**

A total annual Transmission Credit will be issued to Buckeye Power, Inc., (“Buckeye”) in monthly increments, in the amount indicated under the transmission formula rate mechanism (“Formula Rate”) for calculating and specifying credits for its minority ownership interest (40% or less) in certain transmission project facilities jointly owned with AEP Ohio Transmission Company. Buckeye’s Formula Rate is attached hereto and is incorporated herein by reference.



# Attachment 2

(Clean Format)

**NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT**  
**Among**  
**PJM INTERCONNECTION, L.L.C.**  
**And**  
**BUCKEYE POWER, INC.**

## ATTACHMENT F

### **Service Agreement For Network Integration Transmission Service**

- 1.0 This Service Agreement, dated as of July 31, 2018, is entered into, by and between the Office of the Interconnection of PJM Interconnection, L.L.C. (the Transmission Provider) as the administrator of the Tariff, PJM Settlement Inc. (“Counterparty”) as the counterparty, and Buckeye Power, Inc. (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a valid request for Network Transmission Service under the Tariff and to have satisfied the conditions for service imposed by the Tariff.
- 3.0 Service under this agreement shall commence on the later of: (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Transmission Service in accordance with the provisions of the Tariff, including the Network Operating Agreement (which is incorporated herein by reference), and this Service Agreement as they may be amended from time to time.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider (on behalf of Transmission Provider and Counterparty):

PJM Interconnection, L.L.C.  
2750 Monroe Blvd.  
Audubon, PA 19403

Transmission Customer:

Buckeye Power, Inc.  
6677 Busch Boulevard  
Columbus, OH 43229

- 6.0 The Tariff for Network Integration Transmission Service is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Office of the Interconnection:

By: /s/ Michael E. Bryson Vice President – Operations July 31, 2018  
Name: Michael E. Bryson Title Date

Counterparty:

By: /s/ Stanley H. Williams President July 31, 2018  
Name: Stanley H. Williams Title Date

Network Customer:

By: /s/ Craig W. Grooms V.P. – Engineering & Operations July 30, 2018  
Name: Craig Grooms Title Date

**CERTIFICATION**

I, Craig Grooms, certify that I am a duly authorized officer of Buckeye Power, Inc. (Transmission Customer) and that Buckeye Power, Inc. (Transmission Customer) will not request service under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open-Access Transmission Tariff.

/s/ Craig W. Grooms  
(Name) Signature

V.P. – Engineering & Operations  
(Title)

Subscribed and sworn before me this 30th day of July, 2018.

/s/ James J Palnusino  
(Notary Public)

My Commission expires: 10-16-21

SPECIFICATIONS FOR  
NETWORK INTEGRATION TRANSMISSION SERVICE

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Start Date: January 1, 2018

Termination Date: January 1, 2023

2.0 Description of capacity and/or energy to be transmitted within the PJM Region (including electric control area in which the transaction originates).

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Attachment 3

Copy of Signature Page

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Office of the Interconnection:

By: Michael E. Bryson Vice President – Operations 7/31/2018  
Name: Michael E. Bryson Title Date

Counterparty:

By: Stanley H. Williams President 7/31/2018  
Name: Stanley H. Williams Title Date

Transmission Customer:

By: Craig Grooms V.P. - Engineering & Operations 7/30/2018  
Name Title Date

**CERTIFICATION**

I, Craig Grooms, certify that I am a duly authorized officer of Buckeye Power, Inc. (Transmission Customer) and that Buckeye Power, Inc. (Transmission Customer) will not request service under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open-Access Transmission Tariff.

Craig Grooms  
(Name)

V.P. – Engineering & Operations  
(Title)

Subscribed and sworn before me this 30<sup>th</sup> day of July, 2018.

James J. Palmisano  
(Notary Public)

My Commission expires: 10-16-21



James J. Palmisano  
Notary Public, State of Ohio  
My Commission Expires Oct. 16, 2021

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**BUCKEYE POWER, INC.**

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)

**Docket No. ER18-2110-000**

**PREPARED DIRECT TESTIMONY  
OF  
CRAIG GROOMS**

**ON BEHALF OF**

**BUCKEYE POWER, INC.**

**JULY 27, 2018**

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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**BUCKEYE POWER, INC**

)  
)

**Docket No. ER18-2110-000**

**PREPARED DIRECT TESTIMONY OF  
CRAIG GROOMS**

**I. Introductions and Qualifications**

1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 A. My name is Craig Grooms. I am the Vice President, Engineering and Operations,  
3 for Buckeye Power, Inc. (“Buckeye”). My business address is 6677 Busch  
4 Boulevard, Columbus, Ohio 43229.

5 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

6 A. I am testifying on behalf of Buckeye.

7 **Q. PLEASE DESCRIBE YOUR EDUCATION, PROFESSIONAL  
8 QUALIFICATIONS AND EXPERIENCE.**

9 A. I received a Bachelor of Science degree in Engineering Technology from the  
10 University of Dayton and a Master of Business Administration from Otterbein  
11 University. I’ve been employed in the electric utility industry for over 20 years in a  
12 variety of positions related to electric system operations (power generation dispatch  
13 and transmission), natural gas system operations and energy marketing. My current  
14 responsibilities include oversight and management of Buckeye Power’s scheduling

1 responsibilities in PJM Interconnection, L.L.C (“PJM”) and the Mid-Continent  
2 Independent System Operator (“MISO”), power generation dispatch, information  
3 technology, power delivery engineering, transmission services, corporate facilities  
4 and reliability compliance.

5 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN ANY PROCEEDING BEFORE**  
6 **THE FEDERAL ENERGY REGULATORY COMMISSION OR STATE**  
7 **REGULATORY AGENCY?**

8 A. No.

## II. Summary of Testimony and Exhibits Sponsored

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 A. In my testimony, I provide an overview of a transmission facility that’s been  
11 planned and constructed, and will be operated and maintained by AEP Ohio  
12 Transmission Company (“AEPOHTCo”), an American Electric Power (“AEP”)  
13 subsidiary, in which Buckeye will invest as a minority joint owner. I also describe a  
14 related agreement for services between Buckeye and AEPOHTCo that provides for  
15 the operation and maintenance of, and the provision of regulatory compliance  
16 services for, such transmission facilities by AEPOHTCo (“Services Agreement”).  
17 Additionally, I describe a number of benefits that will result from Buckeye’s  
18 participation in the jointly owned transmission facility nearing completion and  
19 potentially others that AEPOHTCo may develop in rural Ohio.

20 **Q. WHAT EXHIBITS ARE YOU SPONSORING AS PART OF YOUR**  
21 **TESTIMONY?**

22 A. I am sponsoring the following exhibits:

- 1           • Exhibit No. BPI-1: Craig W. Grooms Prepared Direct Testimony

2                           **III. Transmission Projects and the Services Agreement**

2   **Q   PLEASE BRIEFLY DESCRIBE THE TRANSMISSION FACILITY**  
3   **PROJECTS THAT BUCKEYE WILL JOINTLY OWN WITH AEPOHTCO.**

4   A. Buckeye and AEPOHTCo have agreed that there is potential for the development of  
5   transmission facilities generally situated in the rural areas of Ohio where Buckeye’s  
6   member electric distribution cooperatives are located. These potential facilities  
7   would be comparable to others wholly-owned by AEPOHTCo that are integrated  
8   with its system, but would be of particular importance to Buckeye. Approximately  
9   65% of Buckeye’s member load is served by 17 of Buckeye’s members at 204  
10   transmission delivery points that are dependent on the transmission facilities of AEP  
11   for network integration transmission service. With this heavy reliance on AEP  
12   facilities, Buckeye has concluded that its members’ best interests are served by  
13   participating in the financing and partial ownership of AEP-developed transmission  
14   facilities that benefit the grid and improve reliability in the rural areas of the AEP  
15   zone where Buckeye’s members are located.

16           If AEP develops a project through AEPOHTCo that is generally situated in  
17   an area that provides network service to Buckeye members, AEPOHTCo may seek  
18   Buckeye’s participation in the project. If AEPOHTCo does develop such a project,  
19   it will provide notice to Buckeye, which will have the option to acquire up to a 40%  
20   ownership share of the facilities at the time such facilities are placed in service. In  
21   my testimony I refer to such transmission facility projects that Buckeye will jointly  
22   own with AEPOHTCo as the “Transmission Projects” and “Transmission Project”

1 when used in the singular. Regardless of Buckeye's participation as an owner,  
2 AEPOHTCo, will develop, construct and operate the transmission facility projects  
3 on its own.

4 Significantly, AEPOHTCo will follow established PJM processes, practices  
5 and criteria for the planning, review, construction and operation of potential  
6 Transmission Projects as it uses for all other projects. As such, we expect there to  
7 be no difference in the evaluation, planning, vetting, development, construction and  
8 operation of the Transmission Projects and those transmission facility projects that  
9 AEPOHTCo, or any other Transmission Owner in PJM, might undertake on their  
10 own.

11 **Q PLEASE BRIEFLY DESCRIBE THE SERVICES AGREEMENT.**

12 The Services Agreement addresses the operation and maintenance ("O&M"), and  
13 compliance services that AEPOHTCo will perform associated with the  
14 Transmission Projects. AEPOHTCo will bill Buckeye its proportionate ownership  
15 share of O&M expenses under the Services Agreement. AEPOHTCo filed the  
16 Services Agreement with the Commission in Docket No. ER18-1486-000. The  
17 Commission accepted the Services Agreement for filing on May 31, 2018, effective  
18 as of June 30, 2018.

19 **Q HAVE BUCKEYE AND AEPOHTCO IDENTIFIED A POSSIBLE**  
20 **TRANSMISSION PROJECT?**

21 A. Yes. AEPOHTCO and Buckeye have identified one such project that has made its  
22 way through the PJM transmission planning process that AEPOHTCo is currently  
23 constructing, with an expected in service date of November 1, 2018 [MT. Sterling –

1 Zanesville 69kV Circuit, PJM Upgrade ID: S1514.1 (“Mt. Sterling – Zanesville”)].  
2 Buckeye has already provided notice to AEPoHTCo that it intends to participate in  
3 that project as a 40% minority owner.

4 **Q WILL BUCKEYE OWN ANY TRANSMISSION FACILITIES OTHER**  
5 **THAN THOSE JOINTLY OWNED WITH AEPoHTCo?**

6 A. Buckeye has no plans to own any transmission facilities other than the Transmission  
7 Projects it has described in this filing. In any event, Buckeye will separately seek  
8 Commission approval for cost recovery of any transmission facilities that are not  
9 Transmission Projects that will be owned by Buckeye.

10 **Q WHAT ARE THE MAIN DISTINGUISHING FEATURES BETWEEN THE**  
11 **TRANSMISSION FACILITIES FOR WHICH COST RECOVERY WAS**  
12 **APPROVED IN DOCKET NO. ER18-254-000 AND THE TRANSMISSION**  
13 **PROJECTS DISCUSSED IN THIS PROCEEDING?**

14 A. Docket No. ER18-254 involved cost recovery for existing 69 kV transmission  
15 facilities that had been planned in coordination with AEP and are integrated in the  
16 AEP zone, but were constructed and are owned and operated by a Buckeye member  
17 cooperative, South Central Power Company (“SCP”). The revenue requirements for  
18 these SCP transmission facilities are calculated using a levelized annual revenue  
19 requirement methodology that provides for cost recovery until and unless a different  
20 revenue requirement is approved pursuant to a filing with the Commission. PJM  
21 and Buckeye filed a revised Network Integration Transmission Service Agreement  
22 adding provisions for credits under Section 30.9 of PJM’s Open Access  
23 Transmission Tariff (“OATT”) for the cost of the SCP transmission facilities.

1           In this proceeding, cost recovery would be for Buckeye's minority  
2 ownership share in certain transmission facilities that AEPOHTCo is developing  
3 and constructing in areas in which Buckeye's electric distribution cooperative  
4 members are located that will be integrated into the AEP transmission system.  
5 AEPOHTCo will also be operating, maintaining and providing compliance services  
6 for these projects. As discussed more fully in Mr. Bethel's testimony, Buckeye  
7 proposes to recover its revenue requirement in Transmission Projects under PJM's  
8 zonal license plate rate design through Section 30.9 of the PJM OATT using a  
9 transmission formula rate modeled on the AEPOHTCo transmission formula rate.  
10 The first Transmission Project that Buckeye expects to recover under the Section  
11 30.9 credit and Formula Rate proposed in the instant filing is Mt. Sterling –  
12 Zanesville.

13 **Q. WHAT BENEFITS WILL RESULT FROM BUCKEYE'S MINORITY**  
14 **OWNERSHIP IN THE AEPOHTCO TRANSMISSION FACILITY**  
15 **PROJECTS?**

16 **A.** Approval of Buckeye's proposal will provide a number of benefits. These include:

- 17           • furthering the development of integrated transmission project facilities that  
18           will enhance the AEP transmission system in areas of Ohio served by  
19           electric distribution cooperatives;
- 20           • eliminating the need for Buckeye to develop duplicate transmission facilities  
21           on its own in the AEP zone of PJM; and
- 22           • providing cost savings for customers because the total revenue requirements  
23           of both AEPOHTCo and Buckeye for Transmission Projects will be lower

1                    than would otherwise be the case if each of these projects were owned  
2                    exclusively by AEPOHTCo.

3   **Q.    DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4   **A.    Yes.**

UNITED STATES OF AMERICA  
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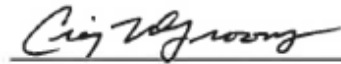
BUCKEYE POWER, INC.

)  
)

Docket No. ER18-2110-000

AFFIDAVIT

I certify that the attached testimony in this proceeding was prepared by me or under my direct supervision or were taken from other sources noted. The answers contained in my testimony are true and correct to the best of my knowledge, information, and belief.



Craig Grooms

Subscribed and sworn before me  
this 27<sup>th</sup> day of July, 2018



James J. Palmisano  
Notary Public, State of Ohio  
My Commission Expires Oct. 16, 2021

  
Notary Public

My Commission expires: 10/16/21





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| <b>III.</b>   | <b>Summary of Testimony .....</b>                       | <b>4</b>               |
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| <b>Exhibit No. BPI-3: D. W. Bethel Expert Witness Qualifications</b>  |   |                        |
| <b>Exhibit No. BPI-4: Buckeye Formula Rate – Clean Version</b>  |   |                        |
| <b>Exhibit No. BPI-5: Buckeye Formula Rate Populated with Illustrative Costs and Redlined<br/>Changes Compared to AEP Ohio Transmission Company’s Transmission<br/>Formula Rate</b> |   |                        |

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**I. Introduction and Qualifications**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

A. My name is Dennis W. Bethel. My address is 2905 North Star Road, Upper Arlington, Ohio, 43221-2920. I am President of Bethel Electric Rate Consulting, LLC, an independent business providing electric cost-of-service and rate related consulting services to electric utilities, independent power producers, and other entities that require regulatory approval of rates and tariffs for electric services.

**Q. PLEASE SUMMARIZE YOUR TRAINING AND EXPERIENCE IN MATTERS RELEVANT TO THIS PROCEEDING.**

A. My training in electrical engineering and business, my more than 40 years of electric utility industry experience, and my numerous expert witness appearances in state and federal electric rate proceedings are summarized in Exhibit No. BPI-3.

**Q. DO YOU HOLD ANY PROFESSIONAL LICENSES?**

A. Yes. I hold Professional Engineer licenses in the states of Indiana and Ohio.

**II. Purpose of Testimony and Exhibits Sponsored**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. I have been engaged by Buckeye Power, Inc. (“Buckeye”) as an independent consultant to assist it in this proceeding before the Federal Energy Regulatory Commission (“Commission” or “FERC”) to develop and support a formula rate for Buckeye’s transmission revenue requirement to be collected by Buckeye as a credit under Section 30.9 of the PJM Interconnection, LLC (“PJM”) open access transmission tariff (“OATT” or “Tariff”).

1 **Q. WHAT EXHIBITS ARE YOU SPONSORING?**

2 **A.** I am sponsoring the following Exhibits:

- 3 • **Exhibit No. BPI-2:** Dennis W. Bethel Prepared Direct Testimony;
- 4 • **Exhibit No. BPI-3:** D. W. Bethel Expert Witness Qualifications;
- 5 • **Exhibit No. BPI-4:** Buckeye Formula Rate – Clean Version
- 6 • **Exhibit No. BPI-5:** Buckeye Formula Rate Populated with Illustrative Costs and Redlined
- 7 Changes Compared to AEP Ohio Transmission Company’s Transmission Formula Rate
- 8 .

9 **III. Summary of Testimony**

10 **Q. PLEASE SUMMARIZE YOUR TESTIMONY**

11 **A.** My testimony describes the formula rate that Buckeye proposes to use to compute its annual  
12 transmission revenue requirement (“ATRR”) for transmission facilities to be planned,  
13 constructed, operated and maintained by AEP Ohio Transmission Company (“AEPOHTCo”)  
14 in which Buckeye will invest in as a minority joint owner (“Transmission Projects”; singular,  
15 “Transmission Project”). My testimony accompanies the testimony of Craig Grooms, Buckeye  
16 Vice President of Engineering and Operations, who provides an overview of the Transmission  
17 Projects and benefits associated with Buckeye’s investment in them. A blank version of the  
18 Buckeye transmission formula rate (the “Formula Rate Template” or “Formula Rate”) is  
19 included as Buckeye Exhibit No. BPI-4 The Formula Rate will be updated each year on a  
20 projected cost basis for the following year and on an actual cost basis for the prior year.  
21 Buckeye’s transmission revenue requirement under the Formula Rate will be collected by PJM  
22 under Section 30.9 of the PJM Tariff and provided to Buckeye through credits on Buckeye’s  
23 PJM billing statements. Proposed revisions to Buckeye’s network integration transmission

1 service agreement (“NITSA”) filed in this proceeding implement the Section 30.9 credits. The  
2 Buckeye Formula Rate is based on the formula rate used by AEPOHTCo (and other AEP  
3 companies) to calculate applicable transmission revenue requirements. Differences between  
4 the AEPOHTCo formula rate and the Buckeye Formula Rate are identified in my testimony and  
5 illustrated as redline changes in Exhibit No. BPI-5. That exhibit also provides illustrative cost  
6 information reflecting the expected cost of the first Transmission Project that Buckeye expects  
7 to jointly own with AEPOHTCo.

8 **IV. The Buckeye Formula Rate**

9 **Q. WHAT DOES THE FORMULA RATE COMPUTE?**

10 **A.** The Formula Rate will compute Buckeye’s revenue requirements for transmission assets jointly  
11 owned with AEPOHTCo described under this filing.

12 **Q. DOES BUCKEYE PRESENTLY OWN ELECTRIC FACILITIES THAT ARE**  
13 **BOOKED TO TRANSMISSION PLANT?**

14 **A.** Yes. Buckeye owns certain generator step-up transformers and related facilities (“GSUTs”) at  
15 two power plants that are booked as transmission plant. However, consistent with the treatment  
16 of GSUTs owned by the AEP Companies approved in Docket No. ER93-540, *see American*  
17 *Electric Power Service Corp.*, 88 FERC ¶ 61,141 at 38-39 (1999), Buckeye will exclude the  
18 cost of these facilities from its revenue requirement computed under the Formula Rate.

19 **Q. PLEASE BRIEFLY DESCRIBE HOW BUCKEYE PROPOSES TO RECOVER ITS**  
20 **REVENUE REQUIREMENTS FOR THE TRANSMISSION PROJECTS.**

21 **A.** Buckeye is proposing revisions to its NITSA to recover its revenue requirement in Transmission  
22 Projects under PJM’s zonal license plate rate design through Section 30.9 of the PJM OATT.

1 The revenue requirement will be computed under the Formula Rate.<sup>1</sup> Because Buckeye is a  
2 PJM network integration transmission service customer in the AEP transmission zone, it is  
3 appropriate to use Section 30.9 of the PJM OATT as the mechanism for Buckeye to receive  
4 credits for these transmission facilities in which it becomes a minority owner. It is also  
5 appropriate for Buckeye to use a transmission formula rate modeled on the transmission formula  
6 rate used by AEPOHTCo (and other AEP affiliates) to calculate the revenue requirements for  
7 its transmission investments, including its majority share in the Transmission Projects. The  
8 AEPOHTCo transmission formula rate, at Line No. 3 of page 1 of the “TCOS” section and Note  
9 “X”, provides for AEPOHTCo to include “Facility Credits under PJM OATT Section 30.9” in  
10 its transmission revenue requirement.

11 **Q. IF PJM WERE TO DETERMINE THAT A TRANSMISSION PROJECT IN WHICH**  
12 **BUCKEYE PLANS TO INVEST MUST BE COLLECTED UNDER SCHEDULE 12 OF**  
13 **THE PJM OATT, HOW WILL BUCKEYE’S REVENUE REQUIREMENT BE**  
14 **RECOVERED?**

15 **A.** Mr. Grooms explains that the Transmission Projects will be planned by AEP and “generally  
16 situated in the rural areas of Ohio where Buckeye’s member electric distribution cooperatives  
17 are located” in PJM’s AEP Zone. Thus, it is highly unlikely that the situation posed will occur  
18 because the cost of contemplated projects in rural Ohio areas would typically have to be  
19 recovered by PJM through network integration transmission service charges for load in the AEP  
20 Zone, and not under Schedule 12 of the PJM OATT

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<sup>1</sup> Buckeye’s revenue requirement cost recovery will be made pursuant to the provisions of “Attachment 2 to the Specifications for Network Integration Transmission Service” to the NITSA tendered with the instant filing.

1           The five sections of Schedule 12 – Transmission Enhancement Charges of the PJM  
2 OATT presently govern cost recovery of projects as follows: (a) Establishment of Transmission  
3 Enhancement Charges (“TEC”), (b) Designation of Customers Subject to TEC, (c)  
4 Determination of TEC, (d) Recovery of TEC, and (c) Crediting of TEC. Under the  
5 “Establishment of TEC” requirements, qualifying transmission projects must meet specific  
6 criteria that exclude several types of transmission facilities from eligibility. Generally, facilities  
7 that come under the provisions of Schedule 12 must operate at a voltage of at least 345 kV or  
8 be required by the construction of such facilities (Section (b) (i)). Further, most if not all of the  
9 contemplated Transmission Projects under consideration by Buckeye will likely be “Local  
10 Upgrades,” which are not eligible under Schedule 12, Section (a) (iii).

11           Nevertheless, the Formula Rate includes the same method as is set out in AEP OHTCo’s  
12 formula rate for separately calculating the facility-specific revenue requirement of Schedule 12  
13 projects. The mechanism for calculating the revenue requirement for facility-specific Schedule  
14 12 projects relies on the calculation of a net-plant carrying charge rate equal to the total revenue  
15 requirement for all Buckeye investments in Transmission Projects divided by Buckeye’s net  
16 plant investment (depreciated cost) in all Transmission Projects. The net-plant carrying charge  
17 rate is multiplied times the net plant cost of each Schedule 12 project each year to determine  
18 the TEC that PJM will need to collect from designated customers under Schedule 12. Finally,  
19 Schedule 12 revenues are credited to the total Buckeye transmission revenue requirement to  
20 determine the AEP Zone NITS revenue requirement so there can be no excess or under  
21 collection of costs.

22 **Q. PLEASE DESCRIBE THE PROPOSED FORMULA RATE TEMPLATE.**

1 **A.** The Formula Rate Template proposed by Buckeye is an Excel spreadsheet model that is  
2 populated with projected costs each October to determine the estimated revenue requirement  
3 that will be collected beginning January 1 of the following calendar year. The Formula Rate  
4 will also be populated each May with actual costs for the prior year. The difference between  
5 actual costs and revenues collected using projected rates will then be trued-up with interest in  
6 the next calendar year.

7 **Q. PLEASE DESCRIBE FURTHER THE PROCESS AND SCHEDULE OF EVENTS**  
8 **THAT BUCKEYE PROPOSES TO FOLLOW CONCERNING PREPARING,**  
9 **POSTING AND TRUING-UP ITS PROJECTED REVENUE REQUIREMENTS.**

10 **A.** Buckeye will populate the Formula Rate with estimated cost information to produce a projected  
11 transmission revenue requirement (“PTRR”) each year in October prior to the PJM website  
12 posting of AEPOHTCo’s PTRR for the up-coming calendar rate year. Buckeye will provide its  
13 populated Formula Rate to AEPOHTCo and PJM so that the charges PJM will make to  
14 AEPOHTCo under Section 30.9 of the OATT will be concurrently recovered by AEPOHTCo  
15 in AEP Zone NITS charges collected by PJM.

