Line No.						Tı	ransmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	ΔUo	ooto v		\$27,181,684
2	REVENUE CREDITS	(Note A) (Worksheet E)	<u>Total</u> -	DA	1.00000	\$	-
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				\$	27,181,684
	The Carrying Charge Calculations on lines 6 to 11 belies ission Enhancement Charges. The total non-incentive	<u> </u>	· · · · · · · · · · · · · · · · · · ·				
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)	3,097,248	DA	1.00000	\$	3,097,248
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/((In 48 + In 49 + (In 6 / 12)	· In 50 + In 51 + In 53) x 100))				11.23% 0.94%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o dep Annual Rate		/((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 10	0))			10.77%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Retu Annual Rate	·	te B) - In 131 - In 132) /((In 48 + In 49 + In 50 + Ir	n 51 + ln 53) x 100)))		0.61%
12	ADDITIONAL REVENUE REQUIREMENT for projects w	/ incentive ROE's (Note B) (Worksheet J)				-
13		REVENUE REQUIREMENT F	FOR SCHEDULE 1A CHARGES				
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Less: Load Dispatch - Reliability, Planning & Standards	•					4,519 (52)
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					4,571

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(1) (2) (3) (4)

		Data Sources				Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE C	Allo	<u>cator</u>	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE		<u>NOTE C</u>			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.C & Ln 140)	204,031,289	DA		204,031,289
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	<u>-</u>	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Wor		37,376,735	DA	1.00000	37,376,735
23	Plus: Additional Trans Plant on Transferred Assets	(Worksheet I, In 22.D)	-	DA	1.00000	-
24 25	Line Deliberately Left Blank Line Deliberately Left Blank					
26	General Plant	(Worksheet A In 7.C)	209,505	W/S	1.00000	209,505
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000	
28	Intangible Plant	(Worksheet A In 9.C)	569,484	W/S	1.00000	569,484
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	242,187,013			242,187,013
20		ON .				
30	ACCUMULATED DEPRECIATION AND AMORTIZATION	DN				
31 32	Line Deliberately Left Blank Line Deliberately Left Blank					
33	Transmission	(Worksheet A In 14.C & 28.C)	1,081,830	TP1=	1.00000	1,081,830
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	1,001,000	TP1=	1.00000	1,001,000
35	Plus: Transmission Plant-in-Service Additions (Wor	,	144,985	DA	1.00000	144,985
36	Plus: Additional Projected Deprec on Transferred A	·	-	DA	1.00000	-
37	Plus: Additional Transmission Depreciation for 2014	· · · · · · · · · · · · · · · · · · ·	939,118	TP1	1.00000	939,118
38	Plus: Additional General & Intangible Depreciation f	· ·	93,333	W/S	1.00000	93,333
39	Plus: Additional Accum Deprec on Transferred Asse		-	DA	1.00000	-
40	Line Deliberately Left Blank	,				
41	Line Deliberately Left Blank					
42	General Plant	(Worksheet A In 18.C)	21,642	W/S	1.00000	21,642
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.C)	114,082	W/S	1.00000	114,082
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	2,394,990			2,394,990
46	NET PLANT IN SERVICE					
47	Line Deliberately Left Blank					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	202,949,459			202,949,459
49	Plus: Transmission Plant-in-Service Additions (In 22	•	37,231,750			37,231,750
50	Plus: Additional Trans Plant on Transferred Assets	` ,	-			-
51	Plus: Additional Transmission Depreciation for 2014	` '	(939,118)			(939,118)
52	Plus: Additional General & Intangible Depreciation f	· ·	(93,333)			(93,333)
53 54	Plus: Additional Accum Deprec on Transferred Asso	ets (vvorksneet I) (-in 39)	-			-
54 55	Line Deliberately Left Blank General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	187,863			187,863
56	Intangible Plant	(ln 28 - ln 44)	455,402			455,402
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	239,792,023			239,792,023
50	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
58 59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)		NA		
60	Account No. 281.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(31,297,791)	DA		(31,297,791)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(3,133,734)	DA		(1,336,324)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	4,402,665	DA		4,400,529
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(30,028,860)			(28,233,586)
65	PLANT HELD FOR FUTURE USE	(Markehoot A In 20 C & In 20 C)		DΛ		
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	22,377			22,377
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000	,0
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	42,379	GP(h)	1.00000	42,379
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	- _	NA	0.00000	
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	64,756			64,756
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		209,827,919			211,623,193

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(1) (2) (3) (4) (5)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	ocator_	Total <u>Transmission</u>
Line	ODEDATION A MAINTENANCE EVEENICE					
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank	000 404 474 470 b				
81	Customer Related Expense	322.164,171,178.b	-			
82	Regional Marketing Expenses	322.131.b 321.112.b	- E02 C2E			
83	Transmission		503,635			
84	TOTAL O&M EXPENSES	(sum lns 81 to 83)	503,635			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,519			
86	Less: Account 565	(Note H) 321.96.b	320,097			
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-			
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	179,019	TP	1.00000	179,019
89	Administrative and General	323.197.b (Note J)	479,727			
90	Less: Acct. 924, Property Insurance	323.185.b	56,904			
91	Acct. 928, Reg. Com. Exp.	323.189.b	-			
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
94	Balance of A & G	(In 89 - sum In 90 to In 93)	422,823	W/S	1.00000	422,823
95	Plus: Acct. 924, Property Insurance	(ln 90)	56,904	GP(h)	1.00000	56,904
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	= = , = = = = = = = = = = = = = = = = =	TP '	1.00000	=
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	_	TP	1.00000	_
98	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	_	DA	1.00000	_
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	45,339	W/S	1.00000	45,339
100	A & G Subtotal			VV/O	1.00000	
100	A & G Subtotal	(sum Ins 94 to 99)	525,066			525,066
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	704,085		-	704,085
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in		320,097	DA	1.00000	320,097
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	1,024,182	27.		1,024,182
		(.,0,0_			.,=.,.=
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank					
108	Transmission	336.7.f	939,118	TP1	1.00000	939,118
109	Plus: Transmission Plant-in-Service Additions (Work		144,985	DA	1.00000	144,985
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	13,489	TP1	1.00000	13,489
111	General	336.10.f	13,424	W/S	1.00000	13,424
112	Intangible	336.1.f	79,909	W/S	1.00000	79,909
113	TOTAL DEPRECIATION AND AMORTIZATION			VV/3	1.00000	
113	TO TAL DEFRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	1,190,925			1,190,925
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	(14010 14)				
116	Payroll	Worksheet H In 23.(D)	_	W/S	1.00000	_
117	Plant Related	Worksheet IT III 25.(D)	-	VV/3	1.00000	_
117	Property	Workshoot H In 22 (C) 8 In 47 (C)	636,856	DA	1.00000	636,856
	· · · ·	Worksheet H In 23.(C) & In 47.(C)	030,030			030,630
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA CD(b)	0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h)	1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	636,856			636,856
122	INCOME TAXES	(Note O)				
		(INOLE O)	20 000/			
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.90%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		46.66%			
125	where WCLTD=(In 159) and WACC = (In 162)					
126	and FIT, SIT & p are as given in Note O.		4.0007			
127	GRCF=1 / (1 - T) = (from ln 123)	(554 444 1 40)	1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
400	Income Tay Calculation	(ln 404 * ln 400)	7.074.705			7.740.000
129	Income Tax Calculation	(ln 124 * ln 132)	7,674,705	NID (L)	4 00000	7,740,369
130	ITC adjustment	(ln 127 * ln 128)		NP(h)	1.00000	
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	7,674,705			7,740,369
132	RETURN ON RATE BASE (Rate Base * WACC)	(ln 78 * ln 162)	16,448,618			16,589,351
	, ,		, ,	D.4	4 00000	,
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (No		-	DA	1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use	(Worksheet N, In 4, Cols. ((F) & (H))	-			-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held	I for Future Use (In 134 * In124)	-			-
136	TOTAL REVENUE REQUIREMENT		26,975,286		-	27,181,684
. 30	(sum lns 104, 113, 121, 131, 132, 133, 134, 135)				=	,,00.

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln N							
<u>No.</u>	TRANSMISSION PLANT INCLUDED IN PJM TARIFF	(1, 22)					004.004.000
137 138	Total transmission plant	(ln 20)					204,031,289
139	Less transmission plant excluded from PJM Tariff (No- Less transmission plant included in OATT Ancillary Se	•	(C)) (Note O)				<u>-</u>
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)	(O)) (Note Q)				204,031,289
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TP=	1.00000
				Payroll Billed from			
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total		
143	Line Deliberately Left Blank	(14010 11)	Biloot i dyloii	ALI COIVICO COIP.	rotai		
144	Transmission	354.21.b	_	68,958	68,958	TP 1.00000	68,958
145	Regional Market Expenses	354.22.b	_	-	-	NA 0.00000	-
146	Line Deliberately Left Blank						
147	Other (Excludes A&G)	354.24,25,26.b	-	-	-	NA 0.00000	-
148	Total	(sum Ins 144, 145, & 147)	-	68,958	68,958		68,958
149	Transmission related amount					W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)						
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
151	Long Term Interest	(Worksheet L, In. 36, col. (D))				See W/S L	4,500,218
151	Preferred Dividends					See W/S L	4,500,218
152	Development of Common Stock:	(Worksheet L, In. 46, col. (D))					-
153		(EE1 n 112 l n 16 a)					119 569 402
155	Proprietary Capital Less: Preferred Stock	(FF1 p 112, Ln 16.c)					118,568,493
156	Less: Account 216.1	(FF1 p 112, Ln 3.c)					-
156	Less: Account 219	(FF1 p 112, Ln 12.c)					-
157	Common Stock	(FF1 p 112, Ln 15.c)	. 7)				119 569 402
100	Common Stock	(ln 154 - ln 155 - ln 156 - ln 15	07)	Conital Structure	Doroontogos	Cost	118,568,493
		\$		Capital Structure			Waightad
150	Long Town Dobt Workshoot Lin 26 and (D)	·		Actual	Cap Limit	(Note S)	Weighted
159 160	Long Term Debt Worksheet L, In 36, col. (B))	107,450,000		47.54%	50.00%	4.19%	0.0209
160 161	Preferred Stock (In 155)	110 560 402		0.00%	0.00%	0.00%	0.0000
161 162	Common Stock (In 158)	118,568,493 226,018,493		52.46% 100.00%	50.00%	11.49%	0.0575
162	Total (Sum Ins 159 to 161)	220,010,493		100.00%	100.00%	WACC=	0.0784
163	Capital Structure Equity Limit (Note T)	50.0%					
	AEP OPERATING COMPANIES' COMPOSITE (Note S)						
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
165	Long Term Interest	(Worksheet Q, In. 14)					508,751,624
166	Preferred Dividends	(Worksheet Q, In. 36)					-
167	Development of Common Stock:						
168	Proprietary Capital	(Worksheet Q, In. 37)					7,769,429,769
169	Less: Preferred Stock	(Worksheet Q, In. 38)					-
170	Less: Account 216.1	(Worksheet Q, In. 39)					6,459,402
171	Less: Account 219	(Worksheet Q, In. 40)					(9,922,266)
172	Common Stock	(ln 168 - ln 169 - ln 170 - ln 17	71)				7,772,892,633
173				%	\$	Cost	Weighted
174	Long Term Debt (Worksheet Q, In 50)			53.85%	9,069,720,925	5.61%	0.0302
175	Preferred Stock (Worksheet Q, In 51)			0.00%	-	0.00%	0.0000
176	Common Stock (Worksheet Q, In 52)			46.15% <u> </u>	7,772,892,633	11.49%	0.0530
177	Total (Worksheet Q, In 45)				16,842,613,558	WACC=	0.0832

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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.
 - See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
- C Transmission Plant balances in this study are projected as of December 31, 2014. Other ratebase amounts are as of December 31, 2013.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
 - The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments 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 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT =

35.00%

SIT= p = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))0.00% (percent of federal income tax deductible for state purposes)

- Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- As shown on Worksheet Q, the AEP Indiana Michigan Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

 Upon establishment of actual debt financing for AEP Indiana Michigan Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

 If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No. 178	REVENUE REQUIREMENT (w/o incentives)	(In 313)	Total		Allocator	 ansmission Amount \$23,519,153
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)				\$ 23,519,153
		pelow are used in calculating project revenue requirements shown on line 181 is included in the total on line 180.	nts billed through PJM Schedule 12, Transmission Enhanceme	nt Charges.		
181	Not applicable on this template					
182 183 184	NET PLANT CARRYING CHARGE w/o intra-AEP charge Annual Rate Monthly Rate	es or credits or ROE incentives (Note B) ((In 178 - In 279 - In 280)/ In 225 x 100) (In 183 / 12)				11.43% 0.95%
185 186	NET PLANT CARRYING CHARGE ON LINE 183 , w/o d Annual Rate	epreciation or ROE incentives (Note B) ((In 178 - In 279 - In 280 - In 285) / In 225 x 100)				10.97%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Re	eturn, income taxes or ROE incentives (Note B)				
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225	5 x 100)			0.72%
189	Not applicable on this template					
190		REVENUE REQUIREM	ENT FOR SCHEDULE 1A CHARGES			
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below				4,519
192 193	Less: Load Dispatch - Scheduling, System Control and Dispatch - Reliability, Planning & Standards Dispatch - Reliability, Planning - Reliability, P	Dispatch Services (321.88.b)				(52)
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)				 4,571

	(1)	(2)	(3)	(4)		(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allocator		Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE C			
195	Line Deliberately Left Blank					
196	Line Deliberately Left Blank					
197	Transmission	(Worksheet A In 3.C & Ln 317)	204,031,289	DA		204,031,289
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 318)	- N//A		1.00000	- N//A
199	Plus: Transmission Plant-in-Service Additions (Wor Plus: Additional Trans Plant on Transferred Assets	•	N/A N/A		0.00000	N/A N/A
200 201	Line Deliberately Left Blank	(WORSHEELI)	IN/A	INA C	0.00000	IN/A
202	Line Deliberately Left Blank					
203	General Plant	(Worksheet A In 7.C)	209,505	W/S 1	1.00000	209,505
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)			1.00000	-
205	Intangible Plant	(Worksheet A In 9.C)	569,484		1.00000	569,484
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	204,810,278	` ,	.000000 1.00000	204,810,278
207	ACCUMULATED DEPRECIATION AND AMORTIZAT	ION		3.5-	1.00000	
208	Line Deliberately Left Blank					
209	Line Deliberately Left Blank		4.004.000			
210	Transmission	(Worksheet A In 14.C & 28.C)	1,081,830		1.00000	1,081,830
211 212	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Wor	(Worksheet A In 15.C)	N/A		1.00000 1.00000	N/A
212	Plus: Additional Projected Deprec on Transferred A	•	N/A		1.00000	N/A
214	Plus: Additional Transmission Depreciation for 2014	·	N/A		1.00000	N/A
215	Plus: Additional General & Intangible Depreciation for	or 2014 (ln 284 + ln 285)	N/A		1.00000	N/A
216	Plus: Additional Accum Deprec on Transferred Ass	ets (Worksheet I)	N/A	DA 1	1.00000	N/A
217	Line Deliberately Left Blank					
218 219	Line Deliberately Left Blank General Plant	(Worksheet A In 18.C)	21,642	W/S 1	1.00000	21,642
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-		1.00000	-
221	Intangible Plant	(Worksheet A In 20.C)	114,082	W/S 1	1.00000	114,082
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	1,217,554			1,217,554
223	NET PLANT IN SERVICE					
224	Line Deliberately Left Blank					
225	Transmission	(In 197 + In 198 - In 210 - In 211)	202,949,459			202,949,459
226	Plus: Transmission Plant-in-Service Additions (In 19	•	N/A			N/A
227	Plus: Additional Trans Plant on Transferred Assets	`	N/A			N/A
228 229	Plus: Additional Transmission Depreciation for 2014 Plus: Additional General & Intangible Depreciation for		N/A N/A			N/A N/A
230	Plus: Additional Accum Deprec on Transferred Ass		N/A			N/A
231	Line Deliberately Left Blank					1471
232	General Plant	(In 203 + In 204 - In 219 - In 220)	187,863			187,863
233	Intangible Plant	(ln 205 - ln 221)	455,402			455,402
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	203,592,724	NP(h)= 1.	.000000	203,592,724
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	(24.207.704)	NA DA		(24.207.704)
237 238	Account No. 282.1 (enter negative) Account No. 283.1 (enter negative)	(Worksheet B, In 7 & In 10.C) (Worksheet B, In 12 & In 15.C)	(31,297,791) (3,133,734)	DA DA		(31,297,791) (1,336,324)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	4,402,665	DA		4,400,529
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)		DA		
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	(30,028,860)			(28,233,586)
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA		-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA		-
244	WORKING CAPITAL	(Note E)				
245	Cash Working Capital	(1/8 * In 265)	22,377			22,377
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-		1.00000	-
247 248	A&G Materials & Supplies Stores Expense	(Worksheet C, In 3.(D)) (Worksheet C, In 4.(D))	- -		1.00000 1.00000	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 4.(D)) (Worksheet C, In 6.G)	- -	` '	1.00000	-
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	42,379		1.00000	42,379
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA 1	1.00000	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)		NA C	0.00000	- 04.750
253	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	64,756			64,756
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA 1	1.00000	-
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		173,628,620			175,423,894
200	10 (11 DAGE (3011) 113 204, 241, 242, 243, 233, 234)					170,420,034

