

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

For Twelve Months Ended

2017

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 113)				\$83,050,622
			Total		Allocator	
2	REVENUE CREDITS	(Worksheet E, ln 8) (Note A)	422,310	DA	1.00000	\$ 422,310
3	Facility Credits under PJM OATT Section 30.9	Worksheet E, ln 9) (Note X)				0
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 82,628,312

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

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives)	(Worksheet J/K)	46,078,641	DA	1.00000	\$ 46,078,641
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
7	Annual Rate	((ln 1- ln 80)/((ln 33) x 100))				12.74%
8	Monthly Rate	(ln 7 / 12)				1.06%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)					
10	Annual Rate	((ln 1- ln 80 - ln 83)/((ln 33) x 100))				11.14%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)					
12	Annual Rate	((ln 1 - ln 80 - ln 83 - ln 108 - ln 109) /((ln 33) x 100))				2.13%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)					#N/A
14	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES					
15	Total Load Dispatch & Scheduling (Account 561)	Line 63 Below				702,013
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					-
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					-
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)				702,013

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(1)		(2)	(3)	(4)		(5)
<u>RATE BASE CALCULATION</u>		<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>		<u>Total</u> <u>Transmission</u>
Line No.						
19	GROSS PLANT IN SERVICE					
20	Transmission	(Worksheet A In 14.(d) & Ln 117)	667,559,370	DA	1.00000	667,559,370
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	1.00000	-
22	General Plant	(Worksheet A In 14.(h))	10,954	W/S	1.00000	10,954
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	-	W/S	1.00000	-
24	Intangible Plant	(Worksheet A In 14.(j))	4,548,165	W/S	1.00000	4,548,165
	TOTAL GROSS PLANT	(Sum of Lines: 19 to 23)	672,118,488	GP=	1.000000	672,118,488
				GTD=	1.00000	
25	ACCUMULATED DEPRECIATION AND AMORTIZATION					
26	Transmission	(Worksheet A In 28.(d) & Ln 43.(b))	15,768,154	TP1=	1.00000	15,768,154
27	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	1.00000	-
28	General Plant	(Worksheet A In 28.(h))	95	W/S	1.00000	95
29	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	-	W/S	1.00000	-
30	Intangible Plant	(Worksheet A In 28.(j))	835,845	W/S	1.00000	835,845.00
31	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 26 to 30)	16,604,094			16,604,094
32	NET PLANT IN SERVICE					
33	Transmission	(In 19 + In 20 - In 26 - In 27)	651,791,216			651,791,216
34	General Plant	(In 21 + In 22 - In 28 - In 29)	10,859			10,859
35	Intangible Plant	(In 23 - In 30)	3,712,320			3,712,320
36	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 33 to 35)	655,514,395	NP=	1.000000	655,514,395
37	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
38	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
39	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(123,892,212)	DA		(123,892,212)
40	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(25,556,171)	DA		(25,556,171)
41	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	11,893,051	DA		11,893,051
42	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
43	TOTAL ADJUSTMENTS	(sum Ins 38 to 42)	(137,555,331)			(137,555,331)
44	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e)) In 45.(e))	-	DA		-
45	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA		-
46	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))		W/S	1.00000	
47	WORKING CAPITAL	(Note E)				
48	Cash Working Capital	(1/8 * In 66)	966,535			966,535
49	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	-	TP	1.00000	-
50	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S	1.00000	-
51	Stores Expense	(Worksheet C, In 4.(F))	-	GP	1.00000	-
52	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.(G))	285,026	W/S	1.00000	285,026
53	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.(F))	84,391	GP	1.00000	84,391
54	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.(E))	-	DA	1.00000	-
55	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.(D))	-	NA	0.00000	-
56	TOTAL WORKING CAPITAL	(sum Ins 48 to 55)	1,335,952			1,335,952
57	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	-	DA	1.00000	-
58	RATE BASE (sum Ins 36, 43, 44, 45, 46, 56, 57)		519,295,015			519,295,015

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AEP WEST VIRGINIA TRANSMISSION COMPANY

