

COST ALLOCATION MANUAL

As Of December 31, 2019

Corporate Accounting

The manual has been written to document AEP's approach to cost allocation and transfer pricing of affiliate transactions. Its purposes are to

- provide an easily referenced source of information
- state and clarify policy
- formalize procedures
- provide a basis of communication between all employees concerning cost allocation matters
- meet all regulatory requirements for maintaining a cost allocation manual.

The contents of the manual have been approved by management. Responsibility for adhering to the policies and procedures rests with every employee.

The manual is maintained in the A-Z index of AEP Now, under 'Cost Allocation Manual'. Maintenance of the documents incorporated in the manual by reference is the responsibility of the individuals and groups designated in the manual.

Errors in content and other requests for revision of this manual should be directed to the attention of Brian T. Lysiak.

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AEP AMERICAN ELECTRIC POWER

CAM
Amendment Record

Rev. No.	Date Issued	Rev. No.	Date Issued	Rev. No.	Date Issued	Rev. No.	Date Issued
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Cost Allocation Manual

Section

Controls

Subject

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SUMMARY

This Manual is divided into

TABS - major divisions within the manual

SECTIONS - divisions within a TAB

SUBJECTS - divisions within a SECTION.

DOCUMENT NUMBERING SYSTEM

Each document (i.e., subject) has a unique 6-digit number. This number is divided into 3 sets of two digits which are separated by dashes.

EXAMPLE: **05 – 03 – 02**
TAB-SECTION-SUBJECT

INDEXES

The alphabetic subject index is the key to this manual. It appears in the "Controls" TAB following this document.

Alphabetic Subject

The alphabetic subject index (00-00-03) lists every subject in this manual in alphabetical order along with the document number at which each subject may be located. To be able to retrieve information, each subject (and important captions within a subject) are listed three or more ways in the index.

Locating a Document

Document numbers appear in bold print on the upper right corner of each page (see top of this page). To locate a Subject:

1. Refer to the Alphabetic Subject Index and locate the SUBJECT you need.

2. Note the Document Number indicated

   EXAMPLE: **05-03-02**

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Locating a Document (Cont'd)

3. Locate TAB 5 of the manual and within this TAB find SECTION 03 and SUBJECT 02. Or, if you are viewing this manual electronically using Acrobat Reader, simply click on the subject line listed in the table of contents.

TABLE OF CONTENTS

The table of contents (00-00-01) is intended to give a cover-to-cover overview of the manual contents and organization. It lists contents of a TAB to the SUBJECT level in document number order. (Subjects are listed alphabetically in the Alphabetic Subject Index).

FORMAT

The format followed for each TAB within this manual may vary. Uniformity of format has been attempted to the extent practicable.

DISTRIBUTION

The AEPSC Corporate Accounting Department is solely responsible for the issuance, revision and distribution of all copies of this manual and database.

Revisions or additions to the manual will be issued as required. If practical, such revisions and/or additions will be accumulated and issued periodically as a group. The date of the latest revision or addition will appear at the bottom of the page in the left-hand corner.

AMENDMENTS

All users of this manual are urged to contribute ideas and suggestions for revisions to this manual.

Amendment Record

An amendment record is kept of all revisions to this manual. The amendment record appears in the front of this manual as the first document in the "Controls" SECTION.

This subject index lists every subject included in this manual in alphabetical order. The location document number is given for each subject. To aid retrievability, subjects are listed in two or more different ways.

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Cost Allocation Manual

Section

Introduction

Subject

OVERVIEW (GENERAL)

SUMMARY	American Electric Power Company, Inc. (AEP) is a public utility holding company. It has subsidiaries that conduct regulated operations and non-regulated operations.
BUSINESS	AEP is one of the United States' largest generators of electricity and owns the nation's largest electricity transmission system. AEP delivers electricity to customers in eleven states: Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia. Wholly-owned subsidiaries are involved in power engineering and construction services and energy management.
ORGANIZATION CHART	The ownership relationship between AEP, its subsidiaries, and their subsidiaries at successive levels is captured in AEP's corporate chart.
AFFILIATE TRANSACTIONS	AEP, its subsidiaries and certain other affiliates in the AEP holding company system conduct capital (i.e., financial) transactions among themselves. The subsidiaries, in certain situations, also perform services for one another.

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Organization Chart

Subject

OVERVIEW

SUMMARY

American Electric Power Company, Inc. (AEP) is a public utility holding company. It has direct subsidiaries (first tier) and indirect subsidiaries (second tier and lower).

CORPORATE CHART

A listing of the direct and indirect subsidiaries of AEP, including domestic and foreign subsidiaries, is contained in AEP's corporate organization chart.

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Organization Chart

Subject

CORPORATE CHART

SUMMARY

American Electric Power Company, Inc. (AEP) is a public utility holding company. It has no customers or employees nor does it own any utility property. AEP does own common stock of ten operating electric utility companies.

AEP also owns common stock of American Electric Power Service Corporation (AEPSC) and other domestic and foreign subsidiaries.

AEPSC is a management, professional and technical services organization that provides such services, at cost, to AEP, the operating electric utility companies in the AEP System, and other affiliated companies. Other AEP subsidiaries provide power engineering, energy consulting and energy management services.

CORPORATE ORGANIZATION CHART

The following organization chart lists hierarchically all of the direct and indirect subsidiaries of AEP. Company names are indented to identify them as subsidiaries of the company that is listed immediately above them at the next tier. Some companies are subsidiaries of more than one company. The footnotes provide a general description of the business conducted by each company.

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01. Abstract Digital, LLC	[Note I]
01. AEP Coal, Inc.	[Note L]
02. AEP Kentucky Coal, LLC	[Note L]
02. Snowcap Coal Company, Inc.	[Note L]
01. AEP Credit, Inc.	[Note R],[VIE]
01. AEP Energy Supply LLC	[Note I]
02. AEP Clean Energy Resources, LLC.	[Note X]
03. AEP Wind Holdings, LLC	[Note X]
04. AEP ABW Holdings, LLC	[Note X]
05. Apple Blossom Wind Holdings, LLC	[Note X],[VIE]
06. Apple Blossom Wind, LLC	[Note X]
04. AEP BOGW Holdings, LLC	[Note X]
05. Black Oak Getty Wind Holdings, LLC	[Note X],[VIE]
06. Black Oak Wind, LLC	[Note X]
04. AEP Renewables Development, LLC	[Note X]
04. AEP Wind Turbine Holdings, LLC	[Note X]
04. Auwahi Wind, LLC	[Note X]
05. Auwahi Holdings, LLC	[Note X]
06. Auwahi Wind Energy, LLC	[Note X]
04. Auwahi Wind 2, LLC	[Note X]
04. Cedar Creek II Wind Energy, LLC	[Note X]
05. Cedar Creek II Holdings, LLC	[Note X]
06. Cedar Creek II, LLC	[Note X]
04. Flat Ridge 2 Wind, LLC	[Note X]
05. Flat Ridge 2 Wind Holdings LLC	[Note X]
06. Flat Ridge 2 Wind Energy LLC	[Note X]
04. Flat Ridge 3 Wind Energy, LLC	[Note X]
04. Fowler Ridge II Wind, LLC	[Note X]
05. Fowler II Holdings LLC	[Note X]
06. Fowler Ridge II Wind Farm, LLC	[Note X]
04. Mehoopany Wind, LLC	[Note X]

05. Mehoopany Wind Holdings LLC	[Note X]
06. Mehoopany Wind Energy LLC	[Note X]
04. Prairie Hills Wind, LLC	[Note X]
02. AEP Energy Partners, Inc.	[Note W]
02. AEP Generation Resources Inc.	[Note E]
03. Cardinal Operating Company	[Note E]
03. Conesville Coal Preparation Company	[Note M]
03. Ohio Franklin Realty, LLC	[Note T]
04. Central Coal Company (Inactive)	(Inactive),[Note K]
02. AEP OnSite Partners, LLC	[Note I]
03. Brainerd Solar, LLC	[Note I]
03. Broad Street Fuel Cell, LLC	[Note I],[VIE]
03. Century West PNL, LLC	[Note I]
03. Dynasty PNL, LLC	[Note I]
03. Exeter Solar Power 1, LLC	[Note I]
03. Garnet Solar Partners, LLC	[Note I]
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03. Midwest Energy Finance, LLC	[Note I]
03. NM Renewable Development, LLC	[Note I]
04. NMRD Data Center, LLC	[Note I]
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05. NMRD Data Center II-Britton, LLC	[Note I]
04. NMRD Data Center III, LLC	[Note I]
05. NMRD Data Center III-Encino, LLC	[Note I]
03. North Smithfield Solar Power 1, LLC	[Note I]
03. Northwest Jacksonville Solar Partners, LLC	[Note I]
03. Ogdensburg Solar Partners, LLC	[Note I]
03. Quincy II Solar Garden, LLC	[Note I]
03. Rutland Renewable Energy, LLC	[Note I]
03. Sunset Lakeview PNL, LLC	[Note I]

03. SoCore Sherburne 1, LLC	[Note I]
03. Trout Creek Solar, LLC	[Note I]
03. Twin Lantern Solar Partners, LLC	[Note I]
02. AEP Renewables, LLC	[Note I]
03. Boulder Solar II, LLC	[Note I]
03. Jacumba Solar, LLC	[Note I]
03. Pavant Solar III, LLC	[Note I]
03. Santa Rita East Wind Energy Holdings, LLC	[Note X],[VIE]
04. Santa Rita East Wind Energy, LLC	[Note X]
02. AEP Retail Energy Partners LLC	[Note I]
03. AEP Energy, Inc.	[Note I]
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02. CSW Energy, Inc.	[Note I]
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03. Desert Sky Wind Farm LLC	[Note X]
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02. AEP Energy Services, Inc.	[Note D]
03. AEP Energy Services Gas Holding Company	[Note D]
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02. ClearSky, Inc.	[Note DD]
02. Columbus Collaboratory LLC	[Note DD]
02. EnerBlu, Inc.	[Note DD]
02. Eta Gen, Inc.	[Note DD]
02. GridEdge Networks, Inc.	[Note DD]
02. Utilidata, Inc.	[Note DD]
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02. United Sciences Testing, Inc.	[Note B]
01. AEP T&D Services, LLC	[Note BB]

01. AEP Texas, Inc	[Note J]
02. AEP Texas Central Transition Funding II LLC	[Note AA],[VIE]
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02. AEP Texas North Generation Company, LLC	[Note E]
02. AEP Texas Restoration Funding, LLC	[Note AA],[VIE]
02. 926 Pulliam Street	[Note T]
01. AEP Transmission Holding Company, LLC	[Note P]
02. AEP Storage Holding Company, LLC	[Note P]
03. AEP Storage New York, LLC	[Note P]
02. AEP Transmission Company, LLC	[Note P]
03. AEP Appalachian Transmission Company, Inc.	[Note P]
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02. Electric Transmission America, LLC	[Note P]
03. Prairie Wind Transmission, LLC	[Note P]
02. Electric Transmission Texas, LLC	[Note P]
02. Grid Assurance LLC	[Note P]
02. PATH West Virginia Series	[Note P],[VIE]
03. PATH West Virginia Transmission Company, LLC	[Note P]
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03. Transource Projectco, LLC	[Note P]
03. Transource Tennessee, Inc.	[Note P]
03. Transource Texas, LLC.	[Note P]
03. Transource Virginia, Inc.	[Note P]
03. Transource West Virginia, LLC	[Note P]
03. Transource Wisconsin, LLC	[Note P]
01. AEP Utility Funding, LLC	[Note AA]
01. American Electric Power Service Corporation	[Note B],[VIE]
02. American Electric Power Foundation	[Note FF]
01. Appalachian Power Company	[Note J]
02. Appalachian Consumer Rate Relief Funding LLC	[Note AA],[VIE]
02. Cedar Coal Co. (Inactive)	(Inactive),[Note K]
02. Center McGuire Master Tenant LLC	[Note T]
03. Center Landlord LLC	[Note T]
02. Center Landlord LLC	[Note T]
02. Central Appalachian Coal Company (Inactive)	(Inactive),[Note K]
02. Central Coal Company (Inactive)	(Inactive),[Note K]

02. Southern Appalachian Coal Company (Inactive)	(Inactive),[Note K]
01. Franklin Real Estate Company	[Note T]
02. Indiana Franklin Realty, Inc.	[Note T]
01. Indiana Michigan Power Company	[Note J]
02. Blackhawk Coal Company (Inactive)	(Inactive),[Note K]
02. Price River Coal Company, Inc. (Inactive)	(Inactive),[Note K]
01. Kentucky Power Company	[Note J]
01. Kingsport Power Company	[Note J]
01. Kyte Works, LLC	[Note I]
01. Ohio Power Company	[Note J]
02. NCT Ventures Fund II	[Note AA]
02. Ohio Phase-In-Recovery Funding LLC	[Note AA],[VIE]
02. Ohio Valley Electric Corporation	[Note E],[VIE]
03. Indiana-Kentucky Electric Corporation	[Note E]
02. Rev1 Ventures Fund I	[Note DD]
01. Ohio Valley Electric Corporation	[Note E],[VIE]
02. Indiana-Kentucky Electric Corporation	[Note E]
01. Oil Casualty Insurance, Ltd.	[Note I]
01. PowerTree Carbon Company, LLC	[Note D]
01. Public Service Company of Oklahoma	[Note J]
01. Southwestern Electric Power Company	[Note J]
02. Dolet Hills Lignite Company, LLC	[Note L],[VIE]
02. Mutual Energy SWEPCo, LLC	[Note W]
02. Oxbow Lignite Company, LLC	[Note L]
02. Southwest Arkansas Utilities Corporation	[Note T]
02. 926 Pulliam Street	[Note T]
01. Wheeling Power Company	[Note J]

Variable Interest Entity (VIE) in accordance with generally accepted accounting principles, no costs are allocated to this entity.

Notes:
A. Public utility holding company.
B. Management, professional and technical services.
C. Telecommunications.
D. Broker and market energy commodities.
E. Generation.
F. Investor in companies developing energy-related ideas, products and technologies.
G. Distributed generation products.
H. International energy-related investments, trading and other projects.
I. Non-regulated energy-related services and products.
J. Domestic electric utility.
K. Coal mining (inactive).
L. Coal mining (active).
M. Coal preparation.
N. Inactive.
O. Subsidiary public utility holding company.
P. Electric transmission.
Q. Leasing.
R. Accounts receivable factoring.
S. Independent power.
T. Real estate.
U. Staff augmentation to power plants.
V. Retail energy sales.
W. Marketing of natural gas, electricity or energy-related products.
X. Wind Power Generation.
Y. Barging Services
AA. Finance Subsidiary
BB. Energy services including operations, supply chain, transmission and distribution
CC. Gas pipeline and processing

DD. Domestic energy-related investments, trading and other projects
EE. Trust
FF. Nonprofit

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Section

Affiliate Transactions

Subject

OVERVIEW

SUMMARY	The electric utilities in the AEP holding company system conduct transactions with each other, American Electric Power Service Corporation (AEPSC) and their non-regulated affiliates.
AEPSC Services Rendered	AEPSC provides management, technical and professional services to other companies within the AEP holding company system. **01-03-02**
INTERCOMPANY PRODUCTS AND SERVICES	The electric utility companies provide products and services to each other and in certain cases they provide products and services to non-regulated affiliates and receive products and services from non-regulated affiliates. **01-03-03**
MONEY POOL	The operation of the AEP Utility and Non-utility Money Pool is designed to match, on a daily basis, the available cash and borrowing requirements of its participants, thus minimizing the need to borrow from external sources. **01-03-04**
RESEARCH AND DEVELOPMENT	Research and development (R&D) activities are generally performed by AEP System companies on a shared basis. AEPSC manages most R&D projects. **01-03-05**

FINANCIAL TRANSACTIONS

The AEP System companies, although legally separated, operate on an integrated basis, as permitted by law and regulation. Financial transactions are conducted on a regular basis in support of the integrated activities.

01—03-06

INTELLECTUAL PROPERTY

Revenues derived from non-associates for the resale and licensing of property protected by copyright, patent or trademark laws are shared among AEP affiliates and regulated by the Federal Regulatory Commission (FERC) under the Public Utility Holding Company Act of 2005.

01-03-07

CONVENIENCE PAYMENTS

Payments made for the convenience of another associate company within the AEP System need to be kept to a minimum and be reimbursed immediately to the paying company.

01-03-08

Cost Allocation Manual

Section

Affiliate Transactions

Subject

SERVICES RENDERED BY AEPSC

SUMMARY

The services provided by AEPSC are regulated by the Federal Energy Regulatory Commission (FERC) under the Public Utility Holding Company Act of 2005.

SUMMARY OF AEPSC SERVICES

The following table provides a listing of services AEPSC provides to affiliate companies:

GROUP/FUNCTION	DESCRIPTION
Audit Services	Audit Services provides audit and review services to assist management and the Board of Directors in the effective discharge of their responsibilities to establish, maintain, and oversee a proper internal control environment.
Chief Administrative Officer Administration	Executive management support of all areas of the Chief Administrative Officer.
Chief Executive Officer Administration	Services provided by the office of the chairman.
Chief Security Officer Administration	The Chief Security Officer provides, among other items, overall direction and management to all companies in the AEP system, and includes the CEO and his staff.
Chief Financial Officer Administration	Executive management support of all areas of Finance, Accounting and Strategic Planning as well as miscellaneous accounting billings and

GROUP/FUNCTION	DESCRIPTION
	adjustments.
Commercial Operations	Capture maximum value for surplus generation and secure competitive, low-cost supplies from the market to meet the needs of the AEP System. Operational analyses, responsible for decision support modeling, dispatch pricing, and position reporting. Manage and administer non-affiliated gas marketing.
Corporate Accounting	Corporate Accounting & Finance provides services such as maintaining the books and records, preparing all monthly entries to the ledgers, and developing and maintaining the accounting and business systems that support the utilities. Services also include financial and regulatory reporting, managing financial resources, performing tax compliance and ensuring compliance with generally accepted accounting principles and corporate accounting policy.
Corporate Communications	Corporate Communications provides local corporate

GROUP/FUNCTION	DESCRIPTION
	communications by distributing information to employees, the media, customers, civic leaders, and the public at large. Provide feedback to management from those various groups.
Corporate Human Resources	Human Resources responsible for interpreting, defining, writing, and administering the Company's human resource policies and providing human resource services to all AEP employees. Responsible for compliance with all related bodies of regulation, including EEO, ERISA, and OSHA.
Corporate Planning and Budgeting	Corporate Planning & Budgeting provides long and short range financial planning services, strategic planning and analysis, and budget services..
Customer and Distribution Services	Customer Services resolves customer problems and manages customer relationships. Primarily provide support in the areas of customer operations, billing support, website development,

GROUP/FUNCTION	DESCRIPTION
	and customer solution centers. Distribution Services provides mapping services, contract administration, data analysis and benchmarking, system budgeting, line training, project management, design and development of construction projects, drafting and engineering services, and planning services.
Distribution, Customer Ops, and Regulatory Services Administration	Other includes, among other items, executive management support of all areas of the Distribution, Customer Operations, and Regulatory Services.
Energy Supply Administration	Services include administration of coordinating the dispatch of AEP's competitive generation fleet and engage in marketing, risk management and retail activities in ERCOT, PJM and MISO.
Environment and Safety	Support of environmental and safety concerns.
Federal Affairs	Monitors and participates in rulemakings and other public policy discussions at various federal agencies.

GROUP/FUNCTION	DESCRIPTION
Fossil and Hydro Generation	Provide power plants with engineering and technical resources necessary to manage day-to-day operations issues affecting unit reliability, availability, and equipment performance.
Generation Administration	Services provided by the Generation Administration.
Generation Business Services	Business support services for operation and maintenance of AEP generating assets.
Generation Engineering and Technical Services – Engineering Services	Administration of all generation assets: fossil, hydro, and engineering technical services
Generation Engineering and Technical Services – Project and Contstruction	Administration of all generation assets: fossil, hydro, and engineering technical & project and construction
Information Technology	Information processing, business unit support, application development, client computing and technical software support and EAS solutions and telecommunication operations.
Investor Relations	Investment services.

GROUP/FUNCTION	DESCRIPTION
Legal	Legal counsel and public/regulatory policy for questions, issues, cases, etc. for all aspects of the AEP System.
Real Estate and Workplace Services	Real Estate and Workplace Services is responsible for areas of facilities management, office services, physical security and land management.
Regulated Commercial Operations	Commercial Operations services include coordinating the dispatch of AEP's generation fleet and engage in bulk power market activity in order to serve native load requirements and to lower customer rates through off-system sales. Also responsible for fuel procurement, fuel contract negotiation and administration, fuel inventory management, and fuel planning and analysis.
Regulatory Services	Support of system wide regulatory and rate analysis.
Risk and Strategic Initiatives	Coordination of risk assessment, credit risk management and insurance coverage.
Supply Chain & Fleet	Supply Chain and Fleet

GROUP/FUNCTION	DESCRIPTION
Operations	Services are responsible for fleet support, which encompasses the provision and support of vehicles and related equipment. Also provides materials management services, procurement and contracting services.
Transmission Administration	Services provided by Transmission Administration.
Transmission Asset Strategy and Policy	Executive management support of all areas of Transmission.
Transmission Field Services	Transmission Field Services is responsible for the maintenance and emergency restoration of the AEP transmission system and distribution station facilities.
Transmission Grid Development & Portfolio Services	Transmission Strategy and Business Development Services is responsible for developing and executing transmission strategy and business plans in alignment with AEP's corporate strategy.
Transmission-Engineering and Project Services	Transmission Field Services is responsible for the maintenance and emergency restoration of the AEP transmission system and distribution

GROUP/FUNCTION	DESCRIPTION
	station facilities.
Treasury	Cash management, and financing services.

SUMMARY

The non-tariffed products and services provided by AEP's regulated utilities to affiliate companies and vice versa are governed by written agreements between and among the companies (see TAB **04** in this manual). The following tables describe the nature of the various transactions that are conducted with affiliates in three categories:

- products and services provided by regulated utilities to non-regulated affiliates
- products and services provided to regulated utilities by non-regulated affiliates
- products and services provided by regulated utilities to each other.

PRODUCTS AND SERVICES PROVIDED BY REGULATED UTILITIES TO NON-REGULATED AFFILIATES

The following table describes the nature of products and services provided by the AEP System's regulated utilities to non-regulated affiliates:

CATEGORY	***DESCRIPTION***
Facilities Management	Construct, operate and maintain equipment, approval of outside contracts & monitoring work of contractors.
Pole Attachments	Lease poles and towers for communication and other purposes.
Customer Accounting	Service, administer, and collect receivables sold to AEP Credit, Inc.

CATEGORY	DESCRIPTION
Land Management	Provide consulting services related to the buying and selling of real estate; including site appraisals and site maintenance services.
Corporate Services	Provide office space, furnishings, and equipment. Provide consulting services related to maintenance of owned and leased facilities.
Building Space and Office Services	Bill rent and carrying charges for building space occupied.
Equipment Rentals	Lease short-term equipment rentals.
Materials and Supplies (inventory transfers)	Provide materials from storerooms. Charges include the cost of the materials and supplies and appropriate stores overheads. Stores overheads include costs associated with purchasing and maintaining the materials and supplies inventory.
Telecom Communication Services & Maintenance	Effective January 1, 2014, AEP Generation Resources (AGR) has contracted with Ohio Power Company (OPCo)

CATEGORY	DESCRIPTION
	to provide bandwidth, local phone service and maintenance services on telecommunication equipment owned by AGR. These services provided by OPCo will be billed to AGR at the higher of cost or market, in compliance with the asymmetric pricing rules.

PRODUCTS AND SERVICES PROVIDED TO REGULATED UTILITIES BY NON-REGULATED AFFILIATES

The following table describes the nature of products and services provided to the AEP System's regulated utilities by non-regulated affiliates:

CATEGORY	DESCRIPTION
Testing Services	USTI provides environmental testing services to our generation facilities. These services provided by USTI will be billed to the regulated generation facilities at the lower of cost or market, in compliance with the asymmetric pricing rules.

PRODUCTS AND SERVICES PROVIDED BY REGULATED UTILITIES TO EACH OTHER (Including Coal Mining Subsidiaries)

The following table describes the nature of products and services provided by the AEP System's regulated utilities to each other:

CATEGORY	***DESCRIPTION***
Materials and Supplies (inventory transfers)	Materials supplied from company storerooms shall include the material cost and stores overheads. Overheads include costs associated with purchasing and maintaining materials and supplies inventory.
Equipment Maintenance	Provide personnel and services to perform regular and emergency equipment repairs (primarily for operating plant equipment).
Simulator Training	Provide personnel and facility to train power plant personnel on the operation of 1300 MW units.
Building Space and Office Services	Billing of rent and carrying charge for building space occupied.
Water Transportation, Coal and Consumables Handling, and Gypsum	Provide barging and services at transfer terminals and other coal handling facilities.
Railcar Maintenance	Billing for routine inspection and repair work on railcar hopper

CATEGORY	DESCRIPTION
	fleet.
Railcar Usage	Usage of railcars by other companies.
Mining (including mine shutdown costs)	Affiliated companies mine and provide coal and lignite to electric utilities on a cost reimbursement basis.
Power Coordination Agreement (power purchases and sales)	Sharing of power production and off-system sales and purchases among AEP System generating companies.
Emergency Assistance	Provide personnel to restore electric service interrupted by natural disasters.
EHV Transmission System	Sharing of costs incurred regarding the ownership, operation and maintenance of AEP's extra-high voltage (EHV) trans-mission system.
Energy Distribution System	Provide personnel and services to perform engineering, metering, drafting, line work, customer services, right-of-way maintenance work, design of construction projects, contract administration and administrative planning.

CATEGORY	DESCRIPTION
Energy Transmission	Provide personnel and services to perform transmission line work, protection & control, and station and engineering work.
Energy Delivery Support	Provide personnel and services to perform measurements, telecommunications, forestry and real estate work.
Administrative Support	Provide personnel and services to perform environmental, governmental affairs, fleet management, building services and mail services.
Hydro Plant	Provide supervision, maintenance and operation of hydro plant and associated facilities.
Joint Facilities	Share costs of operations and maintenance of jointly owned facilities (primarily generating plants and HVDC transmission facilities).
Capitalized Spare Parts	Capitalized spare parts are sold by the utilities to each other at cost.
Coal Supply	Sale of Coal to the operating companies.
Waste Disposal	Provide waste handling and landfill services

CATEGORY	DESCRIPTION
Consumables Handling	Provide Services for transloading UREA.
Coal Handling	Provides trans-loading services at Cook Terminal.
Transmission Training	Provide transmission employees with training.

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Affiliate Transactions

Subject

MONEY POOL

SUMMARY

The AEP System Utility Money Pool and the AEP System Nonutility Money Pool are arrangements structured to meet the short-term cash requirements of their participants. The operation of the two Money Pool arrangements is designed to match, on a daily basis, the available cash and borrowing requirements of participants, thereby minimizing the need to borrow from external sources.

AUTHORITY

The AEP System Utility Money Pool and the AEP System Nonutility Money Pool operate consistently with the terms and conditions of their respective agreements. The AEP System Utility Money Pool Agreement is filed with the Federal Energy Regulatory Commission (FERC).

PARTICIPANTS

The AEP System Utility Money Pool participants are certain of AEP regulated direct and indirect subsidiaries as well as certain nonutility subsidiaries. The AEP System Nonutility Money Pool Agreement participants are certain of AEP unregulated direct and indirect subsidiaries. Each participant may withdraw any of its funds from the respective Money Pool to which it belongs at any time upon notice to American Electric Power Service Corporation (AEPSC).

AGENT

AEPSC acts as the administrative agent of the Utility and Nonutility Money Pools. As of February 24, 2016 AEPSC no longer participates in the Utility Money Pool.

FUNDING ENTITIES

AEP may engage in various types of short-term financings to fund the daily needs of the money pools. AEP Utility Funding LLC was formed to fund the Utility Money Pool and AEP Nonutility Funding LLC was formed to fund the Nonutility Money Pool. Any funds transferred to the Money Pool will flow through the applicable Funding LLC. The Utility Funding LLC may obtain funds from external sources,

or AEP. The Nonutility Funding LLC will obtain its funds from AEP. The Funding LLCs are solely financial conduits.

RULES

American Electric Power Company, Inc. (AEP), AEP Utility Funding LLC, and AEP Nonutility Funding LLC will not borrow funds from the Utility or Nonutility Money Pools or their participants.

Participants in the Nonutility Money Pool will not engage in lending and borrowing transactions with participants of the Utility Money Pool.

Each participant, except AEP and AEP Utility Funding LLC, and AEP Nonutility Funding LLC has the right to borrow from its respective Money Pool from time to time, subject to the availability of funds and other limitations. No participant is obligated to borrow from its respective Money Pool if lower cost funds can be obtained from its own external borrowing.

