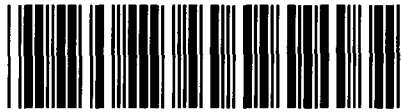




Control Number: 20311



Item Number: 446

Addendum StartPage: 0



American Electric Power
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Suite 735
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May 19, 2020

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

Re: *American Electric Power Service Corporation*
Amendment to Filing
Docket No. ER20-1499-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 18 U.S.C. § 824d, American Electric Power Service Corporation ("AEPSC"), on behalf of the operating public utilities of the American Electric Power System (collectively "AEP"),¹ submits to the Federal Energy Regulatory Commission's ("FERC" or "Commission") an amendment to the pending revisions to the Open Access Transmission Tariff ("OATT") on file as AEP's FERC Electric Tariff, Fourth Revised Volume No. 1. This filing revises the Part IV rates contained in Attachment K of the OATT for AEPTX (for service wholly within the Electric Reliability Council of Texas ("ERCOT")) to reflect changes in AEPTX's transmission-related capital investments consistent with Public Utility Commission of Texas ("PUC") Substantive Rule 25.192(h)(1) (16 Tex. Admin. Code (TAC) §25.192(h)(1)). As explained below, in order to incorporate the most accurate and recently-approved tariff revisions, as approved by the PUCT, AEP is submitting the instant amendment.

I. Background

On April 3, 2020, AEP submitted to FERC changes to Attachment K, to reflect changes filed in 2019 to AEPTX's transmission cost of service determined in PUCT Docket 49494. On May 14, 2020, AEP submitted to FERC the Notice of Approval of the final order of the PUCT approving the revised rates as evidence of the effectiveness

¹ Appalachian Power Company, AEP Texas Inc. ("AEPTX"), Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company.

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of the updated rates under Texas law. Those rates were to become effective May 29, 2020, but have now been superseded, and thus will never take effect.

In 2020, AEPTX filed an additional application with the PUCT in PUCT Docket 50689, to update the transmission revenue requirements to reflect AEPTX's increased capital investments for the period January 1, 2019 through January 31, 2020. All parties to PUCT Docket 49494 were served by AEPTX with a copy of the application, in addition every distribution service provider listed in a matrix established by the PUCT, PUCT Staff and the Office of Public Utility Counsel, were also served. No protests were filed. These rate changes are included in Attachment K and were recently approved by the PUCT on May 15, 2020, effective that same day. *See* Enclosure 4. In order to incorporate the most accurate tariff revisions, as approved by the PUCT, AEP is submitting the instant amendment, which supersedes the currently-pending filing.

Pursuant to 16 TAC § 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.² Rather, the rule provides that the PUCT “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.”³

The Commission has regularly allowed AEPTX 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). As the Commission has acknowledged, ERCOT is a unique region. *Id.* at 62,434. Because the Commission has the ultimate authority over AEPTX's rates for wholesale transmission service, affirmative action by the Commission is necessary for AEPTX's wholesale transmission rates to be changed concurrently with the updated rates under Texas law, which in this case are effective May 15, 2020. AEP also files proof of the PUCT's approval (Enclosure 4) of the updated rates as evidence of the effectiveness of the updated rates under Texas law.

AEPTX has 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 AEPTX's transmission cost of service. The PUCT has issued a final order approving AEPTX'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 16 TAC § 25.192(h)(1). In addition, 16 TAC § 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.

² See 16 TAC § 25.192(h)(1).

³ See PUCT Subst. R. 25.192(h)(2).

II. Contents of Filing

AEPSC hereby submits the following tariff record(s):

- Introduction
- Table of Contents
- Section 1: Definitions
- Section 38: Initiating Service
- Attachment K – Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service
- Attachment L – Index of ERCOT Regional Transmission Service Customers

Pursuant to Section 35.7 of the Commission's regulations,⁴ the contents of this filing are being submitted as part of an XML filing package that conforms to the Commission's instructions. AEP submits the revised tariff records listed above in section-based format. Items 1 through 5 below, in addition to this transmittal letter, are being included as attachments to the filing:

1. Enclosure 1, revised sections of the OATT blacklined to indicate changes made relative to the language and rates⁵ in effect as of the date of this filing;
2. Enclosure 2, a clean version of the revised sections of the OATT;
3. Enclosure 3, worksheet showing the development of the AEPTX rates in Attachment K;
4. Enclosure 4, a copy of the Notice of Approval of the Public Utility Commission of Texas ("PUCT") approving the application of AEPTX for an interim update of wholesale transmission rates for ERCOT Regional Transmission Service ("ERCOT RTS") submitting proof of the PUCT's approval of the updated rates as evidence of the effectiveness of the updated rates under Texas law.

The attached Notice of Approval authorizes the rate adjustments filed with the PUCT and with the Commission under the captioned dockets and authorizes AEPTX to commence billing under such adjusted rates on or after May 15, 2020.

⁴ 18 C.F.R. § 35.7 (2012).

⁵ The Commission most recently accepted revisions to AEP's OATT Attachment K effective April 24, 2019. See *Appalachian Power Co.*, Docket No. ER19-1021-000, *Letter Order* (May 23, 2019).

5. The application of AEPTX for Interim Update of Wholesale Transmission Rates Pursuant to 16 TAC §25.192(h)(1), which may be downloaded from the PUCT website at:

<http://interchange.puc.texas.gov/Search/Documents?controlNumber=50689&itemNumber=1>

6. The provisions of 16 TAC §25.192 setting forth the requirements for interim update of wholesale rates, which may be downloaded from the PUCT website at:

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

III. Proposed Revisions to the OATT

A. Revised Revenue Requirement for Service Under Part IV

AEP has updated the rates to be charged by AEPTX for service under Part IV of the OATT. The Commission has regularly allowed AEPTX and its predecessors 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 the extent necessary to approve the proposed revised revenue requirement as a Texas regional practice.

The rates set forth in Attachment K to the OATT are based on the revenue requirement as filed with the AEPTX rate applications at the PUCT. AEP requests the Commission approve the proposed updated rates, subject to true-up and refund as provided in 16 TAC § 25.192(h)(2), pursuant to the PUCT’s Notice of Approval provided as Enclosure 4 and which may be downloaded from the PUCT website at:

<http://interchange.puc.texas.gov/Search/Documents?controlNumber=50689&itemNumber=7>

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 AEPTX.

In addition to updating the annual transmission revenue requirement in Attachment K and transitioning the resulting rates from divisional rates to a single company rate, AEP proposes to make minor ancillary updates to certain other sections of the OATT as listed and described below:

- * *Introduction* – remove Wheeling Power Company as it has merged with and into Appalachian Power Company.

- * *Table of Contents* – updated to remove definitions of Central and North Divisions as the divisional rates in Attachment K were blended into an updated single company-wide rate.
- * *Section 1: Definitions* – remove definitions of Central Division, North Division, and Wheeling Power Company as mentioned above.
- * *Section 38: Initiating Service* – in Section 38.3(d) remove requirement for study costs to be booked separately by division.
- * *Attachment L Index of ERCOT Regional Transmission Customers* – has been condensed to reflect the AEPSC FERC Electric Quarterly Report (EQR) provides a list of ERCOT Regional Transmission Service Customers that is maintained over time.

IV. Effective Dates and Waiver Requests

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 May 15, 2020 as this is the effective date approved in PUCT Docket 50689 per the Notice of Approval included in Enclosure 4 consistent with 16 TAC § 25.192(h)(4)(C), et seq. AEP respectfully requests waiver of the Commission's 60-day notice requirement and any other Commission rules and regulations with which this filing may not comply. Good cause exists for granting such waiver because AEPTX's requests are consistent with the requirements of Texas law and Commission precedent supports the determination of AEPTX's revenue requirements based on the outcome of PUCT proceedings.

V. Service

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.

VI. Correspondence

Correspondence relating to this filing should be addressed to:

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VII. Conclusion

AEPSC respectfully requests that the Commission accept the proposed revisions to the OATT, effective as requested herein.

