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January 21, 2015

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

Re: *American Electric Power*, Docket No. ER15-886-000
Facilities Agreement and Eleventh Revised Service Agreement No. 1262, under
PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1

Dear Secretary Bose:

American Electric Power Service Corporation (“AEPSC”), on behalf of its affiliates Indiana Michigan Power Company and AEP Indiana Michigan Transmission Company (together with AEPSC and Indiana Michigan Power Company, “AEP”), hereby submits¹ the following tariff records:

- Eleventh Revised Service Agreement No. 1262, under PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1 (“Eleventh Revised Service Agreement No. 1262”).

Background

AEPSC and Wabash Valley Power Association (“WVPA”) are parties to an Interconnection and Local Delivery Service Agreement (“ILDSA”).² Because AEP is a transmission-owning member of PJM, and the ILDSA involves interconnection and local delivery service over AEP’s facilities located within the PJM footprint, the ILDSA is

¹ Pursuant to Order No. 714, this filing is submitted by PJM Interconnection, L.L.C. (“PJM”) on behalf of Indiana Michigan Power Company as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, Indiana Michigan Power Company has requested PJM submit this ILDSA in the eTariff system as part of PJM’s electronic Service Agreements Tariff.

² The Tenth Revised ILDSA between AEP and WVPA was filed on October 22, 2013, and accepted by Letter Order on January 14, 2014 in FERC Docket No. ER14-161-000.

designated as a service agreement under Attachment H of the PJM Open Access Transmission Tariff.

Effective January 1, 2015, the Paulding Putnam Electric Cooperative delivery points previously served by WVPA will be served by Buckeye Power. To reflect this change, revisions have been made to Attachment 1 of the ILDSA removing the appropriate delivery point listings. A corresponding change will be made to the Buckeye Power Interconnection and Local Delivery Service Agreement to add the deleted Paulding Putnam Electric Cooperative points. In addition to removing the affected delivery point, there are also other editorial changes to clean up antiquated footnotes and remove retired delivery points. The revised version of the ILDSA is designated as Eleventh Revised Service Agreement No 1262.

Documents Submitted

In addition to this transmittal letter, AEP provides the following materials for filing:

- Attachment A - A clean version of the Eleventh Revised Service Agreement No 1262 in pdf format, which is also filed in .rtf format
- Attachment B – A redline version of the Eleventh Revised Service Agreement No 1262 in pdf format showing the changes described above.

Requested Effective Date of the Facilities Agreement and Eleventh Revised Service Agreement No. 1262 and Request for Waiver

AEP requests that the Commission grant any and all waivers of the Commission's rules and regulations that are necessary to accept this filing and to allow an effective date of the Eleventh Revised Service Agreement No. 1262 of January 1, 2015, the effective date to which AEP and WVPA agreed. Waiver is appropriate because the agreements are being filed within thirty (30) days of the requested effective date. *See Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,983-84 (1993).

Communications

Copies of this filing have been served upon the WVPA and United REMC. All communications and service related to this filing should be directed to the following:

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Conclusion

AEP respectfully requests that the Commission accept the Eleventh Revised Service Agreement No. 1262, effective January 1, 2015.

Respectfully submitted,

/s/ Amanda Riggs Conner
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Attorney for American Electric Power Service Corporation

Attachment A

Clean Tariff

11th Revised Service Agreement No. 1262

Service Agreement for
Interconnection and Local Delivery
between
American Electric Power Service Corporation
and
Wabash Valley Power Association, Inc.

January 1, 2015

Interconnection and Local Delivery Service Agreement

This Agreement is entered into this ____ day _____, 2005, by and between Wabash Valley Power Association, Inc. (“Wabash” 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:

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, Wabash, is a State of Indiana private cooperative engaged in the generation, sale for resale and distribution of electric power and energy to member cooperatives in the State of Indiana;

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 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, 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

¹ Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, all of which also do business as AEP.

and accepted by the Federal Energy Regulatory Commission (“Commission”), including any applicable Schedules and Attachments appended to such tariffs.

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 the PJM Tariff, the AEP Tariff or the 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, 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 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.

2.2 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 Manager, 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) Amount 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 fifteen (15) business days of receipt of such a request and provide a System Impact Study 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 estimated study cost or \$25,000, whichever is less. The Customer shall execute and deliver executed SIS Agreement within thirty (30) 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) days of receipt, 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.

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) business 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) business days of receipt, 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 expected study cost or \$25,000, whichever is less.

If the Customer fails to return an executed System Study Agreement within thirty (30) days of receipt along with the required deposit, 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 a Expedited System Study report to the Customer within sixty (60) 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 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.