16 The Buckeye PTRR computed each October will reflect the investments in  
17 Transmission Projects that Buckeye has made or has committed to make that are in-service or  
18 are projected to enter service during the following rate year. Other cost inputs to the PTRR will  
19 be estimated.

20 Each May following a PTRR update, Buckeye will calculate its ATRR for the previous  
21 year and provide the update to AEPOHTCo prior to its required PJM ATRR posting. Buckeye



1 will compare the ATRR to Section 30.9 revenues (*i.e.*, the PTRR amounts) it received from  
2 PJM during the same previous calendar year to determine the amount of under- or over-  
3 collection and compute the interest that will need to be combined with the next PTRR (“True-  
4 up Adjustment”). The True-up Adjustment interest will be computed from the month the  
5 corresponding PTRR was first effective through the end of the next calendar rate year, following  
6 the same true-up adjustment steps that AEPOHTCo will be taking. The interest rate used in the  
7 computation will be the average monthly FERC refund interest rate (*i.e.*, the interest rate  
8 determined pursuant to 18 C.F.R. § 35.19a) for the twenty (20) months from the beginning of  
9 the rate year being trued-up through August 31 of the following year – the same interest rate  
10 AEPOHTCo will use.

11 **Q. WILL INTERESTED PARTIES HAVE A MEANINGFUL OPPORTUNITY TO**  
12 **VERIFY BUCKEYE’S COSTS AND ANNUAL UPDATES?**

13 **A.** Yes. AEPOHTCo will be the majority owner of every Transmission Project that Buckeye will  
14 include in its annual updates. Interested Parties will be able to examine and verify the  
15 appropriateness of all Transmission Project costs and operation and maintenance (“O&M”)  
16 expenses allocated by AEPOHTCo to Buckeye for its ownership share in each of the projects  
17 through the update review procedures contained in AEPOHTCo’s formula rate protocols. To  
18 this end, Buckeye commits that upon request from AEPOHTCo, Buckeye will cooperate with  
19 AEPOHTCo and provide such information to support Buckeye’s costs as may reasonably be  
20 needed to respond to an inquiry in AEPOHTCo’s annual reviews that involve Buckeye costs  
21 for the Transmission Projects, including Buckeye administrative, cost of capital and other costs.

22 **Q. HOW DOES BUCKEYE PROPOSE TO PROVIDE ADEQUATE FINANCIAL AND**  
23 **ACCOUNTING INFORMATION NEEDED FOR INTERESTED PARTIES TO**

1           **VERIFY INPUTS TO THE RATE BASE AND EXPENSE COMPONENTS OF THE**  
2           **ATTR UPDATES OF THE BUCKEYE FORMULA RATE?**

3   **A.**     Buckeye is not a Major electric utility and is otherwise not required to file a FERC Form No.  
4           1-Electric Utility Annual Report under the Commission’s regulations. Nevertheless, each year  
5           as part of its ATRR annual update, Buckeye proposes to prepare and provide to interested  
6           parties an “informational” version of the FERC Form No. 1 (“FF-1”) containing the applicable  
7           investment, expense and other financial information that will be used to populate the Formula  
8           Rate. The Formula Rate contains all the page, row and column references necessary to locate  
9           the appropriate inputs in the FF-1. To the extent that any needed cost information (*i.e.*, 13-  
10          month balances for most components of rate base and capital structure) is not a part of the FF-  
11          1, or must be adjusted or allocated, the Formula Rate also identifies the source of the additional  
12          data, and the allocation basis employed to determine the appropriate transmission-related  
13          portion of all costs. Buckeye will provide the Informational FF-1 to PJM for posting along with  
14          Buckeye’s ATRR so that both documents will be available to interested parties for their timely  
15          review.

16   **Q.     HOW AND WHEN WILL BUCKEYE’S PTRR BE TRUED-UP TO THE ATRR?**

17   **A.**     True-up of each PTRR to actual costs will occur in the calendar year following the posting and  
18          review of the ATRR. For example, Buckeye’s 2019 ATRR will be posted in May 2020, and  
19          any under or over-collection of Buckeye’s 2019 ATRR will be collected or refunded,  
20          respectively, with interest during calendar rate year 2021, similar to the process AEPOHTCo  
21          must follow respecting its 2019 true-up. In this regard, Buckeye notes that it currently intends  
22          to become a part owner of the first Transmission Project in the 4<sup>th</sup> quarter of 2018. If this comes  
23          about in fact, Buckeye will produce a 2018 ATRR in May 2019. Since the time for posting a

1 2018 PTRR under Buckeye's proposal would have been October 2017 and has already passed,  
2 Buckeye will not recover its 2018 revenue requirement until 2020 when PJM collects Buckeye's  
3 2018 ATRR true-up, and that cost is incorporated in AEPOHTCo's 2020 rates.

4 **Q. PLEASE PROVIDE ADDITIONAL DETAILS ON THE LAYOUT OF THE FORMULA**  
5 **RATE TEMPLATE.**

6 **A.** The first section of the Formula Rate Template (the "TCOS" tab of the Excel workbook)  
7 summarizes the cost of service calculation. Page 1 of Exhibit No. BPI-4 summarizes the PTRR  
8 and the carrying charge rate that would apply to a Transmission Project if PJM were to  
9 determine that the costs should be recovered under PJM OATT Schedule 12.

10 Page 2 details components of rate base, reflecting Buckeye's gross investment in  
11 Transmission Projects, less accumulated depreciation, plus an allocation of Buckeye's general  
12 plant based on projected Buckeye functional wages and salaries ("labor") and applicable  
13 components of working capital. There are line items in the Formula Rate that are never expected  
14 to apply to Buckeye, but which have been retained to preserve consistency of the line numbering  
15 and source references that exist under the AEPOHTCo formula rate. (Such inapplicable line  
16 items include state and federal income taxes, deferred income taxes, and long-term debt  
17 hedging.)

18 Page 3 details projected expenses for O&M, administrative and general ("A&G"),  
19 depreciation, and taxes. The total revenue requirement, consisting of expenses plus allowed  
20 return on rate base, is shown at the bottom of page 3. O&M expenses will consist of charges  
21 from AEPOHTCo based on the rate per dollar of gross plant investment determined pursuant to  
22 the Services Agreement between AEPOHTCo and Buckeye that the Commission accepted for  
23 filing in Docket No. ER18-1486-000, which Mr. Grooms describes further in his testimony.

1 A&G costs will reflect a transmission labor share of Buckeye administrative and general  
2 expenses. Because AEPOHTCo will reduce the O&M expenses included in its formula rate by  
3 the amounts charged to Buckeye, collection of Service Agreement O&M charges in Buckeye's  
4 Formula Rate will restore full O&M cost recovery and will not result in any double recovery of  
5 O&M expenses for the Transmission Projects.

6 The allowed return on Buckeye's Rate Base reflects Buckeye's capital structure (on  
7 page 4) composed of long-term debt and proprietary (*e.g.*, equity) capital, Buckeye's long-term  
8 debt cost rate, and a 10.35% return on equity ("ROE") that includes a 50 basis-point RTO  
9 participation bonus. Presently, AEPOHTCo's rates include a 10.35% ROE arising from the  
10 proceedings in Docket No. EL17-13. In that proceeding, the so-called "AEP Parties" have  
11 reached a settlement with certain parties that provides for a base ROE of 9.85%, effective as of  
12 January 1, 2018. However, certain parties, including the Commission's staff, have opposed the  
13 settlement. Administrative Law Judge Steven L. Sterner on May 22, 2018, issued a Report of  
14 Contested Settlement, an order terminating settlement judge procedures was issued on May 31,  
15 2018, and a final determination now awaits Commission action. If a different ROE is ultimately  
16 approved by the Commission for AEPOHTCo, Buckeye commits to use the approved ROE in  
17 its Formula Rate updates and true-up adjustments going forward from the date such change is  
18 made effective for AEPOHTCo.

19 The development of major allocation factors and the weighted average cost of capital  
20 ("WACC") are shown on page 4. Notes referenced throughout the Formula Rate are detailed  
21 on page 5.

22 **Q. ARE THERE PARTS OF THE FORMULA RATE OTHER THAN THOSE YOU HAVE**  
23 **IDENTIFIED THAT ARE UNLIKELY TO BE APPLICABLE TO BUCKEYE?**

1    **A.**    Yes. The full Formula Rate, in spreadsheet form, is composed of the five pages I have discussed  
2           and nineteen worksheets detailing various portions of the costs of service and necessary  
3           information. Worksheets that are retained for symmetry, but not expected to apply to Buckeye,  
4           include: worksheets B, B-1 and B-2 dealing with accumulated deferred income taxes;  
5           worksheet D regarding credits due to independent power producers for AEP system  
6           transmission upgrades; and worksheet G concerning development of the effective state income  
7           tax rate. There are also two “Reserved” worksheets (I and L) in the formula as used by  
8           AEPOHTCo that are maintained in the Buckeye Formula Rate. Finally, Worksheet K (“WS-K  
9           TRUE-UP RTEP RR”) remains in the AEPOHTCo formula rate, and has been retained in the  
10          Buckeye Formula Rate, but is no longer needed because Worksheet J is used to calculate the  
11          projected Schedule 12 (RTEP) project revenue requirements as well as the actuals.

12    **Q.    WILL THERE BE COST SAVING BENEFITS FROM BUCKEYE’S MINORITY**  
13    **OWNERSHIP IN THE AEPOHTCO TRANSMISSION FACILITY PROJECTS?**

14    **A.**    Yes. The total revenue requirements of both Buckeye and AEPOHTCo for Transmission  
15          Projects will be lower than would otherwise be the case if each of these projects were owned  
16          exclusively by AEPOHTCo. This result can be expected because Buckeye has a lower weighted  
17          average cost of capital than does AEPOHTCo due to a higher percentage of long-term debt, and  
18          Buckeye is exempt from state and federal income tax liability.

19    **Q.    PLEASE DESCRIBE WHAT EXHIBIT BPI-5 SHOWS ABOUT THE EXPECTED**  
20    **POTENTIAL REVENUE REQUIREMENT FOR THE FIRST TRANSMISSION**  
21    **PROJECT AND THE DIFFERENCES BETWEEN THE BUCKEYE AND AEPOHTCO**  
22    **FORMULA RATES.**

1 **A.** Page 1 of Exhibit No. BPI-5 shows that the illustrative 2019 Transmission Project revenue  
2 requirement for Buckeye is \$330,840. That amount is shown on page 2 of Exhibit No. BPI-5,  
3 at Line No. 21, and is directly related to Buckeye's 40% share (\$2,680,000) of the \$6,700,000  
4 expected cost of the first Transmission Project (Mt. Sterling – Zanesville 69kV Circuit, PJM  
5 Upgrade ID: S1514.1). The "Gross Plant" section of the "Rate Base Calculation" page of the  
6 Formula Rate also shows that Buckeye has about \$2 billion of production plant, about \$17  
7 million of other transmission plant (GSUTs) and about \$35 million of general and intangible  
8 plant. The next section of page 2 details accumulated depreciation and amortization by  
9 function, and the third section summarizes net plant, which is gross plant less accumulated  
10 depreciation.

11 The line numbers, item descriptions, source and formula references, and allocation  
12 factors shown in red font are new or changed from those contained in AEPOHTCo's formula  
13 rate. The changes were made so that the GSUTs can be completely excluded, while the  
14 Transmission Project costs can be directly assigned to the transmission function. The gross  
15 plant and accumulated depreciation values on page 2 come from Worksheet A, where the 13-  
16 month balances and averages for each component of plant-in-service are detailed. Several new  
17 plant-in-service detail columns (red font) have been added to Worksheet A to detail the monthly  
18 and 13-month average balances for line items added to page 2 of the Formula Rate.

19 **Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF PAGE TWO OF EXHIBIT**  
20 **NO. BPI-5.**

21 **A.** The next section of page 2 of Exhibit No. BPI-5 shows deferred tax adjustments to rate base.  
22 Since Buckeye is exempt from state and federal income taxes, this section will contain zeros.  
23 The rate base section concludes with other rate base items. It is unlikely that Buckeye will incur

1 any costs for several of these components. The cash working capital allowance is based only  
2 on Transmission Project O&M. Separate rows for Transmission Project and other transmission  
3 related materials and supplies (“M&S”) costs have been provided so that no M&S costs will be  
4 allocated to Transmission Projects unless AEPOHTCo and Buckeye agree that Buckeye will  
5 maintain M&S stock for Transmission Projects. Details of the working capital components  
6 other than cash allowance are found on Worksheet F.

7 **Q. PLEASE REVIEW PAGE 3 OF THE FORMULA RATE.**

8 **A.** Page 3 of Exhibit No. BPI-5 delineates the components of expenses and calculates return on  
9 rate base and the total revenue requirement. Expenses are detailed in the following categories:  
10 (1) O&M expenses and administrative and general (“A&G”) expenses on lines 69 through 92;  
11 (2) depreciation and amortization expenses on lines 93 through 99; (3) taxes other than income  
12 taxes on lines 100 through 107; and (5) income taxes, which are expected to continue to be  
13 inapplicable to Buckeye, on lines 108 through 121. Taxes Other than Income Taxes are detailed  
14 by category in Worksheet H-1, and Property Taxes are allocated in Worksheet H. Because  
15 Buckeye will directly assign Ohio Property Taxes to the functions, and separately to  
16 Transmission Projects and other transmission plant, the Ohio Property Tax allocation routine in  
17 the Buckeye Formula Rate has be altered from that in the AEPOHTCo formula rate.  
18 Finally, return on rate base, three potential rate base adjustments that may apply to some AEP  
19 affiliates, but that are likely to remain zero for Buckeye, and the total revenue requirement are  
20 found on lines 122 through 126.

21 **Q. PLEASE REVIEW PAGES 4 AND 5 OF THE FORMULA RATE.**

22 **A.** The development of certain allocation factors and the weighted average cost of capital  
23 (“WACC”) are detailed on page 4. Page 5 is devoted to detailing the “Notes” that are referred

1 to throughout the Formula Rate. Changes to the Notes under the current AEPOHTCo formula  
2 rate are shown in red font and strikeout. Of particular importance on page 4 is the development  
3 of the wages and salaries (“W/S”) allocation factor. Buckeye will only include in transmission  
4 functional wages and salaries the labor expense for employees that spend time directly on  
5 Buckeye’s Transmission Project-related efforts. The payroll transmission payroll allocation  
6 shown on line 134 is an estimate for illustrative purposes, as Buckeye did not assign any W/S  
7 expense to transmission in 2017, the year underlying the illustrative costs in Exhibit No. BPI-  
8 5.

9 **Q. DO YOU HAVE ANY FURTHER GUIDANCE REGARDING THE FORMULA RATE**  
10 **LAYOUT?**

11 **A.** Yes. To anyone reviewing the Formula Rate I recommend that attention be paid to the columns  
12 where references are provided that identify the sources of data and formulas used to make  
13 calculations. Those references will be helpful in directing the reviewer to pages, lines and  
14 columns of the FF-1 report, and the worksheets where much of the base level cost data is input  
15 and many of the calculations are made. Data input cells throughout the Formula Rate are shaded  
16 light blue to highlight cells that can change with each update.

17 **Q. DOES THAT COMPLETE YOUR TESTIMONY?**

18 **A.** Yes, it does.



UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

BUCKEYE POWER, INC.

)  
)

Docket No. ER18-2110-000

AFFIDAVIT

I certify that the attached testimony in these proceedings and the exhibits annexed hereto were prepared by me or under my direct supervision or were taken from other sources noted. The answers contained in my testimony are true and correct to the best of my knowledge, information, and belief.

  
Dennis W. Bethel

Subscribed and sworn before me  
this 26<sup>th</sup> day of July, 2018

**CHRISTIAN MOORE**

Notary Public, State of Ohio

My Commission Expires July 24, 2021

Notary Public



My Commission expires:

July 24, 2021

**D. W. Bethel Expert Witness Qualifications****Professional Positions Held****Bethel Electric Rate Consulting, LLC – November 2010 – Present**

President and Principle Consultant of independent consulting business

**American Electric Power Service Corporation – August 1980 through October 2010**

Managing Director, Regulated Tariffs - 5 years

Director, Transmission and Interconnection Services – 5 years

Manager, Interconnection Agreements – 7 years

Principle Engineer, Interconnection Agreements – 3 years

Sr. Engineer, Interconnection Agreements – 2 years

Sr. Rate Analyst, Rate Research and Design – 8 years

**Indiana Michigan Power Company – July 1973 to August 1980**

Sr. Rate Analyst, I&amp;M HQ – 2 years

Rate Analyst, I&amp;M HQ – 2 years

Marketing and Customer Service Engineer, Muncie Division – 3 years

**Professional Licenses, Associations and Education****Professional Engineer**

Indiana PE No. 18398

Ohio PE No. 46067

**Professional Associations**

NSPE and OSPE

IEEE Life Member

**Education**

University of Evansville - BSEE

Ohio State Univ. – Mgmt. Cert.

**Regulatory Proceedings and Expert Testimony Experience****Federal Energy Regulatory Commission****Docket No.****Subject of Testimony**

|                        |   |
|------------------------|---|
| NJ18-9                 | Reactive Power Service from Buckeye Power Inc, Greenville Plant   |
| ER18-554               | Reactive Power Service from Carville Energy Center (LS Power sub)   |
| NJ17-19                | Reactive Power Service from National Power CoOp. R.P. Mone Plant  |
| ER17-1743              | Reactive Power Service from Doswell Limited Partnership (LS Power sub)  |
| ER17-1498<br>And -1499 | Reactive Power Service from Rockford Power, LLC and Rockford Power II, LLC generating sources in PJM (LS Power Subsidiaries)                |
| ER17-274 &<br>EL16-118 | Revenue Requirements for Reactive Power Service from GenOn Energy Management, LLC (NRG subsidiary) generating fleet in PJM                  |
| EL17-4                 | Illinois Power Generating Co. (Dynergy sub) Reactive Power Service case   |
| EL16-119               | Dynergy Midwest Generation Reactive Power Service proceeding  |
| ER16-1530              | Revenue Requirements for Reactive Power Service from hydro-electric generating sources operated in PJM by Brookfield Renewables subsidiary. |
| ER15-1499              | KCP&L Co Re: Independence, Mo. Municipal Utility Transmission Service   |
| ER15-1464              | Support transmission formula rate for Rochelle Municipal Utilities, in a  |

**D. W. Bethel Expert Witness Qualifications**

& 1465 joint filing by PJM and RMU Re: RMU Transmission Owner integration.

**Federal Energy Regulatory Commission – Continued**

| <u>Docket No.</u> | <u>Subject of Testimony</u>  |
|-------------------|--|
| EL10-49           | Support Old Dominion Electric Cooperative during settlement and hearing phases of the case involving underground transmission cost recovery.   |
| ER14-279          | Support Guttenberg Iowa Municipal Utility in settlement of disputed interconnection service terms, conditions and rates.   |
| ER12-2273         | Supported Wisconsin and Michigan Municipal Group in challenge and settlement of <i>pro forma</i> interconnection agreement case.   |
| EL11-54           | Supported Complaint of Buckeye Power, Inc. Re: voltage-differentiated transmission rate design used by American Transmission Systems, Inc. Submitted Direct and Rebuttal Testimony. Final Order upheld Initial Decision finding rate not just and reasonable and required changes as proposed. |
| ER10-355          | Support Formula Rate and Protocols for subsidiaries of AEP Transmission Co. LLC, a new line of companies created by AEP to own and operate transmission in the PJM and SPP RTO. Filed testimony and led successful settlement effort.  |
| ER09-1279         | Support changes in the AEP East Companies' Transmission Pooling Agreement, including financial impacts on the AEP Operating Companies. Case settled.   |
| ER08-1329         | Support Formula Rate and Protocols for Transmission Service provided by AEP Companies in the PJM RTO. Filed testimony and led successful settlement effort.  |
| ER07-1069         | Support Formula Rate and Protocols for Transmission Service provided by AEP Companies in the SPP RTO. Filed testimony and led successful settlement effort.  |
| ER05-751          | Support transmission rates for AEP East Companies based on Standard Filing Requirements, including Historic and Projected Cost-of-Service Schedules.   |
| EL05-121          | Support for a Highway/Byway Rate Design covering the PJM and MISO Super Region, including impacts on customers throughout the Super Region, and commenting on the alternatives sponsored by other parties.   |
| EL05-74           | Affidavit in support of a PJM OATT rate schedule proposed by AEP, Exelon and Dayton P&L to recover PJM RTO system expansion costs billed to the companies during the period before integration of the companies and several new PJM Zones.   |
| ER03-765          | Answering Testimony regarding cost of providing Reactive Supply and Voltage Control Service from a new generating plant.   |
| ER03-262          | Support for rates and the methods used to develop such rates proposed by the then existing and soon to be PJM Transmission Owners, as a number of former Alliance RTO participants, including AEP, prepared to join the PJM RTO.   |
| ER03-242          | Support for Cost-of-Service and Rates for Transmission and Ancillary Services for the AEP East Operating Companies under the AEP Open Access Transmission Tariff (OATT).   |
| EL02-111,         | Supported transitional RTO rate design, and Tariff Sheets for the PJM RTO OATT in the FERC proceeding involving the elimination of point-to-point transmission service charges on transactions crossing the PJM-MISO boundary.   |

**Federal Energy Regulatory Commission – Continued**

| <b><u>Docket No.</u></b> | <b><u>Subject of Testimony</u></b>  |
|--------------------------|---|
| EL01-73                  | Rebuttal Testimony regarding inappropriateness of Network Transmission Service credits for facilities owned by certain East Texas Cooperatives.   |
| RT01-88                  | In a Compliance filing by the Alliance RTO Companies, supported rates, terms and conditions for the Alliance RTO OATT, including a transitional rate to eliminate rate pancaking between the Alliance RTO and MISO. |
| ER01-2995                | Supported cost-of-service and rates for transmission and ancillary services for the AEP East Operating Companies under the AEP Open Access Transmission Tariff.   |
| ER98-2786                | Supported rates and tariffs for transmission and ancillary services for three regions (East, SPP and ERCOT) in AEP-CSW merger proceedings.  |
| ER93-540                 | Supported cost-of-service and rates for transmission and ancillary services by AEP in landmark case initially defining the meaning of “Open Access”.  |

**State Regulatory Proceedings**

| <b><u>State</u></b> | <b><u>Case No.</u></b> | <b><u>Subject of Testimony</u></b>  |
|---------------------|------------------------|---|
| KY                  | 2009-00459             | Support for adoption of an RTO-related cost tracker.  |
| VA                  | 2009-000030            | Support for retail class revenue requirements and rate design.                                    |
| VA                  | 2009-00038             | Support for adoption of an RTO-related cost tracker.  |
| VA                  | 2009-00068             | Support for adoption of retail rate riders for Emergency and Economic Demand Response.            |
| MI                  | U-16180                | Support for adoption of an RTO-related cost tracker.  |
| OH                  | 93-314-el-air          | Witness supporting cost of service and rates for street and security lighting                     |
| TN                  | 1986-7472              | Direct and Rebuttal testimony supporting retail COS and rate design.                              |
| WV                  | 84-191-E-42T           | Direct and Rebuttal testimony supporting retail COS and rate design.                              |
| KY                  | 84-9061                | Testimony supporting retail cost of service and rate design.                                      |
| TN                  | 84-7308                | Testimony supporting retail cost of service and rate design.                                      |
| MI                  | U-7856                 | Testimony supporting retail class cost of service.  |
| KY                  | 83-8871                | Testimony supporting rates for a time-of-day rate experiment.                                     |
| KY                  | 83-8734                | Testimony supporting retail cost of service and adjustments for business risk in designing rates. |
| OH                  | 82-1058-el-air         | Testimony supporting retail class cost of service.  |
| KY                  | 82-8429                | Testimony supporting retail class cost of service.  |
| MI                  | U-6148                 | Testimony supporting retail class cost of service.  |

Formula Rate  
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Buckeye Power, Inc.  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