Respectfully submitted,

/s/ Stacey Burbure

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*Counsel for American Electric Power Service
Corporation*

Enclosures

Enclosure 1

Blackline Tariff Records

OPEN ACCESS

TRANSMISSION SERVICE TARIFF

OF THE

AMERICAN ELECTRIC POWER SYSTEM

Introduction AEPSC Explanation

American Electric Power Service Corporation, as agent for Appalachian Power Company, AEP Texas Inc., Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company, ~~and Wheeling Power Company~~ files this Tariff to comply with the Federal Energy Regulatory Commission's (FERC) Order No. 888, issued in Docket No. RM95-8-000, "Promoting Wholesale Competition through Open Access Non-discriminatory Transmission Service by Public Utilities," FERC Stats. & Regs., Regulations Preambles ¶ 31,036 (1996), reh'g, Order No. 888-A, FERC Stats. & Regs., Regulations Preambles ¶ 31,048 (1997), reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998). The transmission and ancillary services offered for sale under this Tariff are the transmission and ancillary services that the FERC has ordered public utilities subject to its jurisdiction to offer to Eligible Customers, as that term is defined in this Tariff. This Tariff also implements certain of the transmission access and service pricing policies of the Public Utilities Commission of Texas generally in accordance with Chapter 25 of that Commission's Substantive Rules. If the PUCT Chapter 25 of the PUCT's Substantive Rules or Order No. 888 is modified in the future, the terms on which transmission and ancillary services are offered under this Tariff may also be modified pursuant to the provisions of Section 9 of this Tariff.

Public Service Company of Oklahoma and Southwestern Electric Power Company are members of the Southwest Power Pool. The SPP offers certain transmission services acting as their designated agent under the Open Access Transmission Tariff for Service Offered by Southwest Power Pool filed with the Federal Energy Regulatory Commission (SPP Tariff).

Beginning October 1, 2004, PJM is the Transmission Provider for the AEP East Zone operating companies, which include Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, and Ohio Power Company, ~~and Wheeling Power Company.~~ As the transmission provider for the AEP East Zone operating companies, PJM offers certain transmission services under their Open Access Transmission Tariff filed with the Federal Energy Regulatory Commission (PJM Tariff).

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1 Definitions

AEP East Zone:

The integrated electric utility system consisting of the generating and transmission facilities of Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, and Ohio Power Company, ~~and Wheeling Power Company,~~ or their successors in interest to the transmission business. On October 1, 2004, PJM became the Transmission Provider for the AEP East Zone.

AEP Operating Companies:

The public utilities that own the transmission facilities in the AEP East Zone and the AEP West Zone and operate the transmission facilities in the AEP West Zone. On October 1, 2004, PJM began operating the AEP East Zone transmission facilities.

AEP Texas:

AEP Texas Inc., the successor in interest to AEP Texas Central Company and AEP Texas North Company ~~which now operate as Central Division and North Division of AEP Texas,~~ respectively, or the successor in interest to the transmission business of AEP Texas.

AEP West Zone:

The integrated electric utility system consisting of the electric generating (as applicable) and transmission facilities of PSO, SWEPCO and AEP Texas, or their successor in interest to the transmission business.

Ancillary Services:

Those services that are necessary to support the transmission of capacity and energy

from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Application:

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

Central Division:

~~—— The portion of the AEP Texas transmission business formerly operated as AEP Texas Central Company.~~

Chapter 25:

Chapter 25, Subchapter I, Division 1 of the PUCT's Substantive Rules, as amended from time to time.

Commission:

The Federal Energy Regulatory Commission.

Completed Application:

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

Control Area:

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power

system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Curtailment:

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

Designated Agent:

Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

Direct Assignment Facilities:

Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

Eligible Customer:

(i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is

an Eligible Customer under the Tariff. For purposes of Part IV of this Tariff, an Eligible Customer shall also be any Distribution Service Provider, as that term is defined in Chapter 25, that distributes electricity to retail customers on behalf of a Retail Electric Provider (REP) and any Non Opt-In Entity, as that term is defined in the ERCOT Protocols, that distributes electricity to retail customers in ERCOT. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

ERCOT:

Electric Reliability Council of Texas, which in a geographic sense refers to the area served by electric utilities that are not synchronously interconnected with electric utilities outside of the State of Texas, or its successor in function.

ERCOT Protocols:

Shall mean the documents adopted by ERCOT, and approved by the PUCT, including any attachments or exhibits referenced in the Protocols, as amended from time to time, that contain the scheduling, operating, planning, reliability, and settlement (including customer

registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT.

ERCOT IO:

A Texas nonprofit corporation that has been certified by the PUCT as the Independent Organization for the ERCOT Region.

ERCOT Regional Transmission Service:

The Transmission Service offered under Part IV of this Tariff.

ERCOT Regional Transmission Service Customer:

An Eligible Customer taking ERCOT Regional Transmission Service under Part IV of this Tariff.

ERCOT Transmission Network:

The interconnected bulk power delivery system comprised of the transmission systems located and operated in ERCOT, including the AEP Texas Transmission System.

Facilities Study:

An engineering study conducted by the Transmission Provider, or its agent, to determine the required modifications to the Transmission Provider's Transmission System, or the ERCOT Transmission Network, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

Good Utility Practice:

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time

the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

High Voltage Direct Current Facilities (or HVDC Facilities)

Either (i) the North Interconnection, consisting of high voltage back-to-back converters and related facilities on either side of the ERCOT-SPP border at Oklaunion, Texas, having a nominal capacity of 200 MW, or (ii) the East Interconnection consisting of: (a) a 345 kV alternating current (AC) switchyard facility at the Oncor Electric Monticello generating station necessary for the interconnection of the Oncor Electric AC electric system with the Welsh-Monticello Line; (b) the Welsh-Monticello Line, which is a 345 kV AC transmission line between the Monticello Switchyard Facility described in the preceding clause and the High Voltage Direct Current (HVDC) Terminal described in the succeeding clause; (c) the HVDC Terminal, consisting of high voltage back-to-back converters, having a nominal capacity of 600 MW, of which the Transmission Provider and its affiliates own 300 MW, and related facilities and the land on which such facilities are located; and (d) a 345 kV AC switchyard facility at the SWEPCO Welsh generating station necessary for the interconnection of the SWEPCO AC electric system with such HVDC Terminal, or (iii) the Eagle Pass Interconnection consisting of high voltage back-to-back converters and related facilities on the United States side of the U.S. - Mexico border at Eagle Pass, Texas, having a nominal capacity of 36 MW or (iv) any combination of the North

Interconnection, the East Interconnection and the Eagle Pass Interconnection.

Interconnection Agreement:

An agreement between an Eligible Customer that owns electric facilities in ERCOT and one or more of the ERCOT Transmission Providers that sets forth requirements for physical connection and interconnected operations. A Transmission Customer that owns electrical facilities in ERCOT must have such an agreement with each of the ERCOT Transmission Providers to which the Transmission Customer is physically connected.

North Division:

~~—The portion of the AEP Texas transmission business formerly operated as AEP Texas North Company.~~

Part I:

Tariff Definitions and Common Service Provisions contained in Sections 1 through 12.

Part IV:

Tariff Sections 36 through 40 pertaining to the use of the AEP Texas Transmission System operated in ERCOT in conjunction with the use by a Transmission Customer of the ERCOT Transmission Network to serve load within ERCOT and in conjunction with the applicable Common Service Provisions of Part I and the applicable Schedules and Attachments.

PJM:

PJM Interconnection, L.L.C., or its successor in function.

PSO:

Public Service Company of Oklahoma, or the successor in interest to the transmission

business of PSO.

PUCT:

Public Utility Commission of Texas.

QSE:

A person qualified by the ERCOT IO to submit schedules to and settle payments with, the ERCOT IO.

Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider and/or the Transmission Owner for service under the Tariff.

Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 38.4 under the Tariff.

SPP:

Southwest Power Pool, or its successor in function.

SWEPCO:

Southwestern Electric Power Company, or the successor in interest to the transmission business of SWEPCO.

System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission

System to accommodate a request for ERCOT Regional Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under this Tariff.

