

TRANSMISSION AGREEMENT

By and among

APPALACHIAN POWER COMPANY

COLUMBUS SOUTHERN POWER COMPANY

INDIANA MICHIGAN POWER COMPANY

KENTUCKY POWER COMPANY

KINGSPORT POWER COMPANY

OHIO POWER COMPANY

WHEELING POWER COMPANY

and with

AMERICAN ELECTRIC POWER SERVICE CORPORATION

AS AGENT

DATED APRIL 1984, AS AMENDED

Issued By: J. Craig Baker
Senior Vice President, Regulatory Services

Effective: first day of the month after
the Commission issues a final,
non-appealable order accepting the
Agreement for filing

Issued On: June 5, 2009

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0.1 THIS AGREEMENT, made and entered into as of the 1st day of April, 1984, and as subsequently amended, by and among APPALACHIAN POWER COMPANY (Appalachian Company), a Virginia corporation, COLUMBUS AND SOUTHERN POWER COMPANY (Columbus Company), an Ohio corporation, INDIANA MICHIGAN POWER COMPANY (Indiana Company), an Indiana corporation, KENTUCKY POWER COMPANY (Kentucky Company), a Kentucky corporation, OHIO POWER COMPANY (Ohio Company), an Ohio corporation, KINGSPORT POWER COMPANY (Tennessee Company), a Tennessee corporation, and WHEELING POWER COMPANY (Wheeling Company), a West Virginia corporation, said companies (herein sometimes called 'Members' when referred to collectively and 'Member' when referred to individually) being affiliated companies of the integrated public utility electric system known as the American Electric Power SYSTEM (AEP System), and AMERICAN ELECTRIC POWER SERVICE CORPORATION (Agent), a New York corporation, being a service company engaged solely in the business of furnishing essential services to the aforesaid companies and to other affiliated companies.

W I T N E S S E T H,

T H A T:

0.2 WHEREAS, the Members own and operate electric facilities in the states herein indicated, (i) Appalachian Company in Virginia, West Virginia, and Tennessee (ii) Columbus Company in Ohio, (iii) Indiana Company in Indiana and Michigan, (iv) Kentucky Company in Kentucky, (v) Tennessee Company in Tennessee, (vi) Ohio Company in Ohio and West Virginia, and (vii) Wheeling Company in West Virginia; and

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0.3 WHEREAS, certain of the Members have entered into an interconnection agreement, dated July 6, 1951, with modification thereto, which provides for certain understandings, conditions, and procedures designed to achieve the full benefits and advantages available through the coordinated operation of their electric power supply facilities; and

0.4 WHEREAS, The Members' electric facilities are now and for many years have been interconnected through their respective transmission facilities at a number of points, forming an integrated transmission network; and

0.5 WHEREAS, the Members have achieved benefits through the coordinated planning and development of a fully integrated Transmission System; and

0.6 WHEREAS, the members believe that an agreement which provides for the equitable sharing among the Members of the costs incurred by the Members in connection with the ownership, operation, and maintenance of their respective portions of the Transmission System would enhance equity among the Members for the continued development of a reliable and economic Transmission System; and

0.7 WHEREAS, effective October 1, 2004 the Members joined the PJM Interconnection, LLC ("PJM"), and placed their respective transmission facilities under the functional control of PJM, a regional transmission operator or "RTO"; and

0.8 WHEREAS, PJM provides transmission service, pursuant to the PJM Open Access Transmission Tariff ("OATT"), to the Members and others who require transmission service over the Transmission System; and

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0.9 WHEREAS, the Members believe that benefits and advantages could be best realized if this Agreement were administered by a single clearing agent; and

0.10 WHEREAS, the Members believe that the Agent designated herein for such purpose is qualified to perform such services;

0.11 NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

ARTICLE 1

DESCRIPTION OF TRANSMISSION SYSTEM

1.1 The Transmission System covered by this Agreement shall include all the transmission facilities, from time to time, owned by the Members that are included in the costs of service used to determine rates for transmission service under the PJM OATT, including without limitation, (i) All Member transmission lines; (ii) all facilities such as transformers, buses, switchgear, and associated facilities located at Member transmission substations, and (iii) any other transmission lines and associated substation facilities at any voltage designated by the Transmission Committee as having been, installed or leased for the mutual benefit of all Members and/or others who receive transmission service from PJM or a successor RTO or other successor transmission service provider.

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ARTICLE 2

OPERATION

2.1 Each member shall maintain its respective portion of the Bulk Transmission System, together with all associated facilities and appurtenances, in a suitable condition of repair at all times in order that said system will operate in a reliable and satisfactory manner.

ARTICLE 3

TRANSMISSION COMMITTEE

3.1 The Members shall appoint representatives to serve on a Transmission Committee. Such representatives shall have authority to act for the Members in the administration of all matters pertaining to this Agreement.