PROCESS

Available funds in the treasuries of the participants in the individual Utility and Nonutility Money Pools are individually "pooled" together. Within each money pool the cash position of each Money Pool participant is determined on a daily basis. The pooled funds are either loaned to other participants within the pool or invested in short-term cash instruments.

If the cash needs of the Utility and/or Nonutility Money Pools exceed the pooled funds, additional funds are raised through external borrowings from the sale of commercial paper notes as well as certain other means to the extent permitted by law and regulatory orders.

A daily interest rate is calculated for each money pool and applied to all participant borrowings and investments.

The interest rate for the Utility Money Pool is the composite weighted-average daily effective cost incurred by AEP, and/or AEP Utility Funding LLC for short-term borrowings from external sources or an equivalent rate when there is no external borrowing.

The interest rate for the Nonutility Money Pool is the composite weighted-average daily effective cost incurred by AEP for short-term borrowings from external sources or an equivalent rate when there is no external borrowing, plus a margin if the Participant's internal credit rating is lower than that of the Leading Parties.

If surplus funds exist in the treasuries of the Utility and/or Nonutility money pools, an external investment is made on behalf of the respective money pool with the surplus.

Interest income related to external investment of surplus funds is calculated daily and allocated back to the lending participants based on their relative contribution to the surplus.
Money Pool participants are also charged a pro rata cost of certain expenses associated with their borrowing program, including fees associated with bank lines of credit, rating agencies, and the issuing and paying agent.

SUMMARY

Research and development (R&D) projects are generally managed by AEPSC on behalf of other AEP System companies. The services performed by AEPSC are billed to the respective parties through the AEPSC billing system. Every shared project is billed using one of the approved Allocation Factors (see the Appendix to this manual for a complete list of approved Allocation Factors).

In many cases, an AEP System operating company provides the site for conducting the R&D activity and/or procures the equipment and materials needed to conduct the research. In these cases, the operating company acts as the lead company for all other participants and is responsible for the payment of all costs it incurs on behalf of the other participants.

The costs incurred by the lead company are shared with and billed to the other AEP participants through a separate R&D accounting and billing process. The R&D accounting and billing process uses the same Allocation Factor for each project that AEPSC uses to bill its support costs.

PROCEDURE

Operating company billings for R&D are performed on a fully-allocated cost basis (i.e., the billings include both direct and indirect costs).

Non-Productive Pay

The cost of employee vacations, holidays, jury duty and other paid absences are accrued and loaded on to labor dollars.

Fringe benefits Procedure

The cost of fringe benefits such as pension expense is loaded on to labor dollars.

A&G OVERHEADS	Administrative and general (A&G) overheads are loaded to R&D projects in the R&D accounting and billing process based on the labor dollars charged to each project.
Direct Costs	All direct costs of a R&D project, including productive labor, are captured along with the indirect costs described above.
BILLING	The lead company of any shareable R&D project will bill its associates their respective share of the incurred R&D costs. The costs billed to the associate companies will be exclusive of any costs that are incurred by AEPSC since such costs are appropriately allocated through the AEPSC work order billing system. The lead company will retain its share of any incurred costs.

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Affiliate Transactions

Subject

FINANCIAL TRANSACTIONS

SUMMARY

The AEP System companies, although legally separated, operate on an integrated basis as permitted by law and regulation. Financial transactions are conducted on a regular basis in support of the integrated activities.

FINANCIAL TRANSACTIONS

The following table provides a summary of the primary financial transactions the AEP System companies conduct with each other that are not covered elsewhere in this Section of this manual:

CATEGORY	***DESCRIPTION***
Loans	Debt obligations.
Capital Contributions	Common stock purchases as well as paid-in capital transactions.
Accounts Receivables Factoring	AEP Credit, Inc. (formerly CSW Credit, Inc.) buys the accounts receivables of certain of the electric utility affiliates.
Credit Line Fees	Credit line fees are shared among AEP System companies.
Dividend Payments	Dividend payments are made by subsidiaries to their parent companies.
Real and Personal Property	Title to and/or rights in real or personal property acquired and held by an AEP affiliate as Agent for another AEP affiliate.

CATEGORY	*DESCRIPTION*
Employee Loans, Accrued Compensation, Employee Relocation Expenses and Other Employee-Related Items	When an employee transfers from one AEP company to an affiliate, the receiving company pays the employee's relocation expenses. In addition, any amounts due to or from the employee are transferred to the receiving company from the sending company.
Money Pool	An arrangement designed to match the available cash and borrowings requirements of participants to minimize the need for external borrowings.

NOTE: Also see Document Numbers **01-03-04, 01-03-05** and **01-03-08** for a discussion of the AEP Money Pool, Research & Development cost sharing and Convenience Payments, respectively.

SUMMARY

From time-to-time the unregulated companies of the American Electric Power system may enter into agreements with non-affiliated third parties for the licensing of technology developed by American Electric Power Service Corporation (AEPSC) and certain electric utility subsidiaries within the AEP System. These agreements, among other things, extend to the resale and licensing of property protected by copyright, patent or trademark laws (herein referred to as intellectual property).

TERMS AND CONDITIONS FOR USE OF INTELLECTUAL PROPERTY BY UNREGULATED COMPANIES

If an unregulated company sells or licenses to non-affiliated intellectual property developed by AEPSC or any other AEP System company, such companies shall receive a a percentage of the net profits and the unregulated company will receive a commission by having the unregulated pay the AEP System company that developed the intellectual property the amounts noted in the following table:

REVENUE SHARING PROVISIONS
1. 70% of the revenues from the intellectual property until the AEP System company that developed the intellectual property recovers its programming and development costs; and 2. 20% of such revenues thereafter.

TERMS AND CONDITIONS FOR THE USE OF INTELLECTUAL PROPERTY DEVELOPED BY UNREGULATED COMPANIES

Intellectual property developed by an unregulated company will be made available to all associates in the AEP holding company system without charge, except for actual expenses incurred by an unregulated company in connection with making such intellectual property so available.

SUMMARY

American Electric Power Service Corporation (AEPSC) provides services to other companies in the AEP Holding Company System. To the extent possible, the expenditures incurred by AEPSC should pertain exclusively to the services it performs.

AEP POLICY

AEP's policy is to minimize AEPSC convenience payments. However, in some situations, AEPSC makes payments on behalf of other System companies as a matter of convenience. Generally, these convenience payments are made in an emergency situation or for cost-saving or timesaving purposes. The requester must recommend an allocation method for any Convenience Payment that pertains to two or more companies.

The distribution of the convenience payment among the appropriate companies will be provided by either the requester of the convenience payment or by AEPSC personnel acting on behalf of the requester. The distribution of the convenience payment can be provided on the face of the invoice to be paid, based upon anticipated benefits to be derived by the appropriate companies, or based upon existing AEPSC allocation methods. The most appropriate and/or reasonable method will be used for each specific convenience payment based on the type of transaction.

REPORTING REQUIREMENTS

Annually AEPSC is required to report the amount paid during the past calendar year for convenience payments. The required information must be included in AEPSC's annual report that is filed with the Federal Energy Regulatory Commission(FERC)on FERC Form 60.

Cost Allocation Manual

Section

Introduction

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OVERVIEW (GUIDELINES)

SUMMARY	AEP has internal (i.e., Corporate) guidelines for cost allocation and inter-company billings. Federal and state authorities, either through legislation or formal rule making, have established cost allocation methods and affiliate transaction requirements.
CORPORATE	AEP has established corporate policies and procedures for cost allocation and billing. Its cost allocation process includes both direct costs and indirect costs. Its inter-company billing process includes both direct billings to a single company and shared billings to a group or class of companies.
FEDERAL REGULATION	The Federal Energy Regulatory Commission (FERC) regulates the AEP System's cost allocation process as well as the transactions that take place among the AEP System companies. AEP prices all transactions among the affiliate companies in the AEP System in accordance with the "at cost" standard, which was carried forward by the FERC under the PUHCA 2005.
STATE COMMISSION RULES	AEP's eleven state commissions, to some degree, have established rules and regulations or other requirements relative to AEP's cost allocation practices and affiliate transactions. State commission authority in these areas, for the most part, is based on their authority to establish rates for retail customers.

Cost Allocation Manual

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Corporate

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OVERVIEW

SUMMARY

AEP's internal guidelines applicable to cost allocations are designed to result in a fair and equitable allocation of costs. Policies and procedures have also been formulated to meet regulatory standards both for cost allocation and affiliate transactions.

COST ALLOCATION POLICIES AND PROCEDURES

Each AEP subsidiary maintains separate books and records. Transactions are coded and processed in a manner that meets all regulatory requirements. Proper audit trails are maintained so that costs can be traced from source documents all the way through the applicable accounting and billing systems.

02-02-02

THE COST ALLOCATION PROCESS

Unless otherwise exempted, the AEP companies allocate costs between regulated and non-regulated operations, on a fully-distributed cost basis. Fully-distributed costs include all direct costs plus an appropriate share of indirect costs.

02-02-03

COST POOLING AND COST ASSIGNMENT

Indirect costs are pooled and assigned to multiple companies or company segments in accordance with the relative benefits received or by other equitable means.

02-02-04

ACCOUNT DESIGNATIONS

The operation and maintenance expense accounts in the Federal Energy Regulatory Commission's (FERC's) uniform system of accounts break functionally between regulated and non-regulated expenses. Certain administrative and general expenses

ACCOUNT DESIGNATIONS

include costs that can be attributed to

Cont'd) both regulated and non-regulated activities. Some of AEP's generation has been restructured as a competitive activity, and therefore, the power production accounts in the FERC's system of accounts become non–regulated accounts.

02-02-05

Cost Allocation Manual

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COST ALLOCATION POLICIES AND PROCEDURES

SUMMARY

Cost allocation is the process of assigning a single cost to one or more company or company segments on the basis of the relative benefits received or other equitable basis. This document summarizes the underlying cost allocation policies and procedures that are applied on a corporate-wide basis by all AEP companies.

POLICIES AND PROCEDURES

AEP's cost accounting and cost allocation policies and procedures shall not result in any cost subsidies among or between regulated and non-regulated operations. Unless otherwise exempted, all affiliate transactions for services or products will be conducted at fully allocated cost. For the transfer of capital assets, fully allocated cost shall equal the net book value of the capital asset.

The term "affiliate transactions" refers to all transactions between the utility and any separate affiliate company, both regulated and non-regulated, including all transactions between a utility's regulated operations (above-the-line) and non-regulated operations (below-the-line).

Basic Goal

The basic goal of AEP's cost allocation policies and procedures are threefold:

- to ensure a fair and equitable distribution of costs among all benefiting parties
- to meet pertinent regulatory requirements
- to minimize the time and expense needed to record, audit and report transactions.

Separate Books and Records	Each subsidiary of AEP shall maintain separate books and records and make maximum use of common accounting and business systems without violating any federal or state imposed code of conduct provisions relative to sensitive customer or non-public information.
Accounting Transactions	All financial accounting transactions will be recorded in accordance with corporate accounting policy using the appropriate chartfield values for each transaction. Each transaction will be recorded in accordance with the FERC Uniform System of Accounts as applicable to each subsidiary or affiliate.
Cross-Subsidies	AEP's cost accounting and cost allocation methods or procedures shall not result in any cost subsidies among or between regulated and non-regulated operations.
Cost Allocation	Factors to be considered in the Allocation of individual items of cost include, among other things: • the relationship of the individual cost to the benefiting company or company segments • generally accepted accounting principles • best practices • regulatory principles • reasonableness of results
Audit Trail	A key requirement for allocating costs for affiliate transactions is the maintenance of adequate audit trails. The following audit trail standards shall be maintained for all transactions:

- vendor invoices, employee time records and expense accounts, general ledger journal entries and similar documentation will be available and accessible to adequately support the accuracy and validity of individual transactions
- all supporting documentation will be retained in accordance with the applicable regulatory requirements for records retention
- all posting to the providers' books of account or summary ledgers will be identifiable with the individual transactions that make up the total amount of the posting.

Transfer Pricing of Affiliate Transactions

The predominant pricing standard among AEP's various regulatory jurisdictions for affiliate transactions is "fully-allocated cost." However, in certain jurisdictions and instances, the substantiation of market prices may be required because of state code of conduct or other rules or regulations.

For billing purposes, non-tariff products and services either purchased by or sold by one of AEP's regulated utilities will be priced at "fully-allocated cost".

In the case of products and services, "fully-allocated cost" approximates market value in most situations since the parties are simply sharing costs that reflect current market prices.

For the transfer of capital assets between an AEP regulated utility and an affiliate, "fully-allocated cost" shall equal the net book value of the asset (i.e., original cost less depreciation).

ACCESS TO BOOKS AND RECORDS	All lawful requests by regulators to obtain access to the books and records of an affiliate of a regulated utility for the purpose of setting the utility's cost-based rates shall be honored in a timely manner.

Cost Allocation Manual

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Corporate

Subject

THE COST ALLOCATION PROCESS

SUMMARY

AEP allocates costs to regulated and non-regulated operations on a fully-distributed cost basis. Fully distributed costs include all direct costs plus an appropriate share of indirect (and common) costs.

DIRECT COSTS

Direct costs can be identified with a particular activity and can be incurred on behalf of one or more companies or affiliates.

INDIRECT COSTS

Indirect costs cannot be identified with a particular activity and must be charged to the appropriate activity or activities to which they relate using relevant cost allocators. Indirect costs include, but are not limited to, corporate or business unit overheads, general and administrative overheads, and certain taxes.

COMMON AND JOINT COSTS

Common and joint costs, as distinguished from indirect costs, are costs that are of joint benefit between regulated and non-regulated business operations. These costs can include both direct and indirect costs.

COST EXAMPLES

The following table provides examples of the expenses included in each cost category:

Direct costs	Direct labor; direct materials
Indirect costs	Board of Directors' fees; FICA tax; interest expense; other elements of Internal Support Costs and departmental overhead.
Common costs	Depreciation or rent expense on shared buildings; the expenses incurred in operating a common payroll system

BASIC PROCESS

AEP allocates costs among regulated and non-

regulated business operations following three basic steps:

1. To the maximum extent possible, within reasonable cost benefit standards, costs are collected and classified on a direct charge basis.

2. All costs, both direct and indirect, are attributed to activities (i.e., projects, products or services) which, by their very nature, are regulated, non-regulated, common or joint.

3. The costs of common or joint activities are allocated using either an output measure of the activity performed or the primary cost driver (or a relevant proxy in the absence of a primary cost driver).

BILLINGS TO AFFILIATES

Any costs incurred for the benefit of only one client or affiliate are billed 100% to that client or affiliate.

Any costs incurred for the benefit of more than one client or affiliate are billed to the clients or affiliates for which the related service was performed using cost-causative allocation factors of the nature described in Step 3 of the basic allocation process (see above). For example, the cost accumulated for processing payroll is allocated and billed based on the ratio of each client's or affiliate's number of employees to the total number of employees of all clients or affiliates receiving the service.

Cost Allocation Manual

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COST POOLING AND COST ASSIGNMENT

SUMMARY

The financial accounting systems used by the AEP System companies are designed to pool allocable costs in a manner that leads to a fair and equitable distribution of costs among all affiliated companies and between regulated and non-regulated operations.

UNDERLYING PRINCIPLE

The underlying principle in cost allocation is that the results must be fair and equitable. To meet this standard, the results must be reasonable and take into account the relative benefits received from each cost pool.

POOLING METHODOLOGY

In order to perform fair and equitable cost allocations, AEP's financial accounting systems are designed to capture and pool costs at three basic levels:

- direct costs are costs which can be specifically assigned to final cost objectives;
- common or joint costs are costs which apply to more than one cost objective and can be attributed to them in reasonable proportion to the benefits received; and
- overhead costs relate to the overall operations of the business and, as such, have no direct relationship to any particular cost objective.

Sub-Pools

Common and joint costs along with overhead costs are further accumulated in various cost groupings (sub-pools). Examples include:

- salary-related costs (also known as fringes)
- compensated absences (i.e., non-productive pay)

- building costs
- technology costs
- general and administrative overhead
- construction overhead

COST ASSIGNMENT

The AEP System pools and allocates costs at each level on a legal entity basis. That is, the costs incurred by one company do not affect the level of costs allocated by another company. Separate books and records are maintained for each company.

All companies assign direct costs on a 100% basis while common or joint costs are assigned or charged to multiple cost objectives in accordance with the relative benefits received or by other equitable means. Overhead costs are charged using relatable, cost-causative factors such as labor dollars, and total cost input.

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ACCOUNT DESIGNATIONS (Regulated, Non-Regulated and Joint)

SUMMARY

As required by the Commonwealth of Kentucky's House Bill No. 897 [Section 4(f)], the Cost Allocation Manual (CAM) maintained by the electric utility must provide a report that identifies whether the costs contained in each account (or sub-account) of the Uniform System of Accounts (i.e., the USoA) are attributable to regulated operations, non-regulated operations, or are joint costs in nature. A description of the methodology used to apportion the costs shall also be included. The allocation methodology must be consistent with the provisions of Section 3 of House Bill No. 897.

While this document has been prepared primarily to satisfy Kentucky's CAM requirement, the account designations included in the accompanying chart also apply to AEP's other electric utilities.

ACCOUNT DESIGNATIONS

The chart which begins on the following page identifies those USoA operation and maintenance accounts that are considered to be regulated, non-regulated or joint. The chart pertains to all of AEP's regulated utilities to the extent that they use each account. As generation becomes deregulated in certain state jurisdictions, the accounts for power production expenses will become non-regulated.

COST ALLOCATION

To the extent possible, costs are charged directly to either regulated or non-regulated operations as appropriate. Those "joint" costs that can not be directly charged are allocated between regulated and non-regulated operations based on the nature of the cost, using the appropriate allocation basis from the List of Approved Allocation Factors used for Service Company billings.

CHART

FERC Account	Description	Reg.	Non Reg.	Joint
Power Production Expenses				
500.0	Oper Supervision & Engineering	No	No	Yes
501.0	Fuel	No	No	Yes
502.0	Steam Expenses	No	No	Yes
503.0	Steam from Other Sources	No	No	Yes
504.0	Steam Transferred-Credit	No	No	Yes
505.0	Electric Expenses	No	No	Yes
506.0	Misc Steam Power Expenses	No	No	Yes
507.0	Rents	No	No	Yes
508.0	Oper Supplies and Expenses	No	No	Yes
509.0	Allowances	No	No	Yes
510.0	Maint Supv & Engineering	No	No	Yes
511.0	Maintenance of Structures	No	No	Yes
512.0	Maintenance of Boiler Plant	No	No	Yes
513.0	Maintenance of Electric Plant	No	No	Yes
514.0	Maintenance of Misc Steam Plt	No	No	Yes
515.0	Maintenance of Steam Production Plant	No	No	Yes
517.0	Oper Supervision & Engineering	No	No	Yes
518.0	Nuclear Fuel Expense	No	No	Yes
519.0	Coolants and Water	No	No	Yes
520.0	Steam Expenses	No	No	Yes
521.0	Steam from Other Sources	No	No	Yes
522.0	Steam Transferred-Credit	No	No	Yes
523.0	Electric Expenses	No	No	Yes
524.0	Misc Nuclear Power Expenses	No	No	Yes
525.0	Rents	No	No	Yes
528.0	Maintenance Supervision and engineering	No	No	Yes
529.0	Maintenance of Structures	No	No	Yes
530.0	Maintenance of Reactor Plant Equipment	No	No	Yes
531.0	Maintenance of Electric Plant	No	No	Yes
532.0	Maintenance of Misc Nuclear Plant	No	No	Yes
535.0	Operation Supervision and Engineering	No	No	Yes
536.0	Water for Power	No	No	Yes
537.0	Hydraulic Expenses	No	No	Yes

FERC Account	Description	Reg.	Non Reg.	Joint
Power Production Expenses (Cont'd)				
538.0	Electric Expenses	No	No	Yes
539.0	Misc Hydr Power Generation Exp	No	No	Yes
540.0	Rents	No	No	Yes
540.1	Operation Supplies and Expenses	No	No	Yes
541.0	Maintenance Supervision and Engineering	No	No	Yes
542.0	Maintenance of Structures	No	No	Yes
543.0	Maintenance of Reservoirs, Dams and Waterways	No	No	Yes
544.0	Maintenance of Electric Plant	No	No	Yes
545.0	Maintenance of Misc Hydraulic Plant	No	No	Yes
545.1	Maintenance of Hydraulic Production Plant	No	No	Yes
546.0	Operation Supervision and Engineering	No	No	Yes
547.0	Fuel	No	No	Yes
548.0	Generation Expenses	No	No	Yes
549.0	Misc Oth Pwr Gen - Gas Turbine	No	No	Yes
550.0	Rents	No	No	Yes
550.1	Operation supplies and expenses	No	No	Yes
551.0	Maint Supv & Engineering	No	No	Yes
552.0	Maintenance of Structures	No	No	Yes
553.0	Maintenance of Generating and Electric Plant	No	No	Yes
554.0	Maintenance of Misc Other Power Generation Plant	No	No	Yes
554.1	Maintenance of Other Power Production Plant	No	No	Yes
555.0	Purchased Power	No	No	Yes
556.0	Sys Control & Load Dispatching	No	No	Yes
557.0	Other Expenses	No	No	Yes
Transmission Expenses				
560.0	Oper Supervision & Engineering	Yes	No	No
561.1	Load Dispatch--Reliability	Yes	No	No
561.2	Load dispatch—Monitor and operate transmission system	Yes	No	No

FERC Account	Description	Reg.	Non Reg.	Joint
561.3	Load dispatch—Transmission service and scheduling	Yes	No	No
561.4	Scheduling system control and dispatch services	No	No	Yes
561.5	Reliability planning and standards development	Yes	No	No
561.6	Transmission service studies	Yes	No	No
561.7	Generation interconnection studies	Yes	No	No
561.8	Reliability planning and standards development services	Yes	No	No
562.0	Station Expenses	Yes	No	No
563.0	Overhead Line Expenses	Yes	No	No
564.0	Underground Line Expenses	Yes	No	No
565.0	Transmssion of Elect by Others	Yes	No	No
566.0	Misc Transmission Expenses	Yes	No	No
567.0	Rents	Yes	No	No
567.1	Operation Supplies and Expenses	Yes	No	No
568.0	Maint Supv & Engineering	Yes	No	No
569.0	Maintenance of Structures	Yes	No	No
569.1	Maintenance of computer hardware	Yes	No	No
569.2	Maintenance of computer software	Yes	No	No
569.3	Maintenance of communication equipment	Yes	No	No
569.4	Maintenance of miscellaneous regional transmission plant	Yes	No	No
570.0	Maint of Station Equipment	Yes	No	No
571.0	Maintenance of Overhead Lines	Yes	No	No
572.0	Maint of Underground Lines	Yes	No	No
573.0	Maint of Misc Transmssion Plt	Yes	No	No
574.0	Maintenance of Transmssion Plant	Yes	No	No
	Regional Market Expenses			
575.1	Operation Supervision	Yes	No	No
575.2	Day-ahead and real-time market facilitation	Yes	No	No
575.3	Transmission rights market	Yes	No	No

FERC Account	Description	Reg.	Non Reg.	Joint
	facilitation			
575.4	Capacity market facilitation	Yes	No	No
575.5	Ancillary services market facilitation	Yes	No	No
575.6	Market monitoring and compliance	Yes	No	No
575.7	Market facilitation, monitoring and compliance services	Yes	No	No
575.8	Rents	Yes	No	No
576.1	Maintenance of structures and improvements	Yes	No	No
576.2	Maintenance of computer hardware	Yes	No	No
576.3	Maintenance of computer software	Yes	No	No
576.4	Maintenance of communication equipment	Yes	No	No
576.5	Maintenance of miscellaneous market operation plant			
	Distribution Expenses			
580.0	Oper Supervision & Engineering	Yes	No	No
581.0	Load Dispatching	Yes	No	No
581.1	Line and Station Expense	Yes	No	No
582.0	Station Expenses	Yes	No	No
583.0	Overhead Line Expenses	Yes	No	No
584.0	Underground Line Expenses	Yes	No	No
585.0	Street Lighting & Signal Sys Exp	Yes	No	No
586.0	Meter Expenses	Yes	No	No
587.0	Customer Installations Exp	Yes	No	No
588.0	Miscellaneous Distribution Exp	Yes	No	No
589.0	Rents	Yes	No	No
590.0	Maint Supv & Engineering	Yes	No	No
591.0	Maintenance of Structures	Yes	No	No
592.0	Maint of Station Equipment	Yes	No	No
592.1	Maintenance of Structures and Equipment	Yes	No	No
593.0	Maintenance of Overhead Lines	Yes	No	No
594.0	Maint of Underground Lines	Yes	No	No
594.1	Maintenance of Lines	Yes	No	No

FERC Account	Description	Reg.	Non Reg.	Joint
595.0	Maint of Line Transformers	Yes	No	No
	Distribution Expenses (Cont'd)			
596.0	Maint of Street Lighting & Signal Systems	Yes	No	No
597.0	Maintenance of Meters	Yes	No	No
598.0	Maint of Misc Distribution Plt	Yes	No	No
	Customer Accounts Expenses			
901.0	Supervision - Customer Accts	Yes	No	No
902.0	Meter Reading Expenses	Yes	No	No
903.0	Cust Records & Collection Exp	Yes	No	No
904.0	Uncollectible Accounts	Yes	No	No
905.0	Misc Customer Accounts Exp	Yes	No	No
	Customer Services and Informational Expenses			
907.0	Supervision - Customer Service	Yes	No	No
908.0	Customer Assistance Expenses	Yes	No	No
909.0	Information & Instruct Advertising Exp	Yes	No	No
910.0	Misc Cust Svc & Informational Exp	Yes	No	No
	Sales Expenses			
911.0	Supervision - Sales Expenses	Yes	No	No
912.0	Demonstrating & Selling Exp	Yes	No	No
913.0	Advertising Expenses	Yes	No	No
916.0	Miscellaneous Sales Expenses	Yes	No	No
	Administrative and General Expenses			
920.0	Administrative & Gen Salaries	No	No	Yes
921.0	Office Supplies and Expenses	No	No	Yes
923.0	Outside Services Employed	No	No	Yes
924.0	Property Insurance	No	No	Yes
925.0	Injuries and Damages	No	No	Yes

FERC Account	Description	Reg.	Non Reg.	Joint
926.0	Employee Pensions & Benefits	No	No	Yes
928.0	Regulatory Commission Exp	No	No	Yes
930.1	General Advertising Expenses	No	No	Yes
930.2	Misc General Expenses	No	No	Yes
931.0	Rents	No	No	Yes
935.0	Maintenance of General Plant	No	No	Yes

Cost Allocation Manual

Section

Federal Regulation

Subject

OVERVIEW

SUMMARY

Effective February 8, 2006, the Public Utility Holding Company Act of 1935 was repealed. Jurisdiction over certain holding company related activities has been transferred to the Federal Energy Regulatory Commission under the Public Utility Holding Company Act of 2005.

FERC REGULATION

The business of transmitting and selling electric energy in interstate commerce is regulated through Part II of the Federal Power Act.

02-03-02

SUMMARY

The transmission of electric energy in interstate commerce and the sale of electric energy at wholesale in interstate commerce is regulated by the Federal Energy Regulatory Commission (FERC) under the Federal Power Act.

PUHCA 2005

The Energy Policy Act of 2005 repealed the Public Utility Holding Company Act of 1935 effective February 8, 2006 and replaced it with the Public Utility Holding Company Act of 2005. With the repeal of PUHCA 1935, the Securities and Exchange Commission no longer has jurisdiction over the activities of registered holding companies. Jurisdiction over certain holding company related activities has been transferred to the Federal Energy Regulatory Commission. Specifically, FERC has jurisdiction over the issuances of securities of our public utility subsidiaries, the acquisition of securities of utilities, the acquisition or sale of certain utility assets, and mergers with another electric utility or holding company. In addition, both FERC and state regulators will be permitted to review the books and records of any company within a holding company system. FERC also has jurisdiction over certain affiliate transactions. As part of the implementation of the Public Utility Holding Company Act of 2005, FERC has adopted rules addressing these various issues. The pertinent rules may be found at 18 C.F.R. Part 35, Subparts H and I, and Part 366.

SUMMARY

AEP's state commissions have established certain rules and requirements relative to affiliate transactions. The requirements generally fall into four broad categories:

- they need to maintain a cost allocation manual or other documentation
- transfer pricing rules
- reporting requirements
- audit requirements.

ARKANSAS

Arkansas requirements can be found in Arkansas Public Service Commission Order 7 of Docket 06-112-R, dated May 25, 2007.

02-04-02

INDIANA

Indiana's requirements can be found in the Indiana Code as well as various orders of the Indiana Utility Regulatory Commission.

