

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 136)			\$43,818,510
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)			\$ 43,818,510

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)		9,282,095	DA 1.00000	\$ 9,282,095
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((ln 1 - ln 102 - ln 103) / ((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 100))			12.16%
7	Monthly Rate	(ln 6 / 12)			1.01%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108 - ln 109) / ((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 100))			10.96%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((ln 1 - ln 102 - ln 103 - ln 108 - ln 109 - ln 131 - ln 132) / ((ln 48 + ln 49 + ln 50 + ln 51 + ln 53) x 100))			1.10%
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			18,175
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				427
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			17,748

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Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
18	GROSS PLANT IN SERVICE				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	261,918,207	DA	261,918,207
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C& Ln 141)	-	TP 1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		107,803,039	DA 1.00000	107,803,039
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA 1.00000	-
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	209,505	W/S 0.97645	204,571
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S 0.97645	-
28	Intangible Plant	(Worksheet A In 9.C)	1,348,277	W/S 0.97645	1,316,525
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	371,279,028		371,242,343
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.C & 28.C)	5,004,990	TP1= 1.00000	5,004,990
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		439,001	DA 1.00000	439,001
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA 1.00000	-
37	Plus: Additional Transmission Depreciation for 2015 (In 108)		3,886,250	TP1 1.00000	3,886,250
38	Plus: Additional General & Intangible Depreciation for 2015 (In 111 + In 112)		183,228	W/S 0.97645	178,913
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA 1.00000	-
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	35,888	W/S 0.97645	35,043
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S 0.97645	-
44	Intangible Plant	(Worksheet A In 20.C)	283,064	W/S 0.97645	276,398
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	9,832,421		9,820,595
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	256,913,217		256,913,217
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		107,364,038		107,364,038
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2015 (-In 37)		(3,886,250)		(3,886,250)
52	Plus: Additional General & Intangible Depreciation for 2015 (-In 38)		(183,228)		(178,913)
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	173,617		169,528
56	Intangible Plant	(In 28 - In 44)	1,065,213		1,040,127
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	361,446,607		361,421,748
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(51,909,227)	DA	(51,909,227)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(5,955,962)	DA	(2,898,204)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	3,838,840	DA	3,837,616
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(54,026,349)		(50,969,815)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	108,622		108,622
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP 1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S 0.97645	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h) 0.99986	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	450,186	W/S 0.97645	439,584
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	81,867	GP(h) 0.99986	81,856
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA 1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA 0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	640,675		630,061
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA 1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		308,060,933		311,081,994

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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	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322,164,171,178.b	-		
82	Regional Marketing Expenses	322,131.b	-		
83	Transmission	321,112.b	887,147		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	887,147		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	18,175		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	868,972	TP 1.00000	868,972
89	Administrative and General	323,197.b (Note J)	1,431,285		
90	Less: Acct. 924, Property Insurance	323,185.b	144,711		
91	Acct. 928, Reg. Com. Exp.	323,189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323,191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323,192.b	2,760		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	1,283,814	W/S 0.97645	1,253,580
95	Plus: Acct. 924, Property Insurance	(In 90)	144,711	GP(h) 0.99986	144,691
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	2,760	DA 1.00000	2,760
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(8,490)	W/S 0.97645	(8,290)
100	A & G Subtotal	(sum Ins 94 to 99)	1,422,795		1,392,741
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	2,291,767		2,261,713
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	2,291,767		2,261,713
	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	3,886,250	TP1 1.00000	3,886,250
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)		439,001	DA 1.00000	439,001
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	-	TP1 1.00000	-
111	General	336.10.f	14,246	W/S 0.97645	13,911
112	Intangible	336.1.f	168,982	W/S 0.97645	165,002
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	4,508,479		4,504,164
	TAXES OTHER THAN INCOME				
114	(Note N)				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 0.97645	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 47.(C)	1,509,867	DA 1.00000	1,509,867
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 0.99986	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	1,509,867		1,509,867
	INCOME TAXES				
122	(Note O)				
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		47.08%		
125	where WCLTD=(In 159) and WACC = (In 162)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	11,267,387		11,377,883
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 0.99989	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	11,267,387		11,377,883
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 162)	23,930,207		24,164,883
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		43,507,707		43,818,510
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF						
137	Total transmission plant (In 20)						261,918,207
138	Less transmission plant excluded from PJM Tariff (Note P)						-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)						-
140	Transmission plant included in PJM Tariff (In 137 - In 138 - In 139)						261,918,207
141	Percent of transmission plant in PJM Tariff (In 140 / In 137)					TP=	1.00000
142	WAGES & SALARY ALLOCATOR (W/S) (Note R)						
143	<i>Line Deliberately Left Blank</i>						
144	Transmission	354.21.b	-	53,197	53,197	TP	1.00000
145	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000
146	<i>Line Deliberately Left Blank</i>						
147	Other (Excludes A&G)	354.24,25,26.b	-	1,283	1,283	NA	0.00000
148	Total (sum Ins 144, 145, & 147)		-	54,480	54,480		53,197
149	Transmission related amount					W/S=	0.97645
Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
151	Long Term Interest (Worksheet L, In. 42, col. (D))					See W/S L	8,812,677
152	Preferred Dividends (Worksheet L, In. 52, col. (D))						-
153	<u>Development of Common Stock:</u>						
154	Proprietary Capital (FF1 p 112, Ln 16.c)						217,788,129
155	Less: Preferred Stock (FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1 (FF1 p 112, Ln 12.c)						-
157	Less: Account 219 (FF1 p 112, Ln 15.c)						-
158	Common Stock (In 154 - In 155 - In 156 - In 157)						217,788,129
		\$					
159	Long Term Debt Worksheet L, In 42, col. (B)	217,800,000		50.00%	0.00%	4.05%	0.0202
160	Preferred Stock (In 155)	-		0.00%	0.00%	0.00%	0.0000
161	Common Stock (In 158)	217,788,129		50.00%	0.00%	11.49%	0.0574
162	Total (Sum Ins 159 to 161)	435,588,129		100.00%	0.00%	WACC=	0.0777
163	Capital Structure Equity Limit (Note T)	50.0%					
AEP OPERATING COMPANIES' COMPOSITE (Note S)							
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
165	Long Term Interest (Worksheet Q, In. 14)						467,649,989
166	Preferred Dividends (Worksheet Q, In. 36)						-
167	<u>Development of Common Stock:</u>						
168	Proprietary Capital (Worksheet Q, In. 37)						8,094,481,064
169	Less: Preferred Stock (Worksheet Q, In. 38)						-
170	Less: Account 216.1 (Worksheet Q, In. 39)						6,532,329
171	Less: Account 219 (Worksheet Q, In. 40)						(10,289,353)
172	Common Stock (In 168 - In 169 - In 170 - In 171)						8,098,238,088
173				%	\$	Cost	Weighted
174	Long Term Debt (Worksheet Q, In 50)			51.25%	8,511,972,247	5.49%	0.0282
175	Preferred Stock (Worksheet Q, In 51)			0.00%	-	0.00%	0.0000
176	Common Stock (Worksheet Q, In 52)			48.75%	8,098,238,088	11.49%	0.0560
177	Total (Worksheet Q, In 45)				16,610,210,335	WACC=	0.0842

AEP INDIANA MICHIGAN TRANSMISSION 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 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 100.
- 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 133.
- 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 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor 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 ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 6.00% | (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 As shown on Worksheet Q, the AEP Indiana Michigan Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for AEP Indiana Michigan Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.			Total	DA	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)				\$31,590,555
179	REVENUE CREDITS	(Note A) (Worksheet E)	-		1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(ln 178 less ln 179)				\$ 31,590,555

MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.

181	Not applicable on this template					
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
183	Annual Rate	((ln 178 - ln 279 - ln 280) / ln 225 x 100)				12.30%
184	Monthly Rate	(ln 183 / 12)				1.02%
185	NET PLANT CARRYING CHARGE ON LINE 183 , w/o depreciation or ROE incentives (Note B)					
186	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285) / ln 225 x 100)				10.78%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)					
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)				1.54%
189	Not applicable on this template					
190	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES					
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below				18,175
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					427
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)				17,748

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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
195	GROSS PLANT IN SERVICE				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	261,918,207	DA	261,918,207
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	209,505	W/S	204,571
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	1,348,277	W/S	1,316,525
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	263,475,989	GP(h)=	263,439,303
				GTD=	1.00000
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	5,004,990	TP1=	5,004,990
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2015 (In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2015 (In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	35,888	W/S	35,043
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
221	Intangible Plant	(Worksheet A In 20.C)	283,064	W/S	276,398
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	5,323,942		5,316,431
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	256,913,217		256,913,217
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2015 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2015 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	173,617		169,528
233	Intangible Plant	(In 205 - In 221)	1,065,213		1,040,127
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	258,152,047	NP(h)=	258,122,873
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(51,909,227)	DA	(51,909,227)
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(5,955,962)	DA	(2,898,204)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	3,838,840	DA	3,837,616
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	(54,026,349)		(50,969,815)
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	108,622		108,622
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	450,186	W/S	439,584
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	81,867	GP(h)	81,856
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	-
253	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	640,675		630,061
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		204,766,373		207,783,119

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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
256	<i>Line Deliberately Left Blank</i>				
257	<i>Line Deliberately Left Blank</i>				
258	Customer Related Expense	322 & 323.164,171,178.b	-		
259	Regional Marketing Expenses	322.131.b	-		
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	887,147		
261	TOTAL O&M EXPENSES	(sum Ins 258 to 260)	887,147		
262	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	18,175		
263	Less: Account 565	(Note H) 321.96.b	-		
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
265	Total O&M Allocable to Transmission	(Ins 260 - 262 - 263 - 264)	868,972	TP	1.00000
					868,972
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	1,431,285		
267	Less: Acct. 924, Property Insurance	323.185.b	144,711		
268	Acct. 928, Reg. Com. Exp.	323.189.b	-		
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,760		
271	Balance of A & G	(In 266 - sum In 267 to In 270)	1,283,814	W/S	0.97645
272	Plus: Acct. 924, Property Insurance	(In 267)	144,711	GP(h)	0.99986
273	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	2,760	DA	1.00000
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(8,490)	W/S	0.97645
277	A & G Subtotal	(sum Ins 271 to 276)	1,422,795		1,392,741
278	O & M EXPENSE SUBTOTAL	(In 265 + In 277)	2,291,767		2,261,713
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000
281	TOTAL O & M EXPENSE	(In 278 + In 279 + In 280)	2,291,767		2,261,713
282	DEPRECIATION AND AMORTIZATION EXPENSE				
283	<i>Line Deliberately Left Blank</i>				
284	<i>Line Deliberately Left Blank</i>				
285	Transmission	336.7.f	3,886,250	TP1	1.00000
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
287	Plus: Formation Costs Amortization	(Worksheet A In 35.C)	13,489	TP1	1.00000
288	General	336.10.f	14,246	W/S	0.97645
289	Intangible	336.1.f	168,982	W/S	0.97645
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	4,082,967		4,078,652
291	TAXES OTHER THAN INCOME	(Note N)			
292	Labor Related				
293	Payroll	Worksheet H In 23.(D)	-	W/S	0.97645
294	Plant Related				
295	Property	Worksheet H In 23.(C) & In 47.(C)	1,509,867	DA	1.00000
296	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000
297	Other	Worksheet H In 23.(E)	-	GP(h)	0.99986
298	TOTAL OTHER TAXES	(sum Ins 293 to 297)	1,509,867		1,509,867
299	INCOME TAXES	(Note O)			
300	$T=1 - \{(1 - \text{SIT}) * (1 - \text{FIT})\} / (1 - \text{SIT} * \text{FIT} * p) =$		38.90%		
301	$\text{EIT}=(T/(1-T)) * (1-(\text{WCLTD}/\text{WACC})) =$		47.08%		
302	where WCLTD=(In 336) and WACC = (In 339)				
303	and FIT, SIT & p are as given in Note O.				
304	$\text{GRCF}=1 / (1 - T) =$ (from In 300)		1.6367		
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
306	Income Tax Calculation	(In 301 * In 309)	7,489,369		7,599,707
307	ITC adjustment	(In 304 * In 305)	-	NP(h)	0.99989
308	TOTAL INCOME TAXES	(sum Ins 306 to 307)	7,489,369		7,599,707
309	RETURN ON RATE BASE (Rate Base*WACC)	(In 255 * In 339)	15,906,274		16,140,615
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 311 * In 301)		-		-
313	TOTAL REVENUE REQUIREMENT	(sum Ins 281, 290, 298, 308, 309, 310, 311, 312)	31,280,244		31,590,555

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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
314	Total transmission plant	(In 197)						261,918,207
315	Less transmission plant excluded from PJM Tariff (Note P)							-
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)						261,918,207
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)					TP=	1.00000
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
320	<i>Line Deliberately Left Blank</i>							
321	Transmission	354.21.b	-	53,197	53,197	TP	1.00000	53,197
322	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000	-
323	<i>Line Deliberately Left Blank</i>							
324	Other (Excludes A&G)	354.24,25,26.b	-	1,283	1,283	NA	0.00000	-
325	Total	(sum Ins 321, 322, & 324)	-	54,480	54,480			53,197
326	Transmission related amount						W/S=	0.97645
327	Actual (Uncapped) Capital Structure							\$
328	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							8,812,677
329	Long Term Interest	(Worksheet L, In. 42, col. (D))				See W/S L		-
330	Preferred Dividends	(Worksheet L, In. 52, col. (D))						-
331	Development of Common Stock:							217,788,129
332	Proprietary Capital	(FF1 p 112, Ln 16.c)						-
333	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
334	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
335	Less: Account 219	(FF1 p 112, Ln 15.c)						-
336	Common Stock	(In 331 - In 332 - In 333 - In 334)						217,788,129
336	Long Term Debt	Worksheet L, In 42, col. (B))	See W/S L				Cost (Note S)	Weighted
337	Preferred Stock (In 332)		217,800,000	50.00%		4.05%	0.0202	
338	Common Stock (In 335)		-	0.00%		0.00%	0.0000	
339	Total (Sum Ins 336 to 338)		217,788,129	50.00%		11.49%	0.0574	
			435,588,129	100.00%			WACC=	0.0777
340	AEP OPERATING COMPANIES' COMPOSITE (Note S)							\$
341	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							467,649,989
342	Long Term Interest	(Worksheet Q, In. 14)						-
343	Preferred Dividends	(Worksheet Q, In. 36)						-
344	Development of Common Stock:							8,094,481,064
345	Proprietary Capital	(Worksheet Q, In. 37)						-
346	Less: Preferred Stock	(Worksheet Q, In. 38)						6,532,329
347	Less: Account 216.1	(Worksheet Q, In. 39)						(10,289,353)
348	Less: Account 219	(Worksheet Q, In. 40)						-
349	Common Stock	(In 344 - In 345 - In 346 - In 347)						8,098,238,088
350	Long Term Debt	(Worksheet Q, In 50)					Cost	Weighted
351	Preferred Stock (Worksheet Q, In 51)		51.25%	8,511,972,247		5.49%	0.0282	
352	Common Stock (Worksheet Q, In 52)		0.00%	-		0.00%	0.0000	
353	Total (Worksheet Q, In 45)		48.75%	8,098,238,088		11.49%	0.0560	
				16,610,210,335			WACC=	0.0842

