

Appalachian Power Company as of 4/9/2018

Electric TCS and MBR

Open Access Transmission Tariff

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Introduction, Introduction, 4.0.0 A

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, 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, 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, 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.

Curtailement:

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.").

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7 Billing and Payment

7.1 Billing Procedure:

Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice rendered for service under Part IV of this Tariff shall be paid by the ERCOT Regional Transmission Service Customer within the time period specified in Chapter 25. All payments shall be made in immediately available funds payable to the Transmission Provider or by wire transfer to a bank named by the

Transmission Provider.

7.2 Interest on Unpaid Balances:

Interest on unpaid amounts for service provided under Part IV, shall be calculated pursuant to Chapter 25. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.

7.3 Customer Default:

Section 39.2 of this Tariff shall govern customer default for service provided under Part IV of this Tariff.

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9 Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting

in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

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10 Force Majeure and Indemnification

10.1 Force Majeure:

An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the

obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification:

The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

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11 Creditworthiness

The Transmission Provider will specify its Creditworthiness Procedures in Attachment N.

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12 Dispute Resolution Procedures

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12.2 RESERVED

12.3 RESERVED

12.4 RESERVED

12.5 Arbitration under Part IV:

Any arbitration initiated with regard to service under Part IV of this Tariff shall be conducted under the arbitration procedures set forth in the ERCOT Protocols.

12.6 Rights Under The Federal Power Act:

Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

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Part II, Part II RESERVED Point to Point Transmission Service, 2.0.0

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II RESERVED

Point-to-Point Transmission Service is no longer provided under this Tariff. Part II and its sections 13 through 27 are reserved.

SPP is the sole provider of transmission services for the AEP West Zone operating companies. As the transmission provider for the AEP West Zone operating companies, SPP offers certain transmission services under the SPP Tariff.

PJM is the Transmission Provider for the AEP East Zone operating companies. As the transmission provider for the AEP East Zone operating companies, PJM offers certain transmission services under the PJM Tariff.

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Part III, Part III RESERVED Network Integration Transmission Service, 2.0.0A

III RESERVED

Network Integration Transmission Service is no longer provided under this Tariff. Part III and its sections 28 through 35 are reserved.

SPP is the sole provider of transmission services for the AEP West Zone operating companies. As the transmission provider for the AEP West Zone operating companies, SPP offers certain transmission services under the SPP Tariff.

PJM is the Transmission Provider for the AEP East Zone operating companies. As the transmission provider for the AEP East Zone operating companies, PJM offers certain transmission services under the PJM Tariff.

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IV ERCOT REGIONAL TRANSMISSION SERVICE

Preamble

AEP Texas will participate in the provision of ERCOT Regional Transmission Service in accordance with ERCOT Protocols and the terms and conditions set forth in this Part IV and a Transmission Customer's Service Agreement. Chapter 25 sets forth the principles by which the responsibility for the costs of owning, operating, maintaining and expanding the ERCOT Transmission Network will be distributed among all electric utility entities operating in ERCOT. In the event of any conflict between this Tariff and Chapter 25 or ERCOT Protocols, or any future modification of the PUCT's Substantive Rules or ERCOT Protocols, the provisions of this

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36 ERCOT Regional Transmission Service

36.1 Purpose:

This Part IV sets forth the terms and conditions that shall govern the participation by AEP Texas in assuring non-discriminatory access to use of the ERCOT Transmission Network required to serve loads in ERCOT and to deliver electric power from ERCOT. Transmission service provided pursuant to this Part IV together with like service provided by other Transmission Providers in accordance with Chapter 25 allows an Eligible Customer operating in ERCOT to receive energy from its resources to serve loads within ERCOT and to deliver electric power from ERCOT.

36.2 Nature of Transmission Service

Scope of Service.

The transmission service offered under this Part IV allows ERCOT Regional Transmission Service Customers to use the ERCOT Transmission Network for the delivery of the output of electric power resources to serve loads within ERCOT and to export electric power from within ERCOT to the boundaries of ERCOT. Under this Part IV, an ERCOT Regional Transmission

Service Customer shall be any Eligible Customer. The ERCOT Regional Transmission Service Customer must make arrangements for service with all other ERCOT Transmission Providers in accordance with Chapter 25. Under this Part IV, an ERCOT Regional Transmission Service Customer shall have the right, as contemplated by Chapter 25, to use the ERCOT Transmission Network on a basis similar to the use made by AEP Texas of the Transmission System. ERCOT Regional Transmission Service Customers taking transmission service under this Part IV must arrange Ancillary Services pursuant to the ERCOT Protocols. AEP will provide QSE and ancillary services only to those ERCOT Regional Transmission Service Customers with whom AEP has an interim QSE Agreement. These customers may obtain comparable ancillary services from the ERCOT IO in its capacity as supplier of last resort.

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37 Availability of Transmission Service

37.1 General Conditions:

In accordance with the provisions of this Tariff, AEP Texas shall make ERCOT Regional Transmission Service available to any Eligible Customer on a non-discriminatory basis.

37.2 Transmission Service Requirements:

As a condition to obtaining ERCOT Regional Transmission Service under this Part IV, an Eligible Customer that owns electric facilities in ERCOT shall execute Interconnection

Agreements with AEP Texas and other ERCOT Transmission Providers to which such customer is physically connected.

37.3 Transmission Provider Responsibilities:

AEP Texas shall plan, construct, operate and maintain the AEP Texas Transmission System in accordance with Good Utility Practice in order to provide ERCOT Regional Transmission Service Customers with ERCOT Regional Transmission Service over the AEP Texas Transmission System in accordance with this Tariff. AEP Texas shall, consistent with Good Utility Practice, endeavor to construct and place into service transmission capacity to ensure adequacy and reliability of the transmission network to deliver power from the ERCOT Regional Transmission Service Customer's resources to serve the ERCOT Regional Transmission Service Customer's load in ERCOT and to deliver the ERCOT Regional Customer's power from ERCOT. AEP Texas shall plan, construct, operate, and maintain facilities that are needed to relieve transmission constraints, as recommended by the ERCOT IO and approved by the PUCT, in order to provide service under this Part IV.

37.4 Construction of New Facilities:

If additional transmission facilities or interconnections between electric utilities are needed to provide transmission service pursuant to a request for such service, the Transmission Provider, to the extent the constraint exists on the AEP Texas Transmission System, shall construct or acquire the facilities necessary to permit the transmission service to be provided, unless the ERCOT IO identifies an alternative means of providing the transmission service that is less costly, operationally sound, and relieves the transmission constraint at least as efficiently

as would the construction of additional transmission facilities.

(1) When an Eligible Customer requests ERCOT Regional Transmission Service for a new generating source that is planned to be interconnected with the AEP Texas Transmission System, the Eligible Customer shall be responsible for the cost of installing step-up transformers to transform the output of the generator to a transmission voltage level and a protective device at the point of interconnection capable of electrically isolating the generating source owned by the transmission service customer. The Transmission Provider shall be responsible for the cost of installing any other interconnection facilities that are designed to operate at a transmission voltage level and any other transmission system upgrades on its transmission system that may be necessary to accommodate the requested transmission service.

(a) The Transmission Provider may require the Eligible Customer to pay a reasonable deposit, or provide another means of security, to cover the costs of planning, licensing, and constructing any new transmission facilities that will be required in order to provide the requested service.

(b) If the new generating source is completed and the ERCOT Regional Transmission Service Customer begins to take the requested transmission service, the Transmission Provider shall return the deposit or security to the ERCOT Regional Transmission Service Customer. If the new generating source is not completed and new transmission facilities are not required, the Transmission Provider may retain as much of the deposit or security as is required to cover the costs it incurred in planning, licensing, and constructing the planned new transmission facilities. Any repayment of a cash deposit shall include interest calculated in the manner

described in 18 C.F.R. § 35.19(a).

(2) Curtailment of service. In an emergency situation, as determined by the ERCOT IO and at its direction, the Transmission Provider may interrupt transmission service on a non-discriminatory basis, if necessary, to preserve the stability of the transmission network and service to customers. Such curtailments shall be carried out in accordance with Part IV of this Tariff, and the ERCOT Protocols.

Appalachian Power Company as of 4/9/2018			
Electric TCS and MBR			
Open Access Transmission Tariff			
Effective Date:	06/20/2017	Status:	Effective
FERC Docket:	ER17-01500-000 696		
FERC Order:	Delegated Letter Order	Order Date:	
	08/23/2017		
38, 38 Initiating Service, 3.0.0 A			

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.