2.4 Cost Recovery Protection: The coordinated transmission plan of the Transmission Provider and the Customer shall be predicated upon the plans of the respective Parties as to their planned use of the Transmission System, including the Customer's planned use of external and

internal generating capacity. If the Customer alters the planned level of its use of the Transmission System so as to reduce its AEP's transmission service payments to Company revenue, the Customer shall compensate AEP for the unrecovered cost of any facilities exclusively constructed during the term of this Service Agreement to accommodate service that would be reduced as a result of the change in the Customer's capacity and/or operating plan, less the net present value of incremental transmission revenue, if any, that AEP would expect to derive by providing firm transmission service to other customers by using the transmission capacity freed up by the Customer's change in plans.

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 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 in suitable electronic format. If AEP or Wabash 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 Wabash. AEP shall provide to Wabash, on a monthly basis as soon as practicable after the end of the prior month, the hourly kW and kVAr load data and behind-the-meter generation data. Such data shall be supplied in Microsoft Excel format and by e-mail. Wabash shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.

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, except that Wabash gets added an additional 0.1% aggregate for distribution losses across the board or 3.4% of energy received by AEP for transmission ($1/(1-.034) = 3.52\%$ of delivered energy). 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 Construction, Operation and 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, such service will be made pursuant to the Repair and Maintenance Agreement between I&M and Wabash dated December 11, 1989 ("1989 O&M 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 AEP. 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.

All meters and test switches, whether provided by AEP or Wabash, 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, 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 section 12.0 of the AEP Tariff, or otherwise, as mutually agreed by Customer and Company.

Article 4. Customer's 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's designee 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 AEP 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 zone 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 for 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 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, as it is required, for the following two categories of generators operating behind the meter within the AEP Zone:

4.4.1 Generators that do not participate in the PJM Markets: The generating party shall provide AEP Transmission Settlements East, each month by the 5th working day after

the end of the month, a data file containing the hourly unit or plant kWh output. Alternatively, Customer may provide AEP access to the meter to download the generator output meter data using dial-up remote interrogation.

4.4.2 Generators that do participate in the PJM Markets: The generating party shall provide real-time unit or plant output data required by PJM via an Inter-Control Center Protocol (“ICCP”) data link to AEP. In addition, Customer shall permit AEP to remotely interrogate the meters to obtain integrated hourly meter data each day.

AEP shall provide the generation data obtained from the generating party to PJM through the PJM eSuites or EMS application within the PJM time requirements, as applicable.

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.

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 PJM 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 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 Payment”). Any disputes as to such invoices shall be resolved pursuant to the provisions of Section 12 (Dispute Resolution Procedures”) of the AEP 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, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within 30 days of the date upon which AEP notifies the Customer of such determination.

5.3 Indemnity: To the extent permitted by law, each Party shall indemnify and save harmless the other Party 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 shall not apply to any liabilities arising solely from the other Party’s negligence, recklessness or intentional misconduct or that portion of any liabilities that arise out of the other Party’s contributing negligent, reckless or intentional acts or omissions. Further, to the extent that a Party’s immunity as a complying employer, under the worker’s compensation and occupational disease laws of the state where the work is performed, might serve to bar or affect recovery under or enforcement of the indemnification otherwise granted herein, each Party agrees to waive such immunity. As respects this subsection only, the term “Party” shall include the Party’s directors, officers, employees, and agents.

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 Wabash 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 Wabash requested AEP to file an unexecuted service agreement.

(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 Wabash to be adverse to it, then AEP and Wabash 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.

5.4 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.

5.5 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 understandings or agreements with respect to the work covered hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, as well as their respective successors and/or assigns. However, neither Party shall assign, transfer or sublet any of the rights hereby granted without the prior written consent of the other Party.

Article 6. Notices

6.1 Any notice given pursuant to this Agreement shall be in writing as follows:

If to the AEP:	American Electric Power Service Corporation Manager, Transmission and Interconnection Services 1 Riverside Plaza Columbus, Ohio 43215-2373
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If to Customer:	Wabash Valley Power Association, Inc. Attn: Frederick J. Kunkel, Manager Transmission Services 722 North High School Road Indianapolis, IN 46214
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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.

Wabash Valley Power Association, Inc.

By: _____

Fredrick J. Kunkel

Title: Manager Transmission Services

Date: _____

American Electric Power Service Corp.

