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PUBLIC UTILITY COMMISSION OF TEXAS

PROJECT NO. 20311

INFORMATIONAL FEDERAL ENERGY REGULATORY COMMISSION

(FERC) FILINGS

DOCKET NO. ER13-514-000

AMERICAN ELECTRIC POWER SYSTEM

Amendments to the Open Access Transmission Tariff (OATT)

December 10, 2012

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American Electric Power
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December 5, 2012

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Re: American Electric Power Service Corporation
Docket No. ER13- 514 - 000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 18 U.S.C. § 824d (1994), American Electric Power Service Corporation ("AEPSC"), on behalf of the operating public utilities of the American Electric Power System (collectively "AEP"),¹ herewith submits for filing amendments to the Open Access Transmission Tariff ("OATT") on file with the Commission as AEP's FERC Electric Tariff, Third Revised Volume No. 6. This filing changes the Part IV (for service wholly within the Electric Reliability Council of Texas ("ERCOT")) rates contained in Attachment K of the OATT for TCC and TNC to reflect changes in TCC's and TNC's transmission-related capital investments consistent with Public Utility Commission of Texas ("PUCT") Substantive Rule 25.192(h)(1).

I. Contents of Filing

AEPSC hereby submits the following tariff record(s):

¹ Appalachian Power Company, Texas Central Company ("TCC"), Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma ("PSO"), Southwestern Electric Power Company ("SWEPCO"), Texas North Company ("TNC") and Wheeling Power Company.

- A revised OATT Attachment K -- Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service.

Pursuant to Section 35.7 of the Commission's regulations,² the contents of this filing are being submitted as part of an XML filing package that conforms with the Commission's instructions. AEP submits the revised tariff records listed above in section-based format. Items 1 through 6 below, in addition to this transmittal letter, are being included as an attachment to the filing.

1. Enclosure 1, revised Attachment K of the OATT blacklined to indicate the changes made to the OATT;
2. Enclosure 2, a clean version of the revised Attachment K of the OATT;
3. Enclosure 3, worksheets showing the development of the TCC and TNC rates;
4. The application of TCC for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(h)(1), which may be downloaded from the PUCT web site at:

http://interchange.puc.texas.gov/WebApp/Interchange/application/dbapps/filings/pqSearch_Results.asp?TXT_CNTR_NO=41008&TXT_ITEM_NO=1

5. The application of TNC for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(h)(1), which may be downloaded from the PUCT web site at

http://interchange.puc.texas.gov/WebApp/Interchange/application/dbapps/filings/pqSearch_Results.asp?TXT_CNTR_NO=41009&TXT_ITEM_NO=1

6. The provisions of PUCT Substantive Rule 25.192 setting forth the requirements for interim update of wholesale rates, which may be downloaded from the PUCT web site at:

<http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.192/25.192.pdf>

II. Background

On November 30, 2012, TCC and TNC filed applications with the PUCT to update their transmission revenue requirements to reflect increased capital investments for the period January 1, 2012 through October 31, 2012.

² 18 C.F.R. § 35.7 (2012).

Pursuant to PUCT Substantive Rule 25.192(h)(1) “[e]ach [Transmission Service Provider] in the ERCOT region may apply to update its transmission rates on an interim basis not more than twice per calendar year to reflect changes in its invested capital.” Proceedings pursuant to such rule are not intended to determine the reasonableness of the interim costs.³ Rather the rule provides that the Commission “shall review whether the costs of transmission plant additions are reasonable and necessary at the next complete review of the [Transmission Service Provider]’s transmission cost of service.”⁴

The Commission has regularly allowed TCC and TNC to follow ERCOT regional practices under the time frames established by the PUCT. *See, e.g., Central Power and Light Co., et al.*, 81 FERC ¶ 61,311 (1997). Because the Commission has the ultimate authority over TCC’s and TNC’s rates for wholesale transmission service, affirmative action by the Commission is necessary for TCC’s and TNC’s wholesale transmission rates to be changed concurrently with the updated rates under Texas law. AEP will file proof of the PUCT’s approval of the updated rates as evidence of the effectiveness of the updated rates under Texas law once such orders are received.