Twelve Months Ended

Buckeye Power, Inc.

| Line No. |  |                             | Total | DA | Allocator | Transmission Amount |
|----------|--|-----------------------------|-------|----|-----------|---------------------|
| 1        | REVENUE REQUIREMENT (w/o incentives)           | (ln 126)                    | -     |    |           | #DIV/0!             |
| 2        | REVENUE CREDITS                                | (Worksheet E Ln 8) (Note A) | -     |    | 1.00000   | -                   |
| 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)  |       |    |           | #DIV/0!             |

**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)       |  | #N/A | DA | 1.00000 | #N/A    |
| 6  | NET PLANT CARRYING CHARGE w/o credits or ROE incentives (Note B)                          |  |      |    |         |         |
| 7  | Annual Rate   | ((ln 1 - ln 91)/((ln 42) x 100))                           |      |    |         | #DIV/0! |
| 8  | Monthly Rate  | (ln 7 / 12)  |      |    |         | #DIV/0! |
| 9  | NET PLANT CARRYING CHARGE ON LINE 7, w/o depreciation or ROE incentives (Note B)          |  |      |    |         |         |
| 10 | Annual Rate   | ((ln 1 - ln 91 - ln 96)/((ln 42) x 100))                   |      |    |         | #DIV/0! |
| 11 | NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B) |  |      |    |         |         |
| 12 | Annual Rate   | ((ln 1 - ln 91 - ln 96 - ln 121 - ln 122)/((ln 42) x 100)) |      |    |         | #DIV/0! |
| 13 | ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)   |  |      |    |         |         |
| 14 | <b>REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES</b>  |  |      |    |         |         |
| 15 | Total Load Dispatch & Scheduling (Account 561)  | Line 75 Below  |      |    |         | -       |
| 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)                              |      |    |         | -       |

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Utilizing Actual/Projected FERC Form 1 Data

Buckeye Power, Inc.

| Line No. | (1)<br><b>RATE BASE CALCULATION</b>              | (2)<br><b>Data Sources<br/>(See "General Notes")</b> | (3)<br><b>TO Total<br/>NOTE C</b> | (4)<br><b>Allocator</b> | (5)<br><b>Total<br/>Transmission</b> |
|----------|--|--|-----------------------------------|-------------------------|--------------------------------------|
|          | <b>GROSS PLANT IN SERVICE</b>                    |  |                                   |                         |                                      |
| 19       | Production                                       | (Worksheet A In 14.(b))                              | -                                 | NA                      | 0.00000                              |
| 20       | Less: Production ARO (Enter Negative)            | (Worksheet A In 14.(c))                              | -                                 | NA                      | 0.00000                              |
| 21       | Transmission Projects                            | (Worksheet A In 42.(g) plus Ln 42.(f) )              | -                                 | DA                      | 1.00000                              |
| 22       | Less: Transmission Projects ARO (Enter Negative) | (Worksheet A In 51.(h) )                             | -                                 | DA                      | 1.00000                              |
| 21a      | Other Transmission                               | (Worksheet A In 42.(c) plus Ln 42.(e) )              | -                                 | NA                      | 0.00000                              |
| 22a      | Other Transmission ARO (Enter Negative)          | (Worksheet A In 51.(g) )                             | -                                 | NA                      | 0.00000                              |
| 23       | Distribution                                     | (Worksheet A In 14.(f))                              | -                                 | NA                      | 0.00000                              |
| 24       | Less: Distribution ARO (Enter Negative)          | (Worksheet A In 14.(g))                              | -                                 | NA                      | 0.00000                              |
| 25       | General Plant                                    | (Worksheet A In 14.(h))                              | -                                 | W/S                     | #DIV/0!                              |
| 26       | Less: General Plant ARO (Enter Negative)         | (Worksheet A In 14.(i))                              | -                                 | W/S                     | #DIV/0!                              |
| 27       | Intangible Plant                                 | (Worksheet A In 14.(j))                              | -                                 | W/S                     | #DIV/0!                              |
| 28       | TOTAL GROSS PLANT                                | (sum Ins 19 to 27)                                   | -                                 | GP                      | #DIV/0!                              |
|          |  |  |                                   | GTD=                    | #DIV/0!                              |
| 29       | <b>ACCUMULATED DEPRECIATION AND AMORTIZATION</b> |  |                                   |                         |                                      |
| 30       | Production                                       | (Worksheet A In 28.(b))                              | -                                 | NA                      | 0.00000                              |
| 31       | Less: Production ARO (Enter Negative)            | (Worksheet A In 28.(c))                              | -                                 | NA                      | 0.00000                              |
| 32       | Transmission Projects                            | (Worksheet A In 42.(g) plus Ln 42.(f) )              | -                                 | DA                      | 1.00000                              |
| 33       | Less: Transmission Projects ARO (Enter Negative) | (Worksheet A In 66.(h) )                             | -                                 | DA                      | 1.00000                              |
| 32a      | Other Transmission                               | (Worksheet A In 42.(c) plus Ln 42.(e) )              | -                                 | NA                      | 0.00000                              |
| 33a      | Other Transmission ARO (Enter Negative)          | (Worksheet A In 66.(g) )                             | -                                 | NA                      | 0.00000                              |
| 34       | Distribution                                     | (Worksheet A In 28.(f))                              | -                                 | NA                      | 0.00000                              |
| 35       | Less: Distribution ARO (Enter Negative)          | (Worksheet A In 28.(g))                              | -                                 | NA                      | 0.00000                              |
| 36       | General Plant                                    | (Worksheet A In 28.(h))                              | -                                 | W/S                     | #DIV/0!                              |
| 37       | Less: General Plant ARO (Enter Negative)         | (Worksheet A In 28.(i))                              | -                                 | W/S                     | #DIV/0!                              |
| 38       | Intangible Plant                                 | (Worksheet A In 28.(j))                              | -                                 | W/S                     | #DIV/0!                              |
| 39       | TOTAL ACCUMULATED DEPRECIATION                   | (sum Ins 30 to 38)                                   | -                                 | W/S                     | #DIV/0!                              |
| 40       | <b>NET PLANT IN SERVICE</b>                      |  |                                   |                         |                                      |
| 41       | Production                                       | (In 19 + In 20 - In 30 - In 31)                      | -                                 |                         |                                      |
| 42       | Transmission Projects                            | (In 21 + In 22 - In 32 - In 33)                      | -                                 |                         |                                      |
| 42a      | Other Transmission                               | (In 21a + In 22a - In 32a - In 33a)                  | -                                 |                         |                                      |
| 43       | Distribution                                     | (In 23 + In 24 - In 34 - In 35)                      | -                                 |                         |                                      |
| 44       | General Plant                                    | (In 25 + In 26 - In 36 - In 37)                      | -                                 |                         | #DIV/0!                              |
| 45       | Intangible Plant                                 | (In 27 - In 38)                                      | -                                 |                         | #DIV/0!                              |
| 46       | TOTAL NET PLANT IN SERVICE                       | (sum Ins 41 to 45)                                   | -                                 | NP                      | #DIV/0!                              |
| 47       | <b>DEFERRED TAX ADJUSTMENTS TO RATE BASE</b>     | (Note D)   |                                   |                         |                                      |
| 48       | Account No. 281.1 (enter negative)               | (Worksheet B, In 2 & In 5.E)                         | -                                 | NA                      |                                      |
| 49       | Account No. 282.1 (enter negative)               | (Worksheet B, In 7 & In 10.E)                        | -                                 | DA                      |                                      |
| 50       | Account No. 283.1 (enter negative)               | (Worksheet B, In 12 & In 15.E)                       | -                                 | DA                      |                                      |
| 51       | Account No. 190.1                                | (Worksheet B, In 17 & In 20.E)                       | -                                 | DA                      |                                      |
| 52       | Account No. 255 (enter negative)                 | (Worksheet B, In 24 & In 25.E)                       | -                                 | DA                      |                                      |
| 53       | TOTAL ADJUSTMENTS                                | (sum Ins 48 to 52)                                   | -                                 |                         |                                      |
| 54       | PLANT HELD FOR FUTURE USE                        | (Worksheet A In 44.(e) & In 45.(e))                  | -                                 | DA                      |                                      |
| 55       | REGULATORY ASSETS                                | (Worksheet A In 51.(e))                              | -                                 | DA                      |                                      |
| 56       | UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)      | (Worksheet A In 55.(e))                              | -                                 | W/S                     | #DIV/0!                              |
| 57       | <b>WORKING CAPITAL</b>                           | (Note E)   |                                   |                         |                                      |
| 58       | Cash Working Capital                             | (1/8 * In 78)  | -                                 |                         |                                      |
| 59       | Transmission Projects Materials & Supplies       | (Worksheet C, In 1.(F))                              | -                                 | DA                      | 1.00000                              |
| 59a      | Other Transmission Materials & Supplies          | (Worksheet C, In 2.(F))                              | -                                 | NA                      | 0.00000                              |
| 60       | A&G Materials & Supplies                         | (Worksheet C, In 3.(F))                              | -                                 | W/S                     | #DIV/0!                              |
| 61       | Stores Expense Undistributed                     | (Worksheet C, In 4.(F))                              | -                                 | GP                      | #DIV/0!                              |
| 62       | Prepayments (Account 165) - Labor Allocated      | (Worksheet C, In 8.G)                                | -                                 | W/S                     | #DIV/0!                              |
| 63       | Prepayments (Account 165) - Gross Plant          | (Worksheet C, In 8.F)                                | -                                 | GP                      | #DIV/0!                              |
| 64       | Prepayments (Account 165) - Transmission Only    | (Worksheet C, In 8.E)                                | -                                 | DA                      | 1.00000                              |
| 65       | Prepayments (Account 165) - Unallocable          | (Worksheet C, In 8.D)                                | -                                 | NA                      | 0.00000                              |
| 66       | TOTAL WORKING CAPITAL                            | (sum Ins 58 to 65)                                   | -                                 |                         | #DIV/0!                              |
| 67       | IPP CONTRIBUTIONS FOR CONSTRUCTION               | (Note F) (Worksheet D, In 8.B)                       | -                                 | DA                      | 1.00000                              |
| 68       | RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)   |  | -                                 |                         | #DIV/0!                              |

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Buckeye Power, Inc.  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

Buckeye Power, Inc.

| Line No. | (1)<br><b>EXPENSE, TAXES, RETURN &amp; REVENUE REQUIREMENTS CALCULATION</b>                  | (2)<br><b>Data Sources (See "General Notes")</b> | (3)<br><b>TO Total</b> | (4)<br><b>Allocator</b> | (5)<br><b>Total Transmission</b> |         |
|----------|--|--|------------------------|-------------------------|----------------------------------|---------|
|          |  |  |                        |                         |                                  |         |
| 69       | OPERATION & MAINTENANCE EXPENSE  |  |                        |                         |                                  |         |
| 69       | Production   | 321.80.b   |                        |                         |                                  |         |
| 70       | Distribution   | 322.156.b  |                        |                         |                                  |         |
| 71       | Customer Related Expense   | 322 & 323.164,171,178.b                          |                        |                         |                                  |         |
| 72       | Regional Marketing Expenses  | 322.131.b  |                        |                         |                                  |         |
| 73       | Transmission Project O&M (Billed by AEPOHTCo)  | Company Records                                  |                        |                         |                                  |         |
| 73a      | Other Transmission O&M   | 321.112.b Less Transmission Project O&M          |                        |                         |                                  |         |
| 74       | TOTAL O&M EXPENSES   | (sum Ins 69 to 73)                               | -                      |                         |                                  |         |
| 75       | Less: Total Account 561  | (Note G) (Worksheet F, In 14.C)                  | -                      |                         |                                  |         |
| 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)                          | -                      | DA                      | 1.00000                          | -       |
| 79       | Administrative and General   | 323.197.b (Notes J and M)                        |                        |                         |                                  |         |
| 80       | Less: Acct. 924, Property Insurance  | 323.185.b  |                        |                         |                                  |         |
| 81       | Acct. 928, Reg. Com. Exp.  | 323.189.b  |                        |                         |                                  |         |
| 82       | Acct. 930.1, Gen. Advert. Exp.   | 323.191.b  |                        |                         |                                  |         |
| 83       | Acct. 930.2, Misc. Gen. Exp.   | 323.192.b  |                        |                         |                                  |         |
| 84       | Balance of A & G   | (In 79 - sum In 80 to In 83)                     | -                      | W/S                     | #DIV/0!                          | #DIV/0! |
| 85       | Plus: Acct. 924, Property Insurance - Transm. Projects                                       | Worksheet F In 49.(E)                            | -                      | DA                      | 1.00000                          | -       |
| 86       | Acct. 928 - Transmission Project Specific  | Worksheet F In 20 (Note L)                       | -                      | DA                      | 1.00000                          | -       |
| 87       | Acct. 930.1 - Only safety related ads -Direct  | Worksheet F In 37.(E) (Note L)                   | -                      | DA                      | 1.00000                          | -       |
| 88       | Acct. 930.2 - Misc Gen. Exp. - Trans   | Worksheet F In 43.(E) (Note L)                   | -                      | DA                      | 1.00000                          | -       |
| 89       | A & G Subtotal   | (sum Ins 84 to 88)                               | -                      |                         |                                  | #DIV/0! |
| 90       | O & M EXPENSE SUBTOTAL   | (In 78 + In 89)                                  | -                      |                         |                                  | #DIV/0! |
| 91       | Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)       |  | -                      | NA                      | 0.00000                          | -       |
| 92       | TOTAL O & M EXPENSE  | (In 90 + In 91)                                  | -                      |                         |                                  | #DIV/0! |
| 93       | DEPRECIATION AND AMORTIZATION EXPENSE  |  |                        |                         |                                  |         |
| 94       | Production   | 336.2-6.f  |                        | NA                      | 0.00000                          | -       |
| 95       | Distribution   | 336.8.f  |                        | NA                      | 0.00000                          | -       |
| 96       | Transmission Projects  | Worksheet A In 42a Col. (g) + Col. (i)           | -                      | DA                      | 1.00000                          | -       |
| 96a      | Other Transmission   | Worksheet A In 42a Col. (c) + Col. (e)           | -                      | NA                      | 0.00000                          | -       |
| 97       | General  | 336.10.f   |                        | W/S                     | #DIV/0!                          | #DIV/0! |
| 98       | Intangible   | 336.11.f   |                        | W/S                     | #DIV/0!                          | #DIV/0! |
| 99       | TOTAL DEPRECIATION AND AMORTIZATION  | (Ln 94+95+96+97+98)                              | -                      |                         |                                  | #DIV/0! |
| 100      | TAXES OTHER THAN INCOME  | (Note N)   |                        |                         |                                  |         |
| 101      | Labor Related  |  |                        |                         |                                  |         |
| 102      | Payroll  | Worksheet H In 22.(D)                            | -                      | W/S                     | #DIV/0!                          | #DIV/0! |
| 103      | Plant Related  |  |                        |                         |                                  |         |
|          | Property Tax   | Worksheet H In 22.(C)                            | -                      |                         |                                  |         |
| 104      | Property Tax for Transmission Projects   | Worksheet H In 49.(C)                            | 52,043                 | DA                      | 1.00000                          | 52,043  |
| 104a     | Other Transmiaaion   | Worksheet H In 49.(D)                            | 353,043                | NA                      | 0.00000                          | 0       |
| 105      | Gross Receipts/Sales & Use   | Worksheet H In 22.(F)                            | -                      | NA                      | 0.00000                          | -       |
| 106      | Other  | Worksheet H In 22.(E)                            | -                      | GP                      | #DIV/0!                          | -       |
| 107      | TOTAL OTHER TAXES  | (sum Ins 102 to 106)                             | 405,087                |                         |                                  | #DIV/0! |
| 108      | INCOME TAXES   | (Note O)   |                        |                         |                                  |         |
| 109      | $T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$                                    |  | 0.00%                  |                         |                                  |         |
| 110      | $EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$   |  | #DIV/0!                |                         |                                  |         |
| 111      | where WCLTD=(In 150) and WACC = (In 153)   |  |                        |                         |                                  |         |
| 112      | and FIT, SIT & p are as given in Note O.   |  |                        |                         |                                  |         |
| 113      | $GRCF=1 / (1 - T) =$ (from In 109)   |  | -                      |                         |                                  |         |
| 114      | Amortized Investment Tax Credit (enter negative)   | (FF1 p.114, In 19.c)                             | -                      |                         |                                  |         |
| 115      | Excess Deferred Income Tax   | (Note U)   | -                      | DA                      |                                  |         |
| 116      | Tax Effect of Permanent and Flow-Through Differences   | (Note U)   | -                      | DA                      |                                  |         |
| 117      | Income Tax Calculation   | (In 110 * In 122)                                | #DIV/0!                |                         |                                  | #DIV/0! |
| 118      | ITC adjustment   | (In 113 * In 114)                                | -                      | GP                      | #DIV/0!                          | #DIV/0! |
| 119      | Excess Deferred Income Tax   | (In 113 * In 115)                                | -                      |                         |                                  | -       |
| 120      | Tax Effect of Permanent and Flow-Through Differences   | (In 113 * In 116)                                | -                      |                         |                                  | -       |
| 121      | TOTAL INCOME TAXES   | (sum Ins 117 to 120)                             | #DIV/0!                |                         |                                  | #DIV/0! |
| 122      | RETURN ON RATE BASE (Rate Base*WACC)   | (In 68 * In 153)                                 | #DIV/0!                |                         |                                  | #DIV/0! |
| 123      | INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))                     |  | -                      | DA                      | 1.00000                          | -       |
| 124      | (Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H)) |  | -                      |                         |                                  | -       |
| 125      | Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 124 * In110)       |  | #DIV/0!                |                         |                                  | #DIV/0! |
| 126      | TOTAL REVENUE REQUIREMENT  |  | #DIV/0!                |                         |                                  | #DIV/0! |
|          | (sum Ins 92, 99, 107, 121, 122, 123, 124, 125)   |  |                        |                         |                                  |         |

Formula Rate  
TCOS

Buckeye Power, Inc.  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

Buckeye Power, Inc.

SUPPORTING CALCULATIONS

|          |   |                                     |                |       |               |          |         |
|----------|---|-------------------------------------|----------------|-------|---------------|----------|---------|
| Line No. | TRANSMISSION PLANT INCLUDED IN PJM TARIFF   |                                     |                |       |               |          |         |
| 127      | Total transmission plant  | (In 21 plus In21a )                 |                |       |               | -        |         |
| 128      | Less transmission plant excluded (GSU) (Worksheet A, In 42, Col. (d)) (Note P)                      |                                     |                |       |               | -        |         |
| 129      | Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note Q) |                                     |                |       |               | -        |         |
| 130      | Transmission plant included in PJM Tariff   | (In 127 - In 128 - In 129)          |                |       |               | -        |         |
| 131      | Percent of transmission plant in PJM Tariff   | (In 130 / In 127)                   |                |       |               | TP=      | 0.00000 |
| 132      | WAGES & SALARY ALLOCATOR (W/S)  | (Note R)                            | Direct Payroll |       |               |          |         |
| 133      | Production  | 354.20.b                            |                | NA    | 0.00000       |          | -       |
| 134      | Transmission  | 354.21.b                            |                | TP    | 0.00000       |          | -       |
| 135      | Regional Market Expenses  | 354.22.b                            |                | NA    | 0.00000       |          | -       |
| 136      | Distribution  | 354.23.b                            |                | NA    | 0.00000       |          | -       |
| 137      | Other (Excludes A&G)  | 354.24,25,26.b                      |                | NA    | 0.00000       |          | -       |
| 138      | Total   | (sum Ins 133 to 137)                | 0              |       |               |          | -       |
| 139      | Transmission related amount   |                                     |                |       |               | W/S=     | #DIV/0! |
| 140      | WEIGHTED AVERAGE COST OF CAPITAL (WACC)   |                                     |                |       |               |          | \$      |
| 141      | Long Term Interest  | (Worksheet M, In. 37, col. (d))     |                |       |               |          | -       |
| 142      | Preferred Dividends   | (Worksheet M, In. 71)               |                |       |               |          | -       |
| 143      | <u>Development of Common Stock:</u>   |                                     |                |       |               |          |         |
| 144      | Proprietary Capital   | (Worksheet M, In. 14, col. (b))     |                |       |               |          | -       |
| 145      | Less: Preferred Stock   | (Worksheet M, In. 14, col. (c))     |                |       |               |          | -       |
| 146      | Less: Account 216.1   | (Worksheet M, In. 14, col. (d))     |                |       |               |          | -       |
| 147      | Less: Account 219   | (Worksheet M, In. 14, col. (e))     |                |       |               |          | -       |
| 148      | Common Stock  | (In 144 - In 145 - In 146 - In 147) |                |       |               |          | -       |
| 149      |   |                                     |                |       | Cost (Note S) | Weighted |         |
| 150      | Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))                              |                                     | \$             | %     | #DIV/0!       | #DIV/0!  |         |
| 151      | Preferred Stock (In 145)  |                                     | -              | 0.00% | -             | 0.0000   |         |
| 152      | Common Stock (In 148)   |                                     | -              | 0.00% | 10.35%        | 0.0000   |         |
| 153      | Total (Sum Ins 150 to 152)  |                                     | -              |       |               | WACC=    | #DIV/0! |



Buckeye Power, Inc.  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

Buckeye Power, Inc.

**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 Buckeye has any directly assigned transmission facilities, the revenue credits in the formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.  
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet 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 beginning of year end of year 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 Section 1.167(I)-(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 89.
- 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 123.
- 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 91 to determine the total O&M collected in the formula. The amounts on line 91 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.  
  
The company records referenced on line 91 is the Buckeye Power, Inc. 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 Reserved for future use.
- 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 Buckeye includes any expenses booked to these accounts in future ATRR updates, Buckeye must provide supporting information demonstrating that the underlying activities are directly related to providing transmission service.
- M Recoverable PBOP expense is based on actual annual PBOP costs. The PBOP amounts are included in the Administrative and General total, and are based on current year expenses. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- 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 114) multiplied by (1/(1-T)). If the applicable tax rates are zero enter 0.  
Inputs Required: FIT = 0.00%  
SIT = 0.00% (State Income Tax Rate or Composite SIT, Worksheet G)  
p = 0.00% (percent of federal income tax deductible for state purposes)  
The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable. If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries by Buckeye Staff
- S Long Term Debt cost rate = Long-Term Interest (In 141) / Long-Term Debt (In 150). Preferred Stock cost rate = preferred dividends (In 142) / preferred outstanding (In 151). The return on equity (ROE) applicable to Buckeye proprietary capital will be 10.35%, including a base amount of 9.85% and an additional 0.5% for continued RTO participation, provided; however, that if a different base ROE is approved by the FERC for AEPOHTCo the Buckeye ROE will change correspondingly effective as of the date the new rate is effective for AEPOHTCo. 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 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.



Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet A Rate Base  
Buckeye Power, Inc.