By: _____

Dennis W. Bethel

Title: Director, Transmission and Interconnection Services

Date: _____

**Meter Related and Local Facilities Charges
For Interconnection and Local Delivery Service Agreement (ILDSA)
For Wabash Valley Power Association, Inc.**

	WVPA MEMBER/DELIVERY POINT	DELIVERY POINT		METER POINT		CUSTOMER	
		Voltage	Service ¹	Voltage	Compensation	Monthly Charges ³	
		<u>KV</u>	<u>T/DL</u>	<u>KV</u>	<u>Method²</u>	<u>Present</u>	<u>Revised</u>
<u>Midwest Energy Coop</u> (Old Fruit-Belt Coop)							
1	Barrett	69	T	12.5	CMM	\$143.80	
2	Bloomingtondale	34.5	T	12.5	CMM	\$143.80	
3	Brady Tower	12.5	DL	12.5		\$143.80	
4	Cassopolis	69	T	12.5	CMM	\$143.80	
5	Corey	69	T	12.5	CMM	\$143.80	
6	Covert	69	T	12.5	CMM	\$143.80	
7	Daily	69	T	12.5	CMM	\$143.80	
8	Flowerfield	138	T	12.5	CMM	\$143.80	
9	Hartford	69	T	12.5	CMM	\$143.80	
10	Jones	69	T	12.5	CMM	\$143.80	
11	Keeler	34.5	T	12.5	CMM	\$143.80	
12	Marcellus	34.5	T	12.5	CMM	\$143.80	
13	Mattawan	69	T	12.5	CMM	\$143.80	
14	Mottville	69	T	69		\$95.26	
15	Ontwa-Ckt 1	138	T	12.5	CMM	\$143.80	
16	Ontwa-Ckt 2	138	T	12.5	CMM	\$143.80	
17	PawPaw	69	T	12.5	CMM	\$143.80	
18	Prairie Ronde	69	T	12.5	CMM	\$143.80	
19	Schoolcraft	69	T	12.5	CMM	\$143.80	
20	Texas	69	T	12.5	T	\$95.26	
21	Twin Lakes	34.5	T	12.5	CMM	\$143.80	
22	White Pigeon	69	T	12.5	CMM	\$143.80	
23	Calvin	69	T	69		\$95.26	
Total Monthly Charges for Midwest Energy						\$3,161.78	
<u>Jay County REMC</u>							
24	Antiville	12.5	DS	12.5		\$143.80	
25	Barley	12.5	DS	12.5		\$143.80	
26	Berne	12.5	DL	12.5		\$143.80	
27	Bluff Point ⁶	12.5	DS	12.5		\$143.80	

28	Bryant	12.5	DL	12.5		\$143.80
29	Monroe	12.5	DS	12.5		\$143.80
30	Pennville	12.5	DS	12.5		\$143.80
31	Ridgeville (Saratoga)	12.5	DL	12.5		\$143.80
32	Salamonia	12.5	DL	12.5		\$143.80
33	Trinity	69	T	12.5	CMM	\$143.80
34	Greene	69	T	12.5	M	\$95.26
Total Monthly Charges for Jay County REMC						\$1,533.26

Noble County REMC

35	Albion	69	T	12.5	CMM	\$143.80
36	Avilla (Noble)	12.5	DL	12.5		\$143.80
37	Brimfield	69	T	12.5	CMM	\$143.80
38	Burnworth	138	T	12.5	M	\$95.26
39	Cedar Creek (Stand- by service)	12.5	DL	12.5		\$143.80
40	Diamond Lake	138	T	12.5	CMM	\$143.80
41	Laotto	138	T	12.5	CMM	\$143.80
42	Skinner Lake	138	T	12.5	CMM	\$143.80
43	Summit Lake	12.5	DS	12.5		\$143.80
44	Wolf Lake	12.5	DS	12.5		\$143.80
Total Monthly Charges Noble REMC						\$1,389.46

Northeastern REMC

45	Aboite – Ckt1	69	T	12.5	CMM	\$143.80
46	Aboite – Ckt2	69	T	12.5	CMM	\$143.80
47	Cleveland	69	T	12.5	CMM	\$143.80
48	Coventry Tr1	138	T	12.5	CMM	\$143.80
49	Coventry Tr2	138	T	12.5	CMM	\$143.80
50	Dupont Tr1 (Owned by WVPA 2/11/02)	138	T	12.5	CMM	\$95.26
51	Dupont Tr2 (Owned by WVPA 2/11/02)	138	T	12.5	CMM	\$95.26
52	Eel River	34.5	T	12.5	CMM	\$143.80
53	Gateway Tr1 (Owned by WVPA 2/11/02)	69	T	12.5	CMM	\$95.26
54	Gateway Tr2 (Owned by WVPA 2/11/02)	69	T	12.5	CMM	\$95.26
55	Kroemer	69	T	12.5	CMM	\$143.80
56	Laud	12.5	DS	12.5		\$143.80
57	Lincolnway	69	T	12.5	CMM	\$143.80