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AEP INDIANA MICHIGAN TRANSMISSION 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 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 310.
- 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 192 & 193 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188.
The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 279 and 280 is the AEP INDIANA MICHIGAN TRANSMISSION 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor 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 ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
(In 305) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
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 As shown on Worksheet Q, the AEP Indiana Michigan Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for AEP Indiana Michigan Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$28,989,691
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 28,989,691

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)		4,891,064	DA 1.00000	\$ 4,891,064
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			12.61%
7	Monthly Rate	(In 6 / 12)			1.05%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			10.92%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			1.73%
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			18,175
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				427
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			17,748

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
18	GROSS PLANT IN SERVICE				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.E & Ln 140)	232,974,748	DA	232,974,748
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.E)	209,505	W/S	204,571
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
28	Intangible Plant	(Worksheet A In 9.E)	958,881	W/S	936,299
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	234,143,134	GP(h)= GTD=	0.99988 0.0000 234,115,618
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.E & 28.E)	3,043,410	TP1=	3,043,410
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
37	Plus: Additional Transmission Depreciation for 2015 (In 108)		N/A	TP1	N/A
38	Plus: Additional General & Intangible Depreciation for 2015 (In 107 + In 108)		N/A	W/S	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.E)	28,765	W/S	28,088
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	-
44	Intangible Plant	(Worksheet A In 20.E)	198,573	W/S	193,897
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	3,270,748		3,265,394
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	229,931,338		229,931,338
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	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	180,740		176,484
56	Intangible Plant	(In 28 - In 44)	760,308		742,402
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	230,872,386	NP(h)=	0.99990 230,850,224
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)	(41,603,509)	DA	(41,603,509)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(4,544,848)	DA	(2,117,264)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	4,120,753	DA	4,119,073
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(42,027,605)		(39,601,701)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	108,622		108,622
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	225,093	W/S	219,792
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	62,123	GP(h)	62,116
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	395,838		390,529
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		189,240,618		191,639,052

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP INDIANA MICHIGAN TRANSMISSION 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	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	887,147		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	887,147		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	18,175		
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)	868,972	TP 1.00000	868,972
89	Administrative and General	323.197.b (Note J)	1,431,285		
90	Less: Acct. 924, Property Insurance	323.185.b	144,711		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,760		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	1,283,814	W/S 0.97645	1,253,580
95	Plus: Acct. 924, Property Insurance	(In 90)	144,711	GP(h) 0.99988	144,694
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	2,760	DA 1.00000	2,760
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(8,490)	W/S 0.97645	(8,290)
100	A & G Subtotal	(sum Ins 94 to 99)	1,422,795		1,392,745
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	2,291,767		2,261,717
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	2,291,767		2,261,717
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	3,886,250	TP1 1.00000	3,886,250
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	20,234	TP1 1.00000	20,234
111	General	336.10.f	14,246	W/S 0.97645	13,911
112	Intangible	336.1.f	168,982	W/S 0.97645	165,002
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	4,089,712		4,085,397
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 0.97645	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 47.(C)	1,509,867	DA 1.00000	1,509,867
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 0.99988	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	1,509,867		1,509,867
122	INCOME TAXES				
123	T=1 - {(1 - SIT) * (1 - FIT)} / (1 - SIT * FIT * p) =		38.90%		
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		49.63%		
125	where WCLTD=(In 159) and WACC = (In 162)				
126	and FIT, SIT & p are as given in Note O.				
127	GRCF=1 / (1 - T) = (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	6,921,700		7,009,426
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 0.99990	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	6,921,700		7,009,426
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 162)	13,946,527		14,123,285
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. (F) & (H))		-		-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT	(sum Ins 104, 113, 121, 131, 132, 133)	28,759,573		28,989,691

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In							
<u>No.</u>	TRANSMISSION PLANT INCLUDED IN PJM TARIFF						
137	Total transmission plant	(In 20)					232,974,748
138	Less transmission plant excluded from PJM Tariff (Note P)						-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)					232,974,748
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TP=	1.00000
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total		
143	<i>Line Deliberately Left Blank</i>						
144	Transmission	354.21.b	-	53,197	53,197	TP	1.00000
145	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000
146	<i>Line Deliberately Left Blank</i>						
147	Other (Excludes A&G)	354.24,25,26.b	-	1,283	1,283	NA	0.00000
148	Total	(sum Ins 144, 145, & 147)	-	54,480	54,480		53,197
149	Transmission related amount					W/S=	0.97645
	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)						
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E))					5,284,442
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))					-
153	<u>Development of Average Common Stock Balance:</u>						
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))					168,178,311
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))					-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))					-
157	Less: Account 219	(Worksheet M, In. 4, col. (E))					-
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)					168,178,311
	Capped Actual Average Capital Structure	<u>Average \$</u>	Capital Structure Percentages			Cost (Note S)	Weighted
159	Long Term Debt W/S M, In 11, In 21, col. (E))	162,625,000	Actual	Cap Limit		3.25%	0.0162
160	Preferred Stock (In 155)	-	49.16%	50.00%		0.00%	0.0000
161	Common Stock (In 158)	168,178,311	50.84%	50.00%		11.49%	0.0575
162	Total (Sum Ins 159 to 161)	330,803,311	100.00%	100.00%		WACC=	0.0737
163	Capital Structure Equity Limit (Note T)	50.0%					
	AEP OPERATING COMPANIES' COMPOSITE (Note S)						
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
165	Long Term Interest	(Worksheet Q, In. 132)					467,649,989
166	Preferred Dividends	(Worksheet Q, In. 134)					-
167	<u>Development of Actual Average Common Stock:</u>					Average	
168	Proprietary Capital	(Worksheet Q, In. 135)					7,931,955,417
169	Less: Preferred Stock	(Worksheet Q, In. 136)					-
170	Less: Account 216.1	(Worksheet Q, In. 137)					6,495,866
171	Less: Account 219	(Worksheet Q, In. 138)					(10,105,810)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)					7,935,565,361
173	True Up Capitalization with Equity Caps		%	\$		Cost	Weighted
174	Long Term Debt (Worksheet Q, In 148)		52.56%	8,790,846,586		5.32%	0.0280
175	Preferred Stock (Worksheet Q, In 149)		0.00%	-		0.00%	0.0000
176	Common Stock (Worksheet Q, In 150)		47.44%	7,935,565,361		11.49%	0.0545
177	Total (Worksheet Q, In 143)		100%	16,726,411,947		WACC=	0.0825

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP INDIANA MICHIGAN TRANSMISSION 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 100.
- 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 133.
- 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 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I** Removes the impact of state regulatory deferrals or their amortization from O&M expense.
- 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** The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor 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 ER10-355, recoverable PBOP expense is based on a rate of 9.4 cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N** Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O** The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 6.00% (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** As shown on Worksheet Q, the AEP Indiana Michigan Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the the Company establishes its own actual capital structure. Upon establishment of actual debt financing for AEP Indiana Michigan Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T** AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet A Supporting Plant Balances
AEP INDIANA MICHIGAN TRANSMISSION 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
Plant Investment Balances					
1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	261,918,207	204,031,289	232,974,748
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	209,505	209,505	209,505
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	1,348,277	569,484	958,881
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	263,475,989	204,810,278	234,143,134
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	5,004,990	1,081,830	3,043,410
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	35,888	21,642	28,765
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	283,064	114,082	198,573
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	5,323,942	1,217,554	3,270,748
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 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)	5,004,990	1,081,830	3,043,410
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	5,004,990	1,081,830	3,043,410
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	-	-	-
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	Beginning Balance of Regulatory Asset (Note 2)		13,489	40,468	26,979
32	Amortization in Months		6	18	12
33	Monthly Amortization		2,248	2,248	2,248
34	Months in 2014 to be amortized		6	12	9
35	Amortization Expense in 2014		13,489	26,979	20,234
36	Months in 2015 to be amortized		-	6	3
37	Amortization Expense in 2015		-	13,489	6,745
38	Ending Balance of Regulatory Asset		-	13,489	6,745
39	Average Balance of Regulatory Asset		6,745	26,979	16,862
40	Unamortized Balance of Regulatory Asset at YE 2014		-	13,489	6,745
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		-	-	-

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

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP INDIANA MICHIGAN TRANSMISSION 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)	51,909,227	31,297,791	41,603,509
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	51,909,227	31,297,791	41,603,509
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	5,955,962	3,133,734	4,544,848
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	3,057,758	1,797,410	2,427,584
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	2,898,204	1,336,324	2,117,264
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	3,838,840	4,402,665	4,120,753
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	1,224	2,136	1,680
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	3,837,616	4,400,529	4,119,073
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	-	-	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable in Ratebase	Ln 22 - In 23	-	-	-
25	Transmission Related Deferrals	Company Records - Note 1	-	-	-

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

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2014	Balance @ December 31, 2013	Average Balance for 2014				
1								
2	Transmission Materials & Supplies	0	0	-				
3	General Materials & Supplies	0	0	-				
4	Stores Expense (Undistributed)	0	0	-				

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
532,053	0	0	81,867	450,186	532,053
42,379	0	0	42,379	0	42,379
Average Balance	287,216	-	62,123	225,093	287,216

Prepayments Account 165 - Balance @ 12/31/2014

2014 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation	
9 Acc. No.	Description						
10 1650001	Prepaid Insurance	44,518	-	44,518	44,518	Plant Related Insurance Policies	
11 1650021	Prepaid Insurance - EIS	37,349	-	37,349	37,349	Plant Related Insurance Policies	
12 1650023	Prepaid Lease	0	-	-	-	Prepaid Lease	
13 1650003	Prepaid Rents	0	-	-	-		
14 1650004	Prepaid Interest	0	-	-	-		
15 1650005	Prepaid Employee Benefits	0	-	-	-		
16 1650006	Other Prepayments	0	-	-	-		
17 1650009	Prepaid Carry Cost-Factored AR	0	-	-	-		
18 1650010	Prepaid Pension Benefits	0	-	-	-		
19 1650014	FAS 158 Qual Contra Asset	0	-	-	-		
20 1650016	FAS 112 ASSETS	0	-	-	-		
21 1650031	Prepaid OCIP Work Comp	153,627	-	-	153,627	Prepaid OCIP Workers Comp	
22 1650032	Prepaid OCIP Work Comp LT	66,644	-	-	66,644	Prepaid OCIP Workers Comp - LT	
23 1650033	Prepaid OCIP Work Comp - Aff	160,328	-	-	160,328	Prepaid OCIP Workers Comp - Aff	
24 1650034	Prepaid OCIP Work Comp LT - Aff	69,587	-	-	69,587	Prepaid OCIP Workers Comp-LT-Aff	
Subtotal - Form 1, p 111.57.c		532,053	0	0	81,867	450,186	532,053

Prepayments Account 165 - Balance @ 12/31/ 2013

2013 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation	
25 Acc. No.	Description						
26 1650001	Prepaid Insurance	2,078	-	2,078	2,078	Plant Related Insurance Policies	
27 1650021	Prepaid Insurance - EIS	39,468	-	39,468	39,468	Plant Related Insurance Policies	
28 1650023	Prepaid Lease	833	-	833	833	Prepaid Lease	
29 1650003	Prepaid Rents	0	-	-	-		
30 1650004	Prepaid Interest	0	-	-	-		
31 1650005	Prepaid Employee Benefits	0	-	-	-		
32 1650006	Other Prepayments	0	-	-	-		
33 1650009	Prepaid Carry Cost-Factored AR	0	-	-	-		
34 1650010	Prepaid Pension Benefits	0	-	-	-		
35 1650014	FAS 158 Qual Contra Asset	0	-	-	-		
36 1650016	FAS 112 ASSETS	0	-	-	-		
Subtotal - Form 1, p 111.57.c		42,379	0	0	42,379	0	42,379

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers 12/31/2013 (2014 FORM 1, P269, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	-
6		-
7	Net Funds from IPP Customers 12/31/2014 (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 AEP INDIANA MICHIGAN TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet E Supporting Revenue Credits
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non-Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	-
4	Account 4560015, Associated Business Development - (Company Records - Note 1)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	26,114,655	26,114,655	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	26,114,655	26,114,655	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	26,114,655	26,114,655	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line Number	(A) Item No.	(B) Description	(C) 2014 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	-			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	-			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	310			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	10,266			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	-			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	427			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	7,172			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	-			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	-			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	-			
14		Total of Account 561	18,175			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio &TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	2,760	-	2,760	
39	9302003	Corporate & Fiscal Expenses	-	-	-	
40	9302004	Research, Develop&Demonstr Exp	-	-	-	
41	9302007	Assoc Business Development Exp	-	-	-	
42		Total	2,760	-	2,760	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

1	Indiana State Tax Rate	7.25%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
2	Michigan Tax Rate	6.00%	
	Apportionment Factor - Note 2	99.99%	
	Effective State Tax Rate		6.00%
3	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>6.00%</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 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H.