Appalachian Power Company as of 4/9/2018

Electric TCS and MBR

Open Access Transmission Tariff

Effective Date: 08/01/2014

Status:

Effective

FERC Docket: ER14-02087-000 329

FERC Order: Delegated Letter Order

Order Date:

07/30/2014

39, 39 Rates and Charges, 2.0.0 A

39 Rates and Charges

An ERCOT Regional Transmission Service Customer taking ERCOT Regional Transmission Service under this Tariff shall pay the Transmission Provider for any Direct Assignment Facilities,

applicable study costs, and local distribution facilities charges consistent with Commission policy, along with the following charges:

39.1 Demand Charge for ERCOT Regional Transmission Service:

An ERCOT Regional Transmission Service Customer taking ERCOT Regional Transmission Service under Part IV of this Tariff shall pay the Transmission Provider a monthly demand charge. The monthly demand charge under this Tariff for ERCOT Regional Transmission Service shall be the charges set forth in Attachment K.

39.2 Commercial Terms for Transmission Service:

Billing and Payment: Within a reasonable time after the first day of each month, the Transmission Provider shall issue invoices for the prior month's transmission service to the ERCOT Regional Transmission Service Customers.

(1) An invoice for transmission service shall be paid so that the Transmission Provider will receive the funds by the 35th calendar day after the date of issuance of the invoice, unless the Transmission Provider and the ERCOT Regional Transmission Service Customer agree on another mutually acceptable deadline. All payments shall be made in immediately available funds payable to the Transmission Provider or by wire transfer to a bank named by the service provider or by other mutually acceptable terms.

(2) Interest on any delinquent amounts shall be calculated from the due date of the bill to the date of payment and compounded monthly using the interest rate set by the Commission in accordance with 18 CFR §35.19(a). When payments are made by mail, bills

shall be considered as having been paid on the date of receipt by the Transmission Provider.

(3) In the event the ERCOT Regional Transmission Service Customer fails, for any reason other than a billing dispute as described in subparagraph (A) of this paragraph, to make payment to the Transmission Provider on or before the due date, and such failure of payment is not corrected within 30 calendar days after the Transmission Provider notifies the ERCOT Regional Transmission Service Customer to cure such failure, the customer shall be deemed to be in default.

(A) Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service. If the Commission finds that a default has occurred the ERCOT Regional Transmission Service Customer shall pay to the Transmission Provider an amount equal to two times the amount of the payment that the customer fails to pay in addition to any other remedy ordered by the commission. In the event of a billing dispute between the Transmission Provider and the ERCOT Regional Transmission Service Customer, the Transmission Provider will continue to provide service during the pendency of the proceeding, as long as the ERCOT Regional Transmission Service Customer:

- (i) continues to make all payments not in dispute;
- (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute.

(B) If the ERCOT Regional Transmission Service Customer fails to meet the requirements in subparagraph (A) of this paragraph, then the Transmission Provider will

provide notice to the ERCOT Regional Transmission Service Customer and to the Commission of its intention to terminate service.

(C) Any dispute arising in connection with the termination or proposed termination of service shall be referred to the alternative dispute resolution process described in Chapter 25.

Appalachian Power Company as of 4/9/2018			
Electric TCS and MBR			
Open Access Transmission Tariff			
Effective Date:	06/20/2017	Status:	Effective
FERC Docket:	ER17-01500-000 696		
FERC Order:	Delegated Letter Order	Order Date:	
	08/23/2017		
40, 40 System Reliability, 3.0.0 A			

40 System Reliability

(a) Notwithstanding any other provision of Part IV of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a non-discriminatory basis, to interrupt ERCOT Regional Transmission Service provided under this Part IV without liability on the part of the Transmission Provider for the purpose of making necessary adjustments to, changes in, or repairs to its lines, substations and other facilities, or where the continuance of ERCOT Regional Transmission Service would endanger persons or property.

(b) In the event of any adverse condition or disturbance on the AEP Texas Transmission System or on any other system directly or indirectly interconnected with the AEP Texas Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may interrupt ERCOT Regional Transmission Service provided under this Part IV on a

non-discriminatory basis in order to limit the extent or damage of such adverse condition or disturbance, prevent damage to generating or transmission facilities, or expedite restoration of service.

(c) The Transmission Provider will give the ERCOT IO and affected ERCOT Regional Transmission Service Customers as much advance notice as is practicable in the event of any such interruption.

Appalachian Power Company as of 4/9/2018
Electric TCS and MBR
Open Access Transmission Tariff
Effective Date: 06/20/2017 Status: Effective
FERC Docket: ER17-01500-000 696
FERC Order: Delegated Letter Order Order Date:
08/23/2017
41, 41 ERCOT Ancillary Services, 3.0.0 A

41 ERCOT Ancillary Services

The Transmission Provider shall not provide ERCOT Ancillary Services under this Tariff. ERCOT Regional Transmission Service Customers shall obtain all ERCOT Ancillary Services pursuant to the procedures set forth in the ERCOT Protocols. AEP will provide QSE and ancillary services only to those ERCOT Regional Transmission Service Customers with whom AEP has an interim QSE Agreement. ERCOT Regional Transmission Service Customers may obtain comparable ancillary services from the ERCOT IO in its capacity as the supplier of last resort.

Appalachian Power Company as of 4/9/2018
Electric TCS and MBR
Open Access Transmission Tariff
Effective Date: 08/01/2014 Status: Effective
FERC Docket: ER14-02087-000 329
FERC Order: Delegated Letter Order Order Date:
07/30/2014
Attachments RESERVED, Attachments RESERVED, 0.0.0 A

RESERVED ATTACHMENTS

The following Attachments have existed in earlier versions of this Tariff and are no longer applicable.

ATTACHMENT A

ATTACHMENT B

ATTACHMENT C

ATTACHMENT D

ATTACHMENT E-1

ATTACHMENT E-2

ATTACHMENT F

ATTACHMENT G

ATTACHMENT H

ATTACHMENT I

ATTACHMENT M

ATTACHMENT O

ATTACHMENT P

ATTACHMENT Q

ATTACHMENT R

ATTACHMENT S

Appalachian Power Company as of 4/9/2018

Electric TCS and MBR

Open Access Transmission Tariff

Effective Date: 06/20/2017

Status:

Effective

FERC Docket: ER17-01500-000 696

FERC Order: Delegated Letter Order

Order Date:

08/23/2017

Attachment J, J Form of Service Agreement for ERCOT Regional Transmission, 3.0.0 A

ATTACHMENT J Form of Service Agreement for ERCOT Regional Transmission Service

This Service Agreement ("Agreement") is entered into this _____ day of _____, _____, by and between _____ ("ERCOT Regional Transmission Service Customer") and American Electric Power Service Corporation, the Designated Agent for AEP Texas Inc. (collectively "Transmission Provider"). ERCOT Regional Transmission Service Customer and Transmission Provider are referred to herein as Parties.

WHEREAS, Transmission Provider has determined that ERCOT Regional Transmission Service Customer has made a valid request for ERCOT Regional Transmission Service in accordance with Transmission Provider's Open Access Tariff ("Tariff") filed with the Federal Energy Regulatory Commission ("Commission");

WHEREAS, ERCOT Regional Transmission Service Customer has represented that it is an Eligible Customer eligible for service under this Tariff; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

Article 1.0 ERCOT Regional Transmission Service

1.1 Transmission Provider agrees during the term of this Agreement, as it may be amended from time to time, to provide ERCOT Regional Transmission Service in accordance with this Tariff to allow the ERCOT Regional Transmission Service Customer to use the AEP Texas Transmission System for the delivery of the output of resources

located inside and outside of ERCOT to serve loads inside or outside of ERCOT.

1.2 The terms and conditions of such ERCOT Regional Transmission Service shall be governed by the Tariff, as in effect at the time this Agreement is executed by ERCOT Regional Transmission Service Customer, or as the Tariff is thereafter amended. The Tariff as it currently exists, or as it is hereafter amended, is incorporated in this Agreement by reference. In the case of any conflict between this Agreement and the Tariff, the Tariff shall control.

1.3 The load served by the ERCOT Regional Transmission Service Customer is located in (check one):

The ERCOT Control Area.

The Control Area operated by _____.

Variable (ERCOT Regional Transmission Service Customer is a power marketer).

1.4 Transmission Service shall not begin until the ERCOT Regional Transmission Service Customer has entered into all necessary Interconnection Agreements with the Transmission Providers as required by the Tariff.

1.5 New interconnection points shall be established pursuant to this Tariff and set forth in a separate interconnection agreement to be negotiated by the Parties. Any charges for incremental facilities associated with such new interconnection points will be set forth in an amendment to this Agreement.

Article 2.0 Technical and Engineering Arrangements

2.1 The technical and engineering arrangements required for service pursuant to this Tariff shall be specified in Interconnection Agreement(s) between the Parties.

Article 3.0 Rates and Charges

3.1 ERCOT Regional Transmission Service Customer shall pay Transmission Provider monthly the rates and charges applicable to ERCOT Regional Transmission Service Customer receiving ERCOT Regional Transmission Service from Transmission Provider, as specified and determined pursuant to the Tariff and this Agreement.