58	Meridian ^{3a} (Consists of 3 345/34.5 kV transformers @ \$95.26)	345	T	34.5	M & T	<u>\$285.78</u>	
59	Perry	69	T	12.5	M	\$95.26	
60	Raber/Coesse	138	T	12.5	T	\$95.26	
61	Richland	69	T	12.5	CMM	\$143.80	
62	Ummel	69	T	12.5	CMM	\$143.80	
63	Union	34.5	T	12.5	CMM	\$143.80	
64	Woodland	69	T	12.5	CMM	\$190.52	(\$95.26*2)
65	Huntertown	138	T	12.5	M & T	\$95.26	
66	Indian Creek	138	T	12.5	M	\$95.26	
						\$2,963.98	

Total Monthly Charges for Northeastern REMC

Heartland REMC

67	Buckeye (Warren)	69	T	12.5	CMM	\$143.80	
68	Engle Ridge	138	T	12.5	CMM	\$143.80	
69	Jefferson (Ossian)	69	T	12.5	CMM	\$143.80	
70	Kinnerk	69	T	12.5	CMM	\$143.80	
71	Liberty Center	69	T	12.5	CMM	\$143.80	
72	Midwest	34.5	T	12.5	CMM	\$143.80	
73	Montpelier Peaker (DPL Keystone IPP)	345	T	345	None	\$55.66	
74	Mount Etna	69	T	12.5	CMM	\$143.80	
75	RockCreek	34.5	T	12.5	CMM	\$143.80	
76	Uniondale	69	T	12.5	CMM	\$143.80	
77	Lafayette	138	T	12.5	M	\$95.26	
78	GM-Fort Wayne	138	T	13.8	M	\$143.80	
79	Dalman	138	T	138	M	143.80	
						\$1,732.72	

Total Monthly Charges for Heartland REMC

SUMMARY:

	WVPA Total Monthly Meter Charges	\$10,781
	Monthly Charges for Service from I&M Distribution Facilities for Delivery Points specified below served from local distribution facilities ⁴	\$16,697
	Monthly Charges for Cedar Creek Stand-by Facilities ⁵	\$550
	Wabash Grand Total (Meter plus Distribution Charges)	\$28,028

Notes:

1 - I&M Facility providing service, DS for distribution service, DL for distribution line, otherwise T, if from a transmission facility

2 - If not metered at Delivery Point, indicate compensation method: CMM = Compensating Meter Multiplier, M = by Meter, T = in Translation, M&T = Combination of Meter and Translation.

3 - \$143.80 covers up to \$3,131.12 of metering equipment investment (or \$48.54 per month), plus meter data management and energy settlement charges of \$55.66 per month and meter reading and O&M of 39.60 per month.

3a - Meridian Delivery Point consists of three 345/34.5 kV transformers and three metering packages.

4 - Service from I&M Distribution Facilities, for delivery points specified above, for each REMC, which are served from distribution stations (DS) or lines (DL), are calculated, and charged on a monthly basis, as listed below:

<u>WVPA Member</u>	<u>Directly Assigned and Allocated Investment</u>	<u>Monthly Charge for Distribution Facilities</u>
Midwest Energy	\$63,196	1,309
Jay County REMC	\$309,933	6,418
Noble County RECMC	\$335,747	6,953
Northeastern REMC	\$97,386	2,017
Total Direct Assigned and Distribution Charges	\$806,262	\$16,697

5 - Stand-by service. AEP will maintain the Noble County REMC Cedar Creek 12.5 kV delivery point in stand-by condition for a monthly distribution service charge of \$550, plus the monthly meter charge specified above for Cedar Creek. Customer may, upon notice, and in coordination with, AEP's distribution dispatch personnel, transfer up to 1.25 MVA (1.0 MVA during summer) to the Cedar Creek delivery point on a temporary basis.

6 - Jay County Landfill Gas Generation ("Jay County LFG") is connected to the Jay County REMC distribution system behind the Bluff Point delivery point meter. Pursuant to PJM Service Agreement No. 3911, a Wholesale Market participation Agreement among PJM Interconnection, L.L.C., Wabash Valley Power Association, Inc., and Indiana Michigan Power Company, Jay County LFG's generation output is sold into the PJM market. AEP and WVPA have implemented an adjustment of the Bluff Point meter to properly adjust for the Jay County LFG generation load. There are no AEP charges associated with metering and meter reading for Jay County LFG recovered under this ILDSA.

