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COMMISSION

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FEDERAL ENERGY
REGULATORY COMMISSION

February 25, 2009

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

**Monique Rowtham-
Kennedy**
Senior Counsel -
Regulatory Services
(202) 383-3436
(202) 383-3459 (F)

Re: **American Electric Power Service Corporation**
Docket No. ER09-____-000

Dear Secretary Bose:

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

I. Contents of Filing

This filing consists of an original and six copies of this transmittal letter and the following attached and web-linked documents:

1. Revised sheets of the OATT (in blacklined and clean versions) incorporating the requested tariff changes;
2. Enclosure 1, worksheets showing the development of the TCC and TNC rates;
3. The application of TCC for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(g)(1), which may be downloaded from the PUCT web site at:

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

http://interchange.puc.state.tx.us/WebApp/Interchange/application/dbapps/filings/pgSearch_Results.asp?TXT_CNTR_NO=36733&TXT_ITEM_NO=1

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

http://interchange.puc.state.tx.us/WebApp/Interchange/application/dbapps/filings/pgSearch_Results.asp?TXT_CNTR_NO=36733&TXT_ITEM_NO=1

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

<http://interchange.puc.state.tx.us/subrules/electric/25.192>

II. Background

On February 23, 2009, TCC and TNC filed applications with the PUCT to update their transmission revenue requirements to reflect increased capital investments for the period January 1, 2008 through December 31, 2008.

Pursuant to PUCT Substantive Rule 25.192(g)(1) “[e]ach TSP in the ERCOT region may on an annual basis update its transmission rates 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 Commission “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.”³

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

TCC and TNC have the right under Texas law to implement updated ERCOT transmission service rates annually to reflect capital investment costs, subject to a full determination of the reasonableness of such costs by the PUCT at the next complete review of TCC’s and TNC’s transmission cost of service. The PUCT will issue a final order approving TCC’s and TNC’s rate applications only after a review of the costs of transmission plant additions and retirements and associated depreciation and tax calculations, as provided in

² See PUCT Subst. R. 25.192(g)(1).

³ See PUCT Subst. R. 25.192(g)(2).

PUCT Substantive Rule 25.192(g). Such review could include hearings and/or settlement discussions. In addition, PUCT Substantive Rule 25.192(g)(1) provides that the PUCT shall review whether the costs of transmission plant additions are reasonable and necessary at the next complete review of the TSP's transmission cost of service.

III. Proposed Revisions to the OATT

A. Revised Revenue Requirement for Service Under Part IV

AEP has updated the rates to be charged by TCC and TNC for service under Part IV of the OATT. The Commission has regularly allowed TCC and TNC to base their transmission rates for Part IV service on the revenue requirements that the PUCT has found to be reasonable. *See, e.g., Central Power and Light Co., et al.*, 81 FERC ¶ 61,311 (1997). 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 TCC and TNC rate applications at the PUCT. AEP requests the Commission approve the proposed updated rates, subject to true-up and refund as provided in PUCT Substantive Rule 25.192(g)(2), pursuant to the PUCT's final decisions on the applications available at the PUCT website links specified above in I.3 and I.4.

B. Description of Proposed OATT Changes

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

IV. Effective Date and Waiver Request

Under the regional practice principles adopted in *Central Power and Light Co., et al.*, 81 FERC ¶ 61,311 (1997), AEP requests the Commission accept the updated rates to become effective as of March 30, 2009 or such later date that they are approved by the PUCT consistent with PUCT Substantive Rules 25.192(g)(1), et seq., if the rates are not made effective as of March 30, 2009 by the PUCT. The earliest date that the PUCT might allow TCC and TNC to collect revenues under the proposed rates is 35 days from filing which would be March 30, 2009. Because it is possible that the PUCT will permit TCC and TNC to change their rates before the usual 60-day notice period for this filing is met, AEP respectfully requests waiver of the Commission's notice requirement and any other of the Commission's rules and regulations with which this filing may not comply. Good cause exists for granting such waiver, because TCC's and TNC's request is consistent with the requirements of Texas law and Commission precedent supports the determination of TCC's and TNC's revenue requirements based on the outcome of PUCT proceedings.

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. AEP's transmission customers and the public may download a complete copy of this filing from AEP's web site at:

<http://www.AEP.com/go/OAT>

When the AEP web page opens, scroll the text down to locate the TCC and TNC 2009 Interim TCOS postings under the section heading "Tariff Filings".

VI. Correspondence

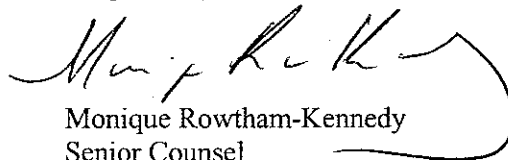
Correspondence relating to this filing should be addressed to:

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Tulsa, OK 74102
Phone: 918-599-2723
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Monique Rowtham-Kennedy
American Electric Power Svc. Corp.
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Phone: 202-383-3436
Fax: 202-383-3459
Email: mrowtham-kennedy@aep.com

Please acknowledge receipt of this filing by marking one of the copies with your time-stamp and FERC Docket number and returning same in the enclosed postage-paid, self-addressed envelope.

Respectfully submitted,



Monique Rowtham-Kennedy
Senior Counsel
American Electric Power Service Corporation

Enclosures

BLACKLINED VERSION OF REVISED SHEETS

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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 Nos. 36732 and 36733, any amounts collected in excess of those resulting from the Final Rates will be refunded, together with interest calculated in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(2)(iii). Until the Final Rates are accepted by the Commission, charges for ERCOT Regional Transmission Service hereunder shall be determined as follows:

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A. For Service To Load Within ERCOT

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

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

The annual access rate for TCC is \$1.931454/kW.
The annual access rate for TNC is \$0.890844/kW.