3.2 The demand charge, if applicable, shall be determined pursuant to Section 39 of the Tariff.

3.3 Any congestion management charges, if applicable, shall be determined pursuant to the ERCOT Protocols

3.4 The charge for losses, if applicable, shall be determined in accordance with the ERCOT Protocols.

3.5 Direct Assignment Facilities charges shall be as follows:

3.6 Local distribution facilities charges shall be as follows:

3.7. The ERCOT Regional Transmission Service Customer also agrees that there shall be added to any amount calculated pursuant to the Tariff an amount in dollars sufficient to reimburse the Transmission Provider for any amounts paid or payable by the

Transmission Provider as sales, excise or similar taxes (other than taxes based upon or measured by net income) in respect of the total amount payable to the Transmission Provider pursuant to the Tariff, in order to allow the Transmission Provider, after provision for such taxes, to realize the net amount payable to them under the Tariff.

Article 4.0 Effective Date and Term of Agreement

4.1 This Agreement shall become effective and shall become a binding obligation of the Parties on the date on which the last of the following events shall have occurred (effective date):

(a) Transmission Provider and ERCOT Regional Transmission Service Customer shall have caused this Agreement and the necessary Interconnection Agreements to be executed by their respective duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof, or the ERCOT Regional Transmission Service Customer shall have requested the Transmission Provider to file with the Commission an unexecuted Service Agreement and Interconnection Agreement; and

(b) This Agreement and any such Interconnection Agreement, either executed or unexecuted, shall have been accepted for filing and made effective by order of the Commission under the Federal Power Act, in which case the effective date of this Agreement and the Interconnection Agreement shall be as specified in the Commission's order. However, if the Commission or any reviewing court, in such order or in any separate order, suspends this Agreement

or any part thereof or the Interconnection Agreement or any part thereof, institutes an investigation or proceeding under the provisions of the Federal Power Act with respect to the justness and reasonableness of the provisions of this Agreement or any other agreement referred to or contemplated by this Agreement, or imposes any conditions, limitations or qualifications under any of the provisions of the Federal Power Act which individually or in the aggregate are determined by Transmission Provider or the ERCOT Regional Transmission Service Customer to be adverse to it, then Transmission Provider and ERCOT Regional Transmission Service Customer shall promptly renegotiate the terms of this Agreement and the Interconnection Agreement in light of such Commission or court action.

Each Party will use its best efforts to take or cause to be taken all action requisite to the end that this Agreement and the Interconnection Agreement shall become effective as provided herein at the earliest practicable date.

4.2 Transmission Provider shall file this Agreement with the Commission. The Parties agree to request that the Commission establish an effective date of _____.

4.3 This Agreement shall terminate on _____.

Article 5.0 Notice

5.1 Any notice given pursuant to this Agreement shall be in writing delivered by mail postage prepaid, prepaid overnight courier or facsimile transmission to the following:

If to Transmission Provider:

American Electric Power Service Corporation

Attn: Director, System Interconnections

212 East Sixth St.

Tulsa, OK 74119

If to ERCOT Regional Transmission Service Customer:

Attn: _____

U.S. Mail: _____

Overnight: _____

(____) ____ - ____ (phone)

(____) ____ - ____ (fax)

5.2 The above names, address and facsimile numbers for Transmission Provider or ERCOT Regional Transmission Service Customer may be changed at any time by written notice to the other Party.

Article 6.0 Use of Direct Assignment Facilities

6.1 ERCOT Regional Transmission Service Customer shall have use of Direct Assignment Facilities pursuant to this Tariff and as listed under Exhibit A-1 to this Agreement.

Article 7.0 Use of Local Distribution Facilities

7.1 ERCOT Regional Transmission Service Customer shall have use of Transmission Provider's local distribution facilities pursuant to this Tariff and as listed under Exhibit A-3 to this Agreement. The charge for the use made of such facilities will be \$_____.

IN WITNESS WHEREOF, each of the Parties has caused this ERCOT Regional Transmission Service Agreement to be duly executed by the authorized person in the places provided below.

ERCOT Regional Transmission Service Customer

By: _____

Name: _____

Title: _____

Date: _____

Transmission Provider

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A-1

DATED _____

Direct Assignment Facilities

EXHIBIT A-2

DATED _____

Local Distribution Facilities

Appalachian Power Company as of 4/9/2018

Electric TCS and MBR

Open Access Transmission Tariff

Effective Date: 11/15/2017

Status:

Effective

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FERC Order: Delegated Letter Order

Order Date:

12/18/2017

Attachment K, K Annual Trans Revenue Requirement for ERCOT Regional Trans, 26.0.0

A

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”). Upon issuance of a final decision by the PUC in Docket No. 47659, any amounts collected in excess of those resulting from the Final Rates will be refunded, together with interest calculated in accordance with the Commission’s regulations at 18 C.F.R. § 35.19a(2)(iii). Until the Final Rates are accepted by the Commission, charges for ERCOT Regional Transmission Service hereunder shall be determined as follows:

A. For Service to Load Within ERCOT

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

The annual facilities charges are the sum of: (1) the product of the annual access rate for AEP Texas Central 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 PUC 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 \$3.649054/kW.

The annual access rate for AEP Texas North Division is \$1.432588/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 the highest amount of kilowatts actually exported.

	<u>AEP Texas Central</u> <u>Division</u>	<u>AEP Texas North</u> <u>Division</u>
Annual rate per kW	\$3.649054	\$1.432588
Monthly on-peak rate per kW	\$0.912264	\$0.358147
Monthly off-peak rate per kW	\$0.304088	\$0.119382
Weekly on-peak rate per kW	\$0.209372	\$0.082198
Weekly off-peak rate per kW	\$0.070174	\$0.027550

Daily on-peak rate per kW	\$0.029910	\$0.011743
Daily off-peak rate per kW	\$0.009997	\$0.003925
Hourly on-peak rate per kW	\$0.001246	\$0.000489
Hourly off-peak rate per kW	\$0.000417	\$0.000164

Appalachian Power Company as of 4/9/2018
Electric TCS and MBR

Open Access Transmission Tariff

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FERC Order: Delegated Letter Order

Order Date:

08/23/2017

Attachment L, L Index of ERCOT Regional Transmission Service Customers, 14.0.0 A

ATTACHMENT L

Index of ERCOT Regional Transmission Service Customers

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
KerrvillePublic 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
Dynergy 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.

Appalachian Power Company as of 4/9/2018
Electric TCS and MBR
Open Access Transmission Tariff
Effective Date: 08/01/2014
FERC Docket: ER14-02087-000 329
FERC Order: Delegated Letter Order
07/30/2014
Attachment N, N Creditworthiness Procedures, 2.0.0 A

Status: Effective

Order Date:

ATTACHMENT N Creditworthiness Procedures

I. For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures, which may include but shall not be limited to, verification that the Transmission Customer is not operating under any state or federal bankruptcy laws, is not subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts, and no significant collection lawsuits or judgments are outstanding that would seriously affect the Transmission Customer's ability, in the Transmission Provider's determination, to remain solvent. As part of this process, the Transmission Customer may be required to furnish the Transmission Provider with the Transmission Customer's financial reports and/or its reports to shareholders. Creditworthiness requirements for retail electric providers in ERCOT will be governed by Chapter 25 under certification for retail electric providers. Specifically, the Transmission Customer will be considered creditworthy upon satisfying one of the following conditions:

(a) At the time it enters into a transaction and throughout the term thereof, the Transmission Customer provides the Transmission Provider evidence that its long-term unsecured debt securities are rated BBB or better by Standard & Poor's Corporation, or Baa2 or

better by Moody's Investor Service, or that its common stock is rated B+ or better by Standard and Poor's Corporation, it being the Transmission Customer's obligation to notify the Transmission Provider of any adverse changes in such ratings.

(b) The Transmission Customer either prepays for service or provides an unconditional letter of credit for an amount equal to or greater than the total charges for the term of the transaction. Any letter of credit provided to the Transmission Provider must be issued by a commercial bank or financial institution located in the United States or Canada whose long-term unsecured debt securities are rated A or better by Standard & Poor's Corporation or A2 or better by Moody's Investor Service, Inc., or comparable rating by another rating service acceptable to the Transmission Provider in its sole discretion.

(c) The Transmission Customer has, in the Transmission Provider's sole discretion, a satisfactory long-term payment history with any of the AEP Operating Companies.

(d) The Transmission Provider receives a written guarantee from the Transmission Customer's parent company (if applicable) that the parent will be responsible unconditionally for all financial obligations associated with the transaction, and the Transmission Customer's parent company qualifies as creditworthy pursuant to one or more of the provisions of this section.