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

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	-				-
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Michigan	1,061,435	1,061,435			
5	Real and Personal Property - Indiana	448,432	448,432			
6	Real and Personal Property	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	<i>Line Deliberately Left Blank</i>					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16	State Public Service Commission Fees	-			-	
17	State Franchise Taxes	-			-	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	-			-	
21	Federal Excise Tax	-			-	
22	Michigan Single Business Tax	-			-	
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	<u>1,509,867</u>	<u>1,509,867</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Line No.	Account	Column (B) Deliberately Left Blank		Column (D) Deliberately Left		Total
		Blank	Transmission	Blank	General	
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234) MICHIGAN JURISDICTION	-	256,913,217	-	173,617	257,086,834
25	Percentage of Plant in MICHIGAN JURISDICTION					
26	Net Plant in MICHIGAN JURISDICTION (Ln 24 * Ln 25)	-	-	-	-	-
27	Less: Net Value of Exempted Generation Plant	-	-	-	-	-
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-	-
29	Relative Valuation Factor					0
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-	-
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33	Weighted MICHIGAN JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
35	Functionalized Expense in MICHIGAN JURISDICTION INDIANA JURISDICTION	-	1,061,435	-		1,061,435
36	Net Plant in INDIANA JURISDICTION (Ln 24 - Ln 26)	-	256,913,217	-	173,617	257,086,834
37	Less: Net Value Exempted Generation Plant	-	-	-	-	-
38	Taxable Property Basis	-	256,913,217	-	173,617	257,086,834
39	Relative Valuation Factor					
40	Weighted Net Plant (Ln 38 * Ln 39)	-	-	-	-	-
41	General Plant Allocator (Ln 40 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%	
42	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
43	Weighted INDIANA JURISDICTION Plant (Ln 40 + 42)	-	-	-	-	-
44	Functional Percentage (Ln 43/Total Ln 43)	0.00%	100.00%	0.00%		
45	Functionalized Expense in INDIANA JURISDICTION	-	448,432	-		448,432
46	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			-
47	Total Func. Property Taxes (Sum Lns 35, 45, 46)	-	1,509,867	-		1,509,867

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	<u>Revenue Taxes</u>			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	<u>Real Estate and Personal Property Taxes</u>			
4	Real and Personal Property - Michigan	1,061,435	(311,665) 1,373,100 -	P.263 ln 17 (i) P.263 ln 18 (i) P.263 ln 19 (i) P.263 ln 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property - Indiana	448,432	29,683 418,749	P.263 ln 20 (i) P.263 ln 21 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property	-		P.263.3 ln 3 (i) P.263.3 ln 4 (i)
7	Real and Personal Property - Other Jurisdictions	-		P.263.4 ln 12 (i)
8	<u>Payroll Taxes</u>			
9	Federal Insurance Contribution (FICA)	-		P.263 ln 6 (i)
10	Federal Unemployment Tax	-		P.263 ln 9 (i)
11	State Unemployment Insurance	-		P.263.1 ln 23 (i) P.263.2 ln 33 (i) P.263.3 ln 16 (i)
12	<i>Line Left Deliberately Blank</i>			
13	State Severance Taxes	-		
14	<u>Miscellaneous Taxes</u>			
15	State Business & Occupation Tax	-		P.263 ln 21 (i) P.263 ln 22 (i)
16	State Public Service Commission Fees	-		P.263 ln 26 (i) P.263 ln 27 (i) P.263.3 ln 20 (i)
17	State Franchise Taxes	-		P.263.1 ln 18 (i) P.263.1 ln 19 (i) P.263.1 ln 34 (i) P.263.2 ln 10 (i) P.263.2 ln 11 (i) P.263.2 ln 38 (i) P.263.2 ln 39 (i) P.263.3 ln 27 (i) P.263.3 ln 28 (i) P.263.4 ln 20 (i) P.263.4 ln 27 (i)
18	State Lic/Registration Fee	-		P.263.1 ln 15 (i) P.263.2 ln 13 (i) P.263.3 ln 8 (i) P.263.4 ln 21 (i)
19	Misc. State and Local Tax	-		P.263 ln 6 (i) P.263 ln 7 (i)
20	Sales & Use	-		P.263 ln 30 (i) P.263 ln 31(i) P.263.2 ln 16 (i) P.263.2 ln 17 (i) P.263.3 ln 21 (i)
21	Federal Excise Tax	-		P.263 ln 13 (i) P.263 ln 14 (i)
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	1,509,867	1,509,867	

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

**AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP INDIANA MICHIGAN TRANSMISSION COMPANY**

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

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)):	204,031,289
2	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	261,918,207
3		<u>465,949,496</u>
4	Average Balance of Transmission Investment	232,974,748
5	Annual Depreciation Expense, Historic TCOS, In 285	3,886,250
6	Composite Depreciation Rate	1.67%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.67%

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	\$ 3,824,216	1.67%	\$ 63,792	\$ 5,316	11 \$	\$ 58,476
10	February	\$ 2,480	1.67%	\$ 41	\$ 3	10 \$	\$ 30
11	March	\$ 479,528	1.67%	\$ 7,999	\$ 667	9 \$	\$ 6,003
12	April	\$ 325,542	1.67%	\$ 5,430	\$ 453	8 \$	\$ 3,624
13	May	\$ 14,756,697	1.67%	\$ 246,156	\$ 20,513	7 \$	\$ 143,591
14	June	\$ 13,459,955	1.67%	\$ 224,525	\$ 18,710	6 \$	\$ 112,260
15	July	\$ 10,087,275	1.67%	\$ 168,266	\$ 14,022	5 \$	\$ 70,110
16	August	\$ 7,089,172	1.67%	\$ 118,254	\$ 9,855	4 \$	\$ 39,420
17	September	\$ 1,164,421	1.67%	\$ 19,424	\$ 1,619	3 \$	\$ 4,857
18	October	\$ 226,438	1.67%	\$ 3,777	\$ 315	2 \$	\$ 630
19	November	\$ -	1.67%	\$ -	\$ -	1 \$	\$ -
20	December	\$ 56,387,317	1.67%	\$ 940,596	\$ 78,383	0 \$	\$ -
21	Investment	<u>\$ 107,803,039</u>				Depreciation Expense	<u>\$ 439,001</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 2015

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in Service</u>
25 Major Zonal Projects		
26 T/IM trans/Sorenson expansion work to e	63,395	December 2015
27 T/IM trans/Sorenson - Illinois	32,398	December 2015
28 T/IM Trans/Sorenson - Marysvil	28,953	December 2015
29 T/IM trans/Sorenson 345 and 13	28,350	December 2015
30 T/IM trans/Sorenson - Dumont 7	24,585	December 2015
31 TIMTransCoSorenson Add 765	22,551	December 2015
32 T/Butler Centre -Auburn Statio	21,650	December 2015
33		
34	Subtotal	221,882
35 PJM Socialized/Beneficiary Allocated Regional Projects		
36	\$0	
37	Subtotal	\$0

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
AEP INDIANA MICHIGAN TRANSMISSION COMPANY

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

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

ROE w/o incentives (Projected TCOS, In 176) 11.49%
Project ROE Incentive Adder 0 <==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive 11.49% <== ROE including Incentives Cannot Exceed 12.74% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, lns 159 through 162)

	%	Cost	Weighted cost
Long Term Debt	50.00%	4.05%	2.023%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.00%	11.49%	5.745%
R =			7.768%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS				
PROJECTED YEAR	2015	Rev Require	W Incentives	Incentive Amounts
		9,282,095	9,282,095	\$ -

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

Rate Base (Projected TCOS, In 78) 311,081,994
R (from A. above) 7.768%
Return (Rate Base x R) 24,164,883

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

Return (from B. above) 24,164,883
Effective Tax Rate (Projected TCOS, In 124) 47.08%
Income Tax Calculation (Return x CIT) 11,377,883
ITC Adjustment -
Income Taxes 11,377,883

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

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

Annual Revenue Requirement (Projected TCOS, In 1) 43,818,510
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103) -
Return (Projected TCOS, In 132) 24,164,883
Income Taxes (Projected TCOS, In 131) 11,377,883
Annual Revenue Requirement, Less TEA Charges, Return and Taxes 8,275,744

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes 8,275,744
Return (from I.B. above) 24,164,883
Income Taxes (from I.C. above) 11,377,883
Annual Revenue Requirement, with 0 Basis Point ROE increase 43,818,510
Depreciation (Projected TCOS, In 108) 3,886,250
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation 39,932,260

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

Net Transmission Plant (Projected TCOS, In 48) 256,913,217
Annual Revenue Requirement, with 0 Basis Point ROE increase 43,818,510
FCR with 0 Basis Point increase in ROE 17.06%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep. 39,932,260
FCR with 0 Basis Point ROE increase, less Depreciation 15.54%
FCR less Depreciation (Projected TCOS, In 9) 10.96%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation 4.58%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)): 204,031,289
Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)): 261,918,207
Subtotal 465,949,496
Average Transmission Plant Balance for 2014 232,974,748
Annual Depreciation Rate (Projected TCOS, In 108) 3,886,250
Composite Depreciation Rate 1.67%
Depreciable Life for Composite Depreciation Rate 59.95
Round to nearest whole year 60

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

AEP INDIANA MICHIGAN TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zone Page 2 of 6

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	1,351,122
Current Projected Year ARR w/ Incentive	1,351,122
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	11,186,492		
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.96%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	10.96%
CIAC (Yes or No)	No	Annual Depreciation Expense	186,602

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2012	11,186,492	-	11,186,492	1,225,866	1,225,866	\$ -	\$ 655,786	\$ 655,786
2013	11,186,492	186,602	10,999,890	1,392,019	1,392,019	\$ -	\$ 758,010	\$ 758,010
2014	10,999,890	186,602	10,813,288	1,371,570	1,371,570	\$ -	\$ 735,370	\$ 735,370
2015	10,813,288	186,602	10,626,687	1,351,122	1,351,122	\$ -		
2016	10,626,687	186,602	10,440,085	1,330,673	1,330,673	\$ -		
2017	10,440,085	186,602	10,253,483	1,310,224	1,310,224	\$ -		
2018	10,253,483	186,602	10,066,881	1,289,776	1,289,776	\$ -		
2019	10,066,881	186,602	9,880,279	1,269,327	1,269,327	\$ -		
2020	9,880,279	186,602	9,693,678	1,248,878	1,248,878	\$ -		
2021	9,693,678	186,602	9,507,076	1,228,430	1,228,430	\$ -		
2022	9,507,076	186,602	9,320,474	1,207,981	1,207,981	\$ -		
2023	9,320,474	186,602	9,133,872	1,187,532	1,187,532	\$ -		
2024	9,133,872	186,602	8,947,271	1,167,084	1,167,084	\$ -		
2025	8,947,271	186,602	8,760,669	1,146,635	1,146,635	\$ -		
2026	8,760,669	186,602	8,574,067	1,126,186	1,126,186	\$ -		
2027	8,574,067	186,602	8,387,465	1,105,738	1,105,738	\$ -		
2028	8,387,465	186,602	8,200,863	1,085,289	1,085,289	\$ -		
2029	8,200,863	186,602	8,014,262	1,064,840	1,064,840	\$ -		
2030	8,014,262	186,602	7,827,660	1,044,392	1,044,392	\$ -		
2031	7,827,660	186,602	7,641,058	1,023,943	1,023,943	\$ -		
2032	7,641,058	186,602	7,454,456	1,003,494	1,003,494	\$ -		
2033	7,454,456	186,602	7,267,854	983,046	983,046	\$ -		
2034	7,267,854	186,602	7,081,253	962,597	962,597	\$ -		
2035	7,081,253	186,602	6,894,651	942,148	942,148	\$ -		
2036	6,894,651	186,602	6,708,049	921,700	921,700	\$ -		
2037	6,708,049	186,602	6,521,447	901,251	901,251	\$ -		
2038	6,521,447	186,602	6,334,846	880,803	880,803	\$ -		
2039	6,334,846	186,602	6,148,244	860,354	860,354	\$ -		
2040	6,148,244	186,602	5,961,642	839,905	839,905	\$ -		
2041	5,961,642	186,602	5,775,040	819,457	819,457	\$ -		
2042	5,775,040	186,602	5,588,438	799,008	799,008	\$ -		
2043	5,588,438	186,602	5,401,837	778,559	778,559	\$ -		
2044	5,401,837	186,602	5,215,235	758,111	758,111	\$ -		
2045	5,215,235	186,602	5,028,633	737,662	737,662	\$ -		
2046	5,028,633	186,602	4,842,031	717,213	717,213	\$ -		
2047	4,842,031	186,602	4,655,429	696,765	696,765	\$ -		
2048	4,655,429	186,602	4,468,828	676,316	676,316	\$ -		
2049	4,468,828	186,602	4,282,226	655,867	655,867	\$ -		
2050	4,282,226	186,602	4,095,624	635,419	635,419	\$ -		
2051	4,095,624	186,602	3,909,022	614,970	614,970	\$ -		
2052	3,909,022	186,602	3,722,420	594,521	594,521	\$ -		
2053	3,722,420	186,602	3,535,819	574,073	574,073	\$ -		
2054	3,535,819	186,602	3,349,217	553,624	553,624	\$ -		
2055	3,349,217	186,602	3,162,615	533,175	533,175	\$ -		
2056	3,162,615	186,602	2,976,013	512,727	512,727	\$ -		
2057	2,976,013	186,602	2,789,412	492,278	492,278	\$ -		
2058	2,789,412	186,602	2,602,810	471,829	471,829	\$ -		
2059	2,602,810	186,602	2,416,208	451,381	451,381	\$ -		
2060	2,416,208	186,602	2,229,606	430,932	430,932	\$ -		
2061	2,229,606	186,602	2,043,004	410,483	410,483	\$ -		
2062	2,043,004	186,602	1,856,403	390,035	390,035	\$ -		
2063	1,856,403	186,602	1,669,801	369,586	369,586	\$ -		
2064	1,669,801	186,602	1,483,199	349,137	349,137	\$ -		
2065	1,483,199	186,602	1,296,597	328,689	328,689	\$ -		
2066	1,296,597	186,602	1,109,995	308,240	308,240	\$ -		
2067	1,109,995	186,602	923,394	287,791	287,791	\$ -		
2068	923,394	186,602	736,792	267,343	267,343	\$ -		
2069	736,792	186,602	550,190	246,894	246,894	\$ -		
2070	550,190	186,602	363,588	226,445	226,445	\$ -		
2071	363,588	186,602	176,987	205,997	205,997	\$ -		
Project Totals		11,009,505		48,367,331	48,367,331	-		

** 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.

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

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

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	1,857,418
Current Projected Year ARR w/ Incentive	1,857,418
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	15,262,833		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	10.96%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	10.96%
CIAC (Yes or No)	No	Annual Depreciation Expense	254,599