One-line Diagrams of Delivery

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

Facilities, Operation, Maintenance and Repair Services

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Wabash Valley has a similar approved O&M and Repair Agreement with AEP

“The 1989 O&M Agreement”

**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 Companies¹ (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

¹ Appalachian Power Company, Columbus Southern 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.

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:

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

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., $DL = (\text{whr}) \times (\text{hrp})$. 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:

$$E = (aeu) \times (ecr)$$

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 ($SCE_{t\&d}$) 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 $SCE_{t\&d}$ loading rates (cclr and sclr_{t&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 sclr_{t&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:

$$\begin{aligned} O &= CCO + SCE_{t\&d} \\ \text{Where CCO} &= (M + L + E + S) \times cclr \\ \text{and } SCE_{t\&d} &= (M + L + E + S + CCO) \times sclr_{t\&d} \end{aligned}$$

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:

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

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

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

Attachment B

Marked Tariff

11th Revised Service Agreement No. 1262

~~Tenth Revised~~ Service Agreement No. 1262
~~Superseding Ninth Revised Service Agreement No. 1262~~
~~Effective April 11, 2013~~

Service Agreement for
Interconnection and Local Delivery
between
American Electric Power Service Corporation
and
Wabash Valley Power Association, Inc.

~~April 11, 2013~~ January 1, 2015

Interconnection and Local Delivery Service Agreement

This Agreement is entered into this ____ day _____, 2005, by and between Wabash Valley Power Association, Inc. (“Wabash” 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:

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, Wabash, is a State of Indiana private cooperative engaged in the generation, sale for resale and distribution of electric power and energy to member cooperatives in the State of Indiana;

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 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, 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

¹ Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, all of which also do business as AEP.

and accepted by the Federal Energy Regulatory Commission (“Commission”), including any applicable Schedules and Attachments appended to such tariffs.

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 the PJM Tariff, the AEP Tariff or the 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, 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 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.

2.2 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 Manager, 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) Amount 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 fifteen (15) business days of receipt of such a request and provide a System Impact Study 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 estimated study cost or \$25,000, whichever is less. The Customer shall execute and deliver executed SIS Agreement within thirty (30) 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) days of receipt, 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.

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) business 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) business days of receipt, 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 expected study cost or \$25,000, whichever is less.

If the Customer fails to return an executed System Study Agreement within thirty (30) days of receipt along with the required deposit, 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 a Expedited System Study report to the Customer within sixty (60) 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 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.

2.4 Cost Recovery Protection: The coordinated transmission plan of the Transmission Provider and the Customer shall be predicated upon the plans of the respective Parties as to their planned use of the Transmission System, including the Customer's planned use of external and

internal generating capacity. If the Customer alters the planned level of its use of the Transmission System so as to reduce its AEP's transmission service payments to Company revenue, the Customer shall compensate AEP for the unrecovered cost of any facilities exclusively constructed during the term of this Service Agreement to accommodate service that would be reduced as a result of the change in the Customer's capacity and/or operating plan, less the net present value of incremental transmission revenue, if any, that AEP would expect to derive by providing firm transmission service to other customers by using the transmission capacity freed up by the Customer's change in plans.

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 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 in suitable electronic format. If AEP or Wabash 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 Wabash. AEP shall provide to Wabash, on a monthly basis as soon as practicable after the end of the prior month, the hourly kW and kVAr load data and behind-the-meter generation data. Such data shall be supplied in Microsoft Excel format and by e-mail. Wabash shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.

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, except that Wabash gets added an additional 0.1% aggregate for distribution losses across the board or 3.4% of energy received by AEP for transmission ($1/(1-.034) = 3.52\%$ of delivered energy). 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 Construction, Operation and 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, such service will be made pursuant to the Repair and Maintenance Agreement between I&M and Wabash dated December 11, 1989 ("1989 O&M 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 AEP. 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.

All meters and test switches, whether provided by AEP or Wabash, 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, 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 section 12.0 of the AEP Tariff, or otherwise, as mutually agreed by Customer and Company.

Article 4. Customer's 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's designee 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 AEP 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 zone 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 for 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 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, as it is required, for the following two categories of generators operating behind the meter within the AEP Zone:

4.4.1 Generators that do not participate in the PJM Markets: The generating party shall provide AEP Transmission Settlements East, each month by the 5th working day after

the end of the month, a data file containing the hourly unit or plant kWh output. Alternatively, Customer may provide AEP access to the meter to download the generator output meter data using dial-up remote interrogation.

