

AEP East Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

KINGSPORT POWER COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 138)			\$4,013,431
2	REVENUE CREDITS	(Note A) (Worksheet E)	192,719	DA 1.00000	\$ 192,719
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 3,820,712

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 105 - In 106) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			21.60%
7	Monthly Rate	(In 6 / 12)			1.80%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 105 - In 106 - In 111 - In 112) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			17.65%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 105 - In 106 - In 111 - In 112 - In 133 - In 134) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			7.06%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			49,991
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				199
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				0
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			49,792

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	(1)	(2)	(3)	(4)	(5)
		Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
Line No.	RATE BASE CALCULATION				
18	GROSS PLANT IN SERVICE				
18	Production	(Worksheet A In 1.C)	0	NA	0
19	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	0	NA	0
20	Transmission	(Worksheet A In 3.C & Ln 142)	29,327,301	DA	29,327,301
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 143)	0	TP	0
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		1,183,228	DA	1,183,228
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		0	DA	0
24	Distribution	(Worksheet A In 5.C)	130,967,502	NA	0
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	0	NA	0
26	General Plant	(Worksheet A In 7.C)	2,710,237	W/S	311,818
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	0	W/S	0
28	Intangible Plant	(Worksheet A In 9.C)	1,957,505	W/S	225,215
29	TOTAL GROSS PLANT	(sum Ins 18 to 28)	166,145,773		31,047,561
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	Production	(Worksheet A In 12.C)	0	NA	0
32	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	0	NA	0
33	Transmission	(Worksheet A In 14.C & 28.C)	11,194,253	TP1=	11,194,253
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	0	TP1=	0
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		19,088	DA	19,088
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		0	DA	0
37	Plus: Additional Transmission Depreciation for 2015 (In 111)		714,417	TP1	714,417
38	Plus: Additional General & Intangible Depreciation for 2015 (In 113 + In 114)		601,793	W/S	69,237
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		0	DA	0
40	Distribution	(Worksheet A In 16.C)	50,324,033	NA	0
41	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	0	NA	0
42	General Plant	(Worksheet A In 18.C)	857,819	W/S	98,694
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	0	W/S	0
44	Intangible Plant	(Worksheet A In 20.C)	1,360,305	W/S	156,506
45	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 31 to 44)	65,071,708		12,252,195
46	NET PLANT IN SERVICE				
47	Production	(In 18 + In 19 - In 31 - In 32)	0		0
48	Transmission	(In 20 + In 21 - In 33 - In 34)	18,133,048		18,133,048
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		1,164,140		1,164,140
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		0		0
51	Plus: Additional Transmission Depreciation for 2015 (-In 37)		(714,417)		(714,417)
52	Plus: Additional General & Intangible Depreciation for 2015 (-In 38)		(601,793)		(69,237)
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		0		0
54	Distribution	(In 24 + In 25 - In 40 - In 41)	80,643,469		0
55	General Plant	(In 26 + In 27 - In 42 - In 43)	1,852,418		213,124
56	Intangible Plant	(In 28 - In 44)	597,200		68,709
57	TOTAL NET PLANT IN SERVICE	(sum Ins 47 to 56)	101,074,065		18,795,367
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	0	NA	0
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(20,357,471)	DA	(4,538,377)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(938,362)	DA	(51,671)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	(1,065,767)	DA	(92,603)
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	(3,883)	DA	(760)
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(22,365,483)		(4,683,411)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	34,829	DA	0
66	REGULATORY ASSETS	(Worksheet A In 36. (C))	0	DA	0
67	WORKING CAPITAL				
68	Cash Working Capital	(1/8 * In 88)	68,375		68,375
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	148	TP	148
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	922	W/S	106
71	Stores Expense	(Worksheet C, In 4.(D))	0	GP(h)	0
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	5,225,761	W/S	601,233
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	146,958	GP(h)	26,605
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	0	DA	0
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	(3,117,490)	NA	0
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	2,324,674		696,467
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		81,068,085		14,808,422

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	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
79	Production	321.80.b	141,721,465		
80	Distribution	322.156.b	3,692,799		
81	Customer Related Expense	322.164,171,178.b	1,563,784		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	596,987		
84	TOTAL O&M EXPENSES	(sum lns 79 to 83)	147,575,035		
85	Less: Total Account 561	(Note G) (Worksheet F, ln 14.C)	49,991		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-		
88	Total O&M Allocable to Transmission	(lns 83 - 85 - 86 - 87)	546,996	TP 1.00000	546,996
89	Administrative and General	323.197.b (Note J)	1,907,672		
90	Less: Acct. 924, Property Insurance	323.185.b	189,747		
91	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(281,510)		
92	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-		
93	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(22,576)		
94	Acct. 928, Reg. Com. Exp.	323.189.b	259		
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	3,918		
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	108,340		
97	Balance of A & G	(ln 89 - sum ln 90 to ln 96)	1,909,494	W/S 0.11505	219,691
98	Plus: Acct. 924, Property Insurance	(ln 90)	189,747	GP(h) 0.18104	34,351
99	Acct. 928 - Transmission Specific	Worksheet F ln 18.(E) (Note L)	-	TP 1.00000	-
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 27.(E) (Note L)	-	TP 1.00000	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 34.(E) (Note L)	33,501	DA 1.00000	33,501
102	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 5, (Note M)	240,565	W/S 0.11505	27,677
103	A & G Subtotal	(sum lns 97 to 102)	2,373,307		315,220
104	O & M EXPENSE SUBTOTAL	(ln 88 + ln 103)	2,920,303		862,217
105	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
106	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
107	TOTAL O & M EXPENSE	(ln 104 + ln 105 + ln 106)	2,920,303		862,217
108	DEPRECIATION AND AMORTIZATION EXPENSE				
109	Production	336.2-6.f	-	NA 0.00000	-
110	Distribution	336.8.f	4,435,658	NA 0.00000	-
111	Transmission	336.7.f	714,417	TP1 1.00000	714,417
112	Plus: Transmission Plant-in-Service Additions (Worksheet I ln 21.I)		19,088	DA 1.00000	19,088
113	General	336.10.f	87,049	W/S 0.11505	10,015
114	Intangible	336.1.f	514,744	W/S 0.11505	59,222
115	TOTAL DEPRECIATION AND AMORTIZATION	(lns 109+110+111 +112+113+114)	5,770,956		802,742
116	TAXES OTHER THAN INCOME	(Note N)			
117	Labor Related				
118	Payroll	Worksheet H ln 21.(D)	170,681	W/S 0.11505	19,637
119	Plant Related				
120	Property	Worksheet H ln 21.(C) & ln 35.(C)	1,165,280	DA	213,918
121	Gross Receipts/Sales & Use	Worksheet H ln 21.(F)	3,974,444	NA 0.00000	-
122	Other	Worksheet H ln 21.(E)	807,370	GP(h) 0.18104	146,164
123	TOTAL OTHER TAXES	(sum lns 118 to 122)	6,117,775		379,719
124	INCOME TAXES	(Note O)			
125	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.23%		
126	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		51.57%		
127	where WCLTD=(ln 162) and WACC = (ln 165)				
128	and FIT, SIT & p are as given in Note O.				
129	$GRCF=1 / (1 - T) =$ (from ln 125)		1.6454		
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
131	Income Tax Calculation	(ln 126 * ln 134)	3,667,009		669,840
132	ITC adjustment	(ln 129 * ln 130)	-	NP(h) 0.18192	-
133	TOTAL INCOME TAXES	(sum lns 131 to 132)	3,667,009		669,840
134	RETURN ON RATE BASE (Rate Base * WACC)	(ln 78 * ln 165)	7,110,845		1,298,913
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-	DA 1.00000	-
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-		-
137	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (ln 136 * ln 126)		-		-
138	TOTAL REVENUE REQUIREMENT		25,586,888		4,013,431
	(sum lns 107, 115, 123, 133, 134, 135, 136, 137)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
139	Total transmission plant	(In 20)						29,327,301
140	Less transmission plant excluded from PJM Tariff (Note P)							-
141	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
142	Transmission plant included in PJM Tariff	(In 139 - In 140 - In 141)						<u>29,327,301</u>
143	Percent of transmission plant in PJM Tariff	(In 142 / In 139)					TP	1.00000
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
145	Production	354.20.b	0	0	-	NA	0.00000	-
146	Transmission	354.21.b	126,598	234,122	360,720	TP	1.00000	360,720
147	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
148	Distribution	354.23.b	1,579,827	277,588	1,857,415	NA	0.00000	-
149	Other (Excludes A&G)	354.24,25,26.b	402,474	514,674	917,148	NA	0.00000	-
150	Total	(sum Ins 145 to 149)	<u>2,108,899</u>	<u>1,026,384</u>	<u>3,135,283</u>			<u>360,720</u>
151	Transmission related amount						W/S=	0.11505
152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
153	Long Term Interest	(Worksheet L, In. 35, col. (D))						<u>904,000</u>
154	Preferred Dividends	(Worksheet L, In. 40, col. (D))						-
155	<u>Development of Common Stock:</u>							
156	Proprietary Capital	(FF1 p 112, Ln 16.c)						31,277,290
157	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
158	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
159	Less: Account 219	(FF1 p 112, Ln 15.c)						-
160	Common Stock	(In 156 - In 157 - In 158 - In 159)						<u>31,277,290</u>
161			\$	%		Cost (Note S)	Weighted	
162	Long Term Debt (Note T) Worksheet L, In 35, col. (B))		<u>20,000,000</u>	39.00%		0.0452	0.0176	
163	Preferred Stock (In 157)		-	0.00%		-	0.0000	
164	Common Stock (In 160)		<u>31,277,290</u>	61.00%		11.49%	0.0701	
165	Total (Sum Ins 162 to 164)		<u>51,277,290</u>			WACC=	0.0877	