TCC and TNC have the right under Texas law to implement updated ERCOT transmission service rates twice per calendar year to reflect capital investment costs, subject to a full determination of the reasonableness of such costs by the PUCT at the next complete review of TCC’s and TNC’s transmission cost of service. The PUCT will issue a final order approving TCC’s and TNC’s rate applications only after a review of the costs of transmission plant additions and retirements and associated depreciation and tax calculations, as provided in PUCT Substantive Rule 25.192(h). Such review could include hearings and/or settlement discussions. In addition, PUCT Substantive Rule 25.192(h)(2) provides that the PUCT shall review whether the costs of transmission plant additions are reasonable and necessary at the next complete review of the TSP’s transmission cost of service.

III. Proposed Revisions to the OATT

A. Revised Revenue Requirement for Service Under Part IV

AEP has updated the rates to be charged by TCC and TNC for service under Part IV of the OATT. The Commission has regularly allowed TCC and TNC to base their transmission rates for Part IV service on the revenue requirements that the PUCT has found to be reasonable. *See, e.g., Central Power and Light Co., et al.*, 81 FERC ¶ 61,311 (1997) (“*Central Power & Light*”). AEP respectfully requests that the Commission continue to follow that practice in this case and waive its regulations to

³ *See* PUCT Subst. R. 25.192(h)(1).

⁴ *See* PUCT Subst. R. 25.192(h)(2).

the extent necessary to approve the proposed revised revenue requirement as a Texas regional practice.⁵

The rates set forth in Attachment K to the OATT are based on the revenue requirement as filed with the TCC and TNC rate applications at the PUCT. AEP requests the Commission approve the proposed updated rates, subject to true-up and refund as provided in PUCT Substantive Rule 25.192(h)(2), pursuant to the PUCT's final decisions on the applications available at the PUCT website links specified above in I.4 and I.5.

B. Description of Proposed OATT Changes

AEP proposes to amend Attachment K, Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service, to provide for updated annual access rates and export service rates for TCC and TNC.

Under the regional practice principles adopted in *Central Power & Light*, AEP requests the Commission accept the updated rates shown in the revised Attachment K to become effective as of January 4, 2013, or such later date as they are approved by the PUCT consistent with PUCT Substantive Rules 25.192(h)(4)(C), et seq., if the rates are not made effective as of January 4, 2013 by the PUCT. The earliest date that the PUCT might allow TCC and TNC to collect revenues under the proposed rates is 35 days from filing, which would be January 4, 2013. Because it is possible that the PUCT will permit TCC and TNC to change their rates before the usual 60-day notice period for the filing is met, AEP respectfully requests waiver of the Commission's notice requirement and any other of the Commission's rules and regulations with which this filing may not comply. Good cause exists for granting such waiver because TCC's and TNC's request is consistent with the requirements of Texas law and Commission precedent supports the determination of TCC's and TNC's revenue requirements based on the outcome of PUCT proceedings.

IV. Service

⁵ In Docket No. ER09-753, FERC accepted for filing amendments to TCC and TNC wholesale transmission rates to reflect changes in TCC's and TNC's transmission-related capital investments, which were filed with the PUCT consistent with PUCT then Substantive Rule 25.192(g)(1)(now renumbered 25.192(h)(1)). See *American Electric Power Service Corp.*, Docket No. ER09-753-000, Letter Order (Apr. 21, 2009). In Docket No. ER12-1016, FERC accepted for filing amendments to the rates originally accepted in Docket No. ER09-753. See *American Electric Power Service Corp.*, Docket No. ER12-1016-000, Letter Order (Mar. 27, 2012). The instant filing updates TCC and TNC's transmission rates filed in Docket No. ER12-1016.

A complete copy of this filing is being mailed to the PUCT, the only affected state regulatory commission. AEP will serve a copy of this transmittal letter on AEP's transmission customers under the OATT. AEP's transmission customers and the public may download a complete copy of this filing from AEP's web site at:

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

V. Correspondence

Correspondence relating to this filing should be addressed to:

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VI. Conclusion

AEPSC respectfully requests that the Commission accept the proposed revisions to the OATT, effective January 4, 2013, or such later date as they are approved by the PUCT.