	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total <u>Transmission</u>
Line No. 256 257 258 259	OPERATION & MAINTENANCE EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank Customer Related Expense Regional Marketing Expenses	322 & 323.164,171,178.b 322.131.b	Per Settlement in FERC		
260 261 262 263 264 265	Transmission TOTAL O&M EXPENSES Less: Total Account 561 Less: Account 565 Less: Regulatory Deferrals & Amortizations Total O&M Allocable to Transmission	321.112.b (sum Ins 258 to 260) (Note G) (Worksheet F, In 14.C) (Note H) 321.96.b (Note I) (Worksheet F, In 4.C) (Ins 260 - 262 - 263 - 264)	Docket No. ER10-355-000 ,	TP 1.00000	179,019
266 267 268 269 270	Administrative and General Less: Acct. 924, Property Insurance Acct. 928, Reg. Com. Exp. Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.197.b (Note J) 323.185.b 323.189.b 323.191.b 323.192.b	Docket No. ER10-355-000 , Attachment A-1 to Appendix B, pg. 26, C, 7a. 56,904		
271 272 273 274 275 276 277	Balance of A & G Plus: Acct. 924, Property Insurance Acct. 928 - Transmission Specific Acct 930.1 - Only safety related ads -Direct Acct 930.2 - Misc Gen. Exp Trans PBOP Adjustment A & G Subtotal	(In 266 - sum In 267 to In 270) (In 267) Worksheet F In 20.(E) (Note L) Worksheet F In 37.(E) (Note L) Worksheet F In 42.(E) (Note L) Worksheet O Ln 16 (B), (Note K & M) (sum Ins 271 to 276)	422,823 56,904 - - - 45,339 525,066	W/S 1.00000 GP(h) 1.00000 TP 1.00000 TP 1.00000 DA 1.00000 W/S 1.00000	422,823 56,904 - - - 45,339 525,066
278 279 280 281	O & M EXPENSE SUBTOTAL Plus: TEA Settlement in Account 565 Plus: Transmission Lease Payments To Affiliates in Ac TOTAL O & M EXPENSE	(In 265 + In 277) Company Records (Note H) cct 565 (Company Records) (Note H) (In 278 + In 279 + In 280)	704,085 - 320,097 1,024,182	DA 1.00000 DA 1.00000	704,085 - 320,097 1,024,182
282 283 284 285 286 287 288 289 290	DEPRECIATION AND AMORTIZATION EXPENSE Line Deliberately Left Blank Line Deliberately Left Blank Transmission Plus: Transmission Plant-in-Service Additions (Worksled) Plus: Formation Costs Amortization General Intangible TOTAL DEPRECIATION AND AMORTIZATION	336.7.f heet I) (Worksheet A In 35.C) 336.10.f 336.1.f (Ln 285+286+288+289)	939,118 N/A 26,979 13,424 79,909 1,059,430	TP1 1.00000 TP1 1.00000 W/S 1.00000 W/S 1.00000	939,118 N/A 26,979 13,424 79,909 1,059,430
291 292 293 294 295 296 297 298	TAXES OTHER THAN INCOME Labor Related Payroll Plant Related Property Gross Receipts/Sales & Use Other TOTAL OTHER TAXES	(Note N) Worksheet H In 23.(D) Worksheet H In 23.(C) & In 47.(C) Worksheet H In 23.(F) Worksheet H In 23.(E) (sum Ins 293 to 297)	- 636,856 - - - 636,856	W/S 1.00000 DA 1.00000 NA 0.00000 GP(h) 1.00000	- 636,856 -
299 300 301 302 303 304 305	INCOME TAXES T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = EIT=(T/(1-T)) * (1-(WCLTD/WACC)) = where WCLTD=(In 336) and WACC = (In 339) and FIT, SIT & p are as given in Note O. GRCF=1 / (1 - T) = (from In 300) Amortized Investment Tax Credit (enter negative)	(Note O) (FF1 p.114, ln 19.c)	38.90% 47.86% 1.6367		
306 307 308	Income Tax Calculation ITC adjustment TOTAL INCOME TAXES	(In 301 * In 309) (In 304 * In 305) (sum Ins 306 to 307)	6,663,080	NP(h) 1.00000	6,731,975
309 310	RETURN ON RATE BASE (Rate Base*WACC) INTEREST ON IPP CONTRIBUTION FOR CONST. (Note	(In 255 * In 339) e F) (Worksheet D, In 2.(B))	13,922,753	DA 1.00000	14,066,710
311	(Gains) / Losses on Sales of Plant Held for Future Use (W	Vorksheet N, In 4, Cols. ((F) & (H))	-		-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for	or Future Use (In 311 * In301)	-		- 22 540 452
313	TOTAL REVENUE REQUIREMENT (sum lns 281, 290, 298, 308, 309, 310, 311, 312)		23,306,301		23,519,153

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No	TRANSMISSION PLANT INCLUDED IN PJM TARIFF						
No. 314	Total transmission plant	(ln 197)					204,031,289
314	Less transmission plant excluded from PJM Tariff (Note						204,031,209
316	Less transmission plant included in OATT Ancillary Services	,					-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)					204,031,289
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)				TP=	1.00000
				Payroll Billed from			
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total		
320	Line Deliberately Left Blank	(1333)					
321	Transmission	354.21.b		- 68,958	68,958	TP 1.00000	68,958
322	Regional Market Expenses	354.22.b			, <u>-</u>	NA 0.00000	, -
323	Line Deliberately Left Blank						
324	Other (Excludes A&G)	354.24,25,26.b		-	-	NA 0.00000	-
325	Total	(sum Ins 321, 322, & 324)		- 68,958	68,958		68,958
326	Transmission related amount					W/S=	1.00000
020	Transmission related amount						
	Actual (Uncapped) Capital Structure						
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
328	Long Term Interest	(Worksheet L, In. 36, col. (D))				See W/S L	4,500,218
329	Preferred Dividends	(Worksheet L, In. 46, col. (D))					, , <u>.</u>
330	Development of Common Stock:	()					
331	Proprietary Capital	(FF1 p 112, Ln 16.c)					118,568,493
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)					-
		,					
333	Less: Account 216.1	(FF1 p 112, Ln 12,c)					
333 334	Less: Account 216.1 Less: Account 219	(FF1 p 112, Ln 12.c) (FF1 p 112, Ln 15.c)					-
334	Less: Account 219	(FF1 p 112, Ln 15.c)					118,568,493
		,		Capital Structure	e Percentages	Cost	118,568,493
334	Less: Account 219	(FF1 p 112, Ln 15.c)		<u>Capital Structure</u> \$	<u>e Percentages</u> %	Cost (Note S)	
334 335	Less: Account 219 Common Stock	(FF1 p 112, Ln 15.c)	See W/S L	\$	%	(Note S)	Weighted
334 335 336	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B))	(FF1 p 112, Ln 15.c)	See W/S L	<u>Capital Structure</u> \$ 107,450,000	% 47.54%	(Note S) 4.19%	Weighted 0.0199
334 335 336 337	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332)	(FF1 p 112, Ln 15.c)	See W/S L	\$ 107,450,000 -	% 47.54% 0.00%	(Note S) 4.19% 0.00%	Weighted 0.0199 0.0000
334 335 336 337 338	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335)	(FF1 p 112, Ln 15.c)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603
334 335 336 337	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332)	(FF1 p 112, Ln 15.c)	See W/S L	\$ 107,450,000 -	% 47.54% 0.00%	(Note S) 4.19% 0.00%	Weighted 0.0199 0.0000 0.0603
334 335 336 337 338	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603
334 335 336 337 338	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603
334 335 336 337 338 339	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603 0.0802
334 335 336 337 338 339	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603
334 335 336 337 338 339 340 341 342	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603 0.0802
334 335 336 337 338 339 340 341	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock:	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603 0.0802 \$ 508,751,624
334 335 336 337 338 339 340 341 342 343	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603 0.0802
334 335 336 337 338 339 340 341 342 343 344	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	Weighted 0.0199 0.0000 0.0603 0.0802 \$ 508,751,624
334 335 336 337 338 339 340 341 342 343 344 345	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	\$ 508,751,624 - 7,769,429,769
334 335 336 337 338 339 340 341 342 343 344 345 346	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39)	See W/S L	\$ 107,450,000 - 118,568,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49%	\$ 508,751,624 - 7,769,429,769 - 6,459,402
334 335 336 337 338 339 340 341 342 343 344 345 346 347 348	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	See W/S L	\$ 107,450,000 - 118,568,493 226,018,493	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49% WACC=	\$ 508,751,624 - 7,769,429,769 - 6,459,402 (9,922,266) 7,772,892,633
334 335 336 337 338 339 340 341 342 343 344 345 346 347 348	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	See W/S L	\$ 107,450,000 - 118,568,493 226,018,493	% 47.54% 0.00% 52.46% 100.00%	(Note S) 4.19% 0.00% 11.49% WACC=	\$ 508,751,624 - 7,769,429,769 - 6,459,402 (9,922,266) 7,772,892,633 Weighted
334 335 336 337 338 339 340 341 342 343 344 345 346 347 348	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	See W/S L	\$ 107,450,000 - 118,568,493 226,018,493 % 53.85%	% 47.54% 0.00% 52.46%	(Note S) 4.19% 0.00% 11.49% WACC=	\$ 508,751,624 - 7,769,429,769 - 6,459,402 (9,922,266) 7,772,892,633 Weighted 0.0302
334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50) Preferred Stock (Worksheet Q, In 51)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	See W/S L	\$ 107,450,000 - 118,568,493 226,018,493 ** 53.85% 0.00%	\$ 9,069,720,925	(Note S) 4.19% 0.00% 11.49% WACC= Cost 5.61% 0.00%	\$ 508,751,624 - 7,769,429,769 - 6,459,402 (9,922,266) 7,772,892,633 Weighted 0.0302 0.0000
334 335 336 337 338 339 340 341 342 343 344 345 346 347 348	Less: Account 219 Common Stock Long Term Debt Worksheet L, In 36, col. (B)) Preferred Stock (In 332) Common Stock (In 335) Total (Sum Ins 336 to 338) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock Long Term Debt (Worksheet Q, In 50)	(FF1 p 112, Ln 15.c) (In 331 - In 332 - In 333 - In 334) (Worksheet Q, In. 14) (Worksheet Q, In. 36) (Worksheet Q, In. 37) (Worksheet Q, In. 38) (Worksheet Q, In. 39) (Worksheet Q, In. 40)	See W/S L	\$ 107,450,000 - 118,568,493 226,018,493 % 53.85%	% 47.54% 0.00% 52.46% 100.00%	(Note S) 4.19% 0.00% 11.49% WACC=	\$ 508,751,624 - 7,769,429,769 - 6,459,402 (9,922,266) 7,772,892,633 Weighted 0.0302 0.0000 0.0530

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u> General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X 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. See Worksheet E for details. В 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. Transmission Plant balances in this study are historic as of December 31, 2013. The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 262. 2) AEP transmission equalization transfers, as shown on line 263 3) The impact of state regulatory deferrals and amortizations, as shown on line 264 4) All A&G Expenses, as shown on line 277. Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310. 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 192 & 193 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. Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines The addbacks on lines 279 and 280 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 The company records referenced on lines 279 and 280 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger. Removes the impact of state regulatory deferrals or their amortization from O&M expense. 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. The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E. See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing. 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. 0 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 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)) 0.00% (percent of federal income tax deductible for state purposes) p =Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT. 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. Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company. S As shown on Worksheet Q, the AEP Indiana Michigan Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs

AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

Upon establishment of actual debt financing for AEP Indiana Michigan Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding

and/or gains, until the the Company establishes its own actual capital structure.

all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

Line No.						Tr	ransmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)	Total	Alla	ocator		\$13,756,090
2	REVENUE CREDITS	(Note A) (Worksheet E)	- Total	DA	1.00000	\$	-
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)				\$	13,756,090
	The Carrying Charge Calculations on lines 6 to 11 below a ission Enhancement Charges. The total non-incentive rev	.	•	-			
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o i	ncentives) (Worksheet K)	3,093,684	DA	1.00000	\$	3,093,684
5 6 7	NET PLANT CARRYING CHARGE w/o intra-AEP charges of Annual Rate Monthly Rate	r credits or ROE incentives (Note B) ((In 1 - In 102 - In 103)/ In 48 x 100) (In 6 / 12)					11.63% 0.97%
8 9	NET PLANT CARRYING CHARGE ON LINE 6, w/o deprecial Annual Rate	ation or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108) / In 48 x	(100)				10.82%
10 11	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, i Annual Rate	income taxes or ROE incentives (Note B) ((In 1 - In 102 - In 103 - In 108 - In 131	- In 132) / In 48 x 100)				1.26%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ inc	entive ROE's (Note B) (Worksheet K)					-
13		REVENUE REQUIREMENT FOI	R SCHEDULE 1A CHARGES				
14 15 16	Total Load Dispatch & Scheduling (Account 561) Less: Load Dispatch - Scheduling, System Control and Disp Less: Load Dispatch - Reliability, Planning & Standards Dev	,					4,519 (52) -
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					4,571

	(1)	(2)	(3)	((4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total	Allo	ocator_	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE C			
18	Line Deliberately Left Blank					
19	Line Deliberately Left Blank Line Deliberately Left Blank					
20	Transmission	(Worksheet A In 3.E & Ln 140)	116,154,112	DA		116,154,112
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)		TP	1.00000	<u> </u>
22	Plus: Transmission Plant-in-Service Additions (Worksheet	I)	N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Works	sheet I)	N/A	NA	0.00000	N/A
24	Line Deliberately Left Blank					
25	Line Deliberately Left Blank	(14)	000 505	14/10	4 00000	000 505
26	General Plant	(Worksheet A In 7.E)	209,505	W/S W/S	1.00000 1.00000	209,505
27 28	Less: General Plant ARO (Enter Negative) Intangible Plant	(Worksheet A In 8.E) (Worksheet A In 9.E)	- 438,518	W/S	1.00000	438,518
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	116,802,134	GP(h)=	1.00000	116,802,134
20	TOTAL CITOGOT EART	(Cull of Lines. 20 to 20 a 20 to 20)	110,002,104	GTD=	0.0000	110,002,104
30	ACCUMULATED DEPRECIATION AND AMORTIZATION			• • • • • • • • • • • • • • • • • • • •	0.000	
31	Line Deliberately Left Blank					
32	Line Deliberately Left Blank					
33	Transmission	(Worksheet A In 14.E & 28.E)	620,296	TP1=	1.00000	620,296
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	<u> </u>	TP1=	1.00000	
35	Plus: Transmission Plant-in-Service Additions (Worksheet	•	N/A	DA	1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (N/A	DA	1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2014 (In 10	•	N/A	TP1	1.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 2014	· ·	N/A	W/S	1.00000	N/A
39 40	Plus: Additional Accum Deprec on Transferred Assets (Wo	orksneet i)	N/A	DA	1.00000	N/A
41	Line Deliberately Left Blank Line Deliberately Left Blank					
42	General Plant	(Worksheet A In 18.E)	14,930	W/S	1.00000	14,930
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.E)	74,128	W/S	1.00000	74,128
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	709,354			709,354
46 47	NET PLANT IN SERVICE					
47 48	Line Deliberately Left Blank Transmission	(In 20 + In 21 - In 33 - In 34)	115,533,816			115,533,816
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35	,	N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23		N/A			N/A
51	Plus: Additional Transmission Depreciation for 2014 (-In 3	•	N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 2014		N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Wo		N/A			N/A
54	Line Deliberately Left Blank					
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	194,575			194,575
56	Intangible Plant	(ln 28 - ln 44)	364,390			364,390
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	116,092,781	NP(h)=	1.00000	116,092,781
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(18,106,232)	DA		(18,106,232)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(1,723,627)	DA		(824,922)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	2,766,243	DA		2,765,175
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	(47.002.040)	DA		(40,405,070)
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(17,063,616)			(16,165,979)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
		,				
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	22,377			22,377
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)		TP	1.00000	,
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72 70	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	1.00000	•
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	22,135	GP(h)	1.00000	22,135
74 75	Prepayments (Account 165) - Transmission Only Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.E) (Worksheet C, In 8.D)	-	DA NA	1.00000 0.00000	-
75 76	TOTAL WORKING CAPITAL	(worksheet C, in 8.D) (sum Ins 68 to 75)	44,512	INA	0.00000	44,512
7.0	TOTAL WORKING ON TIAL	(3411 113 00 to 70)	77,012			44,312
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		99,073,677			99,971,314

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(1) (2) (3) (4)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	<u>Allc</u>	ocator_	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
79	Line Deliberately Left Blank					
80	Line Deliberately Left Blank					
81	Customer Related Expense	322.164,171,178.b	-			
82	Regional Marketing Expenses	322.131.b	-			
83	Transmission	321.112.b	503,635			
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	503,635			
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,519			
86	Less: Account 565	(Note H) 321.96.b	320,097			
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	470.040	TD	4.00000	470.040
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	179,019	TP	1.00000	179,019
89	Administrative and General	323.197.b (Note J)	479,727			
90	Less: Acct. 924, Property Insurance	323.185.b	56,904			
90 91	Acct. 928, Reg. Com. Exp.	323.189.b	30,904			
92	Acct. 926, Reg. Com. Exp. Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
93	Acct. 930.1, Gen. Advert. Exp. Acct. 930.2, Misc. Gen. Exp.	323.191.b	<u>-</u>			
93 94	Balance of A & G		422.822	W/S	1.00000	422,823
94 95		(ln 89 - sum ln 90 to ln 93)	422,823 56,004		1.00000	•
95 96	Plus: Acct. 924, Property Insurance Acct. 928 - Transmission Specific	(In 90)	56,904	GP(h) TP	1.00000	56,904
96 97	•	Worksheet F In 20.(E) (Note L)	-	TP	1.00000	-
97 98	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	DA	1.00000	-
	Acct 930.2 - Misc Gen. Exp Trans	Worksheet F In 42.(E) (Note L)	- 45 220	W/S		- 45 220
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	45,339	VV/S	1.00000	45,339
100	A & G Subtotal	(sum Ins 94 to 99)	525,066			525,066
404	O 0 M EVPENOE OUDTOTAL	(la 00 : la 400)	704.005		-	704.005
101	O & M EXPENSE SUBTOTAL	(ln 88 + ln 100)	704,085	D.A	4 00000	704,085
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 50	, , ,	320,097	DA	1.00000	320,097
104	TOTAL O & M EXPENSE	(ln 101 + ln 102 + ln 103)	1,024,182			1,024,182
405	DEDDECIATION AND AMODITATION EVDENCE					
105	DEPRECIATION AND AMORTIZATION EXPENSE					
106	Line Deliberately Left Blank					
107	Line Deliberately Left Blank	226.7.1	020.440	TD4	4 00000	020 440
108	Transmission	336.7.f	939,118	TP1	1.00000	939,118
109	Plus: Transmission Plant-in-Service Additions (Worksheet	•	N/A	TD.	4.00000	N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,979	TP1	1.00000	26,979
111	General	336.10.f	13,424	W/S	1.00000	13,424
112	Intangible	336.1.f	79,909	W/S	1.00000	79,909
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	1,059,430			1,059,430
444	TAVES OTHER THAN INCOME	(NI of a NI)				
114	TAXES OTHER THAN INCOME	(Note N)				
115	Labor Related	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\		W//O	4.00000	
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
117	Plant Related	We dealer at 11 le 00 (0) 0 le 47 (0)	000.050	DA	4.00000	000.050
118	Property	Worksheet H In 23.(C) & In 47.(C)	636,856	DA	1.00000	636,856
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA OD(b)	0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h)	1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	636,856			636,856
100	INCOME TAVES	(Note O)				
122	INCOME TAXES	(Note O)	20.000/			
123	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.90%			
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		49.55%			
125	where WCLTD=(In 159) and WACC = (In 162)					
126	and FIT, SIT & p are as given in Note O.		4 6267			
127	GRCF=1 / (1 - T) = (from In 123)	(FF1 > 111 Is 10 o)	1.6367			
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
120	Income Tay Calculation	(ln 101 * ln 100)	2 622 727			2 656 560
129	Income Tax Calculation	(ln 124 * ln 132)	3,623,737	ND/b)	1 00000	3,656,569
130	ITC adjustment	(ln 127 * ln 128)	2,002,727	NP(h)	1.00000	2.050.500
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	3,623,737			3,656,569
400	DETUDN ON DATE DAGE (Data Dage *14/400)	(la 70 * la 400)	7 040 707			7.070.050
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 162)	7,312,797			7,379,053
400	INTEREST ON IRR CONTRIBUTION FOR CONST. (Note E)	(Markahaat D. In 2 (B))		DΛ	4 00000	
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F)	(Worksheet D, In 2.(B))	-	DA	1.00000	-
104	(Coins) / Lossos on Colos of Plant Hold for Future Has (Maril	shoot N In 4 Colo (/E) 9 (UV)				
134	(Gains) / Losses on Sales of Plant Held for Future Use (Work	SHEEL IN, III 4, CUIS. ((Γ) α (Π))	-			-
125	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Fu	iture lee (ln 13/1 * ln12/1)				
135	rax impaction inet Loss / (Gain) on Sales of Plant Heid for Ft	nuie 036 (III 134 - III124)	-			-
126	TOTAL REVENUE REQUIREMENT		12 657 002		•	12 756 000
136			13,657,002		=	13,756,090
	(sum lns 104, 113, 121, 131, 132, 133)					