Twelve Months Ended

0

| Line No  | Month  | OATT Ancillary Services Plant In Service                               | OATT Ancillary Services Accumulated Depreciation                                    | Excluded Plant - Plant In Service (GSU) | Excluded Plant - Accumulated Depreciation (GSU) | Transmission Projects Added During 0        | Accumulated Depreciation for Transmission Projects Added During 0 | Transmission Projects Added Prior to 0      | Accumulated Depreciation for Transmission Projects Added Prior to 0 |
|--|--|--|---|---|---|---|---|---|---|
| (a)  | (b)  | (c)  | (d)   | (e)                                     | (f)   | (g)   | (h)   | (i)   |   |
|  |  | 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                                 | Company Records                             | Company Records   | Company Records                             | Company Records   |
| 29   | December Prior to Rate Year  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 30   | January  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 31   | February   | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 32   | March  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 33   | April  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 34   | May  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 35   | June   | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 36   | July   | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 37   | August   | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 38   | September  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 39   | October  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 40   | November   | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 41   | December of Rate Year  | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 42   | Average of the 13 Monthly Balances:                                      | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 42a  | Depreciation Expense during Year   | -  | -   | -                                       | -   | -   | -   | -   | -   |
| 43   | Transmission Accum Depreciation net of GSU                               | -  | -   | -                                       | -   | -   | -   | -   | -   |
|  |  |  |   |   |   | <b>Transmission ARO (f)</b>                 | <b>Other Transmission ARO (g)</b>                                 | <b>Transmission Projects ARO (h)</b>        |   |
|  |  |  |   |   |   |   | Company Records   | Company Records                             |   |
| <b>Plant Held For Future Use</b>   |  | <b>Source of Data</b>  | <b>Balance @ December 31 (c)</b>  | <b>Balance @ December 31 -1 (d)</b>     | <b>Average Balance for (e)</b>                  |   |   |   |   |
| 44   | <b>Plant Held For Future Use (a)</b>                                     | FF1, page 214, ln 47, Col. (d)   | -   | -                                       | -   | December Prior Year                         | -   | -   | -   |
| 45   | <b>Transmission Plant Held For Future (Included in total on line 44)</b> | Company Records - Note 1   | -   | -                                       | -   | January                                     | -   | -   | -   |
|  |  |  |   |   |   | February                                    | -   | -   | -   |
|  |  |  |   |   |   | March                                       | -   | -   | -   |
|  |  |  |   |   |   | April                                       | -   | -   | -   |
|  |  |  |   |   |   | May   | -   | -   | -   |
|  |  |  |   |   |   | June  | -   | -   | -   |
|  |  |  |   |   |   | July  | -   | -   | -   |
|  |  |  |   |   |   | August                                      | -   | -   | -   |
|  |  |  |   |   |   | September                                   | -   | -   | -   |
|  |  |  |   |   |   | October                                     | -   | -   | -   |
|  |  |  |   |   |   | November                                    | -   | -   | -   |
|  |  |  |   |   |   | December Year                               | -   | -   | -   |
|  |  |  |   |   |   | 13 Month Average                            | -   | -   | -   |
| <b>Regulatory Assets and Liabilities Approved for Recovery in Ratebas</b>                                      |  | <b>Source of Data</b>  | <b>Balance @ December 31 (c)</b>  | <b>Balance @ December 31 -1 (d)</b>     | <b>Average Balance for (e)</b>                  | <b>Amortization of Transmission ARO (f)</b> | <b>Other Transmission ARO Amort. (g)</b>                          | <b>Transmission Projects ARO Amort. (h)</b> |   |
| Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC. |  |  |   |   |   |   | Company Records   | Company Records                             |   |
| 46   |  |  | -   | -                                       | -   | December Prior Year                         | -   | -   | -   |
| 47   |  |  | -   | -                                       | -   | January                                     | -   | -   | -   |
| 48   |  |  | -   | -                                       | -   | February                                    | -   | -   | -   |
| 49   |  |  | -   | -                                       | -   | March                                       | -   | -   | -   |
| 50   |  |  | -   | -                                       | -   | April                                       | -   | -   | -   |
| 51   | Total Regulatory Deferrals Included in Ratebas                           |  | -   | -                                       | -   | May   | -   | -   | -   |
|  |  |  |   |   |   | June  | -   | -   | -   |
|  |  |  |   |   |   | July  | -   | -   | -   |
|  |  |  |   |   |   | August                                      | -   | -   | -   |
|  |  |  |   |   |   | September                                   | -   | -   | -   |
|  |  |  |   |   |   | October                                     | -   | -   | -   |
|  |  |  |   |   |   | November                                    | -   | -   | -   |
|  |  |  |   |   |   | December Year                               | -   | -   | -   |
|  |  |  |   |   |   | 13 Month Average                            | -   | -   | -   |
| <b>Unfunded Reserves Summary (Company Records)</b>   |  | <b>Source of Data</b>  | <b>Balance @ December 31 (c)</b>  | <b>Balance @ December 31 -1 (d)</b>     | <b>Average Balance for (e)</b>                  |   |   |   |   |
| 52   | <b>Description (a)</b>   | <b>Account (b)</b>   |   |   |   | December Prior Year                         | -   | -   | -   |
| 53   |  |  | -   | -                                       | -   | January                                     | -   | -   | -   |
| 54   |  |  | -   | -                                       | -   | February                                    | -   | -   | -   |
| 55   |  |  | -   | -                                       | -   | March                                       | -   | -   | -   |
| 56   |  |  | -   | -                                       | -   | April                                       | -   | -   | -   |
| 57   |  |  | -   | -                                       | -   | May   | -   | -   | -   |
| 58   |  |  | -   | -                                       | -   | June  | -   | -   | -   |
| 59   |  |  | -   | -                                       | -   | July  | -   | -   | -   |
| 60   |  |  | -   | -                                       | -   | August                                      | -   | -   | -   |
| 61   |  |  | -   | -                                       | -   | September                                   | -   | -   | -   |
| 62   |  |  | -   | -                                       | -   | October                                     | -   | -   | -   |
| 63   |  |  | -   | -                                       | -   | November                                    | -   | -   | -   |
| 64   |  |  | -   | -                                       | -   | December Year                               | -   | -   | -   |
| 65   |  |  | -   | -                                       | -   | 13 Month Average                            | -   | -   | -   |
| 66   | Total  |  | -   | -                                       | -   |   |   |   |   |

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

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet B Supporting ADIT and ITC Balances  
Buckeye Power, Inc.

| Line Number | (A)<br>Description                        | (B)<br>Source                            | (C)<br>Balance @ December 31, | (D)<br>Balance @ December 31, -1 | (E)<br>Average Balance for |
|-------------|---|--|-------------------------------|----------------------------------|----------------------------|
| 1           | <b>Account 281</b>                        |  |                               |                                  |                            |
| 2           | Year End Utility Deferrals                | FF1, p. 272 - 273, In 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 - In 3 - In 4                       | -                             | -                                | -                          |
| 6           | <b>Account 282</b>                        |  |                               |                                  |                            |
| 7           | Year End Utility Deferrals                | FF1, p. 274 - 275, In 5, Col. (k)        | -                             | -                                | -                          |
| 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          | Transmission Related Deferrals            | Ln 7 - In 8 - In 9                       | -                             | -                                | -                          |
| 11          | <b>Account 283</b>                        |  |                               |                                  |                            |
| 12          | Year End Utility Deferrals                | FF1, p. 276 - 277, In 9, Col. (k)        | -                             | -                                | -                          |
| 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) | -                             | -                                | -                          |
| 15          | Transmission Related Deferrals            | Ln 12 - In 13 - In 14                    | -                             | -                                | -                          |
| 16          | <b>Account 190</b>                        |  |                               |                                  |                            |
| 17          | Year End Utility Deferrals                | FF1, p. 234, In 8, Col. (c)              | -                             | -                                | -                          |
| 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)  | -                             | -                                | -                          |
| 20          | Transmission Related Deferrals            | Ln 17 - In 18 - In 19                    | -                             | -                                | -                          |
| 21          | <b>Account 255</b>                        |  |                               |                                  |                            |
| 22          | Year End ITC Balances                     | FF1, p. 266-267, In 8, Col. (h)          | -                             | -                                | -                          |
| 23          | Less: Balances Not Qualified for Ratebase | Company Records - Note 1                 | -                             | -                                | -                          |
| 24          | ITC Balances Includeable Ratebase         | Ln 22 - In 23                            | -                             | -                                | -                          |
| 25          | Transmission Related Deferrals            | WS B-1 - Actual Stmt. AF Ln. 20 (Note 1) | -                             | -                                | -                          |

NOTE 1 On this worksheet, "Company Records" refers to Buckeye's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section 1.167(l)-(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.

Buckeye Power, Inc.  
SPECIFIED DEFERRED CREDITS - Actual Cycle Only  
PERIOD ENDED DECEMBER 31,

Formula Rate  
WS B-1 - B-2

(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 12/31-1 |              |              | FUNCTIONALIZATION 12/31 |              |              |
|                                       | BALANCE AS OF 12-31-1 | BALANCE AS OF 12-31- | BALANCE AS OF 12-31-1      | BALANCE AS OF 12-31- |                                      | GENERATION                | TRANSMISSION | DISTRIBUTION | GENERATION                | TRANSMISSION | DISTRIBUTION | GENERATION              | TRANSMISSION | DISTRIBUTION |
| 1.00 ACCOUNT 281:                     |                       |                      |                            |                      |                                      |                           |              |              |                           |              |              |                         |              |              |
| 2.01                                  |                       |                      |                            |                      |                                      |                           |              |              |                           |              |              |                         |              |              |
| 2.02                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 2.03                                  |                       |                      |                            |                      |                                      |                           |              |              |                           |              |              |                         |              |              |
| 2.04                                  | 0                     | 0                    | 0                          | 0                    | 0                                    |                           |              |              |                           |              |              |                         |              |              |
| 2.05                                  | 0                     | 0                    | 0                          | 0                    | 0                                    |                           |              |              |                           |              |              |                         |              |              |
| 2.06                                  | 0                     | 0                    | 0                          | 0                    | 0                                    |                           |              |              |                           |              |              |                         |              |              |
| 3 TOTAL ACCOUNT 281                   | 0                     | 0                    | 0                          | 0                    | 0                                    | 0                         | 0            | 0            | 0                         | 0            | 0            | 0                       | 0            | 0            |
| 4 ACCOUNT 281 - ARO-Related Deferrals | 0                     | 0                    | 0                          | 0                    | 0                                    | 0                         | 0            | 0            | 0                         | 0            | 0            | 0                       | 0            | 0            |
| 5 ACCOUNT 282:                        |                       |                      |                            |                      |                                      |                           |              |              |                           |              |              |                         |              |              |
| 5.01                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.02                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.03                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.04                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.05                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.06                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.07                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.08                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.09                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.10                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.11                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.12                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.13                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.14                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.15                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.16                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.17                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.18                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.19                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.20                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.21                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.22                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.23                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.24                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.25                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.26                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.27                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.28                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.29                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.30                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.31                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.32                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.33                                  | 0                     | 0                    |                            |                      | 0                                    | 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            | 0            |                           |              |              |                         |              |              |
| 5.38                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 5.39                                  |                       |                      |                            |                      | 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                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.03                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.04                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.05                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.06                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.07                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.08                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.09                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.10                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.11                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.12                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.13                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |
| 9.14                                  | 0                     | 0                    |                            |                      | 0                                    | 0                         | 0            | 0            |                           |              |              |                         |              |              |





Formula Rate  
WS B-1 - B-2

Buckeye Power, Inc.  
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only  
PERIOD ENDED DECEMBER 31,

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 | NON-APPLICABLE/NON-UTILITY | NON-APPLICABLE/NON-UTILITY | AVERAGE ELECTRIC UTILITY (B+C+D+E)/2 | FUNCTIONALIZATION AVERAGE |                      |            | FUNCTIONALIZATION 12/31/-1 |              |            | FUNCTIONALIZATION 12/31/ |              |            |
|                | BALANCE AS OF 12-31--1 | BALANCE AS OF 12-31- |                            |                            |                            |                                      | BALANCE AS OF 12-31--1    | BALANCE AS OF 12-31- | GENERATION | TRANSMISSION               | DISTRIBUTION | GENERATION | TRANSMISSION             | DISTRIBUTION | GENERATION |
| 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          |                            |              |            |                          |              |            |



Formula Rate  
 WS B-1 - B-2

|      |                                     |   |   |   |   |   |   |
|------|-------------------------------------|---|---|---|---|---|---|
| 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 |   |   |   |
| 2.91 |                                     | 0 | 0 | 0 |   |   |   |
|      |                                     | 0 | 0 | 0 | 0 | 0 | 0 |
| 3    | TOTAL ACCOUNT 190                   | 0 | 0 | 0 | 0 | 0 | 0 |
| 4    | ACCOUNT 190 - ARO-Related Deferrals | 0 | 0 | 0 | 0 | 0 | 0 |

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet C Supporting Working Capital Rate Base Adjustments  
Buckeye Power, Inc.

| (A)                             | (B)  | (C)   | (D)                    | (E)                       | (F)                 | (G) | (H) | (I) |
|---------------------------------|--|---|------------------------|---------------------------|---------------------|-----|-----|-----|
| <b>Materials &amp; Supplies</b> |  |   |                        |                           |                     |     |     |     |
| Line Number                     |  | Source                                      | Balance @ December 31, | Balance @ December 31, -1 | Average Balance for |     |     |     |
| 1                               | Transmission Projects Materials & Supplies   | Company Records                             | 0                      | 0                         | -                   |     |     |     |
| 2                               | Other Transmission Materials & Supplies      | FF1, p. 227, ln 8, Col. (c) & (b) less Ln 1 | 0                      | 0                         | -                   |     |     |     |
| 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,    | 0                   | 0                         | 0                          | 0                          | 0                                      |
| 7 | Totals as of December 31, -1 | 0                   | 0                         | 0                          | 0                          | 0                                      |
| 8 | <b>Average Balance</b>       | -                   | -                         | -                          | -                          | -                                      |

**Prepayments Account 165 - Balance @ 12/31/**

| 9  | Acc. No. | Description                   | YE Balance | Excludable Balances | 100% Transmission Related | Plant Related | Labor Related | Total Included in Ratebase (E)+(F)+(G) | Explanation                      |
|----|----------|-------------------------------|------------|---------------------|---------------------------|---------------|---------------|--|----------------------------------|
| 10 | 165      | Prepaid Plant Insurance       |            | -                   | -                         | -             | -             | -                                      | Plant Related Insurance Policies |
| 11 |          |                               |            | -                   | -                         | -             | -             | -                                      | Prepaid Taxes - Distribution     |
| 12 |          |                               |            | -                   | -                         | -             | -             | -                                      |                                  |
| 13 |          |                               |            | -                   | -                         | -             | -             | -                                      | Prepaid Interest - Distribution  |
| 14 |          |                               |            | -                   | -                         | -             | -             | -                                      | Health Savings Program           |
| 15 |          |                               |            | -                   | -                         | -             | -             | -                                      | PPD Sales                        |
| 16 |          |                               |            | -                   | -                         | -             | -             | -                                      | AR Factoring - Retail Only       |
| 17 |          |                               |            | -                   | -                         | -             | -             | -                                      | Pre-funded Pension Expense       |
| 18 |          |                               |            | -                   | -                         | -             | -             | -                                      | SFAS 158 Offset                  |
| 19 |          |                               |            | -                   | -                         | -             | -             | -                                      | SFAS 112 Overfunding Asset       |
| 20 |          |                               |            | -                   | -                         | -             | -             | -                                      | Plant Related Insurance Policies |
| 21 |          |                               |            | -                   | -                         | -             | -             | -                                      | Prepaid Lease                    |
| 22 |          |                               |            | -                   | -                         | -             | -             | -                                      | Labor Related Expense            |
| 23 |          |                               |            | -                   | -                         | -             | -             | -                                      | Labor Related Expense            |
| 24 |          |                               |            | -                   | -                         | -             | -             | -                                      | Labor Related Expense            |
| 25 |          |                               |            | -                   | -                         | -             | -             | -                                      | Labor Related Expense            |
| 26 |          |                               |            | -                   | -                         | -             | -             | -                                      | Labor Related Expense            |
| 27 | 165      | Prepaid Expenses - Other      |            | -                   | -                         | -             | -             | -                                      | Miscellaneous                    |
| 28 |          |                               |            | -                   | -                         | -             | -             | -                                      | SFAS 158 Offset                  |
| 29 |          |                               |            | -                   | -                         | -             | -             | -                                      |                                  |
| 30 |          |                               |            | -                   | -                         | -             | -             | -                                      | Prepaid Use Tax - Generation     |
|    |          | Subtotal - Form 1, p 111.57.c | 0          | 0                   | 0                         | 0             | 0             | 0                                      |                                  |

**Prepayments Account 165 - Balance @ 12/31/ -1**

| 31 | Acc. No. | Description                   | -1 YE Balance | Excludable Balances | 100% Transmission Related | Transmission Plant Related | Transmission Labor Related | Total Included in Ratebase (E)+(F)+(G) | Explanation                      |
|----|----------|-------------------------------|---------------|---------------------|---------------------------|----------------------------|----------------------------|--|----------------------------------|
| 32 | 165      | Prepaid Plant Insurance       |               | -                   | -                         | -                          | -                          | -                                      | Plant Related Insurance Policies |
| 33 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Prepaid Taxes - Distribution     |
| 34 |          |                               |               | -                   | -                         | -                          | -                          | -                                      |                                  |
| 35 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Prepaid Interest - Distribution  |
| 36 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Health Savings Program           |
| 37 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | PPD Sales                        |
| 38 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | AR Factoring - Retail Only       |
| 39 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Pre-funded Pension Expense       |
| 40 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | SFAS 158 Offset                  |
| 41 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | SFAS 112 Overfunding Asset       |
| 42 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Plant Related Insurance Policies |
| 43 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Prepaid Lease                    |
| 44 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Labor Related Expense            |
| 45 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Labor Related Expense            |
| 46 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Labor Related Expense            |
| 47 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Labor Related Expense            |
| 48 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Labor Related Expense            |
| 49 | 165      | Prepaid Expenses - Other      |               | -                   | -                         | -                          | -                          | -                                      | Miscellaneous                    |
| 50 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | SFAS 158 Offset                  |
| 51 |          |                               |               | -                   | -                         | -                          | -                          | -                                      |                                  |
| 52 |          |                               |               | -                   | -                         | -                          | -                          | -                                      | Prepaid Use Tax - Generation     |
|    |          | Subtotal - Form 1, p 111.57.d | 0             | 0                   | 0                         | 0                          | 0                          | 0                                      |                                  |

Note 1: Prepayments will exclude all prepaid federal and state income taxes and outstanding income tax refunds due to either prior federal or state audits or amended income tax returns. Only federal and state income tax prepayments of income taxes which are includable are those applicable to periods subsequent to the date of the balance sheet as described in USoFA Account 236.

**Formula Rate  
WS D IPP Credits**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet D Supporting IPP Credits  
Buckeye Power, Inc.

| <u>Line Number</u> | <u>(A)<br/>Description</u>  | <u>(B)<br/>0</u> |
|--------------------|---|------------------|
| 1                  | Net Funds from IPP Customers 12/31/-1 ( FORM 1, P269)               |                  |
| 2                  | Interest Accrual (Company Records - Note 1)                         |                  |
| 3                  | Revenue Credits to Generators (Company Records - Note 1)            |                  |
| 4                  | <u>Other Adjustments</u>  |                  |
| 5                  | Accounting Adjustment (Company Records - Note 1)                    |                  |
| 6                  |   | -                |
| 7                  | Net Funds from IPP Customers 12/31/ ( 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 Buckeye Power, Inc.'s general ledger.

**Formula Rate  
WS E Rev Credits**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet E Supporting Revenue Credits  
Buckeye Power, Inc.

| <u>Line Number</u> | <u>Description</u>  | <u>Total Company</u> | <u>Non-Transmission</u> | <u>Transmission</u> |
|--------------------|---|----------------------|-------------------------|---------------------|
| 1                  | Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)                         |                      | -                       |                     |
| 2                  | Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)              |                      | -                       |                     |
| 3                  | Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)                 |                      | -                       |                     |
| 4                  | Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)                     |                      | -                       |                     |
| 5                  | Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)                                 |                      | -                       |                     |
| 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                  | Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1) |                      | -                       |                     |
| 8                  | Total Other Operating Revenues To Reduce Revenue Requirement  | -                    | -                       | -                   |

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or Buckeye Power, Inc.'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 |  |  | - |
|---|--|--|--|---|

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
Buckeye Power, Inc.

| <u>Line Number</u>                                      | <u>(A)<br/>Item No.</u> | <u>(B)<br/>Description</u>                                       | <u>(C)<br/>0<br/>Expense</u> | <u>(D)<br/>100%<br/>Non-Transmission</u> | <u>(E)<br/>100%<br/>Transmission<br/>Proj. Specific</u> | <u>(F)<br/>Explanation</u> |
|---|-------------------------|--|------------------------------|--|---|----------------------------|
| <b>Regulatory O&amp;M Deferrals &amp; Amortizations</b> |                         |  |                              |  |   |                            |
| 1   |                         |  |                              |  |   |                            |
| 2   |                         |  |                              |  |   |                            |
| 3   |                         |  |                              |  |   |                            |
| 4   |                         | <b>Total</b>   | 0                            |  |   |                            |
| <b>Detail of Account 561 Per FERC Form 1</b>            |                         |  |                              |  |   |                            |
| 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           |                              |  |   |                            |
| 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 Services           |                              |  |   |                            |
| 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 |                              |  |   |                            |
| 14  |                         | <b>Total of Account 561</b>                                      | 0                            |  |   |                            |
| <b>Account 928</b>                                      |                         |  |                              |  |   |                            |
| 15  | FF1 p 323.189b          | 928 Regulatory Commission Expenses                               |                              |  | -   | -                          |
| 16  |                         |  |                              |  | -   | -                          |
| 17  |                         |  |                              |  | -   | -                          |
| 18  |                         |  |                              |  | -   | -                          |
| 19  |                         |  |                              |  | -   | -                          |
| 20  |                         | <b>Total (FERC Form 1 p.323.189.b)</b>                           | -                            | -  | -   | -                          |
| <b>Account 930.1</b>                                    |                         |  |                              |  |   |                            |
| 21  | FF1 p 323.191b          | General Advertising Expenses                                     | -                            |  | -   | -                          |
| 22  |                         |  |                              |  | -   | -                          |
| 23  |                         |  |                              |  | -   | -                          |
| 24  |                         |  |                              |  | -   | -                          |
| 25  |                         |  |                              |  | -   | -                          |
| 26  |                         |  |                              |  | -   | -                          |
| 27  |                         |  |                              |  | -   | -                          |
| 28  |                         |  |                              |  | -   | -                          |
| 29  |                         |  |                              |  | -   | -                          |
| 30  |                         |  |                              |  | -   | -                          |
| 31  |                         |  |                              |  | -   | -                          |
| 32  |                         |  |                              |  | -   | -                          |
| 33  |                         |  |                              |  | -   | -                          |
| 34  |                         |  |                              |  | -   | -                          |
| 35  |                         |  |                              |  | -   | -                          |
| 36  |                         |  |                              |  | -   | -                          |
| 37  |                         | <b>Total (FERC Form 1 p.323.191.b)</b>                           | -                            | -  | -   | -                          |
| <b>Account 930.2</b>                                    |                         |  |                              |  |   |                            |
| 38  | FF1 p 323.192b          | Miscellaneous General Expenses                                   |                              |  | -   | -                          |
| 39  |                         |  |                              |  | -   | -                          |
| 40  |                         |  |                              |  | -   | -                          |
| 41  |                         |  |                              |  | -   | -                          |
| 42  |                         |  |                              |  | -   | -                          |
| 43  |                         | <b>Total (FERC Form 1 p.323.192.b)</b>                           | -                            | -  | -   | -                          |
| <b>Account 924</b>                                      |                         |  |                              |  |   |                            |
| 44  | FF1 p323.185b           | Property Insurance   |                              |  | -   | -                          |
| 45  | Company Records         | Property Insurance specific to Transmission Projects             | -                            |  | -   | -                          |
| 46  |                         |  |                              |  | -   | -                          |
| 47  |                         |  |                              |  | -   | -                          |
| 48  |                         |  |                              |  | -   | -                          |
| 49  |                         | <b>Total (FERC Form 1 p.323.191.b)</b>                           | -                            | -  | -   | -                          |

**Formula Rate**  
**WS G State Inc Tax Rate**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet G Supporting - Development of Composite State Income Tax Rate  
Buckeye Power, Inc.

|                                       |             |              |
|---------------------------------------|-------------|--------------|
| Tennessee Income Tax Rate             |             |              |
| Apportionment Factor - Note 1         |             |              |
| Effective State Tax Rate              | <hr/>       | 0.00%        |
| West Virginia Net Income Tax Rate     |             |              |
| Apportionment Factor - Note 1         |             |              |
| Effective State Tax Rate              | <hr/>       | 0.00%        |
| Virginia Income Tax Rate              |             |              |
| Apportionment Factor - Note 1         |             |              |
| Effective State Tax Rate              | <hr/>       | 0.00%        |
| Ohio Franchise Tax Rate               |             |              |
| Phase-out Factor                      |             |              |
| Apportionment Factor - Note 1         |             |              |
| Effective State Tax Rate              | <hr/>       | 0.00%        |
| Michigan Business Income Tax Rate     |             |              |
| Apportionment Factor - Note 1         |             |              |
| Effective State Tax Rate              | <hr/>       | 0.00%        |
| Illinois Corporation Income Tax Rate  |             |              |
| Apportionment Factor - Note 1         |             |              |
| Effective State Tax Rate              | <hr/>       | 0.00%        |
| Total Effective State Income Tax Rate | <hr/> <hr/> | <u>0.00%</u> |