(e) The Transmission Customer is a borrower from the Rural Utilities Service ("RUS") and has a Times Interest Earned Ratio ("TIER") of 1.05 or better and a Debt Service Coverage Ratio ("DSC") of 1.00 or better in the most recent calendar year, or an average TIER of 1.05 or better and average DSC of 1.00 or better achieved in the two best years out of the three most

recent calendar years. This paragraph (e) shall apply to borrowers from the RUS that take service under Part IV.

II. Procedures for Notification of Changes in Collateral Requirements - In the event the Transmission Provider determines that there has been a change in the transmission customer's creditworthiness, the Transmission Provider will provide such customer thirty (30) days notice to provide any additional requirement, collateral, or security.

III. Upon request, the Transmission Customer will be provided a written explanation for any change in credit levels or collateral requirements. The Transmission Customer may contest determinations of credit levels or collateral requirements or post additional collateral, including any non-creditworthy determination, provided that such contest is provided in writing to the Transmission Provider within five (5) business days of such credit level or collateral requirement determination.

Appalachian Power Company as of 4/9/2018

Electric TCS and MBR

Open Access Transmission Tariff

Effective Date: 08/01/2014

Status:

Effective

FERC Docket: ER14-02087-000 329

FERC Order: Delegated Letter Order

Order Date:

07/30/2014

Attachment T, T Interconnection and Local Delivery Service Agreement, 3.0.0

A

ATTACHMENT T Interconnection and Local Delivery Service Agreement

This Agreement is entered into this _____ day of _____ 20___, by and between _____ (“_____” or “Customer”), and American Electric Power Service Corporation, as Designated Agent for the AEP Operating Companies¹ (“AEP”), being sometimes

herein referred to collectively as the “Parties” or singularly as a “Party”. In consideration of the mutual covenants and agreements herein, it is agreed as follows:

[Note 1: Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company, all of which are now doing business as AEP]

WITNESSETH:

WHEREAS, the AEP companies are wholly owned subsidiaries of American Electric Power Company, Inc., owning and operating, inter alia, electric facilities for, and engaged in, the generation, transmission, distribution and sale of electric power and energy;

WHEREAS, _____ is a _____ corporation, _____
_____ ; and

WHEREAS, PJM Interconnection, L.L.C. (“PJM”), is a Regional Transmission Organization (“RTO”), offering transmission service to eligible customers, and having functional control over the AEP East Zone transmission network upon integration of AEP’s East Zone into PJM (“Transmission Provider”); and

WHEREAS, the Parties wish to establish the terms and conditions of the local delivery services, as defined under this Interconnection and Local Delivery Service Agreement (“ILDSA”), that AEP will provide to Customer in coordination with, but separate from, the transmission service that

will be provided by the PJM RTO;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants set forth herein, the Parties agree as follows:

Article 1 Applicable Tariffs

1.1 Applicability of Tariffs:

During the term of this Agreement, as it may be amended from time to time, AEP agrees to provide Interconnection and Local Delivery Services for the Customer, and the Customer agrees to pay for such services the charges identified in Attachment 1 hereto and such other charges as shall be applicable hereunder, in accordance with this Agreement. In addition, the applicable provisions of the Open Access Transmission Tariff of the AEP System ("AEP Tariff"), and, as to certain provisions referenced herein, the Open Access Transmission Tariff of the PJM RTO ("PJM Tariff"), as each tariff shall at any time during the term of this Agreement be on-file and accepted by the Federal Energy Regulatory Commission ("Commission"), including any applicable Schedules and Attachments appended to such tariffs. Interconnection and Local Delivery Services means services described herein which are subject to the jurisdiction of the Commission but not provided by the PJM RTO under the PJM Tariff. AEP shall not provide any services or make any charges hereunder that are provided or charged by the PJM RTO under the PJM Tariff.

1.2 Governance over Conflicts:

The terms and conditions of such Interconnection and Local Delivery Services shall be governed by this Agreement and the AEP Tariff, as it exists at the time of this Agreement, or as hereafter amended. The AEP Tariff, as it currently exists or as hereafter amended, is incorporated in this Agreement by reference. In the case of any conflict between this Agreement and the AEP Tariff or PJM Tariff, the AEP Tariff or PJM Tariff shall control, except that the PJM Tariff shall control if the AEP Tariff and the PJM Tariff are in conflict.

Article 2 Delivery Points

2.1 Existing Delivery Points:

Unless the Parties shall subsequently otherwise agree, the existing facilities connecting the Customer's members power delivery facilities to the AEP power delivery facilities ("Delivery Points") listed in Attachment 1, and illustrated in corresponding one line diagram(s) contained in Attachment 2, shall be continued in service. The Customer and AEP shall endeavor to operate their respective facilities in continuous synchronism through such Delivery Points as shall from time to time be established by mutual agreement between the Parties. AEP and the Customer acting through its members, if applicable, to the extent practicable, shall each maintain the facilities on their respective sides of such points, and future points of delivery as may be established from time to time in accordance with Good Utility Practice, in order that said facilities will operate in a reliable and satisfactory manner, and without material reduction in their intended capacity or purpose.

If the function of any such facility is impaired or the capacity of any point of delivery is reduced or such synchronous operation at any point of delivery becomes interrupted, either manually or automatically, as a result of force majeure or maintenance coordinated by the Parties, AEP and the Customer acting through its members, if applicable, shall cooperate to remove the cause of such impairment, interruption or reduction, so as to restore normal operating conditions expeditiously, it being understood that this or any other provision of this Agreement, notwithstanding, AEP shall retain the sole responsibility and authority for operating decisions as they relate to the integrity and security of the AEP system.

2.1.1 Interruption or Reduction of Service at the Delivery Points

The continuity of service at any Delivery Point provided under this Agreement may be interrupted or reduced, (a) by operation of automatic equipment installed for power system protection, (b) after consultation with the affected party, at any time that a party deems it desirable for installation, maintenance, inspection, repairs, or replacement of equipment, (c) at any time that in the judgment of the interrupting party such action is necessary to protect personnel or the public, preserve the integrity of, or to prevent or limit any instability on, or to avoid a burden on, their respective system or prevent damage to equipment.

2.2 Changes in Delivery Points and Local Delivery Facilities

When it becomes necessary or desirable to make changes in the Delivery Point facilities, to upgrade, retire, replace or establish a new Delivery Point, including metering or other facilities at such location, the provisions of this Section shall apply.

2.2.1 Study Requests for Changes in Delivery Facilities

The Customer shall make requests for changes in local delivery facilities, including facility upgrades, retirements and replacements, or the establishment of any new Delivery Point, in writing to AEP, delivered by post or electronic mail (email) to Director, Transmission and Interconnection Services, and Manager, East Area Transmission Planning. AEP shall likewise respond to such requests in writing, by post or email. A request for a new Delivery Point or modification of an existing Delivery Point should include, at a minimum, the following information:

- a) Nature of the change such as: modifications to an existing Delivery Point, new Delivery Point, increased capacity, and retirement, etc.;
- b) Location of the Delivery Point;
- c) Voltage class of the Delivery Point;
- d) Specific AEP transmission facility that the Delivery Point is to be connected to;
- e) Non-binding good faith estimate of load to be served by the Delivery Point for the first 5 years;
- f) Specific modifications to an existing Delivery Point, if applicable; and
- g) Desired in-service date.

2.2.2 System Impact Study (SIS)

Unless otherwise mutually agreed, AEP shall respond within five (5) business days of receipt of such a request and provide a System Impact Study (“SIS”) Agreement and a list of any additional information that AEP would require from the Customer to proceed with such study. The study agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit equal to the estimated study cost or \$25,000, whichever is less. The Customer shall execute and deliver executed SIS Agreement within thirty (30) calendar days following its receipt and required deposit. Upon receipt of the executed study agreement, study data and the required deposit, AEP shall carry out the SIS. In the SIS, AEP shall assess the feasibility of modifying an existing Delivery Point or establishing the new Delivery Point using power flow and short circuit analyses and any other analyses that may be appropriate.

If the Customer fails to return an executed SIS Agreement within thirty (30) calendar days of receipt or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

AEP shall issue a report to the Customer within sixty (60) calendar days of the receipt of an executed SIS Agreement, or at a later date as the Parties may mutually agree. If AEP is unable to complete such study in the allotted time, AEP shall provide an explanation to the Customer regarding the cause(s) of such delay and a revised completion date and study cost estimate.

Upon completion of the SIS, the Customer shall reimburse AEP for the unpaid cost of the SIS if the cost of the study exceeds the deposit. AEP shall refund the Customer, with interest, any portion of the deposit that exceeds the cost of the SIS. Or, at the written request of the Customer, AEP shall apply the remaining balance to the Facilities Study. The interest rate will be computed in accordance with 18 C.F.R. § 35.19a(a)(2).