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In addition to the TCC and TNC annual facilities charges determined above, the ERCOT Regional Transmission Service Customer shall pay TCC and TNC monthly rate case expense surcharges determined by multiplying the monthly rates below 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. Such monthly surcharges shall begin on the effective dates below, and continue for a period of thirty-six (36) months from such dates or until the total amount collected by each monthly surcharge equals the amounts below.

	\$/kW-month	Effective Date	Total Transmission Surcharges	PUCT Docket No.
TCC	\$0.00079	July 7, 2006	\$1,516,934	31433
TCC	\$0.00063	August 1, 2008	\$1,334,402	34301
TNC	\$0.00018	August 1, 2008	\$379,804	34301

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Issued by: J. Craig Baker, Senior Vice President
Regulatory Services
Issued on: February 25, 2009

Effective: March 30, 2009 or the later
date approved by the PUCT

B. For Service To Export Electric Power From ERCOT

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

	<u>TCC</u>	<u>TNC</u>
Annual rate per kW	\$1.931454	\$0.890844
Monthly on-peak rate per kW	\$0.482864	\$0.222711
Monthly off-peak rate per kW	\$0.160955	\$0.074237
Weekly on-peak rate per kW	\$0.110821	\$0.051114
Weekly off-peak rate per kW	\$0.037143	\$0.017132
Daily on-peak rate per kW	\$0.015832	\$0.007302
Daily off-peak rate per kW	\$0.005292	\$0.002441
Hourly on-peak rate per kW	\$0.000660	\$0.000304
Hourly off-peak rate per kW	\$0.000220	\$0.000102

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Issued by: J. Craig Baker, Senior Vice President
 Regulatory Services
 Issued on: February 25, 2009

Effective: March 30, 2009 or the later date approved by the PUCT

CLEAN VERSION OF REVISED SHEETS

ATTACHMENT K

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ERCOT Regional Transmission Service

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The annual access rate for TCC is \$1.931454/kW.

The annual access rate for TNC is \$0.890844/kW.

In addition to the TCC and TNC annual facilities charges determined above, the ERCOT Regional Transmission Service Customer shall pay TCC and TNC monthly rate case expense surcharges determined by multiplying the monthly rates below 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. Such monthly surcharges shall begin on the effective dates below, and continue for a period of thirty-six (36) months from such dates or until the total amount collected by each monthly surcharge equals the amounts below.

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	<u>TCC</u>	<u>TNC</u>
Annual rate per kW	\$1.931454	\$0.890844
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Weekly on-peak rate per kW	\$0.110821	\$0.051114
Weekly off-peak rate per kW	\$0.037143	\$0.017132
Daily on-peak rate per kW	\$0.015832	\$0.007302
Daily off-peak rate per kW	\$0.005292	\$0.002441
Hourly on-peak rate per kW	\$0.000660	\$0.000304
Hourly off-peak rate per kW	\$0.000220	\$0.000102

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ENCLOSURE 1

Texas Central Company

Development of Interim Wholesale Transmission Service Rate:

Wholesale Transmission Cost-of-Service	\$115,538,433
2008 ERCOT Average 4CPs	<u>59,819,399.9</u> kW
Annual Wholesale Transmission Service Rate	<u>\$1.931454</u> per kW

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

Monthly On-Peak Rate for Exports - 1/4 of annual rate	\$0.482864	per kW
Monthly Off-Peak Rate for Exports - 1/12 of annual rate	\$0.160955	per kW
Weekly on-peak rate per kW - (365/12*4=122) 122/7 of annual rate	\$0.110821	per kW
Weekly off-peak rate per kW - 1/52 of annual rate	\$0.037143	per kW
Daily on-peak rate per kW - 1/122 of annual rate	\$0.015832	per kW
Daily off-peak rate per kW - 1/365 of annual rate	\$0.005292	per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.000660	per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000220	per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.000660	per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000221	per kW

Texas North Company

Development of Interim Wholesale Transmission Service Rate:

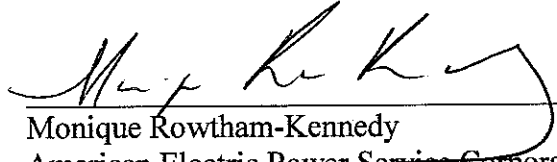
Wholesale Transmission Cost-of-Service	\$53,289,781	
2008 ERCOT Average 4CPs	<u>59,819,399.9</u>	KW
Annual Wholesale Transmission Service Rate	<u>\$0.890844</u>	per kW

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

Monthly On-Peak Rate for Exports - 1/4 of annual rate	\$0.222711	per kW
Monthly Off-Peak Rate for Exports - 1/12 of annual rate	\$0.074237	per kW
Weekly on-peak rate per kW - (365/12*4=122) 122/7 of annual rate	\$0.051114	per kW
Weekly off-peak rate per kW - 1/52 of annual rate	\$0.017132	per kW
Daily on-peak rate per kW - 1/122 of annual rate	\$0.007302	per kW
Daily off-peak rate per kW - 1/365 of annual rate	\$0.002441	per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.000304	per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000102	per kW

CERTIFICATE OF SERVICE

I hereby certify that I have this day arranged for service of the foregoing documents on each party on the official service list compiled by the Secretary in this proceeding.



Monique Rowtham-Kennedy
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Telephone: 202-383-3436
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