(1)		(2)	(3)	(4)		(5)
EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION		Data Sources (See "General Notes")	TO Total	Allocator		Total Transmission
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
59	Customer Related Expense	322 & 323.164,171,178.b	-			
60	Regional Marketing Expenses	322.131.b	-			
61	Transmission	321.112.b	8,434,294			
62	TOTAL O&M EXPENSES	(sum Ins 59 to 61)	8,434,294			
63	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	702,013			
64	Less: Account 565	(Note H) 321.96.b	-			
65	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-			
66	Total O&M Allocable to Transmission	(Ins 61 - 63 - 64 - 65)	7,732,281	TP	1.00000	7,732,281
67	Administrative and General	323.197.b (Notes J & M)	2,419,006			
68	Less: Acct. 924, Property Insurance	323.185.b	123,656			
69	Acct. 928, Reg. Com. Exp.	323.189.b	36,819			
70	Acct. 930.1, Gen. Advert. Exp.	323.191.b	1,607			
71	Acct. 930.2, Misc. Gen. Exp.	323.192.b	45,070			
72	Balance of A & G	(In 67 - sum In 68 to In 71)	2,211,854	W/S	1.00000	2,211,854
73	Plus: Acct. 924, Property Insurance	(In 68)	123,656	GP(h)	1.00000	123,656
74	Acct. 928 - Transmission Specific	Worksheet F In 21.(E) (Note L)	36,243	TP	1.00000	36,243
75	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 38.(E) (Note L)	-	TP	1.00000	-
76	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	(214)	DA	1.00000	(214)
77	PBOP Adjustment	Worksheet O Ln 16.(B), (Note K & M)	212,103	W/S	1.00000	212,103
78	A & G Subtotal	(sum Ins 72 to 77)	2,583,642			2,583,642
79	O & M EXPENSE SUBTOTAL	(In 66 + In 78)	10,315,923			10,315,923
80	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
81	TOTAL O & M EXPENSE	(In 79 + In 80)	10,315,923			10,315,923
82	DEPRECIATION AND AMORTIZATION EXPENSE					
83	Transmission	336.7.f	10,458,519	TP1	1.00000	10,458,519
84	General	336.10.f	189	W/S	1.00000	189
85	Intangible	336.1.f	797,411	W/S	1.00000	797,411
86	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 83+84+85)	11,256,119			11,256,119
87	TAXES OTHER THAN INCOME	(Note N)				
88	Labor Related					
89	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000	-
90	Plant Related					
91	Property	Worksheet H-p2 In 3.(C) & In 3.(G)	2,752,076	DA	1.00000	2,752,076
92	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	(1)	NA	0.00000	-
93	Other	Worksheet H In 23.(E)	(910)	GP	1.00000	(910)
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	2,751,165			2,751,166
95	INCOME TAXES	(Note O)				
96	T=1 - {(1 - SIT) * (1 - FIT)} / (1 - SIT * FIT * p)} =		39.23%			
97	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		49.70%			
98	where WCLTD=(In 136) and WACC = (In 139)					
99	and FIT, SIT & p are as given in Note O.					
100	GRCF=1 / (1 - T) = (from In 96)		1.6454			
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-			
102	Excess Deferred Income Tax	(Note T)	-	NP(h)	1.00000	-
103	Tax Effect of Permanent and Flow-Through Differences	(Note T)	135,100	NP(h)	1.00000	135,100
104	Income Tax Calculation	(In 97 * In 109)	19,422,978			19,422,978
105	ITC adjustment	(In 100 * In 101)	-	NP(h)	1.00000	-
106	Excess Deferred Income Tax	(In 100 * In 102)	-			-
107	Tax Effect of Permanent and Flow-Through Differences	(In 100 * In 103)	222,295			222,295
108	TOTAL INCOME TAXES	(sum Ins 104 to 107)	19,645,274			19,645,274
109	RETURN ON RATE BASE (Rate Base*WACC)	(In 58 * In 139)	39,082,140			39,082,140
110	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000	-
111	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-			-
112	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 111 * In97)		-			-
113	TOTAL REVENUE REQUIREMENT		83,050,621			83,050,622
	(sum Ins 81, 86, 94, 108, 109, 110, 111, 112)					

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
114	Total transmission plant	(In 19)								667,559,370
115	Less transmission plant excluded from PJM Tariff	(Worksheet A, In 42.(d)) (Note P)								
116	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 42, Col. (b)) (Note Q)								-
117	Transmission plant included in PJM Tariff	(In 114 - In 115 - In 116)								667,559,370
118	Percent of transmission plant in PJM Tariff	(In 117 / In 114)							TP=	1.00000
119	WAGES & SALARY ALLOCATOR (W/S)	(Note R)								
120	Line Deliberately Left Blank		Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
121	Transmission	354.21.b	-	3,018,694	3,018,694	TP	1.00000			3,018,694
122	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000			-
123	Line Deliberately Left Blank									
124	Other (Excludes A&G)	354.24,25,26.b	-	-	-	NA	0.00000			-
125	Total	(sum Ins 121, 122, & 124)	-	3,018,694	3,018,694					3,018,694
126	Transmission related amount								W/S=	1.00000
127	Actual (Uncapped) Capital Structure									
127	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
128	Long Term Interest	(Worksheet M, In.36, col.(d))								11,576,650
129	Preferred Dividends	(Worksheet M, In. 45, col.(d))								-
130	Development of Common Stock:									
131	Proprietary Capital	(Worksheet M, In. 14, col.(b))								337,336,950
132	Less: Preferred Stock	(Worksheet M, In. 14, col.(c))								-
133	Less: Account 216.1	(Worksheet M, In. 14, col.(d))								-
134	Less: Account 219	(Worksheet M, In. 14, col.(e))								-
135	Common Stock	(In 131 - In 132 - In 133 - In 134)								337,336,950
136	Long Term Debt (Note S) Worksheet M, In 28, col. (g), In 37, col. (d))		Capital Structure Percentages			Cost				
137	Preferred Stock (In 132)		\$	%		(Note S)		Weighted		
138	Common Stock (In 135)		331,500,000	49.56%		3.49%		0.0173		
139	Total (Sum Ins 136 to 138)		-	0.00%		0.00%		0.0000		
			337,336,950	50.44%		11.49%		0.0580		
			668,836,950	100.00%				WACC=		0.0753

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Letter

Notes

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

- ARevenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
7) If AEP Transmission Companies have any directly assigned transmission facilities, the revenue credits in the formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based. See Worksheet E for details.
- BThe annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet R and any over under recovery will be filed and posted as part of the informational filing.
- CTransmission Plant Balances in this study are projected or actual average beginning of year end of year balances.
- DThe total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(l)-l(h)(6)(ii). Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the informational filing.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- ECash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 66. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 63.
2) Costs of Transmission of Electricity by Others, as described in Note H.
3) The impact of state regulatory deferrals and amortizations, as shown on line 65
4) All A&G Expenses, as shown on line 78.
- FConsistent with Paragraph 657 of Order 2003-A, the amount on line 57 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 110.
- GRemoves from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- HRemoves cost of transmission service provided by others to determine the basis of cash working capital on line 66. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such costs are added back on line 80 to determine the total O&M collected in the formula. The amounts on line80 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.

The addbacks on line80 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.