Transmission Provider:

The public utilities (or their Designated Agent) that own, control, or operate facilities used for the transmission of electric energy in interstate commerce and provide transmission service under the Tariff; provided, however, that in the case of service provided on the ERCOT Transmission Network under Part IV of this Tariff, the term refers in the plural form to all transmitting utilities that operate in ERCOT, when preceded by an indefinite article the term in the singular form refers to any such transmitting utility and when preceded by the definite article the term in the singular form refers to AEP Texas.

Transmission System:

The facilities owned, controlled or operated in ERCOT at or above 60 kilovolts owned, controlled, operated or supported by a Transmission Provider that are used to provide transmission service in ERCOT under Part IV of this Tariff, including the HVDC Facilities (such facilities of AEP Texas being referred to herein collectively as the "AEP Texas Transmission System" and all such facilities in the aggregate being referred to herein as the "ERCOT

Transmission Network.").

38 Initiating Service

Each Eligible Customer that requests the use of the ERCOT Transmission Network to serve its customers in ERCOT from its resources, or to make sales of energy to a third party in ERCOT from its resources or to export electric power from ERCOT, may apply for transmission service pursuant to this Part IV and Chapter 25. The Eligible Customer and AEP Texas shall provide the information that is required under this Part IV to the ERCOT IO, with a copy to AEP Texas.

38.1 Conditions Precedent for Receiving Service:

Subject to the terms and conditions of Part IV of this Tariff and in accordance with Chapter 25 and the ERCOT Protocols, AEP Texas will provide transmission service to any Eligible Customer that requests service, provided that:

- (a) the Eligible Customer has completed an Application for service as provided under this Section 38;
- (b) the Eligible Customer and AEP Texas have completed the technical arrangements contemplated by this Section 38;
- (c) if the Eligible Customer operates electrical facilities that are connected to the facilities of AEP Texas, the Eligible Customer has executed all Interconnection Agreements required for service under this Tariff or, if necessary, requested in writing pursuant to Section 38.10 of this Tariff that a Transmission Provider file a proposed unexecuted Interconnection Agreement with the regulatory agency having jurisdiction;

(d) the Eligible Customer has either executed a Service Agreement or requested in writing pursuant to Section 38.10 of this Tariff that AEP Texas file an unexecuted Service Agreement with the Commission.

38.2 Application Procedures for ERCOT Regional Transmission Service:

(a) An Eligible Customer requesting ERCOT Regional Transmission Service under Part IV of this Tariff must submit an Application for service. A Completed Application shall provide the information required in subsection (b) below. The Eligible Customer shall provide the information that is required under subsection (b) below to the ERCOT IO, with a copy to AEP Texas.

(b) The Eligible Customer must provide all information deemed necessary by the ERCOT IO to evaluate the request for transmission service.

(c) Chapter 25 requires the ERCOT IO to acknowledge a request for service within ten business days of receipt. When the request is complete, the acknowledgment will include a date by which a response will be sent to the Eligible Customer and a statement of any fees associated with responding to the request (e.g., fees for system studies).

(d) If an Application fails to provide the ERCOT IO with all information deemed necessary, Chapter 25 requires the ERCOT IO to notify the Eligible Customer requesting service within 15 business days of receipt thereof and specify the reasons for such failure. Chapter 25 requires the ERCOT IO, wherever possible, to attempt to remedy deficiencies in an Application through informal communications with an Eligible Customer.

(e) If a System Impact Study is required, upon approval of the requesting

Transmission Customer, Chapter 25 requires the ERCOT IO to perform or direct the Transmission Provider to prepare such a study. If the ERCOT IO concludes that the AEP Texas Transmission System is adequate to accommodate the request for service, either in whole or in part, or that no costs are likely to be incurred for new transmission facilities or upgrades, the Transmission Provider will tender a Service Agreement for ERCOT Regional Transmission Service, within 15 business days of completion of the System Impact Study.

(f) If the ERCOT IO determines as a result of a System Impact Study that additions or upgrades to the AEP Texas Transmission System are needed to supply the Eligible Customer's forecasted requirements for ERCOT Regional Transmission Service, the Transmission Provider will, upon approval of the requesting Eligible Customer, initiate a Facilities Study. When completed, a Facilities Study will include an estimate of the cost of any required facilities or upgrades, and the time required to complete such construction and initiate the requested service.

(g) Chapter 25 requires that when the Eligible Customer applies for transmission service for a new resource under this section, the ERCOT IO shall notify affected Transmission Providers of the application and request comments concerning the scope of any System Impact Study. Chapter 25 requires the ERCOT IO to complete the System Impact Study and provide the results to the Eligible Customer within 90 days after the receipt of an executed study agreement and receipt from the Eligible Customer of all the data necessary to complete the study. In the event the ERCOT IO is unable to complete the study within the 90 day period, it will provide the Eligible Customer a written explanation of when the study will be completed

and the reason for the delay.

The Eligible Customer shall be responsible for the cost of the System Impact Study and shall be provided with the results thereof, including relevant work papers.

38.3 Facilities Study:

(a) Based on the results of the System Impact Study, the Transmission Provider shall perform, or cause to be performed, pursuant to an executed Facilities Study agreement with the Eligible Customer, a Facilities Study addressing the detailed engineering, design and cost of facilities required to provide the requested ERCOT Regional Transmission Service.

(b) The Transmission Provider will complete the Facilities Study as soon as reasonably practicable using information developed in the System Impact Study. Upon completion of the Facilities Study, the Transmission Provider shall notify the Eligible Customer whether the Transmission Provider considers that a contribution in aid of construction is appropriate and the amount of the contribution that the Eligible Customer should make. The Transmission Provider shall base its request on the information in the System Impact Study and the Facilities Study and the provisions in this Part IV.

(c) The Eligible Customer shall be responsible for the reasonable cost of the Facilities Study pursuant to the terms of the Facilities Study agreement and shall be provided with the results thereof, including relevant workpapers.

(d) The Transmission Provider shall be responsible for the costs of any Facilities Study undertaken to determine the engineering, design and cost of facilities associated with the addition of new resources used to serve load of AEP Texas. ~~Such costs will be booked~~

~~separately by the AEP Texas Central Division and AEP Texas North Division, as the case may be.~~

(e) When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, and (ii) the Eligible Customer's appropriate share of the cost of any required facilities for which the Eligible Customer is responsible under Chapter 25, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

38.4 Technical Arrangements to be Completed Prior to Commencement of Service:

Service under this Tariff shall not commence until the installation of all equipment specified in the Interconnection Agreement has been completed in a manner consistent with guidelines adopted by the national reliability organization and the ERCOT IO, except that the Transmission Provider shall provide the requested ERCOT Regional Transmission Service to the extent that such service does not impair the reliability of other ERCOT Regional Transmission Service. The Transmission Provider shall exercise reasonable efforts, in coordination with the ERCOT Regional Transmission Service Customer, to complete such arrangements as soon as practical prior to the Service Commencement Date.

38.5 ERCOT Regional Transmission Service Customer Facilities

The provision of ERCOT Regional Transmission Service shall be conditioned upon the ERCOT Regional Transmission Service Customer's constructing, maintaining and operating the facilities on its side of each point of interconnection to the ERCOT Transmission Network that are necessary reliably to interconnect and deliver electric power from a resource to the ERCOT Transmission Network and from the ERCOT Transmission Network to the ERCOT Regional Transmission Service Customer's loads.

38.6 Transmission Arrangements for Loads or Resources Located Outside of ERCOT Region:

It shall be the ERCOT Regional Transmission Service Customer's responsibility to make any transmission arrangements necessary for delivery of electric power produced from a resource inside or outside of ERCOT to the interconnection with ERCOT.

38.7 Changes in Service Requests:

Under no circumstances shall an ERCOT Regional Transmission Service Customer's decision to cancel or delay the addition of a new resource in any way reduce or relieve the ERCOT Regional Transmission Service Customer's obligation to pay the costs expended by the Transmission Provider to conduct the Facility Study.