4.4.2 Generators that do participate in the PJM Markets: The generating party shall provide real-time unit or plant output data required by PJM via an Inter-Control Center Protocol (“ICCP”) data link to AEP. In addition, Customer shall permit AEP to remotely interrogate the meters to obtain integrated hourly meter data each day.

AEP shall provide the generation data obtained from the generating party to PJM through the PJM eSuites or EMS application within the PJM time requirements, as applicable.

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.

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 PJM 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 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 Payment”). Any disputes as to such invoices shall be resolved pursuant to the provisions of Section 12 (Dispute Resolution Procedures”) of the AEP 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, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within 30 days of the date upon which AEP notifies the Customer of such determination.

5.3 Indemnity: To the extent permitted by law, each Party shall indemnify and save harmless the other Party 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 shall not apply to any liabilities arising solely from the other Party’s negligence, recklessness or intentional misconduct or that portion of any liabilities that arise out of the other Party’s contributing negligent, reckless or intentional acts or omissions. Further, to the extent that a Party’s immunity as a complying employer, under the worker’s compensation and occupational disease laws of the state where the work is performed, might serve to bar or affect recovery under or enforcement of the indemnification otherwise granted herein, each Party agrees to waive such immunity. As respects this subsection only, the term “Party” shall include the Party’s directors, officers, employees, and agents.

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 Wabash 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 Wabash requested AEP to file an unexecuted service agreement.

(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 Wabash to be adverse to it, then AEP and Wabash 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.

5.4 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.

5.5 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 understandings or agreements with respect to the work covered hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, as well as their respective successors and/or assigns. However, neither Party shall assign, transfer or sublet any of the rights hereby granted without the prior written consent of the other Party.

Article 6. Notices

6.1 Any notice given pursuant to this Agreement shall be in writing as follows:

If to the AEP:	American Electric Power Service Corporation Manager, Transmission and Interconnection Services 1 Riverside Plaza Columbus, Ohio 43215-2373
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If to Customer:	Wabash Valley Power Association, Inc. Attn: Frederick J. Kunkel, Manager Transmission Services 722 North High School Road Indianapolis, IN 46214
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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.

Wabash Valley Power Association, Inc.

By: _____

Fredrick J. Kunkel

Title: Manager Transmission Services

Date: _____

American Electric Power Service Corp.

By: _____

Dennis W. Bethel

Title: Director, Transmission and Interconnection Services

Date: _____

**Meter Related and Local Facilities Charges
For Interconnection and Local Delivery Service Agreement (ILDSA)
For Wabash Valley Power Association, Inc.**

	WVPA MEMBER/DELIVERY POINT	DELIVERY POINT Voltage KV	METER POINT Service ¹ Voltage T/DL	CUSTOMER			
				Compensati on KV	Method ²	Monthly Charges ³	
						Present	Revised
<u>Midwest Energy Coop (Old Fruit-Belt Coop)</u>							
<u>1</u>	Barrett	69	T	12.5	CMM	\$143.80	
<u>2</u>	Bloomingtondale	34.5	T	12.5	CMM	\$143.80	
<u>3</u>	Brady Tower	12.5	DL	12.5		\$143.80	
<u>4</u>	Cassopolis	69	T	12.5	CMM	\$143.80	
<u>5</u>	Corey	69	T	12.5	CMM	\$143.80	
<u>6</u>	Covert	69	T	12.5	CMM	\$143.80	
<u>7</u>	Daily	69	T	12.5	CMM	\$143.80	
<u>8</u>	Flowerfield	138	T	12.5	CMM	\$143.80	
<u>9</u>	Hartford	69	T	12.5	CMM	\$143.80	
<u>0</u>	Jones	69	T	12.5	CMM	\$143.80	
<u>1</u>	Keeler	34.5	T	12.5	CMM	\$143.80	
<u>1</u>	Marcellus	34.5	T	12.5	CMM	\$143.80	
<u>1</u>	Mattawan	69	T	12.5	CMM	\$143.80	
<u>1</u>	Mottville	69	T	69		\$95.26	
<u>1</u>	Ontwa-Ckt 1	138	T	12.5	CMM	\$143.80	
<u>1</u>	Ontwa-Ckt 2	138	T	12.5	CMM	\$143.80	
<u>1</u>	PawPaw	69	T	12.5	CMM	\$143.80	
<u>1</u>	Prairie Ronde	69	T	12.5	CMM	\$143.80	
<u>1</u>	Schoolcraft	69	T	12.5	CMM	\$143.80	
<u>2</u>	Texas	69	T	12.5	T	\$95.26	
<u>2</u>	Twin Lakes	34.5	T	12.5	CMM	\$143.80	
<u>2</u>	White Pigeon	69	T	12.5	CMM	\$143.80	
<u>2</u>							
<u>3</u>	Calvin	69	T	69		\$95.26	
		Total Monthly Charges for Midwest Energy		\$3,161.78			
<u>Jav County REMC</u>							
<u>2</u>	Antiville	12.5	DS	12.5		\$143.80	