02-04-03

KENTUCKY

Kentucky's requirements are contained in Kentucky Revised Statutes (KRS) 278.2201 thru 278.2219; Kentucky Public Service Commission Regulation 807KAR 5:080 and in various orders of the Kentucky Public Service Commission.

02-04-04

LOUISIANA

Louisiana's requirements can be found in the Louisiana Public Service Commission's Order No. U-23327, dated September 16, 1999, subject to the conditions set forth in the Stipulation and Settlement attached as Appendix A to the Order.

02-04-05

MICHIGAN

Michigan's requirements are contained in

various orders of the Michigan Public Service Commission, including its Order Approving Settlement Agreement dated December 16, 1999, in Case No. U-12204, and its Opinion and Order, dated December 4, 2000, in Case No. U-12134.

02-04-06

OHIO

Ohio's requirements are captured in the corporate separation rules adopted by the Public Utilities Commission of Ohio in Ohio Admin. Code Chapter 4901:1-37, and in various orders of the Commission.

02-04-07

OKLAHOMA

Oklahoma's requirements are focused on the Oklahoma Corporation Commission's ability to access the books and records of Public Service Corporation of Oklahoma and its AEP affiliates as stated in the Stipulation, dated as of April 16, 1999, in Cause No. PUD 980000444.

02-04-08

TENNESSEE

Tennessee has no specific rules and requirements applicable to cost allocations and affiliate transactions.

02-04-09

TEXAS

Texas' requirements to a large degree are contained in §36.058 of the Texas Public Utility Regulatory Act and the rules of the Public Utility Commission of Texas.

02-04-10

VIRGINIA

Virginia's requirements can be found in the Code of Virginia and in the regulations and

in orders of the Virginia State Corporation Commission.

02-04-11

WEST VIRGINIA

West Virginia's requirements can be found in the West Virginia Code and in orders of the Public Service Commission of West Virginia.

02-04-12

SUMMARY

The Arkansas Public Service Commission adopted Affiliate Transaction Rules May 25, 2007. The purpose of the rules is to ensure that all transactions among or between a public utility and any affiliates or divisions do not result in rates which are unreasonable and in violation of Arkansas statutes; to ensure that the rates charged by public utilities do not provide any subsidy to affiliates or divisions of the public utility which are involved in non-utility activities or which provide services to the public utility; to prevent anti-competitive behavior, and market manipulation or market power; and to prevent financial risk to rate-regulated public utility operations which may arise from business endeavors of an unregulated affiliate.

The following summarizes the Affiliate Transaction Rules as adopted.

DOCUMENTATION REQUIREMENTS

The Commission's documentation requirements applicable to affiliate transactions are provided in the table below:

SUBJECT	REQUIREMENT
Record Keeping Rule IV	A public utility is to keep books and records separately from the books and records of its affiliates and to maintain such books and records in accordance with applicable rules and orders of the Commission, and with Generally Accepted Accounting Principles as amended. Such books and records shall contain all information

SUBJECT	REQUIREMENT
	necessary to identify all affiliate transactions in which a public utility participated; and identify and allocate or impute all revenues and costs (both direct and indirect) associated with all such affiliate transactions. Upon the creation of a new affiliate that will participate with a public utility, the utility shall, no later than 60 days after the creation of the affiliate, notify the Commission by letter to the Secretary of the Commission of the creation of the new affiliate, and the notice shall include an explanation of how the public utility will implement these rules with respect to the new affiliate.
	Each public utility shall maintain, for at least five years, records of each affiliate transaction in which it participated and the records shall: a. be made contemporaneously with each affiliate transaction; b. be in a readily retrievable format; and c. include, for each affiliate transaction: 1. identify of the

SUBJECT	REQUIREMENT
	affiliate; 2. commencement and termination dates of the transaction; 3. description of the affiliate transaction, including the nature and quantity of value provided and received; 4. the dollar amount of the transaction and the manner in which such dollar amount was calculated; 5. all other terms of the transaction; 6. the direct and indirect costs associated with the transaction, including any allocation formula used to attribute indirect costs; 7. all information necessary to verify compliance with the rules and the accuracy of amounts stated, i.e. invoices, vouchers, communications, journal entries, workpapers, information supporting the price of each transaction, including but not

SUBJECT	REQUIREMENT
	limited to the cost and allocation method of the transaction and when the cost was the result of a competitive bidding process, the market price and basis for the market price; 8. be summarized and filed with the Commission as part of the annual report. Unless otherwise ordered by the Commission, a copy of FERC Form 60, Annual Report of Centralized Service Companies, may be filed.
	Each public utility shall file contemporaneously with its annual report a summary report indicating the aggregate dollar amount of all transactions described in Rule III.G.(1), (2), (3), and (4) which the utility has conducted with each utility, including the name of each such affiliate.
	Each public utility is to maintain, update annually, train its employees in, and (within 120 days following the effectiveness of these rules, and thereafter, to the extent of material changes, in each annual report) file with the Commission, written

SUBJECT	REQUIREMENT
	procedures which ensure compliance with the rules, such procedures shall include, at a minimum: a. all internal rules, practices, financial record keeping requirements, and other policies governing affiliate transactions among or between the public utility and its affiliates; b. the names and addresses of all the public utility's affiliates; c. an organizational chart depicting the ownership relationships between the public utility and those affiliates that participate in affiliate transactions with the public utility; d. a description of the types of assets, goods and services provided in any existing affiliate transaction lasting more than one year; and e. a cost allocation manual or other description of the method used to determine compensation in affiliate transactions
Commission Access	The Commission shall have access to all books and records of a public utility and its affiliate to the extent such access is relevant to determining

SUBJECT	REQUIREMENT
	compliance with all applicable Arkansas statutes and rules or establishing rates subject to the Commission's jurisdiction.

ALLOCATION OF COSTS AND REVENUES

The Commission's rules for the allocation of certain costs and revenues related to affiliate transactions are provided in the table below:

SUBJECT	REQUIREMENTS
Affiliate Financial Transactions Rule IV	Except as provided otherwise in the Rules or in other applicable law, a public utility shall not engage in any affiliate transaction in which the public utility: 1. provides to or shares with any affiliate any financial resource or financial benefit, including, but not limited to any loan, extension of credit, guarantee or assumption of debt, indemnification, pledge of collateral; or encumbrance of or restriction on the disposition of any public utility; or 2. incurs any debt for purposes of investing in, or otherwise supporting, any business other than the provision of public utility service in Arkansas.

SUBJECT	REQUIREMENTS
	A public utility may obtain financial resources from an affiliate for public utility purposes, provided that the cost to the public utility of such financial resource does not exceed the lower of market price or the affiliate's fully allocated cost.
	This part of the rule shall not apply to or prohibit any of the following unless the Commission finds, after notice and hearing, unless waived by the parties, and consistent with applicable law, that the arrangement is not consistent with the purposes of the rules: 1. An inter-affiliate financial transaction integral to an affiliate transaction for goods or services to and consistent with Rule V (Affiliate Transactions Other than Financial Transactions); 2. Payment of dividends by a public utility to affiliates that own stock in such public utility; 3. Transactions in connection with the factoring of accounts receivable, the creation and use of special purpose financing entities, and the

SUBJECT	REQUIREMENTS
	creation and use of money pool or cash management arrangements, subject to safeguards to prevent cross-subsidization and unauthorized pledges or encumbrances of public utility assets; 4. Any loan, extension of credit, guarantee, assumption of debt, restriction on disposition of assets, indemnification, investment, or pledge of assets by public utility for the purpose of supporting the utility related business activities of an affiliate; 5. Any debt incurred by a public utility, including debt that imposes any encumbrance on, or any restriction placed on the disposition of any assets of, the public utility for the purpose of supporting the utility related business activities of an affiliate; 6. Receipt by a public utility of capital contributions or proceeds from the sale of common stock to its parent holding company; 7. Receipt by a public

SUBJECT	REQUIREMENTS
	utility of financial resources from an affiliate for any non-public utility purpose, provided that the cost to the public utility of such resources shall not be recovered from the public utility's customers in Arkansas; 8. Any financing arrangement involving a public utility and any affiliate that was in existence as of the effective date of the rules; provided that the public utility files with the Commission a description of each such arrangement involving a public utility and any affiliate having an annual value or amount in excess of $350,000 and such filing is received within 120 days of the effective date of the rules; 9. Any other affiliate transaction proposed by a public utility, provided that the public utility first files with the Commission an application for approval of such proposed affiliate financial transaction including a detailed description thereof and any relevant supporting

SUBJECT	REQUIREMENTS
	documentation, and the Commission finds, after notice and hearing, unless waived by the partied, on such application, that the proposed affiliate financial transaction is consistent with the purposes of the rules.
Affiliate Transactions other than Financial Transactions Rule V	With respect to an affiliate transaction involving assets, goods, services, information having competitive value, or personnel, a public utility shall not: 1. receive anything of value, unless the compensation paid by the public utility does not exceed the lower of market price of fully allocated cost of the item received; and, 2. provide anything of value, unless the compensation received by the public utility is no less than the higher of market price or fully allocated cost of the item provided.
	This rule shall not apply to: 1. exchanges of information (a)necessary to the reliable provision of public utility service by a public utility, provided such exchange occurs consistently with guidelines published by

SUBJECT	REQUIREMENTS
	the utility and applied equally to affiliates and non-affiliates; (b) required by or necessary to comply with federal statutes or regulations; or (c)between or among a public utility, its parent holding company, a service company and any affiliated rate-regulated utility in another State. 2. The provision of shared corporate support services, at fully allocated cost, between or among a public utility and any affiliate, including a service company. 3. The provision, at fully allocated cost, of assets, goods, services, or personnel between or among a public utility and a affiliated rate-regulated utility in another State. 4.The provision of assets, goods, services, information having competitive value, or personnel, at a price determined by competitive bidding or pursuant to a regulatory filed or approved tariff or contract. 5. Any other affiliate transaction proposed by a public utility to be exempted from the rule provided that the public utility first

SUBJECT	REQUIREMENTS
	files with the Commssion an application for an exemption of such proposed affiliate transaction from the requirements of the rule, including a detailed description of the proposed transaction and any relevant supporting documentation, and the Commission finds, after notice and hearing, that the exemption is consistent with the purposes of the rules.

COMPLIANCE REQUIRIEMENTS

The Commission's compliance requirements applicable to the affiliate transactions are provided in the table below:

SUBJECT	REQUIREMENT
Annual Certification	No later than June 1 of each year, each public utility shall file with the Commission a notice, signed by both the public utility's president or chief executive officer and its chief financial offices, certifying the public utility's compliance with these rules in the prior year; and other annual information and reports required under the rules.
	The Commission may at any time initiate a proceeding against a public utility to determine whether a reasonable basis exists that the public utility is out of

SUBJECT	REQUIREMENT
	compliance with the rules. If the Commission, after notice and hearing, makes such determination, the Commission may require the public utility to engage an independent accountant (which, at the public utility's election, may be the accountant that regularly audits the public utility's financial statements) to conduct Agreed Upon Procedures to review identified accounting entries, methods or procedures used by the public utility in connection with these rules. A work plan outlining such Agreed Upon Procedures, together with such letters or acknowledgements as shall be reasonably required by the accountant in connection with such engagement, shall be developed by the public utility and filed with the Commission for approval. Upon review of the information provided by such independent accountant after undertaking, the Commission may order the public utility to make changes in its accounting methods or procedures found by the Commission in to be reasonably necessary to ensure future compliance with these Rules.

OTHER REQUIREMENTS – Additional requirements applicable to affiliate transactions are provided in the table below:

SUBJECT	***REQUIREMENT***
Bond Rating Downgrades Rule VII	This rule applies to any public utility that has a separate, stand-alone bond rating by Standard and Poor's or Moody's, and that has affiliates, other than utility related businesses, with assets whose total book value exceeds ten percent of the book value of the public utility's assets. If a public utility's bond ratings are downgraded to a Standard and Poor's rating of BB+ or lower, or to a Moody's rating of Ba1 or lower, such utility shall notify the Commission within 30 days of such downgrading. The public utility will provide the Commission a copy of publicly released information about such rating downgrade and such other information as the Commission requests. If the Commission finds, after notice and opportunity for hearing, that the public utility's downgrade would not have occurred but for one or more relationships between such public utility and one or more affiliates, then the Commission may impose remedies

	designed to insulate the public utility and its customers from any diminution in the public utility's ability to carry out its obligation to serve at reasonable rates.
Utility Ownership of Non-utility Business Rule VIII	A public utility shall not engage in a non-utility business other than a utility related business if the total book value of the non-utility assets owned by the utility exceeds 10 percent of the book value of the total assets of the public utility and all its affiliates. This rule does not apply to or prohibit a public utility or any affiliate thereof from continuing to engage in any non-utility business existing as of the effective date of these rules; provided the public utility files with the commission a description of such non-utility business existing as of the effective date of these rules and such filing is received within 120 days of the effective date of these rules. Each public utility or its public utility holding company shall file an annual report with the Commission in accordance with the rules that includes: 1. a certification by the president of the public utility that the public

	utility is in compliance with this section ;and 2. all financial information necessary for the Commission to determine the utility is complying with the requirements of the rules.
EXEMPTIONS Rule XI	Any utility may petition for exemption from any of the rules on the basis that application of the rule would not be in the public interest. Any existing financial arrangements, provision of corporate services or other affiliate relationship which could be deemed to be in violation of these rules will be allowed to continue for a period of one year from adoption of these rules in order to allow the utilities involved to seek an exemption from the application of these rules for those existing circumstances
MISCELLANEOUS Rule X	The costs of any affiliate transaction found to be inconsistent with these rules shall be adjusted in a ratemaking proceeding to be consistent with these rules.

SUMMARY

Indiana's rules and requirements applicable to cost allocations and affiliate transactions can be found in the Indiana Code and in the Indiana Utility Regulatory Commission's (the IURC's, or the Commission's) order, dated April 26, 1999, in Cause No. 41210, including the Stipulation and Settlement Agreement which is attached to the order as Exhibit A, as well as other orders of the Commission.

Cause No. 41210 covers the IURC's investigation of the proposed merger of American Electric Power Company, Inc. and Central and South West Corporation. Section 8 of the Stipulation and Settlement Agreement provides for Affiliate Standards between the regulated and non-regulated affiliates of the merged company.

DOCUMENTATION REQUIREMENTS

The IURC's documentation requirements for affiliate transactions are captured in the following table:

SUBJECT	***REQUIREMENT***
Separate Books and Records	Each AEP Operating Company shall maintain, in accordance with generally accepted accounting principles, books, records and accounts that are separate from the books, records and accounts of its affiliates, consistent with Part 101 – Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act. [Section 8.B.]

Cost Allocation Documentation	An AEP operating company which provides both regulated and non-regulated

SUBJECT	***REQUIREMENT***
	services or products, or an affiliate which provides services or products to an AEP operating company, shall maintain documentation in the form of written agreements, an organization chart of AEP (depicting all affiliates and AEP operating companies), accounting bulletins, procedure and work order manuals, or other related documents, which describe how costs are allocated between regulated and non-regulated services or products.[Section 8.P.]
Employee Movements	AEP shall document all employee movement between and among all affiliates. Such information shall be made available to the IURC and consumer advocate upon request. [Section 8. G.]
Itemized Billing Statements	Any untariffed, non-utility service provided by an AEP operating company or affiliated service company to any affiliate shall be itemized in a billing statement pursuant to a written contract or written arrangement. The AEP operating company and any affiliated service company shall maintain and keep available for inspection by the Commission copies of each billing statement, contract and arrangement between the AEP operating

SUBJECT	REQUIREMENT
Itemized Billing Statements (Cont'd)	company or affiliated service company and its affiliates that relate to the provision of such untariffed non-utility services. [Section 8.E.] Goods and services provided by a non-utility affiliate to an AEP operating company shall be by itemized billing statement pursuant to a written contract or written arrangement. The operating company and non-utility affiliate shall maintain and keep available for inspection by the Commission copies of each billing statement, contract and arrangement between the operating company and its non-utility affiliates that relate to the provision of such goods and services in accordance with the Commission's applicable retention requirements. [Section 8.F.]

[Source: Stipulation and Settlement Agreement in Cause No. 41210]

TRANSFER PRICING

Transactions between the regulated electric utility and its affiliates shall adhere to the affiliate standards included in the following table:

SUBJECT	REQUIREMENT
Guiding Principles	The financial policies and guidelines for transactions between the regulated

SUBJECT	***REQUIREMENT***
Guiding	utility and its affiliates shall reflect the following principles: 1. An AEP operating company's retail customers shall not subsidize the activities of the operating company's non-utility affiliates or its utility affiliates. [Section 8.A.1.] 2. An AEP operating company's costs for jurisdictional rate purposes shall reflect only those costs attributable to its jurisdictional customers. [Section 8.A.2.] 3. These principles shall be applied to avoid costs found to be just and reasonable for ratemaking purposes by the Commission being left unallocated or stranded between various regulatory jurisdictions, resulting in the failure of the opportunity for timely recovery of such costs by the operating company and/or its utility affiliates; provided, however, that no more than one hundred percent of such cost shall be allocated on an aggregate basis to the various jurisdictions.

SUBJECT	*REQUIREMENT*
Principles (Cont'd)	[Section 8.A.3.] 4.An AEP operating company shall maintain and utilize accounting systems and records that identify and appropriately allocate costs between the operating company and its affiliates, consistent with these cross-subsidization principles and such financial policies and guidelines. [Section 8.A.4.]
Asset Transfers	Asset transfers between an AEP operating company and a non-utility affiliate shall be at fully distributed costs in accordance with current SEC issued requirements or other statutory requirements if the SEC has no jurisdiction. [Section 8.C.]

[Source: Stipulation and Settlement Agreement in Cause No. 41210]

REPORTING REQUIREMENTS

The Stipulation and Settlement Agreement in Cause No. 41210 provides in part that the IURC may establish reporting requirements regarding the nature of inter-company transactions concerning the operating company and a description of the basis upon which cost allocations and transfer pricing have been established in these transactions. [Section 8.W.]

AUDIT REQUIREMENTS

The independent audit requirement regarding the

merger has expired. I&M/AEP was required to conduct biennial audits for 8 years after the merger. The final audit was submitted to the Indiana Utility Regulatory Commission on December 29, 2008.

OTHER REQUIREMENTS

The Stipulation and Settlement Agreement contains other requirements related to affiliate transactions some of which are listed here:

- Thirty days prior to filing any affiliate contract (including service agreements) with the Securities and Exchange Commission or the Federal Energy Regulatory Commission the AEP operating company shall submit to the Commission a copy of the proposed filing. [Section 8. T.]
- AEP will provide the Commission with notice at least 30 days prior to any filings that propose new allocation factors with the SEC. [Section 6]
- AEP shall designate an employee who will act as a contact for the Commission and consumer advocates seeking data and information regarding affiliate transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by the Commission for any and all transactions between the jurisdictional operating company and its affiliates, regardless of which affiliate(s), subsidiary(ies) or associate(s) of the AEP operating company from which the information is sought. [Section 8.Q.]

The Indiana Code [§8-1-2-49] states, in part,

OTHER REQUIREMENTS (con't)

that no management, construction, engineering, or similar contract with any affiliated interest shall be effective unless it shall first have been filed with the Commission. If it is found that any such contract is not in the public interest, the Commission, after investigation and a hearing, is authorized to disapprove the contract.

On September 28, 2016, the Indiana Utility Regulatory Commission issued General Administrative Order GAO 2016-5 which provides that Affiliate contract should do the following:
(a) Include the following terms:
(1) A definite termination date, not more than five (5) years from the effective date of the contract.
(2) Notice that the contract, pursuant to IC 8-1-2-49(2), shall not be effective until it is filed with the Commission.
(b) Exclude the following terms:
(1) A provision that provides for an automatic contract renewal or renewal without notice to all contracting parties and the Commission.
(2) A provision that provides for an effective date that is prior to filing with the Commission.

SUMMARY

Kentucky's rules and requirements applicable to cost allocations and affiliate transactions are contained in Kentucky Revised Statues, (KRS) 278.2201 thru 278.2219; Kentucky Public Service Commission Regulation 807KAR 5:08 and in certain orders of the Kentucky Public Service Commission (the Commission).

CAM REQUIREMENTS

The following table summarizes Kentucky's Cost Allocation Manual (CAM) requirements:

SUBJECT	***REQUIREMENT***
Summary	Any utility that engages in a non-regulated activity, whose revenue exceeds 2% of the utility's total revenue or $1,000,000 annually, shall develop and maintain a CAM. [KRS278.2203 (4) (a)]
"CAM" Definition	CAM means a cost allocation manual; that is, an indexed compilation and documentation of a company's cost allocation policies and related procedures. [KRS 278.010 (20)]
Contents	The CAM shall contain the following information for a utility's jurisdictional operations in the Commonwealth of Kentucky: (a) A list of regulated and non-regulated divisions within the utility; (b) A list of all regulated and non-regulated affiliates of the utility to which the utility provides services or products and where the

SUBJECT	REQUIREMENT
Contents (Cont'd)	affiliates provide non-regulated activities as defined in [KRS278.2205 (2) (a) (b)]; (c) A list of services and products provided by the utility, an identification of each as regulated or non-regulated, and the cost allocation method generally applicable to each category; [KRS278.2205 (2) (c)]; (d) A list of incidental, non-regulated activities that are reported as regulated activities in accordance with the provisions pf [LRS278.2205 (2) (d)]; (e) A description of the nature of transactions between the utility and the affiliate; and [KRS278.2205 (2) (e)]; (f) For each FERC account and sub-account, a report that identifies whether the account contains costs attributable to regulated operations and non-regulated operations. The report shall also identify whether the costs are joint costs that cannot be directly identified. A description of the methodology used to

SUBJECT	***REQUIREMENT***
Contents (Cont'd)	apportion each of these costs shall be included and the allocation methodology shall be consistent with cost allocation methodologies set out in KRS 278.2203. [KRS278.2205 (2) (f)]
Filing Requirements	Within 270 days of the effective date of July 14, 2000, the utility shall file: (a) A statement with the Commission that certifies the CAM has been developed and will be adopted by manage-ment effective with the beginning of the next calendar year. The statement shall be signed by an officer of the utility; and (b) One copy of the CAM. [KRS278.2205 (3) (a)-(b)]
Changes	Within 60 days of any material change in matters required to be listed in the CAM, the utility shall amend the CAM to reflect the change. [KRS278.2205 (4)]
Public Inspection	The CAM shall be available for public inspection at the utility and at the Commiss-ion. [KRS278.2205 (5)]
Rate Proceedings	The CAM shall be filed as part of the initial filing requirement in a proceeding involving an application for an adjustment in rates

SUBJECT	REQUIREMENT
Rate Proceedings (Cont'd)	pursuant to KRS 278.190. [KRS278.2205(6)]

TRANSFER PRICING

KRS278.2207 thru KRS278.2219 contains very specific instructions on the pricing of assets, services and products transferred between the utility and its affiliates, as captured in the following table:

SUBJECT	REQUIREMENT
Summary	A utility shall not subsidize a non-regulated activity provided by an affiliate or by the utility itself. Utilities must keep separate accounts and allocate costs in accordance with procedures established by the Commission. [KRS278.2201]
Pricing Rules	The terms for transactions between a utility and its affiliates shall be in accordance with the following: (a) Services and products provided to an affiliate by the utility pursuant to a tariff shall be at the tariffed rate, with nontariffed items priced at the utility's fully distributed cost but in no event less than market, or in compliance with the utility's existing United States Department of Agriculture (USDA), Securities and Exchange Commission (SEC), or
Pricing	

SUBJECT	***REQUIREMENT***
Rules (Cont'd)	Federal Energy Regulatory Commission (FERC) approved cost allocation methodology. [KRS278.2207 (1) (a)] (b) Services and products provided to the utility by an affiliate shall be priced at the affiliate's fully-distributed cost but in no event greater than market or in compliance with the utility's existing USDA, SEC, or FERC approved cost allocation methodology. [KRS278.2207 (1) (6)] *NOTE: A utility may file an application with the commission requesting a deviation from the requirements of this section for a particular transaction or class of transactions. The utility shall have the burden of demonstrating that the requested pricing is reasonable. The commission may grant the deviation if it determines the deviation is in the public interest. Nothing in this section shall be construed to interfere with the commission's requirement to ensure fair, just, and reasonable rates for utility services. [IRS278.2219 92)]*

AFFILIATE TRANSACTION REPORTING REQUIREMENTS	Kentucky Public Service Commission and the Commission's orders in Case Nos. 97-309 and 99-149 contain very specific reporting requirements for affiliate transactions.
Regulation 807KAR5:080	In addition to the CAM reporting requirements established by KRS 278.2201 thru 278.2219 as noted above, PSC Regulation 807 KAR 5:080 requires the utility to inform the Commission of new non-regulated activities begun by itself or by the utility's affiliate within a timeframe to be established by the Commission [KRS278.230 (3)]. Also, the Commission may require the utility to file annual reports of information related to affiliate transactions when necessary to monitor compliance with the transaction guidelines contained in KRS278.2205 [807KAR 5:080 Section 2]
Case 97-309	In Case 97-309 involving the approval of affiliate transactions between KPCO and AEPC (as outlined above), the Commission has ordered KPCO to file an annual report that lists all transactions with AEPC that describes the parties involved, the assets transferred, the services provided and the transaction prices. The report should also specify for each transaction whether the price was based on cost or market and, if market, how the market price was determined.
Case 99-149	The Commission's order in Case No. 99-149, dated June 14, 1999, related to the proposed merger of American Electric Power Company, Inc. (AEP) and Central and South West Corporation established specific reporting requirements for KPCO, its parent company (i.e., AEP) and related subsidiaries. While

the Commission's order in Case No. 99-149 has been superseded by KRS 278.2201 thru KRS278.2219 and Ky PSC Regulation 807KAR5:080, dated July 14, 2000, the periodic reports required by the Commission's June 1999 order remain in effect. The following table provides details of the specific reporting requirements:

SUBJECT	***REQUIREMENT***
Periodic Reports [Case No. 99-149, Page 10]	1. Annual financial statements of AEP should be furnished to the Commission, including consolidating adjustments of AEP and its subsidiaries with a brief explanation of each adjustment and all periodic reports filed with the SEC. 2. All subsidiaries should prepare and have available monthly and annual financial information required to compile financial statements and to comply with other reporting requirements. 3. The financial statements for any non-consolidated subsidiaries of AEP should be furnished.
Annual Reports [Case No. 99-149, Page 11 ¶1,2]	1. A general description of the nature of inter-company transactions shall be provided with specific identification of major transactions, and a description of the

SUBJECT	***REQUIREMENT***
Annual Reports [Case No. 99-149, Page 11 ¶1,2] (Cont'd)	basis upon which cost allocations and transfer pricing have been established. This report should discuss the use of the cost or market standard for the sale or transfer of assets, the allocation factors used, and the procedures used to determine these factors if they are different from the procedures used in prior years. 2. A report that identifies professional personnel transferred from KPCO to AEP or any of its non-utility subsidiaries shall be provided to the Commission. This report should include a description of the duties performed by the employee while employed by KPCO and to be performed subsequent to transfer. 3. AEP should file on an annual basis a report detailing KPCO's proportionate share of AEP's total operating revenues, operating and maintenance expenses, and number of employees.
Special Reports [Case No. 99-149, Pages 11-12]	1. AEP should file any contracts or other agreements concerning the transfer of utility

SUBJECT	REQUIREMENT
	assets or the pricing of inter-company transactions with the Commission at the time the transfer occurs. 2. AEP should also file the following special reports: • An annual report of the number of employees of AEP and each subsidiary on the basis of payroll assignment. • An annual report containing years of service at KPCO and the salaries of professional employees transferred from KPCo to AEP or its subsidiaries filed in conjunction with the annual transfer of employees report. • An annual report of cost allocation factors in use, supplemented upon significant change. • Summaries of any cost allocation studies when conducted and the basis for the methods used to determine the cost allocation effect. • An annual report of methods used to update or revise the cost

SUBJECT	***REQUIREMENT***
	allocation factors in use, supplemented upon significant change.
Use of Existing Reports [Case No. 99-149, Page 12 ¶7]	Where the same information sought in the above noted reports has been filed with the SEC, FERC, or another state regulatory commission, AEP may provide copies of those filings rather than prepare separate reports.

SUMMARY

Louisiana's requirements applicable to cost allocations and affiliate transactions are contained in the Affiliate Transaction Conditions that appear in Appendix A to the Louisiana Public Service Commission's (the Commission's) Order No. U-23327, dated September 16, 1999, in the matter of the proposed merger of American Electric Power Company, Inc. (AEP) and Central and South West Corporation.