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Letter

Notes

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

- A Revenue credits include:
 1) Forfeited Discounts.
 2) Miscellaneous Service Revenues.
 3) Rental revenues earned on assets included in the rate base.
 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
 5) Other electric revenues.
 6) Revenues for grandfathered PTP contracts included in the load divisor.
 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, 2015. Other ratebase amounts are as of December 31, 2014.
- 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.
- 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 Ancillary 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 103.
- F 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 135.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 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.
- H 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 105 and 106 to determine the total O&M collected in the formula. The amounts on lines 105 and 106 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
 The addbacks on lines 105 and 106 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 105 and 106 is the KINGSPORT POWER COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 91 through 93 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses 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.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
- 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)
 (ln 130) 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) |
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = long-term interest (ln 153) / long term debt (ln 162). Preferred Stock cost rate = preferred dividends (ln 154) / preferred outstanding (ln 163).
 Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO membership.
 In the Projected & Historic templates, the interest expense on long-term debt is the sum of a full year's interest expense at the coupon rate for each issuance outstanding as of December 31 of the historic year. The projected expense for variable rate debt will be based on the effective rate at December 31. These conventions ensure that the expense used in the projection will reflect a full year, similar to the actual expense that will appear in the subsequent true-up of the projection, and minimize the impact on the true-up of using a partial year interest expense. The projection will reflect the actual historic-year expense recorded for issuance expenses, discounts and premiums, and gains or losses on reacquired debt. Eligible hedging gains or losses will be limited to five basis points of the projected capital structure.
 Details and calculations are shown on Worksheet L.
- T This note only applies to Indiana Michigan Power Company.
- U This note only applies to the true-up template.

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Line No.			Total	Allocator	Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(In 303)			\$3,943,758
167	REVENUE CREDITS	(Note A) (Worksheet E)	192,719	DA 1.00000	\$ 192,719
168	REVENUE REQUIREMENT For All Company Facilities	(In 166 less In 167)			<u>\$ 3,751,039</u>

MEMO: The Carrying Charge Calculations on lines 171 to 176 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 169 is included in the total on line 168.

169	Not applicable on this template				
170	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
171	Annual Rate	((In 166 - In 270 - In 271) / In 213 x 100)			21.75%
172	Monthly Rate	(In 171 / 12)			1.81%
173	NET PLANT CARRYING CHARGE ON LINE 171 , w/o depreciation or ROE incentives (Note B)				
174	Annual Rate	((In 166 - In 270 - In 271 - In 276) / In 213 x 100)			17.81%
175	NET PLANT CARRYING CHARGE ON LINE 174, w/o Return, income taxes or ROE incentives (Note B)				
176	Annual Rate	((In 166 - In 270 - In 271 - In 276 - In 298 - In 299) / In 213 x 100)			7.23%
177	Not applicable on this template				

REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES					
179	Total Load Dispatch & Scheduling (Account 561)	Line 250 Below			49,991
180	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				199
181	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				0
182	Total 561 Internally Developed Costs	(Line 179 - Line 180 - Line 181)			<u>49,792</u>

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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.	GROSS PLANT IN SERVICE				
183	Production	(Worksheet A In 1.C)	-	NA	0.00000
184	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA	0.00000
185	Transmission	(Worksheet A In 3.C & Ln 307)	29,327,301	DA	1.00000
186	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 308)	-	TP	1.00000
187	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000
188	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000
189	Distribution	(Worksheet A In 5.C)	130,967,502	NA	0.00000
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000
191	General Plant	(Worksheet A In 7.C)	2,710,237	W/S	0.11505
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	0.11505
193	Intangible Plant	(Worksheet A In 9.C)	1,957,505	W/S	0.11505
194	TOTAL GROSS PLANT	(sum Ins 183 to 193)	164,962,545	GP(h)=	0.181037
				GTD=	0.18296
195	ACCUMULATED DEPRECIATION AND AMORTIZATION				
196	Production	(Worksheet A In 12.C)	-	NA	0.00000
197	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA	0.00000
198	Transmission	(Worksheet A In 14.C & 28.C)	11,194,253	TP1=	1.00000
199	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	1.00000
200	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000
201	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000
202	Plus: Additional Transmission Depreciation for 2015 (In 276)		N/A	TP1	1.00000
203	Plus: Additional General & Intangible Depreciation for 2015 (In 275 + In 276)		N/A	W/S	0.11505
204	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000
205	Distribution	(Worksheet A In 16.C)	50,324,033	NA	0.00000
206	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA	0.00000
207	General Plant	(Worksheet A In 18.C)	857,819	W/S	0.11505
208	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	0.11505
209	Intangible Plant	(Worksheet A In 20.C)	1,360,305	W/S	0.11505
210	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 196 to 209)	63,736,410		
211	NET PLANT IN SERVICE				
212	Production	(In 183 + In 184 - In 196 - In 197)	-		
213	Transmission	(In 185 + In 186 - In 198 - In 199)	18,133,048		
214	Plus: Transmission Plant-in-Service Additions (In 187 - In 200)		N/A		
215	Plus: Additional Trans Plant on Transferred Assets (In 188 - In 201)		N/A		
216	Plus: Additional Transmission Depreciation for 2015 (-In 202)		N/A		
217	Plus: Additional General & Intangible Depreciation for 2015 (-In 203)		N/A		
218	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 204)		N/A		
219	Distribution	(In 189 + In 190 - In 205 - In 206)	80,643,469		
220	General Plant	(In 191 + In 192 - In 207 - In 208)	1,852,418		
221	Intangible Plant	(In 193 - In 209)	597,200		
222	TOTAL NET PLANT IN SERVICE	(sum Ins 212 to 221)	101,226,135	NP(h)=	0.181918
223	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
224	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
225	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(20,357,471)	DA	(4,538,377)
226	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(938,362)	DA	(51,671)
227	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	(1,065,767)	DA	(92,603)
228	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	(3,883)	DA	(760)
229	TOTAL ADJUSTMENTS	(sum Ins 224 to 228)	(22,365,483)		(4,683,411)
230	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	34,829	DA	-
231	REGULATORY ASSETS	(Worksheet A In 36. (C))	-	DA	-
232	WORKING CAPITAL	(Note E)			
233	Cash Working Capital	(1/8 * In 253)	68,375		68,375
234	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	148	TP	1.00000
235	A&G Materials & Supplies	(Worksheet C, In 3.(D))	922	W/S	0.11505
236	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	0.18104
237	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	5,225,761	W/S	0.11505
238	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	146,958	GP(h)	0.18104
239	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000
240	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	(3,117,490)	NA	0.00000
241	TOTAL WORKING CAPITAL	(sum Ins 233 to 240)	2,324,674		696,467
242	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000
243	RATE BASE (sum Ins 222, 229, 230, 231, 241, 242)		81,220,155		14,427,937