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

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet H Supporting Taxes Other than Income  
Buckeye Power, Inc.

| Line No.  | (A)<br>Account                                    | (B)<br>Total Company | (C)<br>Property | (D)<br>Labor | (E)<br>Other | (F)<br>Non-Allocable |
|---|---|----------------------|-----------------|--------------|--------------|----------------------|
| NOTE 1  |   |                      |                 |              |              |                      |
| 1   | <b>Revenue Taxes</b>                              |                      |                 |              |              |                      |
| 2   | Gross Receipts Tax (Ohio kWh Tax)                 | -                    |                 |              |              | -                    |
| 3   | <b>Real Estate and Personal Property Taxes</b>    |                      |                 |              |              |                      |
| 4   | Real and Personal Property - Ohio                 | -                    | -               |              |              |                      |
| 5   | Real and Personal Property - Other Jurisdiction 1 | -                    | -               |              |              |                      |
| 6   | Real and Personal Property - Other Jurisdictions  | -                    | -               |              |              |                      |
| 7   | <b>Payroll Taxes</b>                              |                      |                 |              |              |                      |
| 8   | Federal Insurance Contribution (FICA )            | -                    |                 | -            |              |                      |
| 9   | Federal Unemployment Tax                          | -                    |                 | -            |              |                      |
| 10  | State Unemployment Insurance                      | -                    |                 | -            |              |                      |
| 11  | <b>Production Taxes</b>                           |                      |                 |              |              |                      |
| 12  | State Severance Taxes                             | -                    |                 |              |              | -                    |
| 13  | <b>Miscellaneous Taxes</b>                        |                      |                 |              |              |                      |
| 14  | State Public Service Commission Fees              | -                    |                 |              |              | -                    |
| 15  | State Franchise Taxes                             | -                    |                 |              | -            |                      |
| 16  | State Lic/Registration Fee                        | -                    |                 |              | -            |                      |
| 17  | Misc. State and Local Tax                         | -                    |                 |              | -            |                      |
| 18  | Sales & Use                                       | -                    |                 |              | -            |                      |
| 19  | Federal Excise Tax                                | -                    |                 |              | -            |                      |
| 20  | State B&O Taxes                                   | -                    |                 |              | -            |                      |
| 21  | Michigan Single Business Tax                      | -                    |                 |              | -            |                      |
| 22  | Total Taxes by Allocable Basis                    | -                    | -               | -            | -            | -                    |
| (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 | Transmission Projects | Other Transmission | Distribution | General  | Total   |
|--|------------|-----------------------|--------------------|--------------|----------|---------|
| 23 <b>Functionalized Net Plant (TCOS, Lns 41 thru 44)</b>    | -          | -                     | -                  | -            | -        | -       |
| 24 Ohio Property Taxes (Company Records)                     |            |                       |                    |              |          |         |
| 25 General Plant Property Taxes Functionalized               | #DIV/0!    | #DIV/0!               | #DIV/0!            | #DIV/0!      | -        | #DIV/0! |
| 26 <b>Functional Property Tax Expenses</b>                   | #DIV/0!    | #DIV/0!               | #DIV/0!            | #DIV/0!      | -        | #DIV/0! |
| <b>JURISDICTION</b>  |            |                       |                    |              |          |         |
| 27 Percentage of Plant in _____ JURISDICTION                 |            |                       |                    |              |          |         |
| 28 Net Plant in _____ JURISDICTION (Ln 23 * Ln 27)           | -          | -                     | -                  | -            | -        | -       |
| 29 Less: Net Value of Exempted Generation Plant              |            |                       |                    |              |          |         |
| 30 Taxable Property Basis (Ln 28 - Ln 29)                    | -          | -                     | -                  | -            | -        | -       |
| 31 Relative Valuation Factor                                 |            |                       |                    |              |          |         |
| 32 Weighted Net Plant (Ln 30 * Ln 31)                        |            |                       |                    |              |          |         |
| 33 General Plant Allocator (Ln 32 / (Total - General Plant)) | 0.00%      | 0.00%                 | 0.00%              | 0.00%        | -100.00% |         |
| 34 Functionalized General Plant (Ln 33 * General Plant)      | -          | -                     | -                  | -            | -        | -       |
| 35 Weighted _____ JURISDICTION Plant (Ln 32 + 34)            |            |                       |                    |              |          |         |
| 36 Functional Percentage (Ln 35/Total Ln 35)                 | 0.00%      | 0.00%                 | 0.00%              | 0.00%        | 0.00%    |         |
| 37 Functionalized Expense in _____ JURISDICTION              | -          | -                     | -                  | -            | -        | -       |
| <b>JURISDICTION</b>  |            |                       |                    |              |          |         |
| 38 Percentage of Plant in _____ JURISDICTION                 |            |                       |                    |              |          |         |
| 41a Net Plant in _____ JURISDICTION (Ln 23 - Ln 26 - Ln 28)  | -          | -                     | -                  | -            | -        | -       |
| 39 Less: Net Value Exempted Generation Plant                 |            |                       |                    |              |          |         |
| 40 Taxable Property Basis                                    | -          | -                     | -                  | -            | -        | -       |
| 41 Relative Valuation Factor                                 |            |                       |                    |              |          |         |
| 42 Weighted Net Plant (Ln 40 * Ln 41)                        | -          | -                     | -                  | -            | -        | -       |
| 43 General Plant Allocator (Ln 42 / (Total - General Plant)) | 0.00%      | 0.00%                 | 0.00%              | 0.00%        | -100.00% |         |
| 44 Functionalized General Plant (Ln 44 * General Plant)      | -          | -                     | -                  | -            | -        | -       |
| 45 Weighted _____ JURISDICTION Plant (Ln 42 + 44)            |            |                       |                    |              |          |         |
| 46 Functional Percentage (Ln 45/Total Ln 45)                 | 0.00%      | 0.00%                 | 0.00%              | 0.00%        | 0.00%    |         |
| 47 Functionalized Expense in _____ JURISDICTION              | -          | -                     | -                  | -            | -        | -       |
| 48   | #REF!      | #REF!                 | #REF!              | #REF!        | #REF!    |         |

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H  
Buckeye Power, Inc.

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

|                                |                    |   |  |  |
|--------------------------------|--------------------|---|--|--|
| <b>Sales and Revenue Taxes</b> |                    |   |  |  |
| 1                              | Gross Receipts Tax | - |  |  |
| 2                              | Ohio kWh Tax       | - |  |  |

| Line No. | (A)<br>Real Estate and Personal Property Tax Detail<br>Annual Tax Expenses by Type (Note 1) | (B)<br>Tax Year | (C)<br>Total Company | (D)<br>FERC FORM 1 Tie-Back | (E)<br>FERC FORM 1 Reference | (F)<br>Tax Year Factor (Note 2) | (G)<br>Transmission Function (Note 2) |
|----------|---|-----------------|----------------------|-----------------------------|------------------------------|---------------------------------|---------------------------------------|
|----------|---|-----------------|----------------------|-----------------------------|------------------------------|---------------------------------|---------------------------------------|

|   |  |  |   |   |  |  |   |
|---|--|--|---|---|--|--|---|
| 3 | <b>Real Estate and Personal Property Taxes Total</b><br><b>(Ln 4 + Ln 5 + Ln 6 + Ln 7)</b> |  | - |   |  |  | - |
| 4 | Real and Personal Property - Ohio<br>Transmission Projects<br>Other Transmission           |  | - | - |  |  | - |
| 5 | Real and Personal Property - Other Jurisdiction 1  |  | - |   |  |  | - |
| 6 | Real and Personal Property - Other Jurisdiction 2  |  | - |   |  |  | - |
| 7 | Real and Personal Property - Other Jurisdictions   |  | - |   |  |  | - |

| Line No. | (A)<br>Annual Tax Expenses by Type (Note 1) | (B)<br>Total Company | (C)<br>FERC FORM 1 Tie-Back | (D)<br>FERC FORM 1 Reference |
|----------|---|----------------------|-----------------------------|------------------------------|
| 8        | <b>Payroll Taxes</b>                        | -                    |                             |                              |
| 9        | Federal Insurance Contribution (FICA )      | -                    |                             |                              |
| 10       | Federal Unemployment Tax                    | -                    | -                           |                              |



|    |   |  |  |
|----|---|--|--|
|    |   | Buckeye Power, Inc.<br>Cost of Service Formula Rate Using Actual/Projected FF1 Balances<br>Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H<br>Buckeye Power, Inc. |  |
| 11 | State Unemployment Insurance  | -  |  |
| 12 | <b>Production Taxes</b>   | -  |  |
| 13 | <del>State Severance Taxes</del>  | -  |  |
| 14 | <b>Miscellaneous Taxes</b>  | -  |  |
| 15 | <del>State Business &amp; Occupation Tax</del>  | -  |  |
| 16 | State Public Service Commission Fees  | -  |  |
| 17 | State Franchise Taxes   | -  |  |
| 18 | State Lic/Registration Fee  | -  |  |
| 19 | Misc. State and Local Tax   | -  |  |
| 20 | Sales & Use   | -  |  |
| 21 | Federal Excise Tax  | -  |  |
| 22 | Michigan Single Business Tax  | -  |  |
| 23 | Total Taxes by Allocable Basis<br>(Total Company Amount Ties to FFI p.114, Ln 14.(c)) | - -<br>=====   |  |

Note 1: The taxes assessed on each facility can differ from year to year and by both the type of taxes and the states in which they were assessed. Therefore, the types and jurisdictions of tax expense recorded on this page could differ from the same page in the prior year template or from this page in 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..

**Formula Rate  
WS I Reserved**

**Buckeye Power, Inc.  
Cost of Service Formula Rate Using FF1 Balances  
Worksheet I RESERVED FOR FUTURE USE  
Buckeye Power, Inc.**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using FF1 Balances  
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
Buckeye Power, Inc.

**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 152)  |       |         |               | 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 150 through152) |       |         |               |        |
|  | %     | Cost    | Weighted cost |        |
| Long Term Debt   | 0.00% | #DIV/0! | #DIV/0!       |        |
| Preferred Stock  | 0.00% | 0.00%   | 0.000%        |        |
| Common Stock   | 0.00% | 10.35%  | 0.000%        |        |
|  |       | R =     | #DIV/0!       |        |

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

|                         |         |
|-------------------------|---------|
| Rate Base (TCOS, ln 68) | #DIV/0! |
| R (from A. above)       | #DIV/0! |
| Return (Rate Base x R)  | #DIV/0! |

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

|                                       |         |
|---------------------------------------|---------|
| Return (from B. above)                | #DIV/0! |
| Effective Tax Rate (TCOS, ln 110)     | #DIV/0! |
| Income Tax Calculation (Return x CIT) | #DIV/0! |
| ITC Adjustment                        | #DIV/0! |
| Excess Deferred Income Tax            | -       |
| Tax Affect of Permanent Differences   | -       |
| Income Taxes                          | #DIV/0! |

**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)                           | #DIV/0! |
| Lease Payments (TCOS, ln 91)                                      | -       |
| Return (TCOS, ln 122)   | #DIV/0! |
| Income Taxes (TCOS, ln 121)                                       | #DIV/0! |
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | #DIV/0! |

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

|   |         |
|---|---------|
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | #DIV/0! |
| Return (from I.B. above)  | #DIV/0! |
| Income Taxes (from I.C. above)                                    | #DIV/0! |
| Annual Revenue Requirement, with Basis Point ROE increase         | #DIV/0! |
| Depreciation (TCOS, ln 96)  | -       |
| Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation   | #DIV/0! |

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

|  |         |
|--|---------|
| Net Transmission Plant (TCOS, ln 42)                             | -       |
| Annual Revenue Requirement, with Basis Point ROE increase        | #DIV/0! |
| FCR with Basis Point Increase in ROE                             | #DIV/0! |
| Annual Rev. Req. w / Basis Point ROE increase, less Dep.         | #DIV/0! |
| FCR with Basis Point ROE increase, less Depreciation             | #DIV/0! |
| FCR less Depreciation (TCOS, ln 10)                              | #DIV/0! |
| Incremental FCR with Basis Point ROE increase, less Depreciation | #DIV/0! |

**III. Calculation of Composite Depreciation Rate**

|  |         |
|--|---------|
| Average Transmission Plant Balance for (TCOS, ln 19)       | -       |
| Annual Depreciation and Amortization Expense (TCOS, ln 96) | -       |
| Composite Depreciation Rate                                | #DIV/0! |
| Depreciable Life for Composite Depreciation Rate           | #DIV/0! |
| Round to nearest whole year                                | #DIV/0! |

| PROJECTED YEAR | SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS |              |                   |
|----------------|---|--------------|-------------------|
|                | Rev Require   | W Incentives | Incentive Amounts |
| 0              | #N/A  | #N/A         | #N/A              |



Buckeye Power, Inc.  
Cost of Service Formula Rate Using FF1 Balances  
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
Buckeye Power, Inc.

**I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified for Regional Billing.**

**A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects**

|   |       |         |               |
|---|-------|---------|---------------|
| ROE w/o incentives (TCOS, ln 152)   |       |         | 10.35%        |
| Project ROE Incentive Adder   |       |         | 0             |
| ROE with additional 0 basis point incentive   |       |         | 10.35%        |
| Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 150 through 152) |       |         |               |
|   | %     | Cost    | Weighted cost |
| Long Term Debt  | 0.00% | #DIV/0! | #DIV/0!       |
| Preferred Stock   | 0.00% | 0.00%   | 0.000%        |
| Common Stock  | 0.00% | 10.35%  | 0.000%        |
|   |       | R =     | #DIV/0!       |

| SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS |                                 |             |              |                   |
|--|---------------------------------|-------------|--------------|-------------------|
| TRUE-UP YEAR   | 0                               | Rev Require | W Incentives | Incentive Amounts |
|  | As Projected in Prior Year WS J | #N/A        | #N/A         | #N/A              |
|  | Actual after True-up            | #N/A        | #N/A         | #N/A              |
|  | True-up of ARR For              | #N/A        | #N/A         | #N/A              |

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

|                         |         |
|-------------------------|---------|
| Rate Base (TCOS, ln 68) | #DIV/0! |
| R (from A. above)       | #DIV/0! |
| Return (Rate Base x R)  | #DIV/0! |

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

|                                       |         |
|---------------------------------------|---------|
| Return (from B. above)                | #DIV/0! |
| Effective Tax Rate (TCOS, ln 110)     | #DIV/0! |
| Income Tax Calculation (Return x CIT) | #DIV/0! |
| ITC Adjustment                        | #DIV/0! |
| Excess Deferred Income Tax            | -       |
| Tax Affect of Permanent Differences   | -       |
| Income Taxes                          | #DIV/0! |

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

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

|   |         |
|---|---------|
| Annual Revenue Requirement (TCOS, ln 1)                           | #DIV/0! |
| Lease Payments (TCOS, ln 91)                                      | -       |
| Return (TCOS, ln 122)   | #DIV/0! |
| Income Taxes (TCOS, ln 121)                                       | #DIV/0! |
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | #DIV/0! |

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

|   |         |
|---|---------|
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | #DIV/0! |
| Return (from I.B. above)  | #DIV/0! |
| Income Taxes (from I.C. above)                                    | #DIV/0! |
| Annual Revenue Requirement, with 0 Basis Point ROE increase       | #DIV/0! |
| Depreciation (TCOS, ln 96)  | -       |
| Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation | #DIV/0! |

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

|  |         |
|--|---------|
| Net Transmission Plant (TCOS, ln 42)                               | -       |
| Annual Revenue Requirement, with 0 Basis Point ROE increase        | #DIV/0! |
| FCR with 0 Basis Point increase in ROE                             | #DIV/0! |
| Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.         | #DIV/0! |
| FCR with 0 Basis Point ROE increase, less Depreciation             | #DIV/0! |
| FCR less Depreciation (TCOS, ln 10)                                | #DIV/0! |
| Incremental FCR with 0 Basis Point ROE increase, less Depreciation | #DIV/0! |

**III. Calculation of Composite Depreciation Rate**

|  |         |
|--|---------|
| Average Transmission Plant Balance for (TCOS, ln 19)       | -       |
| Annual Depreciation and Amortization Expense (TCOS, ln 96) | -       |
| Composite Depreciation Rate                                | #DIV/0! |
| Depreciable Life for Composite Depreciation Rate           | #DIV/0! |
| Round to nearest whole year                                | #DIV/0! |



**Formula Rate**  
**WS L Reserved**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using FF1 Balances  
Worksheet L Reserved for Future Use  
Buckeye Power, Inc.

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital  
Buckeye Power, Inc.

| 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) |  |
|         | <b>(Note A)</b>                    | (FF1 112.16)                     | (FF1 250-251)             | (FF1 112.12)                                     | (FF1 112.15)               |  |
| 1       | December Prior to Rate Year        |                                  | -                         | -  | -                          | -  |
| 2       | January                            |                                  | -                         | -  | -                          | -  |
| 3       | February                           |                                  | -                         | -  | -                          | -  |
| 4       | March                              |                                  | -                         | -  | -                          | -  |
| 5       | April                              |                                  | -                         | -  | -                          | -  |
| 6       | May                                |                                  | -                         | -  | -                          | -  |
| 7       | June                               |                                  | -                         | -  | -                          | -  |
| 8       | July                               |                                  | -                         | -  | -                          | -  |
| 9       | August                             |                                  | -                         | -  | -                          | -  |
| 10      | September                          |                                  | -                         | -  | -                          | -  |
| 11      | October                            |                                  | -                         | -  | -                          | -  |
| 12      | November                           |                                  | -                         | -  | -                          | -  |
| 13      | December of Rate Year              |                                  | -                         | -  | -                          | -  |
| 14      | Average of the 13 Monthly Balances | -                                | -                         | -  | -                          | -  |

| 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)      |   |
|         | <b>(Note A)</b>                    | (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        |                                   | -                                   | -  | -                                   | -                                | -   |
| 16      | January                            |                                   | -                                   | -  | -                                   | -                                | -   |
| 17      | February                           |                                   | -                                   | -  | -                                   | -                                | -   |
| 18      | March                              |                                   | -                                   | -  | -                                   | -                                | -   |
| 19      | April                              |                                   | -                                   | -  | -                                   | -                                | -   |
| 20      | May                                |                                   | -                                   | -  | -                                   | -                                | -   |
| 21      | June                               |                                   | -                                   | -  | -                                   | -                                | -   |
| 22      | July                               |                                   | -                                   | -  | -                                   | -                                | -   |
| 23      | August                             |                                   | -                                   | -  | -                                   | -                                | -   |
| 24      | September                          |                                   | -                                   | -  | -                                   | -                                | -   |
| 25      | October                            |                                   | -                                   | -  | -                                   | -                                | -   |
| 26      | November                           |                                   | -                                   | -  | -                                   | -                                | -   |
| 27      | December of Rate Year              |                                   | -                                   | -  | -                                   | -                                | -   |
| 28      | Average of the 13 Monthly Balances | -                                 | -                                   | -  | -                                   | -                                | -   |

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 <b>Annual Interest Expense for</b>  |     |     |     |     |     |     |         |
| 30 Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)   |     |     |     |     |     |     |         |
| 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 <b>Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)</b>  |     |     |     |     |     |     | -       |
| 38 <b>Average Cost of Debt for (Ln 37/ Ln 28 (g))</b>  |     |     |     |     |     |     | #DIV/0! |

**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.

|  | HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1) | Total Hedge (Gain)/Loss for | Less Excludable Amounts (See NOTE on Line 39) | Net Includable Hedge Amount | Amortization Period           |                  |
|--|--|-----------------------------|---|-----------------------------|-------------------------------|------------------|
|  |  |                             |   |                             | 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 (TCOS, Ln 153)                        |  |                             |   | -                           |                               |                  |
| 53 Financial Hedge Recovery Limit - Five Basis Points of Total Capital               |  |                             |   | -                           |                               |                  |
| 54 Limit of Recoverable Amount   |  |                             |   | -                           |                               |                  |
| 55 <b>Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)</b>                  |  |                             |   | -                           |                               |                  |



Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use  
Buckeye Power, Inc.

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

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

Buckeye Power, Inc.  
PJM FORMULA RATE  
WORKSHEET P - TRANSMISSION DEPRECIATION RATES  
EFFECTIVE AS OF 1/1/2018  
FOR SINGLE JURISDICTION COMPANIES

|   | <b>PLANT<br/>ACCT.</b> | <b>RATES</b> |
|---|------------------------|--------------|
| <b><i>TRANSMISSION PLANT</i></b>            |                        |              |
| Structures & Improvements                   | 352.0                  | 2.75%        |
| Station Equipment                           | 353.0                  | 3.00%        |
|   |                        |              |
| Twrs and Fixtures Above 69 KV               | 354.0                  | 2.75%        |
| Twrs and Fixtures Below 69 KV               | 354.0                  | 2.75%        |
|   |                        |              |
| Poles and Fixtures Above 69 KV              | 355.0                  | 2.75%        |
| Poles and Fixtures Below 69 KV              | 355.0                  | 2.75%        |
|   |                        |              |
| Overhead Conductor & Devices Above 69KV     | 356.0                  | 2.75%        |
| Overhead Conductor & Devices MSP            | 356.0                  | 2.75%        |
| Overhead Conductor & Devices 138KV/Above    | 356.0                  | 2.75%        |
| Overhead Conductor & Devices 69KV/Below     | 356.0                  | 2.75%        |
| Overhead Conductor & Devices CLR 69KV/Below | 356.0                  | 2.75%        |
|   |                        |              |
| Underground Conduit                         | 357.0                  | 2.75%        |
| Underground Conductors                      | 358.0                  | 2.75%        |

Reference:

**Buckeye Power, Inc.**  
**Cost of Service Formula Rate Using Actual/Projected FF1 Balances**  
**Worksheet Q - True-up With Interest**

|  |   |  |   |   |
|--|---|--|---|---|
| Reconciliation Revenue Requirement For<br>Year 1 Available May 25, 2 | - | 1 Revenue Requirement<br>Forecast by October 31, | = | True-up Adjustment -<br>Over (Under)<br>Recovery<br><br>\$0 |
|--|---|--|---|---|

|   |  |                                  |        |                     |              |                            |
|---|--|----------------------------------|--------|---------------------|--------------|----------------------------|
| Interest Rate on Amount of Refunds or Surcharges<br>from 35.19a | Over (Under) Recovery Plus<br>Interest | Average Monthly<br>Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund)<br>Owed |
|---|--|----------------------------------|--------|---------------------|--------------|----------------------------|

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

|   |        |   |         |                |   |   |
|---|--------|---|---------|----------------|---|---|
| <u>Calculation of Interest</u>  |        |   |         | <u>Monthly</u> |   |   |
| January   | Year 1 | - | 0.0000% | 12             | - | - |
| February  | Year 1 | - | 0.0000% | 11             | - | - |
| March   | Year 1 | - | 0.0000% | 10             | - | - |
| April   | Year 1 | - | 0.0000% | 9              | - | - |
| May   | Year 1 | - | 0.0000% | 8              | - | - |
| June  | Year 1 | - | 0.0000% | 7              | - | - |
| July  | Year 1 | - | 0.0000% | 6              | - | - |
| August  | Year 1 | - | 0.0000% | 5              | - | - |
| September   | Year 1 | - | 0.0000% | 4              | - | - |
| October   | Year 1 | - | 0.0000% | 3              | - | - |
| November  | Year 1 | - | 0.0000% | 2              | - | - |
| December  | Year 1 | - | 0.0000% | 1              | - | - |
|   |        |   |         |                | - | - |
|   |        |   |         | <u>Annual</u>  |   |   |
| January through December  | Year 2 | - | 0.0000% | 12             | - | - |
| <u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u> |        |   |         | <u>Monthly</u> |   |   |
| January   | Year 3 | - | 0.0000% | -              | - | - |
| February  | Year 3 | - | 0.0000% | -              | - | - |
| March   | Year 3 | - | 0.0000% | -              | - | - |
| April   | Year 3 | - | 0.0000% | -              | - | - |
| May   | Year 3 | - | 0.0000% | -              | - | - |
| June  | Year 3 | - | 0.0000% | -              | - | - |
| July  | Year 3 | - | 0.0000% | -              | - | - |
| August  | Year 3 | - | 0.0000% | -              | - | - |
| September   | Year 3 | - | 0.0000% | -              | - | - |
| October   | Year 3 | - | 0.0000% | -              | - | - |
| November  | Year 3 | - | 0.0000% | -              | - | - |
| December  | Year 3 | - | 0.0000% | -              | - | - |
|   |        |   |         |                | - | - |
| True-Up Adjustment with Interest  |        |   |         |                | - | - |
| Less Over (Under) Recovery  |        |   |         |                | - | - |
| Total Interest  |        |   |         |                | - | - |

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.

