

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2018

Rate Formula Template
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

East Kentucky Power Cooperative, Inc.

| Line No. | | | Allocated Amount |
|----------|---|---|---|
| 1 | GROSS REVENUE REQUIREMENT (page 3, line 29) | | \$ 79,014,614 |
| | | | |
| | REVENUE CREDITS | | |
| 2 | Account No. 454 | Note A (page 4, line 34) | |
| 3 | Account No. 456,1 (Net of Revenues from Grandfathered Transactions) | (page 4, line 35) | |
| 4 | Revenues from Grandfathered Transactions | Note B | |
| 5 | Revenues from service provided by the ISO at a discount | | |
| 5a | Transmission Enhancement Credit | | |
| 6 | TOTAL REVENUE CREDITS (sum lines 2-5b) | | |
| 6a | True-up Adjustment | Note C | |
| 7 | NET REVENUE REQUIREMENT | (line 1 minus line 6 plus line 6a) | <u>83,267,903</u> |
| | | | |
| | DIVISOR | | |
| 8 | 1 CP | Note D | 3,406,951 |
| 9 | 12 CP | Note E | 2,381,332 |
| 10 | Reserved | | |
| 11 | Reserved | | |
| 12 | Reserved | | |
| 13 | Reserved | | |
| 14 | Reserved | | |
| 15 | Annual Cost (\$/kW/Yr) - 1 CP | (line 7 / line 8) | \$24.441 |
| 16 | Annual Cost (\$/kW/Yr) - 12 CP | (line 7 / line 9) | \$34.967 |
| 17 | Network Rate (\$/kW/Mo) | (line 15 / 12) | \$2.037 |
| 17a | Point-To-Point Rate (\$/kW/Mo) | (line 16 / 12) | \$2.914 |
| | | | <u>On-Peak Rate</u> |
| 18 | Point-To-Point Rate (\$/kW/Wk) | (line 16 / 52; line 16 / 52) | \$0.672 |
| 19 | Point-To-Point Rate (\$/kW/Day) | (line 16 / 260; line 16 / 365) | \$0.134 Capped at weekly rate |
| 20 | Point-To-Point Rate (\$/MWh) | (line 16 / 4,160; line 16 / 8,760 * 1000) | \$8.406 Capped at weekly and daily rate |
| | | | <u>Off-Peak Rate</u> |
| | | | \$0.096 |
| | | | \$3.992 |

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East Kentucky Power Cooperative, Inc.

| Line No. | (1) RATE BASE | (2) Form No. 1 Page, Line, Col. | (3) Company Total | (4) Allocator | (5) Transmission (Col. 3 times Col. 4) |
|---------------------------------|--|---------------------------------------|----------------------|------------------|--|
| GROSS PLANT IN SERVICE | | | | | |
| 1 | Production | 204.46.g | \$ 3,207,486,012 | NA | |
| 2 | Transmission | 206.58.g | 639,291,172 | TP 0.97154 | \$ 621,098,106 |
| 3 | Distribution | 206.75.g | 233,297,229 | NA | |
| 4 | General & Intangible | 204.5.g & 206.90.g | 132,341,079 | W/S 0.16546 | 21,896,698 |
| 5 | Common | | 0 | CE 0.00000 | 0 |
| 6 | TOTAL GROSS PLANT (sum lines 1-5) | | \$ 4,212,415,492 | GP= 15.264% | \$ 642,994,804 |
| ACCUMULATED DEPRECIATION | | | | | |
| 7 | Production | 219.20-24.c | \$ 1,143,130,683 | NA | |
| 8 | Transmission | 219.25.c | 188,663,918 | TP 0.97154 | \$ 183,294,886 |
| 9 | Distribution | 219.26.c | 70,706,091 | NA | |
| 10 | General & Intangible | 219.28.c | 92,831,005 | W/S 0.16546 | 15,359,498 |
| 11 | Common | | 0 | CE 0.00000 | 0 |
| 12 | TOTAL ACCUM. DEPRECIATION (sum lines 7-11) | | \$ 1,495,331,697 | | \$ 198,654,384 |
| NET PLANT IN SERVICE | | | | | |
| 13 | Production | (line 1 - line 7) | \$ 2,064,355,329 | | |
| 14 | Transmission | (line 2 - line 8) | 450,627,254 | | \$ 437,803,220 |
| 15 | Distribution | (line 3 - line 9) | 162,591,138 | | |
| 16 | General & Intangible | (line 4 - line 10) | 39,510,074 | | 6,537,200 |
| 17 | Common | (line 5 - line 11) | 0 | | 0 |
| 18 | TOTAL NET PLANT (sum lines 13-17) | | \$ 2,717,083,795 | NP= 16.354% | \$ 444,340,420 |
| ADJUSTMENTS TO RATE BASE | | | | | |
| 19 | Account No. 281 (enter negative) | 272.Total 281.k | \$ - | NA zero | \$ - |
| 20 | Account No. 282 (enter negative) | 274.Total 282.k | 0 | NP 0.16354 | 0 |
| 21 | Account No. 283 (enter negative) | 276.Total 283.k | 0 | NP 0.16354 | 0 |
| 22 | Account No. 190 | 234.Total 190.c | 0 | NP 0.16354 | 0 |
| 23 | Account No. 255 (enter negative) | 266.Total.h | 0 | NP 0.16354 | 0 |
| 24 | TOTAL ADJUSTMENTS (sum lines 19- 23) | | \$ - | | \$ - |
| 25 | LAND HELD FOR FUTURE USE | 214.Total.d, Note F | \$ - | 1.00000 | \$ - |
| WORKING CAPITAL | | | | | |
| 26 | CWC | calculated, Note G | \$ 8,910,333 | | 4,478,490 |
| 27 | Materials & Supplies | 227.8.c | 23,321,421 | TE 0.91151 | 21,257,654 |
| 28 | Prepayments (Account 165) | 110.46.c, Note G | 5,826,561 | GP 0.15264 | 889,382 |
| 29 | TOTAL WORKING CAPITAL (sum lines 26 - 28) | | \$ 38,058,315 | | \$ 26,625,526 |
| 30 | RATE BASE (sum lines 18, 24, 25, & 29) | | \$ 2,755,142,110 | | \$ 470,965,946 |

