

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, 2016
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, 2016 through June 30, 2017. 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, 2016 from \$9,323.87 per MW per year or \$25.54/MW Day to \$14,565.47 per MW per year or \$39.91/MW Day with the AEP annual revenue requirement increasing from \$227,577,878 to \$360,132,800.

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

An annual revenue requirement of \$124,875,434 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 \$528,298
2. b1465.2 (Rockport Jefferson-MVAR Bank) \$1,979,667
3. b2048 (Tanners Creek 345/138 kV transformer) \$785,338
4. b1818 (Expand the Allen station) \$2,504,445
5. b1819 (Rebuild Robinson Park) \$6,319,436
6. b1659 (Sorenson Add 765/345 kV transformer) \$5,279,934
7. b1659.13 (Sorenson Exp. Work 765kV) \$4,514,116
8. b1659.14 (Sorenson 14miles 765 line) \$5,764,647
9. b0570 (Lima-Sterling) \$1,519,822
10. b1231 (Wapakoneta-West Moulton) \$564,044
11. b1034.1 (South Canton-Wagenhals-Wayview 138 kV) \$1,491,866
12. b1034.8 (South Canton Wagenhals Station) \$731,192
13. b1864.2 (West Bellaire-Brues 138 kV Circuit) \$183,077
14. b1870 (Ohio Central Transformer) \$1,164,857
15. b1032.2 (Two 138kV outlets to Delano/Camp Sherman) \$1,556,149
16. b1034.2 (Loop existing South Canton-Wayview 138kV) \$1,162,555

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17. b1034.3 (345/138kV 450 MVA transformer Canton Central) \$2,455,648
18. b1970 (Reconductor Kammer-West Bellaire) \$2,473,861
19. b2018 (Loop Conesville-Bixby 345 kV) \$3,128,615
20. b2021 (OHTCo - Add 345/138kV trans. Sporn, Kanawha & Muskingum River stations) \$4,077,340
21. b2032 (Rebuild 138kV Elliott Tap Poston line) \$(569,234)
22. b1032.1 (Construct new 345/138kV station Marquis-Bixby) \$155,260
23. b1032.4 (Install 138/69kV transformer Ross Highland) \$1,492,114
24. b1666 (Build 8 breaker 138kV station Fostoria-East Lima) \$1,019,997
25. b1819 (Rebuild Robinson Park 345kV double circuit) \$(2,090,543)
26. b1957 (Terminate Transformer #2 SW Lima) \$1,730,039
27. b2019 (Establish Burger 345/138kV station) \$11,966,351
28. b2017 (OHTCo Rebuild Sporn-Waterford-Muskingum River) \$12,209,073
29. b1661 (765kV circuit breaker Wyoming station) \$495,890
30. b1864.1 (Add 2 345/138kV transformers at Kammer) \$13,615,966
31. b2021 (WVTCO - Add 345/138kV trans. Sporn, Kanawha & Muskingum River stations) \$2,383,344
32. b1948 (New 765/345 interconnection Sporn) \$9,618,292
33. b1962 (Add four 765kV breakers Kammer) \$3,744,414
34. b2017 (WVTCO Rebuild Sporn-Waterford-Muskingum River) \$175,388
35. b2020 (Rebuild Amos-Kanawha River 138 kV corridor) \$16,201,767
36. b2022 (Tristate-Kyger Creek 345kV line at Sporn) \$791,620
37. b1875 (138 kV Bradley to McClung upgrades) \$2,495
38. b1495 (Add 765/345 kV transf. Baker Station) \$3,748,292