

**ADDENDUM to  
PRE-QUALIFICATION APPLICATION of  
AMERICAN ELECTRIC POWER COMPANY  
and CERTAIN AFFILIATES**

Submitted to the PJM Office of Interconnection under  
PJM Amended and Restated  
Operating Agreement Section 1.5.8(a)  
September 30, 2016



## **Introduction**

American Electric Power Company, Inc. (AEP) is submitting an update to its *Pre-Qualification Application of American Electric Power and Certain Affiliates* (Pre-Qualification Application) submitted April 29, 2013. The update specifically applies to Section 2.c. in the Pre-Qualification Application concerning AEP's Transource Energy, LLC (Transource) subsidiary and the pre-qualification of Transource's current and future subsidiaries, including, but not limited to, the following companies:

- Transource Maryland, LLC
- Transource Pennsylvania, LLC
- Transource West Virginia, LLC

### **2.c. Transource Energy and Subsidiaries**

In response to changes in the electric transmission marketplace over the past decade and the prospect of increased competition for regional transmission projects following FERC Order No. 1000, subsidiaries of American Electric Power Company, Inc. (AEP) and Great Plains Energy Incorporated (GPE)<sup>1</sup> formed Transource to pursue competitive transmission projects. AEP Transmission Holding Company, LLC (AEPHoldco), a subsidiary of AEP, owns 86.5% of Transource, and GPE Transmission Holding Company, LLC (GPEHoldco), a subsidiary of GPE, owns 13.5%. Transource's approach is to form state- or project-specific, wholly-owned subsidiary companies to construct, finance, own,

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<sup>1</sup> GPE is the holding company of Kansas City Power & Light (KCP&L) and Greater Missouri Operations (GMO), operating utilities that deliver electricity to more than 823,000 customers in Kansas and Missouri. GPE is headquartered in Kansas City, Missouri. GPE's operating companies own over 2,600 miles of transmission lines operating at voltages up to 345kV. KCP&L and GMO are SPP members and have transferred functional control of their transmission facilities to SPP.

operate, and maintain its awarded competitive transmission projects. Transource will generally not form a new subsidiary company until needed for a designated project.

Transource and its current and future subsidiaries' qualifications to be a Designated Entity for transmission projects in PJM under section 1.5.8 (a) of the PJM Operating Agreement are based on their established access<sup>2</sup> to project development, operational, financial and other relevant resources of AEP and GPE. The transmission capabilities of AEP and GPE are outlined in AEP's Pre-Qualification Application. This document is on record with PJM and posted on the PJM website with a PJM pre-qualification ID of 13-05.

To date, Transource has formed several subsidiaries as a result of recent project designations. The table below is a summary of active Transource subsidiaries and their associated projects and status.

Transource Subsidiary	Project(s)	Status
Transource Missouri, LLC	Iatan-Nashua 345kV Transmission Line Sibley-Nebraska 345kV Transmission Line	In-Service April 2015 Presently In-Construction
Transource Maryland, LLC	Southern Pennsylvania and Northern Maryland Project (PJM Projects IDs B2743 & B2752)	Presently In-Development
Transource Pennsylvania, LLC	Southern Pennsylvania and Northern Maryland Project (PJM Projects IDs B2743 & B2752)	Presently In-Development
Transource West Virginia, LLC	Thorofare Creek Area Project (PJM Project ID B2609.4)	Presently In-Development

**Active Subsidiaries of Transource Energy, LLC**

<sup>2</sup> The Operating Agreement of Transource Energy, LLC and various Service Agreements between Transource, Transource subsidiary companies, AEP and GPE establish this access and are available to PJM upon request.

The financial strength of Transource is evidenced by the most recent financial statements of its ultimate parent companies, AEP and GPE, attached at Appendix D and E in AEP's Pre-Qualification Application. GPE, KCP&L and GMO credit ratings, as of September 28, 2016, are as follows:

<b>Company</b>	<b>Moody's</b>	<b>S&amp;P*</b>
GPE	Baa2	BBB+
KCP&L	Baa1	BBB+
GMO	Baa2	BBB+

\*Corporate Credit Rating

In addition, Transource benefits from the coordinated financing activities of AEPHoldco, described in AEP's Pre-Qualification Application.