3.2 Each Member shall designate in writing, delivered to the other Members and Agent, the person who is to act as its representative on said Committee and the person or persons who may serve as alternate whenever such representative is unavailable to act. Agent shall designate in writing delivered to the Members the person who is to act as its representative on said Committee and the person or persons who may serve as alternate whenever such representative is unavailable to act. Such person designated by Agent shall act as chairman of the Transmissions Committee and shall be known as the "Transmission Manager".

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ARTICLE 4

AGENTS RESPONSIBILITIES

4.1 For the purpose of carrying out the provisions of this Agreement the Members hereby delegate to Agent, and Agent hereby accepts, the responsibility of administration of this Agreement, and in furtherance thereof Agent hereby agrees:

4.11 To arrange for and conduct such meetings of the Transmission Committee as may be required to insure the effective and efficient carrying out of all matters of procedure essential to the complete performance of the provisions of this Agreement.

4.12 To carry out settlements under this Agreement. Settlements by the Members shall be made for each calendar month through General Ledger accounts (hereby designated and hereinafter called the "TRANSMISSION ACCOUNTS") to be administered by Agent. For the purposes of This Agreement, Transmission Accounts shall be consistent with the accounts listed in the FERC Uniform System of Accounts, and shall include such accounts and sub-accounts as are necessary and proper, directed by the Transmission Committee, and consistent with applicable regulatory requirements.

ARTICLE 5

SETTLEMENTS

5.1 As provided in this Article, following the end of each month, the Members shall effect settlements through the TRANSMISSION ACCOUNTS. Generally, Settlements hereunder will involve the allocation of transmission-related costs and revenues among the Members, and the recording of same in the

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Transmission Accounts of the Members, as specified in Appendix I.

5.2 All amounts to be allocated among the Members hereunder shall, to the extent practicable, be included in Settlements for the month in which such cost or revenue is realized or accrued. If necessary in order to implement such timely Settlement, the Agent shall be authorized to effect Settlements on an estimated basis and make such adjustment as is needed in subsequent Settlements that will conform the Settlements to the terms of this Agreement.

ARTICLE 6

TAXES

6.1 If at any time during the duration of this Agreement there should be levied and/or assessed by any governmental authority against any Member any tax related to the receipt of Settlements calculated pursuant to this Agreement (such as sales, excise or similar taxes), such tax expense incurred by such Member that would not have been incurred were the Settlements hereunder not being made, such Member shall be entitled, to the extent permitted by the applicable regulatory authority(ies) to include such tax in its transmission revenue requirement under the PJM or successor OATT when transmission revenue requirements of the Members are next updated, and thereby receive an appropriate level of reimbursement (through cost sharing) for such additional taxes by Members and others receiving service from the Transmission System.

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ARTICLE 7

Allocation Principles

7.1 All items of cost and revenue included in Settlements hereunder shall be related to the provision of or receipt of transmission service or a related ("ancillary") service by one or more Members on behalf of one or more of the Members. The allocation methods used to share such costs and revenues, as specified in Appendix I, shall be made pursuant to direction by the Transmission Committee.

7.2 The Transmission Committee may at any time during the Term of This Agreement, upon the recommendation of the Agent or any Member, review any item of cost or revenue, in order to determine whether such item is transmission-related, and whether it should be included in Settlements hereunder. Further, whenever the Transmission Committee determines that any change is needed in Appendix I to add or delete any item of cost or revenue, or to change the allocation or accounting basis of any item, the Transmission Committee shall authorize and direct the Agent when and how to effect such change in Appendix I and in monthly Settlements among the Members.

7.3 Allocations of costs shall, to the extent practicable, be based on measurable cost indicators that will effect a sharing of costs among the Members consistent with the use of such service, and will be sufficiently stable, over time, so as not to cause undue or objectionable variability in the costs of the Members.

7.4 Allocations of revenues shall, to the extent practicable, be based on measurable indicators of the cost

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incurred by each Member in providing the service that gave rise to the revenue.

ARTICLE 8
MODIFICATION

8.1 Any Member, or the Agent, by written notice given to the other Members and Agent, may call for a reconsideration of the terms and conditions herein provided. If such reconsideration is called for, the Members shall take into account any changed conditions, any results from the application of said terms and conditions, and any other facts that might cause said terms and conditions to result in an inequitable sharing of costs and benefits under this Agreement. Any modification in terms and conditions agreed to by the Members following such reconsideration shall become effective the first day of the month following authorization of such reconsideration by appropriate regulatory authority.

ARTICLE 9
EFFECTIVE DATE AND TERM OF THIS AGREEMENT

9.1 This Agreement shall become effective and shall become a binding obligation of the Parties on the date specified in an Order in such proceeding as this Agreement shall have been filed with, and accepted for filing by the Federal Energy Regulatory Commission (FERC) under the Federal Power Act as a rate schedule.