The company records referenced on line80 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- IRemoves the impact of state regulatory deferrals or their amortization from Transmission O&M expense.
- JGeneral 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.
- KThe Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- LExpenses 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.
- MSee note K above. Recoverable PBOP expense is based on a rate of \$(0.058) cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- NIncludes only FICA, unemployment, highway, property and other assessments. Gross receipts, sales & use and taxes related to income are excluded.
- OThe 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) (ln 101) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required:

FIT =35.00%

SIT=6.50% (State Income Tax Rate or Composite SIT. Worksheet G))

p =0.00% (percent of federal income tax deductible for state purposes)
- The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable. If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-ochange rate and post-change rate each is in effect.
- PRemoves 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.
- QRemoves 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.
- RIncludes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- SLong Term Debt cost rate = long-term interest (Ln 128)/average long term debt (Ln 136). Preferred Stock cost rate = preferred dividends (Ln 129)/preferred outstanding (Ln 137). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER10-355. It includes an additional 50 basis points for PJM RTO membership. All Transmission Companies other than AEP Appalachian Transmission Company utilize their own capital structure and costs as shown on Worksheet M. The calculations on Worksheet M will use the projected or actual beginning and ending average balances of long-term debt, common and preferred equity and calendar year long term debt interest expenses, preferred dividends and approved ROE. The long term debt balances and long term debt cost rate shall not include any amounts related to hedging activity. As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on the weighted composite of the AEP East Operating Companies beginning and ending average outstanding LTD and PS issuances with the common equity portion in Docket No. ER08-1329, and (2) the weighted composite LTD and PS cost using projected or actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the Company establishes its own actual capital structure.
- Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- T
- UCash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs.
- VThe formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- WAEP Transmission Companies will record depreciation expense using composites of the depreciation rates shown on Worksheet P which rates will not be changed absent a Section 205 or 206 filing at FERC to seek a change in depreciation rates. No other changes to the formula rate may be included in that filing.

Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.
XThe cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.
Y

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP WEST VIRGINIA TRANSMISSION COMPANY

		Gross Plant In Service				
Line No	Month (a)	Transmission (d)	Transmission ARO (e)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5
1	December Prior to Rate Year	565,270,816	-	-	-	2,976,059
2	January					
3	February					
4	March					
5	April					
6	May					
7	June					
8	July					
9	August					
10	September					
11	October					
12	November					
13	December of Rate Year	769,847,923	-	21,907	-	6,120,271
14	Average of the Beginning and Ending Balances	667,559,370	-	10,954	-	4,548,165

		Accumulated Depreciation				
Line No	Month (a)	Transmission (d)	Transmission ARO (e)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 219, ln 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, ln 28, Col. (b)	Company Records (Included in total in Column (h))	FF1, page 200, ln 21, Col. (b)
15	December Prior to Rate Year	10,534,889	-	-	-	437,139
16	January					
17	February					
18	March					
19	April					
20	May					
21	June					
22	July					
23	August					
24	September					
25	October					
26	November					
27	December of Rate Year	21,001,419	-	189	-	1,234,551
28	Average of the Beginning and Ending Balances	15,768,154	-	95	-	835,845

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP WEST VIRGINIA TRANSMISSION COMPANY

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

43 Transmission Accumulated Depreciation net of GSU 15,768,154

<u>Plant Held For Future Use</u>		<u>Source of Data</u>	<u>Balance @ December 31, 2017</u>	<u>Balance @ December 31, 2016</u>	<u>Average Balance for 2017</u>
(a)	(b)		(c)	(d)	(e)
44 <u>Plant Held For Future Use</u>	FF1, page 214, ln 47, Col. (d)		-	-	-
45 <u>Transmission Plant Held For Future Use (Included in total on line 4</u>	Company Records - Note 1		-	-	-

Regulatory Assets and Liabilities Approved for Recovery In Ratebase

Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.

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

Unfunded Reserves Summary (Company Records)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP WEST VIRGINIA TRANSMISSION COMPANY

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

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2017</u>	<u>(D) Balance @ December 31, 2016</u>	<u>(E) Average Balance for 2017</u>
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)			-
3	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 4 (Note 1)			-
4	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 3 (Note 1)			-
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	143,893,994	103,890,430	123,892,212
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)			-
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)			-
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	143,893,994	103,890,430	123,892,212
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	29,500,215	21,612,126	25,556,171
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)			-
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)			-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	29,500,215	21,612,126	25,556,171
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	12,826,061	10,960,041	11,893,051
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)			-
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)			-
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	12,826,061	10,960,041	11,893,051
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	-	-	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable in Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section I.167(I)-I(h)(6)(ii). Line item detail of actual deferred tax items will be included on Work

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

AEP WEST VIRGINIA TRANSMISSION COMPANY
SPECIFIED DEFERRED CREDITS - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2017