AEP East Companies
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KINGSPORT POWER 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				
244	Production	321.80.b	141,721,465		
245	Distribution	322.156.b	3,692,799		
246	Customer Related Expense	322 & 323.164,171,178.b	1,563,784		
247	Regional Marketing Expenses	322.131.b	-		
248	Transmission	321.112.b	596,987		
249	TOTAL O&M EXPENSES	(sum Ins 244 to 248)	147,575,035		
250	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	49,991		
251	Less: Account 565	(Note H) 321.96.b	-		
252	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
253	Total O&M Allocable to Transmission	(Ins 248 - 250 - 251 - 252)	546,996	TP	1.00000
254	Administrative and General	323.197.b (Note J)	1,907,672		
255	Less: Acct. 924, Property Insurance	323.185.b	189,747		
256	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(281,510)		
257	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-		
258	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(22,576)		
259	Acct. 928, Reg. Com. Exp.	323.189.b	259		
260	Acct. 930.1, Gen. Advert. Exp.	323.191.b	3,918		
261	Acct. 930.2, Misc. Gen. Exp.	323.192.b	108,340		
262	Balance of A & G	(In 254 - sum In 255 to In 261)	1,909,494	W/S	0.11505
263	Plus: Acct. 924, Property Insurance	(In 255)	189,747	GP(h)	0.18104
264	Acct. 928 - Transmission Specific	Worksheet F In 18.(E) (Note L)	-	TP	1.00000
265	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 27.(E) (Note L)	-	TP	1.00000
266	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 34.(E) (Note L)	33,501	DA	1.00000
267	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 5, (Note M)	240,565	W/S	0.11505
268	A & G Subtotal	(sum Ins 262 to 267)	2,373,307		
269	O & M EXPENSE SUBTOTAL	(In 253 + In 268)	2,920,303		
270	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
271	Plus: Transmission Lease Payments To Affiliates in Acct 565	(Company Records) (Note H)	-	DA	1.00000
272	TOTAL O & M EXPENSE	(In 269 + In 270 + In 271)	2,920,303		
273	DEPRECIATION AND AMORTIZATION EXPENSE				
274	Production	336.2-6.f	-	NA	0.00000
275	Distribution	336.8.f	4,435,658	NA	0.00000
276	Transmission	336.7.f	714,417	TP1	1.00000
277	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
278	General	336.10.f	87,049	W/S	0.11505
279	Intangible	336.1.f	514,744	W/S	0.11505
280	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 274+275+276+277+278+279)	5,751,868		
281	TAXES OTHER THAN INCOME	(Note N)			
282	Labor Related				
283	Payroll	Worksheet H In 21.(D)	170,681	W/S	0.11505
284	Plant Related				
285	Property	Worksheet H In 21.(C) & In 35.(C)	1,165,280	DA	1.00000
286	Gross Receipts/Sales & Use	Worksheet H In 21.(F)	3,974,444	NA	0.00000
287	Other	Worksheet H In 21.(E)	807,370	GP(h)	0.18104
288	TOTAL OTHER TAXES	(sum Ins 283 to 287)	6,117,775		
289	INCOME TAXES	(Note O)			
290	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		39.23%		
291	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		51.57%		
292	where WCLTD=(In 327) and WACC = (In 330)				
293	and FIT, SIT & p are as given in Note O.				
294	$GRCF=1 / (1 - T) =$ (from In 290)		1.6454		
295	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
296	Income Tax Calculation	(In 291 * In 299)	3,673,888		
297	ITC adjustment	(In 294 * In 295)	-	NP(h)	0.18192
298	TOTAL INCOME TAXES	(sum Ins 296 to 297)	3,673,888		
299	RETURN ON RATE BASE (Rate Base*WACC)	(In 243 * In 330)	7,124,183		
300	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
301	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		
302	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 301 * In291)		-		
303	TOTAL REVENUE REQUIREMENT	(sum Ins 272, 280, 288, 298, 299, 300, 301, 302)	25,588,017		

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
304	Total transmission plant	(In 185)						29,327,301
305	Less transmission plant excluded from PJM Tariff (Note P)							-
306	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
307	Transmission plant included in PJM Tariff	(In 304 - In 305 - In 306)						29,327,301
308	Percent of transmission plant in PJM Tariff	(In 307 / In 304)					TP=	1.00000
309	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
310	Production	354.20.b	0	0	-	NA	0.00000	-
311	Transmission	354.21.b	126,598	234,122	360,720	TP	1.00000	360,720
312	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
313	Distribution	354.23.b	1,579,827	277,588	1,857,415	NA	0.00000	-
314	Other (Excludes A&G)	354.24,25,26.b	402,474	514,674	917,148	NA	0.00000	-
315	Total	(sum Ins 310 to 314)	2,108,899	1,026,384	3,135,283			360,720
316	Transmission related amount						W/S=	0.11505
317	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
318	Long Term Interest	(Worksheet L, In. 35, col. (D))						904,000
319	Preferred Dividends	(Worksheet L, In. 40, col. (D))						-
320	Development of Common Stock:							
321	Proprietary Capital	(FF1 p 112, Ln 16.c)						31,277,290
322	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
323	Less: Account 216.1	(FF1 p 112, Ln 12 .c)						-
324	Less: Account 219	(FF1 p 112, Ln 15.c)						-
325	Common Stock	(In 321 - In 322 - In 323 - In 324)						31,277,290
326			\$	%		Cost (Note S)	Weighted	
327	Long Term Debt (Note T) Worksheet L, In 35, col. (B))		20,000,000	39.00%		0.0452	0.0176	
328	Preferred Stock (In 322)		-	0.00%		-	0.0000	
329	Common Stock (In 325)		31,277,290	61.00%		11.49%	0.0701	
330	Total (Sum Ins 327 to 329)		51,277,290				WACC=	0.0877

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KINGSPORT POWER COMPANY

Letter

Notes

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

- A Revenue credits include:
 1) Forfeited Discounts.
 2) Miscellaneous Service Revenues.
 3) Rental revenues earned on assets included in the rate base.
 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
 5) Other electric revenues.
 6) Revenues for grandfathered PTP contracts included in the load divisor.
 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 historic as of December 31, 2014.
- 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.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 253. It excludes:
 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 250.
 2) AEP transmission equalization transfers, as shown on line 251
 3) The impact of state regulatory deferrals and amortizations, as shown on line 252
 4) All A&G Expenses, as shown on line 268.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 242 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 300.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 180 & 181 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 253. 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 270 and 271 to determine the total O&M collected in the formula. The amounts on lines 270 and 271 are also excluded in the calculation of the FCR percentage calculated on lines 170 through 176. The addbacks on lines 270 and 271 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 270 and 271 is the KINGSPORT POWER COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 256 through 258 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses 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.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
- 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 295) 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)
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = long-term interest (In 318) / long term debt (In 327). Preferred Stock cost rate = preferred dividends (In 319) / preferred outstanding (In 328). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for remaining a member of the PJM RTO.
 In the Projected & Historic templates, the interest expense on long-term debt is the sum of a full year's interest expense at the coupon rate for each issuance outstanding as of December 31 of the historic year. The projected expense for variable rate debt will be based on the effective rate at December 31. These conventions ensure that the expense used in the projection will reflect a full year, similar to the actual expense that will appear in the subsequent true-up of the projection, and minimize the impact on the true-up of using a partial year interest expense. The projection will reflect the actual historic-year expense recorded for issuance expenses, discounts and premiums, and gains or losses on reacquired debt. Eligible hedging gains or losses will be limited to five basis points of the projected capital structure. Details and calculations are shown on Worksheet L.
- T This note only applies to Indiana Michigan Power Company.
- U This note only applies to the true-up template.