38.8 Annual Load and Resource Information Updates:

The ERCOT Regional Transmission Service Customer shall provide the ERCOT IO with annual updates of load and resource forecasts. The ERCOT Regional Transmission Service Customer also shall provide the ERCOT IO with timely written notice of material changes in any other information provided in its Application relating to the ERCOT Regional Transmission

Service Customer's load, resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service under this Tariff. AEP Texas will provide the ERCOT IO similar information.

38.9 Termination of Transmission Service:

An ERCOT Regional Transmission Service Customer may terminate service under this Tariff after providing the Transmission Provider and ERCOT with written notice of the ERCOT Regional Transmission Service Customer's intention to terminate. An ERCOT Regional Transmission Service Customer's provision of notice to terminate service under this Tariff shall not relieve the ERCOT Regional Transmission Service Customer of its obligation to pay the Transmission Provider any rates, charges, or fees, including contributions in aid of construction, or for service previously provided under the applicable interconnection service agreement and that are owed to the Transmission Provider as of the date of termination.

38.10 Initiating Service in the Absence of an Executed Service Agreement:

If the Transmission Provider and an Eligible Customer requesting ERCOT Regional Transmission Service under this Part IV cannot agree on all the terms and conditions of the Service Agreement, the Transmission Provider shall file with the Commission, no later than thirty (30) days after the date the Eligible Customer provides written notification directing the Transmission Provider to file, an unexecuted Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested ERCOT Regional Transmission Service. Upon acceptance for filing by the Commission of such unexecuted agreement, the ERCOT Regional Transmission Service Customer shall be deemed to have agreed to (i) compensate the Transmission Provider at whatever rate the Commission

ultimately determines to be just and reasonable, and (ii) comply with all other terms and conditions of this Tariff.

ATTACHMENT K

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 No. 49192, any ~~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).

Exports from generating facilities that are located immediately adjacent to a tie-line facility where the energy delivered from the generating facility to the tie line is through a single substation, and that meet the criteria of the Oklahoma Exemption under the ERCOT protocols, shall not be subject to transmission service charges for exports of power out of ERCOT region over DC ties.

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 AEP Texas Central Division (set forth below) multiplied by and 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 AEP Texas North Division (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 AEP Texas Central Division is ~~\$4.0366126~~ \$6.679914/kW.

The annual access rate for AEP Texas North Division is ~~\$2.066591~~/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. The AEP Texas charges for any transaction shall not exceed the product of its ~~Central Division and North Division~~ annual access rates ~~times~~ and the highest amount of kilowatts actually exported.

	<u>AEP Texas</u> <u>Central Division</u>	<u>AEP Texas</u> <u>North Division</u>
Annual rate per kW	\$4.0366126 <u>6.679914</u>	\$2.066591
Monthly on-peak rate per kW	\$1.0091536 <u>669979</u>	\$0.516648
Monthly off-peak rate per kW	\$0.3363845 <u>556660</u>	\$0.172216
Weekly on-peak rate per kW	\$0.2316093 <u>83274</u>	\$0.118575
Weekly off-peak rate per kW	\$0.0776271 <u>28460</u>	\$0.039742
Daily on-peak rate per kW	\$0.0330870 <u>54753</u>	\$0.016939
Daily off-peak rate per kW	\$0.0110590 <u>18301</u>	\$0.005662
Hourly on-peak rate per kW	\$0.0013790 <u>02281</u>	\$0.000706
Hourly off-peak rate per kW	\$0.0004610 <u>00763</u>	\$0.000236

C. Income Tax Refund (Rider ITR)

Rider ITR is designed to credit to each transmission customer its proportional share of the total credit amount on a one-time basis the amount of \$31,488,353 to refund amounts collected from the effective date of the reduced tax rate, January 1, 2018, through June 29, 2018, protected excess ADIT from January 2018 through March 2020 and unprotected excess

ADIT.

Effective on invoices rendered the month following the effective date of the new rates approved by Final Order of the Commission, each transmission service customer will receive a one-time credit share of the total credit amount based on each customer's proportional kW of share of the 2018 ERCOT 4CP.

Rider ITR: (\$0.453926) per kW.

D. Capital Reconciliation Rider (Rider CRR)

In compliance with the settlement agreement and Final Order of the Commission in AEP Texas' rate case, Docket No. 49494, Rider CRR is designed to credit to each transmission customer its proportional share of \$20 million over one year. This refund represents amounts collected in rates associated with capital that was subject to reconciliation in Docket No. 49494.

Effective on invoices rendered for one year following the effective date of the new rates approved by Final Order of the Commission, each transmission service customer will receive a credit based on each customer's proportional kW of share of the 2018 ERCOT 4CP.

Annual Rider CRR: (\$0.288313) per kW

ATTACHMENT L

Index of ERCOT Regional Transmission Service Customers

A list of ERCOT Regional Transmission Service Customers is available in the FERC Electric Quarterly Report (EQR) maintained and filed by American Electric Power Service Corporation.

AEP Energy Partners, LP
AEP Texas Inc.
American Electric Power Service Corporation
Amoco Energy Trading Corporation
Aquila Power Corporation, Inc. (nka KCP&L Greater Missouri Operations)
Avista Energy, Inc.—
Bandera Electric Cooperative, Inc.
Bartlett Electric Cooperative, Inc.
Bear Energy LP (nka J. P. Morgan Ventures Energy Corporation)
Belfalls Electric Cooperative, Inc.
Big Country Electric Cooperative, Inc.
Bluebonnet Electric Cooperative, Inc.
BP Energy
Brazos Electric Power Cooperative, Inc.
Brownsville Public Utilities Board
Cargill Alliant, LLC
Central Texas Electric Cooperative, Inc.
Cherokee County Electric Cooperative, Inc.
Cincinnati Gas & Electric Co./PSI Energy, Inc.
City of Austin Electric Department
City of Bastrop, Texas
City of Bellville, Texas
City of Boerne, Texas
City of Bowie, Texas
City of Brady, Texas
City of Brenham, Texas
City of Bridgeport, Texas
Bryan Texas Utilities
City of Burnet, Texas
City of College Station, Texas
City of Cuero, Texas
City of Denton, Texas Municipal Utilities
City of Flatonia, Texas
City of Fredericksburg, Texas
City of Garland, Texas
Georgetown Utilities
City of Giddings, Texas
City of Goldthwaite, Texas
City of Gonzales, Texas
Granbury Municipal Utility

City of Hallettsville, Texas
 City of Hearne, Texas
 City of Hempstead, Texas
 Kerrville Public Utility Board
 City of Lampasas, Texas
 City of Lexington, Texas
 City of Llano, Texas
 City of Lockhart, Texas
 City of Luling, Texas
 City of Mason, Texas
 City of Moulton, Texas
 New Braunfels Utilities
 City of Robstown, Texas
 —San Marcos Electric Utility
 City of San Saba, Texas
 City of Sanger, Texas
 City of Schulenburg, Texas
 City of Sequin, Texas
 City of Seymour, Texas
 City of Shiner, Texas
 City of Smithville, Texas
 City of Waelder, Texas
 City of Weatherford, Texas
 City of Weimer, Texas
 City of Whitesboro, Texas
 City of Yoakum, Texas
 City Public Service Board of San Antonio, Texas (nka CPS Energy)
 Coleman County Electric Cooperative, Inc.
 Comanche County Electric Cooperative, Inc.
 Columbia Energy Power Marketing Corporation
 Concho Valley Electric Cooperative, Inc.—
 Constellation Power Source
 Cooke County Electric Cooperative, Inc.
 Coral Power, LLC (nka Shell Energy North America)
 Deep East Texas Electric Cooperative, Inc.
 DeWitt Electric Cooperative, Inc.
 Duke Energy
 Dynegy Power Services LLC
 DuPont Power Marketing, Inc.
 EDF Trading North America, LLC
 El Paso Merchant Energy, LP
 Electric Clearinghouse, Inc.
 ETC Endure Energy, LLC
 Energy Transfer
 Engage Energy US, L.P.
 Enron Power Marketing, Inc.
 Entergy Services, Inc.
 e-prime, inc.