(DEBIT) CREDIT

COLUMN A		COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS	NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2016			FUNCTIONALIZATION 12/31/2017			
ACCUMULATED DEFERRED FIT ITEMS		BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	UTILITY (B+C+D+E)/2	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1.00 ACCOUNT 281:															
2.01															
2.02		0	0			0	0	0	0						
2.03															
2.04		0	0	0	0	0									
2.05		0	0	0	0	0									
2.06		0	0	0	0	0									
3 TOTAL ACCOUNT 281		0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 ACCOUNT 281 - ARO-Related Deferrals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 ACCOUNT 282:															
5.01 BOOK VS. TAX DEPRECIATION		105,078,896	145,083,680			125,081,288		125,081,288			105,078,896			145,083,680	
5.02 R & D DEDUCTION - SECTION 174		4	4			4		4			4			4	
5.03 GAIN/LOSS ON ACRS/MACRS PROPERTY		0	1			1		1			-			1	
5.04 ABFUDC		1,879,793	2,767,734			2,323,764		2,323,764			1,879,793			2,767,734	
5.05 INT EXP CAPITALIZED FOR TAX		(3,772,656)	(5,530,219)			(4,651,438)		(4,651,438)			(3,772,656)			(5,530,219)	
5.06 CIAC - BOOK RECEIPTS		0	(26,250)			(13,125)		(13,125)			-			(26,250)	
5.07 TX ACCEL AMORT - CAPITALIZED SOFTWARE		0	151,547			75,774		75,774			-			151,547	
5.08 CAPITALIZED SOFTWARE COST-BOOK		695,643	1,450,297			1,072,970		1,072,970			695,643			1,450,297	
5.09 REMOVAL CST		8,750	(2,800)			2,975		2,975			8,750			(2,800)	
5.10 NON-UTILITY DEFERRED FIT		0	0	0	0	0									
5.11 SFAS 109 FLOW-THRU 282.3		8,496,404	6,284,185	(8,496,404)	(6,284,185)	0									
5.12 SFAS 109 EXCESS DFIT 282.4		0	(57,557,598)	0	57,557,598	0									
5.13		0	0			0	0	0	0						
6 TOTAL ACCOUNT 282		112,386,834	92,620,581	(8,496,404)	51,273,413	123,892,213	0	123,892,212	0	0	103,890,430	0	0	143,893,994	0
7 ACCOUNT 282 - ARO-Related Deferrals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 ACCOUNT 283:															
9.01 NOL & TAX CREDIT C/F - DEF TAX ASSET		0	143,149			71,575		71,575			-			143,149	
9.02 PROPERTY TAX-NEW METHOD-BOOK		0	471,904			235,952		235,952			-			471,904	
9.03 CAPITALIZED SOFTWARE COST-BOOK		0	0			0		0			-			-	
9.04 NON-UTILITY DEFERRED FIT 283.2		0	0	0	0	0		0							
9.05 SFAS 109 FLOW-THRU 283.3		4,574,987	1,670,479	(4,574,987)	(1,670,479)	0		0							
9.06 SFAS 109 EXCESS DFIT 283.4		0	4,719,901	0	(4,719,901)	0		0							
9.07 SFAS 133 ADIT FED - SFAS 133 NONAFFIL 2830006		0	0	0	0	0		0							
9.08 ADIT - FED-HDG-CF-INT RATE 2830015		0	0	0	0	0		0							
9.09		0	0			0	0	0	0						
10		4,574,987	7,005,433	(4,574,987)	(6,390,380)	307,527	0	307,527	0	0	0	0	0	615,053	0
11 DEFD STATE INCOME TAXES		21,612,126	28,885,162			25,248,644		25,248,644			21,612,126			28,885,162	
11.01 SFAS 109 - DEFD STATE INCOME TAXES		-	-	0	0	0									
12 TOTAL ACCOUNT 283		26,187,113	35,890,595	(4,574,987)	(6,390,380)	25,556,171	0	25,556,171	0	0	21,612,126	0	0	29,500,215	0
13 ACCOUNT 283 - ARO-Related Deferrals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 JURISDICTIONAL AMOUNTS FUNCTIONALIZED															
15 TOTAL COMPANY AMOUNTS FUNCTIONALIZED															
16 REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT															
17 NOTE: POST 1970 ACCUMULATED DEFERRED															
18 INV TAX CRED. (JDITC) IN A/C 255															
18.01		0	0			0	0	0	0						
18.02		0	0			0	0	0	0						
19															
20 TOTAL ACCOUNT 255		0	0	0	0	0	0	0	0	0	0	0	0	0	0

**AEP WEST VIRGINIA TRANSMISSION COMPANY
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2017**

DEBIT (CREDIT)

		COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC UTILITY	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2016			FUNCTIONALIZATION 12/31/2017			
ACCUMULATED DEFERRED FIT ITEMS		BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	(B+C+D+E)/2	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	
1	ACCOUNT 190:															
2.01	NOL & TAX CREDIT C/F - DEF TAX ASSET	0	557			279		279							557	
2.02	INT EXP CAPITALIZED FOR TAX	0	0			0		0							-	
2.03	PROV POSS REV REFDS	234,363	1,742,709			988,536		988,536			234,363				1,742,709	
2.04	ACCRD COMPANYWIDE INCENTV PLAN	87,732	85,572			86,652		86,652			87,732				85,572	
2.05	ACCRUED INTEREST-LONG-TERM - FIN 48	0	(4)			(2)		(2)			-				(4)	
2.06	DEFD STATE INCOME TAXES	7,564,244	10,109,807			8,837,026		8,837,026			7,564,244				10,109,807	
2.07	AMT CREDIT - DEFERRED	1,702	1,702			1,702		1,702			1,702				1,702	
2.08	NOL-DEFERRED TAX ASSET RECLASS	3,072,000	476,721			1,774,361		1,774,361			3,072,000				476,721	
2.09	DEFERRED SIT 1901002	0	408,997			204,499	0	204,499	0		-				408,997	
2.10	NON-UTILITY DEFERRED FIT	203,367	122,984	(203,367)	(122,984)	0										
2.11	SFAS 109 FLOW-THRU 190.3	0	0	0	0	0										
2.12	SFAS 109 EXCESS DFIT 190.4	0	14,045,464	0	(14,045,464)	0										
2.13	SFAS 133 ADIT FED - SFAS NONAFFIL 1900006	0	0	0	0	0										
2.14	ADIT FED - PENSION OCI NAF 1900009	0	0	0	0	0										
2.15	ADIT-FED-HDG-CF-INT RATE1900015	0	0	0	0	0										
2.16		0	0			0	0	0	0							
3	TOTAL ACCOUNT 190	11,163,408	26,994,509	(203,367)	(14,168,448)	11,893,053	0	11,893,051	0		0	10,960,041	0		0	12,826,061
4	ACCOUNT 190 - ARO-Related Deferrals	0	0	0	0	0	0	0	0		0	0	0		0	0

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
AEP WEST VIRGINIA TRANSMISSION COMPANY

Formula Rate
WS C - Working Capital
Page 13 of 38

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2017	Balance @ December 31, 2016	Average Balance for 2017				
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) - Account 163	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

		<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>
5							
6	Totals as of December 31, 2017	101,434	0	0	101,434	0	101,434
7	Totals as of December 31, 2016	637,399	0	0	67,348	570,051	637,399
8	Average Balance	369,417	-	-	84,391	285,026	369,417