2.2.3 Facilities Study (FS)

Following the completion of the SIS, AEP shall provide to the Customer a Facilities Study ("FS") Agreement. The Facilities Study Agreement shall provide that the Customer shall compensate AEP for the actual cost of the Facilities Study. The Customer shall execute the Facilities Study Agreement and deliver the executed Facilities Study Agreement to AEP within thirty (30) calendar days following its receipt, together with the required technical data and deposit in an amount equal to the estimated cost of the FS or \$25,000, whichever is less. The FS shall determine the details and estimated cost of facilities necessary for establishing the requested Delivery Point and any system additions/upgrades needed to address any problems identified in the SIS. AEP shall complete the study and issue a Facilities Study report to the Customer within ninety (90) calendar days after receipt of an executed Facilities Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

If the Customer fails to return an executed FS Agreement within thirty (30) calendar days of receipt or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by

written notice of such withdrawal to AEP.

The results of the Facilities Studies shall be valid for a period of one year. If the Customer delays for more than one year the continuation of the process for establishment of a new Delivery Point, the customer's request shall be deemed withdrawn and a new request and potentially new SIS and FS shall be required.

2.2.4 Expedited System Study

If AEP determines that minimum efforts are needed to carry out the requested Delivery Point modifications/ additions, AEP shall, upon request by the Customer, offer a single agreement covering the System Impact Study and Facilities Study, the "System Study Agreement." The Study Agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit equal to the estimated study cost or \$25,000, whichever is less.

If the Customer fails to return an executed System Study Agreement within thirty (30) calendar days of receipt along with the required deposit, or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP. AEP shall complete the study and issue an Expedited System Study report to the Customer within sixty (60) calendar days after receipt of an executed Expedited Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

2.2.5 Modifications to Study Request

During the course of a System Impact Study, Facilities Study, or System Study, either the Customer or AEP may identify desirable changes in the planned facilities that may improve the costs and/or benefits (including reliability) of the planned facilities. To the extent the revised plan, and study schedule, are acceptable to both AEP and the Customer, such acceptance not to be unreasonably withheld; AEP shall proceed with any necessary restudy. Any additional studies resulting from such modification shall be done at the Customer's cost.

2.3 Engineering, Design and Construction of New Facilities

If pursuant to a request by the Customer, AEP agrees to provide engineering, design and construction of facilities described in the final study report, a facilities agreement ("Facilities Agreement") shall be signed by the Customer and AEP specifying the terms and conditions. Each such Facilities Agreement will be incorporated in this agreement, initially as an attachment hereto, and after project completion through inclusion in Attachment 1 and Attachment 2. Following the signing of the Facilities Agreement, the receipt of any outstanding technical information, deposit or instrument or showing that Customer meets the financial creditworthiness requirements of the AEP Tariff, Section 11 ("Creditworthiness"), AEP will proceed with the engineering, design and procurement activities to construct, reconfigure, upgrade, replace or retire such local delivery or other facilities. All Facilities Agreements for Delivery Points existing as of the date of this Agreement and described in Attachment 1 shall remain in full force and effect in accordance with their terms.

2.4 Cost Recovery Protection

Pursuant to this Agreement, AEP and Customer will cooperate regarding the planning, provision and utilization of transmission and local delivery facilities needed to reliably deliver power and energy to Customer's loads connected to AEP's facilities. As such, AEP may be required to construct or otherwise expand transmission and local delivery facilities, predicated upon Customer's planned use of such facilities, including the Customer's planned use of external and internal generating capacity. If the Customer alters its use of the transmission and/or local delivery service facilities, through the transfer of load to the system of another service provider, AEP shall be entitled to compensation for "Stranded Costs" to the extent such load transfer causes AEP's revenues to be reduced. Any such claim for Stranded Costs by AEP shall be net of the present value of any incremental transmission revenue that AEP will receive by providing transmission or local delivery service to other customers using the transmission or local delivery capacity freed up by the Customer's load change. To the extent practicable, AEP will make efforts to find customers to take the available transmission service to minimize the stranded cost recovery on a case-by-case basis. AEP will make a Section 205 filing under part 35 of Commission's regulations to seek Commission's authorization for any Stranded Cost recovery, identifying the facilities and voltages and recovery support for the cost and duration of the recovery period.

2.5 In-Line Facilities

AEP shall have the sole right to operate, maintain, and at its option, to own any facilities

that are required to be installed in-line with AEP's facilities and that may affect the continuity and reliability of AEP facilities that provide or protect service to other customers.

2.6 Connection Guide

The requirements for connection of non-generating facilities to the AEP transmission system are contained in the AEP document "Requirements for Connection of Non-Generation Facilities to the AEP East Transmission System", referred to herein as the "Connection Guide". A copy of this document can be obtained from AEP Transmission Planning.

Article 3 Local Delivery Services

3.1 Measurement of Load At Each Delivery Point

The Customer's load, kW, kWh and kVAr at each Delivery Point shall be measured at least on an hourly integrated basis, by suitable revenue grade metering equipment. The measurements taken and required metering equipment shall be as needed for all settlement purposes under this Agreement, the AEP Tariff and the PJM Tariff and in accordance with the AEP standards and practices as contained in the Connection Guide. At points where power may flow to and from the Customer, separate measurements shall be obtained for each direction of flow. Any necessary metered data shall be made available with such frequency and at such times as may be required by AEP or PJM in suitable electronic format. If AEP, _____, or PJM requires real-time load or facility status information from any Delivery Point, the other Party shall cooperate, to the extent necessary, in order that such monitoring and

telecommunications equipment, as shall be needed for such purpose may be installed and maintained during normal business hours common to AEP and _____. AEP shall provide to _____, on a monthly basis by the fifth business day after the end of the prior month, the hourly kW, kWh and kVAr load data. Such data, along with the master MV90 file format and 15-minute interval data for kWh and kVAhr for each Delivery Point, shall be supplied in MV90 translatable format and by e-mail. _____ shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.

Customer will be permitted to remotely interrogate any delivery point meter for the purpose of obtaining load data and, if available, power quality data through read-only access via the AEP delivery point meter modem and telephone circuit or real time Supervisory Control and Data Acquisition ("SCADA") system equipment. At the request of Customer, AEP will cooperate on the installation of "smart" technology metering in place of the standard metering equipment at a delivery point, provided; however, that AEP shall not be obligated to install, operate or maintain any meter or related equipment that is not approved for use on the AEP System. AEP will also cooperate with Customer on the installation of any additional telephone circuit(s) and/or satellite communications devices with associated data circuits or other mode(s) of communications and allow for the connection of such meter communications circuit(s) to the Customer's real time SCADA system equipment, provided that such equipment connections and communications can be accomplished in a manner that does not interfere with the operation of AEP equipment or fulfillment of any statutory or contractual obligation. If the potential for such interference exists, AEP will work with the Customer, through reasonable measures, to resolve such metering and/or communications issues. As with standard

metering, Customer will bear all costs associated with smart technology metering, additional communication, and/or SCADA equipment it requests.

3.2 Compensation for Local Delivery Services

The Customer shall, to the extent consistent with Federal Energy Regulatory Commission policy, reimburse AEP its costs associated with new and existing facilities, not otherwise recovered through the transmission charges under the PJM Tariff, either through monthly charges agreed to by the Parties which charges shall be specified in Attachment 1 or, at AEP's option, pursuant to the Formula Rate for Facility Construction, Operation and Maintenance contained in Attachment 4 to this Agreement. The Parties shall mutually agree upon the provision and cost of providing such distribution facilities as may be necessary to maintain reliable service to the Delivery Points.

3.3 Local Reactive Power Services

Load power factor charges will be assessed to the Customer pursuant to the following Delivery Point power factor clause based on the hourly kW and kVAr demand metered at the Delivery Points as follows:

The maximum hourly reactive power (kVAr) demand, both leading and lagging will be measured each month at each Delivery Point. When multiple Delivery Points are operated as closed loops, the real and reactive power measurements will be combined for the purpose of this provision. Customer will incur no charges for power factor if the maximum leading and

lagging kVAr demand at each Delivery Point is managed, so as not to exceed 20% of the real power (kW) demand in the same hourly intervals. Charges will be assessed for leading and/or lagging kVAr demand at each Delivery Point if the maximum hourly value of such demand exceeds 20% of the kW demand in the same interval. The charges will be \$0.30/kVAr for all leading and/or lagging kVAr demand in excess of 20% of the corresponding kW demand, provided; however, that when the kVAr demand exceeds 50% of the kW demand, the charge will be \$0.50/kVAr, for all kVAr, leading and/or lagging, in excess of 20% of the corresponding kW demand.

3.4 Losses

The Customer's load shall be adjusted, for settlement purposes, to include AEP East Zone transmission and distribution losses, as applicable. Presently, the FERC approved transmission loss factor for the AEP East Zone is 3.3% of energy received by AEP for transmission to the Customer's Delivery Points ($1/(1-0.033) = 3.413\%$ of delivered energy). Distribution losses shall be assessed, where applicable, at the rates as specified in Attachment 1. To the extent Customer's load at any Delivery Point is supplied from behind the meter generation, losses shall be assessed only for the net load delivered to such Delivery Points by AEP.