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For the 12 months ended 12/31/2018

Rate Formula Template
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

East Kentucky Power Cooperative, Inc.

| Line No. | (1) | (2) Form No. 1 <u>Page, Line, Col.</u> | (3) <u>Company Total</u> | (4) <u>Allocator</u> | (5) <u>Transmission (Col. 3 times Col. 4)</u> |
|--------------------------------------|---|--|-----------------------------|-------------------------|--|
| O&M | | | | | |
| 1 | Transmission | 321.100 | \$ 54,982,645 | TE 0.91151 | \$ 50,117,101 |
| 2 | Less Account 565 | 321.Acct 565 | 23,439,729 | TE 0.91151 | 21,365,492 |
| 3 | A&G | 321.168 | 41,811,754 | W/S 0.16546 | 6,918,029 |
| 4 | Less FERC Annual Fees | N/A | 0 | W/S 0.16546 | 0 |
| 5 | Less Non-safety Advertising | Note H | 688,163 | W/S 0.16546 | 113,861 |
| 5a | Less KPSC Regulatory Expenses | Note H | 1,682,405 | | |
| 5b | Plus Transmission Related Regulatory Exp | Note H | 298,565 | TE 0.91151 | 272,144 |
| 5c | Plus Prorated PJM Transition Expense | Note H | 0 | | 0 |
| 6 | Common | | 0 | CE 0.00000 | 0 |
| 7 | Transmission Lease Payments | | 0 | 1.00000 | 0 |
| 8 | TOTAL O&M (sum lines 1, 2a, 3, 5a, 6, 7 less lines 1a, 2, 4, 5) | | <u>\$ 71,282,666</u> | | <u>\$ 35,827,921</u> |
| DEPRECIATION EXPENSE | | | | | |
| 9 | Transmission | 336.7.f | \$ 9,483,859 | TP 0.97154 | \$ 9,213,966 |
| 10 | General and Intangible | 336.9.f | 6,562,411 | W/S 0.16546 | 1,085,794 |
| 11 | Common | 336.10.f | 0 | CE 0.00000 | 0 |
| 12 | TOTAL DEPRECIATION (Sum lines 9 - 11) | | <u>\$ 16,046,270</u> | | <u>\$ 10,299,760</u> |
| TAXES OTHER THAN INCOME TAXES | | | | | |
| LABOR RELATED | | | | | |
| 13 | Payroll | Note I | \$ - | W/S 0.16546 | \$ - |
| 14 | Highway and vehicle | Note I | 0 | W/S 0.16546 | 0 |
| PLANT RELATED | | | | | |
| 16 | Property | Note I | 0 | GP 0.15264 | 0 |
| 17 | Gross Receipts | | 0 | NA NA | 0 |
| 18 | Other | | 0 | GP 0.15264 | 0 |
| 19 | Payments in lieu of taxes | | 0 | GP 0.15264 | 0 |
| 20 | TOTAL OTHER TAXES (sum lines 13 - 19) | | <u>\$ -</u> | | <u>\$ -</u> |
| INCOME TAXES | | | | | |
| 21 | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$ | Note J | 0.000000% | | |
| 22 | $CIT=(T/1-T) * \{1-(WCLTD/R)\} =$ | | 0.000000% | | |
| 23 | $1 / (1 - T) =$ (from line 21) | | 0.0000 | | |
| 24 | Amortized Investment Tax Credit | 266.8.f (enter negative) | 0 | | |
| 25 | Income Tax Calculation (line 22 * line 28) | | \$ - | NA | \$ - |
| 26 | ITC adjustment (line 23 * line 24) | | 0 | NP 0.16354 | 0 |
| 27 | Total Income Taxes | (line 25 plus line 26) | <u>\$ -</u> | | <u>\$ -</u> |
| 28 | RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 29)] | | \$ 192,387,954 | NA | \$ 32,886,933 |
| 29 | REVENUE REQUIREMENT (sum lines 8, 12, 20, 27, 28) | | <u>\$ 279,716,890</u> | | <u>\$ 79,014,614</u> |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