9.2 This Agreement shall continue in effect for an initial period from the Effective Date to December 31, 1990, and

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thereafter for successive periods of one year each until terminated as provided under subsection 10.3 below.

9.3 Any Member upon at least three years' prior written notice to the other Members and Agent may terminate this Agreement at the expiration of said initial period or at the expiration of any successive period of one year.

ARTICLE 10

REGULATORY AUTHORITIES

10.1 The Members recognize that this Agreement, and any tariff or rate schedule which shall embody or supersede this Agreement or any part thereof, are in certain respects subject to the jurisdiction of the FERC under the Federal Power Act, and are also subject to such lawful action as any regulatory authority having jurisdiction shall hereafter take with respect thereto. The performance of any obligation of the Members shall be subject to the receipt from time to time as required of such authorizations, approvals or actions of regulatory authorities having jurisdiction as shall be required by law.

10.2 It is expressly understood that any Member under this Agreement, as it may hereafter from time to time be modified and supplemented by the Members, shall be entitled, at any time and from time to time, unilaterally to make application to the FERC for a change in rates, charges, classification of service, or any rule, regulation or contract relating thereto, or to make any change in or supersede in whole or in part any provision of this Agreement, under Section 205 of the Federal Power Act and pursuant to the FERC's Rules and Regulations promulgated thereunder.

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ARTICLE 11

ASSIGNMENT

11.1 This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names and on their behalf by their proper officers thereunto daily authorized as of the day and year first above written.

Next Page is Signature Page

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Transmission Agreement Among:

AMERICAN ELECTRIC POWER
SERVICE CORPORATION,

By: _____

Michael Heyeck
Senior Vice President

KENTUCKY POWER COMPANY,

By: _____

Timothy C. Mosher
President and Chief Operating
Officer

APPALACHIAN POWER COMPANY,

By: _____

Dana E. Waldo
President and Chief Operating
Officer

KINGSPORT POWER COMPANY,

By: _____

Dana E. Waldo
President and Chief Operating
Officer

COLUMBUS SOUTHERN POWER
COMPANY,

By: _____

Joseph Hamrock
President and Chief Operating
Officer

OHIO POWER COMPANY, and

By: _____

Brian X. Tierney
Vice President

INDIANA MICHIGAN POWER
COMPANY,

By: _____

Helen J. Murray
President and Chief Operating
Officer

WHEELING POWER COMPANY

By: _____

Dana E. Waldo
President

Dated as of: _____

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**AEP Transmission Agreement
 Allocation of Transmission Related Costs and Revenues**

#	Item	FERC Account*	PJM Billing Basis	AEP Allocation Basis
AEP as Transmission Owner (Revenues)				
1	Transmission Owner Scheduling, System Control and Dispatch Service (PJM Schedule 1A)	456.1	NSPL	ARR S1A
2	NITS (AEP LSE)	456.1	NSPL	ATRR
3	NITS (Non-Affiliates)	456.1	NSPL	ATRR
4	Grandfathered PTP (CPL & NCEMC)	456.0	Contract	ATRR
5	PJM Expansion Cost Recovery Charge (ECRC)	456.1	NSPL	ARR EC
6	RTO Startup Cost Recovery Charge (SCRC)	456.1	NSPL	ARR SC

AEP as LSE (Expenses)

7	Transmission Owner Scheduling, System Control and Dispatch Service (PJM Schedule 1A)	456.1	MWh	MWh
8	NITS Charges (for AEP Retail Load)	456.1	NSPL	12CP
9	NITS Charges for AEP FR Customers	447.0	NSPL	DA
10	NITS Reimbursement from AEP FR Customers	447.0	NSPL	DA
11	Schedule 1A Charge for AEP FR Customers	447.0	NSPL	DA
12	Schedule 1A Reimbursement from AEP FR Customers	447.0	NSPL	DA
13	Firm Point-to-Point Credits (for AEP Retail Load)	456.1	NSPL	12CP
14	Non-Firm Point-to-Point Credits (AEP Retail Load)	456.1	NSPL	12CP
15	Transmission Enhancement (Schedule 12)	565.0	NSPL	12CP
16	PJM Expansion Cost Recovery Charge (ECRC)	456.1	NSPL	12CP
17	RTO Startup Cost Recovery Charge (SCRC)	456.1	NSPL	12CP

NSPL	PJM Network Service Peak Load
Contract	Pre-OATT FERC Rate Schedules
ARR S1A	Annual Revenue Requirement - Schedule 1A
ATRR	Annual Transmission Revenue Requirement
ARR EC	Annual Revenue Requirement - Expansion Cost Recovery
ARR SC	Annual Revenue Requirement - Startup Cost Recovery
12CP	Average of 12 coincident peaks through 10/31 of prior year
DA	Directly Assigned to Operating Company

* Note: Should the net amount in 456.1 for any Member be negative, e.g. more expense than revenue, the net expense will be recorded in 565.0.

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