Respectfully submitted,

Amanda Riggs Conner
Amanda Riggs Conner

Attorney for American Electric Power Service
Corporation

Enclosures

ENCLOSURE 1

BLACK LINED VERSION OF REVISED SHEETS

ATTACHMENT K Annual Transmission Revenue Requirement for ERCOT Regional T

Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service

The charges in this Attachment K, for ERCOT Regional Transmission Service provided under Part IV of the Tariff, are made subject to final determination by the Public Utility Commission of Texas ("PUCT") and acceptance thereafter by the Commission ("Final Rates"). Upon issuance of a final decision by the PUCT in Docket Nos. ~~4013641008~~ and ~~4013541009~~, any amounts collected in excess of those resulting from the Final Rates will be refunded, together with interest calculated in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(2)(iii). Until the Final Rates are accepted by the Commission, charges for ERCOT Regional Transmission Service hereunder shall be determined as follows:

A. For Service to Load Within ERCOT

Charges for ERCOT Regional Transmission Service are to be determined by dividing the annual facilities charge by 12, or by other means as mutually agreed upon by the Transmission Provider and the ERCOT Regional Transmission Service Customer and specified in the Service Agreement. Under no circumstances shall the sum of the monthly charges due in any calendar year be more or less than the annual facilities charge due under this Tariff.

The annual facilities charges are the sum of: (1) the product of the annual access rate for TCC (set forth below) multiplied by the ERCOT Regional Transmission Service Customer's demand at the time of the most recent ERCOT system coincident peak demand, as determined by the PUCT pursuant to Chapter 25; and (2) the product of the annual access rate for TNC (set forth below) multiplied by the ERCOT Regional Transmission Service Customer's demand at the time of the most recent ERCOT system coincident peak demand, as determined by the PUCT pursuant to Chapter 25.

The annual access rate for TCC is ~~\$1.967806~~\$2.062717/kW.

The annual access rate for TNC is ~~\$0.937173~~\$0.961469/kW.

In addition to the TCC and TNC access charges, TCC shall include a credit of \$0.034143 per kW to be returned over a six-month period or until the total credit due customers of \$1,109,509 is refunded, to be effective on March 2, 2012 or the date the new rates are approved.

B. For Service To Export Electric Power From ERCOT

ERCOT Regional Transmission Service charges for exports of electric power from ERCOT to the boundaries of ERCOT are to be based on the kilowatts that are actually exported, the duration of the transaction and the rates set forth below. The monthly rate for service in the on-peak season (June through September) will be one-fourth the Transmission Provider's annual access rate. The monthly rate for service in the off-peak season will be one-twelfth the Transmission Provider's annual access rate. The weekly, daily and hourly rates for service in the on-peak season will be the annual access rate divided by the number of weeks, days and hours respectively in the on-peak season. The weekly, daily and hourly rates for service in the off-peak season will be the annual access rate divided by the number of weeks, days and hours respectively in the year. TCC's and TNC's charges for any transaction shall not exceed the product of their annual access rate times the highest amount of kilowatts actually exported.

	<u>TCC</u>	<u>TNC</u>
Annual rate per kW	\$1.967806 <u>2.062717</u>	\$0.937173 <u>961469</u>
Monthly on-peak rate per kW	\$0.491952 <u>515679</u>	\$0.234293 <u>240367</u>
Monthly off-peak rate per kW	\$0.163984 <u>171893</u>	\$0.078098 <u>080122</u>
Weekly on-peak rate per kW	\$0.112907 <u>118353</u>	\$0.053772 <u>055166</u>
Weekly off-peak rate per kW	\$0.037842 <u>039668</u>	\$0.018023 <u>018490</u>

Daily on-peak rate per kW	\$0.01613 <u>0016908</u>	\$0.007682 <u>007881</u>
Daily off-peak rate per kW	\$0.005391 <u>005651</u>	\$0.002568 <u>002634</u>
Hourly on-peak rate per kW	\$0.000672 <u>000704</u>	\$0.000320 <u>000328</u>
Hourly off-peak rate per kW	\$0.000225 <u>000235</u>	\$0.000107 <u>000110</u>

ENCLOSURE 2

CLEAN VERSION OF REVISED SHEETS

ATTACHMENT K Annual Transmission Revenue Requirement for ERCOT Regional T

Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service

The charges in this Attachment K, for ERCOT Regional Transmission Service provided under Part IV of the Tariff, are made subject to final determination by the Public Utility Commission of Texas ("PUCT") and acceptance thereafter by the Commission ("Final Rates"). Upon issuance of a final decision by the PUCT in Docket Nos. 41008 and 41009, any amounts collected in excess of those resulting from the Final Rates will be refunded, together with interest calculated in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(2)(iii). Until the Final Rates are accepted by the Commission, charges for ERCOT Regional Transmission Service hereunder shall be determined as follows:

A. For Service to Load Within ERCOT

Charges for ERCOT Regional Transmission Service are to be determined by dividing the annual facilities charge by 12, or by other means as mutually agreed upon by the Transmission Provider and the ERCOT Regional Transmission Service Customer and specified in the Service Agreement. Under no circumstances shall the sum of the monthly charges due in any calendar year be more or less than the annual facilities charge due under this Tariff.