Formula Rate  
TCOS

Twelve Months Ended **2019**

Buckeye Power, Inc.  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

**Buckeye Power, Inc.**

| Line No. |  |                             |       |           | Transmission Amount |
|----------|--|-----------------------------|-------|-----------|---------------------|
| 1        | REVENUE REQUIREMENT (w/o incentives)           | (In 126)                    |       |           | \$323,223           |
| 2        | REVENUE CREDITS                                | (Worksheet E Ln 8) (Note A) | Total | DA        | \$ -                |
|          |  |                             |       | Allocator | 1.00000             |
| 3        | Facility Credits under PJM OATT Section 30.9   | (Worksheet E Ln 9) (Note X) |       |           | \$ -                |
| 4        | REVENUE REQUIREMENT For All Company Facilities | (In 1 less In 2 plus In 3)  |       |           | \$ <u>323,223</u>   |

**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)       |   | #N/A | DA | 1.00000 | #N/A      |
| 6  | NET PLANT CARRYING CHARGE w/o credits or ROE incentives (Note B)                          |   |      |    |         |           |
| 7  | Annual Rate   | $((\text{In } 1 - \text{In } 91) / ((\text{In } 42) \times 100))$   |      |    |         | 12.29%    |
| 8  | Monthly Rate  | $(\text{In } 7 / 12)$   |      |    |         | 1.02%     |
| 9  | NET PLANT CARRYING CHARGE ON LINE 7, w/o depreciation or ROE incentives (Note B)          |   |      |    |         |           |
| 10 | Annual Rate   | $((\text{In } 1 - \text{In } 91 - \text{In } 96) / ((\text{In } 42) \times 100))$                                   |      |    |         | 9.48%     |
| 11 | NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B) |   |      |    |         |           |
| 12 | Annual Rate   | $((\text{In } 1 - \text{In } 91 - \text{In } 96 - \text{In } 121 - \text{In } 122) / ((\text{In } 42) \times 100))$ |      |    |         | 3.12%     |
| 13 | ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)   |   |      |    |         |           |
| 14 | <b>REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES</b>  |   |      |    |         |           |
| 15 | Total Load Dispatch & Scheduling (Account 561)  | Line 75 Below   |      |    |         | 2,541,071 |
| 16 | Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)         |   |      |    |         | 1,898,970 |
| 17 | Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)   |   |      |    |         | 642,101   |
| 18 | Total 561 Internally Developed Costs  | (Line 15 - Line 16 - Line 17)   |      |    |         | <u>-</u>  |

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Buckeye Power, Inc.

|                 | (1)   | (2)                                     | (3)                | (4)         | (5)                   |
|-----------------|---|---|--------------------|-------------|-----------------------|
|                 |   | Data Sources<br>(See "General Notes")   | TQ Total<br>NOTE C | Allocator   | Total<br>Transmission |
| <b>Line No.</b> | <b>RATE BASE CALCULATION</b>                            |   |                    |             |                       |
| 19              | GROSS PLANT IN SERVICE                                  |   |                    |             |                       |
| 19              | Production  | (Worksheet A In 14.(b))                 | 2,005,515,801      | NA          | 0.00000               |
| 20              | Less: Production ARO (Enter Negative)                   | (Worksheet A In 14.(c))                 | (37,238,422)       | NA          | 0.00000               |
| 21              | Transmission <b>Projects</b>                            | (Worksheet A In 42.(g) plus Ln 42.(i) ) | 2,680,000          | DA          | 1.00000               |
| 22              | Less: Transmission <b>Projects</b> ARO (Enter Negative) | (Worksheet A In 51.(h) )                | -                  | DA          | 1.00000               |
| 21a             | Other Transmission                                      | (Worksheet A In 42.(c) plus Ln 42.(e) ) | 17,091,768         | NA          | 0.00000               |
| 22a             | Other Transmission ARO (Enter Negative)                 | (Worksheet A In 51.(g) )                | -                  | NA          | 0.00000               |
| 23              | Distribution  | (Worksheet A In 14.(f))                 | -                  | NA          | 0.00000               |
| 24              | Less: Distribution ARO (Enter Negative)                 | (Worksheet A In 14.(g))                 | -                  | NA          | 0.00000               |
| 25              | General Plant   | (Worksheet A In 14.(h))                 | 34,290,951         | W/S         | 0.00030               |
| 26              | Less: General Plant ARO (Enter Negative)                | (Worksheet A In 14.(i))                 | -                  | W/S         | 0.00030               |
| 27              | Intangible Plant  | (Worksheet A In 14.(j))                 | 1,127,890          | W/S         | 0.00030               |
| 28              | TOTAL GROSS PLANT                                       | (sum Ins 19 to 27)                      | 2,023,467,987      | <b>GP</b>   | <b>0.001330</b>       |
|                 |   |   |                    | <b>GTD=</b> | <b>1.00000</b>        |
| 29              | ACCUMULATED DEPRECIATION AND AMORTIZATION               |   |                    |             |                       |
| 30              | Production  | (Worksheet A In 28.(b))                 | 769,929,845        | NA          | 0.00000               |
| 31              | Less: Production ARO (Enter Negative)                   | (Worksheet A In 28.(c))                 | (11,869,879)       | NA          | 0.00000               |
| 32              | Transmission <b>Projects</b>                            | (Worksheet A In 42.(g) plus Ln 42.(i) ) | 49,133             | DA          | 1.00000               |
| 33              | Less: Transmission <b>Projects</b> ARO (Enter Negative) | (Worksheet A In 66.(h) )                | -                  | DA          | 1.00000               |
| 33a             | Other Transmission                                      | (Worksheet A In 42.(c) plus Ln 42.(e) ) | 4,435,124          | NA          | 0.00000               |
| 33a             | Other Transmission ARO (Enter Negative)                 | (Worksheet A In 66.(g) )                | -                  | NA          | 0.00000               |
| 34              | Distribution  | (Worksheet A In 28.(f))                 | -                  | NA          | 0.00000               |
| 35              | Less: Distribution ARO (Enter Negative)                 | (Worksheet A In 28.(g))                 | -                  | NA          | 0.00000               |
| 36              | General Plant   | (Worksheet A In 28.(h))                 | 15,775,747         | W/S         | 0.00030               |
| 37              | Less: General Plant ARO (Enter Negative)                | (Worksheet A In 28.(i))                 | -                  | W/S         | 0.00030               |
| 38              | Intangible Plant  | (Worksheet A In 28.(j))                 | -                  | W/S         | 0.00030               |
| 39              | TOTAL ACCUMULATED DEPRECIATION                          | (sum Ins 30 to 38)                      | 778,319,970        |             |                       |
| 40              | NET PLANT IN SERVICE                                    |   |                    |             |                       |
| 41              | Production  | (In 19 + In 20 - In 30 - In 31)         | 1,210,217,413      |             |                       |
| 42              | Transmission <b>Projects</b>                            | (In 21 + In 22 - In 32 - In 33)         | 2,630,867          |             | 2,630,867             |
| 42a             | Other Transmission                                      | (In 21a + In 22a - In 32a - In 33a)     | 12,656,644         |             | -                     |
| 43              | Distribution  | (In 23 + In 24 - In 34 - In 35)         | -                  |             | -                     |
| 44              | General Plant   | (In 25 + In 26 - In 36 - In 37)         | 18,515,203         |             | 5,627                 |
| 45              | Intangible Plant  | (In 27 - In 38)                         | 1,127,890          |             | 343                   |
| 46              | TOTAL NET PLANT IN SERVICE                              | (sum Ins 41 to 45)                      | 1,245,148,017      | <b>NP</b>   | <b>0.002118</b>       |
| 47              | DEFERRED TAX ADJUSTMENTS TO RATE BASE                   | (Note D)                                |                    |             |                       |
| 48              | Account No. 281.1 (enter negative)                      | (Worksheet B, In 2 & In 5.E)            | -                  | NA          | -                     |
| 49              | Account No. 282.1 (enter negative)                      | (Worksheet B, In 7 & In 10.E)           | -                  | DA          | -                     |
| 50              | Account No. 283.1 (enter negative)                      | (Worksheet B, In 12 & In 15.E)          | -                  | DA          | -                     |
| 51              | Account No. 190.1                                       | (Worksheet B, In 17 & In 20.E)          | -                  | DA          | -                     |
| 52              | Account No. 255 (enter negative)                        | (Worksheet B, In 24 & In 25.E)          | -                  | DA          | -                     |
| 53              | TOTAL ADJUSTMENTS                                       | (sum Ins 48 to 52)                      | -                  |             | -                     |
| 54              | PLANT HELD FOR FUTURE USE                               | (Worksheet A In 44.(e) & In 45.(e))     | -                  | DA          | -                     |
| 55              | REGULATORY ASSETS                                       | (Worksheet A In 51.(e))                 | -                  | DA          | -                     |
| 56              | UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)             | (Worksheet A In 55.(e))                 | -                  | W/S         | 0.00030               |
| 57              | WORKING CAPITAL   | (Note E)                                |                    |             |                       |
| 58              | Cash Working Capital                                    | (1/8 * In 78)                           | 3,311              |             | 3,311                 |
| 59              | Transmission <b>Projects</b> Materials & Supplies       | (Worksheet C, In 1.(F))                 | -                  | DA          | 1.00000               |
| 59a             | Other Transmission Materials & Supplies                 | (Worksheet C, In 2.(F))                 | -                  | NA          | 0.00000               |
| 60              | A&G Materials & Supplies                                | (Worksheet C, In 3.(F))                 | -                  | W/S         | 0.00030               |
| 61              | Stores Expense <b>Undistributed</b>                     | (Worksheet C, In 4.(F))                 | -                  | GP          | 0.00133               |
| 62              | Prepayments (Account 165) - Labor Allocated             | (Worksheet C, In 8.G)                   | 219,632            | W/S         | 0.00030               |
| 63              | Prepayments (Account 165) - Gross Plant                 | (Worksheet C, In 8.F)                   | 985,282            | GP          | 0.00133               |
| 64              | Prepayments (Account 165) - Transmission Only           | (Worksheet C, In 8.E)                   | -                  | DA          | 1.00000               |
| 65              | Prepayments (Account 165) - Unallocable                 | (Worksheet C, In 8.D)                   | -                  | NA          | 0.00000               |
| 66              | TOTAL WORKING CAPITAL                                   | (sum Ins 58 to 65)                      | 1,208,225          |             | 4,688                 |
| 67              | IPP CONTRIBUTIONS FOR CONSTRUCTION                      | (Note F) (Worksheet D, In 8.B)          | -                  | DA          | 1.00000               |
| 68              | RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)          |   | 1,246,356,242      |             | 2,641,525             |

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|      | (1)  | (2)                                     | (3)         | (4)       | (5)                   |         |
|------|--|---|-------------|-----------|-----------------------|---------|
| Line | EXPENSE, TAXES, RETURN & REVENUE<br>REQUIREMENTS CALCULATION                                 | Data Sources<br>(See "General Notes")   | TO Total    | Allocator | Total<br>Transmission |         |
| 69   | OPERATION & MAINTENANCE EXPENSE  |   |             |           |                       |         |
| 69   | Production   | 321.80.b                                | 387,989,410 |           |                       |         |
| 70   | Distribution   | 322.156.b                               | -           |           |                       |         |
| 71   | Customer Related Expense   | 322 & 323.164,171,178.b                 | 4,182,923   |           |                       |         |
| 72   | Regional Marketing Expenses  | 322.131.b                               | -           |           |                       |         |
| 73   | Transmission Project O&M (Billed by AEPOHTCo)  | Company Records                         | 26,478      |           |                       |         |
| 73a  | Other Transmission O&M   | 321.112.b Less Transmission Project O&M | 99,229,435  |           |                       |         |
| 74   | TOTAL O&M EXPENSES   | (sum Ins 69 to 73)                      | 491,428,246 |           |                       |         |
| 75   | Less: Total Account 561  | (Note G) (Worksheet F, In 14.C)         | 2,541,071   |           |                       |         |
| 76   | Less: Account 565  | (Note H) 321.96.b                       | 96,688,354  |           |                       |         |
| 77   | Less: Regulatory Deferrals & Amortizations   | (Note I) (Worksheet F, In 4.C)          | -           |           |                       |         |
| 78   | Total O&M Allocable to Transmission  | (Ins 73 - 75 - 76 - 77)                 | 26,488      | DA        | 1.00000               | 26,488  |
| 79   | Administrative and General   | 323.197.b (Notes J and M)               | 17,092,620  |           |                       |         |
| 80   | Less: Acct. 924, Property Insurance  | 323.185.b                               | 2,111,065   |           |                       |         |
| 81   | Acct. 928, Reg. Com. Exp.  | 323.189.b                               | (675)       |           |                       |         |
| 82   | Acct. 930.1, Gen. Advert. Exp.   | 323.191.b                               | -           |           |                       |         |
| 83   | Acct. 930.2, Misc. Gen. Exp.   | 323.192.b                               | 3,838,974   |           |                       |         |
| 84   | Balance of A & G   | (In 79 - sum In 80 to In 83)            | 11,143,256  | W/S       | 0.00030               | 3,387   |
| 85   | Plus: Acct. 924, Property Insurance - Transm. Projects                                       | Worksheet F In 49.(E)                   | -           | DA        | 1.00000               | -       |
| 86   | Acct. 928 - Transmission Project Specific  | Worksheet F In 20 (Note L)              | -           | DA        | 1.00000               | -       |
| 87   | Acct 930.1 - Only safety related ads -Direct   | Worksheet F In 37.(E) (Note L)          | -           | DA        | 1.00000               | -       |
| 88   | Acct 930.2 - Misc Gen. Exp. - Trans  | Worksheet F In 43.(E) (Note L)          | -           | DA        | 1.00000               | -       |
| 89   | A & G Subtotal   | (sum Ins 84 to 88)                      | 11,143,256  |           |                       | 3,387   |
| 90   | O & M EXPENSE SUBTOTAL   | (In 78 + In 89)                         | 11,169,744  |           |                       | 29,875  |
| 91   | Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)       |   | -           | NA        | 0.00000               | -       |
| 92   | TOTAL O & M EXPENSE  | (In 90 + In 91)                         | 11,169,744  |           |                       | 29,875  |
| 93   | DEPRECIATION AND AMORTIZATION EXPENSE  |   |             |           |                       |         |
| 94   | Production   | 336.2-6.f                               | 63,394,851  | NA        | 0.00000               | -       |
| 95   | Distribution   | 336.8.f                                 | -           | NA        | 0.00000               | -       |
| 96   | Transmission Projects  | Worksheet A In 42a Col. (g) + Col. (i)  | 73,700      | DA        | 1.00000               | 73,700  |
| 96a  | Other Transmission   | Worksheet A In 42a Col. (c) + Col. (e)  | 512,753     | NA        | 0.00000               | -       |
| 97   | General  | 336.10.f                                | 600,317     | W/S       | 0.00030               | 182     |
| 98   | Intangible   | 336.1.f                                 | -           | W/S       | 0.00030               | -       |
| 99   | TOTAL DEPRECIATION AND AMORTIZATION  | (Ln 94+95+<br>96+97+98)                 | 64,068,868  |           |                       | 73,882  |
| 100  | TAXES OTHER THAN INCOME  | (Note N)                                |             |           |                       |         |
| 101  | Labor Related  |   |             |           |                       |         |
| 102  | Payroll  | Worksheet H In 22.(D)                   | 288,559     | W/S       | 0.00030               | 88      |
| 103  | Plant Related  |   |             |           |                       |         |
|      | Property Tax   | Worksheet H In 22.(C)                   | 8,276,313   |           |                       |         |
| 104  | Property Tax for Transmission Projects   | Worksheet H In 49.(C)                   | 52,043      | DA        | 1.00000               | 52,043  |
| 104a | Other Transmiaaion   | Worksheet H In 49.(D)                   | 353,043     | NA        | 0.00000               | 0       |
| 105  | Gross Receipts/Sales & Use   | Worksheet H In 22.(F)                   | -           | NA        | 0.00000               | -       |
| 106  | Other  | Worksheet H In 22.(E)                   | -           | GP        | 0.00133               | -       |
| 107  | TOTAL OTHER TAXES  | (sum Ins 102 to 106)                    | 8,969,959   |           |                       | 52,131  |
| 108  | INCOME TAXES   | (Note O)                                |             |           |                       |         |
| 109  | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$                                    |   | 0.00%       |           |                       |         |
| 110  | $EIT=T/(1-T) * (1-(WCLTD/WACC)) =$   |   | 0.00%       |           |                       |         |
| 111  | where WCLTD=(In 150) and WACC = (In 153)   |   |             |           |                       |         |
| 112  | and FIT, SIT & p are as given in Note O.   |   |             |           |                       |         |
| 113  | $GRCF=1 / (1 - T) =$ (from In 109)   |   | -           |           |                       |         |
| 114  | Amortized Investment Tax Credit (enter negative)   | (FF1 p.114, In 19.c)                    | -           |           |                       |         |
| 115  | Excess Deferred Income Tax   | (Note U)                                | -           | DA        |                       |         |
| 116  | Tax Effect of Permanent and Flow-Through Differences   | (Note U)                                | -           | DA        |                       |         |
| 117  | Income Tax Calculation   | (In 110 * In 122)                       | -           |           |                       |         |
| 118  | ITC adjustment   | (In 113 * In 114)                       | -           | GP        | 0.00133               |         |
| 119  | Excess Deferred Income Tax   | (In 113 * In 115)                       | -           |           |                       |         |
| 120  | Tax Effect of Permanent and Flow-Through Differences   | (In 113 * In 116)                       | -           |           |                       |         |
| 121  | TOTAL INCOME TAXES   | (sum Ins 117 to 120)                    | -           |           |                       |         |
| 122  | RETURN ON RATE BASE (Rate Base*WACC)   | (In 68 * In 153)                        | 78,953,415  |           |                       | 167,334 |
| 123  | INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))                     |   | -           | DA        | 1.00000               | -       |
| 124  | (Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H)) |   | -           |           |                       | -       |
| 125  | Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 124 * In110)       |   | -           |           |                       | -       |
| 126  | TOTAL REVENUE REQUIREMENT<br>(sum Ins 92, 99, 107, 121, 122, 123, 124, 125)                  |   | 163,161,986 |           |                       | 323,223 |



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**SUPPORTING CALCULATIONS**

|          |   |                                     |                |        |               |  |              |                |
|----------|---|-------------------------------------|----------------|--------|---------------|--|--------------|----------------|
| Line No. | TRANSMISSION PLANT INCLUDED IN PJM TARIFF   |                                     |                |        |               |  |              |                |
| 127      | Total transmission plant  | (In 21 plus in 21a )                |                |        |               |  |              | 19,771,768     |
| 128      | Less transmission plant excluded (GSU) (Worksheet A, In 42, Col. (d)) (Note P)                      |                                     |                |        |               |  |              | 17,091,768     |
| 129      | Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note Q) |                                     |                |        |               |  |              | -              |
| 130      | Transmission plant included in PJM Tariff   | (In 127 - In 128 - In 129)          |                |        |               |  |              | 2,680,000      |
| 131      | Percent of transmission plant in PJM Tariff   | (In 130 / In 127)                   |                |        |               |  | <b>TP=</b>   | <b>0.13555</b> |
| 132      | WAGES & SALARY ALLOCATOR (W/S)  | (Note R)                            | Direct Payroll |        |               |  |              |                |
| 133      | Production  | 354.20.b                            | 22,248,798     | NA     | 0.00000       |  |              | -              |
| 134      | Transmission  | 354.21.b                            | 50,000         | TP     | 0.13555       |  |              | 6,777          |
| 135      | Regional Market Expenses  | 354.22.b                            | 0              | NA     | 0.00000       |  |              | -              |
| 136      | Distribution  | 354.23.b                            | 0              | NA     | 0.00000       |  |              | -              |
| 137      | Other (Excludes A&G)  | 354.24,25,26.b                      | 0              | NA     | 0.00000       |  |              | -              |
| 138      | Total   | (sum Ins 133 to 137)                | 22,298,798     |        |               |  |              | 6,777          |
| 139      | Transmission related amount   |                                     |                |        |               |  | <b>W/S=</b>  | <b>0.00030</b> |
| 140      | WEIGHTED AVERAGE COST OF CAPITAL (WACC)   |                                     |                |        |               |  |              | \$             |
| 141      | Long Term Interest  | (Worksheet M, In. 37, col. (d))     |                |        |               |  |              | 60,565,621     |
| 142      | Preferred Dividends   | (Worksheet M, In. 71)               |                |        |               |  |              | -              |
| 143      | Development of Common Stock:  |                                     |                |        |               |  |              | -              |
| 144      | Proprietary Capital   | (Worksheet M, In. 14, col. (b))     |                |        |               |  |              | 460,745,604    |
| 145      | Less: Preferred Stock   | (Worksheet M, In. 14, col. (c))     |                |        |               |  |              | -              |
| 146      | Less: Account 216.1   | (Worksheet M, In. 14, col. (d))     |                |        |               |  |              | -              |
| 147      | Less: Account 219   | (Worksheet M, In. 14, col. (e))     |                |        |               |  |              | -              |
| 148      | Common Stock  | (In 144 - In 145 - In 146 - In 147) |                |        |               |  |              | 460,745,604    |
| 149      |   |                                     | \$             | %      | Cost (Note S) |  | Weighted     |                |
| 150      | Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))                              |                                     | 1,248,129,720  | 73.04% | 4.85%         |  | 0.0354       |                |
| 151      | Preferred Stock (In 145)  |                                     | -              | 0.00%  | -             |  | 0.0000       |                |
| 152      | Common Stock (In 148)   |                                     | 460,745,604    | 26.96% | 10.35%        |  | 0.0279       |                |
| 153      | Total (Sum Ins 150 to 152)  |                                     | 1,708,875,324  |        |               |  | <b>WACC=</b> | <b>0.0633</b>  |

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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 **Buckeye** has any directly assigned transmission facilities, the revenue credits in the formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.  
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet 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 beginning of year end of year 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 Section 1.167(l)-(h)(6)(ii). RMO2-7-000, 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 informational 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 89.
- 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 123.
- 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 91 to determine the total O&M collected in the formula. The amounts on line 91 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.  
~~The addbacks on line 91 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 91 is the Buckeye Power, Inc. 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 Reserved for future use.
- 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 **Buckeye** includes any expenses booked to these accounts in future ATRR updates, **Buckeye** 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 ~~Per the settlement in Doeket ER17-405, r~~Recoverable PBOP expense is based on actual annual PBOP costs, ~~including charges from the AEP Service Corporation~~. The PBOP amounts are included in the Administrative and General total, and are based on current year expenses. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- 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 114) multiplied by (1/(1-T)). If the applicable tax rates are zero enter 0.  
Inputs Required: FIT = 0.00%  
SIT = 0.00% (State Income Tax Rate or Composite SIT, Worksheet G)  
p = 0.00% (percent of federal income tax deductible for state purposes)  
The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable.  
If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries ~~by Buckeye Staff billed by AEP Service Corporation for support of the operating company.~~
- S Long Term Debt cost rate = Long-Term Interest (in 141) / Long-Term Debt (in 150). Preferred Stock cost rate = preferred dividends (in 142) / preferred outstanding (in 151).  
~~The return on equity (ROE) applicable to Buckeye proprietary capital will be 10.35%, including a base amount of 9.85% and an additional 0.5% for continued RTO participation, provided; however, that if a different base ROE is approved by the FERC for AEP/HTCo the Buckeye ROE will change correspondingly effective as of the date the new rate is effective for AEP/HTCo.~~  
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 \$268,240,280 at 12/31/12 is not included in the balance in line 150 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.