DOCUMENTATION REQUIREMENTS

The Commission's documentation requirements applicable to affiliate transactions, as contained in the Affiliate Transaction Conditions, are captured in the following table:

SUBJECT	***REQUIREMENT***
Access to Books and Records	AEP and Southwestern Electric Power Company (SWEPCO, and the Company) will provide the Commission access to their books and records, and to any records of their subsidiaries and affiliates that reasonably relate to regulatory concerns and that affect SWEPCO's cost of service and/or revenue requirement. [¶ 2]
Service Company Costs	For ratemaking and regulatory reporting purposes, SWEPCO shall reflect the costs assigned or allocated from affiliate service companies on the same basis as if SWEPCO had incurred the costs directly. This condition shall not apply to book accounting for affiliate transactions. [¶ 11]

ALLOCATION OF COSTS

The Commission's requirements for the allocation of certain costs and revenues, as contained in the Affiliate Transaction Conditions, are presented in the following table:

SUBJECT	***REQUIREMENT***
Notification of Changes in Cost Allocation Methodologies	The Company shall submit in writing to the Commission any changes it proposes to the System Agreement, the System Integration Agreement and any other affiliate cost allocation agreements or methodologies that affect the allocation or assignment of costs to SWEPCO. The written submission to the Commission shall include a description of the changes, the reasons for such changes, and an estimate of the impact, on an annual basis, of such changes on SWEPCO's regulated costs. To the extent that any such changes are filed with the SEC or FERC, the Company agrees to utilize its best efforts to notify the Commission at least 30 days prior to those filings and at least 90 days prior to the proposed effective date of those changes or as early as reasonably practicable, to allow the Commission a timely opportunity to respond to such filings. If the documents to be filed with the SEC or FERC are not

SUBJECT	***REQUIREMENT***
Notification of Changes in Cost Allocation Methodologies (Cont'd)	finalized 30 days prior to the filing, the information required above may be provided by letter to the Commission with a copy of the SEC or FERC filing to be provided as it is prepared. The filing by the Company of this information with the Commission shall not constitute acceptance of the proposed changes, the allocation or assignment methodologies, or the quantifications for ratemaking purposes. [¶ 12]
Revenue Allocation Applicable to Product or Service Development	If an unregulated business markets a product or service that was developed by SWEPCO or paid for by SWEPCO directly or through an affiliate, and the product or service is actually used by SWEPCO, all profits on the sale of such product or service (based on Louisiana retail jurisdiction) shall be split evenly between SWEPCO, which was responsible for or shared the cost or developing the product, and the unregulated business responsible for marketing the product or service to third parties, after deducting all incremental costs associated with making such product or service available for sale, including the direct cost of marketing such product or

SUBJECT	REQUIREMENT
Revenue Allocation Applicable to Product or Service Development (Cont'd)	service. However, in the event that such product or service developed by SWEPCO to be used in its utility business is not actually so used, and subsequently is marketed by the unregulated business to third parties, SWEPCO shall be entitled to recover all of its costs to develop such product or service before any such net profits derived from its marketing shall be so divided. If SWEPCO jointly develops such product or service and shares the development with other entities, then the profits to be so divided shall be SWEPCO's *pro rata* share of such net profits based on SWEPCO's contribution to the development costs. [¶ 14]

TRANSFER PRICING

The Commission's transfer pricing requirements for affiliate transactions, as contained in the Affiliate Transaction Conditions, are presented in the following table:

SUBJECT	REQUIREMENT
Asset Transfers	**Purchases.** Assets with a net book value in excess of $1 million per transaction, purchased by or transferred to the regulated electric utility (SWEPCO) from an unregulated affiliate either directly or indirectly (through another affiliate),

SUBJECT	***REQUIREMENT***
Asset Transfers (Cont'd)	must be valued for purposes of the Louisiana retail rate base (but not necessarily for book accounting purposes) at the lesser of the cost to the originating entity and the affiliated group (CSW or AEP) or the fair market value, unless otherwise authorized by applicable Commission rules, orders, or other Commission requirements. [¶ 4.a.] **Sales.** Assets with a net book value in excess of $1 million per transaction, sold by or transferred from the regulated electric utility (SWEPCO) to an unregulated affiliate either directly or indirectly (through another affiliate), with the exception of accounts receivable sold by SWEPCO to AEP Credit Inc., must be valued for purposes of the Louisiana retail rate base (but not necessarily for book accounting purposes) at the greater of the cost to SWEPCO or the fair market value, unless otherwise authorized by applicable Commission rules, Orders, or other Commission requirements. [¶ 4.b.] **Reporting.** The Company shall notify the Commission in writing at least 90 days in
Asset	

SUBJECT	***REQUIREMENT***
Transfers (Cont'd)	advance of a proposed purchase, sale or transfer of assets with a net book value in excess of $1 million if such proposed purchase, sale or transfer is expected at least 90 days before the anticipated effective date of the transaction. With the notice, the Company shall provide such information as may be necessary to enable the Commission Staff to review the proposed transaction, including, without limitation, the identity of the asset to be transferred, the proposed transferor and transferee, the value at which the asset will be transferred, the net book value of the asset, and the anticipated effect on Louisiana retail customers. When such a transaction requires approval of a federal agency, under no circumstances shall such notification be less than 60 days in advance or such longer advance period as the applicable federal agency from time to time prescribe. If not provided with the initial notice, the Company will provide the Commission with a copy of its federal filing at the same time it is submitted to the federal agency. [¶ 6]
Asset Transfers	

SUBJECT	*REQUIREMENT*
(Cont'd)	**Burden of proof.** Consistent with Commission and legal precedents and Commission General Orders, the Company shall have the burden of proof in any subsequent ratemaking proceeding to demonstrate that such purchase, sale or transfer of assets satisfies the requirements of applicable Commission and legal precedent and Commission General Orders, and will not harm the ratepayers. [¶ 7] **Treatment of gains or losses.** The Commission reserves the right, in accordance with Commission and legal precedents and Commission General orders, to determine the ratemaking treatment of any gains or losses from the sale or transfer of assets to affiliates. [¶ 8]
Goods and Services	**Purchases.** With the exception of transactions between SWEPCO and AEP Credit Inc. and AEPSC, for goods and services, including lease costs, purchased by SWEPCO from unregulated affiliates either directly or indirectly (through another affiliate), SWEPCO agrees that it will reflect the lower of cost or fair market value in operating expenses for ratemaking purposes, unless otherwise authorized by

SUBJECT	REQUIREMENT
Goods and Services (Cont'd)	applicable Commission rules, Orders, or other Commission requirements. [¶ 10] **Sales.** For goods and services, including lease costs, sold by SWEPCO to unregulated affiliates either directly or indirectly (through another affiliate), SWEPCO agrees that it will reflect the higher of cost or fair value in operating income (or as an offset to operating expenses) for ratemaking purposes, unless otherwise authorized by applicable Commission rules, Orders, or other Commission requirements (e.g., Commission-approved tariffed rates). [¶ 9]

REPORTING REQUIREMENTS

The Commission has not established periodic reporting requirements relative to affiliate transactions other than those noted above in connection with the notification of changes in cost allocation methodologies and asset transfers.

AUDIT REQUIREMENTS

The Commission's audit requirements applicable to affiliate transactions, as contained in the Affiliate Transaction Conditions, are captured in the following table:

SUJECT	REQUIREMENT
Audits of Affiliate Transactions	AEP will cooperate with audits ordered by the Commission of affiliate transactions between SWEPCO and other AEP affiliates,

SUBJECT	REQUIREMENT
Audits of Affiliate Transactions (Cont'd)	including timely access to the books and records and to persons knowledgeable regarding affiliate transactions, and will authorize and utilize its best efforts to obtain cooperation from its external Auditor to make available the audit workpapers covering areas that affect the costs and pricing of affiliate transactions. [¶ 3]

OTHER REQUIREMENTS

Other requirements of the Commission applicable to affiliate transactions, as contained in the Affiliate Transaction Conditions, are presented in the following table:

SUBJECT	REQUIREMENT
Competitive Bidding	SWEPCO or AEPSC on behalf of SWEPCO may not make any non-emergency procurement in excess of $1 million per transaction from an unregulated affiliate other than from AEPSC except through a competitive bidding process or as otherwise authorized by the Commission. Transactions involving the Company and CSW Credit, Inc. (or its successor) for the financing of accounts receivables are exempt from this condition. Records of all such affiliate trans-actions must be maintained until the Company's next

SUBJECT	***REQUIREMENT***
Competitive Bidding Cont'd)	comprehensive retail rate review. In addition, at the time of the next comprehen-sive rate review, all such transactions that were not competitively bid shall be separately identified for the Commission by the Company. This identification shall include all transactions between the Company and AEPSC in which AEPSC acquired the goods or services from another unregulated affiliate. [¶ 13]
Mandating of Retail Access by the Commission	If retail access for SWEPCO-La. is mandated by the Commission, or through action by the Federal Energy Regulatory Commission or federal legislation, then SWEPCO-La. shall have the right to petition the Commission for modification to the terms of this merger settlement, including the affiliate transaction conditions, that are made necessary by the mandating of retail access and its likely impact on the retail rates at SWEPCO-La. Any such petition must establish the necessity of the proposed modifications and provide appropriate protections to ensure that the benefits of this merger are preserved for SWEPCO-La. regulated customers, including merger savings and the hold harmless provisions

SUBJECT	***REQUIREMENT***
Mandating of Retail Access by the Commission (Cont'd)	set forth herein. The Commission will act upon the petition in accordance with its normal rules and procedures. This paragraph is not intended to limit SWEPCO's right to petition the Commission in the event that electric utility unbundling or retail access is ordered by a state commission regulating SWEPCO's retail rates, provided that SWEPCO must comply with the requirements set forth above in any such petition. [¶ 17]

SUMMARY

Michigan's rules and requirements applicable to cost allocations and affiliate transactions are included in various orders of the Michigan Public Service Commission (the MPSC, or the Commission).

DOCUMENTATION REQUIREMENTS

The MPSC's documentation requirements for affiliate transactions and cost allocations can be found in the Settlement Agreement approved by the Commission in its Opinion and Order in Case No. U-12204 in the matter of the proposed merger of American Electric Power Company, Inc. and Central and South West Corporation, and its Code of Conduct for electric utilities and alternative electric suppliers (Opinion and Order, dated December 4, 2000, in Case No.U-12134) with Redline changes to October 29, 2001 Final Version. The term "alternative electric suppliers" is defined in MCL 460.10.g, MSA 22.13(10g).

The documentation requirements found in the Settlement Agreement document are captured in the following table:

SUBJECT	***REQUIREMENT***
Separate Books and Records	Each AEP Operating Company shall maintain, in accordance with generally accepted accounting principles, books, records and accounts that are separate from the books, records and accounts of its affiliates, consistent with Part 101 – Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act, [Section 8.B.]

SUBJECT	***REQUIREMENT***
Cost Allocation Documentation	An AEP operating company which provides both regulated and non-regulated services or products, or an affiliate which provides services or products to an AEP operating company, shall maintain documentation in the form of written agreements, an organization chart of AEP (depicting all affiliates and AEP operating companies), accounting bulletins, procedure and work order manuals, or other related documents, which describe how costs are allocated between regulated and non-regulated services or products. [Section 8.P.]
Employee Movements	AEP shall document all employee movement between and among all affiliates. Such information shall be made available to the Commission upon request. [Section 8.G.]
Itemized Billing Statements	Any untariffed, non-utility service provided by an AEP operating company or affiliate service company to any affiliate shall be itemized in a billing statement pursuant to written contract or written arrangement. The AEP operating company and any affiliated service company shall maintain and keep available for inspection by the Commission copies of

SUBJECT	*REQUIREMENT*
Itemized Billing Statements (cont'd)	each billing statement, contract and arrangement between the AEP operating company or affiliated service company and its affiliates that relate to the provision of such untariffed non-utility services. [Section 8.E.] Goods and services provided by a non-utility affiliate to an AEP operating company shall be by itemized billing statement pursuant to a written contract or written arrangement. The operating company and non-utility affiliate shall maintain and keep available for inspection by the Commission copies of each billing statement, contract and arrangement between the operating company and its non-utility affiliates that relate to the provision of such goods and services in accordance with applicable Commission retention requirements. [Section 8.F.]

TRANSFER PRICING

The MPSC's transfer pricing requirements can be found in the Settlement Agreement document, it's Code of Conduct for electric utilities and alternative electric suppliers, and the Company's Code of Conduct compliance plan on file with the Commission.

SETTLEMENT AGREEMENT

The transfer pricing and related requirements contained in the Settlement Agreement document are captured in the following table:

SUBJECT	***REQUIREMENT***
Guiding Principles	The financial policies and guidelines for transactions between the regulated utility and its affiliates shall reflect the following principles: 1. An AEP operating company's retail customers shall not subsidize the activities of the operating company's non-utility affiliates or its utility affiliates. [Section 8.A.1.] 2. An AEP operating company's costs for jurisdictional rate purposes shall reflect only those costs attributable to its jurisdictional customers. [Section 8.A.2.] 3. An objective of these principles shall be to avoid costs found to be just and reasonable for ratemaking purposes by the Commission being left unallocated or stranded between various regulatory jurisdictions, resulting in the failure of the opportunity for timely recovery of such costs

SUBJECT	REQUIREMENT
Guiding Principles (Cont'd)	by the operating company and/or its utility affiliates; provided, however, that no more than one hundred percent of such costs shall be allocated on an aggregate basis to the various regulatory jurisdictions. [8.A.3.] 4. An AEP operating company shall maintain and utilize accounting systems and records that identify and appropriately allocate costs between the operating company and its affiliates, consistent with these cross-subsidization principles and such financial policies and guidelines. [Section 8.A.4.]

Code of Conduct

The MPSC's Code of Conduct rules as set forth in MICH. ADMIN. CODE R 460.10102 *et. seq.* are captured in the following table:

SUBJECT	REQUIREMENT
R 460.10102 Definitions.	As used in these rules: **(a)** "Affiliate" means a person or entity that directly or indirectly through 1 or more intermediates, controls, is controlled by, or is under common control with another specified entity. As used in these rules, "control" means, whether through an ownership, beneficial, contractual, or equitable interest, the possession, directly or indirectly, of the power to direct or to cause

SUBJECT	REQUIREMENT
R 460.10102 Definitions. (Cont'd)	the direction of the management or policies of a person or entity or the ownership of at least 7% of an entity either directly or indirectly. **(b)** "Alternative electric supplier" means a person selling electric generation service to retail customers in this state as licensed by the commission under section 10a of 2016 PA 341, MCL 460.10a. Alternative electric supplier does not include a person who physically delivers electricity directly to retail customers in this state. An alternative electric supplier is not a public utility, but may be an affiliate of a public utility. **(c)** "Commission" means the public service commission. **(d)** "Other entity within the corporate structure" means a division, department, subsidiary, or similar entity within the corporate structure of a utility. **(e)** "Third-party" means an entity separate from a utility, and separate from a utility affiliate, that offers value-added programs and services to a utility's customers through a contract. **(f)** "Utility" means an electric, steam, or natural gas utility regulated by the public service commission, and an electric or natural gas cooperative that is subject to regulation pursuant to the Electric Cooperative Member-Regulation Act, 2008 PA 167, MCL 460.31to 460.39. **(g)** "Value-added programs and services" means programs and services that are utility or energy related, including, but not limited to, home comfort and protection, appliance service, building energy performance, alternative energy options, or engineering and construction services. Value-added programs and services do not include energy optimization or energy waste reduction programs paid for by utility customers as part of the regulated rates.
MICH. ADMIN. CODE R 460.10103 Preventive measures.	**Rule 3.** **(1)** A utility that offers both regulated and unregulated services shall prevent anticompetitive behavior, cross-subsidization, and preferential treatment prohibited by law and these rules.

SUBJECT	*REQUIREMENT*
MICH. ADMIN. CODE R 460.10103 Preventive measures. (Cont'd)	**(2)** A utility shall not offer unregulated value-added programs and services except through an affiliate or other entity within the corporate structure, or through a third-party contract. **(3)** A utility's regulated services shall not subsidize the business of its affiliates, other entities within the corporate structure, or third-party contractors offering unregulated value-added programs or services.
MICH. ADMIN. CODE R 460.10104 Records	**Rule 4.** **(1)** A utility shall maintain its books and records separately from those of its affiliates or other entities within the corporate structure offering unregulated value-added programs and services. **(2)** The commission may review records relating to any transaction between a utility and an affiliate, or relating to the offering of unregulated value-added programs and services. At any time, the commission may initiate an investigation into transactions between the utility and its affiliates, or into its offering of value-added programs and services. **(3)** A utility, its affiliates, and other entities within the corporate structure shall keep their books in a manner consistent with generally accepted accounting principles and, where applicable, with the Uniform System of Accounts.
MICH. ADMIN. CODE R 460.10105 Sharing of facilities and employees.	**Rule 5.** **(1)** A utility, its affiliates, and other entities within the corporate structure may share facilities, equipment, operating employees, and computer hardware and software with documented protection to prevent discriminatory access to competitively sensitive information, provided that such sharing complies with section 10ee of 2016 PA 341, MCL 460.10ee, and measures are adopted to prevent cross-subsidization and preferential treatment that is otherwise prohibited. **(2)** A utility may transfer employees between the utility and an affiliate

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10105 Sharing of facilities and employees (Cont'd)	alternative electric supplier providing the utility documents those transfers and files semi-annually with the commission a report of each occasion on which an employee of the utility became an employee of an affiliate alternative electric supplier and/or an employee of an affiliate alternative electric supplier became an employee of the utility. **(3)** None of these rules shall be interpreted to require a utility with fewer than 60 employees to maintain separate facilities, operations, or personnel used to deliver regulated services and unregulated programs and services. Utilities using a third-party contractor for value-added programs and services remain subject to the provisions of MCL 460.10ee(12).
MICH. ADMIN. CODE R 460.10106 Marketing	**Rule 6.** **(1)** A utility, its affiliates, and other entities within the corporate structure offering unregulated value-added programs or services, shall not engage in joint advertising, marketing, or other promotional activities related to the provision of both regulated and unregulated services, nor shall they jointly sell regulated services and unregulated value-added programs and services. **(2)** A utility or affiliate alternative electric supplier shall not provide or offer to provide any customer with preferential treatment or service for doing business with the utility, its affiliates, or other entities within the corporate structure offering unregulated value-added programs or services, nor shall the utility or affiliate alternative electric supplier provide any customer with inferior treatment or service for doing business with an unaffiliated supplier of a similar service. **(3)** A utility shall not condition or otherwise tie the provision of a utility service or the availability of discounts, rates, other charges, fees, rebates, or waivers of terms and conditions to the taking of any goods or services from the utility, its affiliates, or other entities within the corporate structure offering unregulated value-added programs or services.

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10107 Utility and affiliate or alternative electric supplier relationship	**Rule 7.** **(1)** A utility shall not interfere in the business operations of any alternative electric supplier. This provision includes, but is not limited to, all of the following: **(a)** A utility shall not give the appearance that it speaks on behalf of any alternative electric supplier or affiliate. **(b)** A utility shall not interfere in the contractual relationship between the alternative electric supplier and its customers unless the utility's action is clearly permitted in the contract between the customer and the alternative electric supplier or in tariffs approved by the commission. **(2)** A utility shall not finance or co-sign loans, provide loan guarantees, provide collateral, or be encumbered or allow its assets to be encumbered by affiliates or other entities within the corporate structure. The utility and its assets shall not be the subject of recourse in the event of default by an affiliate or other entity within the corporate structure.
MICH. ADMIN. CODE R 460.10108 Discrimination	**Rule 8.** **(1)** A utility shall not discriminate in favor of or against any person, including its affiliates. **(2)** A utility shall not provide any affiliate or other entity within the corporate structure offering unregulated value-added programs or services, or any customer of an affiliate or other entity within the corporate structure offering unregulated value-added programs or services, preferential treatment or any other advantages that are not offered under the same terms and conditions and contemporaneously to other suppliers offering programs or services within the same service territory or to customers of those suppliers. **(3)** If a utility provides to any affiliate alternative electric supplier or customers of an affiliate alternative electric supplier a discount, rebate, fee waiver, or waiver of its regulated tariffed terms and conditions for services or products, it shall contemporaneously offer the same discount,

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10108 Discrimination (Cont'd)	rebate, fee waiver, or waiver to all alternative electric suppliers operating within the utility's service territory or all alternative electric suppliers' customers. **(4)** If a utility provides services or products to any affiliate or other entity within the corporate structure, and the cost of the service or product is not governed by section 10ee(8) of 2016 PA 341, MCL 460.10ee(8), compensation is based upon the higher of fully allocated embedded cost or fair market price. If an affiliate or other entity within the corporate structure provides services or products to a utility, and the cost of the service or product is not governed by section 10ee(8) of 2016 PA 341, MCL 460.10ee(8), compensation is at the lower of market price or 10% over fully allocated embedded cost. Asset transfers from a utility to an affiliate or other entity within the corporate structure for which the cost is not governed by section 10ee(8) of 2016 PA 341, MCL 460.10ee(8), is at the higher of cost or fair market value. Asset transfers from an affiliate or other entity within the corporate structure to a utility for which the cost is not governed by section 10ee(8) of 2016 PA 341, MCL 460.10ee(8) is at the lower of cost or fair market value.
MICH. ADMIN. CODE R 460.10109 Disclosure of information	**Rule 9.** **(1)** Notwithstanding any provision of this rule, utilities shall comply at all times with applicable data privacy tariffs. **(2)** Prior written approval of the customer is not required for the disclosure of a customer list to a program or service provider of an unregulated value-added program or service in compliance with section 10ee(10)(a) of 2016 PA 341, MCL 460.10ee(10)(a), or to otherwise comply with these rules. A customer list may include only the name and address of a customer. **(3)** Information obtained by a utility in the course of conducting its regulated business shall not be shared directly or indirectly with its affiliates or other entities within the corporate structure offering unregulated value-added programs or services unless

SUBJECT	REQUIREMENT
	that same information is provided upon request to competitors operating in the service territory on the same terms and conditions and contemporaneously. **(4)** Customer specific consumption or billing data shall not be provided to any affiliate, other entity within the corporate structure offering unregulated value-added programs or services, or alternative electric supplier without prior written approval of the customer. **(5)** If a utility provides non-customer specific, or aggregated, customer information to its affiliate or other entity within the corporate structure offering unregulated value-added programs or services, it must, upon request, offer the same information on the same terms and conditions, in the same form and manner, and contemporaneously, to all competitors of that affiliate or other entity within the corporate structure. The provision of such data must comply with all applicable data privacy tariffs. **(6)** When disclosure required in subrule (5) of this rule is otherwise allowed, a utility shall not provide its affiliates or other entities within the corporate structure offering unregulated value-added programs or services with information about the distribution system, including operation and expansion, without providing, upon request, the same information under the same terms and conditions, in the same form and manner, and contemporaneously, to all licensed alternative electric suppliers and competitors of the affiliate or other entity within the corporate structure. The utility shall keep a record of requests for such information, and shall make that record available to the commission upon request. **(7)** A utility shall not provide any information received from or as a result of doing business with a competitor to the utility's affiliate or other entity within the corporate structure offering unregulated value-added programs or services without the written approval of the competitor.

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10110 Notification	**Rule 10.** **(1)** Utilities that intend to offer a value-added program or service shall notify the commission not less than 30 days before offering the new program or service. The written notification shall, at a minimum, provide all of the following: **(a)** A detailed description of the new value-added program or service and what it will offer. **(b)** A list of the personnel responsible for management of the value-added program or service and their location within the utility, both physically and within the corporate structure. **(c)** A detailed description of how costs, including but not limited to, billing, postage, and call center costs, will be allocated to the value-added program or service to ensure that there is no cross-subsidization between regulated and unregulated programs or services. **(d)** A copy of the business plan for the value-added program or service. **(e)** Pro forma financial statements that outline the expected financial performance for each value-added program or service for the next 12 months. **(2)** Utilities shall request a docket for the filing of the notification, and shall thereafter make all annual report filings in that docket. **(3)** A utility that intends to sell or transfer an asset with a market value of $ 1,000,000 or more to any affiliate or other entity within the corporate structure shall notify the commission of the impending sale or transfer no less than 30 days before the sale or transfer. An affiliate or other entity within the corporate structure of a utility that intends to sell or transfer an asset with a market value of $ 1,000,000 or more to a utility shall notify the commission of the impending sale or transfer no less than 30 days before the sale or transfer. Upon request, the utility, affiliate, or other entity within the corporate structure shall make available to the commission information that demonstrates how the sale or transfer price was determined. Notification shall be in the

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10110 Notification (Cont'd)	form of a letter to the director of the regulated energy division of the commission.
MICH. ADMIN. CODE R 460.10111 Oversight	**Rule 11.** **(1)** A utility, its affiliates, and other entities within the corporate structure offering unregulated value-added programs or services shall maintain documentation needed to investigate compliance with section 10ee of 2016 PA 341, MCL 460.10ee, and these rules. All documentation shall be kept at a designated company office in this state, unless the Commission by order has authorized a different location. The utility, its affiliates, and other entities within the corporate structure offering unregulated value-added programs or services shall make this information available for review upon request by the commission or its staff. **(2)** The utility, its affiliates, and other entities within the corporate structure offering unregulated value-added programs or services shall use a documented dispute resolution process separate from any process that might be available from the commission. This dispute resolution process shall address complaints arising from application of these rules. The utility, its affiliates, and other entities within the corporate structure offering unregulated value-added programs or services shall keep a log of all complaints, including the name of the person or entity filing the complaint, the date the complaint was filed, a written statement of the nature of the complaint, and the results of the resolution process. **(3)** A utility, its affiliates, and other entities within the corporate structure offering unregulated value-added programs or services may request a waiver from 1 or more provisions of these rules by filing an application with the commission. The requesting party carries the burden of demonstrating that such a waiver will not

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10111 Oversight (Cont'd)	impair the development or functioning of the competitive market. Waivers shall be granted for entities that qualify for loans to deploy broadband services in rural areas under the Rural Electrification Act of 1936, as amended, 7 U.S.C. § 901 et seq.
MICH. ADMIN. CODE R 460.10112 Reporting	**Rule 12.** **(1)** Utilities shall file the code of conduct annual report information required under section 10ee(6)(c) and (15), 2016 PA 341, MCL 460.10ee, no later than April 30 of each year in the docket in which the utility filed its notification for a new program or service, or in a new docket for an existing program or service. Code of conduct annual reports shall include all of the following: **(a)** Designation of a corporate officer of the utility who will oversee compliance with these rules and be available to serve as the commission's primary contact regarding compliance. **(b)** An organizational chart of the parent or holding company showing all regulated entities and affiliates and a description of all programs and services provided between the regulated entity and its affiliates. **(c)** An overview of the report year, including a detailed accounting of how costs were apportioned between the utility and the value-added program or service, expectations for the following year, and any 5-year projections available for each value-added program and service. **(d)** A table illustrating the customer count, revenue, and expense of each value-added program and service. **(e)** A balance sheet, where available, and income statement for each value-added program and service offered by an affiliate or other entity within the corporate structure, including revenues, less direct and indirect expenses broken out separately. Direct and indirect revenues and expenses shall be separated by category and then aggregated at the direct and indirect levels, and the report shall include gross income,

SUBJECT	REQUIREMENT
MICH. ADMIN. CODE R 460.10112 Reporting (Cont'd)	amounts flowed back to ratepayers to reduce rates, and net income. Each category of indirect cost should be accompanied by formulas/calculations/allocations showing how they have been derived. **(f)** General ledger and trial balance for each value-added program and service shall be provided to the commission staff separately on a USB thumb drive or other appropriate technological device with formulas intact. **(g)** The number and type of complaints received in the prior calendar year regarding code of conduct issues from customers, alternative electric suppliers, or any other person or entity, and a summary of the resolution of any complaint that occurred during the calendar year. **(h)** The number of times during the prior calendar year that customer information was provided to an affiliate or competing provider of an unregulated value-added program or service, the identity of the affiliate or competing provider, and a description of the information shared. **(i)** A description of the nature of each transaction with an affiliate or other entity within the corporate structure and of the basis for the cost allocation and pricing established in each transaction. **(j)** Reports of internal audits conducted by the utility regarding transactions between the utility and its affiliates, or transactions between the utility and other entities within the corporate structure offering value-added programs or services. **(2)** The annual report shall be signed by the designated corporate officer or a person responsible for each value-added program and service attesting to the accuracy of the information in the annual report and certifying that there is no cross-subsidization between regulated and non-regulated utility programs and services. **(3)** Copies of federal income tax returns for utilities, affiliates, and, where applicable, other entities within the corporate structure who offer a value-added program or service, shall be available to the commission for inspection and review.

AUDIT REQUIREMENTS

The independent audit requirement regarding the merger has expired. I&M/AEP was required to conduct biennial audits for 8 years after the merger. The final audit was submitted to the Michigan Public Service Commission on December 29, 2008.