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

ln								
No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF	(1)						
137	Total transmission plant	(ln 20)						116,154,112
138	Less transmission plant excluded from PJM Tariff (Note P)		2)) (Note O)					-
139	Less transmission plant included in OATT Ancillary Service		(Note Q)				_	-
140	Transmission plant included in PJM Tariff	(ln 137 - ln 138 - ln 139)						116,154,112
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TP=	1.00000
				Payroll Billed from				
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total			
143	Line Deliberately Left Blank		-					
144	Transmission	354.21.b	-	68,958	68,958	TP	1.00000	68,958
145	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000	-
146	Line Deliberately Left Blank							
147	Other (Excludes A&G)	354.24,25,26.b	-	-	-	NA	0.00000	<u>-</u>
148	Total	(sum Ins 144, 145, & 147)	-	68,958	68,958		_	68,958
149	Transmission related amount						W/S=	1.00000
450	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)							Φ.
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet M, In. 20, col. (, , ,					2,576,150
152	Preferred Dividends	(Worksheet M, In. 49, col. ((上))					-
153	Development of Average Common Stock Balance:							
154	Proprietary Capital	(Worksheet M, In. 1, col. (E	, ,					83,953,740
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E	,,					-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E	- (1)					-
157	I A							
107	Less: Account 219	(Worksheet M, In. 4, col. (E	E))				_	<u> </u>
157	Average Common Stock	(Worksheet M, In. 4, col. (E (In 154 - In 155 - In 156 - In	,,				_	83,953,740
		, , ,	,,	Canital Structure	Percentages		Cost	83,953,740
	Average Common Stock	(ln 154 - ln 155 - ln 156 - ln	,,	Capital Structure Actual			Cost (Note S)	
158	Average Common Stock Capped Actual Average Capital Structure	(ln 154 - ln 155 - ln 156 - ln Average \$,,	Actual	Cap Limit	. <u>-</u>	(Note S)	Weighted
158 159	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E))	(ln 154 - ln 155 - ln 156 - ln	,,	Actual 48.39%	Cap Limit 50.00%	_	(Note S) 3.27%	Weighted 0.0164
158 159 160	Average Common Stock Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155)	(In 154 - In 155 - In 156 - În Average \$ 78,725,000	,,	Actual 48.39% 0.00%	Cap Limit 50.00% 0.00%		(Note S) 3.27% 0.00%	Weighted 0.0164 0.0000
158 159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$ 78,725,000 - 83,953,740	,,	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575
158 159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	Average \$ 78,725,000 83,953,740 162,678,740	157)	Actual 48.39% 0.00%	Cap Limit 50.00% 0.00%	ı	(Note S) 3.27% 0.00%	Weighted 0.0164 0.0000
158 159 160 161	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158)	Average \$ 78,725,000 - 83,953,740	157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575
158 159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161)	Average \$ 78,725,000 83,953,740 162,678,740	157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575
158 159 160 161 162	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T)	Average \$ 78,725,000 83,953,740 162,678,740	157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Average \$ 78,725,000 83,953,740 162,678,740 50.0%	157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575 0.0738
158 159 160 161 162 163	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132)	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575
158 159 160 161 162 163 164 165 166	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends	Average \$ 78,725,000 83,953,740 162,678,740 50.0%	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575 0.0738 \$ 508,751,624
158 159 160 161 162 163 164 165 166 167	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock:	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134)	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575 0.0738 \$ 508,751,624 - Average
158 159 160 161 162 163 164 165 166 167 168	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135)	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	Weighted 0.0164 0.0000 0.0575 0.0738 \$ 508,751,624
158 159 160 161 162 163 164 165 166 167 168 169	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136)	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	\$ 508,751,624 - Average 8,857,322,089
158 159 160 161 162 163 164 165 166 167 168 169 170	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137)	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834
158 159 160 161 162 163 164 165 166 167 168 169 170 171	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	. 157)	Actual 48.39% 0.00% 51.61%	Cap Limit 50.00% 0.00% 50.00%	ı	(Note S) 3.27% 0.00% 11.49%	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197)
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137)	. 157)	Actual 48.39% 0.00% 51.61% 100.00%	Cap Limit 50.00% 0.00% 50.00% 100.00%	ı	(Note S) 3.27% 0.00% 11.49% WACC=	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197) 8,969,870,452
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	. 157)	Actual 48.39% 0.00% 51.61% 100.00%	Cap Limit 50.00% 0.00% 50.00% 100.00%	ı	(Note S) 3.27% 0.00% 11.49% WACC=	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197) 8,969,870,452 Weighted
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148)	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	. 157)	Actual 48.39% 0.00% 51.61% 100.00%	Cap Limit 50.00% 0.00% 50.00% 100.00%	ı	(Note S) 3.27% 0.00% 11.49% WACC=	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197) 8,969,870,452 Weighted 0.0277
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	. 157)	Actual 48.39% 0.00% 51.61% 100.00%	\$ 9,407,429,474	ı	(Note S) 3.27% 0.00% 11.49% WACC= Cost 5.41% 0.00%	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197) 8,969,870,452 Weighted 0.0277 0.0000
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149) Common Stock (Worksheet Q, In 150)	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	. 157)	% S1.19% 0.00% 51.61% 0.00% 48.81%	\$ 9,407,429,474 - 8,969,870,452	ı	(Note S) 3.27% 0.00% 11.49% WACC= Cost 5.41% 0.00% 11.49%	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197) 8,969,870,452 Weighted 0.0277 0.0000 0.0561
158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175	Capped Actual Average Capital Structure Long Term Debt W/S M, In 11, In 21, col. (E)) Preferred Stock (In 155) Common Stock (In 158) Total (Sum Ins 159 to 161) Capital Structure Equity Limit (Note T) AEP OPERATING COMPANIES' COMPOSITE (Note S) WEIGHTED AVERAGE COST OF CAPITAL (WACC) Long Term Interest Preferred Dividends Development of Actual Average Common Stock: Proprietary Capital Less: Preferred Stock Less: Account 216.1 Less: Account 219 Common Stock True Up Capitalization with Equity Caps Long Term Debt (Worksheet Q, In 148) Preferred Stock (Worksheet Q, In 149)	Average \$ 78,725,000 83,953,740 162,678,740 50.0% (Worksheet Q, In. 132) (Worksheet Q, In. 134) (Worksheet Q, In. 135) (Worksheet Q, In. 136) (Worksheet Q, In. 137) (Worksheet Q, In. 138)	. 157)	Actual 48.39% 0.00% 51.61% 100.00%	\$ 9,407,429,474	ı	(Note S) 3.27% 0.00% 11.49% WACC= Cost 5.41% 0.00%	\$ 508,751,624 - Average 8,857,322,089 - 5,106,834 (117,655,197) 8,969,870,452 Weighted 0.0277 0.0000

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Letter</u> <u>Notes</u>

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

- 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.

See Worksheet E for details.

- В 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.
- Transmission Plant balances in this study reflect the average of the balances at December 31, 2012 and December 31, 2013.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.

The company will not include the ADIT portion of deferred hedge gains and losses in rate base.

- Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
 - 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.
 - 2) AEP transmission equalization transfers, as shown on line 86
 - 3) The impact of state regulatory deferrals and amortizations, as shown on line 87
 - 4) All A&G Expenses, as shown on line 100.
- Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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.
- Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.

The addbacks on lines 102 and 103 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 lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.

- Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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.
- The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense
- Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- See note K above. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- 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. Ν
- 0 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 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0. Inputs Required: FIT =

35.00% SIT=

6.00% (State Income Tax Rate or Composite SIT. Worksheet G)) 0.00% (percent of federal income tax deductible for state purposes) p =

- Ρ 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.
- Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S As shown on Worksheet Q, the AEP Indiana Michigan Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.

Upon establishment of actual debt financing for AEP Indiana Michigan Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.

AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.

If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet A Supporting Plant Balances AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (C) (B) (D) (E) <u>Line</u> Balance @ December Balance @ December Average Balance Rate Base Item & Supporting Balance <u>Number</u> Source of Data <u>31, 2013</u> <u>31, 2012</u> for 2013

lant Inves	tment Balances				
1	Line Deliberately Left Blank				
·	·				
2	Line Deliberately Left Blank	FF4	004.004.000	22.272.204	440.454.44
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	204,031,289	28,276,934	116,154,112
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	•	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	209,505	209,505	209,505
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	569,484	307,551	438,518
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	204,810,278	28,793,990	116,802,134
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-		-
ccumulat	ed Depreciation & Amortization Balances				
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	1,081,830	158,762	620,296
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	21,642	8,218	14,930
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	114,082	34,173	74,128
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	1,217,554	201,153	709,354
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
eneration	Step-Up Units				
23	GSU Investment Amount	Company Records - Note 1	-	-	-
24	GSU Accumulated Depreciation	Company Records - Note 1	-	-	_
25	GSU Net Balance	(Line 23 - Line 24)	-	-	
	on Accumulated Depreciation Net of GSU Accumulated				
26	Transmission Accumulated Depreciation	(Line 14 Above)	1,081,830	158,762	620,296
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	1,001,000	130,702	020,230
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	1,081,830	158,762	620,296
		(Line 20 - Line 21)	1,061,030	130,702	020,290
	For Future Use	FF4 no so 244 in 47 Col (d)			
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records - Note 1	-	-	-
	• •	ded in ratebase pursuant to a 205 filing with the FERC.			
31 32	Beginning Balance of Regulatory Asset (Note 2) Amortization in Months		40,468 18	67,446 30	53,957 24
33 34	Monthly Amortization Months in 2013 to be amortized		2,248 12	2,248 12	2,24 1
35	Amortization Expense in 2013		26,979	26,978	26,97
36 37	Months in 2014 to be amortized Amortization Expense in 2014		6 13,489	12 26,978	20,23
38	Ending Balance of Regulatory Asset		13,489	40,468	26,978
39	Average Balance of Regulatory Asset		26,979	53,957	40,468

NOTE 1 On this worksheet, "Company Records" refers to AEP's property accounting ledger.

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet B Supporting ADIT and ITC Balances AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)
<u>Line</u> Number	<u>Description</u>	<u>Source</u>	Balance @ December 31, 2013	Balance @ December 31, 2012	Average Balance for 2013
1	Account 281				
2 3 4	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 272 - 273, ln 8, Col. (k) Company Records - Note 1 Company Records - Note 1			- - -
5 6	Transmission Related Deferrals Account 282	Ln 2 - ln 3 - ln 4	-	-	-
7 8 9	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 274 - 275, ln 5, Col. (k) Company Records - Note 1 Company Records - Note 1	31,297,791 - -	4,914,672 - -	18,106,232 - -
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	31,297,791	4,914,672	18,106,232
11	<u>Account 283</u>				
12 13 14	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 276 - 277, ln 9, Col. (k) Company Records - Note 1 Company Records - Note 1	3,133,734 - 1,797,410	313,520 - -	1,723,627 - 898,705
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	1,336,324	313,520	824,922
16	Account 190				
17 18 19	Year End Utility Deferrals Less: ARO Related Deferrals Less: Other Excluded Deferrals	FF1, p. 234, ln 8, Col. (c) Company Records - Note 1 Company Records - Note 1	4,402,665 - 2,136	1,129,820 - -	2,766,243 - 1,068
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	4,400,529	1,129,820	2,765,175
21	Account 255				
22 23	Year End ITC Balances Less: Balances Not Qualified for Ratebase	FF1, p. 266-267, ln 8, Col. (h) Company Records - Note 1	-		
24 25	ITC Balances Includeable in Ratebase Transmission Related Deferrals	Ln 22 - In 23 Company Records - Note 1	-	-	

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax accounting ledger.

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet C Supporting Working Capital Rate Base Adjustments AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

Materials & Supplies

<u>Line</u> Number		Source	Balance @ December 31, 2013	Balance @ December 31, 2012	Average Balance for 2013
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	0	0	-
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	0	0	-
4	Stores Expense (Undistributed)	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-

		Prepaymen	t Balance Summa	ry			
5		Average of YE Balance	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)
6	Totals as of December 31, 2013	42,379	0	0	42,379	0	42,379
7	Totals as of December 31, 2012	1,891	0	0	1,891	0	1,891
8	Average Balance	22,135	-	-	22,135	-	22,135

Prepayments Account 165 - Balance @ 12/31/2013

9	Acc. No.	<u>Description</u>	2013 YE Balance	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Transmission Plant <u>Related</u>	Transmission Labor <u>Related</u>	Total Included in Ratebase (E)+(F)+(G)	<u>Explanation</u>
10	1650001	Prepaid Insurance	2,078	-		2,078		2,078	Plant Related Insurance Policies
11	1650021	Prepaid Insurance - EIS	39,468	-		39,468		39,468	Plant Related Insurance Policies
12	1650023	Prepaid Lease	833	-		833		833	Prepaid Lease
13	1650003	Prepaid Rents	0	-				-	
14	1650004	Prepaid Interest	0	-				-	
15	1650005	Prepaid Employee Benefits	0	-				-	
16	1650006	Other Prepayments	0	-				-	
17	1650009	Prepaid Carry Cost-Factored AR	0	-				-	
18	1650010	Prepaid Pension Benefits	0					-	
19	1650014	FAS 158 Qual Contra Asset	0	-				-	
	1650016	FAS 112 ASSETS	0	-				-	
		Subtotal - Form 1, p 111.57.c	42,379	0	0	42,379	0	42,379	

Prepayments Account 165 - Balance @ 12/31/ 2012

20	Acc. No.	<u>Description</u>	2012 <u>YE Balance</u>	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Plant Related	Labor Related	in Ratebase (E)+(F)+(G)	<u>Explanation</u>
21	1650001	Prepaid Insurance	1,058			1,058		1,058 P	ant Related Insurance Policies
22	1650021	Prepaid Insurance - EIS	0	-		-		- P	ant Related Insurance Policies
23	1650023	Prepaid Lease	833	-		833		833 P	repaid Lease
24	1650003	Prepaid Rents	0	-				-	
25	1650004	Prepaid Interest	0	-				-	
26	1650005	Prepaid Employee Benefits	0	-				-	
27	1650006	Other Prepayments	0	-				-	
28	1650009	Prepaid Carry Cost-Factored AR	0	-				-	
29	1650010	Prepaid Pension Benefits	0					-	
30	1650014	FAS 158 Qual Contra Asset	0	-				-	
31	1650016	FAS 112 ASSETS	0	-				-	
		Subtotal - Form 1, p 111.57.c	1,891	0	0	1,891	0	1,891	

Formula Rate WS D IPP Credits Page 19 of 41

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet D Supporting IPP Credits AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line</u> Number	(A) <u>Description</u>	(B) <u>2013</u>
1	Net Funds from IPP Customers 12/31/2012 (2013 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4 5 6	Other Adjustments Accounting Adjustment (Company Records - Note 1)	
7	Net Funds from IPP Customers 12/31/2013 (2013 FORM 1, P269, line 24.f)	
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	

Note 1 On this worksheet Company Records refers to AEP INDIANA MICHIGAN TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet E Supporting Revenue Credits AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line</u> Number	<u>Description</u>	<u>Total</u> <u>Company</u>	Non- Transmission	<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 - Note 1)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	9,869,547	9,869,547	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	9,869,547	9,869,547	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts -	-	-	-
8	(Company Records - Note 1) Total Other Operating Revenues To Reduce Revenue Requirement	9,869,547	9,869,547	<u> </u>

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

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet F Supporting Allocation of Specific O&M or A&G Expenses AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(F)

Explanation

	(A)	(B)	(C)	(D)	(E) <u>100%</u>
<u>Line</u> Number	<u>ltem No.</u>	<u>Description</u>	<u>2013</u> <u>Expense</u>	100% Non-Transmission	Transmission Specific
1	5700005	Regulatory O&M Deferrals & Amortizations Maint Station-Reliability-Df			
2	0700000	Wallit Station Hollability Di			
3 4		Total			
7		Total			
E	FF4 = 224 04 b	Detail of Account 561 Per FERC Form 1			
5 6	FF1 p 321.84.b FF1 p 321.85.b	561 - Load Dispatching 561.1 - Load Dispatch - Reliability	37		
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	2,921		
	•	·	2,321		
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	(50)		
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	(52)		
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	1,613		
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		Total of Account 561	4,519	-	
				-	
15	9280000	Account 928 Regulatory Commission Exp			
16	9280000	Regulatory Commission Exp-Adm			
17	9280001	Regulatory Commission Exp-Case			
	9280002			· ·	_
18 10		Regulatory Commission Exp-Case	-	-	-
19	9280002	Regulatory Commission Exp-Case	-	-	-
20		Total		-	-
		Account 930.1			
21	9301000	General Advertising Expenses	-	-	-
22	9301001	Newspaper Advertising Space	-	-	-
23	9301002	Radio Station Advertising Time	-	-	-
24	9301003	TV Station Advertising Time	-	-	-
25	9301004	Newspaper Advertising Prod Exp	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-
27	9301006	Spec Corporate Comm Info Proj	_		-
28	9301007	Special Adv Space & Prod Exp	_		-
29	9301008	Direct Mail and Handouts	_		_
30	9301009	Fairs, Shows, and Exhibits	-		_
31	9301010	Publicity	_		_
32	9301011	Dedications, Tours, & Openings	_		_
33	9301012	Public Opinion Surveys			_
34	9301012	Movies Slide Films & Speeches			-
35	9301013	Video Communications		_	<u>-</u>
36	9301014	Other Corporate Comm Exp	•	·	-
30	330 IU I 3	Other Corporate Commit Exp	-		-
37		Total		-	-
		Account 930.2			
38	9302000	Misc General Expenses	-		
39	9302003	Corporate & Fiscal Expenses	-		
40	9302004	Research, Develop&Demonstr Exp	_		
41	9302007	Assoc Business Development Exp	-		
40		Tatal			
42		Total		-	-