For the 12 months ended 12/31/2018

East Kentucky Power Cooperative, Inc.
SUPPORTING CALCULATIONS AND NOTES

| | | | | | |
|----------|---|---|----------------------|--------|--------------------------------|
| Line No. | TRANSMISSION PLANT INCLUDED IN ISO RATES | | | | |
| 1 | Total transmission plant (page 2, line 2, column 3) | | | | 639,291,172 |
| 2 | Less transmission plant excluded from ISO rates | | | | 0 |
| 3 | Less transmission plant included in OATT Ancillary Services | See Supporting Exhibit, Page 5 of 8, Line 4, (Note K) | | | 18,193,066 |
| 4 | Transmission plant included in ISO Rates (line 1 less lines 2 & 3) | | | | <u>621,098,106</u> |
| 5 | Percentage of transmission plant included in ISO Rates (line 4 divided by line 1) | | | TP= | 0.97154 |
| | TRANSMISSION EXPENSES | | | | |
| 6 | Total transmission expenses (page 3, line 1, column 3) | | | | 54,982,645 |
| 7 | Less transmission expenses included in OATT Ancillary Services | Note L | | | <u>3,397,525</u> |
| 8 | Included transmission expenses (line 6 less line 7) | | | | 51,585,120 |
| 9 | Percentage of transmission expenses after adjustment (line 8 divided by line 6) | | | | 0.93821 |
| 10 | Percentage of transmission plant included in ISO Rates (line 5) | | | TP | 0.97154 |
| 11 | Percentage of transmission expenses included in ISO Rates (line 9 times line 10) | | | TE= | 0.91151 |
| | WAGES & SALARY ALLOCATOR (W&S) | | | | |
| | | Form 1 Reference | \$ | TP | Allocation |
| 12 | Production | 354.18.b | 36,644,307 | 0.00 | 0 |
| 13 | Transmission | 354.19.b | 10,561,224 | 0.97 | 10,260,671 |
| 14 | Distribution | 354.20.b | 919,394 | 0.00 | 0 |
| 15 | Other | 354.21,22,23,24.b | 13,889,367 | 0.00 | 0 |
| 16 | Total (sum lines 12-15) | | <u>62,014,292</u> | | <u>10,260,671</u> = 0.16546 |
| | COMMON PLANT ALLOCATOR (CE) | | | | |
| | | | % | | % Electric (line 17 / line 20) |
| 17 | Electric | 200.3.c | 1.00 | | 1.00000 |
| 18 | Gas | 201.3.d | 0.00 | | * |
| 19 | Water | 201.3.e | 0.00 | | |
| 20 | Total (sum lines 17 - 19) | | <u>1.00</u> | | |
| | RETURN (R) | | | | |
| 21 | Long Term Interest (117, sum of 58.c through 65.c) | | | | <u>\$ 114,915,472</u> |
| 22 | Preferred Dividends (118.29c) (positive number) | | | | 0 |
| | Development of Cost of Capital: | | | | |
| 23 | Long Term Debt | (112.23c) See Supporting Exhibit, Page 7 of 8 | | | \$2,468,515,698 |
| 24 | Proprietary Capital | (112.15.c) | | | 612,445,027 |
| 25 | Less Account 216.1 | (112.12.c) (enter negative) | | | <u>0</u> |
| 26 | Total Capital | (sum lines 23-25) | | | <u>\$ 3,080,960,725</u> |
| | | | \$ | % | Cost |
| 27 | Long Term Debt (112.23c) | Note M | 2,468,515,698 | 80.12% | 4.655% |
| 28 | Proprietary Capital (112.15.c) | Note N | 612,445,027 | 19.88% | 16.365% |
| 29 | Total (sum lines 27-28) | | <u>3,080,960,725</u> | | <u>R = 6.983%</u> |
| 30 | Effective TIER | Note O | | | TIER = 1.50 |
| | REVENUE CREDITS | | | | |
| | ACCOUNT 447 (BUNDLED SALES FOR RESALE) | (310-311) | | | |
| 31 | a. Bundled Non-RQ Sales for Resale (311.x.k) | | | | \$ 0 |
| 32 | b. Bundled Sales for Resale included in Divisor on page 1 | | | | <u>0</u> |
| 33 | Total of (a)-(b) | | | | <u>\$0</u> |
| 34 | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) | See Supporting Exhibit, Page 6 of 8, Line 3 (Note P) | | | \$ 159,299 |
| 35 | ACCOUNT 456.1 (OTHER ELECTRIC REVENUES) | See Supporting Exhibit, Page 6 of 8, Line 17 (Note Q) | | | \$ 245,893 |

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2018

Rate Formula Template
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

East Kentucky Power Cooperative, Inc.