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet A Rate Base  
Buckeye Power, Inc.

Twelve Months Ended

2019

|          |                                    | 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)   |
| (Note A) |                                    | FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46 | FF1, page 205&204, Col.(g)&(b), Ins 15,24,34,44                              | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58                              | Acct. 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57                  | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75                              | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74                              | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99                              | Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98                  | FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5                               |
| 1        | December Prior to Rate Year        | 1,978,992,717                                   | 30,186,875   | 19,771,768   |  | -  | -  | 34,189,321   | -  | 1,098,185  |
| 2        | January                            | 2,004,946,003                                   | 38,618,644   | 19,771,768   |  |  |  | 34,199,201   |  | 1,098,185  |
| 3        | February                           | 2,005,029,931                                   | 38,618,644   | 19,771,768   |  |  |  | 34,207,237   |  | 1,098,185  |
| 4        | March                              | 2,005,265,046                                   | 38,618,644   | 19,771,768   |  |  |  | 34,215,541   |  | 1,098,185  |
| 5        | April                              | 2,007,466,887                                   | 38,618,644   | 19,771,768   |  |  |  | 34,228,853   |  | 1,098,185  |
| 6        | May                                | 2,008,600,214                                   | 38,618,644   | 19,771,768   |  |  |  | 34,231,839   |  | 1,098,185  |
| 7        | June                               | 2,007,696,699                                   | 37,259,913   | 19,771,768   |  |  |  | 34,303,718   |  | 1,098,185  |
| 8        | July                               | 2,007,693,182                                   | 37,259,913   | 19,771,768   |  |  |  | 34,310,601   |  | 1,098,185  |
| 9        | August                             | 2,008,159,350                                   | 37,259,913   | 19,771,768   |  |  |  | 34,310,601   |  | 1,098,185  |
| 10       | September                          | 2,008,430,388                                   | 37,259,913   | 19,771,768   |  |  |  | 34,310,601   |  | 1,098,185  |
| 11       | October                            | 2,008,375,493                                   | 37,259,913   | 19,771,768   |  |  |  | 34,310,601   |  | 1,098,185  |
| 12       | November                           | 2,010,028,265                                   | 37,259,913   | 19,771,768   |  |  |  | 34,310,601   |  | 1,098,185  |
| 13       | December of Rate Year              | 2,011,021,235                                   | 37,259,913   | 19,771,768   |  | -  | -  | 34,653,642   | -  | 1,484,350  |
| 14       | Average of the 13 Monthly Balances | 2,005,515,801                                   | 37,238,422   | 19,771,768   | -  | -  | -  | 34,290,951   | -  | 1,127,890  |
|          |                                    | 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)   |
| (Note A) |                                    | FF1, page 219, Ins 20-24, Col. (b)              | Company Records (Included in total in Column FF1, page 219, In 25, Col. (b)) | Company Records (Included in total in Column FF1, page 219, In 25, Col. (b)) | Company Records (Included in total in Column FF1, page 219, In 26, Col. (d)) | Company Records (Included in total in Column FF1, page 219, In 26, Col. (b)) | Company Records (Included in total in Column FF1, page 219, In 28, Col. (f)) | Company Records (Included in total in Column FF1, page 219, In 28, Col. (b)) | Company Records (Included in total in Column FF1, page 200, In 21, Col. (h)) | Company Records (Included in total in Column FF1, page 200, In 21, Col. (b)) |
| 15       | December Prior to Rate Year        | 741,783,208                                     | 10,205,837   | 4,191,030  |  |  |  | 15,015,261   |  |  |
| 16       | January                            | 744,664,444                                     | 10,524,733   | 4,239,901  |  |  |  | 15,141,893   |  |  |
| 17       | February                           | 750,045,853                                     | 10,843,629   | 4,288,773  |  |  |  | 15,268,526   |  |  |
| 18       | March                              | 755,676,225                                     | 11,162,525   | 4,337,643  |  |  |  | 15,395,158   |  |  |
| 19       | April                              | 761,074,762                                     | 11,481,422   | 4,386,515  |  |  |  | 15,521,790   |  |  |
| 20       | May                                | 763,941,505                                     | 11,800,318   | 4,435,386  |  |  |  | 15,648,423   |  |  |
| 21       | June                               | 768,814,036                                     | 11,810,514   | 4,484,257  |  |  |  | 15,775,055   |  |  |
| 22       | July                               | 774,457,544                                     | 12,077,960   | 4,533,128  |  |  |  | 15,901,688   |  |  |
| 23       | August                             | 779,987,874                                     | 12,345,406   | 4,581,999  |  |  |  | 16,028,320   |  |  |
| 24       | September                          | 785,151,844                                     | 12,612,852   | 4,630,870  |  |  |  | 16,154,952   |  |  |
| 25       | October                            | 790,106,109                                     | 12,880,298   | 4,679,741  |  |  |  | 16,281,585   |  |  |
| 26       | November                           | 795,561,055                                     | 13,147,744   | 4,728,613  |  |  |  | 16,408,217   |  |  |
| 27       | December of Rate Year              | 797,823,521                                     | 13,415,190   | 4,777,483  | -  | -  | -  | 16,543,849   | -  | -  |
| 28       | Average of the 13 Monthly Balances | 769,929,845                                     | 11,869,879   | 4,484,257  | -  | -  | -  | 15,775,747   | -  | -  |

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet A Rate Base  
Buckeye Power, Inc.

Twelve Months Ended

2019

| Line No   | Month   | OATT Ancillary Services Plant In Service  | OATT Ancillary Services Accumulated Depreciation                                    | Excluded Plant - Plant In Service (GSU) | Excluded Plant - Accumulated Depreciation (GSU) | Transmission Projects Added During 2019 | Accumulated Depreciation for Transmission Projects Added During 2019 | Transmission Projects Added Prior to 2019 | Accumulated Depreciation for Transmission Projects Added Prior to 2019 |
|---|---|---|---|---|---|---|--|---|--|
| (a)   | (b)   | (c)   | (d)   | (e)                                     | (f)   | (g)                                     | (h)  | (i)                                       |  |
|   |   | 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                                 | Company Records                         | Company Records  | Company Records                           | Company Records  |
| 29  | December Prior to Rate Year                                       | -   | -   | 17,091,768                              | 4,178,747                                       | -                                       | -  | 2,680,000                                 | 12,283   |
| 30  | January   | -   | -   | 17,091,768                              | 4,221,476                                       | -                                       | -  | 2,680,000                                 | 18,425   |
| 31  | February  | -   | -   | 17,091,768                              | 4,264,206                                       | -                                       | -  | 2,680,000                                 | 24,567   |
| 32  | March   | -   | -   | 17,091,768                              | 4,306,935                                       | -                                       | -  | 2,680,000                                 | 30,708   |
| 33  | April   | -   | -   | 17,091,768                              | 4,349,665                                       | -                                       | -  | 2,680,000                                 | 36,850   |
| 34  | May   | -   | -   | 17,091,768                              | 4,392,394                                       | -                                       | -  | 2,680,000                                 | 42,992   |
| 35  | June  | -   | -   | 17,091,768                              | 4,435,124                                       | -                                       | -  | 2,680,000                                 | 49,133   |
| 36  | July  | -   | -   | 17,091,768                              | 4,477,853                                       | -                                       | -  | 2,680,000                                 | 55,275   |
| 37  | August  | -   | -   | 17,091,768                              | 4,520,582                                       | -                                       | -  | 2,680,000                                 | 61,417   |
| 38  | September   | -   | -   | 17,091,768                              | 4,563,312                                       | -                                       | -  | 2,680,000                                 | 67,558   |
| 39  | October   | -   | -   | 17,091,768                              | 4,606,041                                       | -                                       | -  | 2,680,000                                 | 73,700   |
| 40  | November  | -   | -   | 17,091,768                              | 4,648,771                                       | -                                       | -  | 2,680,000                                 | 79,842   |
| 41  | December of Rate Year   | -   | -   | 17,091,768                              | 4,691,500                                       | -                                       | -  | 2,680,000                                 | 85,983   |
| 42  | Average of the 13 Monthly Balances                                | -   | -   | 17,091,768                              | 4,435,124                                       | -                                       | -  | 2,680,000                                 | 49,133   |
| 42a   | Depreciation Expense during Year                                  | -   | -   | -                                       | 512,753   | -                                       | -  | -   | 73,700   |
| 43  | Transmission Accum Depreciation net of GSU                        |   | 4,484,257   |   |   | Transmission ARO (f)                    | Other Transmission ARO (g)   | Transmission Projects ARO (h)             |  |
| <b>Plant Held For Future Use</b>  |   | <b>Source of Data</b>   | <b>Balance @ December 31, 2019</b>  | <b>Balance @ December 31, 2018</b>      | <b>Average Balance for 2019</b>                 |   |  |   |  |
| 44  | Plant Held For Future Use   | FF1, page 214, ln 47, Col. (d)  |   |   | -   | December Prior Year                     | -  | -   |  |
| 45  | Transmission Plant Held For Future (Included in total on line 44) | Company Records - Note 1  |   |   | -   | January                                 | -  | -   |  |
| <b>Regulatory Assets and Liabilities Approved for Recovery in Rates</b> |   | <b>Note: Regulatory Assets &amp; Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.</b> |   |   |   |   |  |   |  |
| 46  |   |   |   |   |   | February                                | -  | -   |  |
| 47  |   |   |   |   |   | March                                   | -  | -   |  |
| 48  |   |   |   |   |   | April                                   | -  | -   |  |
| 49  |   |   |   |   |   | May                                     | -  | -   |  |
| 50  |   |   |   |   |   | June                                    | -  | -   |  |
| 51  | Total Regulatory Deferrals Included in Ratebase                   |   | -   | -                                       | -   | July                                    | -  | -   |  |
|   |   |   |   |   |   | August                                  | -  | -   |  |
|   |   |   |   |   |   | September                               | -  | -   |  |
|   |   |   |   |   |   | October                                 | -  | -   |  |
|   |   |   |   |   |   | November                                | -  | -   |  |
|   |   |   |   |   |   | December Year                           | -  | -   |  |
|   |   |   |   |   |   | 13 Month Average                        | -  | -   |  |
| <b>Unfunded Reserves Summary (Company Records)</b>                      |   | <b>Source of Data</b>   | <b>Balance @ December 31, 2019</b>  | <b>Balance @ December 31, 2018</b>      | <b>Average Balance for 2019</b>                 |   |  |   |  |
| 52  | Description   | Account   | (c)   | (d)                                     | (e)   | Amortization of Transmission ARO (f)    | Other Transmission ARO Amort. (g)                                    | Transmission Projects ARO Amort. (h)      |  |
| 53  |   |   |   |   |   | December Prior Year                     | -  | -   |  |
| 54  |   |   |   |   |   | January                                 | -  | -   |  |
| 55  |   |   |   |   |   | February                                | -  | -   |  |
| 56  |   |   |   |   |   | March                                   | -  | -   |  |
| 57  |   |   |   |   |   | April                                   | -  | -   |  |
| 58  |   |   |   |   |   | May                                     | -  | -   |  |
| 59  |   |   |   |   |   | June                                    | -  | -   |  |
| 60  |   |   |   |   |   | July                                    | -  | -   |  |
| 61  |   |   |   |   |   | August                                  | -  | -   |  |
| 62  |   |   |   |   |   | September                               | -  | -   |  |
| 63  |   |   |   |   |   | October                                 | -  | -   |  |
| 64  |   |   |   |   |   | November                                | -  | -   |  |
| 65  |   |   |   |   |   | December Year                           | -  | -   |  |
| 66  | Total   |   |   |   |   | 13 Month Average                        | -  | -   |  |

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

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet B Supporting ADIT and ITC Balances  
Buckeye Power, Inc.

| Line Number | (A)<br>Description                        | (B)<br>Source                            | (C)<br>Balance @ December 31,<br>2019 | (D)<br>Balance @ December 31,<br>2018 | (E)<br>Average Balance for<br>2019 |
|-------------|---|--|---------------------------------------|---------------------------------------|------------------------------------|
| 1           | <b>Account 281</b>                        |  |                                       |                                       |                                    |
| 2           | Year End Utility Deferrals                | FF1, p. 272 - 273, In 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 - In 3 - In 4                       | -                                     | -                                     | -                                  |
| 6           | <b>Account 282</b>                        |  |                                       |                                       |                                    |
| 7           | Year End Utility Deferrals                | FF1, p. 274 - 275, In 5, Col. (k)        | -                                     | -                                     | -                                  |
| 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          | Transmission Related Deferrals            | Ln 7 - In 8 - In 9                       | -                                     | -                                     | -                                  |
| 11          | <b>Account 283</b>                        |  |                                       |                                       |                                    |
| 12          | Year End Utility Deferrals                | FF1, p. 276 - 277, In 9, Col. (k)        | -                                     | -                                     | -                                  |
| 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) | -                                     | -                                     | -                                  |
| 15          | Transmission Related Deferrals            | Ln 12 - In 13 - In 14                    | -                                     | -                                     | -                                  |
| 16          | <b>Account 190</b>                        |  |                                       |                                       |                                    |
| 17          | Year End Utility Deferrals                | FF1, p. 234, In 8, Col. (c)              | -                                     | -                                     | -                                  |
| 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)  | -                                     | -                                     | -                                  |
| 20          | Transmission Related Deferrals            | Ln 17 - In 18 - In 19                    | -                                     | -                                     | -                                  |
| 21          | <b>Account 255</b>                        |  |                                       |                                       |                                    |
| 22          | Year End ITC Balances                     | FF1, p. 266-267, In 8, Col. (h)          | -                                     | -                                     | -                                  |
| 23          | Less: Balances Not Qualified for Ratebase | Company Records - Note 1                 | -                                     | -                                     | -                                  |
| 24          | ITC Balances Includeable Ratebase         | Ln 22 - In 23                            | -                                     | -                                     | -                                  |
| 25          | Transmission Related Deferrals            | WS B-1 - Actual Stmt. AF Ln. 20 (Note 1) | -                                     | -                                     | -                                  |

NOTE 1 On this worksheet, "Company Records" refers to Buckeye's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section 1.167(l)-(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.













Buckeye Power, Inc.  
 Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
 Worksheet C Supporting Working Capital Rate Base Adjustments  
 Buckeye Power, Inc.

| (A)                             | (B)  | (C)  | (D)                         | (E)                      | (F) | (G) | (H) | (I) |
|---------------------------------|--|--|-----------------------------|--------------------------|-----|-----|-----|-----|
| <b>Materials &amp; Supplies</b> |  |  |                             |                          |     |     |     |     |
| Line Number                     | Source                                       | Balance @ December 31, 2018                  | Balance @ December 31, 2018 | Average Balance for 2018 |     |     |     |     |
| 1                               | Transmission Projects Materials & Supplies   | Company Records                              | 0                           | 0                        | -   |     |     |     |
| 2                               | Other Transmission Materials & Supplies      | FF1, p. 227, In 8, Col. (c) & (b); less Ln 1 | 0                           | 0                        | -   |     |     |     |
| 3                               | General Materials & Supplies                 | FF1, p. 227, In 11, Col. (c) & (b)           | 0                           | 0                        | -   |     |     |     |
| 4                               | Stores Expense (Undistributed) - Account 163 | FF1, p. 227, In 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, 2019 | 2,180,985           | 0                         | 0                          | 1,970,564                  | 210,421                                |
| 7 | Totals as of December 31, 2018 | 2,488,420           | 0                         | 0                          | 228,842                    | 0                                      |
| 8 | <b>Average Balance</b>         | <b>2,334,703</b>    | <b>-</b>                  | <b>-</b>                   | <b>985,282</b>             | <b>219,632</b>                         |

**Prepayments Account 165 - Balance @ 12/31/2019**

| 9  | Acc. No. | Description                          | 2019 YE Balance  | Excludable Balances | 100% Transmission Related | Plant Related    | Labor Related  | Total Included in Ratebase (E)+(F)+(G) | Explanation                      |
|----|----------|--------------------------------------|------------------|---------------------|---------------------------|------------------|----------------|--|----------------------------------|
| 10 | 165      | Prepaid Plant Insurance              | 1,970,564        | -                   | -                         | 1,970,564        | -              | 1,970,564                              | Plant Related Insurance Policies |
| 11 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Prepaid Taxes - Distribution     |
| 12 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Prepaid Interest - Distribution  |
| 13 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Health Savings Program           |
| 14 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | PPD Sales                        |
| 15 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | AR Factoring - Retail Only       |
| 16 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Pre-funded Pension Expense       |
| 17 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | SFAS 158 Offset                  |
| 18 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | SFAS 112 Overfunding Asset       |
| 19 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Plant Related Insurance Policies |
| 20 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Prepaid Lease                    |
| 21 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Labor Related Expense            |
| 22 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Labor Related Expense            |
| 23 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Labor Related Expense            |
| 24 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Labor Related Expense            |
| 25 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Labor Related Expense            |
| 26 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Labor Related Expense            |
| 27 | 165      | Prepaid Expenses - Other             | 210,421          | -                   | -                         | -                | 210,421        | 210,421                                | Miscellaneous                    |
| 28 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | SFAS 158 Offset                  |
| 29 |          |                                      |                  | -                   | -                         |                  | -              | -                                      |                                  |
| 30 |          |                                      |                  | -                   | -                         |                  | -              | -                                      | Prepaid Use Tax - Generation     |
|    |          | <b>Subtotal - Form 1, p 111.57.c</b> | <b>2,180,985</b> | <b>0</b>            | <b>0</b>                  | <b>1,970,564</b> | <b>210,421</b> | <b>2,180,985</b>                       |                                  |

**Prepayments Account 165 - Balance @ 12/31/ 2018**

| 31 | Acc. No. | Description                          | 2018 YE Balance  | Excludable Balances | 100% Transmission Related | Transmission Plant Related | Transmission Labor Related | Total Included in Ratebase (E)+(F)+(G) | Explanation                      |
|----|----------|--------------------------------------|------------------|---------------------|---------------------------|----------------------------|----------------------------|--|----------------------------------|
| 32 | 165      | Prepaid Plant Insurance              | 2,259,578        | -                   | -                         | 2,259,578                  | -                          | 2,259,578                              | Plant Related Insurance Policies |
| 33 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Prepaid Taxes - Distribution     |
| 34 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Prepaid Interest - Distribution  |
| 35 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Health Savings Program           |
| 36 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | PPD Sales                        |
| 37 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | AR Factoring - Retail Only       |
| 38 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Pre-funded Pension Expense       |
| 39 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | SFAS 158 Offset                  |
| 40 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | SFAS 112 Overfunding Asset       |
| 41 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Plant Related Insurance Policies |
| 42 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Prepaid Lease                    |
| 43 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Labor Related Expense            |
| 44 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Labor Related Expense            |
| 45 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Labor Related Expense            |
| 46 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Labor Related Expense            |
| 47 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Labor Related Expense            |
| 48 | 165      | Prepaid Expenses - Other             | 228,842          | -                   | -                         | -                          | 228,842                    | 228,842                                | Miscellaneous                    |
| 49 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | SFAS 158 Offset                  |
| 50 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      |                                  |
| 51 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      | Prepaid Use Tax - Generation     |
| 52 |          |                                      |                  | -                   | -                         |                            | -                          | -                                      |                                  |
|    |          | <b>Subtotal - Form 1, p 111.57.d</b> | <b>2,488,420</b> | <b>0</b>            | <b>0</b>                  | <b>0</b>                   | <b>228,842</b>             | <b>2,488,420</b>                       |                                  |

Note 1: Prepayments will exclude all prepaid federal and state income taxes and outstanding income tax refunds ~~and~~ ~~Operating Company/ies and Transco~~ from either prior federal or state audits or amended income tax returns. Only federal and state income tax prepayments of income taxes which are includable are those applicable to periods subsequent to the date of the balance sheet as described in USofA Account 236.

**Formula Rate  
WS D IPP Credits**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet D Supporting IPP Credits  
Buckeye Power, Inc.

| <u>Line Number</u> | <u>(A)<br/>Description</u>  | <u>(B)<br/>2019</u> |
|--------------------|---|---------------------|
| 1                  | Net Funds from IPP Customers 12/31/2018 (2019 FORM 1, P269)         |                     |
| 2                  | Interest Accrual (Company Records - Note 1)                         |                     |
| 3                  | Revenue Credits to Generators (Company Records - Note 1)            |                     |
| 4                  | <u>Other Adjustments</u>  |                     |
| 5                  | Accounting Adjustment (Company Records - Note 1)                    |                     |
| 6                  |   | -                   |
| 7                  | Net Funds from IPP Customers 12/31/2019 (2019 FORM 1, P269)         | -                   |
| 8                  | Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2) | -                   |

Note 1 On this worksheet Company Records refers to Buckeye Power, Inc.'s general ledger.

**Formula Rate  
 WS E Rev Credits**

Buckeye Power, Inc.  
 Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
 Worksheet E Supporting Revenue Credits  
 Buckeye Power, Inc.

| <u>Line Number</u> | <u>Description</u>  | <u>Total Company</u> | <u>Non-Transmission</u> | <u>Transmission</u> |
|--------------------|---|----------------------|-------------------------|---------------------|
| 1                  | Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)                         |                      | -                       |                     |
| 2                  | Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)              |                      | -                       |                     |
| 3                  | Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)                 |                      | -                       |                     |
| 4                  | Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)                     |                      | -                       |                     |
| 5                  | Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)                                 |                      | -                       |                     |
| 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                  | Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1) |                      | -                       |                     |
| 8                  | Total Other Operating Revenues To Reduce Revenue Requirement  | -                    | -                       | -                   |

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or Buckeye Power, Inc.'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 |  |  | - |
|---|--|--|--|---|

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
Buckeye Power, Inc.

| <u>Line Number</u>                                      | <u>(A)<br/>Item No.</u> | <u>(B)<br/>Description</u>                                       | <u>(C)<br/>2019<br/>Expense</u> | <u>(D)<br/>100%<br/>Non-Transmission</u> | <u>(E)<br/>100%<br/>Transmission<br/>Proj. Specific</u> | <u>(F)<br/>Explanation</u> |
|---|-------------------------|--|---------------------------------|--|---|----------------------------|
| <b>Regulatory O&amp;M Deferrals &amp; Amortizations</b> |                         |  |                                 |  |   |                            |
| 1   |                         |  |                                 |  |   |                            |
| 2   |                         |  |                                 |  |   |                            |
| 3   |                         |  |                                 |  |   |                            |
| 4   |                         | <b>Total</b>   | <u>0</u>                        |  |   |                            |
| <b>Detail of Account 561 Per FERC Form 1</b>            |                         |  |                                 |  |   |                            |
| 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           | 0                               |  |   |                            |
| 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 Services           | 1,898,970                       |  |   |                            |
| 10  | FF1 p 321.89.b          | 561.5 - Reliability, Planning and Standards Development          | 0                               |  |   |                            |
| 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 | 642,101                         |  |   |                            |
| 14  |                         | <b>Total of Account 561</b>                                      | <u>2,541,071</u>                |  |   |                            |
| <b>Account 928</b>                                      |                         |  |                                 |  |   |                            |
| 15  | FF1 p 323.189b          | 928 Regulatory Commission Expenses                               | (675)                           | (675)                                    | -   |                            |
| 16  |                         |  |                                 | -  | -   |                            |
| 17  |                         |  |                                 | -  | -   |                            |
| 18  |                         |  |                                 | -  | -   |                            |
| 19  |                         |  |                                 |  |   |                            |
| 20  |                         | <b>Total (FERC Form 1 p.323.189.b)</b>                           | <u>(675)</u>                    | <u>(675)</u>                             | <u>-</u>  |                            |
| <b>Account 930.1</b>                                    |                         |  |                                 |  |   |                            |
| 21  | FF1 p 323.191b          | General Advertising Expenses                                     | -                               | -  | -   |                            |
| 22  |                         |  |                                 | -  | -   |                            |
| 23  |                         |  |                                 | -  | -   |                            |
| 24  |                         |  |                                 | -  | -   |                            |
| 25  |                         |  |                                 | -  | -   |                            |
| 26  |                         |  |                                 | -  | -   |                            |
| 27  |                         |  |                                 | -  | -   |                            |
| 28  |                         |  |                                 | -  | -   |                            |
| 29  |                         |  |                                 | -  | -   |                            |
| 30  |                         |  |                                 | -  | -   |                            |
| 31  |                         |  |                                 | -  | -   |                            |
| 32  |                         |  |                                 | -  | -   |                            |
| 33  |                         |  |                                 | -  | -   |                            |
| 34  |                         |  |                                 | -  | -   |                            |
| 35  |                         |  |                                 | -  | -   |                            |
| 36  |                         |  |                                 | -  | -   |                            |
| 37  |                         | <b>Total (FERC Form 1 p.323.191.b)</b>                           | <u>-</u>                        | <u>-</u>                                 | <u>-</u>  |                            |
| <b>Account 930.2</b>                                    |                         |  |                                 |  |   |                            |
| 38  | FF1 p 323.192b          | Miscellaneous General Expenses                                   | 3,838,974                       | 3,838,974                                | -   |                            |
| 39  |                         |  |                                 | -  | -   |                            |
| 40  |                         |  |                                 | -  | -   |                            |
| 41  |                         |  |                                 | -  | -   |                            |
| 42  |                         |  |                                 | -  | -   |                            |
| 43  |                         | <b>Total (FERC Form 1 p.323.192.b)</b>                           | <u>3,838,974</u>                | <u>3,838,974</u>                         | <u>-</u>  |                            |
| <b>Account 924</b>                                      |                         |  |                                 |  |   |                            |
| 44  | FF1 p323.185b           | Property Insurance   | 2,111,065                       | 2,111,065                                | -   |                            |
| 45  | Company Records         | Property Insurance specific to Transmission Projects             | -                               | -  | -   |                            |
| 46  |                         |  |                                 |  |   |                            |
| 47  |                         |  |                                 |  |   |                            |
| 48  |                         |  |                                 |  |   |                            |
| 49  |                         | <b>Total (FERC Form 1 p.323.191.b)</b>                           | <u>2,111,065</u>                | <u>2,111,065</u>                         | <u>-</u>  |                            |

**Formula Rate**  
**WS G State Inc Tax Rate**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet G Supporting - Development of Composite State Income Tax Rate  
Buckeye Power, Inc.

|                                       |  |              |
|---------------------------------------|--|--------------|
| Tennessee Income Tax Rate             |  |              |
| Apportionment Factor - Note 1         |  |              |
| Effective State Tax Rate              |  | 0.00%        |
| West Virginia Net Income Tax Rate     |  |              |
| Apportionment Factor - Note 1         |  |              |
| Effective State Tax Rate              |  | 0.00%        |
| Virginia Income Tax Rate              |  |              |
| Apportionment Factor - Note 1         |  |              |
| Effective State Tax Rate              |  | 0.00%        |
| Ohio Franchise Tax Rate               |  |              |
| Phase-out Factor                      |  |              |
| Apportionment Factor - Note 1         |  |              |
| Effective State Tax Rate              |  | 0.00%        |
| Michigan Business Income Tax Rate     |  |              |
| Apportionment Factor - Note 1         |  |              |
| Effective State Tax Rate              |  | 0.00%        |
| Illinois Corporation Income Tax Rate  |  |              |
| Apportionment Factor - Note 1         |  |              |
| Effective State Tax Rate              |  | 0.00%        |
| Total Effective State Income Tax Rate |  | <u>0.00%</u> |

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





Buckeye Power, Inc.  
 Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
 Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H  
 Buckeye Power, Inc.