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Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 138)			\$3,833,004
2	REVENUE CREDITS	(Note A) (Worksheet E)	192,719	DA 1.00000	\$ 192,719
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 3,640,286

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 105 - In 106) / In 48 x 100)			22.20%
7	Monthly Rate	(In 6 / 12)			1.85%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 105 - In 106 - In 111) / In 48 x 100)			18.06%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 105 - In 106 - In 111 - In 133 - In 134) / In 48 x 100)			7.58%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			49,991
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				199
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			49,792

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	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE				
18	Production	(Worksheet A In 1.E)	-	NA	0.00000
19	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	-	NA	0.00000
20	Transmission	(Worksheet A In 3.C & Ln 142)	28,248,816	DA	28,248,816
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 143)	-	TP	1.00000
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000
24	Distribution	(Worksheet A In 5.E)	127,877,174	NA	0.00000
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	-	NA	0.00000
26	General Plant	(Worksheet A In 7.E)	2,692,566	W/S	0.11505
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	0.11505
28	Intangible Plant	(Worksheet A In 9.E)	1,277,898	W/S	0.11505
29	TOTAL GROSS PLANT	(sum Ins 18 to 28)	160,096,453	GP(h)=	0.17930
				GTD=	0.00000
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	Production	(Worksheet A In 12.E)	-	NA	0.00000
32	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	-	NA	0.00000
33	Transmission	(Worksheet A In 14.E & 28.E)	10,985,000	TP1=	1.00000
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	1.00000
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000
37	Plus: Additional Transmission Depreciation for 2015 (In 111)		N/A	TP1	1.00000
38	Plus: Additional General & Intangible Depreciation for 2015 (In 110 + In 111)		N/A	W/S	0.11505
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000
40	Distribution	(Worksheet A In 16.E)	48,889,346	NA	0.00000
41	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA	0.00000
42	General Plant	(Worksheet A In 18.E)	823,169	W/S	0.11505
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	0.11505
44	Intangible Plant	(Worksheet A In 20.E)	1,088,164	W/S	0.11505
45	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 31 to 44)	61,785,679		11,204,902
46	NET PLANT IN SERVICE				
47	Production	(In 18 + In 19 - In 31 - In 32)	-		-
48	Transmission	(In 20 + In 21 - In 33 - In 34)	17,263,816		17,263,816
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 - In 36)		N/A		N/A
51	Plus: Additional Transmission Depreciation for 2015 (-In 37)		N/A		N/A
52	Plus: Additional General & Intangible Depreciation for 2015 (-In 38)		N/A		N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A		N/A
54	Distribution	(In 24 + In 25 - In 40 - In 41)	78,987,828		-
55	General Plant	(In 26 + In 27 - In 42 - In 43)	1,869,397		215,078
56	Intangible Plant	(In 28 - In 44)	189,734		21,829
57	TOTAL NET PLANT IN SERVICE	(sum Ins 47 to 56)	98,310,775	NP(h)=	0.17801
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)	(19,808,716)	DA	(4,484,848)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(777,066)	DA	(30,263)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	(891,455)	DA	(59,550)
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	(11,569)	DA	(2,349)
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(21,488,805)		(4,577,009)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	230,024	DA	-
66	REGULATORY ASSETS	(Worksheet A In 36. (E))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	68,375		68,375
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	350	TP	1.00000
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	3,651	W/S	0.11505
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	0.17930
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	5,216,363	W/S	0.11505
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	145,232	GP(h)	0.17930
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	(3,191,126)	NA	0.00000
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	2,242,844		695,337
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)		79,294,838		13,619,051

AEP East Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

KINGSPORT POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
79	Production	321.80.b	141,721,465		
80	Distribution	322.156.b	3,692,799		
81	Customer Related Expense	322.164,171,178.b	1,563,784		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	596,987		
84	TOTAL O&M EXPENSES	(sum Ins 79 to 83)	147,575,035		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	49,991		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	546,996	TP 1.00000	546,996
89	Administrative and General	323.197.b (Note J)	1,907,672		
90	Less: Acct. 924, Property Insurance	323.185.b	189,747		
91	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(281,510)		
92	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-		
93	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(22,576)		
94	Acct. 928, Reg. Com. Exp.	323.189.b	259		
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	3,918		
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	108,340		
97	Balance of A & G	(In 89 - sum In 90 to In 96)	1,909,494	W/S 0.11505	219,691
98	Plus: Acct. 924, Property Insurance	(In 90)	189,747	GP(h) 0.17930	34,022
99	Acct. 928 - Transmission Specific	Worksheet F In 18.(E) (Note L)	-	TP 1.00000	-
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 27.(E) (Note L)	-	TP 1.00000	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 34.(E) (Note L)	33,501	DA 1.00000	33,501
102	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 5, (Note M)	240,565	W/S 0.11505	27,677
103	A & G Subtotal	(sum Ins 97 to 102)	2,373,307		314,891
104	O & M EXPENSE SUBTOTAL	(In 88 + In 103)	2,920,303		861,888
105	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
106	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
107	TOTAL O & M EXPENSE	(In 104 + In 105 + In 106)	2,920,303		861,888
	DEPRECIATION AND AMORTIZATION EXPENSE				
109	Production	336.2-6.f	-	NA 0.00000	-
110	Distribution	336.8.f	4,435,658	NA 0.00000	-
111	Transmission	336.7.f	714,417	TP1 1.00000	714,417
112	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
113	General	336.10.f	87,049	W/S 0.11505	10,015
114	Intangible	336.1.f	514,744	W/S 0.11505	59,222
115	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 109+110+ 111+112+113+114) (Note N)	5,751,868		783,654
	TAXES OTHER THAN INCOME				
117	Labor Related				
118	Payroll	Worksheet H In 21.(D)	170,681	W/S 0.11505	19,637
119	Plant Related				
120	Property	Worksheet H In 21.(C) & In 35.(C)	1,165,280	DA 0.00000	213,918
121	Gross Receipts/Sales & Use	Worksheet H In 21.(F)	3,974,444	NA 0.00000	-
122	Other	Worksheet H In 21.(E)	807,370	GP(h) 0.17930	144,763
123	TOTAL OTHER TAXES	(sum Ins 118 to 122)	6,117,775		378,318
	INCOME TAXES				
124	INCOME TAXES	(Note O)			
125	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.23%		
126	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		51.54%		
127	where WCLTD=(In 162) and WACC = (In 165)				
128	and FIT, SIT & p are as given in Note O.				
129	$GRCF=1 / (1 - T) =$ (from In 125)		1.6454		
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
131	Income Tax Calculation	(In 126 * In 134)	3,582,345		615,275
132	ITC adjustment	(In 129 * In 130)	-	NP(h) 0.17801	-
133	TOTAL INCOME TAXES	(sum Ins 131 to 132)	3,582,345		615,275
134	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 165)	6,951,120		1,193,869
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
137	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 136 * In126)		-		-
138	TOTAL REVENUE REQUIREMENT	(sum Ins 107, 115, 123, 133, 134, 135)	25,323,411		3,833,004

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KINGSPORT POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
139	Total transmission plant	(In 20)					28,248,816	
140	Less transmission plant excluded from PJM Tariff	(Note P)					-	
141	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note Q)					-	
142	Transmission plant included in PJM Tariff	(In 139 - In 140 - In 141)					28,248,816	
143	Percent of transmission plant in PJM Tariff	(In 142 / In 139)				TP=	1.00000	
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
145	Production	354.20.b	0	0	-	NA	0.00000	-
146	Transmission	354.21.b	126,598	234,122	360,720	TP	1.00000	360,720
147	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
148	Distribution	354.23.b	1,579,827	277,588	1,857,415	NA	0.00000	-
149	Other (Excludes A&G)	354.24,25,26.b	402,474	514,674	917,148	NA	0.00000	-
150	Total	(sum Ins 145 to 149)	2,108,899	1,026,384	3,135,283			360,720
151	Transmission related amount					W/S=	0.11505	
152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$	
153	Long Term Interest	(Worksheet M, In. 21, col. (E))					904,000	
154	Preferred Dividends	(Worksheet M, In. 56, col. (E))					-	
155	Development of Common Stock:						Average	
156	Proprietary Capital	(Worksheet M, In. 1, col. (E))					31,179,570	
157	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))					-	
158	Less: Account 216.1	(Worksheet M, In. 3, col. (E))					-	
159	Less: Account 219	(Worksheet M, In. 4, col. (E))					1,648	
160	Common Stock	(In 156 - In 157 - In 158 - In 159)					31,177,922	
161		Average \$						
162	Long Term Debt (Note T) W/S M, In 11, In 22, col. (E))	20,000,000					0.0452	0.0177
163	Preferred Stock (In 157)	-					-	0.0000
164	Common Stock (In 160)	31,177,922					11.49%	0.0700
165	Total (Sum Ins 162 to 164)	51,177,922					WACC=	0.0877
166	Capital Structure Equity Limit (Note U)	100.0%						

AEP East Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

KINGSPORT POWER COMPANY

Letter

Notes

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

- A Revenue credits include:
 1) Forfeited Discounts.
 2) Miscellaneous Service Revenues.
 3) Rental revenues earned on assets included in the rate base.
 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
 5) Other electric revenues.
 6) Revenues for grandfathered PTP contracts included in the load divisor.
 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 reflect the average of the balances at December 31, 2013 and December 31, 2014.
- 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.
- 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 Ancillary 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 103.
- F 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 135.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 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.
- H 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 105 and 106 to determine the total O&M collected in the formula. The amounts on lines 105 and 106 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
 The addbacks on lines 105 and 106 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 105 and 106 is the KINGSPORT POWER COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense. applicable only for state regulatory purposes.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 91 through 93 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses 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.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
- 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 130) 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)
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = long-term interest (In 153) / long term debt (In 162). Preferred Stock cost rate = preferred dividends (In 154) / preferred outstanding (In 163).
 Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO membership.
 Interest expense for the true-up WACC is based on actual expenses for the true-up year. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the true-up capital structure. Details and calculations of the true-up weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are defined in the Formula Protocols in the tariff, and on Worksheet M.
- T This note only applies to Indiana Michigan Power Company.
- U Per Settlement, equity for KINGSPORT POWER COMPANY is limited to 100% of Capital Structure. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.
 During the period ended December 31, 2011 the equity cap is in effect. During this period, a change in the cap percentage must be approved via a 205 filing with the FERC.