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)

References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
Letter

- A The revenues credited on page 1 lines 2-5c shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Formulary Rate Template.
- B Revenue from AEP Grandfathered Agreement. See Rev Cred Support, Attachment H-24A, Supporting Exhibit, page 6 of 8, line 16
- C Calculated in accordance with the EKPC Formulary Rate Protocols in Attachment H-24B of this Tariff. See Appendix C
- D EKPC 1 CP is EKPC's highest Monthly Firm Transmission System Peak Load based on the source data as described in Note 1 of Attachment H-24A, Page 8 of 8, plus transmission service provided for others over the EKPC transmission system, plus wheel-out to EKPC load connected to AEP/KP, Duke Ky, and LGE/KU. See Attachment H-24A, Supporting Exhibit, Page 8 of 8
- E EKPC 12 CP is EKPC's Monthly Firm Transmission System Peak Load based on the source data as described in Note 1 of Attachment H-24A, Page 8 of 8, plus transmission service provided for others over the EKPC transmission system, plus wheel-out to EKPC load connected to AEP/KP, Duke Ky, and LGE/KU. See Attachment H-24A, Supporting Exhibit, Page 8 of 8
- F Identified in EKPC Form FF1 as being non-transmission related. See Attachment H-24A, Supporting Exhibit, Pg 2 of 8
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3 of 5, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on EKPC Form FF1, Ref Pg 110, line 46.
- H Line 5 - Remove non-safety related advertising included in Account 930.1. See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 3
Line 5a - Remove Total Regulatory Commission Expenses - See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 4
Line 5b - Add Back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting - See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 6
Line 5c - Add EKPC costs relating to PJM transition. See Attachment H-24A, Supporting Exhibit, Page 3 of 8, Line 14
- I In accordance with RUS accounting standards, EKPC allocates all payroll and property taxes to the functional account. Labor- and plant-related taxes are already included in the appropriate transmission account.
- J As a member-owned non-profit RUS generation and transmission cooperative, EKPC is exempt from state and from federal income taxes under 501(c)(12) of Internal Revenue Code
- K Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, included in Account 561. See Attachment H-24A, Supporting Exhibit, Page 4 of 8.
- M Debt cost rate = long-term interest (line 21) / long term debt (line 27).
- N TIER Target = 1.50
- O Effective TIER based on calculated amounts.
- P Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- Q Net of revenue from retained leagacy transactions. See Attachment H-24A, Supporting Exhibit, page 6 of 8.

For the 12 months ended 12/31/2018

East Kentucky Power Cooperative, Inc.
Transmission Formula Rate Revenue Requirement
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)
For Rates Effective June 1, 2018

Schedule 1A Rate Calculation

| Line No. | Source | Revenue Requirement |
|---|---|---|
| A. Schedule 1A Annual Revenue Requirements | | |
| 1 | Total Load Dispatch & Scheduling (Account 561) | Supporting Exh, page 4 of 8, line 11 \$ 3,397,525 |
| | Less allocated amount for steam production [(Line 6c/Line 6b) * Line 1] | \$ 53,514 |
| | Total Load Dispatch & Scheduling (Account 561) excluding Steam | \$ 3,344,011 |
| 2 | Revenue Credits for Schedule 1A | Note 1 \$ - |
| 3 | Net Schedule 1A Revenue Requirement for Zone | \$ 3,344,011 |
| 4 | Less: True Up Under/(Over) Recovery for 12 months ended 12/31/2017 | Note 2 \$ 15,741 |
| 5 | Schedule 1A Recovery Amount for 12 Months ended 12/31/2018 | \$ 3,359,752 |
| B. Schedule 1A Rate Calculations | | |
| 6 | 2018 Requirements Sales for Resale | Note 3 13,283,541 MWh |
| 6a | Plus Non-requirements Sales for Resale | Note 4 12,838 |
| 6b | Subtotal | Note 5 <u>13,296,379</u> |
| 6c | Less Equivalent Steam | Note 6 <u>209,428</u> |
| 6d | Net MWh | <u>13,086,951 MWh</u> |
| 7 | Schedule 1A rate \$/MWh (Line 5 / Line 6) | (Line 3 / Line 6) \$0.2567 \$/MWh |

Notes:

- (1) Revenue received pursuant to PJM Schedule 1A revenue allocation procedures for transmission service outside of EKPC's zone during the year used to calculate rates under Attachment H-24A
- (2) Amount from Attachment H-24A, Appendix C, line 13 for stated year.
- (3) Sourced from EKPC Form FF1, Ref Pg 401, adjusted for equivalent steam sold
- (4) FF1, Ref Page 401, Line 23
- (5) FF1, Ref Page 401, Line 24
- (6) FF1, Ref Page 401, Footnote