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

**Sales and Revenue Taxes**

|   |                    |   |   |  |
|---|--------------------|---|---|--|
| 1 | Gross Receipts Tax | - | - |  |
| 2 | Ohio kWh Tax       | - |   |  |

| Line No. | (A)<br>Real Estate and Personal Propety Tax Detail Annual Tax Expenses by Type (Note 1) | (B)<br>Tax Year | (C)<br>Total Company | (D)<br>FERC FORM 1 Tie-Back | (E)<br>FERC FORM 1 Reference | (F)<br>Tax Year Factor (Note 2) | (G)<br>Transmission Function (Note 2) |
|----------|---|-----------------|----------------------|-----------------------------|------------------------------|---------------------------------|---------------------------------------|
|----------|---|-----------------|----------------------|-----------------------------|------------------------------|---------------------------------|---------------------------------------|

|   |  |  |           |           |  |  |   |
|---|--|--|-----------|-----------|--|--|---|
| 3 | <b>Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)</b> |  | 8,276,313 |           |  |  | - |
| 4 | Real and Personal Property - Ohio  |  | 8,276,313 |           |  |  | - |
|   | Transmission Projects  |  |           | -         |  |  | - |
|   | Other Transmission   |  |           | 8,276,313 |  |  | - |
| 5 | Real and Personal Property - Other Jurisdiction 1                                |  | -         |           |  |  | - |
| 6 | Real and Personal Property - Other Jurisdiction 2                                |  | -         |           |  |  | - |
| 7 | Real and Personal Property - Other Jurisdictions                                 |  | -         |           |  |  | - |

| Line No. | (A)<br>Annual Tax Expenses by Type (Note 1) | (B)<br>Total Company | (C)<br>FERC FORM 1 Tie-Back | (D)<br>FERC FORM 1 Reference |
|----------|---|----------------------|-----------------------------|------------------------------|
| 8        | <b>Payroll Taxes</b>                        | 288,559              |                             |                              |
| 9        | Federal Insurance Contribution (FICA )      | 288,559              |                             |                              |
| 10       | Federal Unemployment Tax                    | -                    | 288,559                     |                              |

Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H  
Buckeye Power, Inc.

|    |   |           |           |
|----|---|-----------|-----------|
| 11 | State Unemployment Insurance  | -         | -         |
| 12 | <b>Production Taxes</b>   | -         | -         |
| 13 | State Severance Taxes   | -         | -         |
| 14 | <b>Miscellaneous Taxes</b>  | -         | -         |
| 15 | State Business & Occupation Tax   | -         | -         |
| 16 | State Public Service Commission Fees  | -         | -         |
| 17 | State Franchise Taxes   | -         | -         |
| 18 | State Lic/Registration Fee  | -         | -         |
| 19 | Misc. State and Local Tax   | -         | -         |
| 20 | Sales & Use   | -         | -         |
| 21 | Federal Excise Tax  | -         | -         |
| 22 | Michigan Single Business Tax  | -         | -         |
| 23 | Total Taxes by Allocable Basis<br>(Total Company Amount Ties to FFI p.114, Ln 14,(c)) | 8,564,872 | 8,564,872 |

Note 1: The taxes assessed on each ~~operating company facility~~ 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..

**Formula Rate  
WS I Reserved**

**Buckeye Power, Inc.  
Cost of Service Formula Rate Using 2019 FF1 Balances  
Worksheet I RESERVED FOR FUTURE USE  
Buckeye Power, Inc.**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using 2019 FF1 Balances  
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
Buckeye Power, Inc.

**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 152)   |        |        |               | 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 150 through 152) |        |        |               |        |
|   | %      | Cost   | Weighted cost |        |
| Long Term Debt  | 73.04% | 4.85%  | 3.544%        |        |
| Preferred Stock   | 0.00%  | 0.00%  | 0.000%        |        |
| Common Stock  | 26.96% | 10.35% | 2.791%        |        |
|   |        |        | R =           | 6.335% |

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

|                         |           |
|-------------------------|-----------|
| Rate Base (TCOS, ln 68) | 2,641,525 |
| R (from A. above)       | 6.335%    |
| Return (Rate Base x R)  | 167,334   |

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

|                                       |         |
|---------------------------------------|---------|
| Return (from B. above)                | 167,334 |
| Effective Tax Rate (TCOS, ln 110)     | 0.00%   |
| Income Tax Calculation (Return x CIT) | -       |
| ITC Adjustment                        | -       |
| Excess Deferred Income Tax            | -       |
| Tax Affect of Permanent Differences   | -       |
| Income Taxes                          | -       |

| PROJECTED YEAR | SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS |              |                   |
|----------------|---|--------------|-------------------|
|                | Rev Require   | W Incentives | Incentive Amounts |
| 2019           | #N/A  | #N/A         | #N/A              |

**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)                           | 323,223 |
| Lease Payments (TCOS, ln 91)                                      | -       |
| Return (TCOS, ln 122)   | 167,334 |
| Income Taxes (TCOS, ln 121)                                       | -       |
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | 155,889 |

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

|   |         |
|---|---------|
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | 155,889 |
| Return (from I.B. above)  | 167,334 |
| Income Taxes (from I.C. above)                                    | -       |
| Annual Revenue Requirement, with Basis Point ROE increase         | 323,223 |
| Depreciation (TCOS, ln 96)  | 73,700  |
| Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation   | 249,523 |

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

|  |           |
|--|-----------|
| Net Transmission Plant (TCOS, ln 42)                             | 2,630,867 |
| Annual Revenue Requirement, with Basis Point ROE increase        | 323,223   |
| FCR with Basis Point increase in ROE                             | 12.29%    |
| Annual Rev. Req. w / Basis Point ROE increase, less Dep.         | 249,523   |
| FCR with Basis Point ROE increase, less Depreciation             | 9.48%     |
| FCR less Depreciation (TCOS, ln 10)                              | 9.48%     |
| Incremental FCR with Basis Point ROE increase, less Depreciation | 0.00%     |

**III. Calculation of Composite Depreciation Rate**

|  |           |
|--|-----------|
| Average Transmission Plant Balance for 2019 (TCOS, ln 19)  | 2,680,000 |
| Annual Depreciation and Amortization Expense (TCOS, ln 96) | 73,700    |
| Composite Depreciation Rate                                | 2.75%     |
| Depreciable Life for Composite Depreciation Rate           | 36.36     |
| Round to nearest whole year                                | 36        |



Buckeye Power, Inc.  
Cost of Service Formula Rate Using 2019 FF1 Balances  
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
Buckeye Power, Inc.

**I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified for Regional Billing.**

**A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects**

|   |        |        |               |        |
|---|--------|--------|---------------|--------|
| ROE w/o incentives (TCOS, ln 152)   |        |        |               | 10.35% |
| Project ROE Incentive Adder   |        |        |               | 0      |
| ROE with additional 0 basis point incentive   |        |        |               | 10.35% |
| Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 150 through 152) |        |        |               |        |
|   | %      | Cost   | Weighted cost |        |
| Long Term Debt  | 73.04% | 4.85%  | 3.544%        |        |
| Preferred Stock   | 0.00%  | 0.00%  | 0.000%        |        |
| Common Stock  | 26.96% | 10.35% | 2.791%        |        |
|   |        | R =    |               | 6.335% |

| SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS |                                 |             |              |                   |
|--|---------------------------------|-------------|--------------|-------------------|
| TRUE-UP YEAR   | 2019                            | Rev Require | W Incentives | Incentive Amounts |
|  | As Projected in Prior Year WS J | #N/A        | #N/A         | #N/A              |
|  | Actual after True-up            | #N/A        | #N/A         | #N/A              |
|  | True-up of ARR For 2019         | #N/A        | #N/A         | #N/A              |

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

|                         |           |
|-------------------------|-----------|
| Rate Base (TCOS, ln 68) | 2,641,525 |
| R (from A. above)       | 6.335%    |
| Return (Rate Base x R)  | 167,334   |

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

|                                       |         |
|---------------------------------------|---------|
| Return (from B. above)                | 167,334 |
| Effective Tax Rate (TCOS, ln 110)     | 0.00%   |
| Income Tax Calculation (Return x CIT) | -       |
| ITC Adjustment                        | -       |
| Excess Deferred Income Tax            | -       |
| Tax Affect of Permanent Differences   | -       |
| Income Taxes                          | -       |

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

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

|   |         |
|---|---------|
| Annual Revenue Requirement (TCOS, ln 1)                           | 323,223 |
| Lease Payments (TCOS, ln 91)                                      | -       |
| Return (TCOS, ln 122)   | 167,334 |
| Income Taxes (TCOS, ln 121)                                       | -       |
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | 155,889 |

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

|   |         |
|---|---------|
| Annual Revenue Requirement, Less Lease Payments, Return and Taxes | 155,889 |
| Return (from I.B. above)  | 167,334 |
| Income Taxes (from I.C. above)                                    | -       |
| Annual Revenue Requirement, with 0 Basis Point ROE increase       | 323,223 |
| Depreciation (TCOS, ln 96)  | 73,700  |
| Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation | 249,523 |

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

|  |           |
|--|-----------|
| Net Transmission Plant (TCOS, ln 42)                               | 2,630,867 |
| Annual Revenue Requirement, with 0 Basis Point ROE increase        | 323,223   |
| FCR with 0 Basis Point increase in ROE                             | 12.29%    |
| Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.         | 249,523   |
| FCR with 0 Basis Point ROE increase, less Depreciation             | 9.48%     |
| FCR less Depreciation (TCOS, ln 10)                                | 9.48%     |
| Incremental FCR with 0 Basis Point ROE increase, less Depreciation | 0.00%     |

**III. Calculation of Composite Depreciation Rate**

|  |           |
|--|-----------|
| Average Transmission Plant Balance for 2019 (TCOS, ln 19)  | 2,680,000 |
| Annual Depreciation and Amortization Expense (TCOS, ln 96) | 73,700    |
| Composite Depreciation Rate                                | 2.75%     |
| Depreciable Life for Composite Depreciation Rate           | 36.36     |
| Round to nearest whole year                                | 36        |



**Formula Rate**  
**WS L Reserved**

Buckeye Power, Inc.  
Cost of Service Formula Rate Using 2019 FF1 Balances  
Worksheet L Reserved for Future Use  
Buckeye Power, Inc.



Buckeye Power, Inc.  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital  
Buckeye Power, Inc.

| 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        | 442,942,180                      | -                         | -  | -                          | 442,942,180  |
| 2       | January                            | 448,439,861                      | -                         | -  | -                          | 448,439,861  |
| 3       | February                           | 452,480,308                      | -                         | -  | -                          | 452,480,308  |
| 4       | March                              | 461,774,859                      | -                         | -  | -                          | 461,774,859  |
| 5       | April                              | 461,619,733                      | -                         | -  | -                          | 461,619,733  |
| 6       | May                                | 455,445,760                      | -                         | -  | -                          | 455,445,760  |
| 7       | June                               | 459,173,407                      | -                         | -  | -                          | 459,173,407  |
| 8       | July                               | 464,587,109                      | -                         | -  | -                          | 464,587,109  |
| 9       | August                             | 468,936,092                      | -                         | -  | -                          | 468,936,092  |
| 10      | September                          | 472,607,972                      | -                         | -  | -                          | 472,607,972  |
| 11      | October                            | 463,928,200                      | -                         | -  | -                          | 463,928,200  |
| 12      | November                           | 466,959,942                      | -                         | -  | -                          | 466,959,942  |
| 13      | December of Rate Year              | 470,797,434                      | -                         | -  | -                          | 470,797,434  |
| 14      | Average of the 13 Monthly Balances | 460,745,604                      | -                         | -  | -                          | 460,745,604  |

| 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        | 1,211,376,138                     | -                                   | -  | 95,000,000                          | -                                | 1,306,376,138   |
| 16      | January                            | 1,209,775,359                     | -                                   | -  | 83,000,000                          | -                                | 1,292,775,359   |
| 17      | February                           | 1,209,213,823                     | -                                   | -  | 65,000,000                          | -                                | 1,274,213,823   |
| 18      | March                              | 1,193,392,323                     | -                                   | -  | 73,000,000                          | -                                | 1,266,392,323   |
| 19      | April                              | 1,193,241,547                     | -                                   | -  | 55,000,000                          | -                                | 1,248,241,547   |
| 20      | May                                | 1,192,708,060                     | -                                   | -  | 45,000,000                          | -                                | 1,237,708,060   |
| 21      | June                               | 1,194,072,328                     | -                                   | -  | 65,000,000                          | -                                | 1,259,072,328   |
| 22      | July                               | 1,180,334,553                     | -                                   | -  | 50,000,000                          | -                                | 1,230,334,553   |
| 23      | August                             | 1,179,811,863                     | -                                   | -  | 50,000,000                          | -                                | 1,229,811,863   |
| 24      | September                          | 1,221,187,571                     | -                                   | -  | 15,000,000                          | -                                | 1,236,187,571   |
| 25      | October                            | 1,212,030,089                     | -                                   | -  | 2,000,000                           | -                                | 1,214,030,089   |
| 26      | November                           | 1,209,471,700                     | -                                   | -  | 2,000,000                           | -                                | 1,211,471,700   |
| 27      | December of Rate Year              | 1,209,071,001                     | -                                   | -  | 10,000,000                          | -                                | 1,219,071,001   |
| 28      | Average of the 13 Monthly Balances | 1,201,206,643                     | -                                   | -  | 46,923,077                          | -                                | 1,248,129,720   |

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 | <b>Annual Interest Expense for 2019</b>   |     |     |            |     |     |     |
| 30 | Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)   |     |     | 60,565,621 |     |     |     |
| 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 | <b>Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)</b>  |     |     | 60,565,621 |     |     |     |
| 38 | <b>Average Cost of Debt for 2019 (Ln 37/ Ln 28 (g))</b>   |     |     | 4.85%      |     |     |     |

**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.

|    | HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)                | Total Hedge (Gain)/Loss for 2019 | Less Excludable Amounts (See NOTE on Line 39) | Net Includable Hedge Amount | Amortization Period           |                  |  |
|----|---|----------------------------------|---|-----------------------------|-------------------------------|------------------|--|
|    |   |                                  |   |                             | 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 2019 (TCOS, Ln 153)                   |                                  |   |                             | 1,708,875,324                 |                  |  |
| 53 | Financial Hedge Recovery Limit - Five Basis Points of Total Capital               |                                  |   |                             | 0.0005                        |                  |  |
| 54 | Limit of Recoverable Amount   |                                  |   |                             | 854,438                       |                  |  |
| 55 | <b>Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)</b>                  |                                  |   |                             | -                             |                  |  |

**Development of Cost of Preferred Stock**

**Preferred Stock**

56 0% Series - 0 - Dividend Rate (p. 250-251)  
 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)

|    |        |    |        |
|----|--------|----|--------|
|    | 0.000% |    | 0.000% |
| \$ | -      | \$ | -      |
|    | -      |    | -      |
|    | -      |    | -      |

**Average**

61 0% Series - 0 - Dividend Rate (p. 250-251)  
 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)

|    |        |    |        |
|----|--------|----|--------|
|    | 0.000% |    | 0.000% |
| \$ | -      | \$ | -      |
|    | -      |    | -      |
|    | -      |    | -      |

66 0% Series - 0 - Dividend Rate (p. 250-251)  
 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)

|    |        |    |        |
|----|--------|----|--------|
|    | 0.000% |    | 0.000% |
| \$ | -      | \$ | -      |
|    | -      |    | -      |
|    | -      |    | -      |

71 **Balance of Preferred Stock (Lns 59, 64, 69)**  
 72 **Dividends on Preferred Stock (Lns 60, 65, 70)**  
 73 **Average Cost of Preferred Stock (Ln 72/71)**

|       |       |              |
|-------|-------|--------------|
| -     | -     | -            |
| 0.00% | 0.00% | <b>0.00%</b> |

- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)

**Formula Rate  
 WS N - Sale of Plant Held**

Buckeye Power, Inc.  
 Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use  
 Buckeye Power, Inc.

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

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

Net (Gain) or Loss for 2019

Buckeye Power, Inc.  
PJM FORMULA RATE  
WORKSHEET P - TRANSMISSION DEPRECIATION RATES  
EFFECTIVE AS OF 1/1/2018  
FOR SINGLE JURISDICTION COMPANIES

|   | <b>PLANT<br/>ACCT.</b> | <b>RATES</b><br><i>Note 1</i> |
|---|------------------------|-------------------------------|
| <b><i>TRANSMISSION PLANT</i></b>            |                        |                               |
| Structures & Improvements                   | 352.0                  | 2.75%                         |
| Station Equipment                           | 353.0                  | 3.00%                         |
|   |                        |                               |
| Twrs and Fixtures Above 69 KV               | 354.0                  | 2.75%                         |
| Twrs and Fixtures Below 69 KV               | 354.0                  | 2.75%                         |
|   |                        |                               |
| Poles and Fixtures Above 69 KV              | 355.0                  | 2.75%                         |
| Poles and Fixtures Below 69 KV              | 355.0                  | 2.75%                         |
|   |                        |                               |
| Overhead Conductor & Devices Above 69KV     | 356.0                  | 2.75%                         |
| Overhead Conductor & Devices MSP            | 356.0                  | 2.75%                         |
| Overhead Conductor & Devices 138KV/Above    | 356.0                  | 2.75%                         |
| Overhead Conductor & Devices 69KV/Below     | 356.0                  | 2.75%                         |
| Overhead Conductor & Devices CLR 69KV/Below | 356.0                  | 2.75%                         |
|   |                        |                               |
| Underground Conduit                         | 357.0                  | 2.75%                         |
| Underground Conductors                      | 358.0                  | 2.75%                         |

**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:**

~~Per the terms of the settlement in this case, 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.~~

**Buckeye Power, Inc.**  
**Cost of Service Formula Rate Using Actual/Projected FF1 Balances**  
**Worksheet Q - True-up With Interest**

|  |   |  |   |   |
|--|---|--|---|---|
| Reconciliation Revenue Requirement For<br>Year 2020 Available May 25, 2021 | - | 2020 Revenue Requirement<br>Forecast by October 31, 2019 | = | True-up Adjustment -<br>Over (Under)<br>Recovery<br><br>\$0 |
|--|---|--|---|---|

| Interest Rate on Amount of Refunds or Surcharges<br>from 35.19a | Over (Under) Recovery Plus<br>Interest | Average Monthly<br>Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund)<br>Owed |
|---|--|----------------------------------|--------|---------------------|--------------|----------------------------|
|---|--|----------------------------------|--------|---------------------|--------------|----------------------------|

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

| <u>Calculation of Interest</u> |           |   |         | Monthly |   |   |
|--------------------------------|-----------|---|---------|---------|---|---|
| January                        | Year 2020 | - | 0.0000% | 12      | - | - |
| February                       | Year 2020 | - | 0.0000% | 11      | - | - |
| March                          | Year 2020 | - | 0.0000% | 10      | - | - |
| April                          | Year 2020 | - | 0.0000% | 9       | - | - |
| May                            | Year 2020 | - | 0.0000% | 8       | - | - |
| June                           | Year 2020 | - | 0.0000% | 7       | - | - |
| July                           | Year 2020 | - | 0.0000% | 6       | - | - |
| August                         | Year 2020 | - | 0.0000% | 5       | - | - |
| September                      | Year 2020 | - | 0.0000% | 4       | - | - |
| October                        | Year 2020 | - | 0.0000% | 3       | - | - |
| November                       | Year 2020 | - | 0.0000% | 2       | - | - |
| December                       | Year 2020 | - | 0.0000% | 1       | - | - |
|                                |           |   |         |         | - | - |

|                          |           |   |         |    |   |   |
|--------------------------|-----------|---|---------|----|---|---|
| January through December | Year 2021 | - | 0.0000% | 12 | - | - |
|--------------------------|-----------|---|---------|----|---|---|

| <u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u> |           |   |         | Monthly |   |   |
|---|-----------|---|---------|---------|---|---|
| January   | Year 2022 | - | 0.0000% | -       | - | - |
| February  | Year 2022 | - | 0.0000% | -       | - | - |
| March   | Year 2022 | - | 0.0000% | -       | - | - |
| April   | Year 2022 | - | 0.0000% | -       | - | - |
| May   | Year 2022 | - | 0.0000% | -       | - | - |
| June  | Year 2022 | - | 0.0000% | -       | - | - |
| July  | Year 2022 | - | 0.0000% | -       | - | - |
| August  | Year 2022 | - | 0.0000% | -       | - | - |
| September   | Year 2022 | - | 0.0000% | -       | - | - |
| October   | Year 2022 | - | 0.0000% | -       | - | - |
| November  | Year 2022 | - | 0.0000% | -       | - | - |
| December  | Year 2022 | - | 0.0000% | -       | - | - |
|   |           |   |         |         | - | - |

|                                  |   |
|----------------------------------|---|
| True-Up Adjustment with Interest | - |
| Less Over (Under) Recovery       | - |
| Total Interest                   | - |

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.