Prepayments Account 165 - Balance @ 12/31/2017

	Acc. No.	Description	2017 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
9									
10	1650001	Prepaid Insurance	72,056	-		72,056		72,056	Plant related insurance policies
11	165000214	Prepaid Taxes	-	-		-		-	
12	1650003	Prepaid Rents	-	-		-		-	
13	1650004	Prepaid Interest	-	-		-		-	
14	1650005	Prepaid Employee Benefits	-	-		-		-	
15	1650006	Other Prepayments	-	-		-		-	
16	1650009	Prepaid Carry Cost-Factored AR	-	-		-		-	
17	1650010	Prepaid Pension Benefits	-	-		-		-	
18	1650014	FAS 158 Qual Contra Asset	-	-		-		-	
19	1650016	FAS 112 ASSETS	-	-		-		-	
20	1650021	Prepaid Insurance - EIS	26,260	-		26,260		26,260	Plant related insurance policies
21	1650023	Prepaid Lease	3,118	-		3,118	-	3,118	Prepaid lease
22	1650031	Prepaid OCIP Work Comp	-	-		-	-	-	
23	1650032	Prepaid OCIP Work Comp LT	-	-		-	-	-	
24	1650033	Prepaid OCIP Work Comp - Aff	-	-		-	-	-	
25	1650034	Prepaid OCIP Work Comp LT- Aff	-	-		-	-	-	
	Subtotal - Form 1, p 111.57.c		101,434	0	0	101,434	0	101,434	

Prepayments Account 165 - Balance @ 12/31/ 2016

	Acc. No.	Description	2016 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
26									
27	1650001	Prepaid Insurance	47,799			47,799		47,799	Plant related insurance policies
28	165000216	Prepaid Taxes	0	-		-		-	
29	1650003	Prepaid Rents	0	-		-		-	
30	1650004	Prepaid Interest	0	-		-		-	
31	1650005	Prepaid Employee Benefits	0	-		-		-	
32	1650006	Other Prepayments	0	-		-		-	
33	1650009	Prepaid Carry Cost-Factored AR	0	-		-		-	
34	1650010	Prepaid Pension Benefits	0	-		-		-	
35	1650014	FAS 158 Qual Contra Asset	0	-		-		-	
34	1650016	FAS 112 ASSETS	0	-		-		-	
35	1650021	Prepaid Insurance - EIS	15,382	-		15,382		15,382	Plant related insurance policies
36	1650023	Prepaid Lease	4,167	-		4,167		4,167	Prepaid lease
37	1650031	Prepaid OCIP Work Comp	65,314	-		-	65,314	65,314	Labor related Workers' Compensation
38	1650032	Prepaid OCIP Work Comp LT	204,164	-		-	204,164	204,164	Labor related Workers' Compensation
39	1650033	Prepaid OCIP Work Comp - Aff	77,551	-		-	77,551	77,551	Labor related Workers' Compensation
40	1650034	Prepaid OCIP Work Comp LT- Aff	223,021	-		-	223,021	223,021	Labor related Workers' Compensation
	Subtotal - Form 1, p 111.57.d		637,399	0	0	67,348	570,051	637,399	

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2017</u>
1	Net Funds from IPP Customers 12/31/2016 (2017 FORM 1, P269)	-
2	Interest Expense (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	-
6		-
7	Net Funds from IPP Customers 12/31/2017 (2017 FORM 1, P269)	-
8	Average Balance for Year as Indicated in Column $((\text{Ln } 1 + \text{Ln } 7)/2)$	-

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non- Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)		-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)		-	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	422,310	-	422,310
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	88,648,735	88,648,735	-
5a	Account 457.1, Regional Control Service Revenues (FF1 p.300.23.(b); Company Records - Note 1)	-	-	-
5b	Account 457.2, Miscellaneous Revenues (FF1 p.300.24.(b); Company Records - Note 1)	-	-	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	89,071,045	88,648,735	422,310
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	89,071,045	88,648,735	422,310
9	Facility Credits under PJM OATT Section 30.9			

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

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

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

Formula Rate
WS F Misc Exp
Page 16 of 38

Line Number	(A) Item No.	(B) Description	(C) 2017 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
<u>Regulatory O&M Deferrals & Amortizations</u>						
1						
2						
3						
4		Total	-			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	2,605			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	631,702			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	-			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	-			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	67,699			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	7			
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	702,013			
<u>Account 928</u>						
15	9280000	Regulatory Commission Exp	209	209	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	367	367	-	
18	9280003	Regulatory Commission Exp-Case	-	-	-	
19	9280004	Regulatory Commission Exp-Case	-	-	-	
20	9280005	Regulatory Commission Exp-FERC Trans Case	36,243	-	36,243	
21		Total (FERC Form 1 p.323.189.b)	36,819	576	36,243	
<u>Account 930.1</u>						
22	9301000	General Advertising Expenses	397	397	-	
23	9301001	Newspaper Advertising Space	3	3	-	
24	9301002	Radio Station Advertising Time	-	-	-	
25	9301003	TV Station Advertising Time	-	-	-	
26	9301004	Newspaper Advertising Prod Exp	-	-	-	
27	9301005	Radio &TV Advertising Prod Exp	-	-	-	
28	9301006	Spec Corporate Comm Info Proj	-	-	-	
29	9301007	Special Adv Space & Prod Exp	-	-	-	
30	9301008	Direct Mail and Handouts	-	-	-	
31	9301009	Fairs, Shows, and Exhibits	-	-	-	
32	9301010	Publicity	219	219	-	
33	9301011	Dedications, Tours, & Openings	-	-	-	
34	9301012	Public Opinion Surveys	5	5	-	
35	9301013	Movies Slide Films & Speeches	-	-	-	
36	9301014	Video Communications	-	-	-	
37	9301015	Other Corporate Comm Exp	983	983	-	
38		Total (FERC Form 1 p.323.191.b)	1,607	1,607	-	
<u>Account 930.2</u>						
39	9302000	Misc General Expenses	43,039	43,039	-	
40	9302003	Corporate & Fiscal Expenses	2,246	2,246	-	
41	9302004	Research, Develop&Demonstr Exp	-	-	-	
42	9302007	Assoc Business Development Exp	(214)	-	(214)	
43		Total (FERC Form 1 p.323.192.b)	45,071	45,285	(214)	