The annual facilities charges are the sum of: (1) the product of the annual access rate for TCC (set forth below) multiplied by the ERCOT Regional Transmission Service Customer's demand at the time of the most recent ERCOT system coincident peak demand, as determined by the PUCT pursuant to Chapter 25; and (2) the product of the annual access rate for TNC (set forth below) multiplied by the ERCOT Regional Transmission Service Customer's demand at the time of the most recent ERCOT system coincident peak demand, as determined by the PUCT pursuant to Chapter 25.

The annual access rate for TCC is \$2.062717/kW.

The annual access rate for TNC is \$0.961469/kW.

B. For Service To Export Electric Power From ERCOT

ERCOT Regional Transmission Service charges for exports of electric power from ERCOT to the boundaries of ERCOT are to be based on the kilowatts that are actually exported, the duration of the transaction and the rates set forth below. The monthly rate for service in the on-peak season (June through September) will be one-fourth the Transmission Provider's annual access rate. The monthly rate for service in the off-peak season will be one-twelfth the Transmission Provider's annual access rate. The weekly, daily and hourly rates for service in the on-peak season will be the annual access rate divided by the number of weeks, days and hours respectively in the on-peak season. The weekly, daily and hourly rates for service in the off-peak season will be the annual access rate divided by the number of weeks, days and hours respectively in the year. TCC's and TNC's charges for any transaction shall not exceed the product of their annual access rate times the highest amount of kilowatts actually exported.

	<u><i>TCC</i></u>	<u><i>TNC</i></u>
Annual rate per kW	\$ 2.062717	\$0.961469
Monthly on-peak rate per kW	\$0.515679	\$0.240367
Monthly off-peak rate per kW	\$0.171893	\$0.080122
Weekly on-peak rate per kW	\$0.118353	\$0.055166
Weekly off-peak rate per kW	\$0.039668	\$0.018490
Daily on-peak rate per kW	\$0.016908	\$0.007881
Daily off-peak rate per kW	\$0.005651	\$0.002634
Hourly on-peak rate per kW	\$0.000704	\$0.000328

Hourly off-peak rate per kW

\$0.000235

\$0.000110

ENCLOSURE 3

WORK PAPERS OF REVISED RATES

Development of Interim Transmission Rates

Texas Central Company

Development of Interim Wholesale Transmission Service Rate:

Wholesale Transmission Cost-of-Service	\$134,061,005
2011 ERCOT Average 4CPs	<u>64,992,452.1</u> kW
Annual Wholesale Transmission Service Rate	<u>\$2.062717</u> per kW

Development of Interim Wholesale Transmission Service Rate for Exports from ERCOT:

Monthly On-Peak Rate for Exports - 1/4 of annual rate	\$0.515679 per kW
Monthly Off-Peak Rate for Exports - 1/12 of annual rate	\$0.171893 per kW
Weekly on-peak rate per kW - (365/12*4=122) 122/7 of annual rate	\$0.118353 per kW
Weekly off-peak rate per kW - 1/52 of annual rate	\$0.039668 per kW
Daily on-peak rate per kW - 1/122 of annual rate	\$0.016908 per kW
Daily off-peak rate per kW - 1/365 of annual rate	\$0.005651 per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.000704 per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000235 per kW

Development of Interim Transmission Rates

Texas North Company

Development of Interim Wholesale Transmission Service Rate:

Wholesale Transmission Cost-of-Service	\$62,488,207
2011 ERCOT Average 4CPs	<u>64,992,452.1</u> kW
Annual Wholesale Transmission Service Rate	<u>\$0.961469</u> per kW

Development of Wholesale Interim Transmission Service Rate for Exports from ERCOT:

Monthly On-Peak Rate for Exports - 1/4 of annual rate	\$0.240367 per kW
Monthly Off-Peak Rate for Exports - 1/12 of annual rate	\$0.080122 per kW
Weekly on-peak rate per kW - (365/12*4=122) 122/7 of annual rate	\$0.055166 per kW
Weekly off-peak rate per kW - 1/52 of annual rate	\$0.018490 per kW
Daily on-peak rate per kW - 1/122 of annual rate	\$0.007881 per kW
Daily off-peak rate per kW - 1/365 of annual rate	\$0.002634 per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.000328 per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000110 per kW