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet G Supporting - Development of Composite State Income Tax Rate AEP INDIANA MICHIGAN TRANSMISSION COMPANY

1	Indiana State Tax Rate Apportionment Factor - Note 2 Effective State Tax Rate	7.75% 0.00%	0.00%
2	Michigan Tax Rate	6.00%	
	Apportionment Factor - Note 2	100.00%	0.000/
	Effective State Tax Rate		6.00%
2	Tax Rate	0.00%	
3			
	Apportionment Factor - Note 2 Effective State Tax Rate	0.00%	0.00%
	Effective State Tax Nate		0.00 /6
4	Tax Rate	0.00%	
•	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate	3,33,73	0.00%
5	Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate	•	6.00%

Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet H page 1 Supporting Taxes Other than Income AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Account	Total Company NOTE 1	Property	Labor	Other	Non-Allocable
•	Daniel Trans					
1 2	Revenue Taxes Gross Receipts Tax	-				-
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Michigan	612,502	612,502			
5	Real and Personal Property - Indiana	24,354	24,354			
6 7	Real and Personal Property Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	Line Deliberately Left Blank					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16	State Public Service Commission Fees	-			-	
17	State Franchise Taxes	-			-	
18 10	State Lic/Registration Fee	-			-	
19 20	Misc. State and Local Tax Sales & Use	_			-	_
21	Federal Excise Tax	- -				- -
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis	636,856	636,856			
	NOTE 1: The detail of each total company number and its source	Functional Property Lines 24-58		Lines 24-58		
		Column (B) Deliberately Left Blank	Transmission	Column (D) Deliberately Left Blank	General	Total
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234) MICHIGAN JURISDICTION	-	202,949,459	-	187,863	203,137,322
25	Percentage of Plant in MICHIGAN JURISDICTION					
26	Net Plant in MICHIGAN JURISDICTION (Ln 24 * Ln 25)	-	-	-	-	-
27	Less: Net Value of Exempted Generation Plant					
28	Taxable Property Basis (Ln 26 - Ln 27)		-		-	-
29	Relative Valuation Factor					0
30 31	Weighted Net Plant (Ln 28 * Ln 29) General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	- -100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	- 0.00 /6	- 100.00 /6	- 0.00 /6	-100.0078	-
33	Weighted MICHIGAN JURISDICTION Plant (Ln 30 + 32)	-	_	_	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
35	Functionalized Expense in MICHIGAN JURISDICTION INDIANA JURISDICTION	-	612,502	-		612,502
36	Net Plant in INDIANA JURISDICTION (Ln 24 - Ln 26)		202,949,459		187,863	203,137,322
37	Less: Net Value Exempted Generation Plant					
38	Taxable Property Basis		202,949,459	-	187,863	203,137,322
39 40	Relative Valuation Factor					
40 41	Weighted Net Plant (Ln 38 * Ln 39) General Plant Allocator (Ln 40 / (Total - General Plant)	0.00%	100.00%	0.00%	- -100.00%	
42	Functionalized General Plant (Ln 42 * General Plant)	- 0.00 /0	-	- 0.00 /0	- 100.00 /0	
43	Weighted INDIANA JURISDICTION Plant (Ln 40 + 42)	-	_	-	-	-
44	Functional Percentage (Ln 43/Total Ln 43)	0.00%	100.00%	0.00%		
45	Functionalized Expense in INDIANA JURISDICTION		24,354			24,354
46	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			_
47	Total Func. Property Taxes (Sum Lns 35, 45, 46)		636,856			636,856
71	10.011 0110. 1 10porty 10.003 (Outil Elio 00, 40, 40)		330,030			

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (B) (C) (D)

	(-)	(=)	(-)	(=)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	-		
				P.263.1 In 7 (i) P.263.2 In 3 (i)
				P.263.2 In 4 (i)
3 4	Real Estate and Personal Property Taxes Real and Personal Property - Michigan	612,502		
T	rtear and refeeral reporty wheringan	012,002	(14,198)	P.263 In 17 (i)
			626,700	P.263 ln 18 (i) P.263 ln 19 (i)
				P.263 In 39 (i)
				P.263.1 ln 2 (i)
5	Real and Personal Property - Indiana	24,354		P.263.1 ln 3 (i)
			(1,816)	P.263 In 20 (i)
			26,170	P.263 ln 21 (i) P.263.2 ln 24 (i)
				P.263.2 In 25 (i)
				P.263.2 In 26 (i) P.263.2 In 27 (i)
6	Real and Personal Property	-		1 .200.2 111 27 (1)
				P.263.3 ln 3 (i)
7	Real and Personal Property - Other Jurisdictions	-		P.263.3 ln 4 (i)
				P.263.4 In 12 (i)
8 9	Payroll Taxes Federal Insurance Contribution (FICA)	_		
				P.263 In 6 (i)
10	Federal Unemployment Tax	-		P.263 In 9 (i)
11	State Unemployment Insurance	-		P.203 III 9 (I)
				P.263.1 In 23 (i)
				P.263.2 ln 33 (i) P.263.3 ln 16 (i)
12	Line Left Deliberately Blank			()
13	State Severance Taxes	-		
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	-		D 262 la 21 (i)
				P.263 In 21 (i) P.263 In 22 (i)
16	State Public Service Commission Fees	-		(I)
				P.263 In 26 (i) P.263 In 27 (i)
				P.263.3 In 20 (i)
17	State Franchise Taxes	-		P.263.1 In 18 (i)
				P.263.1 In 19 (i)
				P.263.1 In 34 (i)
				P.263.2 In 10 (i) P.263.2 In 11 (i)
				P.263.2 In 38 (i)
				P.263.2 In 39 (i) P.263.3 In 27 (i)
				P.263.3 In 28 (i)
				P.263.4 In 20 (i)
18	State Lic/Registration Fee	-		P.263.4 In 27 (i)
				P.263.1 In 15 (i)
				P.263.2 In 13 (i) P.263.3 In 8 (i)
				P.263.4 In 21 (i)
19	Misc. State and Local Tax	-		P.263.1 In 12 (i)
20	Sales & Use	-		1 .200.1 111 12 (1)
				P.263 ln 30 (i)
				P.263 In 31(i) P.263.2 In 16 (i)
				P.263.2 In 17 (i)
21	Federal Excise Tax	-		P.263.3 In 21 (i)
				P.263 In 13 (i)
22	Michigan Single Rusiness Tay			P.263 In 14 (i)
44	Michigan Single Business Tax	-		
00	Total Tayon by Allenskie Dasis	000.050	000.050	
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	636,856	636,856	
	· · · · · · · · · · · · · · · · · · ·			

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

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet I Supporting Transmission Plant in Service Additions AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2013) (P.206, In 58,(b)):	28,276,934
2	Transmission Plant @ End of Historic Period (2013) (P.207, In 58,(g)):	204,031,289
3		232,308,223
4	Average Balance of Transmission Investment	116,154,112
5	Annual Depreciation Expense, Historic TCOS, In 285	939,118
6	Composite Depreciation Rate	0.81%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	0.81%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Сар	italized Balance	Composite Annual Depreciation Rate	Annual preciation	Mor	nthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$	1,582,353	0.81%	\$ 12,793	\$	1,066	11	\$ 11,726
10	February	\$	10,062,690	0.81%	\$ 81,358	\$	6,780	10	\$ 67,800
11	March	\$	782,513	0.81%	\$ 6,327	\$	527	9	\$ 4,743
12	April	\$	3,306,996	0.81%	\$ 26,737	\$	2,228	8	\$ 17,824
13	May	\$	-	0.81%	\$ -	\$	-	7	\$ -
14	June	\$	7,177,042	0.81%	\$ 58,027	\$	4,836	6	\$ 29,016
15	July	\$	-	0.81%	\$ -	\$	-	5	\$ -
16	August	\$	131,863	0.81%	\$ 1,066	\$	89	4	\$ 356
17	September	\$	-	0.81%	\$ -	\$	-	3	\$ -
18	October	\$	10,033,797	0.81%	\$ 81,124	\$	6,760	2	\$ 13,520
19	November	\$	-	0.81%	\$ -	\$	-	1	\$ -
20	December	\$	4,299,482	0.81%	\$ 34,762	\$	2,897	0	\$ -
21	Investment	\$	37,376,735	•			De	preciation Expense	\$ 144,985

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital
		expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2014

	Estimated Cost	
	<u>(000's)</u>	Month in Service
25 <u>Major Zonal Projects</u>		
26 Benton Harbor: Install (3) 345 kV circuit breakers	\$9,695	Feb-14
27 Pletcher: (Glendora) 138/69kV Station	\$5,492	Jun-14
28		
29		
30		
31		
32		
33		
34 Subtota	al 15,187	
35 PJM Socialized/Beneficiary Allocated Regional Projects		
36	\$0	
37 Subtota	al \$0	

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP INDIANA MICHIGAN TRANSMISSION COMPANY is shown on Worksheet P.

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Page 1 of 2

W Incentives

3,097,248 \$

Incentive Amounts

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 (Projected TCOS, In 176) Project ROE Incentive Adder 0 <==ROE Adder Cannot Exceed 125 Basis Points</p> ROE with additional 0 basis point incentive 11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012 Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 159 through162)

	<u>%</u>	<u>Cost</u>	Weighted cost
Long Term Debt	50.00%	4.19%	2.094%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.00%	11.49%	<u>5.745%</u>
		R =	7.839%

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

Rate Base (Projected TCOS, In 78)	211,623,193
R (from A. above)	7.839%
Return (Rate Base x R)	16,589,351

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

Return (from B. above)	16,589,35
Effective Tax Rate (Projected TCOS, In 124)	46.66
Income Tax Calculation (Return x CIT)	7,740,36
ITC Adjustment	
Income Taxes	7,740,369

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 (Projected TCOS, In 1)	27,181,684
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	320,097
Return (Projected TCOS, In 132)	16,589,351
Income Taxes (Projected TCOS, In 131)	7,740,369
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	2,531,867

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	2,531,867
Return (from I.B. above)	16,589,351
Income Taxes (from I.C. above)	7,740,369
Annual Revenue Requirement, with 0 Basis Point ROE increase	26,861,587
Depreciation (Projected TCOS, In 108)	939,118
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	25,922,469

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

Net Transmission Plant (Projected TCOS, In 48) Annual Revenue Requirement, with 0 Basis Point ROE increase FCR with 0 Basis Point increase in ROE	202,949,459 26,861,587 13.24%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	25,922,469
FCR with 0 Basis Point ROE increase, less Depreciation	12.77%
FCR less Depreciation (Projected TCOS, In 9)	<u>10.77%</u>
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	2.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2013) (P.206, In 58,(b)):	28,276,934
Transmission Plant @ End of Historic Period (2013) (P.207, In 58,(g)):	204,031,289_
Subtotal	232,308,223
Average Transmission Plant Balance for 2013	116,154,112
Annual Depreciation Rate (Projected TCOS, In 108)	939,118
Composite Depreciation Rate	0.81%
Depreciable Life for Composite Depreciation Rate	123.68
Round to nearest whole year	124

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation

expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP INDIANA MICHIGAN TRANSMISSION COMPANY is shown on Worksheet P.

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS

2014

PROJECTED YEAR

Rev Require

3,097,248

AEP INDIANA MICHIGAN TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zone

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1465.4 (Make switching improvements at Sullivan and Jefferson 765 kV stations)

Current Projected Year ARR 735,370 Current Projected Year ARR w/ Incentive 735,370 Current Projected Year Incentive ARR

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

Details			
Investment	6,445,564	Current Year	2014
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.77%
Useful life	124	FCR w/incentives approved for these facilities, less dep.	10.77%
CIAC (Yes or No)	No	Annual Depreciation Expense	52,113

6,445,564	Current Year	2014
2012	ROE increase accepted by FERC (Basis Points)	
12	FCR w/o incentives, less depreciation	10.77%
124	FCR w/incentives approved for these facilities, less dep.	10.77%
No	Annual Depreciation Expense	52,113

CIAC (Yes or No)		Annual Depreciation E	expense	,, 1000 dop.		52,113	LIFE OF THE PROJECT		
Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.	RTEP Projected Rev. Req't.From Prior Year Template	RTEP Projected Rev. Req't.From Prior Year Template	
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	with Incentives **	
2012	6,445,564	-	6,445,564	694,487	694,487	\$ -	\$ 655,786	\$ 655,786	
2013	6,445,564	52,113	6,393,451	740,985	740,985	\$ -	\$ 758,010	\$ 758,010	
2014	6,393,451	52,113	6,341,338	735,370	735,370	\$ -			
2015	6,341,338	52,113	6,289,225	729,755	729,755	\$ -			
2016	6,289,225	52,113	6,237,112	724,140	724,140				
2017	6,237,112	52,113	6,184,999	718,525	718,525				
2018	6,184,999	52,113	6,132,886	712,910	712,910				
2019	6,132,886	52,113	6,080,773	707,295	707,295				
2020	6,080,773	52,113		701,680	701,680				
2021	6,028,660	52,113		696,065	696,065				
2022	5,976,547	52,113		690,450	690,450				
2023	5,924,433	52,113		684,835	684,835				
2024	5,872,320	52,113		679,220	679,220				
2025	5,820,207	52,113		673,605	673,605				
2026	5,768,094	52,113	5,715,981	667,990	667,990				
2027	5,715,981	52,113	5,663,868	662,375	662,375				
2028	5,663,868	52,113	5,611,755	656,760	656,760				
2029	5,611,755	52,113	5,559,642	651,145	651,145				
2030	5,559,642	52,113	5,507,529	645,530	645,530				
2031	5,507,529	52,113		639,915	639,915				
2032	5,455,416	52,113		634,300	634,300				
2033	5,403,303	52,113		628,685	628,685				
2034	5,351,190	52,113		623,070	623,070				
2035	5,299,077	52,113	5,246,964	617,455	617,455				
2036 2037	5,246,964 5,194,851	52,113 52,113	5,194,851 5,142,738	611,840 606,225	611,840 606,225				
2037	5,142,738	52,113	5,090,625	600,610	600,610				
2039	5,090,625	52,113	5,038,512	594,995	594,995				
2040	5,038,512	52,113		589,380	589,380				
2040	4,986,399	52,113		583,765	583,765				
2042	4,934,286	52,113		578,150	578,150				
2042	4,882,172	52,113		572,535	572,535				
2044	4,830,059	52,113		566,920	566,920				
2045	4,777,946	52,113	4,725,833	561,305	561,305				
2046	4,725,833	52,113	4,673,720	555,690	555,690				
2047	4,673,720	52,113	4,621,607	550,075	550,075				
2048	4,621,607	52,113	4,569,494	544,460	544,460				
2049	4,569,494	52,113	4,517,381	538,845	538,845				
2050	4,517,381	52,113	4,465,268	533,230	533,230				
2051	4,465,268	52,113		527,615	527,615				
2052	4,413,155	52,113		522,000	522,000				
2053	4,361,042	52,113		516,385	516,385				
2054	4,308,929	52,113	4,256,816	510,770	510,770	\$ -			
2055	4,256,816	52,113	4,204,703	505,155	505,155				
2056	4,204,703	52,113	4,152,590	499,540	499,540				
2057	4,152,590	52,113		493,925	493,925				
2058	4,100,477	52,113		488,310	488,310				
2059	4,048,364	52,113		482,695	482,695				
2060	3,996,251	52,113		477,080	477,080				
2061	3,944,138	52,113		471,465	471,465				
2062	3,892,024	52,113		465,850	465,850				
2063	3,839,911	52,113	3,787,798	460,235	460,235				
2064	3,787,798	52,113	3,735,685	454,620	454,620				
2065	3,735,685	52,113	3,683,572	449,005	449,005				
2066	3,683,572	52,113	3,631,459	443,390	443,390				
2067	3,631,459	52,113	3,579,346	437,775	437,775				
2068	3,579,346	52,113	3,527,233	432,160	432,160				
2069	3,527,233	52,113		426,545	426,545				
2070	3,475,120	52,113 52,113		420,930	420,930				
2071	3,423,007	52,113	3,370,894	415,315	415,315	φ -			

^{**} This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

3,074,670

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

34,805,322

34,805,322

Formula Rate **WS J PROJECTED RTEP RR** Page 27 of 41

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Current Projected Year ARR Current Projected Year ARR w/ Incentive **Current Projected Year Incentive ARR**

Project Description:

RTEP ID: b1465.2 (Replace the 100 MVAR 765 kV shunt reactor bank on Rockport - Jefferson 765 kV line with a 300 MVAR

bank at Rockport Station)

Details 15,156,637 Current Year 2014 2013 ROE increase accepted by FERC (Basis Points) Service Year (yyyy) Service Month (1-12) FCR w/o incentives, less depreciation 10.77% Useful life 124 FCR w/incentives approved for these facilities, less dep.

