

Formula Rate Update for

**AEP Appalachian Transmission Company, Inc.
AEP Indiana Michigan Transmission Company, Inc.
AEP Kentucky Transmission Company, Inc.
AEP Ohio Transmission Company, Inc.
AEP West Virginia Transmission Company, Inc.**

**To be Effective July 1, 2014
Docket No ER10-355**

Pursuant to Attachment H-20A (Formula Rate Implementation Protocols) in PJM Tariff, AEP has calculated its Annual Transmission Revenue Requirements (ATRR) to produce the “Annual Update” for the Rate Year beginning July 1, 2014 through June 30, 2015. All the files pertaining to the Annual Update are also posted on the PJM website in PDF format along with supporting workpapers. The first file provides the ATRR and rates for Network transmission service and Scheduling System Control and Dispatch Service, Schedule 1A.

AEP network service rate will increase effective July 1, 2014 from \$2,992.32 per MW per year or \$8.20/MW Day to \$7,083.07 per MW per year or \$19.41/MW Day with the AEP annual revenue requirement increasing from \$69,746,794 to \$161,821,872.

The AEP Transmission Companies’ Schedule 1A rates are not applicable because they are handled via AEP Operating Companies.

An annual revenue requirement of \$26,033,561 for RTEP projects (including true-up and interest) is to be collected under PJM Tariff Schedule 12. The RTEP Project revenue requirement includes:

1. b1465.4 (Rockport Jefferson) of \$777,399
2. b1465.2 (Rockport Jefferson-MVAR Bank) \$2,722,822
3. b2048 (Tanners Creek 345/138 kV transformer) \$1,041,979
4. b0570 (Lima-Sterling) \$1,695,532
5. b1231 (Wapakoneta-West Moulton) \$576,377
6. b1034.1 (South Canton-Wagenhals-Wayview 138 kV) \$1,424,506
7. b1034.8 (South Canton Wagenhals Station) \$1,087,714
8. b1864.2 (West Bellaire-Brues 138 kV Circuit) \$230,215
9. b1870 (Ohio Central Transformer) \$1,571,352
10. b1032.2 (Two 138kV outlets to Delano/Camp Sherman) \$322,176
11. b1034.2 (Loop existing South Canton-Wayview 138kV) \$580,874
12. b1034.3 (345/138kV 450 MVA transformer Canton Central) \$1,611,055

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- 13. b1970 (Reconductor Kammer-West Bellaire) \$1,502,768
- 14. b2018 (Loop Conesville-Bixby 345 kV) \$597,332
- 15. b2021 (OHTCo - Add 345/138kV trans. Sporn, Kanawha & Muskingum River stations) \$2,052,447
- 16. b2032 (Rebuild 138kV Elliott Tap Poston line) \$2,808,368
- 17. b1661 (765kV circuit breaker Wyoming station) \$541,349
- 18. b1864.1 (Add 2 345/138kV transformers at Kammer) \$2,795,819
- 19. b2021 (WVTCO - Add 345/138kV trans. Sporn, Kanawha & Muskingum River stations) \$2,093,479