Rate Formula Template
Utilizing Attachment H-24A

East Kentucky Power Cooperative, Inc.
RTEP - Transmission Enhancement Charges

To be completed in conjunction with Attachment H-24A

| Line No. | (1) | (2) | (3) | (4) |
|--|---|--|--------------|--------------|
| | | Attachment H-24A Page, Line, Col. | Transmission | Allocator |
| TRANSMISSION PLANT | | | | |
| 1 | Gross Transmission Plant - Total | Attachment H-24A, p 2, line 2 col 5 (Note A) | 621,098,106 | |
| 2 | Net Transmission Plant - Total | Attachment H-24A, p 2, line 14 col 5 (Note B) | 437,803,220 | |
| O&M EXPENSE | | | | |
| 3 | Total O&M Allocated to Transmission | Attachment H-24A, p 3, line 8 col 5 | 35,827,921 | |
| 4 | Annual Allocation Factor for O&M | (line 3 divided by line 1 col 3) | 5.77% | 5.77% |
| GENERAL AND COMMON (G&C) DEPRECIATION EXPENSE | | | | |
| 5 | Total G&C Depreciation Expense | Attachment H-24A, p 3, lines 10 & 11, col 5 (Note H) | 1,085,794 | |
| 6 | Annual Allocation Factor for G&C Depreciation Expense | (line 5 divided by line 1 col 3) | 0.17% | 0.17% |
| TAXES OTHER THAN INCOME TAXES | | | | |
| 7 | Total Other Taxes | Attachment H-24A, p 3, line 20 col 5 | - | |
| 8 | Annual Allocation Factor for Other Taxes | (line 5 divided by line 1 col 3) | 0.00% | 0.00% |
| 9 | Annual Allocation Factor for Expense | Sum of lines 4, 6 and 8 | | 5.94% |
| INCOME TAXES | | | | |
| 10 | Total Income Taxes | Attachment H-24A, p 3, line 27 col 5 | - | |
| 11 | Annual Allocation Factor for Income Taxes | (line 8 divided by line 2 col 3) | 0.00% | 0.00% |
| RETURN | | | | |
| 12 | Return on Rate Base | Attachment H-24A, p 3, line 28 col 5 | 32,886,933 | |
| 13 | Annual Allocation Factor for Return on Rate Base | (line 10 divided by line 2 col 3) | 7.51% | 7.51% |
| 14 | Annual Allocation Factor for Return | Sum of lines 11 and 13 | | 7.51% |

Note

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-24A and includes any sub lines 2a or 2b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-24A and includes any sub lines 14a or 14b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 and includes CWIP in rate base if applicable. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment H-24A page 3 line 12.
- F True-Up Adjustment is included pursuant to a FERC approved methodology if applicable.
- G The Network Upgrade Charge is the value to be used in PJM OATT Schedule 26.
- H The Total General and Common Depreciation Expense excludes any depreciation expense directly associated with a project and thereby included in Attachment H-24A Appendix B, page 2, column 9.

For the 12 months ended 12/31/2018

East Kentucky Power Cooperative, Inc.
RTEP - Transmission Enhancement Charges

Network Upgrade Charge Calculation By Project

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | |
|----------|---|---------------------|---------------------|--------------------------------------|-----------------------|-------------------|-------------------------------------|----------------------|------------------------------|----------------------------|---------------------------|------------------------|
| Line No. | Project Name | RTEP Project Number | Project Gross Plant | Annual Allocation Factor for Expense | Annual Expense Charge | Project Net Plant | Annual Allocation Factor for Return | Annual Return Charge | Project Depreciation Expense | Annual Revenue Requirement | True-Up Adjustment | Network Upgrade Charge |
| | | (Note C) | (Page 1 line 7) | (Col. 3 * Col. 4) | (Note D) | (Page 1 line 12) | (Col. 6 * Col. 7) | (Note E) | (Sum Col. 5, 8 & 9) | (Note F) | Sum Col. 10 & 11 (Note G) | |
| 1a | | \$ - | 5.94% | \$0.00 | \$ - | 7.51% | \$0.00 | \$0 | \$0.00 | \$ - | \$0.00 | |
| 1b | | \$ - | 5.94% | \$0.00 | \$ - | 7.51% | \$0.00 | \$0 | \$0.00 | \$ - | \$0.00 | |
| 1c | | \$ - | 5.94% | \$0.00 | \$ - | 7.51% | \$0.00 | \$0 | \$0.00 | \$ - | \$0.00 | |
| 2 | Annual Totals | | | | | | | | \$0 | \$0 | \$0 | |
| 3 | RTEP Transmission Enhancement Charges for Attachment H-24A, Page 1, Line 5c | | | | | | | | | | \$0 | |

Note Letter

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-24A and includes any sub lines 2a or 2b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-24A and includes any sub lines 14a or 14b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 and includes CWIP in rate base if applicable. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment H-24A page 3 line 12.
- F True-Up Adjustment is included pursuant to a FERC approved methodology if applicable.
- G The Network Upgrade Charge is the value to be used in Schedule 26.
- H The Total General and Common Depreciation Expense excludes any depreciation expense directly associated with a project and thereby included in page 2 column 9.