Useful life	124 FCR w/incentives approved for these facilities, less dep. 10.77% No No Annual Depreciation Expense 122,543						O MAINTAIN HISTORY OF PROJECT	ED ARRS OVER THE		
CIAC (Yes or No)	No	Annual Depreciation E	xpense			122,543	LIFE OF THE PROJEC	il.		
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
2013	15,156,637	61,271	15,095,366	1,687,743	1,687,743	•	\$ 1,578,782	\$ 1,578,782		
2014	15,095,366	122,543	14,972,823	1,735,811	1,735,811		Ψ 1,576,762	Ψ 1,576,762		
2015	14,972,823	122,543	14,850,280	1,722,608	1,722,608					
2016	14,850,280	122,543	14,727,737	1,709,404	1,709,404					
2017	14,727,737	122,543	14,605,194	1,696,201	1,696,201	\$ -				
2018	14,605,194	122,543	14,482,651	1,682,997	1,682,997	\$ -				
2019	14,482,651	122,543	14,360,108	1,669,793	1,669,793	\$ -				
2020	14,360,108	122,543	14,237,565	1,656,590	1,656,590					
2021	14,237,565	122,543	14,115,022	1,643,386	1,643,386					
2022	14,115,022	122,543	13,992,479	1,630,183	1,630,183					
2023	13,992,479	122,543	13,869,936	1,616,979	1,616,979					
2024	13,869,936	122,543	13,747,393	1,603,776	1,603,776					
2025	13,747,393	122,543	13,624,850	1,590,572	1,590,572					
2026	13,624,850	122,543	13,502,307	1,577,368	1,577,368					
2027	13,502,307	122,543	13,379,764	1,564,165	1,564,165					
2028	13,379,764	122,543	13,257,221	1,550,961	1,550,961	\$ -				
2029	13,257,221	122,543	13,134,678	1,537,758	1,537,758	\$ -				
2030	13,134,678	122,543	13,012,135	1,524,554	1,524,554	\$ -				
2031	13,012,135	122,543	12,889,592	1,511,351	1,511,351	\$ -				
2032	12,889,592	122,543	12,767,049	1,498,147	1,498,147					
2033	12,767,049	122,543	12,644,506	1,484,943	1,484,943					
2034	12,644,506	122,543	12,521,963	1,471,740	1,471,740					
2035	12,521,963	122,543	12,399,420	1,458,536	1,458,536					
2036	12,399,420	122,543	12,276,877	1,445,333	1,445,333					
2037	12,276,877	122,543	12,154,334	1,432,129	1,432,129					
2038	12,154,334	122,543	12,031,791	1,418,926	1,418,926					
2039	12,031,791	122,543	11,909,248	1,405,722	1,405,722					
2040	11,909,248	122,543	11,786,705	1,392,519	1,392,519					
2041	11,786,705	122,543	11,664,162							
2042	11,664,162	122,543	11,541,619		1,366,111					
2043	11,541,619	122,543	11,419,076		1,352,908					
2044	11,419,076	122,543	11,296,533	1,339,704	1,339,704					
2045 2046	11,296,533 11,173,990	122,543 122,543	11,173,990 11,051,447	1,326,501 1,313,297	1,326,501 1,313,297					
2047	11,051,447	122,543	10,928,904	1,300,094	1,300,094					
2048	10,928,904	122,543	10,806,361	1,286,890	1,286,890					
2049	10,806,361	122,543	10,683,818	1,273,686	1,273,686					
2050	10,683,818	122,543	10,561,275	1,260,483	1,260,483					
2051	10,561,275	122,543	10,438,732	1,247,279	1,247,279					
2052	10,438,732	122,543	10,316,189		1,234,076					
2053	10,316,189	122,543	10,193,646	1,220,872	1,220,872					
2054	10,193,646	122,543	10,071,103	1,207,669	1,207,669					
2055	10,071,103	122,543	9,948,560	1,194,465	1,194,465					
2056	9,948,560	122,543	9,826,017	1,181,261	1,181,261	\$ -				
2057	9,826,017	122,543	9,703,475	1,168,058	1,168,058					
2058	9,703,475	122,543	9,580,932	1,154,854	1,154,854					
2059	9,580,932	122,543	9,458,389	1,141,651	1,141,651					
2060	9,458,389	122,543	9,335,846	1,128,447	1,128,447					
2061	9,335,846	122,543	9,213,303	1,115,244	1,115,244					
2062	9,213,303	122,543	9,090,760	1,102,040	1,102,040					
2063	9,090,760	122,543	8,968,217	1,088,836	1,088,836					
2064	8,968,217	122,543	8,845,674	1,075,633	1,075,633					
2065	8,845,674	122,543	8,723,131	1,062,429	1,062,429					
2066	8,723,131	122,543	8,600,588	1,049,226	1,049,226					
2067	8,600,588 8,478,045	122,543	8,478,045 8,355,502	1,036,022	1,036,022					
2068 2069	8,478,045 8,355,502	122,543	8,355,502 8,232,959	1,022,819 1,009,615	1,022,819 1,009,615					
2069	8,355,502 8,232,959	122,543 122,543	8,232,959 8,110,416	996,411	996,411					
2071	8,110,416	122,543	7,987,873		983,208					
2072	7,987,873	122,543	7,865,330	970,004	970,004					
Droingt Totals	1,501,015	7 201 207	7,000,000	91 500 303	97 0,004	Ψ				

^{**} This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

7,291,307

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

81,509,303

81,509,303

Formula Rate **WS J PROJECTED RTEP RR** Page 28 of 41

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

Page 2 of 2

1,735,811

1,735,811

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS: INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE

122,543	LIFE OF THE F	PROJECT.		
	RTEP Projected		RTEP Projected	
	Rev. Req't.From		Rev. Req't.From	
e Rev.	Prior Year Template		Prior Year Template	
nent ##	Prior Year Template w/o Incentives		Prior Year Template with Incentives **	
_	\$ 1,578,782		\$ 1,578,782	
	ψ 1,070,702		Ψ 1,070,702	
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Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

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2,597,826

A. Base Plan Facilities

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Project Totals

Facilities receiving incentives accepted by FERC in Docket No.

4,961,595

4,917,565

4,873,534

4,829,503

4,785,472

4,741,44

4,697,410

4,653,379

4,609,348

4,565,317

4,521,286

4,477,255

4,433,224

4,389,193

4,345,162

4,301,13

4,257,100

4,213,069

4,169,038

4,125,007

4,080,976

4,036,945

3,992,914

3,948,884

3,904,853

3,860,822

3,816,791

3,772,760

3,728,729

3,684,698

3,640,667

3,596,636

3,552,605

3,508,574

3,464,543

3,420,512

3,376,481

3,332,450

3,288,419

3,244,388

3,200,357

3,156,326

3,112,295

3,068,264

3,024,233

2,980,202

2,936,172

2,892,141

(e.g. ER05-925-000)

573,881 \$

569,137 \$

564,393 \$

550,160 \$

540,672 \$

535,928 \$

531,183 \$

526,439 \$

521,695 \$

516,951 512,207

507,463 502,718

497,974

483,742

469,509

460,021

455,277 450,532 \$

478,997 \$

474,253 \$

464,765 \$

445,788 \$

441,044 \$

436,300 \$

431,556 \$

426,811

422,067

417,323

412,579

407,835

403,091

398,346 \$

393,602 \$

388,858 \$

384,114 \$

379,370

374,626

369,881

365,137 360,393 \$

350,905

355,649 \$

493,230 \$

488,486 \$

559,648

554,904

545,416

Project Description: RTEP ID: b2048 (Replace both Tanners Creek 345/138 kV transformers with one bigger transformer)

Current Projected Year ARR 626,067 Current Projected Year ARR w/ Incentive 626,067 Current Projected Year Incentive ARR

Details			
Investment	5,445,936	Current Year	2014
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.77%
Useful life	124	FCR w/incentives approved for these facilities, less dep.	10.77%
CIAC (Yes or No)	No	Annual Depreciation Expense	44,031

nvestment	5,445,936	Current Year				2014
Service Year (yyyy)	2013	ROE increase accepte	-			
Service Month (1-12)	12	FCR w/o incentives, le	ss depreciation			10.77%
Jseful life		FCR w/incentives appr		s, less dep.		10.77%
CIAC (Yes or No)	No	Annual Depreciation E	xpense			44,031
Investment	Beginning	Depreciation	Ending	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.
Year	Balance	Expense	Balance	w/o Incentives	with Incentives **	Requirement ##
2013	5,445,936	- 44 024	5,445,936	586,780	586,780	\$ -
2014	5,445,936	44,031	5,401,905	626,067	626,067	ф
2015	5,401,905	44,031	5,357,874	621,323	621,323	5 -
2016	5,357,874	44,031	5,313,843	616,579	616,579	\$ -
2017	5,313,843	44,031	5,269,812	611,834	611,834	\$ -
2018	5,269,812	44,031	5,225,781	607,090	607,090	\$ -
2019	5,225,781	44,031	5,181,750	602,346	602,346	\$ -
2020	5,181,750	44,031	5,137,719	597,602	597,602	\$ -
2021	5,137,719	44,031	5,093,688	592,858	592,858	\$ -
2022	5,093,688	44,031	5,049,657	588,114	588,114	\$ -
2023	5,049,657	44,031	5,005,626	583,369	583,369	\$ -
2024	5,005,626	44,031	4,961,595	578,625	578,625	\$ -
	· ' '	,	, ,	,	,	

4,917,565

4,873,534

4,829,503

4,785,472

4,741,441

4,697,410

4,653,379

4,609,348

4,565,317

4,521,286

4,477,255

4,433,224

4,389,193

4,345,162

4,301,131

4,257,100

4,213,069

4,169,038

4,125,007

4,080,976

4,036,945

3,992,914

3,948,884

3,904,853

3,860,822

3,816,791

3,772,760

3,728,729

3,684,698

3,640,667

3,596,636

3,552,605

3,508,574

3,464,543

3,420,512

3,376,481

3,332,450

3,288,419

3,244,388

3,200,357

3,156,326

3,112,295

3,068,264

3,024,233

2,980,202

2,936,172

2,892,141

2,848,110

573,881

569,137

564,393

559,648

554,904

550,160

545,416

540,672

535,928

531,183

526,439

521,695

516,951

512,207

507,463

502,718

497,974

493,230

488,486

483,742

478,997

474,253

469,509

464,765

460,021

455,277

450,532

445,788

441,044

436,300

431,556

426,811

422,067

417,323

412,579

407,835

403,091

398,346

393,602

388,858

384,114

379,370

374,626

369,881

365,137

360,393

355,649

350,905

29,407,443

**	This is the total	amount that r	needs to be r	eported to P	JM for billi	ng to all r	egions

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

Formula Rate **WS J PROJECTED RTEP RR** Page 29 of 41

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

Page 2 of 2

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS: INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE LIFE OF THE PROJECT.

4,031	LIFE OF THE P	ROJECT.		
	RTEP Projected		RTEP Projected	
	Rev. Req't.From		Rev. Req't.From	
ev.	Prior Year Template		Prior Year Template	
t ##	Prior Year Template w/o Incentives		Prior Year Template with Incentives **	
it ##	w/o incentives		with incentives ""	
-	\$ 461,439		\$ 461,439	
-				
-				
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AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Formula Rate WS K TRUE-UP RTEP RR Page 30 of 41

Page 1 of 2

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 (True-U	Jp TCOS, In 17	6)	11.49%	
Project ROE Incentive Adde	r		0 <==ROE Adder Cannot Exceed 100 Basis Points	
ROE with additional 0 basis	point incentive		11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 20)12
Determine R (cost of long to	erm debt, cost d	of preferred stock and equit	ity percentage is from the True-Up TCOS, Ins 159 through162)	
	<u>%</u>	<u>Cost</u>	Weighted cost	
Long Term Debt	50.00%	3.27%	1.636%	
Preferred Stock	0.00%	0.00%	0.000%	
Common Stock	50.00%	11.49%	<u>5.745%</u>	
		R =	= 7.381%	

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

Rate Base (True-Up TCOS, In 78)	99,971,314
R (fom A. above)	7.381%
Return (Rate Base x R)	7,379,053

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

Return (from B. above)	7,379,053
Effective Tax Rate (True-Up TCOS, In 124)	49.55%
Income Tax Calculation (Return x CIT)	3,656,569
ITC Adjustment	-
Income Taxes	3,656,569

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 (True-Up TCOS, In 1)	13,756,090
, , ,	, ,
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	320,097
Return (True-Up TCOS, In 132)	7,379,053
Income Taxes (True-Up TCOS, In 131)	3,656,569
Annual Revenue Requirement, Less TEA	2,400,37
Charges Deturn and Toyes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	2,400,371
Return (from I.B. above)	7,379,053
Income Taxes (from I.C. above)	3,656,569
Annual Revenue Requirement, with 0 Basis Point ROE increase	13,435,993
Depreciation (True-Up TCOS, In 108)	939,118
Annual Rev. Req, w/ 0 Basis Point ROE	12,496,875
increase, less Depreciation	

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

Net Transmission Plant (True-Up TCOS, In 48) Annual Revenue Requirement, with 0 Basis Point ROE increase FCR with 0 Basis Point increase in ROE	115,533,816 13,435,993 11.63%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	12,496,875
FCR with 0 Basis Point ROE increase, less Depreciation	10.82%
FCR less Depreciation (True-Up TCOS, In 9)	<u>10.82%</u>
Incremental FCR with 0 Basis Point ROE	0.00%
increase, less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	28,276,934
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	204,031,289
Subtotal	232,308,223
Average Transmission Plant Balance for	116,154,112
Annual Depreciation Rate (True-Up TCOS, In 108)	939,118
Composite Depreciation Rate	0.81%
Depreciable Life for Composite Depreciation Rate	123.68
Round to nearest whole year	124

		Rev R	equire	W Incentives		Incentive	Amounts
TRUE-UP YEAR	2013						
	As Projected in Prior Year WS J	\$	2,798,231	\$	2,798,231	\$	-
	Actual after True-up	\$	3,093,684	\$	3,093,684	\$	-
	True-up of ARR For 2013		295,453		295,453		-

Note 1: Until AEP INDIANA MICHIGAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP INDIANA MICHIGAN TRANSMISSION COMPANY is shown on Worksheet P.

RTEP Rev. Req't.

w/o Incentives

746,488

740,851

735,214

729,577

723,940

718,304 712,667

707,030

701,393

695,756

690,119

684,482

678,845

673,209

667,572

661,935

656,298

650,661

645,024

639,387

633,750

628,113

622,477

616,840

611,203

605,566

599,929 594,292

588,655

583,018

577,382

571,745

566,108

560,471

554,834

543,560

537,923

532,287

526,650

521,013

515,376

509,739

504,102

498,465

492,828

487,191

481,555

475,918

470,281

464,644

459,007

453,370

447,733

442,096

436,460

430,823

425,186

419,549

35,095,281

459,007 \$

453,370 \$

447,733 \$

436,460 \$

430,823 \$

425,186 \$

419,549

35,095,281

442,096

(e.g. ER05-925-000)

Formula Rate WS K TRUE-UP RTEP RR Page 31 of 41

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

A. Base Plan Facilities

Investment

Year

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

2024 2025

2026

2027

2028

2029

2030

2031

2032

2033

2034

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2066 2067

2068 2069

2070

2071

Project Totals

Facilities receiving incentives accepted by FERC in Docket No.

Project Description: RTEP ID: b1465.4 (Make switching improvements at Sullivan and Jefferson 765 kV stations)

Depreciation

Expense

52,113

52,113

52,113

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52,113

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3,074,670

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Beginning

Balance

6,445,564

6,445,564

6,393,451

6,341,338

6,289,225

6,237,112

6,184,999

6,132,886

6,080,773

6,028,660

5,976,547

5,924,433

5,872,320

5,820,207

5,768,094

5,715,981

5,663,868

5,611,755

5,559,642

5,507,529

5,455,416

5,403,303

5,351,190

5,299,077

5,246,964

5,194,851

5,142,738

5,090,625

5,038,512

4,986,399

4,934,286

4,882,172

4,830,059

4,777,946

4,725,833

4,673,720

4,621,607

4,569,494

4,517,381

4,465,268

4,413,155

4,361,042

4,308,929

4,256,816

4,204,703

4,152,590

4,100,477

4,048,364

3,996,251

3,944,138

3,892,024

3,839,911

3,787,798

3,735,685

3,683,572

3,631,459

3,579,346

3,527,233

3,475,120

3,423,007

Ending

Balance

6,445,564

6,393,451

6,341,338

6,289,225

6,237,112

6,184,999

6,132,886

6,080,773

6,028,660

5,976,547

5,924,433

5,872,320

5,820,207

5,768,094

5,715,981

5,663,868

5,611,755

5,559,642

5,507,529

5,455,416

5,403,303

5,351,190

5,299,077

5,246,964

5,194,851

5,142,738

5,090,625

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4,986,399

4,934,286

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4,830,059

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4,517,381

4,465,268

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4,361,042

4,308,929

4,256,816

4,204,703

4,152,590

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4,048,364

3,996,251

3,944,138

3,892,024

3,839,911

3,787,798

3,735,685

3,683,572

3,631,459

3,579,346

3,527,233

3,475,120

3,423,007

3,370,894

2013	Rev Require		Incentive Amounts		
Prior Yr Projected		758,010	758,010		-
Prior Yr True-Up		746,488	746,488		-
True-Up Adjustment		(11,522)	(11,522)		-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

LIFE OF THE PROJECT.

Details			
nvestment	6,445,564	Current Year	2013
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.82%
Jseful life	124	FCR w/incentives approved for these facilities, less dep.	10.82%
CIAC (Yes or No)	No	Annual Depreciation Expense	52,113

Average

Balance

6,445,564

6,419,507

6,367,394

6,315,281

6,263,168

6,211,055

6,158,942

6,106,829

6,054,716

6,002,603

5,950,490

5,898,377

5,846,264

5,794,151

5,742,038

5,689,925

5,637,812

5,585,699

5,533,586

5,481,473

5,429,359

5,377,246

5,325,133

5,273,020

5,220,907

5,168,794

5,116,681

5,064,568

5,012,455

4,960,342

4,908,229

4,856,116

4,804,003

4,751,890

4,699,777

4,647,664

4,543,438

4,491,325

4,439,212

4,387,098

4,334,985

4,282,872

4,230,759

4,178,646

4,126,533

4,074,420

4,022,307

3,970,194

3,918,081

3,865,968

3,813,855

3,761,742

3,709,629

3,657,516

3,605,403

3,553,290

3,501,177

3,449,064

3,396,950

4,595,55

		52,113	LIFE OF THE P				
1			RTEP Projected		RTEP Projected		
			Rev. Req't.From		Rev. Req't.From		True-up of
	RTEP Rev. Req't.	Incentive Rev.	Prior Year WS J		Prior Year WS J	RTEP Rev Req't True-up	Incentive
	with Incentives **	Requirement ##	w/o Incentives		with Incentives **	with Incentives **	with Incentive
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		\$ -	\$ 758,010		\$ 758,010		\$
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	723,940	\$ -		9		-	Φ
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	673,209	\$ -		\$ -		\$ -	\$
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	661,935	\$ -		\$ -		\$ -	\$
	656,298	\$ -		\$ -		\$ -	\$
	650,661	\$ -		\$ -		\$ -	\$
	645,024	\$ -		\$ -		\$ -	\$
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	532,287	\$ -		-		\$	\$
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	515,376	\$ -		\$ -		\$ -	\$
	509,739	\$ -		\$ -		\$ -	\$
	504,102	\$ -		\$ -		\$ -	\$
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ĺ	464,644 450,007	Φ -		- L		*	¢

** This is the total amount that needs to be reported to PJM for billing to all regions.

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

RTEP ID: b1465.2 (Replace the 100 MVAR 765 kV shunt reactor bank on Rockport - Jefferson 765 kV line with a 300 MVAR bank at Rockport Station)

2013	Rev Require		W Incentives	Incentive Amounts	
Prior Yr Projected		1,578,782	1,578,782		-
Prior Yr True-Up		1,722,466	1,722,466		-
True-Up Adjustment		143,684	143,684		-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

LIFE OF THE PROJECT.

