



Legal Department

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July 16, 2019

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First St., N.E.
Washington D.C. 20426

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Re: **American Electric Power Service Corporation**
Docket No. ER17-406

Dear Secretary Bose:

American Electric Power Service Corporation (“AEPSC”), on behalf of its affiliate AEP Indiana Michigan Transmission Company, Inc. (“IMTCo”), hereby re-submits IMTCo’s 2018 annual true-up filing to address an input error discovered in IMTCo’s transmission formula that was initially submitted on May 28, 2019 (“May 28 Filing”) pursuant to Attachment H-20 of the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“OATT”).¹

In December of 2018, IMTCo purchased from Duke Energy Indiana, L.L.C., an investment in certain transmission assets located in a switchyard near Greentown, Indiana.² Because this investment is located in the Midcontinent Independent System Operator, Inc. (“MISO”) footprint, the recovery on and of this investment is governed by the protocols of MISO’s Attachment O formula rate. In order to ensure that there is no double recovery of this investment, AEP utilized certain functionality in the formula rate in Attachment H-20 of the PJM OATT to eliminate the investment in Greentown from the rate base recovered in that rate.³

¹ The May 28 Filing included the formulas for AEPSC affiliates AEP Appalachian Transmission Company, Inc. IMTCo, AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., and AEP West Virginia Transmission Company, Inc., (collectively “AEP” or “the AEP East Transmission Companies”).

² Docket No EC18-102 *Application for Authorization Under Section 203 of the FPA of Duke Energy Indiana, LLC, et.al. Filed on June 14, 2018, approved by the Commission on 8/17/2018, and consummated on December 12, 2018.*

³ The true-up in the May 28 Filing utilizes a 13 month average rate base to determine the actual value of the rate base to be used in the true-up rates for 2018 that were initially assessed based on a projected formula filed at the beginning of 2018. The MISO formula, by contrast, uses the year-end

A subsequent review of IMTCo's formula determined that the inputs made to remove this investment were done incorrectly. IMTCO's formula utilizes a 13 month average rate base. In the May 28 Filing, AEP included the value of the purchased plant for each monthly input used to determine the 13 month average of rate base for 2018, with the idea that the balance of the plant removed from the PJM formula should equal the value of the plant included in MISO's Attachment O. However, this logic does not reflect the fact that the investment being removed in each month of 2018 was not actually recorded on IMTCo's ledger until December 2018, the month the transaction closed.⁴ By including this balance as an elimination in each month of the test year (other than December), an offset to rate base was applied. This resulted in an understatement of plant, and the corresponding revenue requirement, to be recovered in Attachment H-20 of the PJM OATT.

To resolve this issue, IMTCo is resubmitting its formula with the offset only applied to the December 2018 balance.⁵ Included in this resubmittal are three revised files: the corrected IMTCo formula rate template, the AEP Zone Transmission Service Revenue Requirement summary reflecting the revised annual revenue requirement, and the Descriptive Summary documenting the impact of the true-up. The net impact of correcting this template is an increase to the true-up revenue requirement for 2018 of \$ 2,795,472, which reflects a decrease of \$54,487 in Schedule 12 charges and an offsetting increase in Network Integration Transmission Service charges of \$2,849,959. As defined in the protocols in Attachment H-20, the true-up revenue requirement will be incorporated in the projected revenue requirement effective January 1, 2020. Thus, this change will not impact customer billings until that time.

The revised files attached hereto have been submitted to PJM for posting (and publication, pursuant to AEP's protocols) on the PJM website at:

<http://pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates.aspx>

This will also be posted on AEP's required legal postings site at:

<http://www.aep.com/about/codeofconduct/OASIS/TariffFilings/>

balance at 2018 to determine the rates to be assessed during the following rate year that begins on June 1, 2019.

⁴ *Ibid.*

⁵ The specific correction involves removing the Greentown purchase asset value of \$26,942,059 from formula WS A, column (d), lines 29 through 40 and replacing it with \$0.

Kimberly D. Bose, Secretary
July 16, 2019
Page 3

A copy of this notice of such posting will be provided to PJM, and the parties in this docket.

Thank you for your attention to this informational filing. Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Amanda Riggs Conner

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