Exelon Power Team
Fannin County Electric Cooperative, Inc.
Farmers Electric Cooperative, Inc.
Fayette Electric Cooperative, Inc.
Florida Power Corporation
Fort Belknap Electric Cooperative, Inc.
Fortis Energy Marketing and Trading (nka BNP Paribas Energy Trading GP)
FPL Energy Power Marketing, Inc. (nka NextEra)
Golden Spread Electric Cooperative, Inc.
Grayson Collin Electric Cooperative, Inc.
Greenville Electric Utilities
Gregory Power Partners, LP
Guadalupe Power Partners, LP
Guadalupe Valley Electric Cooperative, Inc.
Hamilton County Electric Cooperative, Inc.
Hilco Electric Cooperative, Inc.
Houston County Electric Cooperative, Inc.
Houston Lighting and Power Company (nka CenterPoint Energy)
J-A-C Electric Cooperative, Inc.
Jackson Electric Cooperative, Inc.
Jasper Newton Electric Cooperative, Inc.
Kansas City Power & Light Company
Kansas Energy LLC (nka Trademark Merchant Energy, LLC)
Karnes Electric Cooperative, Inc.
Koch Power Services, Inc.
LaGrange Utilities
Lamar County Electric Cooperative
Lighthouse Electric Cooperative, Inc.
Lower Colorado River Authority
Lyntegar Electric Cooperative, Inc.
Macquarie Energy, LLC
McLennan County Electric Cooperative, Inc.
Merchant Energy Group of the Americas, Inc.
Merrill Lynch Global Commodities
Mid-South Electric Cooperative
Minnesota Power & Light Company
Morgan Stanley Capital Group, Inc.—
Navarro County Electric Cooperative, Inc.
Navasota Valley Electric Cooperative, Inc.
NRG Power Marketing
Nueces Electric Cooperative, Inc.
OGE Energy Corp
Optim Energy Marketing, LLC
PanEnergy Trading and Market Services, L.L.C.
PECO Energy Company
Pedernales Electric Cooperative, Inc.
Questar Energy Trading Company
Rainbow Energy Marketing Corporation

Rayburn Electric Cooperative, Inc.
~~Rio Grande Electric Cooperative, Inc.~~
~~Rusk County Electric Cooperative, Inc.~~
~~Sam Houston Electric Cooperative, Inc.~~
~~San Bernard Electric Cooperative, Inc.~~
~~San Miguel Electric Cooperative, Inc.~~
~~San Patricio Electric Cooperative, Inc.~~
Sempra Energy
Sharyland Utilities, L.P.
Sonat Power Marketing
South Plains Electric Cooperative, Inc.
South Texas Electric Cooperative, Inc.
~~Southwest Texas Electric Cooperative, Inc.~~
Southwestern Public Service Company
Suez Energy Marketing NA, Inc.
Taylor Electric Cooperative, Inc.
Tenaska
Texas Municipal Power Agency
Texas Utilities Electric Company (nka TXU Energy)
Texas-New Mexico Power Company
~~Tex-La Electric Cooperative of Texas, Inc.~~
TexMex Energy, LLC
Tri-County Electric Cooperative, Inc.
Trinity Valley Electric Cooperative, Inc.
United Cooperative Services
UtiliCorp United
Valero Power Services Company
Victoria Electric Cooperative, Inc.
Vitol Gas & Electric, L.L.C.
VTEC Energy, Inc.
~~Western Farmers Electric Cooperative, Inc.~~
~~Western Resources~~
~~Wharton County Electric Cooperative, Inc.~~
Williams Energy Services Company
~~Wise Electric Cooperative, Inc.~~

Enclosure 2

Clean Tariff Records

OPEN ACCESS

TRANSMISSION SERVICE TARIFF

OF THE

AMERICAN ELECTRIC POWER SYSTEM

Introduction AEPSC Explanation

American Electric Power Service Corporation, as agent for Appalachian Power Company, AEP Texas Inc., Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company files this Tariff to comply with the Federal Energy Regulatory Commission's (FERC) Order No. 888, issued in Docket No. RM95-8-000, "Promoting Wholesale Competition through Open Access Non-discriminatory Transmission Service by Public Utilities," FERC Stats. & Regs., Regulations Preambles ¶ 31,036 (1996), reh'g, Order No. 888-A, FERC Stats. & Regs., Regulations Preambles ¶ 31,048 (1997), reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998). The transmission and ancillary services offered for sale under this Tariff are the transmission and ancillary services that the FERC has ordered public utilities subject to its jurisdiction to offer to Eligible Customers, as that term is defined in this Tariff. This Tariff also implements certain of the transmission access and service pricing policies of the Public Utilities Commission of Texas generally in accordance with Chapter 25 of that Commission's Substantive Rules. If the PUCT Chapter 25 of the PUCT's Substantive Rules or Order No. 888 is modified in the future, the terms on which transmission and ancillary services are offered under this Tariff may also be modified pursuant to the provisions of Section 9 of this Tariff.

Public Service Company of Oklahoma and Southwestern Electric Power Company are members of the Southwest Power Pool. The SPP offers certain transmission services acting as their designated agent under the Open Access Transmission Tariff for Service Offered by Southwest Power Pool filed with the Federal Energy Regulatory Commission (SPP Tariff).

Beginning October 1, 2004, PJM is the Transmission Provider for the AEP East Zone operating companies, which include Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, and Ohio Power Company. As the transmission provider for the AEP East Zone operating companies, PJM offers certain transmission services under their Open Access Transmission Tariff filed with the Federal Energy Regulatory Commission (PJM Tariff).

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Proforma Interconnection and Local Delivery Service Agreement

1 Definitions

AEP East Zone:

The integrated electric utility system consisting of the generating and transmission facilities of Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, and Ohio Power Company, or their successors in interest to the transmission business. On October 1, 2004, PJM became the Transmission Provider for the AEP East Zone.

AEP Operating Companies:

The public utilities that own the transmission facilities in the AEP East Zone and the AEP West Zone and operate the transmission facilities in the AEP West Zone. On October 1, 2004, PJM began operating the AEP East Zone transmission facilities.

AEP Texas:

AEP Texas Inc., the successor in interest to AEP Texas Central Company and AEP Texas North Company, or the successor in interest to the transmission business of AEP Texas.

AEP West Zone:

The integrated electric utility system consisting of the electric generating (as applicable) and transmission facilities of PSO, SWEPCO and AEP Texas, or their successor in interest to the transmission business.

Ancillary Services:

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's

Transmission System in accordance with Good Utility Practice.

Application:

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

Chapter 25:

Chapter 25, Subchapter I, Division 1 of the PUCT's Substantive Rules, as amended from time to time.

Commission:

The Federal Energy Regulatory Commission.

Completed Application:

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

Control Area:

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

(1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);

(2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

(3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

(4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

Curtailment:

A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

Designated Agent:

Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff.

Direct Assignment Facilities:

Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

Eligible Customer:

(i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. For purposes of Part IV of this Tariff, an Eligible Customer shall also be any Distribution Service Provider, as that term is defined in Chapter 25, that distributes electricity to retail customers on behalf of a Retail Electric Provider (REP) and

any Non Opt-In Entity, as that term is defined in the ERCOT Protocols, that distributes electricity to retail customers in ERCOT. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

ERCOT:

Electric Reliability Council of Texas, which in a geographic sense refers to the area served by electric utilities that are not synchronously interconnected with electric utilities outside of the State of Texas, or its successor in function.

ERCOT Protocols:

Shall mean the documents adopted by ERCOT, and approved by the PUCT, including any attachments or exhibits referenced in the Protocols, as amended from time to time, that contain the scheduling, operating, planning, reliability, and settlement (including customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT.

ERCOT IO:

A Texas nonprofit corporation that has been certified by the PUCT as the Independent Organization for the ERCOT Region.

ERCOT Regional Transmission Service:

The Transmission Service offered under Part IV of this Tariff.