For the 12 months ended 12/31/2018

Rate Formula Template
Utilizing Attachment H-24A

East Kentucky Power Cooperative, Inc.
Calculation of Prior Year Transmission Revenue Requirement True-up Adjustment
To be completed in conjunction with Attachment H-24A

| Line No. | (1) | (2) |
|---|---|--------|
| <u>Reconciliation Adjustment for Transmission Revenue Requirements</u> | | |
| 1 | Actual Transmission Revenue Requirement for 12 Months Ended 12/31/2017 including True Up for 12 months ended 12/31/2016 (1) | \$ - |
| 2 | Less: True Up Under/(Over) Recovery Adjustment for EKPC Appendix H-24A: Adjustment for 12 mo. ended 12/31/2017 (2) | \$ - |
| 3 | Transmission revenue requirements for the 12 months ended 12/31/2018 (Line 1 - Line 2) | \$ - |
| 4 | Less: Actual Transmission Revenue Collected for 12 months Ended 12/31/2018 (3) | \$ - |
| 5 | True-Up Principal Under(Over) Recovery before Interest (Line 3 - Line 4) | \$ - |
| 6 | Monthly Interest Rate--Final FERC rate (4) | 0.333% |
| 7 | Number of Months being Trued Up | 24 |
| 8 | Interest (Line 5 x Line 6 x Line 7) | \$ - |
| 9 | True Up Principal & Interest Under(Over) Recovery--Preliminary (5) (Line 5 + Line 8) | \$ - |

Notes:

- (1) Revenue requirement from Page 1 of 5, line 7 of Attachment H-24A for the referenced year.
(2) EKPC Attachment H-24A, page 1 of 5, Line 6a for the referenced recovery year
(3) Revenue received under PJM Tariff Schedules 7 and 8 under Attachment H-24A for the referenced year.
(4) See: <http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp> for the appropriate Months
(5) Goes to Attachment H-24A, page 1 of 5, line 6a

Rate Formula Template
Utilizing Attachment H-24A

East Kentucky Power Cooperative, Inc.
Calculation of Prior Year EKPC Schedule 1A Revenue Requirement True-up Adjustment
To be completed in conjunction with Attachment H-24A

| Line No. | (1) | (2) |
|-------------|---|--------|
| | <u>Reconciliation Adjustment for Schedule 1A Charges</u> | |
| 10 | Actual Schedule 1-A Costs for 12 Months Ended 12/31/2017 including True Up for 12 months ended 12/31/2016 (6) | \$ - |
| 11 | Less: True Up Under/(Over) Recovery Adjustment for EKPC Sch. 1A for for 12 mo. ended 12/31/2017 (7) | \$ - |
| 12 | True-Up Principal Under(Over) Recovery before Interest (Line 10 - Line 11) | \$0.00 |
| 13 | Less: Actual Sch. 1A Revenue Collected for 12 months Ended 12/31/2018 (8) | \$0.00 |
| 14 | True-Up Principal Under(Over) Recovery before Interest (Line 12 - Line 13) | \$ - |
| 15 | Monthly Interest Rate--Final FERC rate (9) | 0.333% |
| 16 | Number of Months being Trued Up | 24 |
| 17 | Interest (Line 14 x Line 15 x Line 16) | \$ - |
| 18 | True Up Principal & Interest Under(Over) Recovery--Preliminary (10) (Line 14 + Line 17) | \$ - |

Notes:

- (6) Revenue requirement calculated using EKPC Attachment H-24A, Appendix A and actual cost information for the referenced
- (7) EKPC Attachment H-24A, Appendix A, Line 6a for the referenced recovery year.
- (8) Revenue received from PJM under PJM Tariff Schedules 7 and 8 for the EKPC Zone under Attachment H-24A for the referenced
- (9) See: <http://www.ferc.gov/legal/acct-matts/interest-rates.asp> for the appropriate Month
- 10) Goes to Attachment H-24A, Appendix A, line 4.

East Kentucky Power Cooperative, Inc.
Depreciation Rates
Rates effective for year ending December 31, 2018

| <u>Line No.</u> | <u>FERC Account Number</u> (A) | <u>Company Account Number</u> (B) | <u>Description</u> (C) | <u>Actual Accrual Rates</u> (D) % |
|-------------------------------------|-----------------------------------|--------------------------------------|---|---|
| Transmission Plant (1) | | | | |
| 1 | 350 | 350010 | Rights of Way (No depr on land) | - |
| 2 | 353 | 353000 | Station Equipment | 1.790 |
| 3 | 353 | 353010 | Station Equipment - ECS | 1.790 |
| 4 | 354 | 354000 | Towers and Fixtures - Trans Plant | 0.710 |
| 5 | 355 | 355000 | Poles & Fixtures | 1.560 |
| 6 | 356 | 356000 | Overhead Conductors & Devices | 1.490 |
| 7 | 359 | 359000 | Roads and Trails - Trans Plant | 2.778 |
| General and Intangible Plant | | | | |
| 8 | 303 | 303000 | Miscellaneous Intangible Plant | 2.857 |
| 9 | 390 | 390000 | Structures and Improvements - General Plant | 4.778 |
| 10 | 391 | 391000 | Office Furn & Equip - Gen Plant | 0.200 |
| 11 | 391 | 391001 | Office Furn & Equip - Peoplesoft | 20.000 |
| 12 | 392 | 392000 | Transportation Equipment | 16.667 |
| 13 | 393 | 393000 | Stores Equipment | 10.000 |
| 14 | 394 | 394000 | Tools, Shop & Garage Equipment | 10.000 |
| 15 | 395 | 395000 | Lab Equipment - General Plant | 10.000 |
| 16 | 396 | 396000 | Power Operated Equip - Gen Plant | 10.000 |
| 17 | 397 | 397000 | Communication Equipment - General Plant | 10.000 |
| 18 | 397 | 397000 | Communication Bldgs & Towers | 3.030 |
| 19 | 397 | 397001 | Communication Eq - ECS - General Plant | 10.000 |
| 20 | 398 | 398000 | Misc Equip - General Plant | 10.000 |

NOTES:

- (1) Depreciation Rates approved in KPSC Case No. 2006-00236.