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet A Supporting Plant Balances
 KINGSPORT POWER COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2014	(D) Balance @ December 31, 2013	(E) Average Balance for 2014
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	-	-	-
2	Production Asset Retirement Obligation (ARO)	FF1, page 205&204, Col.(g)&(b), Ins 15,24,34,44	-	-	-
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	29,327,301	27,170,330	28,248,816
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	130,967,502	124,786,846	127,877,174
6	Distribution Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	-	-	-
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	2,710,237	2,674,895	2,692,566
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	1,957,505	598,290	1,277,898
10	Total Property Investment Balance	(Sum of Lines: 3, 1, 5, 7, 9)	164,962,545	155,230,361	160,096,453
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 2, 6, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	Production Accumulated Depreciation	FF1, page 219, Ins 20-24, Col. (b)	-	-	-
13	Production ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	11,194,253	10,775,746	10,985,000
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, In 26, Col. (b)	50,324,033	47,454,659	48,889,346
17	Distribution ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	857,819	788,519	823,169
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	1,360,305	816,023	1,088,164
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 12, 16, 18, 20)	63,736,410	59,834,947	61,785,679
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 13, 17, 19)	-	-	-
Generation 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)	-	-	-
Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	11,194,253	10,775,746	10,985,000
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	11,194,253	10,775,746	10,985,000
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	34,829	425,220	230,024
30	Transmission Plant Held For Future	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.					
31					-
32					-
33					-
34					-
35					-
36	Total Regulatory Deferrals Included in Ratebase		-	-	-

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

NOTE: The ratebase should not include the unamortized balance of hedging gains or losses.

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet B Supporting ADIT and ITC Balances
 KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2014</u>	<u>(D) Balance @ December 31, 2013</u>	<u>(E) Average Balance for 2014</u>
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, In 8, Col. (k)	-	-	-
3	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
4	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
5	Transmission Related Deferrals	Ln 2 - In 3 - In 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, In 5, Col. (k)	20,357,471	19,259,960	19,808,716
8	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	15,819,094	14,828,642	15,323,868
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	4,538,377	4,431,318	4,484,848
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	938,362	615,769	777,066
13	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	886,691	606,915	746,803
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	51,671	8,854	30,263
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	(1,065,767)	(717,142)	(891,455)
18	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	(973,164)	(690,645)	(831,905)
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	(92,603)	(26,497)	(59,550)
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	3,883	19,255	11,569
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	0	0	-
24	ITC Balances Includeable Ratebase	Ln 22 - In 23	3,883	19,255	11,569
25	Transmission Related Deferrals	Company Records - Note 1	760	3,937	2,349

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.

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
KINGSPORT POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
<u>Line Number</u>	<u>Source</u>	<u>Balance @ December 31, 2014</u>	<u>Balance @ December 31, 2013</u>	<u>Average Balance for 2014</u>				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	148	552	350			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	922	6,380	3,651			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary

	<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, 2014	2,255,228	(3,117,490)	0	146,958	5,225,761
7	Totals as of December 31, 2013	2,085,708	(3,264,761)	0	143,505	5,350,469
8	Average Balance	2,170,468	(3,191,126)	-	145,232	5,216,363

Prepayments Account 165 - Balance @ 12/31/2014

9	<u>Acc. No.</u>	<u>Description</u>	<u>2014 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>	<u>Explanation</u>
10	1650001	Prepaid Insurance	51,834	-	-	51,834	-	51,834	Plant Related Insurance Policies
11	165000214	Prepaid Taxes	2,046,162	2,046,162	-	-	-	-	Prepaid Taxes - Distribution
12	165000215	Prepaid Taxes	51,183	51,183	-	-	-	-	Prepaid Taxes - Distribution
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	10,792	10,792	-	-	-	-	AR Factoring - Retail Only
18	1650010	Prepaid Pension Benefits	4,922,326	-	-	-	4,922,326	4,922,326	Prefunded Pension Expense
19	1650014	FAS 158 Qual Contra Asset	(4,922,326)	(4,922,326)	-	-	-	-	SFAS 158 Offset
20	1650016	FAS 112 ASSETS	0	-	-	-	-	-	
21	1650021	Prepaid Insurance - EIS	95,124	-	-	95,124	-	95,124	
22	1650023	Prepaid Lease	133	133	-	-	-	-	Prepaid Lease - Distribution
23	1650035	PRW Without Med-D Benefits	(298,994)	-	-	-	(298,994)	(298,994)	
24	1650036	PRW for Med-D Benefits	602,429	-	-	-	602,429	602,429	
25	1650037	FAS158 Contra-PRW Exc Med-D	(303,434)	(303,434)	-	-	-	-	SFAS 158 Offset
Subtotal - Form 1, p 111.57.c			2,255,228	(3,117,490)	0	146,958	5,225,761	5,372,719	

Prepayments Account 165 - Balance @ 12/31/ 2013

26	<u>Acc. No.</u>	<u>Description</u>	<u>2013 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>	<u>Explanation</u>
27	1650001	Prepaid Insurance	29,581	-	-	29,581	-	29,581	Plant Related Insurance Policies
28	165000213	Prepaid Taxes	1,926,580	1,926,580	-	-	-	-	Prepaid Taxes - Distribution
29	165000214	Prepaid Taxes	7,664	7,664	-	-	-	-	Prepaid Taxes - Distribution
30	1650003	Prepaid Rents	0	-	-	-	-	-	
31	1650004	Prepaid Interest	0	-	-	-	-	-	
32	1650005	Prepaid Employee Benefits	0	-	-	-	-	-	
33	1650006	Other Prepayments	0	-	-	-	-	-	
34	1650009	Prepaid Carry Cost-Factored AR	7,959	7,959	-	-	-	-	AR Factoring - Retail Only
35	1650010	Prepaid Pension Benefits	5,206,964	-	-	-	5,206,964	5,206,964	Prefunded Pension Expense
36	1650014	FAS 158 Qual Contra Asset	(5,206,964)	(5,206,964)	-	-	-	-	SFAS 158 Offset
37	1650016	FAS 112 ASSETS	0	-	-	-	-	-	
38	1650021	Prepaid Insurance - EIS	113,924	-	-	113,924	-	113,924	
39	1650023	Prepaid Lease	0	-	-	-	-	-	
Subtotal - Form 1, p 111.57.d			2,085,708	(3,264,761)	0	143,505	5,206,964	5,350,469	

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet D Supporting IPP Credits
 KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, line 24.b)	-
2	Interest Accrual (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	-
6		-
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column $((\text{In } 1 + \text{In } 7)/2)$	-

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

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet E Supporting Revenue Credits
 KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non-Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	280,372	280,372	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	29,486	29,486	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	1,398,477	1,355,092	43,386
4	Account 4560015, Associated Business Development - (Company Records - Note 1)	231,095	81,762	149,333
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	3,922,158	3,922,158	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	5,861,588	5,668,869	192,719
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	5,861,588	5,668,869	192,719