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
AEP WEST VIRGINIA TRANSMISSION COMPANY

1	West Virginia Excise Tax Rate	6.50%	
	Apportionment Factor - Note 1	100.00%	
	Effective State Tax Rate		6.50%
2	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
3	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
4	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
5	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>6.50%</u>

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

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	-				-
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - West Virginia	2,752,076	2,752,076			
5	Real and Personal Property - Virginia	-	-			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	<i>Line Deliberately Left Blank</i>					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16	State Public Service Commission Fees	-			-	
17	State Franchise Taxes	(935)			(935)	
18	State Lic/Registration Fee	25			25	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	(1)				(1)
21	Federal Excise Tax	-				-
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis	2,751,165	2,752,076	-	(910)	(1)

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

NOTE 1: The detail of each total company number and its source in the FERC Form 1 is shown on WS H-1.

		Functional Property Tax Allocation				
		Lines 24-58 Column (B) Deliberately Left Blank	Transmission	Lines 24-58 Column (D) Deliberately Left Blank	General	Total
24	Functionalized Net Plant (TCOS, Lns 33 thru 36)	-	651,791,216	-	10,859	651,802,075
WEST VIRGINIA JURISDICTION						
25	Percentage of Plant in WEST VIRGINIA JURISDICTION					
26	Net Plant in WEST VIRGINIA 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					-
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-	
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33	Weighted WEST VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
JURISDICTION						
35	Net Plant in JURISDICTION (Ln 24 - Ln 26)	-	651,791,216	-	10,859	651,802,075
36	Less: Net Value Exempted Generation Plant					
37	Taxable Property Basis	-	651,791,216	-	10,859	651,802,075
38	Relative Valuation Factor					
39	Weighted Net Plant (Ln 37 * Ln 38)	-	-	-	-	
40	General Plant Allocator (Ln 39 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
41	Functionalized General Plant (Ln 41 * General Plant)	-	-	-	-	
42	Weighted JURISDICTION Plant (Ln 39 + 41)	-	-	-	-	-
43	Functional Percentage (Ln 42/Total Ln 42)	0.00%	100.00%	0.00%		

(A)		(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference
1	<u>Revenue Taxes</u>			
2	Gross Receipts Tax	-		

(A)		(B)	(C)	(D)	(E)
"Real Estate and Personal Propety Tax Detail Annual Tax Expenses by Type (Note 1)"		Tax Year	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference
<u>Real Estate and Personal Property Taxes Total</u>					
3	<u>(Ln 4 + Ln 5 + Ln 6 + Ln 7)</u>		2,752,076		
4	Real and Personal Property - West Virginia		2,752,076		
		2015		734,246	P.263 ln 21 (i)
		2016		2,017,830	P.263 ln 22 (i)
5	Real and Personal Property		-		
6	Real and Personal Property - Tennessee		-		
7	Real and Personal Property - Other Jurisdictions		-		

(A)		(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference
8	<u>Payroll Taxes</u>			
9	Federal Insurance Contribution (FICA)	-		
10	Federal Unemployment Tax	-		
11	State Unemployment Insurance	-		
12	<i>Line Left Deliberately Blank</i>			
13	State Severance Taxes	-		
14	<u>Miscellaneous Taxes</u>			
15	State Business & Occupation Tax	-		
16	State Public Service Commission Fees	-		
17	State Franchise Taxes	(935)	(935)	P.263 ln 25 (i)
18	State Lic/Registration Fee	25	25	P.263 ln 18 (i)
19	Misc. State and Local Tax	-		
20	Sales & Use	(1)	(1)	P.263 ln 16 (i)
21	Federal Excise Tax	-		
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	2,751,165	2,751,165	

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet I RESERVED
AEP WEST VIRGINIA TRANSMISSION COMPANY

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

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

ROE w/o incentives (TCOS, ln 138)			11.49%
Project ROE Incentive Adder			0
ROE with additional 0 basis point incentive			11.49%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 136 through 138)			
	%	Cost	Weighted cost
Long Term Debt	49.56%	3.49%	1.731%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.44%	11.49%	5.795%
		R =	7.526%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR		Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year WS J		\$ 45,414,454	\$ 45,414,454	\$ -
Actual After True-up		\$ 46,078,641	\$ 46,078,641	\$ -
True-up of ARR For 2017		664,187	664,187	-

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

Rate Base (True-Up TCOS, ln 58)	519,295,015
R (from A. above)	7.526%
Return (Rate Base x R)	39,082,140

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

Return (from B. above)	39,082,140
Effective Tax Rate (TCOS, ln 97)	49.70%
Income Tax Calculation (Return x CIT)	19,422,978
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	222,295
Income Taxes	19,645,274

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

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

Annual Revenue Requirement (TCOS, ln 1)	83,050,622
Lease Payments (TCOS, lns 80)	-
Return (TCOS, ln 109)	39,082,140
Income Taxes (TCOS, ln 108)	19,645,274
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	24,323,208

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	24,323,208
Return (from I.B. above)	39,082,140
Income Taxes (from I.C. above)	19,645,274
Annual Revenue Requirement, with 0 Basis Point ROE increase	83,050,622
Depreciation (TCOS, ln 83)	10,458,519
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	72,592,103

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

Net Transmission Plant (Projected TCOS, ln 33)	651,791,216
Annual Revenue Requirement, with 0 Basis Point ROE increase	83,050,622
FCR with 0 Basis Point increase in ROE	12.74%

Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	72,592,103
FCR with 0 Basis Point ROE increase, less Depreciation	11.14%
FCR less Depreciation (TCOS, ln 10)	11.14%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2017 TCOS, ln 19	667,559,370
Annual Depreciation and Amortization Expense (TCOS, ln 83)	10,458,519
Composite Depreciation Rate	1.57%
Depreciable Life for Composite Depreciation Rate	63.83
Average Life in Whole Years	64

Note 1: Until AEP WEST VIRGINIA 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 WEST VIRGINIA TRANSMISSION COMPANY is shown on Worksheet P.