ERCOT Regional Transmission Service Customer:

An Eligible Customer taking ERCOT Regional Transmission Service under Part IV of this Tariff.

ERCOT Transmission Network:

The interconnected bulk power delivery system comprised of the transmission systems located and operated in ERCOT, including the AEP Texas Transmission System.

Facilities Study:

An engineering study conducted by the Transmission Provider, or its agent, to determine the required modifications to the Transmission Provider's Transmission System, or the ERCOT Transmission Network, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

Good Utility Practice:

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act section 215(a)(4).

High Voltage Direct Current Facilities (or HVDC Facilities)

Either (i) the North Interconnection, consisting of high voltage back-to-back converters and related facilities on either side of the ERCOT-SPP border at Oklaunion, Texas, having a nominal capacity of 200 MW, or (ii) the East Interconnection consisting of: (a) a 345 kV alternating current (AC) switchyard facility at the Oncor Electric Monticello generating station necessary for the interconnection of the Oncor Electric AC electric system with the Welsh-Monticello Line; (b) the Welsh-Monticello Line, which is a 345 kV AC transmission line between the Monticello Switchyard Facility described in the preceding clause and the High Voltage Direct Current (HVDC) Terminal described in the succeeding clause; (c) the HVDC Terminal, consisting of high voltage back-to-back converters, having a nominal capacity of 600 MW, of which the Transmission Provider and its affiliates own 300 MW, and related facilities and the land on which such facilities are located; and (d) a 345 kV AC switchyard facility at the SWEPCO Welsh generating station necessary for the interconnection of the SWEPCO AC electric system with such HVDC Terminal, or (iii) the Eagle Pass Interconnection consisting of high voltage back-to-back converters and related facilities on the United States side of the U.S. - Mexico border at Eagle Pass, Texas, having a nominal capacity of 36 MW or (iv) any combination of the North Interconnection, the East Interconnection and the Eagle Pass Interconnection.

Interconnection Agreement:

An agreement between an Eligible Customer that owns electric facilities in ERCOT and one or more of the ERCOT Transmission Providers that sets forth requirements for physical connection and interconnected operations. A Transmission Customer that owns electrical facilities in ERCOT must have such an agreement with each of the ERCOT Transmission Providers to which the Transmission Customer is physically connected.

Part I:

Tariff Definitions and Common Service Provisions contained in Sections 1 through 12.

Part IV:

Tariff Sections 36 through 40 pertaining to the use of the AEP Texas Transmission System operated in ERCOT in conjunction with the use by a Transmission Customer of the ERCOT Transmission Network to serve load within ERCOT and in conjunction with the applicable Common Service Provisions of Part I and the applicable Schedules and Attachments.

PJM:

PJM Interconnection, L.L.C., or its successor in function.

PSO:

Public Service Company of Oklahoma, or the successor in interest to the transmission business of PSO.

PUCT:

Public Utility Commission of Texas.

QSE:

A person qualified by the ERCOT IO to submit schedules to and settle payments with,

the ERCOT IO.

Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider and/or the Transmission Owner for service under the Tariff.

Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 38.4 under the Tariff.

SPP:

Southwest Power Pool, or its successor in function.

SWEPCO:

Southwestern Electric Power Company, or the successor in interest to the transmission business of SWEPCO.

System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for ERCOT Regional Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed

unexecuted Service Agreement to receive transmission service under the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under this Tariff.

Transmission Provider:

The public utilities (or their Designated Agent) that own, control, or operate facilities used for the transmission of electric energy in interstate commerce and provide transmission service under the Tariff; provided, however, that in the case of service provided on the ERCOT Transmission Network under Part IV of this Tariff, the term refers in the plural form to all transmitting utilities that operate in ERCOT, when preceded by an indefinite article the term in the singular form refers to any such transmitting utility and when preceded by the definite article the term in the singular form refers to AEP Texas.

Transmission System:

The facilities owned, controlled or operated in ERCOT at or above 60 kilovolts owned, controlled, operated or supported by a Transmission Provider that are used to provide transmission service in ERCOT under Part IV of this Tariff, including the HVDC Facilities (such facilities of AEP Texas being referred to herein collectively as the "AEP Texas Transmission System" and all such facilities in the aggregate being referred to herein as the "ERCOT Transmission Network.").

38 Initiating Service

Each Eligible Customer that requests the use of the ERCOT Transmission Network to serve its customers in ERCOT from its resources, or to make sales of energy to a third party in ERCOT from its resources or to export electric power from ERCOT, may apply for transmission service pursuant to this Part IV and Chapter 25. The Eligible Customer and AEP Texas shall provide the information that is required under this Part IV to the ERCOT IO, with a copy to AEP Texas.

38.1 Conditions Precedent for Receiving Service:

Subject to the terms and conditions of Part IV of this Tariff and in accordance with Chapter 25 and the ERCOT Protocols, AEP Texas will provide transmission service to any Eligible Customer that requests service, provided that:

- (a) the Eligible Customer has completed an Application for service as provided under this Section 38;
- (b) the Eligible Customer and AEP Texas have completed the technical arrangements contemplated by this Section 38;
- (c) if the Eligible Customer operates electrical facilities that are connected to the facilities of AEP Texas, the Eligible Customer has executed all Interconnection Agreements required for service under this Tariff or, if necessary, requested in writing pursuant to Section 38.10 of this Tariff that a Transmission Provider file a proposed unexecuted Interconnection Agreement with the regulatory agency having jurisdiction;

(d) the Eligible Customer has either executed a Service Agreement or requested in writing pursuant to Section 38.10 of this Tariff that AEP Texas file an unexecuted Service Agreement with the Commission.

38.2 Application Procedures for ERCOT Regional Transmission Service:

(a) An Eligible Customer requesting ERCOT Regional Transmission Service under Part IV of this Tariff must submit an Application for service. A Completed Application shall provide the information required in subsection (b) below. The Eligible Customer shall provide the information that is required under subsection (b) below to the ERCOT IO, with a copy to AEP Texas.

(b) The Eligible Customer must provide all information deemed necessary by the ERCOT IO to evaluate the request for transmission service.

(c) Chapter 25 requires the ERCOT IO to acknowledge a request for service within ten business days of receipt. When the request is complete, the acknowledgment will include a date by which a response will be sent to the Eligible Customer and a statement of any fees associated with responding to the request (e.g., fees for system studies).

(d) If an Application fails to provide the ERCOT IO with all information deemed necessary, Chapter 25 requires the ERCOT IO to notify the Eligible Customer requesting service within 15 business days of receipt thereof and specify the reasons for such failure. Chapter 25 requires the ERCOT IO, wherever possible, to attempt to remedy deficiencies in an Application through informal communications with an Eligible Customer.

(e) If a System Impact Study is required, upon approval of the requesting

Transmission Customer, Chapter 25 requires the ERCOT IO to perform or direct the Transmission Provider to prepare such a study. If the ERCOT IO concludes that the AEP Texas Transmission System is adequate to accommodate the request for service, either in whole or in part, or that no costs are likely to be incurred for new transmission facilities or upgrades, the Transmission Provider will tender a Service Agreement for ERCOT Regional Transmission Service, within 15 business days of completion of the System Impact Study.

(f) If the ERCOT IO determines as a result of a System Impact Study that additions or upgrades to the AEP Texas Transmission System are needed to supply the Eligible Customer's forecasted requirements for ERCOT Regional Transmission Service, the Transmission Provider will, upon approval of the requesting Eligible Customer, initiate a Facilities Study. When completed, a Facilities Study will include an estimate of the cost of any required facilities or upgrades, and the time required to complete such construction and initiate the requested service.

(g) Chapter 25 requires that when the Eligible Customer applies for transmission service for a new resource under this section, the ERCOT IO shall notify affected Transmission Providers of the application and request comments concerning the scope of any System Impact Study. Chapter 25 requires the ERCOT IO to complete the System Impact Study and provide the results to the Eligible Customer within 90 days after the receipt of an executed study agreement and receipt from the Eligible Customer of all the data necessary to complete the study. In the event the ERCOT IO is unable to complete the study within the 90 day period, it will provide the Eligible Customer a written explanation of when the study will be completed

and the reason for the delay.