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

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Item No.</u>	<u>(B) Description</u>	<u>(C) 2014 Expense</u>	<u>(D) 100% Non-Transmission</u>	<u>(E) 100% Transmission Specific</u>	<u>(F) Explanation</u>
Regulatory O&M Deferrals & Amortizations						
1		No Applicable Charges for KGPCO	-			
2						
3						
4		Total	0			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	0			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	322			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	43,945			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	199			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	5,525			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Servi	0			
14		Total of Account 561	49,991			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	259	259	-	
18		Total	259	259	-	
Account 930.1						
19	9301000	General Advertising Expenses	-	-	-	
20	9301002	Radio Station Advertising Time	4	4	-	
21	9301010	Publicity	122	122	-	
22	9301011	Dedications, Tours, & Openings	0	0	-	
23	9301012	Public Opinion Surveys	2,089	2,089	-	
24	9301013	Movies Slide Films & Speeches	-	-	-	
25	9301014	Video Communications	-	-	-	
26	9301015	Other Corporate Comm Exp	1,703	1,703	-	
27		Total	3,918	3,918	-	
Account 930.2						
28	9302000	Misc General Expenses	32,515	32,515		
29	9302003	Corporate & Fiscal Expenses	600	600		
30	9302004	Research, Develop&Demonstr Exp	640	640		
31	9302005	Nucl Fac Ins - Replce Engy Cst	0	0		
32	9302006	Assoc Bus Dev - Materials Sold	29	0	29	
33	9302007	Assoc Business Development Exp	74,557	41,085	33,472	
34		Total	108,341	74,840	33,501	

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 KINGSPORT POWER COMPANY

Tennessee Excise Tax Rate	6.50%	
Apportionment Factor - Note 2	100.00%	
Effective State Tax Rate		6.50%
Total Effective State Income Tax Rate		<u>6.50%</u>

Note 1 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 0% 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 Activities Tax that is included in Schedule H and H-1.

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

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet H Supporting Taxes Other than Income
 KINGSPORT POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	3,972,742				3,972,742
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Tennessee	1,165,280	1,165,280			
5	Real and Personal Property - Other	0	-			
6	Payroll Taxes					
7	Federal Insurance Contribution (FICA)	171,291		171,291		
8	Federal Unemployment Tax	1,031		1,031		
9	State Unemployment Insurance	(1,641)		(1,641)		
10	Production Taxes					
11	State Severance Taxes	-				-
12	Miscellaneous Taxes					
13	State Business & Occupation Tax	-				-
14	State Public Service Commission Fees	654,642			654,642	
15	State Franchise Taxes	149,286			149,286	
16	State Lic/Registration Fee	3,422			3,422	
17	Misc. State and Local Tax	20			20	
18	Sales & Use	1,702				1,702
19	Federal Excise Tax	-				-
20	Michigan Single Business Tax	-				-
21	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	6,117,775	1,165,280	170,681	807,370	3,974,444

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

Functional Property Tax Allocation

	Production	Transmission	Distribution	General	Total
22 Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)	-	18,133,048	80,643,469	1,852,418	100,628,935
TENNESSEE JURISDICTION					
23 Percentage of Plant in TENNESSEE JURISDICTION		100.00%	100.00%	100.00%	
24 Net Plant in TENNESSEE JURISDICTION (Ln 22 * Ln 23)	-	18,133,048	80,643,469	1,852,418	100,628,935
25 Less: Net Value of Exempted Generation Plant	-				
26 Taxable Property Basis (Ln 24 - Ln 25)	-	18,133,048	80,643,469	1,852,418	100,628,935
27 Relative Valuation Factor		100%	100%	100%	3
28 Weighted Net Plant (Ln 26 * Ln 27)	-	18,133,048	80,643,469	1,852,418	
29 General Plant Allocator (Ln 28 / (Total - General Plant))	0.00%	18.36%	81.64%	-100.00%	
30 Functionalized General Plant (Ln 29 * General Plant)	-	340,060	1,512,358	(1,852,418)	-
31 Weighted TENNESSEE JURISDICTION Plant (Ln 28 + 30)	-	18,473,108	82,155,827	-	100,628,935
32 Functional Percentage (Ln 31/Total Ln 31)	0.00%	18.36%	81.64%		
33 Functionalized Expense in TENNESSEE JURISDICTION	-	213,918	951,362		1,165,280
34 Total Other Jurisdictions: (Line 5 * Net Plant Allocator)		-			-
35 Total Func. Property Taxes (Sum Lns 33, 34)	-	213,918	951,362		1,165,280

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H
 KINGSPORT POWER COMPANY

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	3,972,742	1,926,580	P.263 ln 32 (i)
			2,046,162	P.263 ln 33 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - Tennessee	1,165,280	6,280	P.263 ln 16 (i)
			1,159,000	P.263 ln 17 (i)
5	Real and Personal Property - Other	-	-	
6	Payroll Taxes			
7	Federal Insurance Contribution (FICA)	171,291	171,291	P.263 ln 5 (i)
8	Federal Unemployment Tax	1,031	1,031	P.263 ln 6 (i)
9	State Unemployment Insurance	(1,641)	(1,641)	P.263 ln 29 (i)
10	Production Taxes			
11	State Severance Taxes	-	-	
12	Miscellaneous Taxes			
13	State Business & Occupation Tax	-	-	
14	State Public Service Commission Fees	654,642	654,642	P.263 ln 39 (i)
15	State Franchise Taxes	149,286	28,746	P.263 ln 26 (i)
			120,000	P.263 ln 27 (i)
			540	P.263.1 ln 15 (i)
16	State Lic/Registration Fee	3,422	22	P.263 ln 36 (i)
			3,400	P.263.1 ln 8 (i)
			-	P.263 ln 40 (i)
17	Misc. State and Local Tax	20	20	P.263.1 ln 16 (i)
			-	
18	Sales & Use	1,702	212	P.263 ln 12 (i)
			1,490	P.263 ln 13 (i)
19	Federal Excise Tax	-	-	
20	Michigan Single Business Tax	-	-	
21	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	<u>6,117,775</u>	<u>6,117,775</u>	

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

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
KINGSPORT POWER COMPANY

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

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2014) (P.206, ln 58,(b)):	27,170,330
2	Transmission Plant @ End of Historic Period (2014) (P.207, ln 58,(g)):	29,327,301
3		<u>56,497,631</u>
4	Average Balance of Transmission Investment	28,248,816
5	Annual Depreciation Expense, Historic TCOS, ln 276	714,417
6	Composite Depreciation Rate	2.53%
7	Round to 2.53% to Reflect a Composite Life of 40 Years	2.53%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 297,353	2.53%	\$ 7,523	\$ 627	11	\$ 6,897
10	February	\$ 308,345	2.53%	\$ 7,801	\$ 650	10	\$ 6,500
11	March	\$ 52,159	2.53%	\$ 1,320	\$ 110	9	\$ 990
12	April	\$ 63,573	2.53%	\$ 1,608	\$ 134	8	\$ 1,072
13	May	\$ 66,883	2.53%	\$ 1,692	\$ 141	7	\$ 987
14	June	\$ 73,281	2.53%	\$ 1,854	\$ 155	6	\$ 930
15	July	\$ 54,846	2.53%	\$ 1,388	\$ 116	5	\$ 580
16	August	\$ 54,400	2.53%	\$ 1,376	\$ 115	4	\$ 460
17	September	\$ 53,814	2.53%	\$ 1,361	\$ 113	3	\$ 339
18	October	\$ 52,850	2.53%	\$ 1,337	\$ 111	2	\$ 222
19	November	\$ 52,858	2.53%	\$ 1,337	\$ 111	1	\$ 111
20	December	\$ 52,866	2.53%	\$ 1,338	\$ 111	0	\$ -
21	Investment	<u>\$ 1,183,228</u>				Depreciation Expense	<u>\$ 19,088</u>

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

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in</u> <u>Service</u>
25 <u>Major Zonal Projects</u>		
26 N/A	\$ -	
27	Subtotal	\$0
28 <u>PJM Socialized/Beneficiary Allocated Regional Projects</u>		
29 N/A	\$0	
30	Subtotal	\$0

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
 KINGSPORT POWER COMPANY

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

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

ROE w/o incentives (Projected TCOS, In 164)	11.49%		
Project ROE Incentive Adder			<=ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 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 162 through 164)			
	%	Cost	Weighted cost
Long Term Debt	39.00%	4.52%	1.763%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	61.00%	11.49%	<u>7.008%</u>
		R =	8.771%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2015	-	- \$ -

