

ATTACHMENT H-14

Annual Transmission Rates – AEP East Operating Companies For Network Integration Transmission Service

1. The annual transmission revenue requirement and the gross rate for Network Integration Transmission Service for the transmission facilities of American Electric Power (“AEP”) under the functional control of PJM will be posted on the PJM website. The rate determined pursuant to Attachment H-14B shall be implemented pursuant to the Formula Rate Implementation Protocols set forth in Attachment H-14A. Service utilizing other facilities will be provided at rates determined on a case-by-case basis.
2. **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP’s share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; and (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer’s bill in that month for service under this schedule.
3. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP’s start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2019. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus

any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2020.

4. Within the AEP Zone, a Network Customer's peak load shall be adjusted to include transmission losses equal to 3.3% of energy received for transmission (3.413% at delivery) as well as any applicable distribution losses as reflected in applicable state tariffs and/or service agreements that contain specific distribution loss factors for said Network Customer. Notwithstanding section 15.7 of the Tariff the transmission loss factor of 3.3% also shall apply to point-to-point transmission service with a point of delivery in the AEP Zone.
5. The rate in section 1 of this Attachment shall be effective until amended by the Transmission Owner(s) within the zone or modified by the Commission.
6. In addition to the rate set forth in section (1) above, the Network Customer purchasing Network Integration transmission Service shall pay for transmission congestion charges, and any other applicable charges, in accordance with the provisions of this Tariff, and any amounts necessary to reimburse the Transmission Owners for any amounts payable to them as sales, excise, "btu," carbon, value-added, or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.
7. **Post Settlement of PJM Inadvertent Energy Allocation:**
PJM arranges for the settlement of inadvertent energy charges and payments and recovers its costs from LSEs throughout the PJM region. The inadvertent energy charge or credit assigned by PJM to the AEP Zone each hour will be allocated to each LSE in the AEP Zone in proportion to the LSE's share of the AEP Zone load in such hour.
8. **Methodology for Allocation of PJM Assessments Related to Differences Between the AEP Zone Average Hourly LMPs and the AEP Zone Residual Load Average Hourly LMPs:** PJM includes on AEP's monthly Transmission Owner statement a credit or charge for Implicit Transmission Congestion in respect of the hourly variance of the average LMP for loads not utilizing specific bus aggregate LMPs (Residual Load), and the LMP averaged over all load in the AEP Zone. This credit or charge represents an over or under collection of load LMPs from LSEs within the AEP Zone that have not elected to use a specific nodal aggregate LMP. Until PJM develops the accounting procedures necessary to avoid creation of an over or under collection of LMP charges from LSEs that do not utilize specific bus aggregate LMPs, AEP will allocate such credits or charges to LSEs in the AEP Zone that have not elected to use a specific bus aggregate LMP, in proportion to their hourly load and the difference each hour between the AEP Zone average LMP and the AEP Zone residual average LMP (the AEP Zone average LMP excluding the load and costs for customers electing specific nodal LMPs).