The Eligible Customer shall be responsible for the cost of the System Impact Study and shall be provided with the results thereof, including relevant work papers.

38.3 Facilities Study:

(a) Based on the results of the System Impact Study, the Transmission Provider shall perform, or cause to be performed, pursuant to an executed Facilities Study agreement with the Eligible Customer, a Facilities Study addressing the detailed engineering, design and cost of facilities required to provide the requested ERCOT Regional Transmission Service.

(b) The Transmission Provider will complete the Facilities Study as soon as reasonably practicable using information developed in the System Impact Study. Upon completion of the Facilities Study, the Transmission Provider shall notify the Eligible Customer whether the Transmission Provider considers that a contribution in aid of construction is appropriate and the amount of the contribution that the Eligible Customer should make. The Transmission Provider shall base its request on the information in the System Impact Study and the Facilities Study and the provisions in this Part IV.

(c) The Eligible Customer shall be responsible for the reasonable cost of the Facilities Study pursuant to the terms of the Facilities Study agreement and shall be provided with the results thereof, including relevant workpapers.

(d) The Transmission Provider shall be responsible for the costs of any Facilities Study undertaken to determine the engineering, design and cost of facilities associated with the addition of new resources used to serve load of AEP Texas.

(e) When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, and (ii) the Eligible Customer's appropriate share of the cost of any required facilities for which the Eligible Customer is responsible under Chapter 25, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

38.4 Technical Arrangements to be Completed Prior to Commencement of Service:

Service under this Tariff shall not commence until the installation of all equipment specified in the Interconnection Agreement has been completed in a manner consistent with guidelines adopted by the national reliability organization and the ERCOT IO, except that the Transmission Provider shall provide the requested ERCOT Regional Transmission Service to the extent that such service does not impair the reliability of other ERCOT Regional Transmission Service. The Transmission Provider shall exercise reasonable efforts, in coordination with the ERCOT Regional Transmission Service Customer, to complete such arrangements as soon as practical prior to the Service Commencement Date.

38.5 ERCOT Regional Transmission Service Customer Facilities

The provision of ERCOT Regional Transmission Service shall be conditioned upon the ERCOT Regional Transmission Service Customer's constructing, maintaining and operating the facilities on its side of each point of interconnection to the ERCOT Transmission Network that are necessary reliably to interconnect and deliver electric power from a resource to the ERCOT Transmission Network and from the ERCOT Transmission Network to the ERCOT Regional Transmission Service Customer's loads.

38.6 Transmission Arrangements for Loads or Resources Located Outside of ERCOT Region:

It shall be the ERCOT Regional Transmission Service Customer's responsibility to make any transmission arrangements necessary for delivery of electric power produced from a resource inside or outside of ERCOT to the interconnection with ERCOT.

38.7 Changes in Service Requests:

Under no circumstances shall an ERCOT Regional Transmission Service Customer's decision to cancel or delay the addition of a new resource in any way reduce or relieve the ERCOT Regional Transmission Service Customer's obligation to pay the costs expended by the Transmission Provider to conduct the Facility Study.

38.8 Annual Load and Resource Information Updates:

The ERCOT Regional Transmission Service Customer shall provide the ERCOT IO with annual updates of load and resource forecasts. The ERCOT Regional Transmission Service Customer also shall provide the ERCOT IO with timely written notice of material changes in any other information provided in its Application relating to the ERCOT Regional Transmission

Service Customer's load, resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service under this Tariff. AEP Texas will provide the ERCOT IO similar information.

38.9 Termination of Transmission Service:

An ERCOT Regional Transmission Service Customer may terminate service under this Tariff after providing the Transmission Provider and ERCOT with written notice of the ERCOT Regional Transmission Service Customer's intention to terminate. An ERCOT Regional Transmission Service Customer's provision of notice to terminate service under this Tariff shall not relieve the ERCOT Regional Transmission Service Customer of its obligation to pay the Transmission Provider any rates, charges, or fees, including contributions in aid of construction, or for service previously provided under the applicable interconnection service agreement and that are owed to the Transmission Provider as of the date of termination.

38.10 Initiating Service in the Absence of an Executed Service Agreement:

If the Transmission Provider and an Eligible Customer requesting ERCOT Regional Transmission Service under this Part IV cannot agree on all the terms and conditions of the Service Agreement, the Transmission Provider shall file with the Commission, no later than thirty (30) days after the date the Eligible Customer provides written notification directing the Transmission Provider to file, an unexecuted Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested ERCOT Regional Transmission Service. Upon acceptance for filing by the Commission of such unexecuted agreement, the ERCOT Regional Transmission Service Customer shall be deemed to have agreed to (i) compensate the Transmission Provider at whatever rate the Commission

ultimately determines to be just and reasonable, and (ii) comply with all other terms and conditions of this Tariff.

ATTACHMENT K

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 ("PUC") and acceptance thereafter by the Commission ("Final Rates"). 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).

Exports from generating facilities that are located immediately adjacent to a tie-line facility where the energy delivered from the generating facility to the tie line is through a single substation, and that meet the criteria of the Oklahoma Exemption under the ERCOT protocols, shall not be subject to transmission service charges for exports of power out of ERCOT region over DC ties.

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 product of the annual access rate for AEP Texas (set forth below) and 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 AEP Texas is \$6.679914/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. The AEP Texas charges for any transaction shall not exceed the product of its annual access rates and the highest amount of kilowatts actually exported.

	<u>AEP Texas</u>
Annual rate per kW	\$6.679914
Monthly on-peak rate per kW	\$1.669979
Monthly off-peak rate per kW	\$0.556660
Weekly on-peak rate per kW	\$0.383274
Weekly off-peak rate per kW	\$0.128460
Daily on-peak rate per kW	\$0.054753
Daily off-peak rate per kW	\$0.018301
Hourly on-peak rate per kW	\$0.002281
Hourly off-peak rate per kW	\$0.000763

C. Income Tax Refund (Rider ITR)

Rider ITR is designed to credit to each transmission customer its proportional share of the total credit amount on a one-time basis the amount of \$31,488,353 to refund amounts collected from the effective date of the reduced tax rate, January 1, 2018, through June 29, 2018, protected excess ADIT from January 2018 through March 2020 and unprotected excess ADIT.

Effective on invoices rendered the month following the effective date of the new rates approved by Final Order of the Commission, each transmission service customer will receive a one-time credit share of the total credit amount based on each customer's proportional kW of share of the 2018 ERCOT 4CP.

Rider ITR: (\$0.453926) per kW.

D. Capital Reconciliation Rider (Rider CRR)

In compliance with the settlement agreement and Final Order of the Commission in AEP Texas' rate case, Docket No. 49494, Rider CRR is designed to credit to each transmission customer its proportional share of \$20 million over one year. This refund represents amounts collected in rates associated with capital that was subject to reconciliation in Docket No. 49494.

Effective on invoices rendered for one year following the effective date of the new rates approved by Final Order of the Commission, each transmission service customer will receive a credit based on each customer's proportional kW of share of the 2018 ERCOT 4CP.

Annual Rider CRR: (\$0.288313) per kW

ATTACHMENT L

Index of ERCOT Regional Transmission Service Customers

A list of ERCOT Regional Transmission Service Customers is available in the FERC Electric Quarterly Report (EQR) maintained and filed by American Electric Power Service Corporation.