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

Rate Base (Projected TCOS, In 78)	14,808,422
R (from A. above)	8.771%
Return (Rate Base x R)	1,298,913

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

Return (from B. above)	1,298,913
Effective Tax Rate (Projected TCOS, In 126)	51.57%
Income Tax Calculation (Return x CIT)	669,840
ITC Adjustment	-
Income Taxes	669,840

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

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

Annual Revenue Requirement (Projected TCOS, In 1)	4,013,431
T.E.A. & Lease Payments (Projected TCOS, Lns 105 & 106)	-
Return (Projected TCOS, In 134)	1,298,913
Income Taxes (Projected TCOS, In 133)	<u>669,840</u>
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	2,044,678

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	2,044,678
Return (from I.B. above)	1,298,913
Income Taxes (from I.C. above)	<u>669,840</u>
Annual Revenue Requirement, with Basis Point ROE increase	4,013,431
Depreciation (Projected TCOS, In 111)	<u>714,417</u>
Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation	3,299,014

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (Projected TCOS, In 48)	18,133,048
Annual Revenue Requirement, with Basis Point ROE increase	4,013,431
FCR with Basis Point increase in ROE	22.13%
Annual Rev. Req. w / Basis Point ROE increase, less Dep.	3,299,014
FCR with Basis Point ROE increase, less Depreciation	18.19%
FCR less Depreciation (Projected TCOS, In 9)	<u>17.65%</u>
Incremental FCR with Basis Point ROE increase, less Depreciation	0.54%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)):	27,170,330
Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	<u>29,327,301</u>
Subtotal	56,497,631
Average Transmission Plant Balance for 2014	28,248,816
Annual Depreciation Rate (Projected TCOS, In 111)	714,417
Composite Depreciation Rate	2.53%
Depreciable Life for Composite Depreciation Rate	39.54
Round to nearest whole year	40

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
 KINGSPORT POWER 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 (True-Up TCOS, ln 164)			11.49%
Project ROE Incentive Adder		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, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 162 through 164)			
	%	Cost	Weighted cost
Long Term Debt	39.08%	4.52%	1.766%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	60.92%	11.49%	7.000%
		R =	8.766%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS			
TRUE-UP YEAR	2014	Rev Require	W Incentives
As Projected in Prior Year WS J			\$ -
Actual after True-up		\$ -	\$ -
True-up of ARR For 2014		-	-

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

Rate Base (True-Up TCOS, ln 78)	13,619,051
R (from A. above)	8.766%
Return (Rate Base x R)	1,193,869

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

Return (from B. above)	1,193,869
Effective Tax Rate (True-Up TCOS, ln 126)	51.54%
Income Tax Calculation (Return x CIT)	615,275
ITC Adjustment	-
Income Taxes	615,275

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, ln 1)	3,833,004
T.E.A. & Lease Payments (True-Up TCOS, lns 105 & 106)	-
Return (True-Up TCOS, ln 134)	1,193,869
Income Taxes (True-Up TCOS, ln 133)	615,275
Annual Revenue Requirement, Less TEA	2,023,860

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	2,023,860
Return (from I.B. above)	1,193,869
Income Taxes (from I.C. above)	615,275
Annual Revenue Requirement, with 0 Basis Point ROE increase	3,833,004
Depreciation (True-Up TCOS, ln 111)	714,417
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	3,118,587

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

Net Transmission Plant (True-Up TCOS, ln 48)	17,263,816
Annual Revenue Requirement, with 0 Basis Point ROE increase	3,833,004
FCR with 0 Basis Point increase in ROE	22.20%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	3,118,587
FCR with 0 Basis Point ROE increase, less Depreciation	18.06%
FCR less Depreciation (True-Up TCOS, ln 9)	18.06%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, ln 58,(b)):	27,170,330
Transmission Plant @ End of Historic Period () (P.207, ln 58,(g)):	29,327,301
Subtotal	56,497,631
Average Transmission Plant Balance for	28,248,816
Annual Depreciation Rate (True-Up TCOS, ln 111)	714,417
Composite Depreciation Rate	2.53%
Depreciable Life for Composite Depreciation Rate	39.54
Round to nearest whole year	40

KgPCo 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. [redacted] (e.g. ER05-925-000)

Project Description:

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		Current Year	2014
Investment			
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)		FCR w/o incentives, less depreciation	18.06%
Useful life	40	FCR w/incentives approved for these facilities, less dep.	18.06%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

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.

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 ##	RTEP Projected Rev. Req't. From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't. From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2008	-	-	-	-	-	-	\$ -					
2009	-	-	-	-	-	-	\$ -					
2010	-	-	-	-	-	-	\$ -					
2011	-	-	-	-	-	-	\$ -					
2012	-	-	-	-	-	-	\$ -					
2013	-	-	-	-	-	-	\$ -					
2014	-	-	-	-	-	-	\$ -					
2015	-	-	-	-	-	-	\$ -					
2016	-	-	-	-	-	-	\$ -					
2017	-	-	-	-	-	-	\$ -					
2018	-	-	-	-	-	-	\$ -					
2019	-	-	-	-	-	-	\$ -					
2020	-	-	-	-	-	-	\$ -					
2021	-	-	-	-	-	-	\$ -					
2022	-	-	-	-	-	-	\$ -					
2023	-	-	-	-	-	-	\$ -					
2024	-	-	-	-	-	-	\$ -					
2025	-	-	-	-	-	-	\$ -					
2026	-	-	-	-	-	-	\$ -					
2027	-	-	-	-	-	-	\$ -					
2028	-	-	-	-	-	-	\$ -					
2029	-	-	-	-	-	-	\$ -					
2030	-	-	-	-	-	-	\$ -					
2031	-	-	-	-	-	-	\$ -					
2032	-	-	-	-	-	-	\$ -					
2033	-	-	-	-	-	-	\$ -					
2034	-	-	-	-	-	-	\$ -					
2035	-	-	-	-	-	-	\$ -					
2036	-	-	-	-	-	-	\$ -					
2037	-	-	-	-	-	-	\$ -					
2038	-	-	-	-	-	-	\$ -					
2039	-	-	-	-	-	-	\$ -					
2040	-	-	-	-	-	-	\$ -					
2041	-	-	-	-	-	-	\$ -					
2042	-	-	-	-	-	-	\$ -					
2043	-	-	-	-	-	-	\$ -					
2044	-	-	-	-	-	-	\$ -					
2045	-	-	-	-	-	-	\$ -					
2046	-	-	-	-	-	-	\$ -					
2047	-	-	-	-	-	-	\$ -					
2048	-	-	-	-	-	-	\$ -					
2049	-	-	-	-	-	-	\$ -					
2050	-	-	-	-	-	-	\$ -					
2051	-	-	-	-	-	-	\$ -					
2052	-	-	-	-	-	-	\$ -					
2053	-	-	-	-	-	-	\$ -					
2054	-	-	-	-	-	-	\$ -					
2055	-	-	-	-	-	-	\$ -					
2056	-	-	-	-	-	-	\$ -					
2057	-	-	-	-	-	-	\$ -					
2058	-	-	-	-	-	-	\$ -					
2059	-	-	-	-	-	-	\$ -					
2060	-	-	-	-	-	-	\$ -					
2061	-	-	-	-	-	-	\$ -					
2062	-	-	-	-	-	-	\$ -					
2063	-	-	-	-	-	-	\$ -					
2064	-	-	-	-	-	-	\$ -					
2065	-	-	-	-	-	-	\$ -					
2066	-	-	-	-	-	-	\$ -					
2067	-	-	-	-	-	-	\$ -					
Project Totals												

** 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.

AEP East Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 KINGSPORT POWER COMPANY