3.5 Maintenance of Local Delivery Point Facilities

If Pursuant to a request by Customer, AEP constructs facilities and is reimbursed by

Customer at cost, such cost will be calculated pursuant to the AEP Formula Rate for Facility, Construction, Operation, and Maintenance charges, attached hereto as Attachment 4, unless the Parties otherwise agree. When AEP provides operation and maintenance (O&M) services for any Delivery Point and/or distribution facilities owned by the Customer, or its members if applicable, such service will be made pursuant to any repair and maintenance agreement (“O&M Agreement”) that may exist between Customer and AEP, or to Attachment 3 of this Agreement.

3.6 Operational Access and Control

Unless otherwise specifically agreed, AEP shall have the sole right to enter upon, test, operate and control the facilities covered by this Agreement that are owned by Customer when such facilities can directly affect the safety, reliability and/or continuity of service to other customers. The right to test, operate and control said facilities includes but is not limited to the power to direct the opening and closing of switches for construction, operation, testing, maintenance and other relevant purposes. Except in the event of an emergency, neither party will exercise operational access and control of facilities owned by the other unless permission is expressly granted to such party by the owning party.

All meters and test switches, whether provided by AEP or _____, shall be sealed and the seals shall be broken only when the meters are to be tested, adjusted or replaced. The other Party shall be provided as much advance notice as is practicable in the circumstances when the facilities of that Party are to be entered or the seals of any meter are

to be broken, and such Party shall be afforded the opportunity to be present during such test, adjustment, repair, and/or replacement.

3.7 Administrative Committee

AEP and Customer shall each appoint a member and at least one alternate to an Administrative Committee, and so notify the other party of such appointment(s) in writing. Such appointment(s) may be changed at any time by similar notice. Each member and alternate shall be a responsible person familiar with the day-to-day operations of their respective system. Generally, this would mean that the Administrative Committee representative(s) will be employees AEP and the Customer, or entities represented by the Customer; however, the representative(s) may be accompanied by other experts, appropriate to the matters to be considered.

The Administrative Committee shall represent AEP and Customer in all matters arising under this Agreement and which may be delegated to it by mutual agreement of the parties hereto.

3.7.1 Principal Duties

The principal duties of the Administrative Committee shall be as follows:

a.) To establish operating, scheduling and control procedures as needed to meet the requirements of coordinated operation, this Agreement and any requirements of the Transmission Provider;

- b.) To address issues arising out of accounting and billing procedures;
- c.) To coordinate regarding the changing service requirements of the Customer and the course of action the Parties will pursue to meet such requirements;
- d.) To coordinate regarding facility construction and maintenance as appropriate, and to the extent agreed by the Parties; and
- e.) To perform such other duties as may be specifically identified in, or required for the proper function of this Agreement.

3.7.2 Administrative Committee Meetings

The Administrative Committee shall meet or otherwise conference, at least once each calendar year, or at the request of either Party upon reasonable notice, and each Party may place items on the meeting agenda. All proceedings of the Administrative Committee shall be conducted by its members taking into account the exercise of Good Utility Practice. If the Administrative Committee is unable to agree on any matter coming under its jurisdiction, that matter shall be resolved pursuant to the Dispute Resolution Procedures of the PJM Tariff, or otherwise, as mutually agreed by Customer and Company.

Article 4 Customers Load Capacity and Other Obligations to the RTO

Each Load Serving Entity (“LSE”), as that term is used by the PJM RTO, is responsible for

complying with all RTO requirements. Unless otherwise agreed, AEP shall have only such responsibilities to assist Customer in meeting its obligations to the RTO, as shall be required pursuant to the PJM Tariff and this Agreement. AEP shall cooperate with PJM and Customer (or Customer designated Scheduling Agent) to the extent necessary and appropriate to insure that data is available to PJM for Customer's hourly energy assignment, and peak load contributions for use in calculating transmission charges and generation capacity obligations as discussed below. AEP will also provide Customer the information provided to PJM annually under sections 4.1 and 4.2. Customer may also arrange to receive the information provided to PJM on a daily basis pursuant to section 4.3 and 4.4, as applicable, provided Customer and Company agree as to the terms and fees for such service.

4.1 Network Service Peak Load (NSPL) Determinations

AEP shall provide to PJM each year in December, the Network Service Peak Load (NSPL) of each LSE within the AEP pricing one in the hour of the PJM peak load (1CP) for the twelve (12) consecutive months ending on October 31 of the year prior to the calendar year during which the NSPL will be used. The network service peak load ratio share shall be used by PJM as the transmission service billing determinant for transmission service charges and annual FTR allocations. If the basis of NSPL and FTR allocation determinations is changed by PJM, AEP shall cooperate with PJM and the Customer to the extent necessary and appropriate to make available such data as is needed.

4.2 Peak Load Contribution (PLC)

AEP shall provide to PJM the peak load contribution (PLC) of each LSE in the AEP pricing zone on a forecasted annual and on a day-ahead basis for the purpose of calculating the LSE's capacity obligation to serve its load. Each year PJM will inform AEP of the day and hour of the five highest PJM unrestricted daily peaks (5CP) for the twelve months ending October 31 of such year. AEP will then determine each LSE's contribution to the 5CP loads of the AEP control zone. This load ratio will be applied to the forecasted AEP control zone load, adjusted for weather normalization and forecasted load growth, to determine each LSE's peak load contribution. PJM will utilize this information in the development of each LSE's capacity obligation. If the basis used by PJM for PLC and relative determinations of customer load obligations is changed by PJM, AEP shall cooperate with PJM and the customer to the extent necessary and appropriate to make available such data as is needed.

4.3 Hourly Energy Requirements

AEP will also provide to PJM each working day, via PJM's eSchedule system, the initial hourly energy assignment (load plus losses) for each LSE in the AEP zone. This data will generally be supplied by 5:00 PM eastern prevailing time (EPT) on Monday for the prior Friday, Saturday and Sunday and by 1:00 PM EPT Tuesday through Friday or the prior weekday. PJM will use this data to calculate each LSE's capacity obligation for each hour for the next day. Unless PJM has recognized a transfer of load obligation from or to the Customer (LSE) to or from another Customer (LSE), the capacity obligation will not change daily. Within two months

of the end of each settlement month, AEP shall validate the LSE's hourly load and submit the changes via the eSchedule system, as appropriate, for PJM to resettle the respective LSE's account.

If the basis used by PJM to receive hourly energy assignments for the LSE, or to calculate each LSE's capacity obligation for each hour for the next day, is changed by PJM, AEP shall cooperate with PJM and the Customer to the extent necessary and appropriate to make available such data as needed.

4.4 Behind the Meter Generation

AEP shall cooperate with PJM and parties operating generators connected behind load metering, such that PJM will receive such generator output meter information it requires for the following two categories of generators behind the meter operating within the AEP Zone:

4.4.1 Generators that do not participate in the PJM Markets

The generating party shall comply with the PJM generator data requirements for generators that do not participate in the PJM Markets.

4.4.2 Generators that do participate in the PJM Markets

The generating party shall comply with the PJM interconnected generator data requirements for the generators that participate in the PJM Markets.

4.5 Post Settlement of PJM Inadvertent Energy Allocation

PJM will dispatch generators for supplying inadvertent energy payback to the Eastern Interconnection and recover such costs from the PJM region-wide load. The summation of hourly inadvertent energy (total monthly) charges assigned by PJM to the AEP control zone each month will be allocated to each LSE in the AEP control zone in proportion to the LSE's NSPL or by such other method as the FERC approves. AEP will provide each customer the data necessary for the customer to verify the charges for Inadvertent Energy settlement that are passed through to the customer from the PJM invoice.

4.6 LMP Node/Zone Aggregator

LSEs in PJM may choose to have PJM use the zonal average load weighted LMP used as the basis for energy delivery pricing or request a specific load bus aggregate prior to the annual FTR allocation processes. It is the responsibility of the LSE to contact PJM in a timely manner if a specific load aggregation is desired. PJM may in turn request AEP to work with the LSE to determine the appropriate configuration of the load bus aggregate. AEP will cooperate with Customer in order to derive an LMP load bus aggregate, using existing transmission planning case studies to determine the percent of the load at each load bus that is served by the LSE. If AEP determines that existing studies are not sufficient and additional study development is needed to satisfy the Customer's request, the Customer may be asked to execute a study agreement and reimburse AEP for the study-related costs. The LSE may provide such data to PJM and, based on results from PJM, the LSE will choose whether to utilize the aggregate or the

AEP zonal weighted average LMP price.