Enclosure 3

AEP Texas

Rate Development Worksheets

Development of Interim Transmission Rates**AEP Texas Inc.**

<u>Development of Interim Wholesale Transmission Service Rate:</u>	<u>Annual</u>
Wholesale Transmission Cost-of-Service	\$474,146,097
2019 ERCOT Average 4CP (Docket No. 50333)	<u>70,980,872.4</u> kW
Annual Wholesale Transmission Service Rate	<u>\$6.679914</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	\$1.669979 per kW
Monthly Off-Peak Rate for Exports - 1/12 of annual rate	\$0.556660 per kW
Weekly on-peak rate per kW - (365/12*4=122) 122/7 of annual rate	\$0.383274 per kW
Weekly off-peak rate per kW - 1/52 of annual rate	\$0.128460 per kW
Daily on-peak rate per kW - 1/122 of annual rate	\$0.054753 per kW
Daily off-peak rate per kW - 1/365 of annual rate	\$0.018301 per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.002281 per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000763 per kW

Enclosure 4

PUCT

Notice of Approval

DOCKET NO. 50689

**APPLICATION OF AEP TEXAS INC. § PUBLIC UTILITY COMMISSION
FOR INTERIM UPDATE OF §
WHOLESALE TRANSMISSION RATES § OF TEXAS**

NOTICE OF APPROVAL

This Notice of Approval addresses the application of AEP Texas Inc. for an interim update of wholesale transmission rates. The Commission adjusts AEP Texas' wholesale transmission rate on an interim basis to \$6.679914 per kilowatt (kW).

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. AEP Texas is a wholly-owned subsidiary of American Electric Power and provides transmission service in the Electric Reliability Council of Texas (ERCOT) region.
2. AEP Texas holds certificate of convenience and necessity numbers 30028 and 30170.

Application

3. On March 20, 2020, AEP Texas filed an application for interim update of wholesale transmission rates.
4. AEP Texas requested an interim wholesale transmission rate of \$6.679914 per kW.
5. No party filed a motion to find the application materially deficient.

Eligibility for Interim Update

6. AEP Texas' last interim increase to transmission rates was approved April 24, 2019, in Docket No. 49192.¹
7. This application is AEP Texas' first requested interim increase in 2020.

Interim Transmission Rate

8. The requested interim increase in AEP Texas' wholesale transmission rates is based on the difference between the company's actual January 31, 2020 net transmission plant balances

¹ *Application of AEP Texas Inc. for Interim Update of Wholesale Transmission Rates*, Docket No. 49192, Notice of Approval (Apr. 24, 2019).

and its January 1, 2019 net transmission plant balances established in Docket No. 49494.²

9. The requested interim increase in transmission rates is based on an interim revenue requirement of \$474,146,097. This is an increase of \$91,630,148.
10. The requested interim increase in transmission rates is based on the 2019 average ERCOT four-coincident-peak demand of 70,980,872.4 kW identified in the Final Transmission Charge Matrix filed by Commission Staff in Docket No. 50333.³
11. The requested interim increase in the wholesale transmission rate to \$6.679914 per kW accurately reflects changes to AEP Texas' invested capital and depreciation, federal income tax and other associated taxes, and the commission-allowed rate of return on such facilities, as well as changes in load.

Interim Revenue Request

12. The interim revenue requirement reflects an increase in total transmission rate base of \$806,018,582.
13. The interim revenue requirement reflects an increase in the return on transmission rate base of \$51,988,199. The return is based on AEP Texas' approved rate of return of 6.45% set in Docket No. 49494.⁴
14. The interim revenue requirement reflects an operations and maintenance expense of \$55,202,854; a depreciation and amortization expense of \$113,323,259; taxes other than income taxes of \$54,785,873; federal income taxes of \$34,851,596; a return on rate base of \$221,486,066; and other revenues of \$(5,503,551).

Notice of the Application

15. On March 24, 2020, AEP Texas provided mailed notice of the application to Commission Staff, the Office of Public Utility Counsel, each party in Docket No. 49494,⁵ and every

² *Application of AEP Texas Inc. for Authority to Change Rates*, Docket No. 49494, Final Order (Apr. 6, 2020).

³ *Commission Staff's Application to Set 2020 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 50333, Commission Staff Final Matrix (Mar. 10, 2020).

⁴ *Application of AEP Texas Inc. for Authority to Change Rates*, Docket No. 49494, Final Order (Apr. 6, 2020).

⁵ *Application of AEP Texas Inc. for Authority to Change Rates*, Docket No. 49494.

distribution service provider listed in the matrix established by the Commission in Docket No. 48928⁶ and 50333.⁷

16. On March 26, 2020, AEP Texas filed the affidavit of Grieg Gullickson, Regulatory Consultant for AEP Texas, attesting that AEP Texas provided the notice by first-class mail.

Evidentiary Record

17. On May 4, 2020, AEP Texas and Commission Staff filed a joint proposed notice of approval and motion to admit evidence.
18. In Order No. 2 filed on May 12th, 2020, the administrative law judge admitted the following evidence into the record: (a) AEP Texas' application and all attachments filed on March 20, 2020; (b) AEP Texas' affidavit attesting to the provision of notice filed on March 26, 2020; and (c) Commission Staff's final recommendation and all attachments filed on April 28, 2020.

Informal Disposition

19. More than 15 days have passed since completion of the notice provided in this docket.
20. No person filed a protest or motion to intervene.
21. Commission Staff and AEP Texas are the only parties to this proceeding.
22. No party requested a hearing and no hearing is necessary.
23. Commission Staff recommended that the Commission approve the application, subject to a comprehensive analysis and reconciliation at the next complete review of AEP Texas' transmission cost of service.
24. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

⁶ *Commission Staff's Application to Set 2019 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 48928, Commission Staff Final Matrix (Feb. 14, 2019).

⁷ *Commission Staff's Application to Set 2020 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 50333, Commission Staff Final Matrix (Mar. 10, 2020).

1. AEP Texas is a public utility as defined in PURA⁸ § 11.004 and an electric utility as defined in PURA § 31.002(6).
2. AEP Texas is a transmission service provider as defined in 16 Texas Administrative Code (TAC) § 25.5(140).
3. The Commission has authority over this application under PURA §§ 32.001 and 35.004.
4. The Commission processed the application in accordance with PURA and Commission rules.
5. AEP Texas provided notice of the application in accordance with 16 TAC § 25.192(h)(4)(A).
6. A transmission service provider in the ERCOT region may update its transmission rates to reflect changes in its invested capital under 16 TAC § 25.192(h)(1).
7. Whether the costs of transmission plant additions addressed in this Notice of Approval are reasonable and necessary must be determined at the next complete review of AEP Texas' transmission cost of service under 16 TAC § 25.192(h)(2).
8. AEP Texas' application complies with the requirements of 16 TAC § 25.192(h)(1).
9. This application does not constitute a major rate proceeding as defined in 16 TAC § 22.2(27).
10. The interim rates established in this Notice of Approval are just and reasonable.
11. The interim rates established in this Notice of Approval are not unreasonably preferential, prejudicial, or discriminatory.
12. The interim rates set in this Notice of Approval are sufficient, equitable, and consistent in application to each class of customer.
13. The interim revenue requirement set in this Notice of Approval meets the requirements of PURA § 36.051.
14. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

⁸ Public Utility Regulatory Act. Tex. Util. Code §§ 11.013–66.016.

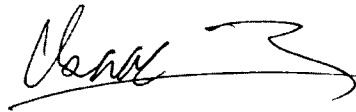
III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission adjusts AEP Texas' wholesale transmission rates on an interim basis to \$6.679914 per kW, effective the date of this Notice of Approval.
2. AEP Texas may begin billing the updated wholesale transmission rate on services rendered on or after the date of this Notice of Approval. The updated transmission rate supersedes any inconsistent rate.
3. The interim rates set in this Notice of Approval must be reconciled in AEP Texas' next transmission cost of service rate case as provided in 16 TAC § 25.192(h)(2).
4. The Commission adjusts AEP Texas' annual revenue requirement on an interim basis to \$474,146,097.
5. This Notice of Approval does not address or determine whether the costs underlying the rates established in this Notice of Approval are reasonable and necessary.
6. Upon Federal Energy Regulatory Commission (FERC) approval, AEP Texas must file a clean copy of Schedule K to the FERC AEP Open Access Transmission Tariff, and attachment K, Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service, with the proper effective date, for Central Records to stamp and mark *Approved* and keep in the Commission's tariff book.
7. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 15th day of May 2020.

PUBLIC UTILITY COMMISSION OF TEXAS



**ISAAC TA
ADMINISTRATIVE LAW JUDGE**