East Kentucky Power Cooperative
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

**Materials and Supplies (1)
Allocation of Account 163**

| <u>Line No.</u> | <u>M&S</u> | <u>Percentage</u> | <u>Acct 163 ⁽²⁾</u> | <u>Total M&S ⁽³⁾</u> |
|-----------------|------------------------------------|-------------------|--------------------------------|-------------------------------------|
| 1 | Production \$ 38,138,850 | 61.98% | - | |
| 2 | Transmission 23,321,421 | 37.90% | - | |
| 3 | Distribution 69,545 | 0.11% | - | |
| 4 | <u>Total M&S \$ 61,529,816</u> | <u>100.00%</u> | <u>-</u> | <u>\$ 23,321,421</u> |

Notes:

(1) Source - EKPC Form FF1 Ref Pg 227, Column C

(2) Unallocated M&S balance as of Year End

(3) To Attachment H-24A, Page 2 of 5, Line 27.

**East Kentucky Power Cooperative, Inc.
 Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)**

Detail of Land Held for Future Use (1)

| <u>Line No.</u> | <u>Property Description</u> | <u>Transmission Related</u> | <u>Non-Transmission Related Portion</u> | <u>Reported on EKPC Form FF1</u> |
|-----------------|--------------------------------------|-----------------------------|---|----------------------------------|
| 1. | Proposed East London Substation Site | \$ - | \$ 27,462 | \$ 27,462 |
| 2 | | - | - | - |
| 3 | | - | - | - |
| 4 | | - | - | - |
| 5 | | - | - | - |
| 6 | | - | - | - |
| 7 | Balances | <u>\$ -</u> | <u>\$ 27,462</u> | <u>\$ 27,462</u> |

Notes:
 (1) Source: EKPC Form FF1 Ref Pg 214, Account 105

**East Kentucky Power Cooperative, Inc.
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)**

Safety and Non-Safety Related Advertising, Regulatory Expense, and PJM Integration Costs

| <u>Line No.</u> | <u>Source</u> | <u>EKPC</u> | |
|-----------------|--|--------------------------|-------------------|
| 1 | General Advertising - Account 930.1 | Form FF1, P. 321, col. B | \$ 688,163 |
| 2 | Amount of Safety Related Advertising | | <u>-</u> |
| 3 | Amount of Non-Safety Related Advertising (1) | Note 1 | <u>\$ 688,163</u> |
| 4 | Regulatory Commission Expense - Account 928 | Note 2 | \$ 1,682,405 |
| 5 | Less: Regulatory Expense unrelated to transmission (2) | Note 3 | (1,404,040) |
| 6 | Regulatory Expense Assoc w FERC Transmission Tariff | Note 4 | 20,200 |
| 7 | Regulatory Commission Expense Related to Transmission | | <u>\$ 298,565</u> |
| 8 | PJM Integration Costs | Note 5 | |
| 9 | Consulting | | \$ - |
| 10 | Legal Fees | | \$ - |
| 11 | PJM Charges | | \$ - |
| 12 | Equipment / Software Upgrades (Transmission Only) | | <u>\$ -</u> |
| 13 | | | <u>\$ -</u> |
| 14 | Amortize for 3 years | | \$ - |

Notes:

-
- (1) To Attachment H-24A, Page 3 of 5, Line 5
(2) Regulatory fees from Kentucky Public Service Commission, EKPC Form FF1, Ref Pg 321, Account 928
(3) Portion of regulatory expense for proceedings during the year that were not related to transmission, derived using the transmission function W/S allocator (See Attachment H-24A, page 4 of 5, line 16)
(4) Direct costs of preparing the annual update and True-up of Transmission rates and posting the results with PJM
(5) Represents direct costs associated with EKPC's integration into PJM (transmission-related only) with three year amortization

East Kentucky Power Cooperative, Inc.
 Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

Balancing Authority Costs

| Line No. | | EKPC |
|----------|--|----------------------|
| | A&G Expense | |
| 1 | A&G Expense, Page 321, line 168, Current Year | \$ 41,811,754 |
| 2 | Adjustments | - |
| 3 | Adjusted A&G Expense - To Attachment H-24A, Page 3 of 5, Line 3 | <u>\$ 41,811,754</u> |
| | Transmission Expense | |
| 4 | Transmission Expense, EKPC Form FF1, Ref Pg 321, line 100, Current Year | \$ 54,982,645 |
| 5 | Adjustments | - |
| 6 | Adjusted Transmission Expense - To Attachment H-24A, Page 3 of 5, Line 1 | <u>\$ 54,982,645</u> |
| | Balancing Authority Costs in 561 through 561.3 | |
| 7 | B.A. Costs in Transmission Expense on EKPC Form FF1, Ref Pg 321 | \$ 3,397,525 |
| 8 | Less TVA Reliability Service Payments EKP Subaccount 561100 | - |
| 9 | Adjusted B.A. Costs | \$ 3,397,525 |
| 10 | Total Balancing Authority Costs (561.BA) in Adj Transmission Exp | \$ - |
| | | Note 1 |
| 11 | Revenue Credits for Sched 1 / Acct 561 (2) | \$ 3,397,525 |
| | | Note 2 |