OTHER REQUIREMENTS

The MPSC's Code of Conduct (MICH. ADMIN. CODE R 460.10103) provides a utility's regulated services shall not subsidize the business of its affiliates, other entities within the corporate structure, or third-party contractors offering unregulated value-added programs or services. AEP's cost allocation policies and procedures are consistent with Michigan's requirements relative to cross-subsidization.

SUMMARY

Ohio's requirements applicable to cost allocations and affiliate transactions are, for the most part, captured in the corporate separation rules adopted by the Public Utilities Commission of Ohio (the PUCO, or the Commission) in Ohio Admin. Code Chapter 4901:1-37, and in the regulations and orders of the PUCO.

CAM REQUIREMENTS

The following table details the Commission's Cost Allocation Manual (CAM) requirements:

SUBJECT	***REQUIREMENT***
Summary	Each electric utility's affiliate, which provides products and/or services to the electric utility, and/or receives products and/or services from the electric utility, shall maintain information in the CAM, documenting how costs are allocated between the affiliates and its regulated and non-regulated operations. [Source: 4901:1-37-08(A)]
Maintenance	The CAM will be maintained by the electric utility. [Source: 4901:1-37-08(B)]
Assurances	The CAM is intended to ensure the commission that no cross-subsidization is occurring between the electric utility and its affiliates. [Source: 4901:1-37-08(C)]
Contents Contents (Cont'd)	The CAM will include: (1) An organization chart of the holding company, depicting all affiliates, as well as a description of activities in which the affiliates are

SUBJECT	REQUIREMENT
	involved. (2) A description of all assets, services, and products provided to and from the electric utility and its affiliates. (3) All documentation including written agreements, accounting bulletins, procedures, work order manuals, or related documents, which govern how costs are allocated between affiliates. (4) A copy of the job description of each shared employee. (5) A list of names and job summaries for shared consultants and shared independent contractors. (6) A copy of all transferred employees' (from the electric utility to an affiliate or vice versa) previous and new job description. (7) A log detailing each instance in which the electric utility exercised discretion in the application of its tariff provisions. (8) A log of all complaints brought to the utility regarding this chapter. (9) A copy of the minutes of each board of directors meeting, where it shall

SUBJECT	*REQUIREMENT*
	be maintained for a minimum of three years.
Method for Charging Costs	The method for charging costs and transferring assets shall be based on fully allocated costs. [Source: 4901:1-37-08 (E)]
Audit Trail	The costs shall be traceable to the books of the applicable entity. [Source: 4901:1-37-08(F)]
Record Retention Requirements	The electric utility and affiliates shall maintain all underlying affiliate transaction information for a minimum of three years. [Source: 4901:1-37-08 (G)]
Summary of Changes	Following approval of a corporate separation plan, an electric utility shall provide the director of the utilities department (or their designee) with a summary of any changes in the CAM at least every twelve months. [Source: 4901:1-37-08 (H)]
Company Contact	The compliance officer designated by the electric utility will act as the contact for the staff when staff seeks data regarding affiliate transactions, personnel transfers, and the sharing of employees. [Source: 4901: 1-37-08 (I)]
Commission Inspection	The staff may perform an audit of the CAM in order to ensure compliance with this rule.[Source: 4901:1-37-08(J)]

TRANSFER PRICING

The Commission’s corporate separation rule, as expressed in the CAM requirements

	themselves (see above), provides that "the method for charging costs and transferring assets shall be based on fully allocated costs." [Source: 4901:1-37-08 (E)]
REBUTTABLE PRESUMPTION	Transactions made in accordance with rules, regulations, or service agreements, approved by the Federal Energy Regulatory Commission, and the Securities and Exchange Commission, and the Commission which rules the electric utility shall maintain in its CAM, and file with the Commission shall provide a rebuttable resumption of compliance with the costing principles contained in Ohio's corporate separation rules. [Source: 4901:1-37-04 (A) (6)]
REPORTING REQUIREMENTS	The Commission's corporate separation rule, as expressed in the CAM requirements themselves (see above), provides that *"an electric utility shall provide the director of the utilities department (or their designee) with a summary of any changes in the CAM at least every twelve months."*
AUDITS	The staff of the PUCO will perform audits to test compliance with the CAM requirements and other provisions of the commission's corporate separation rules.

SUMMARY

Oklahoma's requirements applicable to affiliate transactions are focused on the Oklahoma Corporation Commission's (the Commission's or the OCC's) ability to access the books and records of Public Service Corporation of Oklahoma (PSO) and its AEP affiliates as stated in the Stipulation approved by the OCC in Cause No. PUD 980000444, dated April 16, 1999. Other requirements are contained in orders issued by the OCC.

ACCESS TO BOOKS AND RECORDS

Section 5 of the Stipulation in Cause No. 980000444 concerning the proposed merger of American Electric Power Company, Inc. and Central and South West Corporation addresses the issue of access to books and records as captured in the following table:

SUBJECT	***REQUIREMENT***
Access to Books and Records of AEP and Its Affiliates	Subject to regulatory authority, the OCC and Attorney General will either have access in Oklahoma to copies of books and records of AEP and its affiliates and subsidiaries (including their participation in joint ventures) with respect to matters and activities that relate to Oklahoma retail rates or AEP will pay reasonable and prudently incurred travel expenses to conduct on-site review of the books and records.
Access to Books and Records of PSO	The OCC and Attorney General will have access to the books and records of PSO to the degree required to fully audit, examine, or otherwise investigate transactions between PSO and AEP affiliates.

STANDARDS FOR TRANS-ACTIONS BETWEEN UTILITIES AND AFFILIATE(S)

The Oklahoma's rules and requirements applicable to Affiliate Transactions are contained in the Oklahoma Corporation Commission's (OCC) Electric Utility Rules adopted May 2, 2005, and effective July 1, 2005.

The applicable rules and requirements are captured in the following table:

SUBJECT	REQUIREMENTS
Transactions with Affiliates	(1) Electric utilities must apply any tariff provision in the same manner to the same or similarly situated persons if there is discretion in the application of the provision. (2) Electric utilities must strictly enforce a tariff provision for which there is no discretion in the application of the provision. (3) Except as necessary for physical operational reasons, electric utilities may not, through a tariff provision or otherwise, give their affiliates or knowingly give customers of their affiliates preference over other utility customers in matters relating to any service offered including, but not limited to: generation, transmission, distribution and ancillary services, scheduling, balancing, or curtailment policy. (4) Unless such disclosure is made public simultaneously or as near to the event as possible, electric utilities shall not disclose to their

SUBJECT	REQUIREMENTS
Transactions with Affiliates (Cont'd)	affiliates any information which they receive from, a non-affiliated customer, a potential customer, any agent of such customer, or potential customer, or other entity seeking to supply electricity to a customer or potential customer. (5) An electric utility's operating employees and the operating employees of its affiliate must function independently of each other and shall be employed by separate corporate entities. (6) Electric utilities and their affiliates shall keep separate books and records. (7) Electric utilities shall establish a complaint procedure. In the event of the electric utility and the complainant are unable to resolve a complaint, the complainant may address the complaint to the Commission. (8) With respect to any transaction or agreement relating in any way to electric generation, transmission, distribution and ancillary services, an electric utility shall conduct all such transactions with any of its affiliates on an arm's length basis. (9) The Commission shall resolve affiliate transactions disputes or abuses on a case-by-case basis. Any aggrieved party may file a complaint with

SUBJECT	REQUIREMENTS
Transactions with Affiliates (Cont'd)	the Commission alleging the particulars giving rise to the alleged dispute or abuse. (10) Electric utilities must process all similar requests for electric services in the same manner and within the same period of time. (11) Electric utilities shall not provide leads to their affiliates and shall refrain from giving any appearance that the electric utility speaks on behalf of its affiliate(s). Nor shall the affiliate trade upon, promote or advertise its affiliation or suggest that it receives preferential treatment as a result of its affiliation. The use of a common corporate or parent holding company name shall not be a violation of this provision so long as the regulated utility and the affiliate entities can be distinguished. (12) Electric utilities, except for billing and collection services and customer service, or by order of the Commission, shall not share their customer list or related customer information with affiliates unless the information is simultaneously shared with non-affiliate entities. (13) The electric utility shall not communicate with any third party that any advantage in the provision of electric services may accrue to such third party as a result of that third

SUBJECT	REQUIREMENTS
Transactions with Affiliates (Cont'd)	party's dealings with the electric utility's affiliate. [165:35-31-19]

TRANSFER PRICING AND OTHER TRANSACTION REQUIREMENTS

The OCC's rules contain very specific requirements for transactions between a utility and its affiliates including the pricing of such transactions. The applicable requirements are captured in the following table:

SUBJECT	REQUIREMENTS
Transfer Pricing and Other	• **Transactions between a utility and its affiliates.** A utility shall not subsidize the business activities of any affiliate with revenues from a regulated service. A utility cannot recover more that its reasonable fair share of the fully allocated costs for any transaction or shared services. • **Contemporaneous record requirement.** A utility shall maintain a contemporaneous written record of all individual transactions with a value equal to or over one million dollars with its affiliates, excluding those involving shared services or corporate support services and those transactions governed by tariffs or special contracts. Such records, which shall include at a minimum, the date of the transactions, name of affiliate(s) involved, name of a utility employee

SUBJECT	REQUIREMENTS
Transfer Pricing and Other (Cont'd)	knowledgeable about the transaction, and a detailed description of the transaction with appropriate support documentation for review purposes, shall be maintained by the utility for three years. • **Transfer of assets.** Except as otherwise required by federal statute or regulation or pursuant to Commission authorized competitive bidding, tariffs, special contract, or as otherwise ordered by the Commission; cost recovery for property transferred from a utility to its affiliate shall be priced at the "higher of cost or fair market value." Except as otherwise required by federal statute or regulation, or pursuant to Commission authorized competitive bidding, tariffs, special contract or as otherwise ordered by the Commission; asset valuation and transfers of property transferred from an affiliate to its utility shall be priced at the "lower of cost or fair market value." No matter the origin of the transaction, all transfers between a utility and an affiliate will be individually scrutinized by the

SUBJECT	REQUIREMENTS
Transfer Pricing and Other (Cont'd)	Commission on a case-by-case basis. • **Sale of products or services.** Except as otherwise required by federal or state statute or regulation, or pursuant to Commission authorized competitive bidding, tariffs, special contract or as otherwise ordered by the Commission; any sale of products and services provided from the affiliate to the utility shall be priced at the "lower of cost or fair market value." Except as otherwise required by federal statute or regulation, or pursuant to Commission authorized competitive bidding, tariffs, special contract or as otherwise ordered by the Commission; any sale of jurisdictional products and services provided from the utility to the affiliate shall be priced at "higher of cost or fair market value." • **Joint purchases.** A utility may make a joint purchase with its affiliates of goods and services involving goods and/or services necessary for utility operations. The utility must ensure that all

SUBJECT	REQUIREMENTS
Transfer Pricing and Other (Cont'd)	joint purchases are priced, reported, and conducted in a manner that permits clear identification of the utility's and the affiliate's allocations of such purchases. • **Tying arrangements prohibited.** Unless otherwise allowed by the Commission through a rule, order or tariff, a utility shall not condition the provision of any product, service, pricing benefit, waivers or alternative terms or conditions upon the purchase of any other good or service from the utility's affiliate. [165:35-31-20]
Separate Books and Financial Transactions Separate Books and Financial	A utility shall keep separate books of accounts and records from its affiliates. The Commission may review records relating to any transaction between a utility and an affiliate to ensure compliance with this Subchapter including the records of both the utility and the affiliate relating to any transaction. (1) In accordance with generally accepted accounting principles, a utility shall record all transactions with its affiliates, whether they involve direct or indirect expenses.

SUBJECT	REQUIREMENTS
Transactions (Cont'd)	(2) A utility shall prepare non-GAAP financial statements that are not consolidated with those of its affiliates. (3) A utility shall have a cost allocation manual or upon Commission request, be able to provide its cost allocation methodology in written form with supporting documentation. Such records shall reflect the transaction and the allocated costs, with supporting documentation, to justify the valuation. • **Limited credit, investment or financing support by a utility.** A utility may share credit, investment, or financing arrangements with its affiliates if it complies with paragraphs (1) and (2) of this Subsection. (1) The utility shall implement adequate safeguards precluding employees of an affiliate from gaining access to information in a manner that would allow or provide a means to transfer confidential information from a utility to an affiliate, create an opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or
Separate Books and Financial	

SUBJECT	REQUIREMENTS
Transactions (Cont'd)	create an opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create opportunities for subsidization of affiliates. (2) Where an affiliate obtains credit under any arrangement that would include a pledge of any assets in the rate base of the utility or a pledge of cash necessary for utility operations the transactions shall be reviewed by the Commission on a case-by-case basis. • **Cost of financing transactions of any affiliate.** The cost of any financial transactions, in part or in full, or any debt, equity, trading activity, or derivative, of any parent company, holding company or any affiliate, which has a direct or indirect financial or cost impact upon the utility shall be reviewed by the Commission on a case-by-case basis. [165:35-31-21]

Cost Allocation Manual

Section

State Commission Rules

Subject

TENNESSEE RULES AND REQUIREMENTS

SUMMARY

Tennessee has no specific rules and requirements applicable to cost allocations and affiliate transactions. In 1999, the Consumer Advocate Division of the Office of the Attorney General made a request for a rulemaking concerning proposed rules for cost allocations and affiliate transactions before the Tennessee Regulatory Authority.

COMMISSION ACTION

The request for rulemaking by the Consumer Advocate Division was placed on the Tennessee Regulatory Authority's docket in 1999 and comments and reply comments were filed by Kingsport Power Company and the Consumer Advocate Division as well as other parties (Docket No. 98-00690).

Any rules or requirements of the Tennessee Regulatory Authority applicable to cost allocations and affiliate transactions will be summarized in this document when and if they are adopted.

SUMMARY

Texas' rules and requirements applicable to affiliate transactions are contained in Public Utility Regulatory Act (PURA) Sections 36.058 and 39.157(d), as well as the Public Utility Commission (PUC) rules under Texas Administrative Code (TAC), Title 16, Part II Chapter 25 – Electric – Rules Applicable to Service Providers.

DOCUMENTATION REQUIREMENTS

The PUC's documentation requirements for affiliate transactions are contained in its Electric Substantive Rules, as captured in the following table:

SUBJECT	REQUIREMENT
Separate Books and Records	• A utility and its affiliates shall keep separate books of accounts and records, and the Commission may review records relating to transactions between a utility and an affiliate. • In accordance with generally accepted accounting principles or state and federal guidelines, as appropriate, a utility shall record all transactions with its affiliates, whether they involve direct or indirect expenses. • A utility shall prepare financial statements that are not consolidated with those of its affiliates. [§25.272(d)(6)(A)-(B)]

TRANSFER PRICING AND OTHER TRANSACTION REQUIREMENTS

The PUCT's substantive rules contain very specific requirements for transactions between a utility and its affiliates, including the pricing of such transactions. The applicable requirements are captured in the following table:

SUBJECT	REQUIREMENT
Transactions with All Affiliates	• **General.** A utility shall not subsidize the business activities of any affiliate with revenues from a regulated service. In accordance with PURA and the Commission's rules, a utility and its affiliates shall fully allocate costs for any shared services, including corporate support services, offices, employees, property, equipment, computer systems, information systems, and any other shared assets, services, or products. [§25.272(e)(1)] • **Sale of products or services by a utility.** Unless otherwise approved by the Commission and except for corporate support services, any sale of a product or service by a utility shall be governed by a tariff approved by the Commission. Products and services shall be made available to any third party entity on the same
Transactions	

SUBJECT	REQUIREMENT
with All Affiliates (Cont'd)	terms and conditions as the utility makes those products and services available to its affiliates. [§25.272(e)(1)(A)] • **Purchase of products, services, or assets by a utility from its affiliate.** Products, services, and assets shall be priced at levels that are fair and reasonable to the customers of the utility and that reflect the market value of the product, service, or asset. [§25.272(e)(1)(B)] • **Transfers of assets.** Except for asset transfers implementing unbundling pursuant to PURA §39.051, asset valuation in accordance with PURA §39.262, and transfers of property pursuant to a financing order issued under PURA, Chapter 39, Subchapter G, assets transferred from a utility to its affiliates shall be priced at levels that are fair and reasonable to the customers of the utility and that reflect the market value of the assets or the utility's fully allocated cost to provide those assets. [§25.272(e)(1)(C)]
Transactions with All	

SUBJECT	REQUIREMENT
Affiliates (Cont'	• **Transfer of assets implementing restructuring legislation.** The transfer from a utility to an affiliate of assets implementing unbundling pursuant to PURA §39.051, asset valuation in accordance with PURA §39.262, and transfers of property pursuant to a financing order issued under PURA, Chapter 39, Subchapter G will be reviewed by the Commission pursuant to the applicable provisions of PURA, and any rules implementing those provisions. [§25.272(e)(1)(D)]
Transactions with Competitive Affiliates	• **General.** Unless otherwise allowed in this sub-section on transactions between a utility and its affiliates, transactions between a utility and its competitive affiliates shall be at arm's length. A utility shall maintain a contemporaneous written record of all transactions with its competitive affiliates, except those involving corporate support services and those transactions governed by tariffs. Such records, which shall include the date of the transaction, name of the affiliate

SUBJECT	REQUIREMENT
Transactions with Competitive Affiliates (Cont'd)	involved, name of a utility employee knowledgeable about the transaction, and a description of the transaction, shall be maintained by the utility for three years. In addition to the requirements specified above for transactions with all affiliates, the provisions cited in the following bullets apply to transactions between utilities and their competitive affiliates. [§25.272(e)(2)] • **Provision of corporate support services.** A utility may engage in transactions directly related to the provision of corporate support services with its competitive affiliates. Such provision of corporate support services shall not allow or provide a means for the transfer of confidential information from the utility to the competitive affiliate, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-
Transactions	

SUBJECT	REQUIREMENT
with Competitive Affiliates (Cont'd)	subsidization of the competitive affiliate (emphasis added). [§25.272(e)(2)(A)] • **Purchase of products or services by a utility from its competitive affiliate.** Except for corporate support services, a utility may not enter into a transaction to purchase a product or service from a competitive affiliate that has a per unit value of $75,000 or more, or a total value of $1 million or more, unless the transaction is the result of a fair, competitive bidding process formalized in a contract subject to the provisions of §25.273 of this title (relating to Contracts Between Electric Utilities and Their Competitive Affiliates). [§25.272(e)(2)(B)] • **Transfers of assets.** Except for asset transfers facilitating unbundling pursuant to PURA §39.051, asset valuation in accordance with PURA §39.262, and transfers of property pursuant to a financing order issued under PURA, Chapter 39, Subchapter G, any transfer from a utility to its competitive affiliates of assets with a per unit
Transactions with	

SUBJECT	REQUIREMENT
Competitive Affiliates (Cont'd)	value of $75,000 or more, or a total value of $1 million or more, must be the result of a fair, competitive bidding process formalized in a contract subject to the provisions of §25.273 of this title. [§25.272(e)(2)(C)]

REPORTING REQUIREMENTS

The PUCT's requirements applicable to the reporting of affiliate transactions by electric utilities are contained in its substantive rules, as captured in the following table:

SUBJECT	REQUIUREMENT
Annual Report of Affiliate Transactions	A "Report of Affiliate Activities" shall be filed annually with the Commission. Using forms approved by the Commission, a utility shall report activities among itself and its affiliates. The report shall be filed by June 1, and shall encompass the period from January 1 through December 31 of the preceding year. [§25.84 (d)]
Copies of Contracts or Agreements	A utility shall reduce to writing and file with the Commission copies of any contracts or agreements it has with its affiliates. This requirement is not satisfied by the filing of an earnings report. All contracts or agreements shall be filed by June 1 of each year as attachments to the

SUBJECT	REQUIUREMENT
Copies of Contracts or Agreements (Cont'd)	annual "Report of Affiliate Activities." In subsequent years, if no significant changes have been made to the contract or agreement, an amendment sheet may be filed in lieu of refiling the entire contract or agreement. [§25.84 (e)]
Tracking Migration of Employees	A utility shall track and document the movement between the utility and its competitive affiliates of all employees engaged in transmission and distribution system operations, including persons employed by a service company affiliated with the utility who are engaged in transmission or distribution system operations on a day-to-day basis or have knowledge of transmission or distribution system operations. Employee migration information shall be included in the utility's annual "Report of Affiliate Activities." The tracking information shall include an identification code for the migrating employee, the respective titles held while employed at each entity, and the effective dates of the migration. [§25.84 (f)]

REPORTING REQUIREMENTS

Section 25.84 of the Commission's substantive rules requires that informal code of conduct complaints, deviations from the code of

conduct and updates to the utility's compliance plan be filed at the PUCT.

AUDIT REQUIREMENTS

The PUCT's audit requirements applicable to affiliate transactions by electric utilities are contained in its substantive rules, as captured in the following table:

SUBJECT	***REQUIREMENT***
General	A utility and its affiliates shall maintain sufficient records to allow for an audit of the transactions between the utility and its affiliates. At any time, the Commission may, at its discretion, require a utility to initiate, at the utility's expense, an audit of transactions between the utility and its affiliates performed by an independent third party. [§25.272 (d)(6)(C)]
Compliance Audits Compliance Audits (Cont'd)	No later than one year after the utility has unbundled pursuant to PURA §39.051, or acquires a competitive affiliate, and, at a minimum, every third year thereafter, the utility shall have an audit prepared by independent auditors that verifies that the utility is in compliance with this section. For a utility that has no competitive affiliates, the audit may consist solely of an affidavit stating that the utility has no competitive affiliates. The utility shall file the results of

SUBJECT	***REQUIREMENT***
	each said audit with the commission within one month of the audit's completion. The cost of the audits shall not be charged to utility ratepayers. [§25.272 (i)(3)]

SUMMARY

The Code of Virginia requires approval of contracts between a public service company and any affiliated interests. Virginia's rules and requirements applicable to cost allocations and affiliate transactions can be found in the Code and in the regulations and orders of the Virginia State Corporation Commission (the SCC, or the Commission), particularly the Final Orders in Case Nos. PUA000029 and PUE010013.

SCC APPROVAL

No contract or arrangement providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing, other than those above enumerated, or for the purchase or sale of treasury bonds or treasury capital stock made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it shall have been filed with and approved by the Commission [Code of VA §56-77].

DOCUMENTATION

The Commission's documentation requirements related to affiliate transactions are captured in the following table:

SUBJECT	***REQUIREMENT***
Separate Books and Records	Each affiliated competitive service provider shall maintain separate books of accounts and records. [20 VAC 5-312-30 C]
Access to Books and Records	The Commission may inspect the books, papers, records and documents of, and require special reports and statements from, every generation company affiliated

SUBJECT	***REQUIREMENT***
Access to Books and Records (Cont'd)	with a local distribution company regarding transactions with its local distribution company affiliate. Upon complaint or on its own initiative, the Commission may also (I) investigate alleged violations of this charter, and (ii) seek to resolve any complaints filed with the Commission against any such affiliated generation company. [20 VAC 5-202-30 B 7]
Employee Transfers	An affiliated competitive service provider shall document each occasion that an employee of its affiliated local distribution company, or of the transmission provider that serves its affiliated local distribution company, becomes one of its employees and each occasion that one of its employees becomes an employee of its affiliated local distribution company or the transmission provider that serves its affiliated local distribution company. Upon staff's request, such information shall be filed with the SCC that identifies each such occasion. Such information shall include a listing of each employee transferred and a brief description of each associated position and responsibility. [20 VAC 5-

SUBJECT	REQUIREMENT
Employee Transfers (Cont'd)	312-30 B 3]

TRANSFER PRICING

The SCC's transfer pricing rules applicable to affiliate transactions between the local distribution company (LDC) and certain affiliate are contained in various orders of the Commission.

Rules Applicable to Functional Separation of Incumbent Electric Utilities under the Virginia Restructuring Act(Case No. PUA000029)

The SCC's rules applicable to the functional separation of incumbent electric utilities under the Virginia Electric Utility Restructuring Act contain specific transfer pricing requirements for transactions between the LDC and an affiliated generation company as captured in the following table:

SUBJECT	REQUIREMENT
Sale of Non-Tariffed Services, Facilities and Products	LDCs shall be compensated at the greater of fully distrib-uted cost or market price for all non-tariffed services, facilities, and products provided to an affiliated generation company.
Purchase of Non-Tariffed Services, Facilities and Products	An affiliated generation company shall be compensated at the lower of fully distributed cost or market price for all non-tariffed services, facilities, and products provided to the LDC.
Unavailable Market Prices	If market price data are unavailable for purposes of such calculations, non-tariffed services, facilities and products shall be compensated at fully distrib-uted costs. In such event, the LDC shall document its

SUBJECT	REQUIREMENT
Unavailable Market Prices (Cont'd)	efforts to determine market price data and its basis for concluding that such price data are unavailable.

[Source: 20 VAC 5-202-30 B 5 a]

Rules Applicable to Retail Access (Case No. PUE010013)

The SCC's rules for retail access contain specific transfer pricing requirements concerning transactions between the local distribution company and its affiliated competitive service providers as captured in the following table:

SUBJECT	REQUIREMENT
Sale of Non-Tariffed Services, Facilities and Products	The local distribution company shall be compensated at the greater of fully distributed cost or market price for all non-tariffed services, facilities, and products provided to an affiliated competitive service provider.
Purchase of Non-Tariffed Services, Facilities and Products	An affiliated competitive service provider shall be compensated at the lower of fully distributed cost pr market price for all non-tariffed services, facilities, and products provided to the local distribution company.
Unavailable Market Prices	If market price data are unavailable, non-tariffed services, facilities and products shall be compensated at fully distributed cost and the local distribution company shall document its efforts to determine market price data and its basis for

SUBJECT	REQUIREMENT
Unavailable Market Prices (Cont'd)	concluding that such price data are unavailable. Notification of a determination of the unavailability of market price data shall be included with the annual report of affiliate transactions that is required to be filed by the local distribution company with the SCC.

[Source: 20 VAC 5-312-30 I. 1.]

AFFILIATE TRANSACTION REPORTING REQUIREMENTS

Virginia's general reporting requirements for affiliate transactions have evolved through several recent affiliate agreement approval orders and are summarized in the following table:

SUBJECT	REQUIREMENT
Annual Report of Affiliate Transactions	An annual report of affiliate transactions shall be filed by May 1 of each year with the SCC's Director of Public Utility Accounting for transactions for the prior calendar year. The annual report shall include all affiliate agreements/ arrangements regardless of amount involved and shall supersede all previous reporting requirements for affiliate transactions (except, see Statement of Utility Assets Sold, Purchased or Acquired below). The report shall contain the

SUBJECT	*REQUIREMENT*
Annual Report of Affiliate Transactions (Cont'd)	following information: 1. Affiliate's name 2. Description of each affiliate arrangement/agreement 3. Dates of each affiliate arrangement/agreement 4. Total dollar amount of each affiliate arrangement/agreement 5. Component costs of each arrangement/agreement where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead) 6. Profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined 7. Comparable market values and documentation related to each arrangement/ agreement 8. Percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts, and 9. Allocation bases/factors for allocated costs. Transfers of assets between APCO and AEPC with values of $100,000 or less must be reported in the annual report of affiliated transactions. All transfers of assets

SUBJECT	***REQUIREMENT***
	between APCO and AEPC with a value exceeding $100,000 require prior Commission approval. *[Source: SCC Order, dated March 4, 1998, in Case No. PUA970035]* The Annual Report of Affiliate Transactions shall also include copies of all executed Greenfield Site Agreements between APCO and AEPC along with a description of the particulars of each site as well as the book value of the underlying land relative to the proposed per site license fee of $10,200/year (less any volume discount for multiple sites). *[Source: SCC Order, dated December 6, 199, in Case No. PU990053]*
Annual Report Under the Virginia Electric Utility Restructur-ing Act	Local distribution companies (LDCs) shall file annually, with the Commission, a report that shall, at a minimum, include: (i) the amount and description of each type of non-tariffed service provided to or by an affiliated generation company; (ii) accounts debited or credited; and (iii) the compensation basis used (i.e., market price or fully distributed cost). The LDC shall make available to the Commission's staff, upon request, the following documentation for each agreement and arrangement where services are provided to

SUBJECT	***REQUIREMENT***
	or by an affiliated generation company: (i) component costs (i.e., direct or indirect labor, fringe benefits, travel or housing, materials, supplies, indirect miscellaneous expenses, equipment or facilities charges, and overhead); (ii) profit component; and (iii) comparable market values and documentation. *[Source: 20 VAC 5=202-30 B 6]*
Annual Report Required by the Rules Governing Retail Access to Competitive Energy Services	The local distribution company (LDC) shall file annually, with the SCC, a report that shall, at a minimum, include: the amount and description of each type of non-tariffed service provided to or by an affiliated competitive service provider; accounts debited or credited; and the compensation basis used, i.e., market price or fully distributed cost. The LDC shall maintain the following documentation for each agreement and arrangement where such services are provided to or by an affiliated competitive service provider and make such documentation available to staff upon request: (i) component costs (i.e., direct or indirect labor, fringe benefits, travel or housing, materials, supplies, indirect miscellaneous expenses, equipment or facilities charges, and overhead; (ii)

SUBJECT	***REQUIREMENT***
	profit component; and (iii) comparable market values, with supporting documentation. *[20 VAC 5-312-30 I 2]*
Schedule of Utility Assets Purchased or Sold	APCO must file annually a schedule of purchases from affiliates and sales to affiliates, if any, of utility assets, amounting to less than $25,000 for each such transaction, made during the preceding calendar year. *[Source: SCC Order, dated August 29, 1956, in Case No. 13162, and SCC order, dated February 20, 1981, in Case PUA810009]*

WEST VIRGINIA RULES AND REQUIREMENTS

SUMMARY

The West Virginia Code requires approval of contracts between a public utility and its affiliates. The orders issued by the Public Service Commission of West Virginia (PSC, or Commission) concerning such matters contain requirements related to affiliate transactions.