Article 5 General

5.1 Billing, Payments, and Disputes

As a convenience, and so long as PJM offers such accommodations, monthly charges for Delivery Point power factor, distribution services, meter and related meter reading and data processing services as specified in Attachment 1 hereto will be included in the monthly transmission service invoice issued by RTO. Customer shall pay the monthly delivery charges invoiced by the RTO in accordance with PJM Tariff and with respect to such charges customer shall be subject to AEP Tariff creditworthiness provisions. If the Customer receives transmission service through an agreement with a third party that contracts with PJM, the charges for Delivery Services hereunder may be invoiced to the third party subject to PJM's accommodations and applicable provision of the PJM Tariff or to the Customer, subject to applicable provision of the AEP Tariff.

AEP shall invoice the Customer and the Customer shall reimburse AEP for its costs associated with any facility construction, operation and maintenance or, repair provided under this Agreement in accordance with the AEP Tariff, Section 7 ("Billing and Payments"). Any disputes as to such invoices shall be resolved pursuant to the provisions of the Dispute Resolution Procedures of the PJM Tariff.

5.2 Taxes on Contributions in Aid of Construction

When the Customer funds the construction of AEP-owned facilities pursuant to a contribution in-aid of construction (“CIAC”), the Customer also shall reimburse AEP for the tax effect of such CIAC (a “Tax Effect Recovery Factor” or “TERF”), where such payment is considered taxable income and subject to income tax under the Internal Revenue Service (IRS) and/or a state department of revenue (State) requirements. The TERF shall be computed consistent with the methodology set forth in Ozark Gas Transmission Corp., 56 F.E.R.C 61,349 as reflected in the following formula: $TERF = (Current\ Tax\ Rate \times (Gross\ Income\ Amount - Present\ Value\ of\ Tax\ Depreciation)) / (1 - Current\ Tax\ Rate)$. The Present Value Depreciation Amount shall be computed by discounting AEP’s anticipated tax depreciation deductions with respect to the constructed property by AEP’s current weighted average cost of capital. If, based on current law, AEP determines such contribution by the Customer shall not be taxable, AEP will not charge a TERF; however, in the event that such contribution is later determined by the IRS or state tax authority to be taxable, the Customer shall reimburse AEP, the amount of the TERF, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within thirty (30) calendar days of the date upon which AEP notifies the Customer of such determination.

At Customer's request and expense, AEP shall file with the IRS a request for a private letter ruling as to whether any CIAC paid, or to be paid, by Customer to AEP is subject to federal income taxation. Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Customer's knowledge. AEP and Customer shall cooperate in good faith with respect to the submission of such request. AEP shall keep Customer fully

informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS that authorizes Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. AEP shall allow Customer to attend all meetings with IRS officials about the request and shall permit Customer to prepare the initial drafts of any follow-up letters in connection with the request.

If customer shall have reimbursed AEP for the TERF, upon request by Customer and at Customer's expense, AEP shall contest the taxability of such CIAC; provided, however, that AEP shall not be required to contest such taxability if AEP waives the payment by Customer of any amount that might otherwise be payable by Customer under this Agreement in respect of such determination.

5.3 Indemnity:

To the extent permitted by law, each Party shall indemnify and save harmless the other Party and its directors, trustees, officers, employees, and agents from and against any loss, liability, cost, expenses, suits, actions, claims, and all other obligations arising out of injuries or death to persons or damage to property caused by or in any way attributable to the Delivery Point(s) and/or distribution facilities covered by this Agreement, except that a Party's obligation to indemnify the other Party and its directors, trustees, officers, employees, and agents shall not apply to any liabilities arising solely from the other Party's or its directors', trustees', officers', employees', or agents' negligence, recklessness or intentional misconduct or that

portion of any liabilities that arise out of the other Party's or its directors', trustees', officers', employees', or agents' contributing negligent, reckless or intentional acts or omissions.

5.4 Effective Date and Term of Agreement:

This Agreement shall become effective and shall become a binding obligation of the parties on the date on which the last of the following events shall have occurred (effective date):

(a) AEP and _____ each shall have caused this Agreement to be executed by their duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof or _ requested AEP to file an unexecuted service agreement within thirty (30) calendar days of Customer's request for such a filing.

(b) This Agreement has been accepted for filing and made effective by order of the Commission under the Federal Power Act, in which case the effective date of this Agreement shall be as specified in the said Commission order. However, if the Commission or any reviewing court, in such order or in any separate order, suspends this Agreement or any part thereof, institutes an investigation or proceeding under the provisions of the Federal Power Act with respect to the justness and reasonableness of the provisions of this Agreement or any other agreement referred to or contemplated by this Agreement, or imposes any conditions, limitations or qualifications under any of the provisions of the Federal Power Act which individually or in the aggregate are determined by AEP or _____ to be adverse to it, then AEP and _____ promptly renegotiate the terms of this Agreement in light of such

Commission or court action. Each Party shall use its best efforts to take or cause to be taken all action requisite to the end that this Agreement shall become effective as provided herein at the earliest practicable date.

(c) The initial term of this Agreement shall continue for one year after the date the Agreement becomes effective. Thereafter, this Agreement shall automatically renew for successive terms of one year each unless either Party elects to terminate the Agreement by providing written notice of termination to the other Party at least ninety (90) calendar days prior to the start of any renewal term.

5.5 Regulatory Authorities:

This Agreement is made subject to the jurisdiction of any governmental authority or authorities having jurisdiction in the premises. Nothing contained in this Agreement shall be construed as affecting in any way the right of a Party, as the case may be, to unilaterally file with the Federal Energy Regulatory Commission an application for a change in rates, charges, classification, service or any rule, regulation or contract relating thereto under Section 205 or 206 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

5.6 Assignment:

It is mutually understood and agreed that this Agreement contains the entire understanding between the Parties, that there are no oral, written, implied or other

6.2

The above names and addresses of any Party may be changed at any time by notice to the other Party.

6.3

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties. This Agreement shall not be assigned by either Party without the written consent of the other, which consent shall not be unreasonable withheld.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed.

By: _____

Title: _____

Date: _____

American Electric Power Service Corp.

By _____

Title: _____

Date: _____

Attachment 1

List of AEP Power Delivery Points and Associated Charges

Attachment 2

One-line Diagrams of Delivery Points

Note: Drawings for new and/or updates to existing Delivery Points will be part of Attachment 2 in future FERC filings.

Attachment 3

Facilities, Operation, Maintenance and Repair Services

When AEP asserts an operational or system security necessity requiring that AEP provide operation and maintenance (“O&M”) and repair services for Customer-owned equipment at any Delivery Point, the customer shall have the right to request that AEP perform such services under the provisions herein below and on the cost of service basis reflected in the Formula Rate contained in Attachment 4. When an existing O&M agreement between the Parties which also utilizes a Formula Rate expires or is terminated by mutual agreement or otherwise, unless otherwise agreed, the services provided by AEP under such agreement, if they continue, shall be brought under this Agreement.

Service pursuant to this Attachment 3 shall be based on terms and conditions described below:

1. This Operation and Maintenance and Repair Agreement shall cover the delivery and/or switching facilities currently listed on Exhibit A, attached hereto and made a part hereof,

and any other delivery and/or switching facilities that are brought hereunder in accordance with the procedure hereinafter provided.

2. Subject to the terms and conditions contained herein, AEP agrees to test, maintain and repair the facilities in Exhibit A so as to assure the satisfactory and reliable operation of said facilities, all in accordance with good industry standards and practice. AEP further agrees to perform any additional testing, maintenance, repairs and/or replacements requested from time to time by Customer.
3. AEP agrees to furnish all supervision, labor, tools conveyances and equipment necessary for carrying out the work covered for facilities described in Exhibit A and further agrees to furnish all materials required to do the work except those materials that Customer feels are in its best interests to furnish.
4. All work shall be performed during the standard 40-hour work week, but, in the event that operating or emergency conditions warrant, overtime work can be authorized either in writing or verbally (in the case of emergency work) by Customer's representative.
5. AEP will render invoices to Customer, on forms acceptable, at suitable intervals to be mutually agreed upon by the parties.
6. Customer agrees to promptly pay AEP the actual costs of any and all testing, maintenance, repairs and/or replacements performed pursuant to the terms and conditions of this Services Agreement, including the costs associated with labor,

materials, equipment, overheads, taxes and other services incurred by AEP in performing the work, when presented with satisfactory evidence of the cost of such work.

7. The facilities covered in this Agreement may be extended or otherwise modified by attaching one or more numbered supplemental Facility Requests (attached herewith as Exhibit A No.1), which show the additional facilities or changed equipment to be thereafter covered by this Contract. Such supplements shall be effective as of the date of final execution thereof and shall be attached to all executed copies of this Agreement.