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b1661 (Install a 765 kV circuit breaker at Wyoming station)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

** 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.

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Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b1864.1 (Add two additional 345/138 kV transformers at Kammer)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

** 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.

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A. Base Plan Facilities

(e.g. ER05-925-000)

RTEP ID: b2021 (Add 345/138 kV Transformers at Sporn, Kanawha River, and Muskingum River stations)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	2,437,179	2,437,179	-
Prior Yr True-Up	2,400,803	2,400,803	-
True-Up Adjustment	(36,376)	(36,376)	-

Details			
Investment	19,597,955	Current Year	2017
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	11	FCR w/o incentives, less depreciation	11.14%
Useful life	64	FCR w/incentives approved for these facilities, less dep.	11.14%
CIAC (Yes or No)	No	Annual Depreciation Expense	306,218

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #/
2014	19,597,955	25,518	19,572,437	19,585,196	2,206,785	2,206,785	\$ -
2015	19,572,437	306,218	19,266,219	19,419,328	2,469,012	2,469,012	\$ -
2016	19,266,219	306,218	18,960,001	19,113,110	2,434,907	2,434,907	\$ -
2017	18,960,001	306,218	18,653,783	18,806,892	2,400,803	2,400,803	\$ -
2018	18,653,783	306,218	18,347,565	18,500,674	2,366,698	2,366,698	\$ -
2019	18,347,565	306,218	18,041,347	18,194,456	2,332,594	2,332,594	\$ -
2020	18,041,347	306,218	17,735,129	17,888,238	2,298,489	2,298,489	\$ -
2021	17,735,129	306,218	17,428,911	17,582,020	2,264,385	2,264,385	\$ -
2022	17,428,911	306,218	17,122,692	17,275,801	2,230,280	2,230,280	\$ -
2023	17,122,692	306,218	16,816,474	16,969,583	2,196,176	2,196,176	\$ -
2024	16,816,474	306,218	16,510,256	16,663,365	2,162,071	2,162,071	\$ -
2025	16,510,256	306,218	16,204,038	16,357,147	2,127,967	2,127,967	\$ -
2026	16,204,038	306,218	15,897,820	16,050,929	2,093,862	2,093,862	\$ -
2027	15,897,820	306,218	15,591,602	15,744,711	2,059,758	2,059,758	\$ -
2028	15,591,602	306,218	15,285,384	15,438,493	2,025,653	2,025,653	\$ -
2029	15,285,384	306,218	14,979,166	15,132,275	1,991,549	1,991,549	\$ -
2030	14,979,166	306,218	14,672,948	14,826,057	1,957,444	1,957,444	\$ -
2031	14,672,948	306,218	14,366,730	14,519,839	1,923,340	1,923,340	\$ -
2032	14,366,730	306,218	14,060,512	14,213,621	1,889,235	1,889,235	\$ -
2033	14,060,512	306,218	13,754,294	13,907,403	1,855,131	1,855,131	\$ -
2034	13,754,294	306,218	13,448,076	13,601,185	1,821,026	1,821,026	\$ -
2035	13,448,076	306,218	13,141,858	13,294,967	1,786,922	1,786,922	\$ -
2036	13,141,858	306,218	12,835,640	12,988,749	1,752,817	1,752,817	\$ -
2037	12,835,640	306,218	12,529,422	12,682,531	1,718,713	1,718,713	\$ -
2038	12,529,422	306,218	12,223,204	12,376,313	1,684,608	1,684,608	\$ -
2039	12,223,204	306,218	11,916,986	12,070,095	1,650,504	1,650,504	\$ -
2040	11,916,986	306,218	11,610,768	11,763,877	1,616,399	1,616,399	\$ -
2041	11,610,768	306,218	11,304,550	11,457,659	1,582,295	1,582,295	\$ -
2042	11,304,550	306,218	10,998,332	11,151,441	1,548,190	1,548,190	\$ -
2043	10,998,332	306,218	10,692,113	10,845,222	1,514,086	1,514,086	\$ -
2044	10,692,113	306,218	10,385,895	10,539,004	1,479,981	1,479,981	\$ -
2045	10,385,895	306,218	10,079,677	10,232,786	1,445,877	1,445,877	\$ -
2046	10,079,677	306,218	9,773,459	9,926,568	1,411,772	1,411,772	\$ -
2047	9,773,459	306,218	9,467,241	9,620,350	1,377,668	1,377,668	\$ -
2048	9,467,241	306,218	9,161,023	9,314,132	1,343,563	1,343,563	\$ -
2049	9,161,023	306,218	8,854,805	9,007,914	1,309,459	1,309,459	\$ -
2050	8,854,805	306,218	8,548,587	8,701,696	1,275,354	1,275,354	\$ -
2051	8,548,587	306,218	8,242,369	8,395,478	1,241,250	1,241,250	\$ -
2052	8,242,369	306,218	7,936,151	8,089,260	1,207,145	1,207,145	\$ -
2053	7,936,151	306,218	7,629,933	7,783,042	1,173,041	1,173,041	\$ -
2054	7,629,933	306,218	7,323,715	7,476,824	1,138,936	1,138,936	\$ -
2055	7,323,715	306,218	7,017,497	7,170,606	1,104,832	1,104,832	\$ -
2056	7,017,497	306,218	6,711,279	6,864,388	1,070,727	1,070,727	\$ -
2057	6,711,279	306,218	6,405,061	6,558,170	1,036,623	1,036,623	\$ -
2058	6,405,061	306,218	6,098,843	6,251,952	1,002,518	1,002,518	\$ -
2059	6,098,843	306,218	5,792,625	5,945,734	968,414	968,414	\$ -
2060	5,792,625	306,218	5,486,407	5,639,516	934,309	934,309	\$ -
2061	5,486,407	306,218	5,180,189	5,333,298	900,205	900,205	\$ -
2062	5,180,189	306,218	4,873,971	5,027,080	866,100	866,100	\$ -
2063	4,873,971	306,218	4,567,753	4,720,862	831,996	831,996	\$ -
2064	4,567,753	306,218	4,261,534	4,414,644	797,891	797,891	\$ -
2065	4,261,534	306,218	3,955,316	4,108,425	763,787	763,787	\$ -
2066	3,955,316	306,218	3,649,098	3,802,207	729,682	729,682	\$ -
2067	3,649,098	306,218	3,342,880	3,495,989	695,578	695,578	\$ -
2068	3,342,880	306,218	3,036,662	3,189,771	661,473	661,473	\$ -
2069	3,036,662	306,218	2,730,444	2,883,553	627,369	627,369	\$ -
2070	2,730,444	306,218	2,424,226	2,577,335	593,264	593,264	\$ -
2071	2,424,226	306,218	2,118,008	2,271,117	559,160	559,160	\$ -
2072	2,118,008	306,218	1,811,790	1,964,899	525,055	525,055	\$ -
2073	1,811,790	306,218	1,505,572	1,658,681	490,951	490,951	\$ -