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2013	15,262,833	127,300	15,135,533	1,785,919	1,785,919	\$ -
2014	15,135,533	254,599	14,880,934	1,885,319	1,885,319	\$ -
2015	14,880,934	254,599	14,626,335	1,857,418	1,857,418	\$ -
2016	14,626,335	254,599	14,371,736	1,829,518	1,829,518	\$ -
2017	14,371,736	254,599	14,117,137	1,801,618	1,801,618	\$ -
2018	14,117,137	254,599	13,862,537	1,773,718	1,773,718	\$ -
2019	13,862,537	254,599	13,607,938	1,745,818	1,745,818	\$ -
2020	13,607,938	254,599	13,353,339	1,717,918	1,717,918	\$ -
2021	13,353,339	254,599	13,098,740	1,690,018	1,690,018	\$ -
2022	13,098,740	254,599	12,844,141	1,662,118	1,662,118	\$ -
2023	12,844,141	254,599	12,589,541	1,634,217	1,634,217	\$ -
2024	12,589,541	254,599	12,334,942	1,606,317	1,606,317	\$ -
2025	12,334,942	254,599	12,080,343	1,578,417	1,578,417	\$ -
2026	12,080,343	254,599	11,825,744	1,550,517	1,550,517	\$ -
2027	11,825,744	254,599	11,571,145	1,522,617	1,522,617	\$ -
2028	11,571,145	254,599	11,316,545	1,494,717	1,494,717	\$ -
2029	11,316,545	254,599	11,061,946	1,466,817	1,466,817	\$ -
2030	11,061,946	254,599	10,807,347	1,438,917	1,438,917	\$ -
2031	10,807,347	254,599	10,552,748	1,411,017	1,411,017	\$ -
2032	10,552,748	254,599	10,298,149	1,383,116	1,383,116	\$ -
2033	10,298,149	254,599	10,043,549	1,355,216	1,355,216	\$ -
2034	10,043,549	254,599	9,788,950	1,327,316	1,327,316	\$ -
2035	9,788,950	254,599	9,534,351	1,299,416	1,299,416	\$ -
2036	9,534,351	254,599	9,279,752	1,271,516	1,271,516	\$ -
2037	9,279,752	254,599	9,025,153	1,243,616	1,243,616	\$ -
2038	9,025,153	254,599	8,770,553	1,215,716	1,215,716	\$ -
2039	8,770,553	254,599	8,515,954	1,187,816	1,187,816	\$ -
2040	8,515,954	254,599	8,261,355	1,159,915	1,159,915	\$ -
2041	8,261,355	254,599	8,006,756	1,132,015	1,132,015	\$ -
2042	8,006,756	254,599	7,752,157	1,104,115	1,104,115	\$ -
2043	7,752,157	254,599	7,497,557	1,076,215	1,076,215	\$ -
2044	7,497,557	254,599	7,242,958	1,048,315	1,048,315	\$ -
2045	7,242,958	254,599	6,988,359	1,020,415	1,020,415	\$ -
2046	6,988,359	254,599	6,733,760	992,515	992,515	\$ -
2047	6,733,760	254,599	6,479,161	964,615	964,615	\$ -
2048	6,479,161	254,599	6,224,561	936,714	936,714	\$ -
2049	6,224,561	254,599	5,969,962	908,814	908,814	\$ -
2050	5,969,962	254,599	5,715,363	880,914	880,914	\$ -
2051	5,715,363	254,599	5,460,764	853,014	853,014	\$ -
2052	5,460,764	254,599	5,206,165	825,114	825,114	\$ -
2053	5,206,165	254,599	4,951,565	797,214	797,214	\$ -
2054	4,951,565	254,599	4,696,966	769,314	769,314	\$ -
2055	4,696,966	254,599	4,442,367	741,414	741,414	\$ -
2056	4,442,367	254,599	4,187,768	713,514	713,514	\$ -
2057	4,187,768	254,599	3,933,169	685,613	685,613	\$ -
2058	3,933,169	254,599	3,678,569	657,713	657,713	\$ -
2059	3,678,569	254,599	3,423,970	629,813	629,813	\$ -
2060	3,423,970	254,599	3,169,371	601,913	601,913	\$ -
2061	3,169,371	254,599	2,914,772	574,013	574,013	\$ -
2062	2,914,772	254,599	2,660,173	546,113	546,113	\$ -
2063	2,660,173	254,599	2,405,573	518,213	518,213	\$ -
2064	2,405,573	254,599	2,150,974	490,313	490,313	\$ -
2065	2,150,974	254,599	1,896,375	462,412	462,412	\$ -
2066	1,896,375	254,599	1,641,776	434,512	434,512	\$ -
2067	1,641,776	254,599	1,387,177	406,612	406,612	\$ -
2068	1,387,177	254,599	1,132,577	378,712	378,712	\$ -
2069	1,132,577	254,599	877,978	350,812	350,812	\$ -
2070	877,978	254,599	623,379	322,912	322,912	\$ -
2071	623,379	254,599	368,780	295,012	295,012	\$ -
2072	368,780	254,599	114,181	267,112	267,112	\$ -
Project Totals		15,148,652		65,282,610	65,282,610	-

RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
\$ 1,578,782	\$ 1,578,782
\$ 1,735,811	\$ 1,735,811

** 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.

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

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

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

A. Base Plan Facilities

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

Current Projected Year ARR	697,699
Current Projected Year ARR w/ Incentive	697,699
Current Projected Year Incentive ARR	-

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

Details		Current Year	2015
Investment	5,690,414		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.96%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	10.96%
CIAC (Yes or No)	No	Annual Depreciation Expense	94,922

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	5,690,414	-	5,690,414	623,581	623,581	\$ -	\$ 461,439	\$ 461,439
2014	5,690,414	94,922	5,595,492	708,101	708,101	\$ -	\$ 626,067	\$ 626,067
2015	5,595,492	94,922	5,500,570	697,699	697,699	\$ -		
2016	5,500,570	94,922	5,405,649	687,297	687,297	\$ -		
2017	5,405,649	94,922	5,310,727	676,895	676,895	\$ -		
2018	5,310,727	94,922	5,215,805	666,493	666,493	\$ -		
2019	5,215,805	94,922	5,120,883	656,091	656,091	\$ -		
2020	5,120,883	94,922	5,025,962	645,689	645,689	\$ -		
2021	5,025,962	94,922	4,931,040	635,287	635,287	\$ -		
2022	4,931,040	94,922	4,836,118	624,885	624,885	\$ -		
2023	4,836,118	94,922	4,741,196	614,483	614,483	\$ -		
2024	4,741,196	94,922	4,646,275	604,081	604,081	\$ -		
2025	4,646,275	94,922	4,551,353	593,679	593,679	\$ -		
2026	4,551,353	94,922	4,456,431	583,277	583,277	\$ -		
2027	4,456,431	94,922	4,361,509	572,875	572,875	\$ -		
2028	4,361,509	94,922	4,266,588	562,474	562,474	\$ -		
2029	4,266,588	94,922	4,171,666	552,072	552,072	\$ -		
2030	4,171,666	94,922	4,076,744	541,670	541,670	\$ -		
2031	4,076,744	94,922	3,981,822	531,268	531,268	\$ -		
2032	3,981,822	94,922	3,886,901	520,866	520,866	\$ -		
2033	3,886,901	94,922	3,791,979	510,464	510,464	\$ -		
2034	3,791,979	94,922	3,697,057	500,062	500,062	\$ -		
2035	3,697,057	94,922	3,602,135	489,660	489,660	\$ -		
2036	3,602,135	94,922	3,507,214	479,258	479,258	\$ -		
2037	3,507,214	94,922	3,412,292	468,856	468,856	\$ -		
2038	3,412,292	94,922	3,317,370	458,454	458,454	\$ -		
2039	3,317,370	94,922	3,222,448	448,052	448,052	\$ -		
2040	3,222,448	94,922	3,127,527	437,650	437,650	\$ -		
2041	3,127,527	94,922	3,032,605	427,248	427,248	\$ -		
2042	3,032,605	94,922	2,937,683	416,846	416,846	\$ -		
2043	2,937,683	94,922	2,842,761	406,444	406,444	\$ -		
2044	2,842,761	94,922	2,747,840	396,042	396,042	\$ -		
2045	2,747,840	94,922	2,652,918	385,640	385,640	\$ -		
2046	2,652,918	94,922	2,557,996	375,238	375,238	\$ -		
2047	2,557,996	94,922	2,463,074	364,836	364,836	\$ -		
2048	2,463,074	94,922	2,368,153	354,435	354,435	\$ -		
2049	2,368,153	94,922	2,273,231	344,033	344,033	\$ -		
2050	2,273,231	94,922	2,178,309	333,631	333,631	\$ -		
2051	2,178,309	94,922	2,083,387	323,229	323,229	\$ -		
2052	2,083,387	94,922	1,988,466	312,827	312,827	\$ -		
2053	1,988,466	94,922	1,893,544	302,425	302,425	\$ -		
2054	1,893,544	94,922	1,798,622	292,023	292,023	\$ -		
2055	1,798,622	94,922	1,703,700	281,621	281,621	\$ -		
2056	1,703,700	94,922	1,608,779	271,219	271,219	\$ -		
2057	1,608,779	94,922	1,513,857	260,817	260,817	\$ -		
2058	1,513,857	94,922	1,418,935	250,415	250,415	\$ -		
2059	1,418,935	94,922	1,324,013	240,013	240,013	\$ -		
2060	1,324,013	94,922	1,229,092	229,611	229,611	\$ -		
2061	1,229,092	94,922	1,134,170	219,209	219,209	\$ -		
2062	1,134,170	94,922	1,039,248	208,807	208,807	\$ -		
2063	1,039,248	94,922	944,326	198,405	198,405	\$ -		
2064	944,326	94,922	849,405	188,003	188,003	\$ -		
2065	849,405	94,922	754,483	177,601	177,601	\$ -		
2066	754,483	94,922	659,561	167,199	167,199	\$ -		
2067	659,561	94,922	564,639	156,797	156,797	\$ -		
2068	564,639	94,922	469,718	146,396	146,396	\$ -		
2069	469,718	94,922	374,796	135,994	135,994	\$ -		
2070	374,796	94,922	279,874	125,592	125,592	\$ -		
2071	279,874	94,922	184,952	115,190	115,190	\$ -		
2072	184,952	94,922	90,031	104,788	104,788	\$ -		
Project Totals		5,600,383		24,603,793	24,603,793	-		

** 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.

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1818 (Expand the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch -Milan 138 kV double circuit tower line)

Current Projected Year ARR	1,745,562
Current Projected Year ARR w/ Incentive	1,745,562
Current Projected Year Incentive ARR	-

Details		Current Year	2015
Investment	14,062,048		
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	10.96%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	10.96%
CIAC (Yes or No)	No	Annual Depreciation Expense	234,569

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2014	14,062,048	39,095	14,022,953	1,575,793	1,575,793	\$ -	\$ -	\$ -
2015	14,022,953	234,569	13,788,384	1,745,562	1,745,562	\$ -	\$ -	\$ -
2016	13,788,384	234,569	13,553,815	1,719,857	1,719,857	\$ -	\$ -	\$ -
2017	13,553,815	234,569	13,319,246	1,694,152	1,694,152	\$ -	\$ -	\$ -
2018	13,319,246	234,569	13,084,678	1,668,446	1,668,446	\$ -	\$ -	\$ -
2019	13,084,678	234,569	12,850,109	1,642,741	1,642,741	\$ -	\$ -	\$ -
2020	12,850,109	234,569	12,615,540	1,617,036	1,617,036	\$ -	\$ -	\$ -
2021	12,615,540	234,569	12,380,971	1,591,331	1,591,331	\$ -	\$ -	\$ -
2022	12,380,971	234,569	12,146,402	1,565,626	1,565,626	\$ -	\$ -	\$ -
2023	12,146,402	234,569	11,911,833	1,539,921	1,539,921	\$ -	\$ -	\$ -
2024	11,911,833	234,569	11,677,264	1,514,216	1,514,216	\$ -	\$ -	\$ -
2025	11,677,264	234,569	11,442,695	1,488,511	1,488,511	\$ -	\$ -	\$ -
2026	11,442,695	234,569	11,208,126	1,462,806	1,462,806	\$ -	\$ -	\$ -
2027	11,208,126	234,569	10,973,557	1,437,100	1,437,100	\$ -	\$ -	\$ -
2028	10,973,557	234,569	10,738,988	1,411,395	1,411,395	\$ -	\$ -	\$ -
2029	10,738,988	234,569	10,504,419	1,385,690	1,385,690	\$ -	\$ -	\$ -
2030	10,504,419	234,569	10,269,851	1,359,985	1,359,985	\$ -	\$ -	\$ -
2031	10,269,851	234,569	10,035,282	1,334,280	1,334,280	\$ -	\$ -	\$ -
2032	10,035,282	234,569	9,800,713	1,308,575	1,308,575	\$ -	\$ -	\$ -
2033	9,800,713	234,569	9,566,144	1,282,870	1,282,870	\$ -	\$ -	\$ -
2034	9,566,144	234,569	9,331,575	1,257,165	1,257,165	\$ -	\$ -	\$ -
2035	9,331,575	234,569	9,097,006	1,231,460	1,231,460	\$ -	\$ -	\$ -
2036	9,097,006	234,569	8,862,437	1,205,754	1,205,754	\$ -	\$ -	\$ -
2037	8,862,437	234,569	8,627,868	1,180,049	1,180,049	\$ -	\$ -	\$ -
2038	8,627,868	234,569	8,393,299	1,154,344	1,154,344	\$ -	\$ -	\$ -
2039	8,393,299	234,569	8,158,730	1,128,639	1,128,639	\$ -	\$ -	\$ -
2040	8,158,730	234,569	7,924,161	1,102,934	1,102,934	\$ -	\$ -	\$ -
2041	7,924,161	234,569	7,689,592	1,077,229	1,077,229	\$ -	\$ -	\$ -
2042	7,689,592	234,569	7,455,024	1,051,524	1,051,524	\$ -	\$ -	\$ -
2043	7,455,024	234,569	7,220,455	1,025,819	1,025,819	\$ -	\$ -	\$ -
2044	7,220,455	234,569	6,985,886	1,000,114	1,000,114	\$ -	\$ -	\$ -
2045	6,985,886	234,569	6,751,317	974,408	974,408	\$ -	\$ -	\$ -
2046	6,751,317	234,569	6,516,748	948,703	948,703	\$ -	\$ -	\$ -
2047	6,516,748	234,569	6,282,179	922,998	922,998	\$ -	\$ -	\$ -
2048	6,282,179	234,569	6,047,610	897,293	897,293	\$ -	\$ -	\$ -
2049	6,047,610	234,569	5,813,041	871,588	871,588	\$ -	\$ -	\$ -
2050	5,813,041	234,569	5,578,472	845,883	845,883	\$ -	\$ -	\$ -
2051	5,578,472	234,569	5,343,903	820,178	820,178	\$ -	\$ -	\$ -
2052	5,343,903	234,569	5,109,334	794,473	794,473	\$ -	\$ -	\$ -
2053	5,109,334	234,569	4,874,765	768,768	768,768	\$ -	\$ -	\$ -
2054	4,874,765	234,569	4,640,197	743,062	743,062	\$ -	\$ -	\$ -
2055	4,640,197	234,569	4,405,628	717,357	717,357	\$ -	\$ -	\$ -
2056	4,405,628	234,569	4,171,059	691,652	691,652	\$ -	\$ -	\$ -
2057	4,171,059	234,569	3,936,490	665,947	665,947	\$ -	\$ -	\$ -
2058	3,936,490	234,569	3,701,921	640,242	640,242	\$ -	\$ -	\$ -
2059	3,701,921	234,569	3,467,352	614,537	614,537	\$ -	\$ -	\$ -
2060	3,467,352	234,569	3,232,783	588,832	588,832	\$ -	\$ -	\$ -
2061	3,232,783	234,569	2,998,214	563,127	563,127	\$ -	\$ -	\$ -
2062	2,998,214	234,569	2,763,645	537,422	537,422	\$ -	\$ -	\$ -
2063	2,763,645	234,569	2,529,076	511,716	511,716	\$ -	\$ -	\$ -
2064	2,529,076	234,569	2,294,507	486,011	486,011	\$ -	\$ -	\$ -
2065	2,294,507	234,569	2,059,938	460,306	460,306	\$ -	\$ -	\$ -
2066	2,059,938	234,569	1,825,370	434,601	434,601	\$ -	\$ -	\$ -
2067	1,825,370	234,569	1,590,801	408,896	408,896	\$ -	\$ -	\$ -
2068	1,590,801	234,569	1,356,232	383,191	383,191	\$ -	\$ -	\$ -
2069	1,356,232	234,569	1,121,663	357,486	357,486	\$ -	\$ -	\$ -
2070	1,121,663	234,569	887,094	331,781	331,781	\$ -	\$ -	\$ -
2071	887,094	234,569	652,525	306,076	306,076	\$ -	\$ -	\$ -
2072	652,525	234,569	417,956	280,370	280,370	\$ -	\$ -	\$ -
2073	417,956	234,569	183,387	254,665	254,665	\$ -	\$ -	\$ -
Project Totals		13,878,661		60,582,492	60,582,492	-		

