

Formula Rate Update for AEP East subsidiaries in PJM

**To be Effective July 1, 2015 through June 30, 2016
Docket No ER08-1329**

Pursuant to PJM OATT Attachment H-14A (Formula Rate Implementation Protocols), AEP has calculated its Annual Transmission Revenue Requirements (ATRR) to produce the “Annual Update” for the Rate Year beginning July 1, 2015 through June 30, 2016. All the files pertaining to the Annual Update are to be posted on the PJM website in PDF format. The first file provides the ATRR and rates for Network transmission service and Scheduling System Control and Dispatch Service (Schedule 1A), and the annual transmission revenue requirement for RTEP projects (Schedule 12). An informational filing will also be submitted to the FERC.

AEP network service rate will increase effective July 1, 2015 from \$30,513.51 per MW per year to \$32,113.77 per MW per year with the AEP annual revenue requirement increasing from \$697,120,761 to \$783,836,137.

The AEP Schedule 1A rate decreased from \$.1267 per MWh to \$.0949 per MWh.

An annual revenue requirement of \$19,114,738 for RTEP projects (including true-up and interest) is to be collected under PJM Tariff Schedule 12. The RTEP Project revenue requirement includes:

1. b0839 (Twin Branch) \$1,344,668
2. b0318 (Amos 765/138 kV Transformer) \$1,803,726
3. b0504 (Hanging Rock) \$1,080,039
4. b0570 (East Side Lima) \$256,815
5. b1034.1 (Torrey-West Canton) \$1,190,102
6. b1034.6 (138kV circuit South Canton Station) \$372,396
7. b1231 (West Moulton Station) \$1,394,076
8. b1465.2 (Rockport Jefferson 300 MVAR bank) \$87,935
9. b1465.3 (Rockport Jefferson 765 kV line) \$5,091,283
10. b1712.2 (Altavista-Leesville 138kV line) \$(79,033)
11. b1864.1 (OPCo Kammer 345/138 kV transformers) \$(98,636)
12. b1864.2 (West Bellaire-Brues 138 kV circuit) of \$72,360
13. b2020 (Rebuild Amos-Kanawha River) \$1,675,943
14. b2021 (APCo Kanawha River Gen Retirement Upgrades) \$501,532
15. b2017 (APCo Rebuild Sporn-Waterford Muskingum River 345kV line) \$2,647,738
16. b1659.14 (Ft. Wayne Relocate) \$(124,488)
17. b2048 (Tanners Creek-Transformer Replacement) \$204,798
18. b1818 (Expand the Allen Station) \$248,467
19. b1819 (Rebuild Robinson Park 138kV line corridor) \$35,564
20. b1465.4 (Switching imp at Sullivan Jefferson 765kV station) \$169,845
21. b2021 (OPCo 345/138kV Transformer) \$(3,083,468)
22. b2032 (Rebuild 138kV Elliott Tap-Poston) \$24,172
23. b1034.2 (Loop South Canton-Wayview) \$316,199

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24. b1034.7 (Replace circuit breakers Torrey/Wagenhals) \$686,228
25. b1970 (Reconductor Kammer-West Bellaire) \$302,421
26. b2018 (Loop Conesville-Bixby 345kV) \$198,854
27. b1032.4 (Loop the existing South Canton-Wayview 138kV circuit) \$247,850
28. b1666 (Build an 8 breaker 138kV station Fosteria-East Lima) \$559,098
29. b1957 (Terminate transformer #2 SW Lima) \$265,269
30. b1962 (Add four 765kV breakers Kammer) \$63,382
31. b2019 (Burger 345/138kV Station) \$1,039,339
32. b2017 (OPCo Reconductor Sporn-Waterford-Muskingum River) \$805,154
33. b1864.1 (WPCo 345/138kV transformer Kammer) \$(184,891)

During the 2014 Annual Update Review Period, it was determined that certain costs associated with the corporate separation of AEP Ohio's generating assets were inadvertently recorded to accounts that were reflected in the AEP East Operating Companies' 2013 and 2014 Annual Updates. The AEP East Operating Companies' total Annual Transmission Revenue Requirement was overstated by \$17,078 and \$98,328 in 2012 and 2013, respectively. The appropriate amounts have been credited (with interest) in the 2015 Annual Update.