Notes:

- (1) Costs related to BA activities not included in Schedule 1 Costs
 (2) To Attachment H-24A Page 4 of 5, Line 7

**East Kentucky Power Cooperative, Inc.
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)**

Determination of Transmission Plant Included in OATT Ancillary Services

| <u>Line No.</u> | <u>EKPC</u> |
|-----------------|--|
| 1 | Generation Step-up Transformers (1) |
| 2 | Sole use Property |
| 3 | Distribution Use |
| 4 | Transmission plant included in OATT Ancillary Services (2) |

| | EKPC |
|---|---------------|
| 1 | \$ 18,193,066 |
| 2 | - |
| 3 | - |
| 4 | \$ 18,193,066 |

Notes:

(1) GSU capital costs that are included in the Transmission capital Account 353; amounts sourced from EKPC's PeopleSoft Asset Management System.

(2) To Attachment H-24A, page 4 of 5, Line 3

East Kentucky Power Cooperative, Inc.
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

Revenue Credits, Accounts 454, 456, 459 and GFA Revenues

| Line No. | | | Account 454 |
|---|--|--------|-------------------------|
| | | | EKPC |
| 1 | Per Books Total, Page 300 (Total Accts 440-459) | | \$ 851,161,118 |
| 2 | Tower Lease Revenues in per Books Total above | | - |
| 3 | Rent from Electric Property FF1 Pg 300, Account 454 | Note 1 | 159,299 |
| 4 | Portion Attributable to Transmission | | 100.0% |
| 5 | Revenue Credit Applicable to Attachment H-24A | | \$ 159,299 |
| 6 | Total Account 454 | Note 2 | \$ 159,299 |
| | | | Account 456, 459 |
| | | | EKPC |
| 7 | EKPC Form FF1, Page 300, Accounts 456 - 459 | Note 3 | \$ 15,555,349 |
| Remove Non-Transmission and Non-ISO Related Revenues: | | | |
| 8 | Production (Accts 456010, 456042, 456043 and 459000) | | 11,940,571 |
| 9 | Common Transmission | | - |
| 10 | Distribution | | - |
| 11 | Customer Account (Accounts 456054 and 456057) | | 98,071 |
| 12 | Administrative and General (Acct 456003) | | 600 |
| 13 | Acct 456 less non-transmission and non-ISO revenue | | \$ 3,516,107 |
| 14 | Total EKPC Account 456130 Transmission Service | | 3,143,603 |
| 15 | Adjusted Total Accounts 456 - 459 | | \$ 372,504 |
| | | | GFA Revenues |
| 16 | Less: AEP Revenue from retained legacy agreement | Note 4 | \$ 126,611 |
| 17 | Total Other Transmission Revenue Credits | Note 5 | \$ 245,893 |

Notes:

- (1) Rent from KU for joint use of Rights of Way, Ref Pg 300, Page 1 of 2 (Acct 454)
(2) To Attachment H-24A, Page 4 of 5, line 34
(3) The amount shown in account 456 in FF1 includes revenues from sales of renewable energy credits included in account 459.
(4) Revenue from AEP GFA Account 456101- to Attachment H-24A, Page 1 of 5, Line 4.
(5) To Attachment H-24A, Page 4 of 5, Line 35

East Kentucky Power Cooperative, Inc.
Utilizing EKPC 2017 Form FF1 Data (ver. FINAL - AUDITED)

Capital Structure
As of December 31, 2018
(In Dollars)

| Line No. | Description | | | | |
|---|---|----|--------------------|----------------|----------------------|
| Development of Cost of L.T. Interest | | | | | |
| 1 | Long term Interest (Note 1) | \$ | 114,915,472 | | |
| 2 | Outstanding Long Term Debt (Note 2) | \$ | 2,468,515,698 | | |
| 3 | Average Cost of Debt (Line 1/Line 2) | | 4.655% | | |
| Development of Required Return | | | | | |
| | | | Value | Percent | Cost (Note 4) |
| 4 | Long Term Debt | \$ | 2,468,515,698 | 80.12% | 4.655% |
| 5 | Proprietary Capital (Note 3) | | <u>612,445,027</u> | 19.88% | 16.365% |
| 6 | Total (Line 4 plus Line 5) | \$ | 3,080,960,725 | | <u>6.983%</u> |
| 7 | Effective TIER (Note 4) | | | TIER = | 1.50 |

Notes:

1. EKPC Form FF1 Ref Pg 117 Row 58, Column b, Current Year
2. EKPC Form FF1 for 2018 Ref Pg 112, Row 23 Bal at End of Year
3. EKPC Form FF1 for 2018 Ref Pg 112, Row 15 Bal at End of Year
4. 1.50.