PSC APPROVAL

Unless the consent and approval of the PSC is obtained, no public utility in West Virginia may, by any means, direct or indirect, enter into any contract or arrangement for management, construction, engineering, supply or financial services or for the furnishing of any other service, property or thing with any affiliated corporation, person or interest *[West Virginia Code § 24-2-12]*. The individual orders issued by the Commission approving such contracts establish requirements applicable to specific transactions with affiliates.

Cost Allocation Manual

Section

Introduction

Subject

OVERVIEW (PROCEDURES)

SUMMARY	At AEP, cost allocations between regulated and non-regulated operations take place through intercompany billings and affiliate transactions. The intercompany billing process and related procedures move costs between AEP System's regulated electric utilities and their non-regulated affiliates. The cost allocation process recognizes the nature of the work performed for the respective parties and their use of services and facilities.
TRANSACTIONS	The financial transaction coding process used by AEP is the first step in separating costs between regulated and non-regulated operations.
TIME REPORTING	Labor cost is a large component of the total cost allocated between regulated and non-regulated operations. Time reporting and labor costing procedures are in place to ensure that labor costs are properly allocated and billed to the companies that benefit from the services which are performed.
AEPSC BILLING SYSTEM	AEPSC performs services for American Electric Power Company, Inc., the parent holding company, and most subsidiaries in the AEP System. AEPSC uses a work order system to collect and bill costs to its Afflilate companies for the services that it performs.
INTERCOMPANY BILLING	Other AEP System companies share costs with their affiliates through an intercompany billing process. This process transfers the cost of performing services and conducting projects for affiliates in the AEP System.
INTERUNIT ACCOUNTING	Certain transactions are allocated between

companies through inter-unit accounting whereby transactions are recorded in the first instance by the companies for which the transactions have been incurred.

ASSET TRANSFERS

Plant and equipment as well as materials and supplies are transferred among the AEP System companies based on who uses the items. Procedures are in place to properly account for the transfer and sale of those items.

Cost Allocation Manual

Section

Transactions

Subject

OVERVIEW

SUMMARY

The process of cost allocation between regulated and non-regulated operations begins with the coding of expenses and other transactions.

RESPONSIBILITY

Transaction coding is the responsibility of the business units that budget for and initiate the transactions.

03-02-02

CODING BLOCKS

Various coding blocks, also known as chartfields, are used to code financial transactions for accounting and cost allocation purposes.

03-02-03

Cost Allocation Manual

Section

Transactions

Subject

CODING

SUMMARY	Proper chartfield coding is mandatory to ensure accurate financial reports and inter-company billings.
CODING RESPONSIBILITY	Chartfield coding is the responsibility of the business units who incur various expenditures, and who report their labor hours. These expenses are initiated and approved by the business units in accordance with their operating plans and financial budgets.
MAINTENANCE OF CHARTFIELD VALUES	The Service Corporation Accounting group is primarily responsible for maintaining chartfield values. The business units request changes to the chartfield values based on their need to track and manage costs, bill affiliated companies and comply with external reporting requirements. This group evaluates all requests in connection with its oversight responsibilities related to internal budgeting, cost allocations, and external reporting. Approved changes are implemented on a timely basis.

SUMMARY

AEP's accounting systems use chartfields or coding blocks to classify and accumulate transactions for financial and managerial accounting and reporting. Each chartfield/coding block is used for a specific purpose.

CODING BLOCKS

GENERAL LEDGER CHARTFIELDS:

General Ledger Business Unit	Account Number	Department ID	Product Code	Affiliate Code	Operating Unit Code

PROJECTS CHARTFIELDS:

Project Costing Business Unit	Project ID	Work Order *(Project Activity)*	Cost Component *(Resource Type)*	Activity Code *(Resource Category)*	Tracking Code *(Resource Subcategory)*

General Ledger Business Unit

The **General Ledger Business Unit** identifies the AEP System company or company segment for which the transaction is recorded. Each AEP System Company is assigned a unique code. For example, American Electric Power Company, Inc. is Business Unit 100 and AEP Texas Central-Distribution is Business Unit 211.

Account Number

The **Account Number** records the transaction in the appropriate balance sheet or income statement account using the FERC System of Accounts.

Department ID

The **Department ID** connects the transaction to the responsible organization for reporting and budgeting purposes.

Product Code	The **Product Code** describes the product or service supplied. It is primarily used by entries providing services to other AEP groups.
Affiliate Code	The **Affiliate Code** identifies transactions conducted with an affiliate. The **General Ledger Business Unit** code of the affiliate is entered in this coding block, if applicable. The codes in this chartfield are used in preparing consolidated financial statements.
Operating Unit Code	The **Operating Unit** code sub-divides transactions for special reporting purposes largely related to tax reporting, rate case, and other matters. Valid values include, among others, state abbreviations.
Project Costing Business Unit	The **Project Costing Business Unit** connects the transaction with the responsible budgeting group or area for project reporting purposes.
Project ID	The **Project ID** connects the transaction with a budget project. A budget project allows budgeted and actual costs to be captured for managerial reporting purposes.
Work Order	The **Work Order** is the billing mechanism used to capture and bill like costs, and connects the transaction with a planned project that generally has a set beginning date, a projected end date and an estimated cost to complete. Work Orders include construction and retirement work, R&D work, IT projects, non-regulated activities, and other special projects and transactions. Attached to each **Work Order,** as an attribute, is a Benefiting Location Code that identifies the location or area that benefits from the work (i.e., the activity or project that is

	being performed). A benefiting location can define, among other things, a power plant, a generating unit at a power plant, or a region. Each benefiting location further defines the company or group of companies that operate in the particular location or area. For example, benefiting location code 1358 is only applicable to Amos Plant Unit 1 and pertains to the Generation ledger for Appalachian Power Company; and, benefiting location code 1178 pertains to the Transmission ledgers of Appalachian Power Company, Kentucky Power Company and Kingsport Power Company.
Cost Component	The **Cost Component** relates the transaction to a specific type of cost such as labor, travel, materials, or outside services.
Activity Code	The **Activity Code** identifies the activity being performed. Examples of defined work activities are: "Respond to Customer Inquiries," "Process Payroll" and "Coordinate Federal Income Tax Returns & Reports." The Activity code directs the billing allocation formula for some work orders.
Resource Sub-Category	The **Resource Sub-Category** sub-divides accounting transactions for cost tracking purposes. Among other things, the resource sub-category is used to track vehicle and building expenditures by vehicle number or building number. Certain equipment maintenance costs are also tracked.

Cost Allocation Manual

Section

Time Reporting

Subject

OVERVIEW

SUMMARY

AEP's time reporting systems are designed to collect the chartfield information needed to apportion costs between regulated and non-regulated activities.

TIME RECORDS

Each AEP employee, or a responsible timekeeper, must complete a time record for each pay period.

03-03-02

LABOR COSTING

The cost of labor makes up a high percentage of the service cost which is apportioned between regulated and non-regulated activities.

03-03-03

Cost Allocation Manual

Section

Time Reporting

Subject

TIME RECORDS

SUMMARY

AEP follows a system of positive time reporting whereby all employees, are required, either personally or through an appointed timekeeper, to provide Payroll with a full accounting of their productive and non-productive time classifications. Time records are prepared for each pay period. Examples of non-productive time include vacation time, holidays, jury duty and other paid absences.

FEATURES

Positive time reporting is the process by which each employee accounts for the total number of hours in each pay period, including overtime and paid absences. The positive time reporting process used by AEP encompasses the following features:

- Forms the basis for assigning labor costs by accounting for all activities and time spent by activity on a pay period basis
- Accounts for time in hourly increments as small as a one-tenth of an hour
- Accumulates and summarizes time spent on a reported line-item basis
- Requires all chartfield values needed to account for the time spent and to report labor costs
- Requires the amount of time reported for a given pay period to at least equal the total hours in the pay period
- Does not assume employees are working only on regulated activities or only on non-regulated activities. The

FEATURES (Cont'd)

actual time spent must be reported and classified to the applicable activities and/or projects based on the work performed.

- As employees spend and report time, the cost of the time is directly attributable to regulated and non-regulated operations based on benefiting location or it could apply to an indirect cost pool.

APPROVALS

All time records must be approved by the employee's immediate supervisor or the supervisor's designee. Audit Services performs periodic studies to determine that the time reported by group supervisors has a reasonable relationship to the time reported by their direct reports.

ELECTRONIC PROCESSING

In most cases, time is reported and approved electronically. The reported time is available to be viewed on-line for a period of time before it is archived.

Employees can view their accrued and used vacation hours on-line using AEP's intranet.

SUMMARY

Labor costing is the process of pricing the time reported by employees for the purpose of apportioning their labor cost to the activities that they perform. The cost of labor is a high percentage of the total service cost apportioned among AEP's regulated and non-regulated affiliates.

FEATURES

AEP's labor costing process, in conjunction with time reporting, has been designed to meet the following four criteria:

- it must be practical and cost effective to apply
- it must contain safeguards against material misclassifications between regulated and non-regulated operations and between regulated and non-regulated products and services
- it must be adequately documented
- it must provide an audit trail that can be used for procedural testing and for determining the accuracy of results.

The labor costing process used by AEP employs the following features:

- productive time is priced using the employee's hourly rate of pay which, for salaried employees, is derived by using one of two methods: *(i)* by dividing the employee's annual salary by 2,080 hours, or *(ii)* by dividing the employee's current pay period salary by the total number of hours worked during the pay period (including non-compensated overtime hours worked by exempt employees)

FEATURES (Cont'd)

- non-productive pay is accrued, expensed and distributed as a percentage of labor dollars
- where applicable, the cost of incentive pay and severance pay is also accrued and expensed; and it too follows the distribution of labor dollars.

CONTROLS

Where applicable, appropriate controls are maintained for balancing the total amount of labor cost distributed to the total cost incurred or paid.

Cost Allocation Manual

Section

AEPSC Billing System

Subject

OVERVIEW

SUMMARY

AEPSC is a wholly-owned subsidiary of AEP, a registered public utility holding company. AEPSC provides certain managerial and professional services including administrative and engineering services to affiliated companies in the AEP holding company system and periodically to unaffiliated companies.

As a subsidiary service company, AEPSC and its billings are subject to the regulation of the Federal Energy Regulatory Commission (FERC) under the Public Utility Holding Company Act of 2005.

SYSTEM OF INTERNAL CONTROLS

Effective operation of the AEPSC work order billing system is tied to AEP's overall system of internal controls.

03-04-02

WORK ORDER ACCOUNTING

AEPSC maintains a work order system for allocating and billing costs in accordance with the applicable Uniform System of Accounts for centralized service companies.

03-04-03

BILLING ALLOCATIONS

Billing allocations are performed using Attribution Bases (i.e., Allocation Factors) approved by the SEC under PUHCA 1935 and continued after its repeal.

03-04-04

REPORTS

AEPSC prepares a monthly billing report for all billed costs.

03-04-05

SYSTEM OF INTERNAL CONTROLS

SUMMARY

Effective operation of AEPSC's work order and billing system is tied to AEP's overall system of internal controls. The more relevant controls and administrative procedures include accountability, allocability, budgeting, time-reporting review and approval, billing review, dispute resolution, periodic service evaluations, and internal auditing.

RESPONSIBILITIES

The business units and process owners who code and approve transactions for processing through the AEPSC billing system are responsible for final results. Employees can access electronic databases that contain titles and descriptions of all applicable codes.

Changes in facts and circumstances that affect the billing process must be addressed in a rapid and responsible manner.

The Corporate Planning and Budgeting group along with Corporate Accounting are responsible for assisting the business units and AEPSC's client companies in evaluating the monthly billing results on a company by company basis. Also see "Billing Review" below.

ALLOCABILITY

Through the transaction coding process, clients are billed only for the services and costs that pertain to them. Shareable costs are billed using allocation factors. The approved billing system is designed to result in a fair and equitable allocation of cost among all client companies, regulated and non-regulated. AEPSC employees are provided information and trained to achieve these results relative to their areas of responsibility.

BUDGETING

Each year AEPSC prepares an annual budget for

the services it will provide during the next calendar year. The budgets are prepared by each AEPSC department.

Corporate Planning & Budgeting and Business Unit Budget Coordinators generate monthly performance reports that compare actual cost against the budget. Performance results can be viewed by Department, by Account, or by Activity, and also by Affiliate company.

AEPSC's managers are primarily responsible for analyzing and explaining cost variances incurred while performing their work. Additionally, AEPSC and its affiliates are jointly responsible for analyzing and explaining the cost variances incurred through the AEPSC billings.

AEPSC's annual budgets are consistent with and support AEP's corporate-wide strategic performance objectives. AEP's Board of Directors, with the assistance of executive management, approves the annual budgets for AEPSC, the utility companies and other AEP affiliates.

WORK ORDER PROCESSING REVIEW

The Accounting department reviews requests for new AEPSC Work Orders. The review includes (1) Appropriate descriptions – to ensure that the users will understand the type of costs to be accumulated in each work order. (2) Appropriate benefiting location – to ensure that the proper affiliated company or group of companies will be billed (3) Appropriate billing allocation factor – to verify (based on the work being performed) that the appropriate cost drivers are being used for the type of service being performed such as Number of Employees, Transmission Pole Miles, Number of Retail Electric Customers, or Total Assets.

BILLING SYSTEM CONTROLS

Specific controls related to the billing system include (1) The Accounting department reviews the reasonableness of the statistics, by affiliate company, that are used to allocate costs by comparing them to other statistics, amounts used in prior periods, etc. (2) Reports are generated by the billings system to reconcile/confirm that all amounts were allocated and the total dollars received for processing were billed out. (3) An automatic e-mail is sent to the Accounting department which identifies any errors created during Journal Generation of the AEPSC Bill. (4) The Accounting department confirms the AEPSC net income is zero each month-end to ensure that all expenses incurred were billed. (5) The Accounting department reviews the list of AEP affiliate companies every month to assure billing statistics are accumulated and posted properly for a newly created affiliate companies, or removed for inactivated affiliate companies.

Please see Appendix 99-00-04 for information regarding the billing allocation factors that are used by AEPSC and their update frequency.

PRE-BILLING TRANS-ACTIONS REVIEW

Various controls exist surrounding the detailed accounting transactions that are processed by the AEPSC billing system, including: (1) Numerous edits/validations are performed mechanically at the time transactions are entered into the accounting system. For example, the validation routines will not permit a labor expense Account to be used in conjunction with non-labor costs. (2) Prior to running the monthly AEPSC billing process, Accounting reviews certain accounting transactions to ascertain if any items are misclassified based on certain criteria. Correction entries are prepared,

if necessary, prior to the bill processing, For example, transactions charges to income tax FERC expense account should be charged to the income tax work order. (3) An "unbillable" report is run numerous times prior to processing of the bill. This report identifies transactions that will not bill due to recently inactivated Work Orders, invalid combinations of statistics, etc. Correction entries are made as necessary prior to running the bill.

ALLOCATION

Shared costs are billed using approved allocation factors. The billing systems is designed to result in a fair and equitable allocation of cost amount all affiliate companies. As mentioned above under "Responsibilities", information is readily available to employees to assist with the proper coding of transactions in order to achieve these results relative to their areas of responsibility.

TIME REPORTING REVIEW AND APPROVAL

AEPSC uses positive time reporting whereby time records are submitted by each AEPSC employee, on a bi-weekly basis. Supervisors, or their designated delegates, review and approve the time records for the employees in their respective groups.

In addition to the normal approval process, periodically the Accounting department provides reports to each AEPSC manager for review and validation of their employees; labor charges. The report indicates the companies that each employee billed, the work performed for the company, the labor hours charged, and the work orders(s) used to bill the hours. This report provides an additional control to ensure employees were billing correctly and that their managers concurred with the billing. Managers were required to sign the report indicating their

review and approval, and return the signed copy to Accounting. If a manager has questions about an employee's time charges, or believes a correction is required, the manager communicates those concerns to Accounting.

AFFILIATED BILLING REVIEW

Monthly, Regulated Accounting sends reports to the State Operating Companies Regional Presidents (and/or their staff), and other members of management, for their review and approval of the AEPSC Work Order billing by affiliate company.

The services performed and the amounts billed are reviewed for accuracy on behalf of the regulated utilities and AEPSC's other affiliated clients. The performing organizations initiate all needed corrections and Corporate Accounting processes the corrections.

DISPUTE RESOLUTION

The monthly AEPSC billings to the affiliate Operating companies are submitted to the AEP state Business Operations Support groups for their review and approval. The AEPSC bill approval process for the Business Operations Support groups includes various steps. Monthly, Directors review the AEPSC departments allocating costs to their companies to determine whether it appears reasonable for each department to be allocating to that operating company. Also monthly, Directors notify AEPSC of their approval of the monthly AEPSC billing, noting any issues needing resolved as a result of their monthly review. Any issues arising from the above reviews are coordinated through the affected AEPSC department and the AEPSC Controllers department, which will be responsible for resolving issues raised by the operating companies and making appropriate adjustments. Each of the above steps is documented, including approvals,

explanations of variances, and any adjustments resulting from this review and approval process. Directors are responsible for retaining documentation for a minimum of two years.

If a resolution cannot be reached among the parties, the dispute is referred to the Chief Financial Officer or another appropriate member of executive management.

SERVICE EVALUATIONS

Internal customer input and an internal customer-oriented philosophy are necessary in order to keep AEPSC operating efficiently and at cost-competitive levels.

Internal customer surveys are used to measure performance and internal customer satis-faction. The internal customer surveys, along with the budgeting process and service level agreements, are used to seek customer input relative to the quantity, quality and value of the various services being provided by AEPSC to other groups within the AEP holding company system.

Whenever feasible, and to the extent necessary, cost levels and business practices are benchmarked against other companies both within and outside the electric utility industry.

INTERNAL AUDITING

The AEPSC Audit Services department performs periodic audits of the AEPSC billing system. The purpose of the audits is to examine the internal controls over the billing process and to ascertain that billing allocations are being performed in accordance with the approved Allocation Factors and in accordance with the Service Agreements AEPSC has with its affiliated clients.

EXTERNAL AUDITING

Annually, AEPSC provides unaudited financial

statements to various banks and leasing companies. In addition, the applicable banks and leasing companies have access to AEP Consolidated financial statements, which are audited by Price Waterhouse Cooper. The audited AEP Consolidated financial statements include an audit of various transactions through the billing system to verify accuracy of the procedures and amounts billed to affiliates.

STATE AND FEDERAL AUDITS AND REPORTING

STATE AUDITS: AEPSC is subject to periodic state affiliate and code of conduct audits, in order to comply with certain state regulatory requirements. For example, Texas requires an affiliated code of conduct audit every three years.

FERC AUDITS: Effective with the passage of the Public Utility Holding Company Act of 2005 (which became effective February 6, 2006) AEPSC is now regulated by the Federal Energy Regulatory Commission, and as such is subject to FERC oversight and audit.

FERC REPORTING: The FERC requires a detailed annual financial report for services companies, the FERC Form 60. This report contains detailed AEPSC information, including amounts billed to each affiliate company.

These periodic audits and annual reporting requirements provide additional controls governing AEPSC’s accounting routines, financial transactions, and billing to affiliates.

SUMMARY

AEPSC uses a work order system for the accumulation of cost on a job, project or functional basis. It includes schedules and worksheets used to account for charges billed to single and groups of associate and nonassociate companies.

COST IDENTIFICATION

As a subsidiary service company, AEPSC identifies billable costs using two separate chartfields (i.e., transaction coding blocks); namely,

- Activity (through General "G" Work Orders) and
- Work Order.

Each of these chartfields is defined elsewhere in this manual (look up "Chartfields" in the Table of Contents or the Alphabetic Subject Index to determine the applicable Document Number).

General (i.e., "G") work orders have been established to assign the benefiting location to general services that are billed by "Activity".

FUNCTION AND TYPES OF WORK ORDERS

A billable cost is derived by using a Work Order or Activity with a Benefiting Location (including "G" Work Orders). While Work Order and Activity define the nature of the service performed, the Benefiting Location identifies the company or group of companies for which the service is performed. Benefiting Location is not a chartfield, but it is an attribute of each billable Work Order. AEPSC uses the following types of Work Orders
(billable and non-billable):

FUNCTION AND TYPES OF WORK ORDER (Cont'd)

Direct – A Direct Work Order is used when the service being provided benefits a single company or company segment. The monthly cost accumulated for a Direct Work Order is billed 100% to the company for which the service was performed as designated by the benefiting Location code associated with the service.

Allocated – An Allocated Work Order is used when the service being performed benefits two or more companies or company segments. The monthly cost accumulated for an Allocated Work Order is allocated and billed to the companies for which the service is performed as designated by the Benefiting Location code associated with the service.

The AEPSC billing system uses specific company cost-causative Allocation Factors to allocate costs that are accumulated under Allocated Work Orders.

SCFringe – The SCFringe Work Order is used to accumulate the cost of labor-related overhead. Labor-related overhead includes, among other things, payroll taxes and employee benefits such as pension and medical expense.

SCFringe is charged to client companies in proportion to the distribution of AEPSC's labor dollars.

While not part of SCFringe, it should be noted that the cost of compensated absences such as vacation and holiday pay is also charged to client companies based on the distribution of AEPSC's labor dollars.

FUNCTION AND TYPES OF WORK ORDER (Cont'd)

AEPSC Departmental Overhead – Information Technology, Human Resources, and Real Estate and Workplace Services all provide services to AEPSC Departments. Therefore, the portion of an Information Technology, Human Resources, or Real Estate and Workplace Services work orders that relate to AEPSC is allocated to the AEPSC departments that benefit from the service based on number of workstations (Information Technology), number of employees (Human Resources), and occupancy (Real Estate and Workplace Services). The AEPSC departments' share of the costs is then allocated to the client companies in proportion to the labor charged by each AEPSC department to the client companies.

Internal Support Costs Overhead – The Internal Support Costs (ISC) Overhead Work Order is used to identify the expenses incurred in support of AEPSC's overall operations. ISC includes all expenses identified with work order G0000103, which has an attribute of Benefiting Location 103 (the code for AEPSC). For example, the expenses incurred in processing the payroll for AEPSC's employees and in paying AEPSC's vendors are included in ISC overhead is allocated to client companies in proportion to the total cost charged to each company.

ACTIVITY AND WORK ORDER REQUESTS

Service requests fall into two major categories:

- Activity, and
- Work Order.

As the overseer of the budgeting process, AEPSC's Corporate Planning and Budgeting group is responsible for approving all requests for adding or deleting Activities. The Corporate Planning and Budgeting group processes all requests for opening or closing new Activities while the Regulated Accounting group processes all requests for new AEPSC Work Orders.

The ABM Activity Request Form – This form requires the following information:

Line Item	Information
Requested By	Name of requestor. Electronic requests are automatically populated with requestor's required information, date and time.
Effective Date	The requesting business unit recommends an effective date for use of the new activity.
Activity Number	The requesting business unit provides the Activity Number only when an existing activity is being changed.
Activity Description	The requesting business unit provides the proposed title of the new activity (e.g., "Develop Coal Delivery Forecast").
Process Group	The requesting business unit provides the name of

Line Item	Information
	the high-level process group to which the new activity is related (e.g., "Generate Energy").
Major Process	The requesting business unit provides the name of the high-level major process to which the new activity is related (e.g., "Procure, Produce & Deliver Fuel").
Business Process	The requesting business unit provides the name of the high-level business process to which the activity is related (e.g., "Procure Coal").
Purpose and Use	The requesting business unit provides a description of the new activity, its purpose and use.
Task List	Provide a list of all the steps and preparation undertaken to arrive at the request.
Suggested FERC Accounts	The requesting business unit provides the suggested FERC account.
Service Corp Attribution Basis	The requesting business unit recommends an Allocation Factor for use.
Cost Drivers	The requesting business unit provides the reasons for the request.

See the ILLUSTRATIONS at the end of this document for a copy of the Activity Request Change Form.