Pro-forma Exhibit A

FACILITY REQUEST(S)

No. _____

Date _____

Customer (Customer Name) hereby applies to AEP for delivery and switching facility(s) described below and shown in the attached drawing(s) in Attachment 2. In exchange for CUSTOMER'S promise to pay the actual cost of each facility listed below, CUSTOMER requests AEP to construct, install, operate, test, repair and/or maintain the facility(s) to be located in the following circuits of AEP's transmission system:

AMERICAN ELECTRIC POWER SERVICE CORPORATION

As Agent for the AEP Operating Companies

By: _____

Title: Director, Transmission and Interconnection Services

Date: _____

Attachment 4

AMERICAN ELECTRIC POWER
FORMULA RATE FOR FACILITY CONSTRUCTION
OPERATION AND MAINTENANCE

General

The formula rate contained in this document applies when construction, operation and/or maintenance activities are performed for non-AEP Parties, under circumstances precluding the charging of a profit margin. The American Electric Power Companies (AEP) will recover costs for such operation and maintenance activities through bills which reflect the cost AEP has incurred in six categories, namely: 1) materials, 2) labor, 3) equipment, 4) outside services, 5) engineering and administration, and 6) taxes.

AEP charges its costs for construction, operation and maintenance activities on behalf of others to special work orders which accumulate the costs to be billed. As a result of these

accounting procedures, the charges billed to non-AEP Parties are not reflected in AEP's transmission, operation, maintenance, or plant accounts.

However, the costs which AEP incurs and bills in such cases are the kinds of costs which would be assignable to the following FERC Uniform System of Accounts if they were incurred in connection with AEP's owned property:

Operation and Maintenance - Transmission Operation and Maintenance Expenses

- 560 - Operation Supervision and Engineering
- 562 - Station Expenses
- 563 - Overhead Line Expenses
- 566 - Miscellaneous Transmission Expenses
- 568 - Maintenance Supervision and Engineering
- 569 - Maintenance of Structures
- 570 - Maintenance of Station Equipment
- 571 - Maintenance of Overhead Lines

Construction - Transmission Plant Costs

- 352 - Structures and Improvements
- 353 - Station Equipment
- 397 - Communications Equipment
- 108 - Accumulated Provision for Depreciation

All Activities - Administrative, General and Other Expenses

- 920 - Administrative and General Salaries

408 - Taxes Other Than Income Taxes

The charges billed for maintenance in each of the previously identified six categories are discussed in order below.

1 Materials

Materials charges are made in four sub-categories: 1) direct material costs (DM), which may be delivered direct from vendors to the job site (VDM) or issued from company stores (SDM), 2) purchasing expenses (PE), 3) stores expenses (SE), and 4) exempt minor materials (EM). The latter three costs are charged using material loading rates.

Direct material costs are vendor invoiced charges for items, other than exempt minor materials, which are used for Generating Company maintenance. Purchasing expenses are material overhead costs incurred in selecting and ordering materials. Stores expenses are the costs of performing the stores function. Exempt minor materials are low cost expendable materials, supplies, and hand tools used in Transmission and Distribution construction, maintenance, or operations.

Material items which are delivered direct from the vendor to the job site (VDM) are charged at cost, plus a purchasing loading rate (plr) of 1%, up to a maximum of \$150 per invoice. Materials issued from company storerooms for individual work orders (SDM) are charged at cost, plus a combined stores/purchasing loading rate (slr) and an exempt minor materials loading rate (mlr).

Projected annual stores and exempt minor materials costs are divided by projected annual costs of stores issued materials (SDM + EM) to determine projected stores and exempt minor materials loading rates. The rates are reviewed monthly and adjusted as required in order to clear current year stores expense and exempt minor materials costs to the accounts charged with the materials issued.

In symbolic format, the charges for materials are calculated as follows:

$$M = DM + [VDM \times (plr), \text{ up to } \$150/\text{bill}] + SDM \times (1 + (mlr)) \times (slr)$$

2 Labor

Labor is charged to Generating Company maintenance work orders in three parts - direct labor (DL), fringe labor costs (FL), and miscellaneous out-of-pocket employee expenses (ME). Direct labor charges reflect the actual work hours (whr) and basic hourly rates of pay (hrp) for the personnel that are directly involved; i.e., $DL = (whr) \times (hrp)$. Fringe labor costs for vacation, holiday, sick leave, and other paid time away, plus payroll taxes, insurance, workers' compensation, pension, and savings plan expenses are recovered through labor loading rates (llr) which are developed by dividing fringe labor costs by earned payroll. The labor loading rates are reviewed monthly and adjusted, as needed, to clear fringe labor costs yearly.

In symbolic format, the charges for labor are calculated as follows:

$$L = DL + FL + ME = DL \times (1 + llr) + ME$$

3 Equipment

Equipment (E), primarily vehicles, used in the performance of maintenance are charged based on actual hours of usage (aeu) and hourly equipment cost rates (ecr). Cost of purchasing, leasing, and operating equipment, by equipment class, are collected in clearing accounts and divided by total hours of usage by class to develop the equipment cost rates. Equipment cost rates are reviewed quarterly and adjusted, as needed, to clear the cost of equipment.

In symbolic format, equipment charges are calculated as follows:

$$E = (\text{aeu}) \times (\text{ecr})$$

4 Outside Services

The actual amount of invoices received from vendors for restorative and other maintenance services (S) performed by third parties for AEP on behalf of the Generating Company are charged in maintenance billings by AEP.

5 Engineering and Administration

Engineering and administrative overhead loading rates are used to allocate engineering, supervision, and administrative overhead costs not assigned to specific project work orders. AEP uses separate loading rates for AEP Service Corporation engineering (SCEt&d) and operating company construction overhead costs (CCO). A complete description of the costs recovered through the loading rates is provided in Note 1 to page 218 of each AEP Company's

FERC Form-1 Report. A copy of that note is included as the last page in this Appendix G.

As the description of Construction Overhead Procedure shows, the CCO and SCEt&d loading rates (cclr and sclrt&d, respectively) are derived in the normal course of business for the purpose of capturing the portions of AEP Service Corporation engineering and operating company construction overhead costs which are incurred in connection with transmission and distribution (T&D) plan construction. The cclr and sclrt&d are reviewed monthly and updated, as needed, to clear the respective engineering and administrative overhead costs yearly.

In symbolic format, the engineering and administration overhead costs (O) are calculated as follows:

$$O = CCO + SCEt\&d$$

$$\text{Where } CCO = (M + L + E + S) \times cclr$$

$$\text{and } SCEt\&d = (M + L + E + S + CCO) \times sclrt\&d$$

6 Taxes

The total taxes charged to the Generating Company will be the sum of receipts and other taxes incurred.

$$\text{i.e.: } T = RT + OT$$

Summary of Charges

The total Operation and Maintenance (O&M) charges under this Agreement in symbolic

form are:

$$\text{O\&M} = \text{M} + \text{L} + \text{E} + \text{S} + \text{O} + \text{T}$$

Where M, L, E, S, O, and T are calculated as explained in Sections 1 through 6 above, respectively.

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General Description of Construction overhead Procedure:

1A. Engineering and Supervision (American Electric Power Service Corporation)

(a) Overheads "Engineering, Technical and Drafting Services" are engineering services performed by the Engineering Department of American Electric Power Service Corporation (AEPSC).

(b) In accordance with provisions of a service agreement between American Electric Power Service Corporation (AEPSC) and the respondent, approved by the Securities and Exchange Commission February 19, 1981, salaries, expenses and overheads of AEPSC personnel directly relating to construction activities are collected by means of a work order system and billed to the respondent as:

(1) Identifiable costs, generally relating to major construction projects, for which timekeeping and other specific cost identification is economically feasible, and

(2) Non-identifiable costs, generally relating to numerous small construction

projects, for which timekeeping and other specific cost identification are not economically feasible.

(c) Charges billed by AEPSC as (b)(1) above are charged directly by respondent to the applicable specific construction projects. Charges billed by AEPSC as (b)(2) above are allocated to all applicable construction projects proportionate to the direct costs charged to such projects.

(d) A uniform rate is applied to all subject construction expenditures.

(e) See (d) above.

(f) See (c) above.

1B. Company Construction Overheads in its own Operating Division, Engineering Department and System Office Departments

(a) Charges representing cost of Company's Engineering Supervision and related drafting and technical work.

(b) On basis of time and work studies.

(c) Spread to accounts in proportion to dollar value on construction for those classes of construction accounts to which these overheads are considered to be applicable.

(d) For each class of overheads the same percentage is used for all types of construction.

(e) Not applicable. See (d) above.

(f) Shown on page 217.

1C. Company Construction Overheads in Administrative and General Departments

(a) Proportion of Administrative and General Expenses representing salaries and expenses of General Office and Managerial employees applicable to construction.

(b) Partly on basis of time and work studies.

(c) Spread to accounts in proportion to dollar value of construction for those classes of construction accounts to which these overheads are considered to be applicable.

(d) For each class of overheads the same percentage is used for all types of construction.

(e) Not applicable. See (d) above.

(f) See note (c) above