Details							
nvestment	15,380,490	Current Year	ent Year				
Service Year (yyyy)	2013	ROE increase accepte	OE increase accepted by FERC (Basis Points)				
Service Month (1-12)	6	FCR w/o incentives, les	ss depreciation			10.82%	
Useful life	124	FCR w/incentives appr	CR w/incentives approved for these facilities, less dep.				
CIAC (Yes or No)	No	Annual Depreciation E	nual Depreciation Expense				

CIAC (Yes or No)	140	Annual Depreciation E	лрензе 				124,353	LIFE OF THE P	NOSEOT.		
								RTEP Projected		RTEP Projected	
								Rev. Reg't.From		Rev. Reg't.From	
Investment	Paginning	Donrociation	Ending	Averege	DTED Dov. Dog!t	DTED Dov. Dog!t	Incontive Boy	Prior Year WS J	DTED Boy Boalt True up	Prior Year WS J	DTED Boy Book True up
Investment	Beginning	Depreciation	Ending	Average	RTEP Rev. Req't.	RTEP Rev. Req't.	Incentive Rev.		RTEP Rev Req't True-up		RTEP Rev Req't True-up
Year	Balance	Expense	Balance	Balance	w/o Incentives	with Incentives **	Requirement ##	w/o Incentives	w/o Incentives	with Incentives **	with Incentives **
2013	15,380,490	62,176	15,318,314	15,349,402	1,722,466	1,722,466	\$ -	\$ 1,578,782	\$ 143,684	\$ 1,578,782	\$ 143,684
2014	15,318,314	124,353	15,193,961		1,774,554	1,774,554		,,,,,,,,,,	¢	,,,,,,,,,,	¢ . 15,55 .
		-		15,256,137					-		Т
2015	15,193,961	124,353	15,069,608	15,131,784	1,761,103	1,761,103	\$ -		\$ -		\$ -
2016	15,069,608	124,353	14,945,255	15,007,431	1,747,652	1,747,652	\$ -		\$ -		\$ -
2017	14,945,255	124,353	14,820,902	14,883,079	1,734,202	1,734,202			¢		¢
									•		Ф -
2018	14,820,902	124,353	14,696,549	14,758,726	1,720,751	1,720,751			\$		\$ -
2019	14,696,549	124,353	14,572,196	14,634,373	1,707,300	1,707,300	\$ -		\$ -		\$ -
2020	14,572,196	124,353	14,447,844	14,510,020	1,693,849	1,693,849			\$		\$
									+		Φ
2021	14,447,844	124,353	14,323,491	14,385,667	1,680,398	1,680,398	-		-		-
2022	14,323,491	124,353	14,199,138	14,261,314	1,666,948	1,666,948	\$ -		\$ -		\$ -
2023	14,199,138	124,353	14,074,785	14,136,961	1,653,497	1,653,497	\$ -		\$ -		\$ -
									¢		¢
2024	14,074,785	124,353	13,950,432	14,012,609	1,640,046	1,640,046			-		-
2025	13,950,432	124,353	13,826,079	13,888,256	1,626,595	1,626,595	\$ -		\$ -		\$ -
2026	13,826,079	124,353	13,701,727	13,763,903	1,613,144	1,613,144	\$ -		\$ -		\$ -
2027	13,701,727	124,353	13,577,374	13,639,550	1,599,694	1,599,694	¢		¢		¢
							φ -		Ф •		Ф -
2028	13,577,374	124,353	13,453,021	13,515,197	1,586,243	1,586,243			\$		\$ -
2029	13,453,021	124,353	13,328,668	13,390,844	1,572,792	1,572,792	\$ -		\$ -		\$ -
2030	13,328,668	124,353	13,204,315	13,266,492	1,559,341	1,559,341			\$		\$
									÷		Φ
2031	13,204,315	124,353	13,079,962	13,142,139	1,545,890	1,545,890			\$		\$ -
2032	13,079,962	124,353	12,955,609	13,017,786	1,532,440	1,532,440	\$ -		\$		\$ -
2033	12,955,609	124,353	12,831,257	12,893,433	1,518,989	1,518,989			\$		\$
									ψ •		Φ
2034	12,831,257	124,353	12,706,904	12,769,080	1,505,538	1,505,538			\$		\$ -
2035	12,706,904	124,353	12,582,551	12,644,727	1,492,087	1,492,087	\$ -		\$ -		\$ -
2036	12,582,551	124,353	12,458,198	12,520,374	1,478,636	1,478,636			\$ -		\$ -
									¢		¢
2037	12,458,198	124,353	12,333,845	12,396,022	1,465,186	1,465,186			-		-
2038	12,333,845	124,353	12,209,492	12,271,669	1,451,735	1,451,735	\$ -		\$ -		\$ -
2039	12,209,492	124,353	12,085,139	12,147,316	1,438,284	1,438,284	\$ -		\$ -		\$ -
2040	12,085,139	124,353	11,960,787	12,022,963	1,424,833	1,424,833			¢		¢
		-							Ф •		Ф -
2041	11,960,787	124,353	11,836,434	11,898,610	1,411,382	1,411,382			\$ -		\$ -
2042	11,836,434	124,353	11,712,081	11,774,257	1,397,932	1,397,932	\$ -		\$ -		\$ -
2043	11,712,081	124,353	11,587,728	11,649,904	1,384,481	1,384,481			¢ _		¢ _
		-							ф Ф		Φ -
2044	11,587,728	124,353	11,463,375	11,525,552	1,371,030	1,371,030			\$		\$ -
2045	11,463,375	124,353	11,339,022	11,401,199	1,357,579	1,357,579	\$ -		\$		\$ -
2046	11,339,022	124,353	11,214,669	11,276,846	1,344,128	1,344,128			\$ -		\$ -
									¢		¢
2047	11,214,669	124,353	11,090,317	11,152,493	1,330,678	1,330,678			-		-
2048	11,090,317	124,353	10,965,964	11,028,140	1,317,227	1,317,227	\$ -		\$ -		\$ -
2049	10,965,964	124,353	10,841,611	10,903,787	1,303,776	1,303,776	\$ -		\$ -		\$ -
2050	10,841,611	124,353	10,717,258	10,779,434	1,290,325	1,290,325			¢		¢
									÷		Φ
2051	10,717,258	124,353	10,592,905	10,655,082	1,276,874	1,276,874			\$		\$ -
2052	10,592,905	124,353	10,468,552	10,530,729	1,263,424	1,263,424	\$ -		\$ -		\$ -
2053	10,468,552	124,353	10,344,200	10,406,376	1,249,973	1,249,973			\$		\$ -
									¢		Φ
2054	10,344,200	124,353	10,219,847	10,282,023	1,236,522	1,236,522			-		-
2055	10,219,847	124,353	10,095,494	10,157,670	1,223,071	1,223,071	\$ -		\$		\$ -
2056	10,095,494	124,353	9,971,141	10,033,317	1,209,621	1,209,621	\$ -		\$ -		\$ -
2057	9,971,141		9,846,788		1,196,170	1,196,170			¢		¢
		124,353		9,908,965					Ф •		Ф -
2058	9,846,788	124,353	9,722,435	9,784,612	1,182,719	1,182,719	\$ -		\$		\$ -
2059	9,722,435	124,353	9,598,082	9,660,259	1,169,268	1,169,268	\$ -		\$ -		\$ -
2060	9,598,082	124,353	9,473,730	9,535,906	1,155,817	1,155,817			\$		\$
									÷		Φ
2061	9,473,730	124,353	9,349,377	9,411,553	1,142,367	1,142,367			\$		\$ -
2062	9,349,377	124,353	9,225,024	9,287,200	1,128,916	1,128,916	\$ -		\$		\$ -
2063	9,225,024	124,353	9,100,671	9,162,847	1,115,465	1,115,465			\$		\$
									•		ψ •
2064	9,100,671	124,353	8,976,318	9,038,495	1,102,014	1,102,014			-		-
2065	8,976,318	124,353	8,851,965	8,914,142	1,088,563	1,088,563	\$ -		-		\$ -
2066	8,851,965	124,353	8,727,612	8,789,789	1,075,113	1,075,113			\$ -		\$ -
									¢		¢
2067	8,727,612	124,353	8,603,260	8,665,436	1,061,662	1,061,662			φ -		Φ -
2068	8,603,260	124,353	8,478,907	8,541,083	1,048,211	1,048,211	\$ -		-		\$ -
2069	8,478,907	124,353	8,354,554	8,416,730	1,034,760	1,034,760			\$ -		\$ -
2070				8,292,377		1,021,309			•		· ©
	8,354,554	124,353	8,230,201		1,021,309				ψ -		-
2071	8,230,201	124,353	8,105,848	8,168,025	1,007,859	1,007,859			5 -		5
2072	8,105,848	124,353	7,981,495	8,043,672	994,408	994,408	\$ -		-		\$ -
Drainat Tatala		7 200 005			92 406 929	02 400 020					

83,406,838

83,406,838

** This is the total amount that needs to be reported to PJM for billing to all regions.

Project Totals

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

7,398,995

Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b2048 (Replace both Tanners Creek 345/138 kV transformers with one bigger transformer)

2013	Rev Require		W Incentives	Incentive Amounts	
Prior Yr Projected		461,439	461,439		-
Prior Yr True-Up		624,730	624,730		-
True-Up Adjustment		163,291	163,291		-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

Details								
vestment	5,775,641	Current Year	ent Year					
ervice Year (yyyy)	2013	ROE increase accepte	E increase accepted by FERC (Basis Points)					
ervice Month (1-12)	12	FCR w/o incentives, les	ss depreciation			10.82%		
seful life	124	FCR w/incentives appr	R w/incentives approved for these facilities, less dep.					
IAC (Yes or No)	No	Annual Depreciation E	al Depreciation Expense					
_					·			

	Jseful life CIAC (Yes or No)			oved for these facilities, le	ess dep.			10.82% 46,697	LIFE OF THE PI	LOW TO MAINTAIN HISTORY OF	TRUED-UP ARRS OVER	IHE
Part	JAC (Yes of No)	INO	Annual Depreciation Ex	xpense				46,697		ROJECT.	RTEP Projected	
Properties Popisition Enforce Average Deprecision Enforce Average Deprecision Enforce Average Deprecision Enforce Average Averag									_		_	
Var	Investment	Poginning	Donrociation	Ending	Avorago	DTED Doy Dog!t	DTED Dov. Dog!t	Incontivo Pov	-	DTED Doy Dog't True up	-	RTEP Rev Reg't True-up
\$\frac{1}{2}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}{2}\frac{1}{1}\frac{1}{2}\frac{1}			_	_	_	•	-					with Incentives **
2014 5,779,641 4,6007 5,779,645 5,002,740 5,000,740 5,			Lxperise					•				
2011			46 607					Φ.	\$ 401,439	ф 103 le	,291 \$ 401,439	ф 103,291 ф
2016						-		Ψ		ф 6	-	-
2017										Ф	-	-
2018								Φ.		\$	-	-
2019								\$ -		\$	-	-
2020								\$ -		\$	-	-
2022 5.46776 46.077 5.355.77 5.277.79 62.456.6 63.544 63.544 6 5 5 5 5 5 5 5 5 5								\$ -		\$	-	\$ -
2022				5,448,764	5,472,113			\$ -		\$	-	\$ -
2023	2021	5,448,764	46,697	5,402,068	5,425,416	633,544	633,544	\$ -		\$	-	\$ -
2024	2022	5,402,068	46,697	5,355,371	5,378,719	628,493	628,493	\$ -		\$	-	\$ -
2004	2023	5,355,371	46,697	5,308,674	5,332,023	623,442	623,442	\$ -		\$	-	\$ -
2026								\$ -		\$	-	\$ -
2026								\$ -		\$	-	\$ -
2007 5,168.894 46,697 5,075,591 5,066,546 500,107 5 5 5 5 5 5 5 5 5								Φ.		\$	_	\$ -
2026								Φ		&		¢
2029 5.075,191 46,697 5.022,465 5.051,843								Φ		Φ	-	- -
2030 5,022,465 46,697 4,981,778 5,005,146 580,005 688,085 5 5 5 5 5 5 5 5 5								Φ		Ф	-	-
2001 4.881,788 46,697 4.895,101 4.886,450 5.810,004 577,003 57								5 -		\$	-	-
2032								\$ -		\$	-	\$ -
2033								\$ -		\$	-	\$ -
2034 4,841,706 46,697 4,783,116 4,813,000 567,881 5 . \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		4,935,101						\$ -		\$	-	\$ -
2015 4.785,011 46,687 4.783,15 4.774,186 552,800 552,800 5 . 5 5 . \$ \$ 2.037 4.704,816 46,687 4.704,816 46,687 4.864,821 4.872,827 552,728 552,728 5 . \$ 5 . \$ 5 . \$ \$ \$ 2.037 4.701,816 46,687 4.864,821 4.872,827 5 . \$ 52,728 5 . \$ 5 . \$ 5 . \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2033	4,888,405	46,697	4,841,708	4,865,056	572,932	572,932	\$ -		\$	-	\$ -
2036	2034	4,841,708	46,697	4,795,011	4,818,360	567,881	567,881	\$ -		\$	-	\$ -
2036	2035	4,795,011	46,697	4,748,315	4,771,663	562,830	562,830	\$ -		\$	-	\$ -
2037 4,701,618 46,667 4,665,421 4,676,270 552,728 552,728 \$					· · · · · ·			\$ -		\$	-	\$ -
2038								\$ -		\$	-	\$ -
20139								\$ -		\$	_	\$ -
2040								Φ		\$		¢ _
2041								φ •		9		÷
2042								ф -		Φ	-	-
2043								5 -		\$	-	5 -
2044			•			,				\$	-	-
2045										\$	-	\$ -
2046										\$	-	\$ -
2047	2045	4,328,045		4,281,348						\$	-	\$ -
2048	2046	4,281,348	46,697	4,234,651	4,258,000	507,269	507,269	\$ -		\$	-	\$ -
2048	2047	4,234,651	46,697	4,187,955	4,211,303	502,218	502,218	\$ -		\$	-	\$ -
2049	2048							\$ -		\$	-	\$ -
2050										\$	-	\$ -
2051								Φ.		\$	-	\$ -
2052 4,001,188 46,667 3,954,471 3,977,820 476,963 476,963 \$ - \$ <								\$ -		\$	_	\$ -
2053								Φ		¢		¢ _
2054 3,907,775 46,697 3,861,078 3,884,426 466,861 466,861 \$ -								Φ.		9		ф ф
2055								Φ.		Φ	-	-
2056 3,814,382 46,697 3,767,685 3,791,033 456,759 456,759 456,759 \$ \$ \$ \$ \$ \$ \$ \$ \$								Ψ		Ф	-	Ф Ф
2057 3,767,685 46,697 3,720,988 3,744,337 451,708 451,708 5 - 5 - \$ \$ - <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>D</td><td></td><td>- -</td></td<>										D		- -
2058 3,720,988 46,697 3,674,292 3,697,640 446,657 446,657 446,657 5 5 5 5 5 5 5 5 5								\$ -		\$	-	-
2059 3,674,292 46,697 3,627,595 3,650,943 441,606 441,606 \$ -								Ψ		\$	-	-
2060 3,627,595 46,697 3,580,898 3,604,247 436,555 431,504 431,504 5 5 5 5 5 5 6 5 5 6 5 5 6 6 5 5 6 6 5 6 5 6 6 6 5 6 7 3,440,808 3,464,157 421,402 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$ -</td> <td></td> <td>\$</td> <td>-</td> <td>-</td>								\$ -		\$	-	-
2060 3,627,595 46,697 3,580,898 3,604,247 436,555 431,504 431,504 5 5 5 5 5 5 6 5 5 6 5 5 6 6 5 5 6 6 5 6 5 6 6 6 5 6 7 3,440,808 3,464,157 421,402 <td>2059</td> <td>3,674,292</td> <td>46,697</td> <td>3,627,595</td> <td>3,650,943</td> <td>441,606</td> <td>441,606</td> <td>\$ -</td> <td></td> <td>\$</td> <td>-</td> <td>-</td>	2059	3,674,292	46,697	3,627,595	3,650,943	441,606	441,606	\$ -		\$	-	-
2061 3,580,898 46,697 3,534,202 3,534,202 3,534,202 46,697 3,487,505 3,510,853 426,453 426,453 426,453 5 5 5 6 5 5 6 5 7 5 6 5 7 5 6 5 7 7 6 6 7 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>\$ -</td><td></td><td>\$</td><td>-</td><td>-</td></t<>								\$ -		\$	-	-
2062 3,534,202 46,697 3,487,505 3,510,853 426,453 426,453 \$ - \$ -								\$ -		\$	-	-
2063 3,487,505 46,697 3,440,808 3,464,157 421,402 421,402 \$ - 2 \$ \$ - 2								\$ -		\$	-	-
2064 3,440,808 46,697 3,394,112 3,417,460 416,351 416,351 \$ - \$ - \$ \$										\$	-	· \$
2065 3,394,112 46,697 3,347,415 3,370,763 411,300 411,300 \$ - \$ \$ <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Φ.</td><td></td><td>\$</td><td></td><td><u> </u></td></td<>								Φ.		\$		<u> </u>
2066 3,347,415 46,697 3,300,718 3,300,718 3,300,718 46,697 3,254,022 3,277,370 401,198 401,198 5 - 5 5 - \$ 2068 3,254,022 46,697 3,207,325 3,230,673 396,147 \$ - \$ \$ - \$ 2069 3,207,325 46,697 3,160,628 3,113,932 3,137,280 386,045 386,045 \$ - \$ \$ - \$ 2071 3,113,932 46,697 3,067,235 3,090,583 3,090,583 380,994 \$ - \$ \$ - \$ 2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 * - * * - \$ 2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 * - * * - * * - * * - * * - * * * * - *								Ψ		Ψ e		- •
2067 3,300,718 46,697 3,254,022 3,277,370 401,198 401,198 \$ - \$ - \$ \$ - \$ \$ - \$ \$ - \$ \$ - \$ - \$ \$ - \$ \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Φ</td><td></td><td>φ •</td></td<>										Φ		φ •
2068 3,254,022 46,697 3,207,325 3,230,673 396,147 396,147 \$ - \$ - \$ \$ - \$ \$										Ф		ф •
2069 3,207,325 46,697 3,160,628 3,183,977 391,096 391,096 \$ - \$ \$ - \$ 2070 3,160,628 46,697 3,113,932 3,113,932 3,113,932 3,067,235 3,067,235 3,090,583 380,994 380,994 \$ - \$ \$ - \$ 2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 \$ - \$ \$ - \$			-							\$	-	-
2070 3,160,628 46,697 3,113,932 3,137,280 386,045 386,045 \$ - \$ \$ \$ \$ - \$ \$ 2071 3,113,932 46,697 3,067,235 3,090,583 380,994 380,994 \$ - \$ \$ - \$ \$ - \$ \$ 2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 \$ - \$ \$ \$ \$ - \$ \$								\$ -		\$	-	-
2071 3,113,932 46,697 3,067,235 3,090,583 380,994 380,994 \$ - \$ - \$ \$ - \$ \$ 2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 \$ - \$ \$ - \$ \$ - \$ \$								\$ -		\$	-	-
2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 \$ - \$								\$ -		\$	-	-
2072 3,067,235 46,697 3,020,538 3,043,887 375,943 375,943 \$ - \$ \$								\$ -		\$	-	-
Droiget Totals 0.755.402 04.447.005	2072		46,697	3,020,538	3,043,887	375,943	375,943	\$ -		\$	-	-
Project rotals 2,755,105 31,447,635 -	Project Totals		2,755,103			31,447,635	31,447,635	-				