** 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.

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

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

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

A. Base Plan Facilities

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

Current Projected Year ARR	3,630,294
Current Projected Year ARR w/ Incentive	3,630,294
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: b1819 (Rebuild the Robinson Park-Sorneson 138 kV line corridor as a 345 kV double circuit line with one side operated at 345 kV and one side at 138 kV)

Details	
Investment	33,127,811
Current Year	2015
Service Year (yyyy)	2015
Service Month (1-12)	12
Useful life	60
CIAC (Yes or No)	No
	ROE increase accepted by FERC (Basis Points)
	FCR w/o incentives, less depreciation
	FCR w/incentives approved for these facilities, less dep.
	Annual Depreciation Expense

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2015	33,127,811	-	33,127,811	3,630,294	3,630,294	\$ -		
2016	33,127,811	552,605	32,575,206	4,122,342	4,122,342	\$ -		
2017	32,575,206	552,605	32,022,601	4,061,785	4,061,785	\$ -		
2018	32,022,601	552,605	31,469,997	4,001,228	4,001,228	\$ -		
2019	31,469,997	552,605	30,917,392	3,940,671	3,940,671	\$ -		
2020	30,917,392	552,605	30,364,787	3,880,114	3,880,114	\$ -		
2021	30,364,787	552,605	29,812,182	3,819,557	3,819,557	\$ -		
2022	29,812,182	552,605	29,259,578	3,759,000	3,759,000	\$ -		
2023	29,259,578	552,605	28,706,973	3,698,443	3,698,443	\$ -		
2024	28,706,973	552,605	28,154,368	3,637,886	3,637,886	\$ -		
2025	28,154,368	552,605	27,601,763	3,577,330	3,577,330	\$ -		
2026	27,601,763	552,605	27,049,159	3,516,773	3,516,773	\$ -		
2027	27,049,159	552,605	26,496,554	3,456,216	3,456,216	\$ -		
2028	26,496,554	552,605	25,943,949	3,395,659	3,395,659	\$ -		
2029	25,943,949	552,605	25,391,344	3,335,102	3,335,102	\$ -		
2030	25,391,344	552,605	24,838,740	3,274,545	3,274,545	\$ -		
2031	24,838,740	552,605	24,286,135	3,213,988	3,213,988	\$ -		
2032	24,286,135	552,605	23,733,530	3,153,431	3,153,431	\$ -		
2033	23,733,530	552,605	23,180,925	3,092,874	3,092,874	\$ -		
2034	23,180,925	552,605	22,628,320	3,032,317	3,032,317	\$ -		
2035	22,628,320	552,605	22,075,716	2,971,761	2,971,761	\$ -		
2036	22,075,716	552,605	21,523,111	2,911,204	2,911,204	\$ -		
2037	21,523,111	552,605	20,970,506	2,850,647	2,850,647	\$ -		
2038	20,970,506	552,605	20,417,901	2,790,090	2,790,090	\$ -		
2039	20,417,901	552,605	19,865,297	2,729,533	2,729,533	\$ -		
2040	19,865,297	552,605	19,312,692	2,668,976	2,668,976	\$ -		
2041	19,312,692	552,605	18,760,087	2,608,419	2,608,419	\$ -		
2042	18,760,087	552,605	18,207,482	2,547,862	2,547,862	\$ -		
2043	18,207,482	552,605	17,654,878	2,487,305	2,487,305	\$ -		
2044	17,654,878	552,605	17,102,273	2,426,748	2,426,748	\$ -		
2045	17,102,273	552,605	16,549,668	2,366,191	2,366,191	\$ -		
2046	16,549,668	552,605	15,997,063	2,305,635	2,305,635	\$ -		
2047	15,997,063	552,605	15,444,459	2,245,078	2,245,078	\$ -		
2048	15,444,459	552,605	14,891,854	2,184,521	2,184,521	\$ -		
2049	14,891,854	552,605	14,339,249	2,123,964	2,123,964	\$ -		
2050	14,339,249	552,605	13,786,644	2,063,407	2,063,407	\$ -		
2051	13,786,644	552,605	13,234,040	2,002,850	2,002,850	\$ -		
2052	13,234,040	552,605	12,681,435	1,942,293	1,942,293	\$ -		
2053	12,681,435	552,605	12,128,830	1,881,736	1,881,736	\$ -		
2054	12,128,830	552,605	11,576,225	1,821,179	1,821,179	\$ -		
2055	11,576,225	552,605	11,023,620	1,760,622	1,760,622	\$ -		
2056	11,023,620	552,605	10,471,016	1,700,066	1,700,066	\$ -		
2057	10,471,016	552,605	9,918,411	1,639,509	1,639,509	\$ -		
2058	9,918,411	552,605	9,365,806	1,578,952	1,578,952	\$ -		
2059	9,365,806	552,605	8,813,201	1,518,395	1,518,395	\$ -		
2060	8,813,201	552,605	8,260,597	1,457,838	1,457,838	\$ -		
2061	8,260,597	552,605	7,707,992	1,397,281	1,397,281	\$ -		
2062	7,707,992	552,605	7,155,387	1,336,724	1,336,724	\$ -		
2063	7,155,387	552,605	6,602,782	1,276,167	1,276,167	\$ -		
2064	6,602,782	552,605	6,050,178	1,215,610	1,215,610	\$ -		
2065	6,050,178	552,605	5,497,573	1,155,053	1,155,053	\$ -		
2066	5,497,573	552,605	4,944,968	1,094,496	1,094,496	\$ -		
2067	4,944,968	552,605	4,392,363	1,033,940	1,033,940	\$ -		
2068	4,392,363	552,605	3,839,759	973,383	973,383	\$ -		
2069	3,839,759	552,605	3,287,154	912,826	912,826	\$ -		
2070	3,287,154	552,605	2,734,549	852,269	852,269	\$ -		
2071	2,734,549	552,605	2,181,944	791,712	791,712	\$ -		
2072	2,181,944	552,605	1,629,339	731,155	731,155	\$ -		
2073	1,629,339	552,605	1,076,735	670,598	670,598	\$ -		
2074	1,076,735	552,605	524,130	610,041	610,041	\$ -		
Project Totals		32,603,681		143,235,590	143,235,590			

** 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.

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

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, In 176)		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, Ins 159 through 162)			
	<u>%</u>	<u>Cost</u>	<u>Weighted cost</u>
Long Term Debt	50.00%	3.25%	1.625%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.00%	11.49%	5.745%
		R =	7.370%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS					
TRUE-UP YEAR	2014	Rev Require	W Incentives	Incentive Amounts	
As Projected in Prior Year WS J	\$	3,097,248	\$	3,097,248	\$ -
Actual after True-up	\$	4,891,064	\$	4,891,064	\$ -
True-up of ARR For 2014		1,793,816		1,793,816	-

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

Rate Base (True-Up TCOS, In 78)	191,639,052
R (from A. above)	7.370%
Return (Rate Base x R)	14,123,285

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

Return (from B. above)	14,123,285
Effective Tax Rate (True-Up TCOS, In 124)	49.63%
Income Tax Calculation (Return x CIT)	7,009,426
ITC Adjustment	-
Income Taxes	7,009,426

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

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

Annual Revenue Requirement (True-Up TCOS, In 1)	28,989,691
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	-
Return (True-Up TCOS, In 132)	14,123,285
Income Taxes (True-Up TCOS, In 131)	7,009,426
Annual Revenue Requirement, Less TEA	7,856,980
Charges, Return and Taxes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	7,856,980
Return (from I.B. above)	14,123,285
Income Taxes (from I.C. above)	7,009,426
Annual Revenue Requirement, with 0 Basis Point ROE increase	28,989,691
Depreciation (True-Up TCOS, In 108)	3,886,250
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	25,103,441

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

Net Transmission Plant (True-Up TCOS, In 48)	229,931,338
Annual Revenue Requirement, with 0 Basis Point ROE increase	28,989,691
FCR with 0 Basis Point increase in ROE	12.61%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	25,103,441
FCR with 0 Basis Point ROE increase, less Depreciation	10.92%
FCR less Depreciation (True-Up TCOS, In 9)	10.92%
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, In 58,(b)):	204,031,289
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	261,918,207
Subtotal	465,949,496
Average Transmission Plant Balance for	232,974,748
Annual Depreciation Rate (True-Up TCOS, In 108)	3,886,250
Composite Depreciation Rate	1.67%
Depreciable Life for Composite Depreciation Rate	59.95
Round to nearest whole year	60

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

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

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	735,370	735,370	-
Prior Yr True-Up	793,624	793,624	-
True-Up Adjustment	58,254	58,254	-

Details		2014
Investment	6,445,564	Current Year
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	12	FCR w/o incentives, less depreciation
Useful life	60	FCR w/incentives approved for these facilities, less dep.
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 **
2012	6,445,564	-	6,445,564	6,445,564	703,714	703,714	\$ -	\$ 655,786	\$ 47,928	\$ 655,786	\$ 47,928	\$ -
2013	6,445,564	107,518	6,338,046	6,391,805	805,363	805,363	\$ -	\$ 758,010	\$ 47,353	\$ 758,010	\$ 47,353	\$ -
2014	6,338,046	107,518	6,230,527	6,284,286	793,624	793,624	\$ -	\$ 735,370	\$ 58,254	\$ 735,370	\$ 58,254	\$ -
2015	6,230,527	107,518	6,123,009	6,176,768	781,886	781,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	6,123,009	107,518	6,015,490	6,069,250	770,147	770,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	6,015,490	107,518	5,907,972	5,961,731	758,408	758,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	5,907,972	107,518	5,800,454	5,854,213	746,670	746,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	5,800,454	107,518	5,692,935	5,746,694	734,931	734,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	5,692,935	107,518	5,585,417	5,639,176	723,192	723,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	5,585,417	107,518	5,477,898	5,531,658	711,454	711,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	5,477,898	107,518	5,370,380	5,424,139	699,715	699,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	5,370,380	107,518	5,262,862	5,316,621	687,976	687,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	5,262,862	107,518	5,155,343	5,209,102	676,238	676,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	5,155,343	107,518	5,047,825	5,101,584	664,499	664,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	5,047,825	107,518	4,940,306	4,994,066	652,760	652,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	4,940,306	107,518	4,832,788	4,886,547	641,022	641,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	4,832,788	107,518	4,725,270	4,779,029	629,283	629,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	4,725,270	107,518	4,617,751	4,671,510	617,545	617,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	4,617,751	107,518	4,510,233	4,563,992	605,806	605,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	4,510,233	107,518	4,402,714	4,456,474	594,067	594,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	4,402,714	107,518	4,295,196	4,348,955	582,329	582,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	4,295,196	107,518	4,187,678	4,241,437	570,590	570,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	4,187,678	107,518	4,080,159	4,133,918	558,851	558,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	4,080,159	107,518	3,972,641	4,026,400	547,113	547,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	3,972,641	107,518	3,865,122	3,918,882	535,374	535,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	3,865,122	107,518	3,757,604	3,811,363	523,635	523,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	3,757,604	107,518	3,650,085	3,703,845	511,897	511,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	3,650,085	107,518	3,542,567	3,596,326	500,158	500,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	3,542,567	107,518	3,435,049	3,488,808	488,419	488,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	3,435,049	107,518	3,327,530	3,381,289	476,681	476,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	3,327,530	107,518	3,220,012	3,273,771	464,942	464,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	3,220,012	107,518	3,112,493	3,166,253	453,204	453,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	3,112,493	107,518	3,004,975	3,058,734	441,465	441,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	3,004,975	107,518	2,897,457	2,951,216	429,726	429,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2046	2,897,457	107,518	2,789,938	2,843,697	417,988	417,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2047	2,789,938	107,518	2,682,420	2,736,179	406,249	406,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2048	2,682,420	107,518	2,574,901	2,628,661	394,510	394,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2049	2,574,901	107,518	2,467,383	2,521,142	382,772	382,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2050	2,467,383	107,518	2,359,865	2,413,624	371,033	371,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2051	2,359,865	107,518	2,252,346	2,306,105	359,294	359,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2052	2,252,346	107,518	2,144,828	2,198,587	347,556	347,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2053	2,144,828	107,518	2,037,309	2,091,069	335,817	335,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2054	2,037,309	107,518	1,929,791	1,983,550	324,078	324,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2055	1,929,791	107,518	1,822,273	1,876,032	312,340	312,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2056	1,822,273	107,518	1,714,754	1,768,513	300,601	300,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2057	1,714,754	107,518	1,607,236	1,660,995	288,863	288,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2058	1,607,236	107,518	1,499,717	1,553,477	277,124	277,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2059	1,499,717	107,518	1,392,199	1,445,958	265,385	265,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2060	1,392,199	107,518	1,284,681	1,338,440	253,647	253,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2061	1,284,681	107,518	1,177,162	1,230,921	241,908	241,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2062	1,177,162	107,518	1,069,644	1,123,403	230,169	230,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2063	1,069,644	107,518	962,125	1,015,885	218,431	218,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2064	962,125	107,518	854,607	908,366	206,692	206,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2065	854,607	107,518	747,089	800,848	194,953	194,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2066	747,089	107,518	639,570	693,329	183,215	183,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2067	639,570	107,518	532,052	585,811	171,476	171,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2068	532,052	107,518	424,533	478,293	159,737	159,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2069	424,533	107,518	317,015	370,774	147,999	147,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2070	317,015	107,518	209,497	263,256	136,260	136,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2071	209,497	107,518	101,978	155,737	124,521	124,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		6,343,586			28,135,301	28,135,301	-					

** 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.

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

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,735,811	1,735,811	-
Prior Yr True-Up	1,892,576	1,892,576	-
True-Up Adjustment	156,765	156,765	-