Project Totals	18,092,383	89,525,675	89,525,675
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** This is the total amount that needs to be reported to PJM for billing to all regions.

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

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

[illegible]

	\$	-	\$	-	\$	-
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Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b1948 (Establish a new 765/345 interconnection at Sporn. Install a 765/345 kV transformer at Mountaineer and build ¾ mile of 345 kV to Sporn)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

** 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.

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Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b1962 (Add four 765 kV breakers at Kammer)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

** 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.

Formula Rate
WS K TRUE-UP RTEP RR
Page 27 of 38

A. Base Plan Facilities

(e.g. ER05-925-000)

RTEP ID: b2017 (Reconductor or rebuild Sporn - Waterford - Muskingum River 345 kV line)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

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

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Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b2020 (Rebuild Amos-Kanawha River 138 kV corridor)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

** 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.

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Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b2022 (Terminate Tristate-Kyger Creek 345 kV line at Sporn)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

*** 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.

Formula Rate
WS K TRUE-UP RTEP RR
Page 30 of 38

A. Base Plan Facilities

(e.g. ER05-925-000)

RTEP ID: b1875 (138 kV Bradley to McClung upgrades)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

[illegible]

** 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.

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.

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.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet L RESERVED
AEP WEST VIRGINIA TRANSMISSION COMPANY

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
AEP WEST VIRGINIA TRANSMISSION COMPANY

		Average Balance of Common Equity				
Line No	Month (a)	Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1) (d)	Less AOCI (Acct 219.1) (e)	Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
	(Note A)	(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	272,845,406	-	-	-	272,845,406
2	January					
3	February					
4	March					
5	April					
6	May					
7	June					
8	July					
9	August					
10	September					
11	October					
12	November					
13	December of Rate Year	401,828,493	-	-	-	401,828,493
14	Average of the Beginning and End Year Balances	337,336,950	-	-	-	337,336,950

		Average Balance of Long Term Debt					
Line No	Month (a)	Bonds (b)	Less: Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
(Note A)		(FF1 112.18)	(FF1 112.19)	(FF1 112.20)	(FF1 112.21)	FF1, page 257, Col. (h) - Note 1	
15	December Prior to Rate Year	-	-	263,000,000	-	-	263,000,000
16	January						
17	February						
18	March						
19	April						
20	May						
21	June						
22	July						
23	August						
24	September						
25	October						
26	November						
27	December of Rate Year	-	-	400,000,000	-	-	400,000,000
28	Average of the Beginning and End Year Balances	-	-	331,500,000	-	-	331,500,000

NOTE 1: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257 Column H of the FF1)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
AEP WEST VIRGINIA TRANSMISSION COMPANY

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	Annual Interest Expense for 2017						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			11,576,650			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 43 below.			-			
32	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			-			
33	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			-			
34	Less: Amort of Premium on Debt - Acct 429 (117.65.c)			-			
35	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)			-			
36	Total Interest Expense (Ln 30 - 31 + 32 + 33 - 34 - 35)			11,576,650			
37	Average Cost of Debt for 2017 (Ln 36/ Ln 28 (g))			3.49%			

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

38 AEP WEST VIRGINIA TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities.

					Amortization Period	
	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	(Amortization of (Gain)/Loss for 2017	Remaining Unamortized Balance	Beginning	Ending	
39						
40						
41						
42						
43	Net (Gain)/Loss Hedge Amortization To Be Removed	-	-	-	-	

Development of Cost of Preferred Stock

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

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

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

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
Worksheet O - PBOP Support
AEP WEST VIRGINIA TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
3	Total AEP System PBOP expenses	-\$62,529,765
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$62,529,765
6	Total AEP System Direct Labor Expense	\$1,368,849,981
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.046
8	Currently Approved PBOP Rate	-\$0.058
9	Base PBOP TransCo labor expensed in current year	2,815,458
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$163,297
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	-\$375,400
15	Actual PBOP Expense (Sum Lines 11-14)	-\$375,400
16	PBOP Adjustment Line 10 less Line 15	\$212,103

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

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

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

AEP WEST VIRGINIA TRANSMISSION COMPANY