** This is the total amount that needs to be reported to PJM for billing to all regions.

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

Page 33 of 41

AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet L Supporting Projected Cost of Debt AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

	(A)	(B)	(C)	(D)
<u>Line</u> Number	Issuance	Principle Outstanding	Interest Rate	Annual Expense
Number	<u>issualice</u>	Finciple Outstanding	interest Kate	(See Note S on
				Projected Template)
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			-
3 4				-
5				
6	Reacquired Bonds - Total Account 222			_
7				-
8				-
9				-
10	Advances from Assoc Companies			-
11	Senior Notes, Series A, Tranche A, 3.30%	20,800,000	3.300%	686,400
12 13	Senior Notes, Series A, Tranche B, 4.00% Senior Notes, Series A, Tranche C, 4.73%	17,000,000 12,200,000	4.000% 4.730%	680,000 577,060
14	Senior Notes, Series A, Tranche E, 4.73% Senior Notes, Series A, Tranche E, 4.83%	7,500,000	4.830%	577,060 362,250
15	Senior Notes, Series B, Tranche A, 2.73%	9,250,000	2.730%	252,525
16	Senior Notes, Series B, Tranche B, 4.05%	11,100,000	4.050%	449,550
17	Senior Notes, Series B, Tranche C, 4.38%	11,100,000	4.380%	486,180
18	Senior Notes, Series B, Tranche D, 5.32%	18,500,000	5.320%	984,200
19				-
20				-
21 22	Other Long Term Debt - Acc 224			-
23	Other Long Term Debt - Acc 224			
24				-
25				-
26				-
27				-
28	Sale/Leaseback (If Applicable)		0.00%	
29	Issuance Discount, Premium, & Expenses:			
30	Auction Fees	FF1.p. 256 & 257.Lines Described as I	Fees	-
31	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		22,053
32	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
00	Page 201 Poly			
33 34	Reacquired Debt: Amortization of Loss	FF1.p. 117.64.c		
3 4 35	Less: Amortization of Gain	FF1.p. 117.64.c FF1.p. 117.66.c		
33	2033. Amortization of Gain	11 1.p. 117.00.0		
36	Total Interest on Long Term Debt	107,450,000	4.19%	4,500,218
37	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
38 39				-
39 40				-
41				
42				-
43				-
44				-
45				-
40	Photos Is an Port 100 1		0.0007	
46	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM Transmission Cost of Service Formula Rate AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2012 & 12/31/2013

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2013	Balances @ 12/31/2012	Average
	of Average Balance of Common Equity			
1 Proprietary	/ Capital (112.16.c&d)	118,568,493	49,338,987	83,953,740
	erred Stock (Ln 48 Below)	-	-	-
	unt 216.1 (112.12.c&d)	•	-	-
	unt 219.1 (112.15.c&d) Balance of Common Equity	118,568,493	49,338,987	83,953,740
5 Average L	balance of Common Equity	110,300,493	49,330,967	65,955,740
<u>Development</u>	of Cost of Long Term Debt Based on Ave	erage Outstanding Bal	<u>lance</u>	
6 Bonds (11	2.18.c&d)		-	-
7 Less: Read	cquired Bonds (112.19.c&d)	-	-	-
	ces from Assoc. Companies (112.20.c&d)	107,450,000	50,000,000	78,725,000
	secured Notes (112.21.c&d)	-	-	-
10 Less: Fair	Value Hedges (See Note on Ln 12 below)	107,450,000	50,000,000	78,725,000
11 Total Avei	age Debt	107,430,000	30,000,000	76,725,000
included i	ne balance of fair value hedges on outstanding lon in the formula's capital structure. (Page 257, Colun terest Expense for 2013 in Long Term Debt (256-257.33.i)	_	uded from the balanc	2,554,097
	Il Hedge (Gain)/Expense Accumulated from p 256-25	7, col (i) of FERC Form 1		
	Ln 14 and shown in Ln 32 below.			-
	Debt Discount & Expense (117.63.c)			22,053
	oss on Reacquired Debt (117.64.c)			-
	ort of Premium on Debt (117.65.c) ort of Gain on Reacquired Debt (117.66.c)			•
	rest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18	3 - I n 19)	_	2,576,150
20 Total litter	est Expense (Lii 14 - Lii 13 + Lii 10 + Lii 17 - Lii 16	5 - Lii 1 <i>9)</i>		2,370,130
21 Average C	Cost of Debt for 2013 (Ln 20/Ln 11)		Г	3.27%
			_	
	ATION OF HEDGE GAINS/LOSSES TO BE EXLCUD			
22 AEP INDI	ANA MICHIGAN TRANSMISSION COMPANY ma	ay not include costs (or ga	ains) related to intere	
				Amortization

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	(Amortization of (Gain)/Loss for 2013	Remaining Unamortized Balance	Beginning	Ending
23					
24					
25					
26					
27					
28					
29					
30					
31					
	_				

Development of Cost of Preferred Stock

32 Net (Gain)/Loss Hedge Amortization To Be Removed



AEPTCo subsidiaries in PJM Cost of Service Formula Rate Using 2013 FF1 Balances Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use AEP INDIANA MICHIGAN TRANSMISSION COMPANY

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

	(A)	(B)	(C) (D) Function	(E)	(F)	(G) Functional	(H) Functionalized	(I) FERC
Line	Date	Property Description	(T) or (G) Basis T = Transmission G = General	Proceeds	(Gain) / Loss	Allocator	Proceeds (Gain) / Loss	Account
1					-	0.000%	-	
2					-	0.000%	-	
3					-	0.000%	-	
4			Net (Gain) or I	oss for 2013			<u>-</u>	

AEPTCo subsidiaries in PJM

Cost of Service Formula Rate Using 2013 FF1 Balances

Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service Worksheet O - PBOP Support

РВОР	(A)	(B)
1	Calculation of PBOP Expenses	. ,
2	AEP System PBOP Rate	
3	Total AEP System PBOP expenses	-\$17,177,382
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$17,177,382
6	Total AEP System Direct Labor Expense	\$1,225,451,318
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.014
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	444,385
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$41,772
11	Direct PBOP Expense per Actuarial Report	\$0
12	· · · ·	\$0 \$0
13	Additional PBOP Ledger Entry (From Company Records) Medicare Credit	\$0 \$0
		· ·
14	PBOP Expenses From AEP Affiliates (From Company Records)	-\$3,567
15	Actual PBOP Expense (Sum Lines 11-14)	-\$3,567
16	PBOP Adjustment Line 10 less Line 15	\$45,339

AEPTCo subsidiaries in PJM Worksheet - P DEPRECIATION RATES FOR TRANSMISSION PLANT PROPERTY ACCOUNTS EFFECTIVE AS OF July 1, 2014

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Land Rights	350.1	1.27%
Structures & Improvements	352.0	1.32%
Station Equipment	353.0	1.69%
Towers & Fixtures	354.0	1.60%
Poles & Fixtures	355.0	2.43%
Overhead Conductor	356.0	1.53%
Underground Conduit	357.0	1.56%
Underground Conductors	358.0	1.55%
Trails & Roads	359.0	1.49%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP INDIANA MICHIGAN TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pusuant to a Section 205 or 206 filing to change rates.

	Composite Depreciation Rate	<u>I & M</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)	1,153,823,876	1,153,823,876
2	T-Plant (FF1 206.58.b)	1,115,559,969	1,115,559,969
3	Average (Ln 1+ Ln 2)/2	1,134,691,923	1,134,691,923
4	Depreciation (FF1 336.7.f)	16,178,988	16,178,988
5	Composite Depreciation (Ln 3 / Ln 4)		1.43%

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

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2013 Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
Development of Long Term Debt Balances at Year End	200 200 000						200 200 000
1 Bonds (112.18.c&d) 2 Less: Reacquired Bonds (112.19.c&d)	380,300,000	40,000,000		Ī.,	460,400,000	-	380,300,000 500,400,000
3 LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	-	20,000,000	20,000,000	-	25,000,000	151,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund 5 Less: Fair Value Hedges (See Note on Ln 7 below)	3,734,854,787 -	1,640,281,142 -	730,000,000	-	2,933,684,996	-	9,038,820,925 -
6 Total Long Term Debt Balance	4,201,154,787	1,600,281,142	750,000,000	20,000,000	2,473,284,996	25,000,000	9,069,720,925
7 NOTE: 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 for	rmula's capital structur	e. (page 257, Colu	ımn H of the FF1)		
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	185,202,116	92,594,357	35,048,706	904,000	177,049,876	1,312,500	492,111,555
9 Amort of Debt Discount & Expense (117.63.c) 10 Amort of Loss on Reacquired Debt (117.64.c)	3,337,225 1,347,335	2,814,644 1,941,251	471,186 33,649	-	5,807,092 1,359,637	-	12,430,147 4,681,872
11 Less: Amort of Premium on Debt (117.65.c)	-		-	-	-	-	-
12 Less: Amort of Gain on Reacquired Debt (117.66.c) 13 Less: Hedge Interest on pp 256-257(i)	- 1,558,935	1,712 916,010	- 92,956	-	(2,097,663)	-	1,712 470,238
14 LTD Interest Expense	188,327,741	96,432,530	35,460,585	904,000	186,314,268	1,312,500	508,751,624
Development of Cost of Preferred Stock and Preferred Dividends	8						
15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 8.c) 17 Shares Outstanding (p.250-251. 8.e)	\$ 100.00 -	\$ 100.00 -		5	100.00		
18 Monetary Value (Ln 16 * Ln 17) 19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
		-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a) 21 Par Value (p. 250-251. 8.c)		4.12% \$ 100.00		9	4.20% 100.00		
22 Shares Outstanding (p.250-251. 8.e)		-			-		
23 Monetary Value (Ln 21 * Ln 22) 24 Dividend Amount (Ln 20 * Ln 23)	- -	- -	-	- -	- -	-	- -
		4.500/			4.400/		
25 Dividend Rate (p. 250-251. 7.a) 26 Par Value (p. 250-251. 8.c)		4.56% \$ 100.00		\$	4.40% 100.00		
27 Shares Outstanding (p.250-251. 8.e) 28 Monetary Value (Ln 26 * Ln 27)		-			-		
29 Dividend Amount (Ln 25 * Ln 28)	- -	- -	-	- -	- -	-	- -
30 Dividend Rate (p. 250-251. 7.a)					4.50%		
31 Par Value (p. 250-251. 8.c)				\$			
32 Shares Outstanding (p.250-251. 8.e) 33 Monetary Value (Ln 31 * Ln 32)	<u>-</u>	<u>-</u>	-	-	-	-	-
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c) 38 Less: Preferred Stock (Ln 35 Above)	3,231,334,227	1,922,153,922	839,369,490	31,081,849	1,625,265,129	120,225,152	7,769,429,769
39 Less: Account 216.1 (112.12.c)	1,639,734	(96,036)	-	-	4,915,704	-	6,459,402
40 Less: Account 219.1 (112.15.c) 41 Balance of Common Equity	2,951,210 3,226,743,283	(15,508,739) 1,937,758,697	(5,419,702) 844,789,192	3,296 31,078,553	7,079,463 1,613,269,962	972,206 119,252,946	(9,922,266) 7,772,892,633
	0,==0,: 10,=00	.,001,100,001	0.1,1.00,10=	0.,0.0,000	.,0.0,200,002	0,202,0 . 0	.,,,
<u>Calculation of Capital Shares</u> 42 Long Term Debt (Ln 6 Above)	4,201,154,787	1,600,281,142	750,000,000	20,000,000	2,473,284,996	25,000,000	9,069,720,925
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above) 45 Total Company Structure	3,226,743,283 7,427,898,070	1,937,758,697 3,538,039,839	844,789,192 1,594,789,192	31,078,553 51,078,553	1,613,269,962 4,086,554,958	119,252,946 144,252,946	7,772,892,633 16,842,613,558
46 LTD Capital Shares (Ln 42 / Ln 45)	56.56%	45.23%	47.03%	39.16%	60.52%	17.33%	53.85%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
48 Common Equity Capital Shares (Ln 44 / Ln 45)	43.44%	54.77%	52.97%	60.84%	39.48%	82.67%	46.15%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	56.56%	45.23%	47.03%	39.16%	60.52%	17.33%	53.85%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	43.44%	54.77%	52.97%	60.84%	39.48%	82.67%	46.15%
Calculation of Capital Cost Rate	4.4007	0.0007	4 700/	4 F00/	7.500/	F 050/	E 040/
53 LTD Capital Cost Rate (Ln 14 / Ln 6) 54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	4.48% 0.00%	6.03% 0.00%	4.73% 0.00%	4.52% 0.00%	7.53% 0.00%	5.25% 0.00%	5.61% 0.00%
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.54%	2.73%	2.22%	1.77%	4.56%	0.91%	3.02%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54) 58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	0.00% 4.99%	0.00% 6.29%	0.00% 6.09%	0.00% 6.99%	0.00% 4.54%	0.00% 9.50%	0.00% 5.30%
59 Total Company Structure	7.53%	9.02%	8.31%	8.76%	9.10%	10.41%	

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Capital Structure @ December 31, 2012 Worksheet Q Page 2

	Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
February 1,000 1	Development of Long Term Debt Balances at Year End				_			_
Section Description Desc	· ·	-	-	-	-		-	462,500,000
The content of the content distance 1,700 points of t	· · · · · · · · · · · · · · · · · · ·	2 700 992 445	- 1 572 420 609	· · · · · · · · · · · · · · · · · · ·				
3.7 1.5		3,709,883,415	1,572,429,608	530,000,000		4,130,325,000		9,942,638,023
Page		3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
Page	66 NOTE: The balance of fair value hedges on outstanding long term debt are to be	oe excluded from the balance o	f long term debt included in the fo	rmula's capital structur	e. (p. 257. Column	H of the FF1)		
					(F. 1 – 5.)	,		
82 Person Deve Devocate Screen 117 July 10,400 10		102 129 002	00 701 500	25 049 706	004.000	212 506 229	1 212 500	522 612 017
State Stat								
1999 1999	, ,	1,342,096	1,483,709	33,649	-	1,336,128		4,195,582
18 18 18 18 18 18 18 18	· · · · · · · · · · · · · · · · · · ·		- 1,712	1	1	Ī.,		- 1,712
Personal Cost of Parlament Stock and Preferred Dividends	72 Less: Hedge Interest on pp 256-257(i)		916,010					530,525
A Dischard Rate 3-00-513, 7-a	/3 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
75 Per Value 0.200-251 A. 0.0000 S 100.000 S 100.0000 S 100.000								
7.7 Shoristicy (Sales Carlistics Carlis Carl	······································				\$			
78 Dissent Storage (19.00 25.1.5.2) 59 Per Visua (p. 20.00 25.1.5.2) 51 Shares Dissanding (p. 20.00 25.1.5.2) 51 Shares Dissanding (p. 20.00 25.1.5.2) 52 Ministry Vidua (p. 20.00 25.1.5.2) 52 Ministry Vidua (p. 20.00 25.1.5.2) 53 Dividend Amount (p. 10 11.1.5.2) 54 Dividend Amount (p. 10 11.1.5.2) 55 Dividend Amount (p. 10 11.1.5.2) 56 Dividend Amount (p. 10 11.1.5.2) 57 Per Visua (p. 20.00 25.1.5.2) 58 Dividend Amount (p. 10 11.1.5.2) 58 Dividend Amount (p. 10 11.1.5.2) 58 Dividend Amount (p. 10 11.1.5.2) 59 Dividend Amount (p. 10 11.1.5.2) 59 Dividend Amount (p. 10 11.1.5.2) 50 Dividend Amount (p.	"		φ 100.00 -		Ψ			
Part Dickert Align Part Par		-	-	-	-	-	-	-
8 Port Value (p. 260-261, 6.2) 8 Shares Outstandy (p. 260-261, 6.2) 8 Shares Outstandy (p. 260-261, 6.2) 8 Chordens Amount (p. 161 (p. 161) 8 Chordens Charge (p. 260-261, 6.4) 8	78 Dividend Amount (Lit 74 - Lit 77)	-	-	-	-	-	-	-
81 Shrease Outstanding (p.200-95.1 Ag) 25 Monesely value (p. 100 ° 1) m 1					Ф.			
S.D. Didender Amount ((m. 79 m.) 250,251,77 m) 4,50% 1,000 m					Ψ			
A Division Rate (q. 250-261, 7.a)	· · · · · · · · · · · · · · · · · · ·	-	-	-	-	-	-	-
85 ShareQ Action (1,085°1,0.6) 85 ShareQ Action (1,085°1,0.6) 80 Discord Rate (1,0.200,0.251,7.a) 80 Discord Rate (1,0.200,0.251,7.a) 81 ShareQ Action (1,0.86°1,0.6) 81 ShareQ Action (1,0.86°1,0.6) 82 Discord Rate (1,0.200,0.251,7.a) 83 Discord Rate (1,0.200,0.251,7.a) 84 ShareQ Action (1,0.86°1,0.6) 85 ShareQ Action (1,0.86°1,0.6) 86 ShareQ Action (1,0.86°1,0.6) 87 ShareQ Action (1,0.86°1,0.6) 88 ShareQ Action (1,0.86°1,0.6) 89 Fave Name (1,0.200,0.251,7.a) 89 Fave Name (1,0.200,0.251,7.a) 80 Discord Rate (1,0.200,0.251,7.a) 80 Discord Rate (1,0.200,0.251,7.a) 80 Provided (1,0.200,0.251,7.a) 80 Pro	83 Dividend Amount (Ln 79 * Ln 82)	-	-	-	-	-	-	-
86 Stream Cultaturding (p. 250-251, 8.c) 87 Monetary Value (p. 10-20-251, 8.c) 87 Monetary Value (p. 10-20-251, 8.c) 97 Part Value (p. 250-251, 8.c) 98 Part Value (p. 250-251, 8.c) 99 Part Value (p. 250-251, 8.c) 99 Part Value (p. 250-251, 8.c) 99 Part Value (p. 250-251, 8.c) 90 Part Value (p. 250-251, 8.c) 90 Part Value (p. 250-251, 8.c) 91 Sharako Cultary Value (p. 10-10-10-10-10-10-10-10-10-10-10-10-10-1	······································							
87 Monetary Value (Lin St 'Lin Sc) 88 Dividend Renate (12-90-25): 7, 13 98 Dividend Renate (12-90-25): 7, 13 99 Part Valley, 12-90-25): 1, 13 91 Part Valley, 12-90-25): 1, 13 91 Part Valley, 12-90-25): 1, 13 92 Monetary Value (Lin St 'Lin St) 93 Dividend Amount (Lin St 'Lin St) 93 Dividend Amount (Lin St 'Lin St) 94 Preferred Stock (Lin St, 85, 86, 83) 95 Preferred Dividends (Lin St, 85, 86, 83) 96 Preprinted Stock (Lin St, 85, 86, 83) 97 Preferred Stock (Lin St, 85, 86, 83) 97 Preferred Stock (Lin St, 85, 86, 83) 98 Less Account 21:11 (12-15) 99 Less Account 21:11 (12-	u ,				\$			
89 Dividend Rate (p. 250/251. 7.a) 90 Part Value (p. 250/251. 8.c) 15 Sharea Countaired (p. 250/251. 8.c) 25 Moredary Value (p. 19 1 in 31) 26 Moredary Value (p. 19 1 in 31) 27 Sharea Countaired (p. 250/251. 8.c) 28 Moredary Value (p. 19 1 in 31) 29 Dividend Manure (p. 19 2 in 31) 29 Dividend Manure (p. 19 2 in 31) 29 Dividend Manure (p. 19 2 in 31) 29 Preferred Stock (p. 19 4, 20 2) 20 Preferred Stock (p. 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	87 Monetary Value (Ln 85 * Ln 86)	-	-	-	-	-	-	-
90 Pr/ Value (p. 250-251. 8c) 1 Shares Cuntarding (p.	88 Dividend Amount (Ln 84 * Ln 87)	-	-	-	-	-	-	-
91 Shares Outstanding (p.250-251, 8.e) 92 Monelarly Value (ji. 190 * 1 190 *	",							
99 Morelard Ystlaw (Ln 90* Ln 91) 91 Okiedard Associate (Ln 97 x 92, 97.92) 92 Preferred Stock (Ln 97, 82, 87,92) 93 Preferred Dividends (Ln 27, 83, 88,93) 94 Preferred Stock (Ln 97, 82, 87,92) 95 Preferred Dividends (Ln 27, 83, 88,93) 95 Proprehavy Capital (112-16c) 96 Proprehavy Capital (112-16c) 97 Less Preferred Stock (Ln 94 Above) 97 Less Preferred Stock (Ln 94 Above) 98 Less Account (215, 11(12-15c) 98 Less Account (215, 11(12-15c) 99 Less Account (215					\$	100.00		
94 Preferred Stock (Lns 77, 82, 87,92) 95 Preferred Dividends (Lns 78, 82, 88,93) 96 Propriet and Dividends (Lns 78, 82, 88,93) 97 September (Lns 78, 82, 88,93) 98 Propriet and Dividends (Lns 78, 82, 88,93) 98 Propriet and Dividends (Lns 78, 82, 88,93) 98 Propriet and Dividends (Lns 78, 82, 88,93) 99 Less (Lns 78, 82, 88,94) 99 Less (Lns 78, 82,84) 99 Less (Lns 78, 82,8	92 Monetary Value (Ln 90 * Ln 91)	-	-	-	-	-	-	-
Separation Sep	93 Dividend Amount (Ln 89 * Ln 92)	-	-	-	-	-	-	-
Pevelopment of Common Equity 3,052,563,357 1,803,774,765 479,610,035 29,856,296 4,489,200,654 90,108,311 9,945,214,040 97 Less Preferred Stock (Ln 94 Above) 98 Less: Account 216.1 (112.12.6) 1,684,344 (104.879) - 2,204.800 - 3,754.265 (278,816) (27		-	-	-	-	-	-	-
96 Proprietary Capital (112.16.c) 97 Less: Preferred Stock (Ln 94 Above) 9. Less: Account 216.1 (112.12.c) 9. Less: Account 216.1 (112.12.c) 9. Less: Account 216.1 (112.15.c) 9. Less: Account 216.1 (112.15.c) 1. 654.344 1. (104.679) 9. Less: Account 216.1 (112.15.c) 1. 658.345.2 (28.987.592) 1. 628.84.204) 1. (4008.880) 1.	95 Preferred Dividends (Lns 78, 83, 88,93)	-	-	-	-	-	-	-
97 Less: Proferred Stock (Ln 94 Abovo) 98 Less: Account 219.1 (112 L2 C) 99 Less: Account 219.1 (112 L3 C) 1,058.344 (104.879) 1,058.345 (10.8891.592) 1,008 Balance of Common Equity 3,080,806,805 1,832,763,838 480,018,915 2,955,380 4,852,720,406 90,583,127 1,0168,848,271 1,010 Balance of Common Equity Calculation of Capital Shares 101 Long Ferm Debt (Ln 65 Above) 3,709,883,415 1,572,429,608 5,000,000 2,000,000 3,867,825,000 2,000,000 9,745,138,023 102 Preferred Stock (Ln 94 Abova) 1,03 Common Equity (Ln 104 Abova) 1,04 Capital Shares (Ln 101 Ln 104) 1,05 Capital Shares (Ln 101 Ln 104) 1,06 Preferred Stock Capital Shares (Ln 103 / Ln 104) 1,07 Common Equity (Ln 100 Above) 1,07 Common Equity (Ln 100 Above) 1,08 Capital Shares (Ln 101 / Ln 104) 1,07 Common Equity (Ln 100 Above) 1,08 Capital Shares (Ln 101 / Ln 104) 1,08 Capital Shares (Ln 102 / Ln 104) 1,09 Capital Shares (Ln 103 / Ln 104) 1,00 Capital Shares (Ln 103 / Ln 104) 1,09 Capital Shares (Ln 105 / Ln	Development of Common Equity							
98 Less. Account 216.1 (112.12.c)		3,052,563,357	1,803,774,755	479,610,035	29,956,296			9,945,214,408
103 Balance of Common Equity 3,080,806,605 1,832,763,838 480,018,915 29,955,380 4,652,720,406 90,583,127 10,166,848,271	· · · · · · · · · · · · · · · · · · ·	1,654,344	(104,879)	-	-			3,754,265
Calculation of Capital Shares 1,572,429,608 550,000,000 20,000,000 3,867,825,000 25,000,000 9,745,138,023 102 Preferred Stock (Ln 94 Above) 3,008,806,605 1,832,763,838 480,018,915 29,955,380 4,652,720,406 90,583,127 10,166,848,271 103 Common Equity (Ln 104) Above) 3,008,806,605 1,832,763,838 480,018,915 29,955,380 4,652,720,406 90,583,127 10,166,848,271 104 Total Company Structure 6,790,690,020 3,405,193,446 1,030,018,915 49,955,380 8,520,545,406 115,583,127 19,911,986,294 105 LTD Capital Shares (Ln 101 / Ln 104) 54,63% 46,18% 53,40% 40,04% 45,39% 21,63% 48,94% 40,64% 40,04% 40,			1	, ,				
101 Long Term Debt (Ln 65 Above) 3,709,883,415 1,572,429,608 550,000,000 20,000,000 3,867,825,000 25,000,000 9,745,138,023 102 Preferred Stock (Ln 94 Above) 3,080,806,605 1,832,763,838 480,018,915 29,955,380 4,852,720,406 90,583,127 10,166,848,271 104 Total Company Structure 6,790,690,020 3,405,193,446 1,030,018,915 49,955,380 8,520,545,406 115,583,127 19,911,986,294 105 LTD Capital Shares (Ln 101 / Ln 104) 54,83% 46,18% 53,40% 40,00% 0,00% 0,00% 0,00% 100	100 Balance of Common Equity	3,000,000,000	1,032,703,030	460,016,915	29,955,360	4,052,720,400	90,363,127	10,100,040,271
102 Preferred Stock (in 94 Above) 3,080,806,605 1,832,763,838 480,018,915 29,955,380 4,652,720,406 90,583,127 10,166,848,271 104 Total Company Structure 6,790,690,020 3,405,193,446 1,030,018,915 49,955,380 8,520,545,406 115,583,127 19,911,986,294 105 LTD Capital Shares (in 101 / lin 104) 54,63% 46,18% 53,40% 40,04% 45,39% 21,63% 48,94% 106 Preferred Stock Capital Shares (in 102 / lin 104) 0,00% 0,00% 0,00% 0,00% 0,00% 0,00% 0,00% 107 Common Equity Capital Shares (in 103 / lin 104) 45,37% 53,82% 46,60% 59,96% 54,61% 78,37% 51,06% 109,00% 109,00% 100,00%		0.700.000 / : -		PPO 000 100	00.000.000	0.00= 00= 00=	05 000 000	07/- /
103 Common Equity (Ln 100 Above) 3.080,806,605 1.832,763,838 480,018,915 29,955,380 4.652,720,406 90,583,127 10,166,848,271 104 Total Company Structure 6.790,690,020 3.405,193,446 1.030,018,915 49,955,380 8.520,545,406 115,583,127 19,911,986,294 105 LTD Capital Shares (Ln 101 / Ln 104) 5.463% 46.18% 53.40% 40.04% 45.39% 21.63% 48.99% 48.9	• ,	3,709,883,415 -	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
105 LTD Capital Shares (Ln 101 / Ln 104) 54.63% 46.18% 53.40% 40.04% 45.39% 21.63% 48.94% 106 Preferred Stock Capital Shares (Ln 102 / Ln 104) 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 107 Common Equity Capital Shares (Ln 103 / Ln 104) 45.37% 53.82% 46.60% 59.96% 54.61% 78.37% 51.06% 108 Equity Capital Share Limit 100.00% 100.00% 100.00% 100.00% 51.00% 100.00% 50.00% 109.00% 50.00% 109.00% 51.00% 100.00% 51.00% 100.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.00% 50.00% 109.0				· · · · · · · · · · · · · · · · · · ·				
106 Preferred Stock Capital Shares (Ln 102 / Ln 104) 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 51.06% 51.06% 51.06% 51.06% 51.00% 51.00% 51.00% 51.00% 51.00% 51.00% 50.00%	104 Total Company Structure	0,790,090,020	3,405,193,446	1,030,018,915	4 9,9 55,38U	ი,ⴢ∠∪,ⴢ4Ⴢ,4Ⴎნ	115,583,127	19,911,986,294
107 Common Equity Capital Shares (Ln 103 / Ln 104) 45.37% 51.06% 108 Equity Capital Share Limit 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 51.00% 50.00% 100.00% 50.00% 100.00% 51.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 100.00% 50.00% 50.00% 110 Common Equity Capital Shares with Capital Equity Cap 45.37% 53.82% 46.60% 59.96% 51.00% 78.37% 49.52% Calculation of Capital Cost Rate 112 LTD Capital Cost Rate (Ln 73 / Ln 65) 5.25% 5.62% 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94) 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 11.49% 11.6 Preferred Stock Capital Cost Rate (Ln 109 * Ln 112) 0.00% 0.0	·							
108 Equity Capital Share Limit 100.00%								
109 LTD Capital Shares with Capital Equity Cap 54.63% 46.18% 53.40% 40.04% 49.00% 21.63% 50.48% 110 Preferred Stock Capital Shares with Capital Equity Cap 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 111 Common Equity Capital Shares with Capital Equity Cap 45.37% 53.82% 46.60% 59.96% 51.00% 78.37% 49.52% Calculation of Capital Cost Rate (Ln 73 / Ln 65) 5.30% 5.96% 6.45% 4.52% 5.69% 5.25% 5.62% 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94) 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 11.49% 1	108 Equity Canital Share Limit	100 00%	100 00%	100 00%	100 00%	51 00%	100 00%	50 00%
110 Preferred Stock Capital Shares 111 Common Equity Capital Shares with Capital Equity Cap 112 LTD Capital Cost Rate 112 LTD Capital Cost Rate (Ln 73 / Ln 65) 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94) 114 Common Equity Capital Cost Rate 115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112) 115 LTD Weighted Capital Cost Rate (Ln 110 * Ln 113) 116 Preferred Stock Capital Cost Rate (Ln 111 * Ln 114) 117 Common Equity Capital Cost Rate (Ln 111 * Ln 114) 118 Preferred Stock Capital Cost Rate (Ln 111 * Ln 114) 119 Preferred Stock Capital Cost Rate (Ln 111 * Ln 114) 110 Preferre								
Intl Common Equity Capital Shares with Capital Equity Cap 45.37% 53.82% 46.60% 59.96% 51.00% 78.37% 49.52% Calculation of Capital Cost Rate State (Ln 73 / Ln 65) 5.30% 5.96% 6.45% 4.52% 5.69% 5.25% 5.62% 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94) 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 11.49%<	· · · · · · · · · · · · · · · · · · ·							
112 LTD Capital Cost Rate (Ln 73 / Ln 65) 5.30% 5.96% 6.45% 4.52% 5.69% 5.25% 5.62% 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94) 0.00% 0								
112 LTD Capital Cost Rate (Ln 73 / Ln 65) 5.30% 5.96% 6.45% 4.52% 5.69% 5.25% 5.62% 113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94) 0.00% 0	Calculation of Capital Cost Rate							
114 Common Equity Capital Cost Rate 11.49%		5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	5.62%
Calculation of Weighted Capital Cost Rate 115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112) 2.90% 2.75% 3.44% 1.81% 2.79% 1.14% 2.84% 116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113) 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 117 Common Equity Capital Cost Rate (Ln 111 * Ln 114) 5.21% 6.18% 5.35% 6.89% 5.86% 9.00% 5.69%	• • • • • • • • • • • • • • • • • • • •							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112) 2.90% 2.75% 3.44% 1.81% 2.79% 1.14% 2.84% 116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113) 0.00% <td>114 Common Equity Capital Cost Rate</td> <td>11.49%</td> <td>11.49%</td> <td>11.49%</td> <td>11.49%</td> <td>11.49%</td> <td>11.49%</td> <td>11.49%</td>	114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113) 0.00%		2.224						<u> </u>
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114) 5.21% 6.18% 5.35% 6.89% 5.86% 9.00% 5.69%	·							
118 Total Company Structure 8.11% 8.93% 8.80% 8.70% 8.65% 10.14% 8.53%	117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
	118 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure Consolidation of Operating Companies' Average Capital Structure Worksheet Q Page 3

	Appalachian	Indiana Michigan	Kentucky Power	Kingsport Power	Ohio Power	Wheeling Power	AEP East Operating Companies' Consolidated
Line Development of Assertance Long Town Debt	Power Company	Power Company	Company	Company	Company	Company	Capital Structure
Development of Average Long Term Debt	100 150 000						400 450 000
119 Average Bonds (Ln 1 + Ln 60) / 2 120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	190,150,000	20,000,000	-	-	- 464 450 000	-	190,150,000 481,450,000
120 Less. Average Reacquired Bonds (Li12 + Li161) / 2 121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	43,000,000	20,000,000	20,000,000	20,000,000	461,450,000 100,000,000	25,000,000	208,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,369,101	1,606,355,375	630,000,000	20,000,000	3,532,004,998	25,000,000	
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	3,722,369,101	1,000,333,373	030,000,000	-	3,332,004,996	-	9,490,729,474
124 Average Balance of Long Term Debt	3,955,519,101	1,586,355,375	650,000,000	20,000,000	3,170,554,998	25,000,000	9,407,429,474
125 NOTE: 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 fo	rmula's capital structur	e. (p. 257, Colum	n H of the FF1)		
Development of 2013 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	185,202,116	92,594,357	35,048,706	904,000	177,049,876	1,312,500	492,111,555
127 Amort of Debt Discount & Expense (117.63.c)	3,337,225	2,814,644	471,186	-	5,807,092	-	12,430,147
128 Amort of Loss on Reacquired Debt (117.64.c)	1,347,335	1,941,251	33,649	-	1,359,637	-	4,681,872
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,558,935	916,010	92,956	-	(2,097,663)	-	470,238
132 2013 LTD Interest Expense	188,327,741	96,432,530	35,460,585	904,000	186,314,268	1,312,500	508,751,624
2013 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2013 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	3,141,948,792	1,862,964,339	659,489,763	30,519,073	3,057,232,892	105,167,232	8,857,322,089
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,647,039	(100,458)	-	-	3,560,252	-	5,106,834
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(13,473,191)	(22,196,472)	(2,914,291)	2,106	(79,322,545)	249,195	(117,655,197)
139 Average Balance of Common Equity	3,153,774,944	1,885,261,268	662,404,054	30,516,967	3,132,995,184	104,918,037	8,969,870,452
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,955,519,101	1,586,355,375	650,000,000	20,000,000	3,170,554,998	25,000,000	9,407,429,474
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,153,774,944	1,885,261,268	662,404,054	30,516,967	3,132,995,184	104,918,037	8,969,870,452
143 Average of Total Company Structure	7,109,294,045	3,471,616,643	1,312,404,054	50,516,967	6,303,550,182	129,918,037	18,377,299,926
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.64%	45.70%	49.53%	39.59%	50.30%	19.24%	51.19%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.36%	54.30%	50.47%	60.41%	49.70%	80.76%	48.81%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.64%	45.70%	49.53%	39.59%	50.30%	19.24%	51.19%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.36%	54.30%	50.47%	60.41%	49.70%	80.76%	48.81%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	4.76%	6.08%	5.46%	4.52%	5.88%	5.25%	5.41%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%		11.49%	11.49%	11.49%	11.49%
Calculation of Weighted Capital Cost Rate							
Calculation of Weighted Capital Cost Rate 154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.65%	2.78%	2.70%	1.79%	2.96%	1.01%	2.77%
	2.65% 0.00%	2.78% 0.00%	2.70% 0.00%	1.79% 0.00%	2.96% 0.00%	1.01% 0.00%	2.77% 0.00%
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)							