Details		2014
Investment	15,258,058	Current Year
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	6	FCR w/o incentives, less depreciation
Useful life	60	FCR w/incentives approved for these facilities, less dep.
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 **
2013	15,258,058	127,260	15,130,798	15,194,428	1,786,157	1,786,157	\$ -	\$ 1,578,782	207,375	\$ 1,578,782	207,375
2014	15,130,798	254,520	14,876,279	15,003,538	1,892,576	1,892,576	\$ -	\$ 1,735,811	156,765	\$ 1,735,811	156,765
2015	14,876,279	254,520	14,621,759	14,749,019	1,864,788	1,864,788	\$ -	\$ -	\$ -	\$ -	\$ -
2016	14,621,759	254,520	14,367,240	14,494,499	1,837,000	1,837,000	\$ -	\$ -	\$ -	\$ -	\$ -
2017	14,367,240	254,520	14,112,720	14,239,980	1,809,212	1,809,212	\$ -	\$ -	\$ -	\$ -	\$ -
2018	14,112,720	254,520	13,858,200	13,985,460	1,781,424	1,781,424	\$ -	\$ -	\$ -	\$ -	\$ -
2019	13,858,200	254,520	13,603,681	13,730,941	1,753,636	1,753,636	\$ -	\$ -	\$ -	\$ -	\$ -
2020	13,603,681	254,520	13,349,161	13,476,421	1,725,848	1,725,848	\$ -	\$ -	\$ -	\$ -	\$ -
2021	13,349,161	254,520	13,094,642	13,221,902	1,698,060	1,698,060	\$ -	\$ -	\$ -	\$ -	\$ -
2022	13,094,642	254,520	12,840,122	12,967,382	1,670,272	1,670,272	\$ -	\$ -	\$ -	\$ -	\$ -
2023	12,840,122	254,520	12,585,603	12,712,863	1,642,484	1,642,484	\$ -	\$ -	\$ -	\$ -	\$ -
2024	12,585,603	254,520	12,331,083	12,458,343	1,614,696	1,614,696	\$ -	\$ -	\$ -	\$ -	\$ -
2025	12,331,083	254,520	12,076,564	12,203,823	1,586,908	1,586,908	\$ -	\$ -	\$ -	\$ -	\$ -
2026	12,076,564	254,520	11,822,044	11,949,304	1,559,121	1,559,121	\$ -	\$ -	\$ -	\$ -	\$ -
2027	11,822,044	254,520	11,567,525	11,694,784	1,531,333	1,531,333	\$ -	\$ -	\$ -	\$ -	\$ -
2028	11,567,525	254,520	11,313,005	11,440,265	1,503,545	1,503,545	\$ -	\$ -	\$ -	\$ -	\$ -
2029	11,313,005	254,520	11,058,485	11,185,745	1,475,757	1,475,757	\$ -	\$ -	\$ -	\$ -	\$ -
2030	11,058,485	254,520	10,803,966	10,931,226	1,447,969	1,447,969	\$ -	\$ -	\$ -	\$ -	\$ -
2031	10,803,966	254,520	10,549,446	10,676,706	1,420,181	1,420,181	\$ -	\$ -	\$ -	\$ -	\$ -
2032	10,549,446	254,520	10,294,927	10,422,187	1,392,393	1,392,393	\$ -	\$ -	\$ -	\$ -	\$ -
2033	10,294,927	254,520	10,040,407	10,167,667	1,364,605	1,364,605	\$ -	\$ -	\$ -	\$ -	\$ -
2034	10,040,407	254,520	9,785,888	9,913,147	1,336,817	1,336,817	\$ -	\$ -	\$ -	\$ -	\$ -
2035	9,785,888	254,520	9,531,368	9,658,628	1,309,029	1,309,029	\$ -	\$ -	\$ -	\$ -	\$ -
2036	9,531,368	254,520	9,276,849	9,404,108	1,281,241	1,281,241	\$ -	\$ -	\$ -	\$ -	\$ -
2037	9,276,849	254,520	9,022,329	9,149,589	1,253,453	1,253,453	\$ -	\$ -	\$ -	\$ -	\$ -
2038	9,022,329	254,520	8,767,809	8,895,069	1,225,665	1,225,665	\$ -	\$ -	\$ -	\$ -	\$ -
2039	8,767,809	254,520	8,513,290	8,640,550	1,197,877	1,197,877	\$ -	\$ -	\$ -	\$ -	\$ -
2040	8,513,290	254,520	8,258,770	8,386,030	1,170,089	1,170,089	\$ -	\$ -	\$ -	\$ -	\$ -
2041	8,258,770	254,520	8,004,251	8,131,511	1,142,302	1,142,302	\$ -	\$ -	\$ -	\$ -	\$ -
2042	8,004,251	254,520	7,749,731	7,876,991	1,114,514	1,114,514	\$ -	\$ -	\$ -	\$ -	\$ -
2043	7,749,731	254,520	7,495,212	7,622,472	1,086,726	1,086,726	\$ -	\$ -	\$ -	\$ -	\$ -
2044	7,495,212	254,520	7,240,692	7,367,952	1,058,938	1,058,938	\$ -	\$ -	\$ -	\$ -	\$ -
2045	7,240,692	254,520	6,986,173	7,113,432	1,031,150	1,031,150	\$ -	\$ -	\$ -	\$ -	\$ -
2046	6,986,173	254,520	6,731,653	6,858,913	1,003,362	1,003,362	\$ -	\$ -	\$ -	\$ -	\$ -
2047	6,731,653	254,520	6,477,134	6,604,393	975,574	975,574	\$ -	\$ -	\$ -	\$ -	\$ -
2048	6,477,134	254,520	6,222,614	6,349,874	947,786	947,786	\$ -	\$ -	\$ -	\$ -	\$ -
2049	6,222,614	254,520	5,968,094	6,095,354	919,998	919,998	\$ -	\$ -	\$ -	\$ -	\$ -
2050	5,968,094	254,520	5,713,575	5,840,835	892,210	892,210	\$ -	\$ -	\$ -	\$ -	\$ -
2051	5,713,575	254,520	5,459,055	5,586,315	864,422	864,422	\$ -	\$ -	\$ -	\$ -	\$ -
2052	5,459,055	254,520	5,204,536	5,331,796	836,634	836,634	\$ -	\$ -	\$ -	\$ -	\$ -
2053	5,204,536	254,520	4,950,016	5,077,276	808,846	808,846	\$ -	\$ -	\$ -	\$ -	\$ -
2054	4,950,016	254,520	4,695,497	4,822,756	781,058	781,058	\$ -	\$ -	\$ -	\$ -	\$ -
2055	4,695,497	254,520	4,440,977	4,568,237	753,270	753,270	\$ -	\$ -	\$ -	\$ -	\$ -
2056	4,440,977	254,520	4,186,458	4,313,717	725,483	725,483	\$ -	\$ -	\$ -	\$ -	\$ -
2057	4,186,458	254,520	3,931,938	4,059,198	697,695	697,695	\$ -	\$ -	\$ -	\$ -	\$ -
2058	3,931,938	254,520	3,677,418	3,804,678	669,907	669,907	\$ -	\$ -	\$ -	\$ -	\$ -
2059	3,677,418	254,520	3,422,899	3,550,159	642,119	642,119	\$ -	\$ -	\$ -	\$ -	\$ -
2060	3,422,899	254,520	3,168,379	3,295,639	614,331	614,331	\$ -	\$ -	\$ -	\$ -	\$ -
2061	3,168,379	254,520	2,913,860	3,041,120	586,543	586,543	\$ -	\$ -	\$ -	\$ -	\$ -
2062	2,913,860	254,520	2,659,340	2,786,600	558,755	558,755	\$ -	\$ -	\$ -	\$ -	\$ -
2063	2,659,340	254,520	2,404,821	2,532,081	530,967	530,967	\$ -	\$ -	\$ -	\$ -	\$ -
2064	2,404,821	254,520	2,150,301	2,277,561	503,179	503,179	\$ -	\$ -	\$ -	\$ -	\$ -
2065	2,150,301	254,520	1,895,782	2,023,041	475,391	475,391	\$ -	\$ -	\$ -	\$ -	\$ -
2066	1,895,782	254,520	1,641,262	1,768,522	447,603	447,603	\$ -	\$ -	\$ -	\$ -	\$ -
2067	1,641,262	254,520	1,386,743	1,514,002	419,815	419,815	\$ -	\$ -	\$ -	\$ -	\$ -
2068	1,386,743	254,520	1,132,223	1,259,483	392,027	392,027	\$ -	\$ -	\$ -	\$ -	\$ -
2069	1,132,223	254,520	877,703	1,004,963	364,239	364,239	\$ -	\$ -	\$ -	\$ -	\$ -
2070	877,703	254,520	623,184	750,444	336,451	336,451	\$ -	\$ -	\$ -	\$ -	\$ -
2071	623,184	254,520	368,664	495,924	308,664	308,664	\$ -	\$ -	\$ -	\$ -	\$ -
2072	368,664	254,520	114,145	241,405	280,876	280,876	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		15,143,913			65,902,972	65,902,972	-				

** 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.

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

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	626,067	626,067	-
Prior Yr True-Up	711,008	711,008	-
True-Up Adjustment	84,941	84,941	-

Details		2014
Investment	5,690,414	Current Year
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	12	FCR w/o incentives, less depreciation
Useful life	60	FCR w/incentives approved for these facilities, less dep.
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 **
2013	5,690,414	-	5,690,414	5,690,414	621,268	621,268	\$ -	\$ 461,439	\$ 159,829	\$ 461,439	\$ 159,829
2014	5,690,414	94,922	5,595,492	5,642,953	711,008	711,008	\$ -	\$ 626,067	\$ 84,941	\$ 626,067	\$ 84,941
2015	5,595,492	94,922	5,500,570	5,548,031	700,645	700,645	\$ -	\$ -	\$ -	\$ -	\$ -
2016	5,500,570	94,922	5,405,649	5,453,110	690,281	690,281	\$ -	\$ -	\$ -	\$ -	\$ -
2017	5,405,649	94,922	5,310,727	5,358,188	679,918	679,918	\$ -	\$ -	\$ -	\$ -	\$ -
2018	5,310,727	94,922	5,215,805	5,263,266	669,555	669,555	\$ -	\$ -	\$ -	\$ -	\$ -
2019	5,215,805	94,922	5,120,883	5,168,344	659,191	659,191	\$ -	\$ -	\$ -	\$ -	\$ -
2020	5,120,883	94,922	5,025,962	5,073,423	648,828	648,828	\$ -	\$ -	\$ -	\$ -	\$ -
2021	5,025,962	94,922	4,931,040	4,978,501	638,464	638,464	\$ -	\$ -	\$ -	\$ -	\$ -
2022	4,931,040	94,922	4,836,118	4,883,579	628,101	628,101	\$ -	\$ -	\$ -	\$ -	\$ -
2023	4,836,118	94,922	4,741,196	4,788,657	617,738	617,738	\$ -	\$ -	\$ -	\$ -	\$ -
2024	4,741,196	94,922	4,646,275	4,693,736	607,374	607,374	\$ -	\$ -	\$ -	\$ -	\$ -
2025	4,646,275	94,922	4,551,353	4,598,814	597,011	597,011	\$ -	\$ -	\$ -	\$ -	\$ -
2026	4,551,353	94,922	4,456,431	4,503,892	586,648	586,648	\$ -	\$ -	\$ -	\$ -	\$ -
2027	4,456,431	94,922	4,361,509	4,408,970	576,284	576,284	\$ -	\$ -	\$ -	\$ -	\$ -
2028	4,361,509	94,922	4,266,588	4,314,049	565,921	565,921	\$ -	\$ -	\$ -	\$ -	\$ -
2029	4,266,588	94,922	4,171,666	4,219,127	555,558	555,558	\$ -	\$ -	\$ -	\$ -	\$ -
2030	4,171,666	94,922	4,076,744	4,124,205	545,194	545,194	\$ -	\$ -	\$ -	\$ -	\$ -
2031	4,076,744	94,922	3,981,822	4,029,283	534,831	534,831	\$ -	\$ -	\$ -	\$ -	\$ -
2032	3,981,822	94,922	3,886,901	3,934,362	524,467	524,467	\$ -	\$ -	\$ -	\$ -	\$ -
2033	3,886,901	94,922	3,791,979	3,839,440	514,104	514,104	\$ -	\$ -	\$ -	\$ -	\$ -
2034	3,791,979	94,922	3,697,057	3,744,518	503,741	503,741	\$ -	\$ -	\$ -	\$ -	\$ -
2035	3,697,057	94,922	3,602,135	3,649,596	493,377	493,377	\$ -	\$ -	\$ -	\$ -	\$ -
2036	3,602,135	94,922	3,507,214	3,554,675	483,014	483,014	\$ -	\$ -	\$ -	\$ -	\$ -
2037	3,507,214	94,922	3,412,292	3,459,753	472,651	472,651	\$ -	\$ -	\$ -	\$ -	\$ -
2038	3,412,292	94,922	3,317,370	3,364,831	462,287	462,287	\$ -	\$ -	\$ -	\$ -	\$ -
2039	3,317,370	94,922	3,222,448	3,269,909	451,924	451,924	\$ -	\$ -	\$ -	\$ -	\$ -
2040	3,222,448	94,922	3,127,527	3,174,988	441,561	441,561	\$ -	\$ -	\$ -	\$ -	\$ -
2041	3,127,527	94,922	3,032,605	3,080,066	431,197	431,197	\$ -	\$ -	\$ -	\$ -	\$ -
2042	3,032,605	94,922	2,937,683	2,985,144	420,834	420,834	\$ -	\$ -	\$ -	\$ -	\$ -
2043	2,937,683	94,922	2,842,761	2,890,222	410,470	410,470	\$ -	\$ -	\$ -	\$ -	\$ -
2044	2,842,761	94,922	2,747,840	2,795,301	400,107	400,107	\$ -	\$ -	\$ -	\$ -	\$ -
2045	2,747,840	94,922	2,652,918	2,700,379	389,744	389,744	\$ -	\$ -	\$ -	\$ -	\$ -
2046	2,652,918	94,922	2,557,996	2,605,457	379,380	379,380	\$ -	\$ -	\$ -	\$ -	\$ -
2047	2,557,996	94,922	2,463,074	2,510,535	369,017	369,017	\$ -	\$ -	\$ -	\$ -	\$ -
2048	2,463,074	94,922	2,368,153	2,415,614	358,654	358,654	\$ -	\$ -	\$ -	\$ -	\$ -
2049	2,368,153	94,922	2,273,231	2,320,692	348,290	348,290	\$ -	\$ -	\$ -	\$ -	\$ -
2050	2,273,231	94,922	2,178,309	2,225,770	337,927	337,927	\$ -	\$ -	\$ -	\$ -	\$ -
2051	2,178,309	94,922	2,083,387	2,130,848	327,563	327,563	\$ -	\$ -	\$ -	\$ -	\$ -
2052	2,083,387	94,922	1,988,466	2,035,927	317,200	317,200	\$ -	\$ -	\$ -	\$ -	\$ -
2053	1,988,466	94,922	1,893,544	1,941,005	306,837	306,837	\$ -	\$ -	\$ -	\$ -	\$ -
2054	1,893,544	94,922	1,798,622	1,846,083	296,473	296,473	\$ -	\$ -	\$ -	\$ -	\$ -
2055	1,798,622	94,922	1,703,700	1,751,161	286,110	286,110	\$ -	\$ -	\$ -	\$ -	\$ -
2056	1,703,700	94,922	1,608,779	1,656,240	275,747	275,747	\$ -	\$ -	\$ -	\$ -	\$ -
2057	1,608,779	94,922	1,513,857	1,561,318	265,383	265,383	\$ -	\$ -	\$ -	\$ -	\$ -
2058	1,513,857	94,922	1,418,935	1,466,396	255,020	255,020	\$ -	\$ -	\$ -	\$ -	\$ -
2059	1,418,935	94,922	1,324,013	1,371,474	244,657	244,657	\$ -	\$ -	\$ -	\$ -	\$ -
2060	1,324,013	94,922	1,229,092	1,276,553	234,293	234,293	\$ -	\$ -	\$ -	\$ -	\$ -
2061	1,229,092	94,922	1,134,170	1,181,631	223,930	223,930	\$ -	\$ -	\$ -	\$ -	\$ -
2062	1,134,170	94,922	1,039,248	1,086,709	213,566	213,566	\$ -	\$ -	\$ -	\$ -	\$ -
2063	1,039,248	94,922	944,326	991,787	203,203	203,203	\$ -	\$ -	\$ -	\$ -	\$ -
2064	944,326	94,922	849,405	896,865	192,840	192,840	\$ -	\$ -	\$ -	\$ -	\$ -
2065	849,405	94,922	754,483	801,944	182,476	182,476	\$ -	\$ -	\$ -	\$ -	\$ -
2066	754,483	94,922	659,561	707,022	172,113	172,113	\$ -	\$ -	\$ -	\$ -	\$ -
2067	659,561	94,922	564,639	612,100	161,750	161,750	\$ -	\$ -	\$ -	\$ -	\$ -
2068	564,639	94,922	469,718	517,178	151,386	151,386	\$ -	\$ -	\$ -	\$ -	\$ -
2069	469,718	94,922	374,796	422,257	141,023	141,023	\$ -	\$ -	\$ -	\$ -	\$ -
2070	374,796	94,922	279,874	327,335	130,660	130,660	\$ -	\$ -	\$ -	\$ -	\$ -
2071	279,874	94,922	184,952	232,413	120,296	120,296	\$ -	\$ -	\$ -	\$ -	\$ -
2072	184,952	94,922	90,031	137,491	109,933	109,933	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		5,600,383			24,839,022	24,839,022	-				