2									
5	Barley	12.5	DS	12.5			\$143.80		
2									
6	Berne	12.5	DL	12.5			\$143.80		
2									
7	Bluff Point ⁶	12.5	DS	12.5			\$143.80		
2									
8	Bryant	12.5	DL	12.5			\$143.80		
2									
9	Monroe	12.5	DS	12.5			\$143.80		
3									
0	Pennville	12.5	DS	12.5			\$143.80		
3									
1	Ridgeville (Saratoga)	12.5	DL	12.5			\$143.80		
3									
2	Salamonia	12.5	DL	12.5			\$143.80		
3									
3	Trinity	69	T	12.5	CMM		\$143.80		
3	Greene*—Proposed In-service								
4	date September 1, 2007	13869	T	12.5	M	\$0.00	95.26	\$95.26	
			Total Monthly Charges for Jay County			\$1,438.00	1.5		
				REMC		33.26		\$95.26	
								\$1,533.26	
			(8) Total Monthly Charges for Jay County REMC after 9/1/07						26

Noble County REMC

3									
5	Albion	69	T	12.5	CMM		\$143.80		
3									
6	Avilla (Noble)	12.5	DL	12.5			\$143.80		
3									
7	Brimfield	69	T	12.5	CMM		\$143.80		
3	Burnworth ⁶ Proposed in								
8	Service Date 12-30-06	138	T	12.5	M	\$0.00	95.26	\$95.26	
3	Cedar Creek (Stand-by								
9	service)	12.5	DL	12.5			\$143.80		
4									
0	Diamond Lake	138	T	12.5	CMM		\$143.80		
4									
1	Laotto	138	T	12.5	CMM		\$143.80		
4									
2	Skinner Lake	138	T	12.5	CMM		\$143.80		
4									
3	Summit Lake	12.5	DS	12.5			\$143.80		
4									
4	Wolf Lake	12.5	DS	12.5			\$143.80		
						\$1,294.20			
			Total Monthly Charges Noble REMC			1,389.46		\$95.26	
			(6) New Total for Noble REMC as of 01/01/07						\$1,389.46

Northeastern REMC

4								
5	Aboite – Ckt1	69	T	12.5	CMM		\$143.80	
4								
6	Aboite – Ckt2	69	T	12.5	CMM		\$143.80	
4								
7	Cleveland	69	T	12.5	CMM		\$143.80	
4								
8	Coventry Tr1	138	T	12.5	CMM		\$143.80	
4								
9	Coventry Tr2	138	T	12.5	CMM		\$143.80	
5	Dupont Tr1 (Owned by							
0	WVPA 2/11/02)	138	T	12.5	CMM		\$95.26	
5	Dupont Tr2 (Owned by							
1	WVPA 2/11/02)	138	T	12.5	CMM		\$95.26	

7	Mount Etna	69	T	12.5	CMM	\$143.80	
4							
7	RockCreek	34.5	T	12.5	CMM	\$143.80	
5							
7	Uniondale	69	T	12.5	CMM	\$143.80	
6							
7	Lafayette	138	T	12.5	M	\$95.26	
7							
7	GM-Fort Wayne ¹²	138	T	13.8	M	\$143.80	
8							
	Franklin (Temporary)	12.5	DL	12.5			\$95.26
7							
9	Dalman	138	T	138	M	143.80	\$143.80
	Total Monthly Charges for United Heartland REMC			\$1,588,921.73 2.72		\$239.06	
							\$1,827.98
							(12) New Total for United REMC as of 6/1/10

AEP Distribution System
Earth Movers Landfill Gas
Facility ¹³

12.5	DS	12.5	M	\$0.00
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SUMMARY:

	WVPA Total Monthly Meter Charges as of June 1, 2010	\$11,54710.7 81
	Monthly Charges for Service from I&M Distribution Facilities for Delivery Points specified below served from local distribution facilities ⁴	\$17,650 16,697
	Monthly Charges for Cedar Creek Stand-by Facilities ⁵	\$550
	Wabash Grand Total (Meter plus Distribution Charges) as of July 1, 2010	\$29,74728.0 28