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

<u>Line Number</u>	<u>(A) Issuance</u>	<u>(B) Principle Outstanding</u>	<u>(C) Interest Rate</u>	<u>(D) Annual Expense (See Note S on Projected Template)</u>	<u>(E) Notes</u>
1	Long Term Debt (FF1.p. 256-257.h)				
2	Advances From Associated Co.	20,000,000	4.520%	904,000	
3					
4	Installment Purchase Contracts (FF1.p. 256-257.h, a)				
5	N/A for Kingsport Power Company				-
6					-
7					-
8					-
9					-
10					-
11					-
12					-
13					-
14					-
15					-
16					-
17					-
18					-
19					-
20					-
21					-
22					-
23					-
24					-
25					-
26			0.000%		-
27	Issuance Discount, Premium, & Expenses:				
28	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-	
29	Allowable Hedge Amortization (See Ln 45 Below)			-	
30	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-	
31	Amort of Debt Premimums (Enter Negative)	FF1.p. 117.65.c		-	
32	Reacquired Debt:				
33	Amortization of Loss	FF1.p. 117.64.c		-	
34	Amortization of Gain	FF1.p. 117.66.c		-	
35	Total Interest on Long Term Debt	20,000,000	4.52%	904,000	
36	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding			
37	4.125% Series - \$100 - Shares O/S	-	0.00%		-
38					-
39					-
40	Dividends on Preferred Stock	-	0.00%	-	
41	Net Total Hedge Gains and Losses (WS M, Ln 35, (E))			-	
42	Total Projected Capital Structure Balance for 2015 (Projected TCOS, Ln 165)			51,277,290	
43	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005	
44	Limit of Recoverable Amount			25,639	
45	Recoverable Hedge Amortization (Lesser of Ln 41 or Ln 44)			-	

AEP East Companies
 Transmission Cost of Service Formula Rate
 KINGSPORT POWER COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2013 & 12/31/2014

(A) Line	(B)	(C) Balances @ 12/31/2014	(D) Balances @ 12/31/2013	(E) Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	31,277,290	31,081,849	31,179,570
2	Less Preferred Stock (Ln 55 Below)	0	0	-
3	Less Account 216.1 (112.12.c&d)	0	0	0
4	Less Account 219.1 (112.15.c&d)	0	3,296	1,648
5	Average Balance of Common Equity	31,277,290	31,078,553	31,177,922
Development of Cost of Long Term Debt Based on Average Outstanding Balance				
6	Bonds (112.18.c&d)	0	0	0
7	Less: Reacquired Bonds (112.19.c&d)	0	0	0
8	LT Advances from Assoc. Companies (112.20.c&d)	20,000,000	20,000,000	20,000,000
9	Senior Unsecured Notes (112.21.c&d)	0	0	0
10	Less: Fair Value Hedges (See Note on Ln 12 below)	0	0	0
11	Total Average Debt	20,000,000	20,000,000	20,000,000
12	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 formula's capital structure. (Column H of the FF1)			
13	Annual Interest Expense for 2014			
14	Interest on Long Term Debt (256-257.33.i)			904,000
15	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 14 and shown in Ln 34 below.			-
16	Plus: Allowed Hedge Recovery From Ln 39 below.			-
17	Amort of Debt Discount & Expense (117.63.c)			-
18	Amort of Loss on Reacquired Debt (117.64.c)			-
19	Less: Amort of Premium on Debt (117.65.c)			-
20	Less: Amort of Gain on Reacquired Debt (117.66.c)			-
21	Total Interest Expense (Ln 14 + Ln 17 + Ln 18 - Ln 19 - Ln 20)			904,000
22	Average Cost of Debt for 2014 (Ln 21/Ln 11)			4.52%

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

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

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2014	Less Excludable Amounts (See NOTE on Line 23)	Net Includable Hedge Amount	Remaining Unamortized Balance	Amortization Period	
					Beginning	Ending
24 Senior Unsecured Notes	0	-	-			
25 Senior Unsecured Notes	0	-	-			
26 Senior Unsecured Notes	0	-	-			
27 Senior Unsecured Notes	0	-	-			
28 Senior Unsecured Notes	0	-	-			
29 Senior Unsecured Notes	0	-	-			
30 Senior Unsecured Notes	0	-	-			
31 Senior Unsecured Notes	0	-	-			
32 Senior Unsecured Notes	0	-	-			
33 Senior Unsecured Notes	0	-	-			
34 Total Hedge Amortization	-	-	-			
35 Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 24 to 33)			-			
36 Total Average Capital Structure Balance for 2014 (True-UP TCOS, Ln 165)			51,177,922			
37 Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
38 Limit of Recoverable Amount			25,589			
39 Recoverable Hedge Amortization (Lesser of Ln 35 or Ln 38)			-			

Development of Cost of Preferred Stock

Preferred Stock			Average
40 0% Series - 0 - Dividend Rate (p. 250-251. 7 & 10.a)		0.00%	0.00%
41 0% Series - 0 - Par Value (p. 250-251. 8.c)	\$	-	\$
42 0% Series - 0 - Shares O/S (p.250-251. 8 & 11.e)		-	-
43 0% Series - 0 - Monetary Value (Ln 41 * Ln 42)		-	-
44 0% Series - 0 - Dividend Amount (Ln 40 * Ln 43)		-	-
45 0% Series - - Dividend Rate (p. 250-251.a)			
46 0% Series - - Par Value (p. 250-251.c)			
47 0% Series - - Shares O/S (p.250-251. e)			
48 0% Series - - Monetary Value (Ln 46 * Ln 47)			
49 0% Series - - Dividend Amount (Ln 45 * Ln 48)			
50 0% Series - - Dividend Rate (p. 250-251.a)			
51 0% Series - - Par Value (p. 250-251.c)			
52 0% Series - - Shares O/S (p.250-251.e)			
53 0% Series - - Monetary Value (Ln 51 * Ln 52)			
54 0% Series - - Dividend Amount (Ln 50 * Ln 53)			
55 Balance of Preferred Stock (Lns 43, 48, 53)			- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)
56 Dividends on Preferred Stock (Lns 44, 49, 54)			-
57 Average Cost of Preferred Stock (Ln 56/55)		0.00%	0.00%

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
KINGSPORT POWER COMPANY

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

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 2014	- <u> </u>		- <u> </u>	

AEP East Companies
Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service
 KINGSPORT POWER COMPANY

Total AEP East Operating Company PBOP Settlement Amount 30,000,000

Allocation of PBOP Settlement Amount for 2014

Line#	Company	Total Company Amount						
		Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2014	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * 30000000	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
1	APCo	(13,980,707)	36.87%	11,060,258	7.080%	(989,797)	783,037	(1,772,834)
2								
3	I&M	(9,910,530)	26.13%	7,840,305	4.555%	(451,452)	357,148	(808,600)
4	KPCo	(3,026,000)	7.98%	2,393,895	7.063%	(213,739)	169,090	(382,829)
5	KNGP	(304,086)	0.80%	240,565	11.505%	(34,986)	27,677	(62,663)
6	OPCo	(10,311,857)	27.19%	8,157,799	18.192%	(1,875,953)	1,484,083	(3,360,036)
7	WPCo	(388,288)	1.02%	307,178	12.660%	(49,156)	38,888	(88,044)
8	Sum of Lines 1 to 7	(37,921,469)		30,000,000		(3,615,083)	2,859,923	(6,475,006)

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

	APCo	I&M	KPCo	KNGSPT	OPCo	WPCo	AEP East Total
9 Direct Charged PBOP Expense per Actuarial Report	(13,415,837)	(10,057,152)	(3,040,335)	(285,159)	(9,435,001)	(361,523)	(36,595,007)
10 Additional PBOP Ledger Entries (from Company Records)	395,759	814,185	252,888	3,649	114,856	3,709	
11 Medicare Subsidy	-	-	-	-	-	-	-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(13,020,078)	(9,242,967)	(2,787,447)	(281,510)	(9,320,145)	(357,814)	(35,009,962)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(960,629)	(667,563)	(238,553)	(22,576)	(991,712)	(30,474)	(2,911,507)
14 Company PBOP Expense (Ln 12 + Ln 13)	(13,980,707)	(9,910,530)	(3,026,000)	(304,086)	(10,311,857)	(388,288)	(37,921,469)

AEP EAST COMPANIES
PJM FORMULA RATE
 WORKSHEET P - TRANSMISSION DEPRECIATION RATES
 EFFECTIVE AS OF 1/1/2009
 FOR SINGLE JURISDICTION COMPANIES
 KINGSPORT POWER COMPANY

	PLANT ACCT.	RATES Note 1
<hr/> TRANSMISSION PLANT <hr/>		
Structures & Improvements	352.0	2.10%
Station Equipment	353.0	2.57%
Towers & Fixtures	354.0	1.91%
Poles & Fixtures	355.0	4.20%
Overhead Conductors	356.0	2.50%
Underground Conduit	357.0	Note 2
Underground Conductors	358.0	Note 2
Composite Transmission Depreciation Rate		2.59%

Reference:

Note 1: Rates Approved In Tennessee Regulatory Authority Case No. U-84-7308.

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

General Note

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