** 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.

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1818 (Expand the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch-Milan 138 kV double circuit tower line)

2014	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	0	0	-
Prior Yr True-Up	1,493,856	1,493,856	-
True-Up Adjustment	1,493,856	1,493,856	-

Details		2014	
Investment	13,361,099	Current Year	2014
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	10.92%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	10.92%
CIAC (Yes or No)	No	Annual Depreciation Expense	222,876

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 **
2014	13,361,099	37,146	13,323,953	13,342,526	1,493,856	1,493,856	\$ -	\$ 0	\$ 1,493,856	\$ 0	\$ 1,493,856
2015	13,323,953	222,876	13,101,077	13,212,515	1,665,392	1,665,392	\$ -	\$ -	\$ -	\$ -	\$ -
2016	13,101,077	222,876	12,878,200	12,989,638	1,641,059	1,641,059	\$ -	\$ -	\$ -	\$ -	\$ -
2017	12,878,200	222,876	12,655,324	12,766,762	1,616,726	1,616,726	\$ -	\$ -	\$ -	\$ -	\$ -
2018	12,655,324	222,876	12,432,447	12,543,886	1,592,393	1,592,393	\$ -	\$ -	\$ -	\$ -	\$ -
2019	12,432,447	222,876	12,209,571	12,321,009	1,568,059	1,568,059	\$ -	\$ -	\$ -	\$ -	\$ -
2020	12,209,571	222,876	11,986,695	12,098,133	1,543,726	1,543,726	\$ -	\$ -	\$ -	\$ -	\$ -
2021	11,986,695	222,876	11,763,818	11,875,256	1,519,393	1,519,393	\$ -	\$ -	\$ -	\$ -	\$ -
2022	11,763,818	222,876	11,540,942	11,652,380	1,495,060	1,495,060	\$ -	\$ -	\$ -	\$ -	\$ -
2023	11,540,942	222,876	11,318,065	11,429,504	1,470,727	1,470,727	\$ -	\$ -	\$ -	\$ -	\$ -
2024	11,318,065	222,876	11,095,189	11,206,627	1,446,393	1,446,393	\$ -	\$ -	\$ -	\$ -	\$ -
2025	11,095,189	222,876	10,872,313	10,983,751	1,422,060	1,422,060	\$ -	\$ -	\$ -	\$ -	\$ -
2026	10,872,313	222,876	10,649,436	10,760,874	1,397,727	1,397,727	\$ -	\$ -	\$ -	\$ -	\$ -
2027	10,649,436	222,876	10,426,560	10,537,998	1,373,394	1,373,394	\$ -	\$ -	\$ -	\$ -	\$ -
2028	10,426,560	222,876	10,203,683	10,315,122	1,349,061	1,349,061	\$ -	\$ -	\$ -	\$ -	\$ -
2029	10,203,683	222,876	9,980,807	10,092,245	1,324,727	1,324,727	\$ -	\$ -	\$ -	\$ -	\$ -
2030	9,980,807	222,876	9,757,931	9,869,369	1,300,394	1,300,394	\$ -	\$ -	\$ -	\$ -	\$ -
2031	9,757,931	222,876	9,535,054	9,646,492	1,276,061	1,276,061	\$ -	\$ -	\$ -	\$ -	\$ -
2032	9,535,054	222,876	9,312,178	9,423,616	1,251,728	1,251,728	\$ -	\$ -	\$ -	\$ -	\$ -
2033	9,312,178	222,876	9,089,302	9,200,740	1,227,395	1,227,395	\$ -	\$ -	\$ -	\$ -	\$ -
2034	9,089,302	222,876	8,866,425	8,977,863	1,203,061	1,203,061	\$ -	\$ -	\$ -	\$ -	\$ -
2035	8,866,425	222,876	8,643,549	8,754,987	1,178,728	1,178,728	\$ -	\$ -	\$ -	\$ -	\$ -
2036	8,643,549	222,876	8,420,672	8,532,111	1,154,395	1,154,395	\$ -	\$ -	\$ -	\$ -	\$ -
2037	8,420,672	222,876	8,197,796	8,309,234	1,130,062	1,130,062	\$ -	\$ -	\$ -	\$ -	\$ -
2038	8,197,796	222,876	7,974,920	8,086,358	1,105,729	1,105,729	\$ -	\$ -	\$ -	\$ -	\$ -
2039	7,974,920	222,876	7,752,043	7,863,481	1,081,395	1,081,395	\$ -	\$ -	\$ -	\$ -	\$ -
2040	7,752,043	222,876	7,529,167	7,640,605	1,057,062	1,057,062	\$ -	\$ -	\$ -	\$ -	\$ -
2041	7,529,167	222,876	7,306,290	7,417,729	1,032,729	1,032,729	\$ -	\$ -	\$ -	\$ -	\$ -
2042	7,306,290	222,876	7,083,414	7,194,852	1,008,396	1,008,396	\$ -	\$ -	\$ -	\$ -	\$ -
2043	7,083,414	222,876	6,860,538	6,971,976	984,063	984,063	\$ -	\$ -	\$ -	\$ -	\$ -
2044	6,860,538	222,876	6,637,661	6,749,099	959,730	959,730	\$ -	\$ -	\$ -	\$ -	\$ -
2045	6,637,661	222,876	6,414,785	6,526,223	935,396	935,396	\$ -	\$ -	\$ -	\$ -	\$ -
2046	6,414,785	222,876	6,191,908	6,303,347	911,063	911,063	\$ -	\$ -	\$ -	\$ -	\$ -
2047	6,191,908	222,876	5,969,032	6,080,470	886,730	886,730	\$ -	\$ -	\$ -	\$ -	\$ -
2048	5,969,032	222,876	5,746,156	5,857,594	862,397	862,397	\$ -	\$ -	\$ -	\$ -	\$ -
2049	5,746,156	222,876	5,523,279	5,634,717	838,064	838,064	\$ -	\$ -	\$ -	\$ -	\$ -
2050	5,523,279	222,876	5,300,403	5,411,841	813,730	813,730	\$ -	\$ -	\$ -	\$ -	\$ -
2051	5,300,403	222,876	5,077,526	5,188,965	789,397	789,397	\$ -	\$ -	\$ -	\$ -	\$ -
2052	5,077,526	222,876	4,854,650	4,966,088	765,064	765,064	\$ -	\$ -	\$ -	\$ -	\$ -
2053	4,854,650	222,876	4,631,774	4,743,212	740,731	740,731	\$ -	\$ -	\$ -	\$ -	\$ -
2054	4,631,774	222,876	4,408,897	4,520,335	716,398	716,398	\$ -	\$ -	\$ -	\$ -	\$ -
2055	4,408,897	222,876	4,186,021	4,297,459	692,064	692,064	\$ -	\$ -	\$ -	\$ -	\$ -
2056	4,186,021	222,876	3,963,145	4,074,583	667,731	667,731	\$ -	\$ -	\$ -	\$ -	\$ -
2057	3,963,145	222,876	3,740,268	3,851,706	643,398	643,398	\$ -	\$ -	\$ -	\$ -	\$ -
2058	3,740,268	222,876	3,517,392	3,628,830	619,065	619,065	\$ -	\$ -	\$ -	\$ -	\$ -
2059	3,517,392	222,876	3,294,515	3,405,954	594,732	594,732	\$ -	\$ -	\$ -	\$ -	\$ -
2060	3,294,515	222,876	3,071,639	3,183,077	570,398	570,398	\$ -	\$ -	\$ -	\$ -	\$ -
2061	3,071,639	222,876	2,848,763	2,960,201	546,065	546,065	\$ -	\$ -	\$ -	\$ -	\$ -
2062	2,848,763	222,876	2,625,886	2,737,324	521,732	521,732	\$ -	\$ -	\$ -	\$ -	\$ -
2063	2,625,886	222,876	2,403,010	2,514,448	497,399	497,399	\$ -	\$ -	\$ -	\$ -	\$ -
2064	2,403,010	222,876	2,180,133	2,291,572	473,066	473,066	\$ -	\$ -	\$ -	\$ -	\$ -
2065	2,180,133	222,876	1,957,257	2,068,695	448,732	448,732	\$ -	\$ -	\$ -	\$ -	\$ -
2066	1,957,257	222,876	1,734,381	1,845,819	424,399	424,399	\$ -	\$ -	\$ -	\$ -	\$ -
2067	1,734,381	222,876	1,511,504	1,622,942	400,066	400,066	\$ -	\$ -	\$ -	\$ -	\$ -
2068	1,511,504	222,876	1,288,628	1,400,066	375,733	375,733	\$ -	\$ -	\$ -	\$ -	\$ -
2069	1,288,628	222,876	1,065,751	1,177,190	351,400	351,400	\$ -	\$ -	\$ -	\$ -	\$ -
2070	1,065,751	222,876	842,875	954,313	327,066	327,066	\$ -	\$ -	\$ -	\$ -	\$ -
2071	842,875	222,876	619,999	731,437	302,733	302,733	\$ -	\$ -	\$ -	\$ -	\$ -
2072	619,999	222,876	397,122	508,560	278,400	278,400	\$ -	\$ -	\$ -	\$ -	\$ -
2073	397,122	222,876	174,246	285,684	254,067	254,067	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		13,186,853			58,117,897	58,117,897	-				

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

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1819 (Rebuild the Robinson Park-Sorneson 138 kV line corridor as a 345 kV double circuit line with one side operated at 345 kV and one side at 138 kV)

Table with 4 columns: 2014 Rev Require, W Incentives, Incentive Amounts. Rows: Prior Yr Projected, Prior Yr True-Up, True-Up Adjustment. All values are #N/A.

Details table with 2 columns: Current Year, 2014. Rows: Investment, Service Year (yyyy), Service Month (1-12), Useful life, CIAC (Yes or No). Values include ROE increase, FCR w/o incentives, FCR w/incentives, and 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.

Main data table with 12 columns: 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 **. Rows include investment years and a final Project Totals row.

** 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.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

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

<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>
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			-
3				-
4				-
5				-
6	Reacquired Bonds - Total Account 222			-
7				-
8				-
9				-
10	Advances from Assoc Companies			-
11	Senior Notes, Series A, Tranche A, 3.30%	20,800,000	3.300%	686,400
12	Senior Notes, Series A, Tranche B, 4.00%	17,000,000	4.000%	680,000
13	Senior Notes, Series A, Tranche C, 4.73%	12,200,000	4.730%	577,060
14	Senior Notes, Series A, Tranche E, 4.83%	7,500,000	4.830%	362,250
15	Senior Notes, Series B, Tranche A, 2.73%	9,250,000	2.730%	252,525
16	Senior Notes, Series B, Tranche B, 4.05%	11,100,000	4.050%	449,550
17	Senior Notes, Series B, Tranche C, 4.38%	11,100,000	4.380%	486,180
18	Senior Notes, Series B, Tranche D, 5.32%	18,500,000	5.320%	984,200
19	Senior Notes, Series B, Tranche E, 5.42%	5,550,000	5.420%	300,810
20	Senior Notes, Series B, Tranche F, 5.52%	17,000,000	5.520%	938,400
21	Senior Notes, Series C, Tranche A, 2.68%	21,600,000	2.680%	578,880
22	Senior Notes, Series C, Tranche B, 3.18%	12,700,000	3.180%	403,860
23	Senior Notes, Series C, Tranche C, 3.56%	24,100,000	3.560%	857,960
24	Senior Notes, Series C, Tranche F, 3.81%	14,000,000	3.810%	533,400
25	Senior Notes, Series C, Tranche H, 4.05%	5,300,000	4.050%	214,650
26	Senior Notes, Series C, Tranche I, 4.53%	10,100,000	4.530%	457,530
27				-
28				-
29				-
30	Other Long Term Debt - Acc 224			-
31				-
32				-
33				-
34	Sale/Leaseback (If Applicable)		0.00%	-
35	<u>Issuance Discount, Premium, & Expenses:</u>			
36	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
37	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		49,022
38	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
39	<u>Reacquired Debt:</u>			
40	Amortization of Loss	FF1.p. 117.64.c		-
41	Less: Amortization of Gain	FF1.p. 117.66.c		-
42	Total Interest on Long Term Debt	217,800,000	4.05%	8,812,677
43	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
44				-
45				-
46				-
47				-
48				-
49				-
50				-
51				-
52	Dividends on Preferred Stock	-	0.00%	-

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

**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)	(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)	217,788,129	118,568,493	168,178,311
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	-	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	Average Balance of Common Equity	217,788,129	118,568,493	168,178,311

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

6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	-	-	-
8	LT Advances from Assoc. Companies (112.20.c&d)	217,800,000	107,450,000	162,625,000
9	Senior Unsecured Notes (112.21.c&d)	-	-	-
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	Total Average Debt	217,800,000	107,450,000	162,625,000

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. (Page 257, Column H of the FF1)**

13 Annual Interest Expense for 2014

14	Interest on Long Term Debt (256-257.33.i)			5,235,420
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1			-
15	included in Ln 14 and shown in Ln 32 below.			-
16	Amort of Debt Discount & Expense (117.63.c)			49,022
17	Amort of Loss on Reacquired Debt (117.64.c)			-
18	Less: Amort of Premium on Debt (117.65.c)			-
19	Less: Amort of Gain on Reacquired Debt (117.66.c)			-
20	Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)			5,284,442