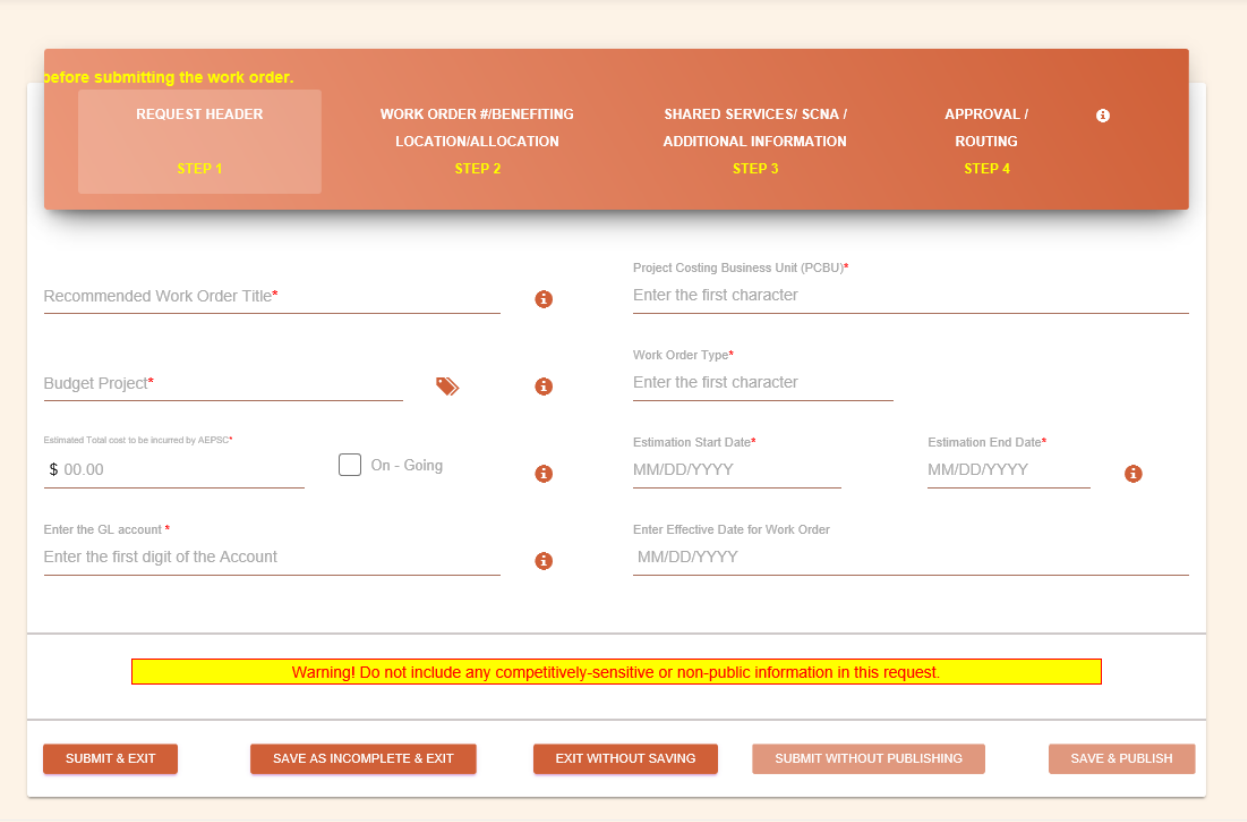
Work Order Request Form – This form requires the following information:

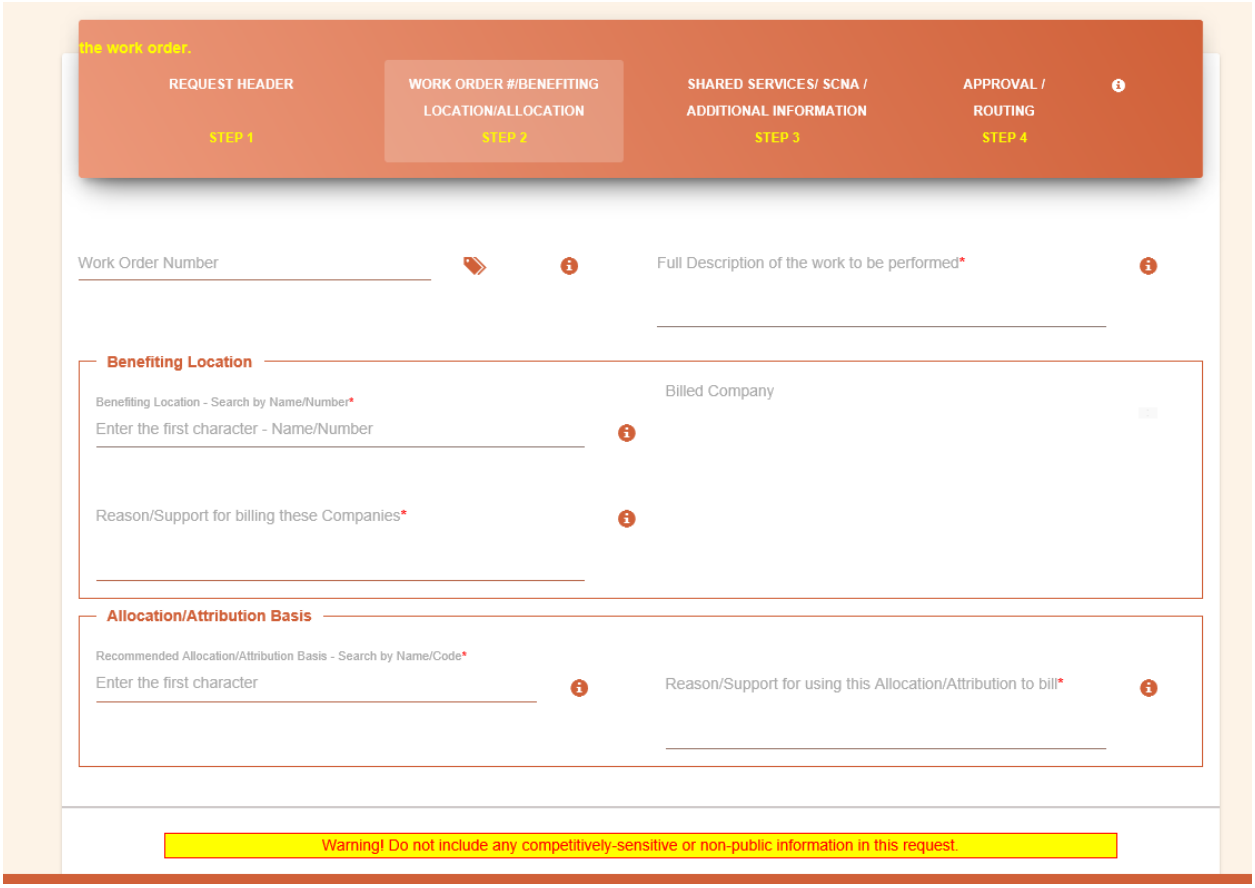
Line Item	Information
Recommended Title	The requesting business unit provides the recommended work order title.
Project Costing Business Unit	The requesting business unit provides the Project Costing Business Unit identification.
Budget Project	The requesting business unit provides the applicable Budget Project code.
Work Order Type	The requesting business unit provides the Work Order type.
Estimated Total Costs to be incurred by AEPSC	The requesting business unit supplies the estimated cost of the work performed.
Estimated Duration	The requesting business unit provides the start and the estimated completion date.
Description of Service(s) To Be Rendered	The requesting business unit supplies a description of the work order based on the nature and scope of the project to be performed.
Benefiting Location	The requesting business unit supplies the applicable benefiting location code based on the company or class of companies that will benefit from the work order. The requester can select the benefiting location code either by Name or by Number. The benefiting location will

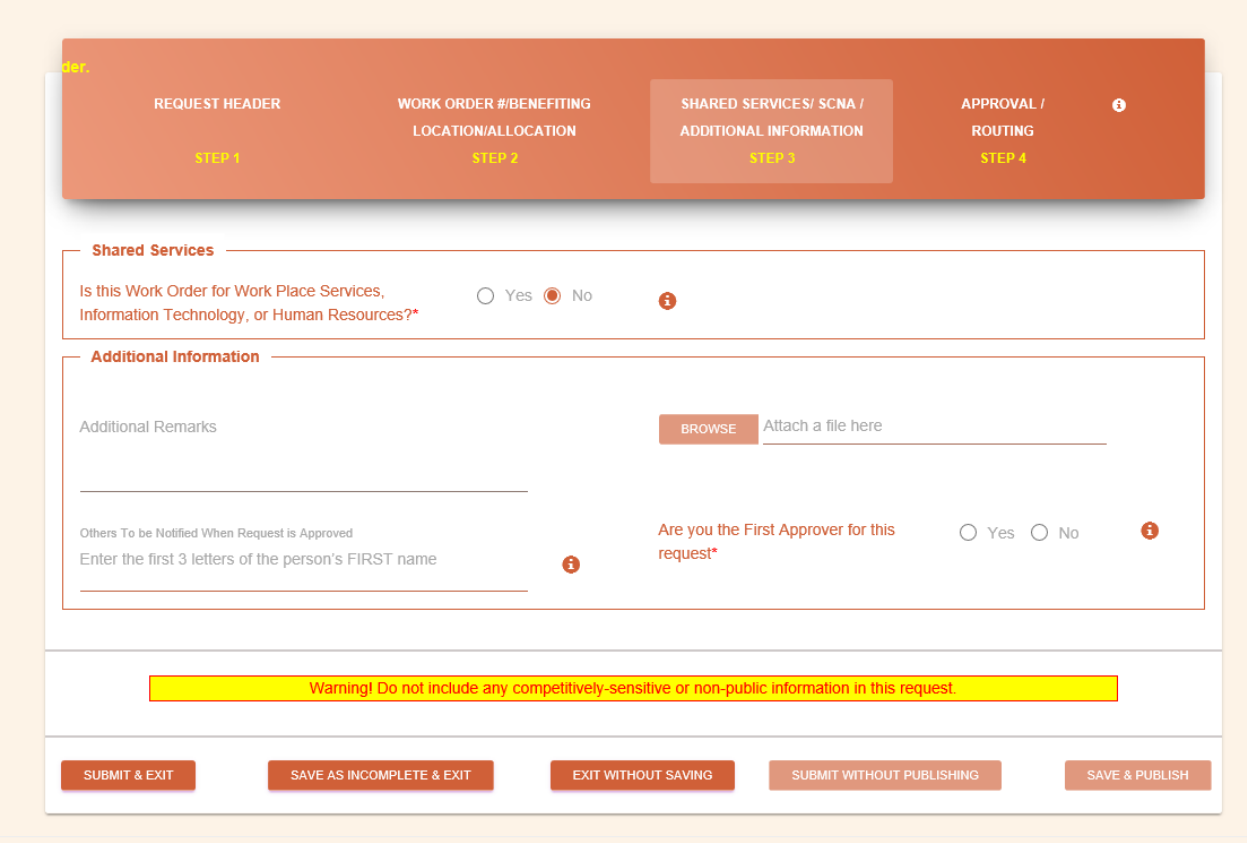
Line Item	Information
	become an attribute of the work order.
Recommended Allocation Factor	The requesting business unit supplies the recommended Allocation Factor code for the work order. The Allocation Factor code identifies the proposed method of allocation for Allocated work orders. The Allocation Factor becomes an attribute of the work order. Work orders that pertain to a single company should be assigned an Allocation Factor code of “39, Direct”.
Shared Services	The requesting business unit must indicate if this is a work order to be used by Human Resources, Information Technology and Real Estate and Workplace Services. If “Yes” is selected, then the requestor is required to select the appropriate department for the shared service organization. This will be used as part of the AEPSC Departmental Overhead.
Additional Remarks	The requesting business unit provides any special project or accounting instructions related to the work order or makes reference to any attachments.
Others To Be Notified When	The requesting business unit provides a list of

Line Item	Information
Request Is Approved	employees to be notified when the work order is opened for charges.
Are you the Sponsoring Supervisor for This Request?	The requester must indicate if he or she is the sponsoring supervisor for this work order request.
Other Reviewers	The sponsoring supervisor must approve the request. In addition, the Corporate Accounting group must accept or decline each request.

See the ILLUSTRATIONS at the end of this document for a copy of the Work Order Request Form.


before submitting the work order.
REQUEST HEADER
STEP 1
WORK ORDER #/BENEFITING LOCATION/ALLOCATION
STEP 2
SHARED SERVICES/ SCNA / ADDITIONAL INFORMATION
STEP 3
APPROVAL / ROUTING
STEP 4
Recommended Work Order Title*
Project Costing Business Unit (PCBU)*
Enter the first character
Budget Project*
Work Order Type*
Enter the first character
Estimated Total cost to be incurred by AEPSC*
$ 00.00
On - Going
Estimation Start Date*
MM/DD/YYYY
Estimation End Date*
MM/DD/YYYY
Enter the GL account *
Enter the first digit of the Account
Enter Effective Date for Work Order
MM/DD/YYYY
Warning! Do not include any competitively-sensitive or non-public information in this request.
SUBMIT & EXIT
SAVE AS INCOMPLETE & EXIT
EXIT WITHOUT SAVING
SUBMIT WITHOUT PUBLISHING
SAVE & PUBLISH


the work order.
REQUEST HEADER
STEP 1
WORK ORDER #/BENEFITING LOCATION/ALLOCATION
STEP 2
SHARED SERVICES/ SCNA / ADDITIONAL INFORMATION
STEP 3
APPROVAL / ROUTING
STEP 4
Work Order Number
Full Description of the work to be performed*
Benefiting Location
Benefiting Location - Search by Name/Number*
Enter the first character - Name/Number
Billed Company
Reason/Support for billing these Companies*
Allocation/Attribution Basis
Recommended Allocation/Attribution Basis - Search by Name/Code*
Enter the first character
Reason/Support for using this Allocation/Attribution to bill*
Warning! Do not include any competitively-sensitive or non-public information in this request.


der.
REQUEST HEADER
STEP 1
WORK ORDER #/BENEFITING LOCATION/ALLOCATION
STEP 2
SHARED SERVICES/ SCNA / ADDITIONAL INFORMATION
STEP 3
APPROVAL / ROUTING
STEP 4
Shared Services
Is this Work Order for Work Place Services, Information Technology, or Human Resources?*
Yes
No
Additional Information
Additional Remarks
BROWSE
Attach a file here
Others To be Notified When Request is Approved
Enter the first 3 letters of the person's FIRST name
Are you the First Approver for this request*
Yes
No
Warning! Do not include any competitively-sensitive or non-public information in this request.
SUBMIT & EXIT
SAVE AS INCOMPLETE & EXIT
EXIT WITHOUT SAVING
SUBMIT WITHOUT PUBLISHING
SAVE & PUBLISH

SUMMARY

Each Allocated Service ID, whether related to an Activity or a Work Order, is assigned an appropriate Allocation Factor code that, along with the Benefiting Location code, ultimately determines the dollars of cost that will be charged to each client company. Allocation Factor codes are assigned according to the nature of the services performed.

Each Direct Service ID is assigned an Allocation Factor code of “39” which is fixed at 100%.

FUNCTION OF THE ALLOCATION FACTOR CODE

The Allocation Factor code identifies the statistical factor that will be used to calculate the percentage of cost applicable to each client company. The assigned code points to a table that includes the company-specific values needed to calculate the allocation percentages.

ROLE OF REGULATED ACCOUNTING

An accounting administrator in the Regulated Accounting group has primary responsibility for ensuring that the Allocation Factor code assigned to each Allocated Service ID is relevant to the service being performed. Regulated Accounting is also responsible for ensuring that the company-specific statistical values needed for each Allocation Factor are accurate and kept up to date. The values are refreshed according to the intervals determined for each Allocation Factor (e.g., monthly, quarterly, semi-annually and annually).

The Allocation Factor assigned to each Allocated Service ID should be the most relevant cost-causative cost driver.

PROCESS

The requestor of a new Activity or Work Order is required to recommend an appropriate Allocation Factor code. Requestors are in the best position to recommend an appropriate

Allocation Factor code since they are intimately familiar with the work to be performed and with the inherent cost drivers. Regulated Accounting reviews all Allocation Factor code selections for reasonableness.

EXAMPLES

Examples of the appropriate use of Allocation Factors are captured in the following table:

Activity/Shared Service	Allocation Factor
191. Maintain Transmission Right-of-Way	28. Number of Transmission Pole Miles
340. Process payroll	09. Number of employees
663. Perform Stores Accounting	26. Number of Stores Transactions

LIST OF APPROVED ALLOCATION FACTORS

The APPENDIX to this manual contains a list of all the approved Allocation Factors.

SUMMARY

An electronic journal entry is created by the AEPSC billing system as part of the billing process to record the accounts receivable and revenue on AEPSC's books, and to record the corresponding distribution and accounts payable on the associate companies' books (billing interface).

BILL FORMAT

The following represents a view of the monthly bill for services rendered by AEPSC to an associate company:

AUDIT TRAIL

An audit trail is maintained for all AEPSC billing system transactions starting with the source documents all the way through general ledger posting.

The AEPSC billing system produces a journal entry that is posted to each respective company's general ledger on a monthly basis. The mask for this journal entry is "SCBBILxxxx". The alpha section of the mask is constant. The numeric section of the mask is assigned the next available journal entry number each month for each company.

Cost Allocation Manual

Section

Intercompany Billing

Subject

OVERVIEW

SUMMARY

The PeopleSoft general ledger system used by AEP allows transactions to be coded for intercompany billing.

BILLING SYSTEM

AEP's intercompany billing process automates the accounting for costs incurred by one AEP System company for the exclusive or mutual benefit of one or more affiliates.

03-05-02

SUMMARY

Intercompany billing of O&M and capital costs automates the accounting for work performed by one company for the exclusive or mutual benefit of one or more affiliates. This process allows the performing company to incur the cost and bill it to the appropriate benefiting company or companies. All intercompany billing transactions between companies are summarized on a monthly basis, resulting in one net billing between companies.

USES

Intercompany billing is used most often to share operating expenses or when one company performs services for another company. The Affiliate Transaction Agreement, dated December 31, 1996, and the Mutual Assistance Agreement, dated July 30, 1987 provide the basis of the intercompany billing.

Costs incurred which are subject to intercompany billing can include, among other costs, O&M or capital company labor including appropriate transportation and labor fringes, purchased materials or services, materials issued from company storerooms, and rental charges for use of another company's facilities.

CODING REQUIREMENTS

The initiation of the intercompany billing process requires the proper use of chartfield values. An intercompany billing transaction is initiated whenever a benefiting location number is different than the performing company's business unit code. Benefiting location numbers can be either 100% billed or shared among multiple companies. A 100% billed and a multiple company benefiting location example follow:

CODING REQUIREMENTS

Example: 100% billed Benefiting Location

(Cont'd)

The duties performed by the West Virginia Rates Department benefit the AEP customers within the state of West Virginia. Both Appalachian Power Company and Wheeling Power Company - Distribution serve customers in West Virginia. All Rates Department employees serving West Virginia are on the payroll of Appalachian Power Company.

Whenever the Rates Department performs work exclusively on a Wheeling Power Company - Distribution rate case, their labor and expenses are classified to benefiting location 210. The use of 210 benefiting location results in a 100% billing to Wheeling Power Company - Distribution. This intercompany billing establishes an accounts receivable entry for Appalachian Power Company, the performing company, and a corresponding accounts payable entry for Wheeling Power Company - Distribution, the company benefiting from the work.

Example: Shared Benefiting Location

An invoice is received for aerial patrol services performed for the Central Transmission Region. Since this work has been performed for the benefit of all five companies served by the Central Transmission Region, the processing company charges a multiple company benefiting location. This multi-company benefiting location shares the cost among the five companies served by the Central Transmission Region.

Since the invoice pertains to transmission services, the cost incurred will be allocated among the five companies using an Allocation Factor of transmission pole miles. This intercompany billing establishes an accounts receivable entry for the performing company and a corresponding accounts payable entry for the four remaining benefiting companies.

INTERCOMPANY BILLING COST ALLOCATIONS

All intercompany billing allocations are either direct (i.e., 100%) or are allocated among the appropriate companies based on the applicable multi-company benefiting location code. Every multi-company transaction is allocated using one of the approved Allocation Factors for service company billings. The Allocation Factor must be appropriate for the function for which the cost is incurred. For example, cost incurred for the performance of transmission services would be allocated using an Allocation Factor of number of transmission pole miles.

AUDIT TRAIL

An audit trail is maintained for all intercompany billing transactions starting with the source documents all the way through general ledger posting.

The intercompany billing procedure produces journal entries that are posted to each respective company's general ledger on a monthly basis. The journal entry mask for the intercompany billing process is "INTCOMxxxx". The alpha section in each mask is constant. The numeric section of the masks is assigned the next available journal entry number each month for each company.

Any given intercompany journal entry can contain several thousand lines of data each month.

The accounts receivable and accounts payable transactions created by the intercompany billing process are assigned account numbers 1460006 and 2340027, respectively.

CASH SETTLEMENT

Intercompany billing transactions are settled through the AEP money pool among money pool

participants. Non-money pool participants settle-up through cash disbursements.

Cost Allocation Manual

Section

InterUnit Accounting

Subject

OVERVIEW

SUMMARY

The PeopleSoft general ledger and accounts payable systems used by AEP allow transactions to be recorded that pertain to two or more companies.

JOINT PAYMENTS AND JOURNAL TRANSACTIONS

InterUnit accounting can be applied to accounts payable processing or general ledger journal entry processing.

03-06-02

SUMMARY

InterUnit accounting automates the process of accounting for transactions that affect two or more affiliated companies. The process automatically generates the general ledger transactions applicable to each company. All InterUnit accounting transactions are summarized on a daily basis, resulting in a net amount due to and from each company, by affiliated company.

USES

InterUnit accounting can be applied to accounts payable processing, accounts receivable processing, or to general ledger journal entry processing.

InterUnit accounting is used whenever one company (i.e., business unit) processes a vendor invoice, deposits funds, or classifies journal entry transactions that pertain to one or more other affiliated companies.

The InterUnit accounting feature within the PeopleSoft software saves time, reduces processing costs, accurately creates reciprocal transactions, and provides for an efficient settlement routine. It simplifies the intercompany billing process by eliminating the need to prepare and handle paper billings. A complimentary process also summarizes and nets the daily InterUnit activity that occurs between companies.

CODING REQUIREMENTS

InterUnit accounting requires the proper use of business unit codes. An InterUnit transaction is initiated by entering a business unit code on a transaction classification line that is different from the processing company’s business unit code.

The uses of InterUnit accounting and the related coding requirements are illustrated by the following three examples:

CODING REQUIREMENTS

Example of invoice processing through

(Cont'd)

accounts payable:

An invoice is received for legal services performed for six of AEP's generating companies. Since the invoice pertains to more than one company, the invoice can be processed by one of the companies using at least six lines of accounting classification; that is, one line for each company. InterUnit accounting will be triggered for all the lines of classification that have a business unit code that is different from the processing company's business unit code.

For each line of classification with a different business unit code, the InterUnit accounting process will establish a receivable from associated companies on the processing company's books and a payable to associated companies on the applicable affiliate companies' books. In addition, the balance sheet and expense transactions actually coded on the original accounts payable voucher will automatically be posted to the books of the applicable companies based on the business unit codes that are used.

Example of receipt processed through accounts receivable:

A single wire transfer is received for materials sold by three of AEP's distribution companies. The customer received three separate invoices, one from each distribution company, but chose to wire funds to only one of AEP's distribution companies for full payments to eliminate incurring multiple wire fees.

CODING REQUIREMENTS

The Billing and Accounts Receivable section

(Cont'd)

will apply payment to each distribution company invoice by reflecting the deposit company (i.e.: business unit), which receipted for the wire transfer. Two of the company invoices will have an invoicing business unit different than the deposit business unit. For these two invoices, the InterUnit accounting process will establish a receivable from associated companies on the company rendering the invoice, and a payable to associated companies on the company that deposited the funds. In addition, the bill classification will be relieved on the company that issued the bill to the customer.

Example of general ledger journal entry processing:

A single company (i.e., business unit) operates a messenger delivery service for itself and several affiliates. Corporate Services provides Accounting Services with the amounts to be billed each month to the other companies based on their actual use of the services.

Since this is a recurring transaction, an InterUnit journal entry can be pre-coded with the appropriate chartfield codes, including the applicable business unit codes. The dollar amounts to be billed to the business units and the date of the transaction are the only variables required for journal entry preparation.

When processed, the InterUnit journal entry will record the charges on the benefiting affiliated companies' books and establish an associated company accounts payable. The

CODING REQUIREMENTS

journal entry will also record the

(Cont'd)

appropriate associated company accounts receivable entries and offset the original charges on the performing company's books. The debits to accounts receivable from associated companies and the credits to accounts payable to associated companies are automatically generated for each journal entry line item that has a business unit code that is different from the performing company's business unit code.

INTERUNIT ACCOUNTING

For InterUnit accounting purposes, the amount applicable to each company must be coded using separate detail lines. The amount for any transaction that pertains to two or more companies should be allocated using one of the approved Allocation Factors for service company billings. The Allocation Factor selected must be appropriate for the type of cost being allocated based on the nature of the activity or project for which the cost is incurred.

AUDIT TRAIL FEATURES

An audit trail is maintained for all InterUnit transactions starting with the source documents all the way through to the general ledger postings.

The InterUnit transactions processed through Accounts Payable and Billing and Accounts Receivable are posted to the general ledger through the daily distribution interfaces. InterUnit journal entries are posted directly to the general ledger.

AUDIT TRAIL FEATURES (Cont'd)

InterUnit transactions can be viewed on-line through simple queries where the "Business Unit does not equal Business Unit_GL" for accounts payable transactions, where the "Business Unit does not equal Deposit_BU" for accounts receivable, or where the "Business Unit does not equal Business Unit_IU" for general ledger journal entries.

InterUnit accounting creates the affiliated accounts receivable and accounts payable transactions. Account numbers are assigned as follows:

1) if the accounting is generated by either journal entries or Billing and Accounts Receivable, accounts 1460001 and 2340001 reflect the reciprocal receivable and payable, or
2) if InterUnit accounting is generated by Accounts Payable, accounts 1460009 and 2340030 reflect the reciprocal receivable and payable.

AFFILIATED SETTLEMENTS

A settlement process is initiated daily for all InterUnit transactions. Corporate and General Accounting supplies a file to Treasury summarizing each company's net affiliated position for InterUnit transactions. A net payable position results in either increased short-term borrowings or decreased short-term investments in the AEP money pool among money pool participants. A net receivable position results in either increased short-term investments or decreased short-term borrowings in the AEP money pool among money pool participants. Non-money pool participants settle through cash disbursements.

Cost Allocation Manual

Section

Asset Transfers

Subject

OVERVIEW

SUMMARY

AEP companies, especially AEP's electric utilities, sell plant and equipment among themselves. AEP companies also sell materials and supplies to each other.

PLANT AND EQUIPMENT

Plant and equipment generally is sold "at cost" (i.e., net book value) to associate companies in the AEP holding company system.

03-07-02

MATERIALS AND SUPPLIES

Materials and supplies are generally sold to associate companies "at cost" using the selling company's average unit inventory cost.

03-07-03

Cost Allocation Manual

Section

Asset Transfers

Subject

PLANT AND EQUIPMENT

SUMMARY

The physical integration of AEP's power plants and its many circuit miles of transmission and distribution lines and the use of common parts and equipment allow the AEP companies to achieve cost savings by combining their purchasing needs and improving their ability to respond rapidly to emergency situations throughout the entire network.

Such benefits are achieved in part through exchanges of plant and equipment among affiliated utility companies as conditions warrant. The exchanges take place either through rental arrangements (i.e., loans) or through direct sales.

GUIDELINES

Sales

Sales between affiliated regulated utility companies will be transacted at original cost less depreciation, except as permitted by any other applicable order filed with FERC or required by state rule. Sales from regulated affiliates to non-regulated affiliates are priced at higher of cost or market. Sales from non-regulated affiliates to regulated affiliates are priced at lower of cost or market. As allowed by FERC waiver, capitalized spare parts will continue to be transferred between AEP East Utility Companies and AGR at net book value.

AEP Legal-Regulatory is to be informed for the purpose of determining whether any regulatory approvals must be sought.

Loans

Rental fees for loaned property shall cover all applicable costs. Such costs include cost of capital, depreciation, and taxes.

SUMMARY

AEP's material management groups along with procurement personnel can initiate requests to transfer materials and supplies (M&S) from one AEP storeroom to another. M&S sent from one company's storeroom to an associate company's storeroom results in a sale between companies.

MONTHLY BILLS TO ASSOCIATE COMPANIES

The company owning the part generates a Monthly bill for M&S shipped during the month to an associate company. This method is used very rarely since most transfers occur through the inter-company journal entries. Each item sold is priced "at cost" using the seller's average unit inventory cost. Stores expense is added as appropriate. All sales are recorded through associated company accounts receivable and accounts payable (i.e., Accounts 146 and 234, respectively).

Cost Allocation Manual

Section

Introduction

Subject

OVERVIEW (DOCUMENTS)

SUMMARY	AEP's state regulatory commissions require certain documents to be maintained in connection with the transactions AEP's regulated utilities have with their affiliates. In some cases, the documents need to be maintained as part of the utility company's Cost Allocation Manual (CAM).
AFFILIATE CONTRACTS	This manual provides a brief description of all contracts and agreements AEP's regulated utilities have with their affiliates. **04-02-01**
DATABASES	Certain databases have been established for reference purposes. The databases described in this manual provide additional information concerning certain subjects in the manual. **04-03-01**
JOB DESCRIPTIONS	The Public Utilities Commission of Ohio requires the job descriptions of certain shared and transferred employees to be maintained as part of the electric utility's CAM. **04-04-01**
COMPLAINT LOG	The Public Utilities Commission of Ohio requires each electric utility to maintain a log of the complaints the utility receives in connection with the Commission's corporate separation rules. The Commission requires the electric utility to include the complaint log in its CAM. **04-05-01**

BOARD OF DIRECTORS

The Public Utilities Commission of Ohio requires each electric utility in Ohio to keep a copy of the minutes from its board of directors meetings in its CAM.

04-06-01

Cost Allocation Manual

Section
Affiliate Contracts with Regulated Companies

Subject
OVERVIEW

SUMMARY

The AEP System's regulated utilities provide products and services to affiliates and receive products and services from affiliates under various contracts and agreements. Copies of the contracts and agreements are maintained in an electronic database that is incorporated in this manual by reference.

SERVICE AGREEMENTS

AEP's electric utilities receive services from AEPSC. The electric utilities provide incidental services to each other as well as to AEPSC.

04-02-02

MINING AND TRANSPORTATION

AEP System affiliates provide coal mining, coal preparation and coal handling services as well as transportation services to AEP's regulated utilities.

04-02-03

CONSULTING SERVICES

Engineering and consulting services are provided by AEP's regulated utilities to certain non-regulated affiliates and vice versa.

04-02-04

JOINT OPERATING AGREEMENTS

Certain AEP facilities are jointly owned and operated.

04-02-05

TAX AGREEMENT

American Electric Power Company, Inc. and its AEP System affiliates file a consolidated Federal income tax return and share the consolidated tax liability.

04-02-06

MONEY POOL AGREEMENT

AEP and certain of its regulated subsidiaries participate in the AEP System Money Pool. The Money Pool is designed to efficiently match the available cash and short-term borrowing requirements of their participants, minimizing the need for them to borrow from external sources.

04-02-07

NONUTILITY MONEY POOL AGREEMENT

AEP, and certain of its unregulated subsidiaries participate in the AEP System Nonutility Money Pool. The Nonutility Money Pool is designed to efficiently match the available cash and short-term borrowing requirements of their participants, minimizing the need for them to borrow from external sources.

04-02-08

SUMMARY	AEPSC provides various services to the AEP System's regulated utilities and non-regulated affiliates under a standard service agreement with each of the companies served. The regulated utilities also provide services to each other and to AEPSC under other agreements.
AEPSC SERVICE AGREEMENT	AEPSC has a service agreement, in a standard format, with each of the AEP System companies it serves. All agreements are dated June 15, 2000, unless the client company was formed after that date. In addition APCO and Wheeling have updated service agreements dated May 15, 2008. The types of services provided by AEPSC are listed in Document Number **01-03-02** by category and description.
AEPSC SERVICE AGREEMENT WITH TRANSMISSION COMPANIES	AEPSC has a service agreement, in a standard format, with each of the AEP Transmission companies it serves. The agreements have various effective dates depending on when the client company was formed. The types of services provided by AEPSC are included in the list in Document Number **01-03-02** by category and description.
AFFILIATED TRANSACTIONS AGREEMENT	The Affiliated Transactions Agreement, dated December 31, 1996, is among Appalachian Power Company, Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011), Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company and AEPSC. This agreement covers the provision of incidental services, the sale of goods, and use of facilities and vehicles among the participating companies.