(6) Wabash Grand Total After Burnworth DP Is Energized on/or after 12/30/06	\$29,224
(7) Wabash Grand Total After Indian Creek DP Is Energized on/or after 06/01/07	\$29,319
(8) Wabash Grand Total After the Greene DP Is Energized on/or after 09/01/07	\$29,415
(9) Wabash Grand Total After removal of Roanoke DP on 03/01/08	\$29,271
(10) Wabash Grand Total After the Herbert Monroe DP is Energized on/or after 03/01/09	\$29,366
(11) Wabash Grand Total After the Woodland DP is Energized on/or after 07/01/10	\$29,366
(12) Wabash Grand Total After the GM-Fort Wayne Station DP is Incorporated on 06/01/10	\$29,605
(13) Wabash Grand Total After the Dalman and other changes are Incorporated on 06/01/13	\$29,747

Notes:

- 1 - I&M Facility providing service, DS for distribution service, DL for distribution line, otherwise T, if from a transmission facility
- 2 - If not metered at Delivery Point, indicate compensation method: CMM = Compensating Meter Multiplier, M = by Meter, T = in Translation, M&T = Combination of Meter and Translation.
- 3 - \$143.80 covers up to \$3,131.12 of metering equipment investment (or \$48.54 per month), plus meter data management and energy settlement charges of \$55.66 per month and meter reading and O&M of 39.60 per month.

3a - Meridian Delivery Point consists of three 345/34.5 kV transformers and three metering packages ~~and only one charge of \$95.26 has been charged to Wabash since Meridian was energized. This revision corrects the error and increases the monthly charges for Meridian from \$95.26 to \$285.78 effective November 1, 2006.~~

4 - Service from I&M Distribution Facilities, for delivery points specified above, for each REMC, which are served from distribution stations (DS) or lines (DL), are calculated, and charged on a monthly basis, as listed below:

<u>WVPA</u> <u>Member</u>	<u>Directly</u> <u>Assigned and</u> <u>Allocated</u> <u>Investment</u>	<u>Monthly Charge for</u> <u>Distribution Facilities</u>	
Midwest Energy Jay County REMC		\$63,196	1,309
Noble County RECMC		\$309,933	6,418
Northeas tern REMC		\$335,747	6,953
Paulding Putnam Electric Coop		\$97,386	2,017
Total Direct Assigne d and Distribut ion Charges		\$852,283 <u>806,262</u>	16,697

5 - Stand-by service. AEP will maintain the Noble County REMC Cedar Creek 12.5 kV delivery point in stand-by condition for a monthly distribution service charge of \$550, plus the monthly meter charge specified above for Cedar Creek. Customer may, upon notice, and in coordination with, AEP's distribution dispatch personnel, transfer up to 1.25 MVA (1.0 MVA during summer) to the Cedar Creek delivery point on a temporary basis.

~~*—Earth Movers Landfill Gas Facility ("EMLGF") is connected to the AEP distribution system. Pursuant to Section three (3) of the PJM Behind the Meter Generation Business Rules, AEP has granted this facility permission to use the requisite distribution facilities to effectuate netting treatment. EMGLF's generation output will be netted against the total WVPA load for the purposes of calculating transmission, capacity, ancillary services, and administrative fee charges. All customer charges associated with metering and meter reading are recovered pursuant to the applicable I&M distribution tariff. 6 - Jay County Landfill Gas Generation ("Jay County LFG") is connected to the Jay County REMC distribution system behind the Bluff Point delivery point meter. Pursuant to PJM Service Agreement No. 3911, a Wholesale Market participation Agreement among PJM Interconnection, L.L.C., Wabash Valley Power Association, Inc., and Indiana Michigan Power Company, Jay County LFG's generation output is sold into the PJM market. AEP and WVPA have implemented an adjustment of the Bluff Point meter to properly adjust for the Jay County LFG generation load. There are no AEP charges associated with metering and meter reading for Jay County LFG recovered under this ILDSA.~~

One-line Diagrams of Delivery

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

Facilities, Operation, Maintenance and Repair Services

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Wabash Valley has a similar approved O&M and Repair Agreement with AEP

“The 1989 O&M Agreement”

**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 Companies¹ (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

¹ Appalachian Power Company, Columbus Southern 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.

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:

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

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., $DL = (\text{whr}) \times (\text{hrp})$. 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:

$$E = (aeu) \times (ecr)$$

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 ($SCE_{t\&d}$) 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 $SCE_{t\&d}$ loading rates (cclr and sclr_{t&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 sclr_{t&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:

$$\begin{aligned} O &= CCO + SCE_{t\&d} \\ \text{Where CCO} &= (M + L + E + S) \times cclr \\ \text{and } SCE_{t\&d} &= (M + L + E + S + CCO) \times sclr_{t\&d} \end{aligned}$$

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:

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

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

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