21 **Average Cost of Debt for 2014 (Ln 20/Ln 11)**

3.25%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

22 AEP INDIANA MICHIGAN TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	(Amortization of (Gain)/Loss for 2014	Remaining Unamortized Balance	Amortization Period	
				Beginning	Ending
23					
24					
25					
26					
27					
28					
29					
30					
31					

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

-

Development of Cost of Preferred Stock

			Average
Preferred Stock			
33	0% Series - - Dividend Rate (p. 250-251. 7 & 10.a)		
34	0% Series - - Par Value (p. 250-251. 8.c)		
35	0% Series - - Shares O/S (p.250-251. 8 & 11.e)		
36	0% Series - - Monetary Value (Ln 34 * Ln 35)	-	-
37	0% Series - - Dividend Amount (Ln 33 * Ln 36)	-	-
38	0% Series - - Dividend Rate (p. 250-251.a)		
39	0% Series - - Par Value (p. 250-251.c)		
40	0% Series - - Shares O/S (p.250-251. e)		
41	0% Series - - Monetary Value (Ln 39 * Ln 40)	-	-
42	0% Series - 0 - Dividend Amount (Ln 38 * Ln 41)	-	-
43	0% Series - - Dividend Rate (p. 250-251.a)		
44	0% Series - - Par Value (p. 250-251.c)		
45	0% Series - - Shares O/S (p.250-251.e)		
46	0% Series - - Monetary Value (Ln 44 * Ln 45)	-	-
47	0% Series - - Dividend Amount (Ln 43 * Ln 46)	-	-
48	Balance of Preferred Stock (Lns 36, 41, 46)	-	-
49	Dividends on Preferred Stock (Lns 37, 42, 47)	-	-
50	Average Cost of Preferred Stock (Ln 49/48)	0.00%	0.00%

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

**AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY**

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 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		-		-	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
3	Total AEP System PBOP expenses	-\$76,811,513
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$76,811,513
6	Total AEP System Direct Labor Expense	\$1,252,531,222
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.061
8	Currently Approved PBOP Rate	-\$0.058
9	Base PBOP TransCo labor expensed in current year	430,666
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$24,979
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	-\$16,489
15	Actual PBOP Expense (Sum Lines 11-14)	-\$16,489
16	PBOP Adjustment Line 10 less Line 15	-\$8,490

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

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

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

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

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

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

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2014
Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u>							
1 Bonds (112.18.c&d)	367,622,368	-	-	-	-	-	367,622,368
2 Less: Reacquired Bonds (112.19.c&d)	-	40,000,000	-	-	345,400,000	-	385,400,000
3 LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	-	-	20,000,000	-	25,000,000	131,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,534,821,976	1,628,907,909	820,000,000	-	2,415,019,994	-	8,398,749,879
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,988,444,344	1,588,907,909	820,000,000	20,000,000	2,069,619,994	25,000,000	8,511,972,247
7 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (page 257, Column H of the FF1)							
<u>Development of Long Term Debt Interest Expense</u>							
8 Interest on Long Term Debt (256-257.33.i)	198,433,109	82,484,400	38,642,264	904,000	121,704,036	1,312,500	443,480,309
9 Amort of Debt Discount & Expense (117.63.c)	3,105,002	2,188,650	517,866	-	1,580,870	-	7,392,388
10 Amort of Loss on Reacquired Debt (117.64.c)	7,213,006	8,235,783	33,635	-	1,338,683	-	16,821,107
11 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
12 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
13 Less: Hedge Interest on pp 256-257(i)	1,240,531	806,279	92,956	-	(2,097,663)	-	42,103
14 LTD Interest Expense	207,510,586	92,100,842	39,100,809	904,000	126,721,252	1,312,500	467,649,989
<u>Development of Cost of Preferred Stock and Preferred Dividends</u>							
15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
17 Shares Outstanding (p.250-251. 8.e)	-	-			-		
18 Monetary Value (Ln 16 * Ln 17)	-	-			-		
19 Dividend Amount (Ln 15 * Ln 18)	-	-			-		
20 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
21 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
22 Shares Outstanding (p.250-251. 8.e)		-			-		
23 Monetary Value (Ln 21 * Ln 22)		-			-		
24 Dividend Amount (Ln 20 * Ln 23)		-			-		
25 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
26 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
27 Shares Outstanding (p.250-251. 8.e)		-			-		
28 Monetary Value (Ln 26 * Ln 27)		-			-		
29 Dividend Amount (Ln 25 * Ln 28)		-			-		
30 Dividend Rate (p. 250-251. 7.a)					4.50%		
31 Par Value (p. 250-251. 8.c)					\$ 100.00		
32 Shares Outstanding (p.250-251. 8.e)					-		
33 Monetary Value (Ln 31 * Ln 32)					-		
34 Dividend Amount (Ln 30 * Ln 33)					-		

35 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-	-

Development of Common Equity

37 Proprietary Capital (112.16.c)	3,366,927,928	1,953,950,018	663,642,997	31,277,290	1,980,209,844	98,472,987	8,094,481,064
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,649,787	(33,162)	-	-	4,915,704	-	6,532,329
40 Less: Account 219.1 (112.15.c)	5,031,962	(14,359,735)	(7,335,603)	-	5,601,842	772,181	(10,289,353)
41 Balance of Common Equity	3,360,246,179	1,968,342,915	670,978,600	31,277,290	1,969,692,298	97,700,806	8,098,238,088

Calculation of Capital Shares

42 Long Term Debt (Ln 6 Above)	3,988,444,344	1,588,907,909	820,000,000	20,000,000	2,069,619,994	25,000,000	8,511,972,247
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,360,246,179	1,968,342,915	670,978,600	31,277,290	1,969,692,298	97,700,806	8,098,238,088
45 Total Company Structure	7,348,690,523	3,557,250,824	1,490,978,600	51,277,290	4,039,312,292	122,700,806	16,610,210,335

46 LTD Capital Shares (Ln 42 / Ln 45)	54.27%	44.67%	55.00%	39.00%	51.24%	20.37%	51.25%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
48 Common Equity Capital Shares (Ln 44 / Ln 45)	45.73%	55.33%	45.00%	61.00%	48.76%	79.63%	48.75%

49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
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50 LTD Capital Shares with Capital Equity Cap	54.27%	44.67%	55.00%	39.00%	51.24%	20.37%	51.25%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.73%	55.33%	45.00%	61.00%	48.76%	79.63%	48.75%

Calculation of Capital Cost Rate

53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.20%	5.80%	4.77%	4.52%	6.12%	5.25%	5.49%
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%

Calculation of Weighted Capital Cost Rate

56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.82%	2.59%	2.62%	1.76%	3.14%	1.07%	2.82%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.25%	6.36%	5.17%	7.01%	5.60%	9.15%	5.60%
59 Total Company Structure	8.08%	8.95%	7.79%	8.77%	8.74%	10.22%	8.42%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2013
Worksheet Q Page 2

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u>							
60 Bonds (112.18.c&d)	380,300,000	-	-	-	-	-	380,300,000
61 Less: Reacquired Bonds (112.19.c&d)	-	40,000,000	-	-	460,400,000	-	500,400,000
62 LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	-	20,000,000	20,000,000	-	25,000,000	151,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,854,787	1,640,281,142	730,000,000	-	2,933,684,996	-	9,038,820,925
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	4,201,154,787	1,600,281,142	750,000,000	20,000,000	2,473,284,996	25,000,000	9,069,720,925
66 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. (p. 257, Column H of the FF1)							
<u>Development of Long Term Debt Interest Expense</u>							
67 Interest on Long Term Debt (256-257.33.i)	185,202,116	92,594,357	35,048,706	904,000	177,049,876	1,312,500	492,111,555
68 Amort of Debt Discount & Expense (117.63.c)	3,337,225	2,814,644	471,186	-	5,807,092	-	12,430,147
69 Amort of Loss on Reacquired Debt (117.64.c)	1,347,335	1,941,251	33,649	-	1,359,637	-	4,681,872
70 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
71 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
72 Less: Hedge Interest on pp 256-257(i)	1,558,935	916,010	92,956	-	(2,097,663)	-	470,238
73 LTD Interest Expense	188,327,741	96,432,530	35,460,585	904,000	186,314,268	1,312,500	508,751,624
<u>Development of Cost of Preferred Stock and Preferred Dividends</u>							
74 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
75 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
76 Shares Outstanding (p.250-251. 8.e)	-	-			-		
77 Monetary Value (Ln 75 * Ln 76)	-	-			-		
78 Dividend Amount (Ln 74 * Ln 77)	-	-			-		
79 Dividend Rate (p. 250-251. 7.a)		4.12%			4.20%		
80 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
81 Shares Outstanding (p.250-251. 8.e)		-			-		
82 Monetary Value (Ln 80 * Ln 81)		-			-		
83 Dividend Amount (Ln 79 * Ln 82)		-			-		
84 Dividend Rate (p. 250-251. 7.a)		4.56%			4.40%		
85 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
86 Shares Outstanding (p.250-251. 8.e)		-			-		
87 Monetary Value (Ln 85 * Ln 86)		-			-		
88 Dividend Amount (Ln 84 * Ln 87)		-			-		
89 Dividend Rate (p. 250-251. 7.a)					4.50%		
90 Par Value (p. 250-251. 8.c)					\$ 100.00		
91 Shares Outstanding (p.250-251. 8.e)					-		
92 Monetary Value (Ln 90 * Ln 91)					-		
93 Dividend Amount (Ln 89 * Ln 92)					-		

94 Preferred Stock (Lns 77, 82, 87,92)	-	-	-	-	-	-	-
95 Preferred Dividends (Lns 78, 83, 88,93)	-	-	-	-	-	-	-

Development of Common Equity

96 Proprietary Capital (112.16.c)	3,231,334,227	1,922,153,922	839,369,490	31,081,849	1,625,265,129	120,225,152	7,769,429,769
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,639,734	(96,036)	-	-	4,915,704	-	6,459,402
99 Less: Account 219.1 (112.15.c)	2,951,210	(15,508,739)	(5,419,702)	3,296	7,079,463	972,206	(9,922,266)
100 Balance of Common Equity	3,226,743,283	1,937,758,697	844,789,192	31,078,553	1,613,269,962	119,252,946	7,772,892,633

Calculation of Capital Shares

101 Long Term Debt (Ln 65 Above)	4,201,154,787	1,600,281,142	750,000,000	20,000,000	2,473,284,996	25,000,000	9,069,720,925
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	3,226,743,283	1,937,758,697	844,789,192	31,078,553	1,613,269,962	119,252,946	7,772,892,633
104 Total Company Structure	7,427,898,070	3,538,039,839	1,594,789,192	51,078,553	4,086,554,958	144,252,946	16,842,613,558

105 LTD Capital Shares (Ln 101 / Ln 104)	56.56%	45.23%	47.03%	39.16%	60.52%	17.33%	53.85%
106 Preferred Stock Capital Shares (Ln 102 / Ln 104)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
107 Common Equity Capital Shares (Ln 103 / Ln 104)	43.44%	54.77%	52.97%	60.84%	39.48%	82.67%	46.15%

108 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
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109 LTD Capital Shares with Capital Equity Cap	56.56%	45.23%	47.03%	39.16%	60.52%	17.33%	53.85%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	43.44%	54.77%	52.97%	60.84%	39.48%	82.67%	46.15%

Calculation of Capital Cost Rate

112 LTD Capital Cost Rate (Ln 73 / Ln 65)	4.48%	6.03%	4.73%	4.52%	7.53%	5.25%	5.61%
113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%

Calculation of Weighted Capital Cost Rate

115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	2.54%	2.73%	2.22%	1.77%	4.56%	0.91%	3.02%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	4.99%	6.29%	6.09%	6.99%	4.54%	9.50%	5.30%
118 Total Company Structure	7.53%	9.02%	8.31%	8.76%	9.10%	10.41%	8.32%

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

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Average Long Term Debt</u>							
119 Average Bonds (Ln 1 + Ln 60) / 2	373,961,184	-	-	-	-	-	373,961,184
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	40,000,000	-	-	402,900,000	-	442,900,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	86,000,000	-	10,000,000	20,000,000	-	25,000,000	141,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,634,838,382	1,634,594,526	775,000,000	-	2,674,352,495	-	8,718,785,402
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	4,094,799,566	1,594,594,526	785,000,000	20,000,000	2,271,452,495	25,000,000	8,790,846,586
125 NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (p. 257, Column H of the FF1)							
<u>Development of 2014 Long Term Debt Interest Expense</u>							
126 Interest on Long Term Debt (256-257.33.i)	198,433,109	82,484,400	38,642,264	904,000	121,704,036	1,312,500	443,480,309
127 Amort of Debt Discount & Expense (117.63.c)	3,105,002	2,188,650	517,866	-	1,580,870	-	7,392,388
128 Amort of Loss on Reacquired Debt (117.64.c)	7,213,006	8,235,783	33,635	-	1,338,683	-	16,821,107
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	1,240,531	806,279	92,956	-	(2,097,663)	-	42,103
132 2014 LTD Interest Expense	207,510,586	92,100,842	39,100,809	904,000	126,721,252	1,312,500	467,649,989
<u>2014 Cost of Preferred Stock and Preferred Dividends</u>							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2014 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
<u>Development of Average Common Equity</u>							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	3,299,131,078	1,938,051,970	751,506,244	31,179,570	1,802,737,487	109,349,070	7,931,955,417
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,644,761	(64,599)	-	-	4,915,704	-	6,495,866
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	3,991,586	(14,934,237)	(6,377,653)	1,648	6,340,653	872,194	(10,105,810)
139 Average Balance of Common Equity	3,293,494,731	1,953,050,806	757,883,896	31,177,922	1,791,481,130	108,476,876	7,935,565,361
<u>Calculation of Capital Shares</u>							
140 Average Balance of Long Term Debt (Ln 124 Above)	4,094,799,566	1,594,594,526	785,000,000	20,000,000	2,271,452,495	25,000,000	8,790,846,586
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,293,494,731	1,953,050,806	757,883,896	31,177,922	1,791,481,130	108,476,876	7,935,565,361
143 Average of Total Company Structure	7,388,294,297	3,547,645,332	1,542,883,896	51,177,922	4,062,933,625	133,476,876	16,726,411,947
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.42%	44.95%	50.88%	39.08%	55.91%	18.73%	52.56%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	44.58%	55.05%	49.12%	60.92%	44.09%	81.27%	47.44%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.42%	44.95%	50.88%	39.08%	55.91%	18.73%	52.56%

149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.58%	55.05%	49.12%	60.92%	44.09%	81.27%	47.44%

Calculation of Capital Cost Rate

151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.07%	5.78%	4.98%	4.52%	5.58%	5.25%	5.32%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%

Calculation of Weighted Capital Cost Rate

154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.81%	2.60%	2.53%	1.77%	3.12%	0.98%	2.80%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.12%	6.33%	5.64%	7.00%	5.07%	9.34%	5.45%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	7.93%	8.92%	8.18%	8.77%	8.19%	10.32%	8.25%