OPERATING COMPANY SERVICE AGREEMENT WITH TRANSMISSION COMPANIES

Each Transmission company has a standard affiliate service agreement with the operating company in its jurisdiction. The agreements have various effective dates depending on when the Transmission Company was formed.

This agreement covers services in connection with the operation of each Transmission Company's transmission assets. The agreements also contain a provision appointing the operating company as agent for licensing space on the transmission company's facilities.

CSW SYSTEM GENERAL AGREEMENT

The CSW System General Agreement, effective June 1, 1999, is among AEPSC, Central Power and Light, now AEP Texas Central, Public Service Company of Oklahoma, Southwestern Electric Power Company, West Texas Utilities Company, now AEP Texas North and other CSW subsidiaries including CSW Energy, Inc., CSW International, Inc., CSW Credit, Inc., CSW Leasing, Inc., C3 Communications, Inc., CSW Energy Services, Inc., and EnerShop Inc. AEPSC is the successor of Central and South West Services, Inc.

CSW SYSTEM GENERAL AGREEMENT (Cont'd)

This agreement is intended to provide written documentation governing certain transactions between the CSW electric operating companies and by and between the CSW electric operating companies and other CSW subsidiaries to the extent such matters are not addressed in other written agreements.

MUTUAL ASSISTANCE AGREEMENT

The Mutual Assistance Agreement, dated July 30, 1987, is among Appalachian Power Company, Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011), Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and

	Wheeling Power Company. This agreement allows any participating company to request emergency aid from any one or more of the other participating companies for the purpose of restoring electric service caused by natural disasters and other emergencies.
CENTRAL MACHINE SHOP AGREEMENT	The Central Machine Shop Agreement, dated January 1, 1979, is among Appalachian Power Company and the Companies affiliated with American Electric Power, Inc. This agreement covers machine shop services provided by Appalachian Power Company to affiliates within the AEP System.
SYSTEM INTEGRATION AGREEMENT	The System Integration Agreement, as amended, is among Appalachian Power Company, Kentucky Power Company, Ohio Power Company, Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011), Indiana Michigan Power Company, and their agent AEPSC; Public Service Company of Oklahoma, Southwestern Electric Power Company, and AEPSC. This agreement provides the contractual basis for coordinated planning, operation, maintenance of the power supply resources of the AEP East Zone and the AEP West Zone to achieve economies consistent with the provision of reliable electric service and an equitable sharing of the benefits and costs of such coordinated arrangements. This agreement is intended to apply in addition to and not in lieu of the AEP Interconnection Agreement and [CSW] Operating Agreement.
Power Coordination Agreement	The Power Coordination Agreement (“PCA”), effective 1/1/2014, is among Appalachian Power Company (“APCo”), Indiana Michigan

Power Company (“I&M”), Kentucky Power Company (“KPCo”), and, effective 6/1/2015, Wheeling Power Company (“WPCo” and, collectively with APCo, I&M, and KPCo, the “Operating Companies”), and American Electric Power Service Corporation ("AEPSC") as agent to APCo, I&M, KPCo, and WPCo.

This agreement provides for a contractual basis for coordinating the power supply resources of the Operating Companies to achieve economies and efficiencies consistent with the provision of reliable electric service and an equitable sharing of the benefits and costs of such coordinated arrangements. This Agreement is based on the premise that each Operating Company will maintain sufficient long-term power supply resources to meet its Internal Load requirements. Further, the PCA allows, but does not obligate, the Operating Companies to participate collectively under a common fixed resource requirement capacity plan in PJM and to participate in specified collective off-system sales and purchase activities.

Bridge Agreement

The Bridge Agreement, effective 1/1/2014, is among Appalachian Power Company (“APCo”), Indiana Michigan Power Company (“I&M”), Kentucky Power Company (“KPCo”), Ohio Power Company (“OPCo” and, collectively with APCo, I&M and KPCo, the “Operating Companies”), AEP Generation Resources Inc. (“AEP Generation Resources”) and American Electric Power Service Corporation ("Agent" and, collectively with APCo, I&M, KPCo, OPCo and AEP Generation Resources, the “Parties”).

This agreement is an interim arrangement to: (a) address the treatment of purchases and sales made by AEPSC on behalf of the Operating Companies that extend beyond termination of the Interconnection Agreement

OPERATING AGREEMENT

The [CSW] Operating Agreement (CSW no longer exists), dated January 1, 1997, is among CSWS, Central Power and Light Company, Public Service Company of Oklahoma, Southwestern Electric Power Company and West Texas Utilities Company.

A restated and amended operating agreement for Public Service Company of Oklahoma and Southwestern Electric Power Company was signed December 21, 2001.

This agreement provides the contractual basis for a single interconnected electric system through the coordinated planning, construction, operation, and maintenance of the above mentioned companies' electric supplies. CSWS has been designated to act as Agent for this agreement.

SYSTEM TRANSMISSION INTEGRATION AGREEMENT

The System Transmission Integration Agreement, dated June 15, 2000, is among Appalachian Power Company, Kentucky Power Company, Ohio Power Company, Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011), Indiana Michigan Power Company, and their agent AEPSC; and Public Service Company of Oklahoma, Southwestern Electric Power Company, Central Power and Light, now AEP Texas Central, West Texas Utilities, now AEP Texas North, and their agent CSWS (succeeded by AEPSC).

This agreement provides the contractual basis for coordinated planning, operation and maintenance of the AEP East Zone and the AEP West Zone System Transmission Facilities to achieve economies consistent with the provision of reliable electric service and an equitable sharing of the benefits and costs of such coordinated arrangements.

TRANSMISSION AGREEMENT	The Transmission Agreement, dated April 1, 1984, is among Appalachian Power Company, Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011), Indiana Michigan Power Company, Kentucky Power Company, and Ohio Power Company (Members) and AEPSC (Agent). This agreement provides for the equitable sharing of costs incurred among the Members for their respective high-voltage and extra high-voltage transmission facilities. This agreement is administered by AEPSC.
AEP SYSTEM TRANSMISSION CENTER AGREEMENT	AEP SYSTEM TRANSMISSION AGREEMENT, dated December 1, 2009 between Ohio Power Company and the AEP West operating companies (AEP Texas Central Company, AEP Texas North Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company). This agreement provides for the West Operating Companies to make use of the AEP Transmission Training Center facilities located in Pataskala, OH and owned by AEP Power for the training of transmission line personnel employed by the West Operating Companies.
TRANSMISSION COORDINATION AGREEMENT	This agreement, dated January 1, 1997 and revised October 29, 1999, is among Central Power and Light Company, West Texas Utilities Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company. This agreement provides for the equitable sharing of costs incurred and revenues earned among the members for their respective transmission systems.
THIRD AMENDED AND	This agreement, dated August 25, 2004 as

RESTATED AGENCY AGREEMENT (ACCOUNTS RECEIVABLE)	amended March 22, 2006 and January 30, 2008, is among AEP Credit, Inc. and certain AEP electric companies. This agreement provides for the sale by the operating companies to AEP Credit, Inc. of accounts receivables arising from the sale and delivery of electricity, gas and other related services in the normal course of business.
THIRD AMENDED AND RESTATED PURCHASE AGREEMENT (ACCOUNTS RECEIVABLE)	This agreement, dated August 25, 2004 as amended March 22, 2006 and January 30, 2008 is among AEP Credit, Inc. and certain AEP electric companies. This agreement provides for the agent (Operating Companies) to take any and all steps on behalf of AEP Credit to collect all amounts due under any or all of the receivables arising from the sale and delivery of electricity, gas and other related services in the normal course of business.
ENERGY CONSERVATION MEASURE UTILITY/ENERGY SERVICE COMPANY AGENCY AGREEMENT	This agreement, dated December 22, 1997, is between West Texas Utilities, Inc. and EnerShop, Inc (EnerShop not longer exists). West Texas Utilities, Inc. (WTU) has signed an Energy Conservation Measures Agreement with the United States Government relating to the refurbishing and upgrading of US Government facilities located within the service territory of WTU. EnerShop is authorized as the agent for WTU in completing any Delivery/Task Orders agreed to by WTU and the US Government. These Orders are for energy conservation projects.
FRANKLIN AND INDIANA	Franklin Real Estate Company (Franklin) and

FRANKLIN PURCHASE CONTRACTS	Indiana Franklin Realty, Inc. (Indiana Franklin) have purchase contracts with AEP's electric utilities (various dates). The contracts provide that Franklin and Indiana Franklin (Sellers) may buy,sell,hold title to, or lease real estate as agents for the benefit of the respective electric utilities (i.e., each Purchaser).
INDIAN MESA INTERCONNECTION AGREEMENT	The Interconnection Agreements dated March 19, 2001, are between West Texas Utilities, now AEP Texas North and Indian Mesa Power Partners, LP (Generator). These two agreements provide for the interconnection of WTU, now AEP Texas North's transmission system to the Generator's electric generating facilities (Plant) built in two (2) phases. The interconnection of each phase of the Plant is provided by the separate agreements.
ELECTRIC TRANSMISSION TEXAS SERVICE AGREEMENT	This agreement, dated December 21, 2007 is between Electric Transmission Texas (ETT) and AEPSC. This agreement covers the provision of services by AEPSC for ETT related to (i)the evaluation and permitting of electric transmission projects by ETT; (ii) budgeting and scheduling services, the preparation of construction documents, land acquisition services, engineering services, procurement services, construction services, and the compilation of project records, relating to the construction of electric transmission projects by ETT; (iii) operation and maintenance of its electric transmission projects; (iv) legal, human resources, environmental services, payroll, cash management, financial, billing, collection, accounts-payable, risk management, regulatory affairs, accounting, tax, and

other business functions.

PATH WEST VIRGINIA TRANSMISSION COMPANY SERVICE AGREEMENT	This agreement, dated September 1, 2007 PATH) is between PATH West Virginia Transmission Company, LLC and AEP T&D Services, LLC. This agreement covers the provision of services by AEP T&D Services, LLC for PATH relating to designing, engineering, siting, acquiring right-of-way for procuring, permitting, construction, commissioning, financing, owning, operating, and maintaining certain electric transmission and interconnection facilities.

Cost Allocation Manual

Section
Affiliate Contracts with Regulated Companies

Subject
MINING AND TRANSPORTATION

SUMMARY

AEP System affiliates acquire coal for and provide for transporting coal to AEP's regulated utilities. With respect to certain affiliated power plants, AEP System affiliates may provide coal mining, coal preparation and/or coal transloading services.

COAL MINING (including lignite)

The following table lists the mining agreements between AEP's electric utilities and their mining subsidiaries:

DATE	***PARTIES***
05-31-01	Southwestern Electric Power Company and Dolet Hills Lignite Company LLC.

This agreement provides that the above mentioned mining company agree to mine, extract, remove, prepare and sell the coal or lignite they mine from their lands and, in some cases, from lands owned by the electric utility. The electric utility, in turn, agrees to purchase the coal and lignite. Certain AEP mines have been closed but continue to incur mine shutdown costs.

COAL TRANSPORTATION

There are several contracts under which AEP's electric utilities receive coal transportation services from affiliates.

BARGE TRANSPORTATION

The Barge Transportation Agreement, dated May 1, 1986 and amended September 12, 2013, is among Appalachian Power Company, Ohio Power Company, AEP Generating Company and Kentucky Power Company (Shippers) and the River Transportation Division of Indiana Michigan Power Company (Division).

This agreement provides for the Shippers to furnish and deliver coal to the Division at loading points along certain rivers and to accept delivery of such coal at designated

	delivery points and pay for the services of the Division in receiving, transporting and delivering such coal.
COAL TRANSFER-COOK COAL TERMINAL	The Amended and Restated Cook Coal Transfer Agreement – Cook Coal Terminal, dated December 16, 2013, is between AEP Generating Company (Operator) and Ohio Power Company, Indiana Michigan Power Company, Kentucky Power Company and Appalachian Power Company (Users). This agreement provides for the Operator to unload coal for the Users from unit trains, transfer such coal from the unloading point at the terminal, re-load such coal on barges, and perform other related services at the terminal.
RAIL CAR USE	The AEP System Rail Car Use Agreement, dated April 1, 1982, is among Indiana Michigan Power Company, Appalachian Power Company and Ohio Power Company. It was amended effective July 1, 2006 to add Public Service Company of Oklahoma and Southwestern Electric Power Company as parties to the agreement. It was amended again effective September 12, 2013 to add Kentucky Power Company as a party to the agreement. This agreement provides that coal hopper cars leased or otherwise deployed by the above parties be made available for the mutual benefit of each party without regard to lease ownership by a specific party but on the basis of proximity and availability for use, and other dispatching considerations.
RAILCAR MAINTENANCE	The Rail Car Maintenance Agreement, dated August 1, 2013, is among AEP Generating Company (Provider), Ohio Power Company, Appalachian Power Company, Kentucky Power Company, Public Service of Oklahoma

Southwestern Electric Power Company and Indiana Michigan Power Company.

This agreement provides for AEP Generating Company to furnish routine, preventive and other maintenance to the railroad hopper cars owned or leased by Appalachian Power Company, Kentucky Power Company, Public Service of Oklahoma Southwestern Electric Power Company and Indiana Michigan Power Company.

The Rail Car Maintenance Facility Agreement, dated July 29, 1997, is among SWEPCO, CPL, now AEP Texas Central, PSO.

A unit train rail car maintenance facility near Alliance, Nebraska has been established. SWEPCO is the majority owner and operates the facility. The actual cost of inspection and maintenance of individual rail cars and other expenses directly assignable to a specific rail car shall be paid by the party owning the rail car. Non-assignable costs are shared based on the direct labor charges for rail cars actually repaired or inspected per party in ratio to the total direct labor charges for all cars owned by the parties repaired at the facility during the month.

Cost Allocation Manual

Section
Affiliate Contracts with Regulated Companies

Subject

CONSULTING SERVICES

SUMMARY

This document identifies the consulting services agreements AEP's regulated utilities have with certain non-regulated affiliates.

AEP PRO SERV, INC. formerly AEP Resources Service Company, AEP Resources Engineering & Services Company and AEP Energy Services, Inc.)

The following table lists the consulting agreements between the AEP electric utilities and AEP Pro Serv, Inc. referred to as the "Client". These agreements allow the Client to utilize certain services, properties and resources of the AEP electric utilities to sell management, technical and training services and expertise to non-affiliate companies.

DATE	***PARTIES***
04-08-1983	Indiana Michigan Power Company and AEP Pro Serv, Inc.
04-08-1983	Ohio Power Company and AEP Pro Serv, Inc.
07-07-1983	Kingsport Power Company and AEP Pro Serv, Inc.
07-07-1983	Kentucky Power Company and AEP Pro Serv, Inc.
10-03-1983	Appalachian Power Company and AEP Pro Serv, Inc.
10-03-1983	Wheeling Electric Company and AEP Pro Serv, Inc.

AEP ENERGY SERVICES, INC. (formerly AEP Energy Solutions, Inc.)

The table which starts on the next page lists the consulting agreements between the AEP electric utilities and AEP Energy Services, Inc. (Client). These agreements allow the Client to utilize certain services, properties and resources of the electric utilities to broker and market energy commodities.

DATE	***PARTIES***
09-27-1996	Ohio Power Company and AEP

	Energy Services, Inc.
09-27-1996	Kingsport Power Company and AEP Energy Services, Inc.
09-27-1996	Kentucky Power Company and AEP Energy Services, Inc.
09-27-1996	Indiana Michigan Electric Company and AEP Energy Services, Inc.
01-09-1997	Wheeling Power Company and AEP Energy Services, Inc.
03-06-1997	Appalachian Power Company and AEP Energy Services, Inc.

Cost Allocation Manual

Section
Affiliated Contracts with Regulated Companies

Subject
JOINT OPERATING AGREEMENTS

SUMMARY	Certain other AEP facilities are jointly owned and/or operated.
PHILIP SPORN PLANT AGREEMENT	The Sporn Plant Operating Agreement, dated January 1, 2014, is between Appalachian Power Company and AEP Generation Resources Inc. (“Owners”) and American Electric Power Service Corporation (“Agent”). Appalachian Power Company (“APCO”)owns Sporn Unit Nos. 1 and 3) and AEP Generation Resources Inc. (“AEPGR”)owns Sporn units 2, 4 and 5). The Sporn Plant retired in May 2015. Under the Agreement, APCO bills AEPGR for its share of the post-retirement costs that APCO incurs at Sporn Plant.
MITCHELL PLANT	The Mitchell Plant Operating Agreement, dated January 31, 2015, is between Kentucky Power Company and Wheeling Power Company (“Owners”) and American Electric Power Service Corporation (“Agent”). Kentucky Power Company and Wheeling Power Company have an undivided ownership interest in Mitchell Plant which consists of two 800 megawatt generating units. The Owners desire that Kentucky Power Company operate and maintain Mitchell Plant.

EAST HVDC INTERCONNECTION AGREEMENT	This agreement, dated August 3, 1995, is among Southwestern Electric Power Company, CSW,now AEP Texas, Houston Lighting and Power Company (now Reliant Energy, HLP) and Texas Utilities Electric Company. This agreement covers certain high voltage direct current (HVDC) conversion and related alternating current transmission defined as the HVDC Interconnection located in Titus County. SWEPCO operates the facility. It owns certain of the alternating current facilities and charges the other partici-pants a facility charge based on their ownership interest in the HVDC Project. SWEPCO also bills operational and maintenance charges it incurs as the operator based on ownership interest.
OKLAUNION UNIT NO.1 CONSTRUCTION, OWNERSHIP AND OPERATING AGREEMENT (Also known as the Participation Agreement)	This agreement, dated April 26, 1985 (as amended on August 14, 1985) is among Public Service Company of Oklahoma, AEP Texas North, now AEP Texas, the Oklahoma Municipal Power Authority and the City of Brownsville, Texas. The Oklaunion Power Unit No. 1 is a 720 MW western coal fired steam generator. It is located on 1937.2 acres in Wilbarger County, Texas. This agreement is for the construction, ownership and operation of Oklaunion Power Unit 1.
OKLAUNION HVDC PROJECT CONSTRUCTION, OWNERSHIP AND OPERATING AGREEMENT	This agreement, dated September 14,1988, is among PSO, AEP Texas North Company now AEP Texas and Central and South West Services, Inc. PSO and TNC own, and PSO operates the project known as the Oklaunion HVDC Tie located in Wilbarger County, Texas.

SUMMARY

American Electric Power Company, Inc. (AEP) joins in filing a consolidated federal income tax return with its affiliates in the AEP holding company system.

TAX AGREEMENT

The AEP System tax agreement, among other things, sets forth the companies' agreement to annually join in the filing of a consolidated federal income tax return and the method under which to allocate the consolidated tax to the system companies. This agreement permits the allocation of the benefit of current tax losses utilized to the System companies giving rise to them in determining their current tax expense.

The tax loss of AEP is allocated to its subsidiaries with taxable income. With the exception of the loss of AEP, the method of allocation approximates a separate return result for each company in the consolidated group.

Cost Allocation Manual

Section
Affiliate Contracts with Regulated Companies

Subject
AEP SYSTEM AMENDED AND RESTATED MONEY POOL AGREEMENT

SUMMARY

The AEP System Utility Money Pool Agreement is an arrangement whereby the participants in the Utility Money Pool lend to and borrow from each other on a short-term basis.

DESCRIPTION

The AEP System Amended and Restated Money Pool Agreement, dated November 3, 2017,is among and between AEP, American Electric Power Service Corporation, and AEP Utility Funding LLC and regulated direct and indirect operating and certain other subsidiaries each of which are signatories to the Agreement or have become signatories.

The Agreement gives participants the right to borrow from the pool and invest their excess funds in the pool.

A further description of the Utility Money Pool is contained in another section of this manual (see the Table of Contents or the Alphabetic Subject Index to find the applicable Document Number).

Cost Allocation Manual

Section
Affiliate Contracts with Regulated Companies

Subject
AEP SYSTEM AMENDED AND RESTATED NONUTILITY MONEY POOL AGREEMENT

SUMMARY

The AEP System Nonutility Money Pool Agreement is an arrangement whereby the participants in the Nonutility Money Pool lend to and borrow from each other on a short-term basis.

DESCRIPTION OF THE AGREEMENT

The AEP System Fourth Amended and Restated Nonutility Money Pool Agreement, dated May 1, 2012, is between AEP, and American Electric Power Service Corp., AEP Nonutility Funding LLC certain and unregulated direct and indirect subsidiaries of AEP each of which are signatories to the Agreement or have become signatories.

The Agreement gives each pool participant the right to borrow from the pool and to invest excess funds in the pool.

A further description of the Nonutility Money Pool is contained in another section of this manual (see the Table of Contents or the Alphabetic Subject Index to find the applicable Document Number).

Cost Allocation Manual

Section

Databases

Subject

OVERVIEW

SUMMARY

Certain databases have been established for employee reference purposes.

CHARTFIELD VALUES

A separate database can be used to view certain chartfield values. The chartfield database contains the most current information regarding the various chartfield values and descriptions.

04-03-02

AFFLIATE AGREEMENTS

Copies of all agreements between AEP regulated utilities and their affiliates are kept in Company files.

04-03-03

Cost Allocation Manual

Section

Databases

Subject

CHARTFIELD VALUES

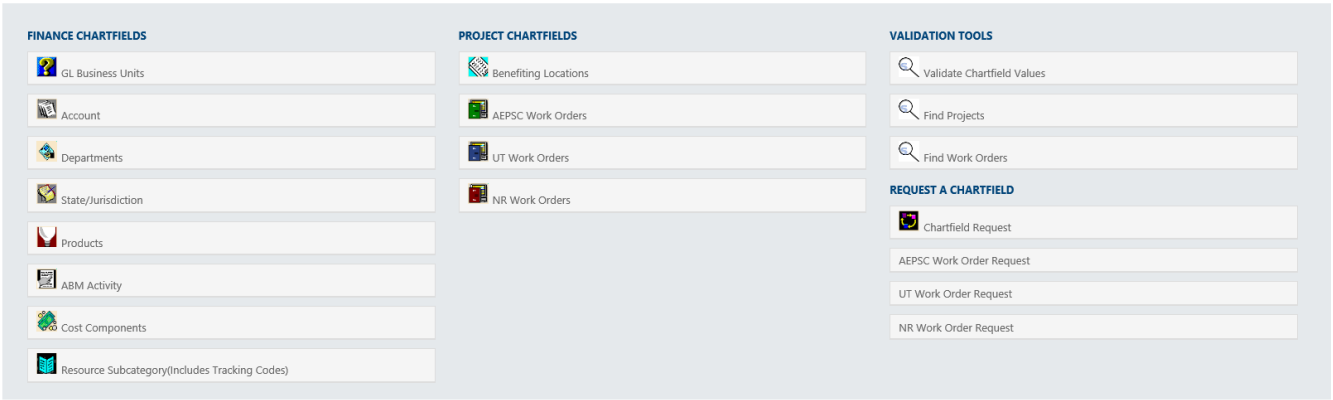
SUMMARY

Several chartfield databases have been established for employee reference purposes. A web link provides a menu for accessing the separate databases and tools. The chartfield databases contain the most current information regarding the various chartfield values and descriptions and links to the same information regarding work ordrs.

INSTRUCTIONS FOR VIEWING

https://sharenow2.sp.aepsc.com/shsvcs/cfieldport/SitePages/ChartFieldHome.aspx

The Chartfield Databases Portfolio (or Chartfield Portfolio) collects all the databases containing chartfield information into one place. By accessing the portfolio, you are going to the one place where all the most current chartfield values are available. provides views and extensive search capabilities to help you find the appropriate chartfield value. If you need more information on this database, please contact Bobbi Epley (audinet 200-1799) or Kim Bothager (audinet 200-2771).



SUMMARY

An affiliated contracts Sharepoint site exists for reference purposes. A SharePoint web-link provides a method for accessing this information. The affiliated contracts Sharepoint site contains copies of the affiliated contracts.

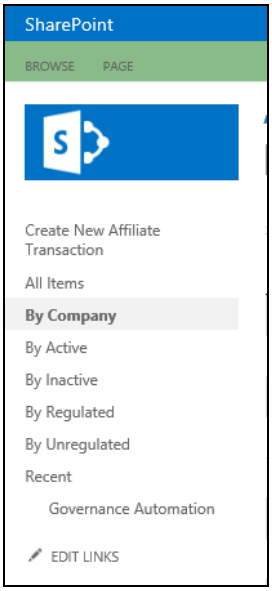
INSTRUCTIONS FOR ACCESSING SHAREPOINT

Enter the below address into web browser:

https://sharenow2.sp.aepsc.com/shsvcs/ACA/SitePages/Home.aspx

INSTRUCTIONS FOR VIEWING

To view the appropriate affiliate contract, use the category groups on the left panel and click on the name of the contract.



SECURITY ACCESS

The CAM Administrator grants access to the affiliated contracts SharePoint site on an as needed basis.

Cost Allocation Manual

Section

Job Descriptions

Subject

OVERVIEW

SUMMARY

The corporate separation rules adopted by the Public Utilities Commission of Ohio (PUCO) require the electric utility, as defined in the rules, to maintain a copy of each shared employee's job description in its Cost Allocation Manual (CAM). In addition, the CAM shall include a copy of all transferred employees' previous and new job descriptions.

The corporate separation rules define "employees" as "all full-time or part-time employees of an electric utility or its affiliates, as well as consultants, independent contractors or any other persons, performing various duties or obligations on behalf of or for an electric utility or its affiliates."

Job descriptions are not required, nor are they maintained, for consultants, independent contractors or any other persons who are not actual employees of the electric utility or its AEP affiliates.

SHARED EMPLOYEES

Job descriptions for all employees who are shared between AEP's PUCO regulated electric utilities and any affiliate that provides a competitive retail electric service, or that provides a non-electric product or service to customers, are incorporated in this manual by reference.

04-04-02

TRANSFERRED EMPLOYEES

The required previous and current job descriptions for employees transferred from AEP's PUCO regulated electric utilities to any affiliate that provides a competitive retail electric service, or that provides a non-electric product or service to

TRANSFERRED EMPLOYEES

customers, are incorporated in this manual

(Cont'd) by reference.

04-04-03

SUMMARY

4901:1-37-04 (A)(4) of the Public Utilities Commission of Ohio's (PUCO's) corporate separation rules states that an electric utility may not share employees and/or facilities with any affiliate, if the sharing, in any way, violates the code of conduct provisions contained in its corporate separation rules.
In addition, 4901:1-37-08 (D)(4) and 4901:1-37-04 (A) (5) of the corporate separation rules require the electric utility to maintain a copy of each shared employee's job description in its Cost Allocation Manual and to ensure that all shared employees appropriately record and charge their time based on fully allocated costs.

DEFINITION OF SHARED EMPLOYEE

In the corporate separation plans filed by Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011) (Case No. 99-1730-EL-ETP), the respondents defined a "shared employee" as:

> *Any employee of the electric utility, or any affiliate which provides a competitive retail electric service or which provides a non-electric product or service to customers (i.e., the Separate AEP Companies), or a consultant, independent contractor, or any other person performing various duties or obligations on behalf of the electric utility or the Separate AEP Companies, whose more than incidental job duties and responsibilities are divided between the electric utility and any Separate AEP Companies for other than emergency purposes.*

PROCEDURE

For purposes of this manual,job descriptions for shared employees who are true employees of the electric utility or any Separate AEP

PROCEDURE (Cont'd)

Company are included in this manual by reference and, as such, are part of this manual.

Job descriptions are not maintained for consultants, independent contractors or other persons who are shared but are not actual employees of the electric utility or the Separate AEP Companies. However, a list of such persons will be maintained. The list will identify the name of each such person and the name of the person's actual employer. The list, which will be prepared at least every six months, is incorporated in this manual by reference and, as such, is part of this manual.

RESPONSIBILITY

AEP Service Corporation's Human Resources Department, working with AEP's various business units, will prepare, on behalf of AEP's PUCO regulated electric utilities, the required job descriptions for all shared employees; and it will also maintain the required list of other shared persons who are not actual employees.

TIME CHARGES

AEP's time reporting systems are designed to ensure that salary and salary-related costs are properly allocated by requiring employees, using positive time reporting, to charge their time to the appropriate accounting codes. All time charges are allocated and billed on a fully allocated cost basis as defined in the PUCO's Corporate Separation rules.

[NOTE: Other state commissions have established requirements relative to shared employees. See TAB 02, Section 04 of this manual for further information.]

SUMMARY

4901:1-37-08 (D)(6) of the Public Utilities Commission of Ohio's (PUCO's) corporate separation rules require electric utilities, as defined in the rules, to add to their Cost Allocation Manuals (CAMs) a copy of all transferred employees' previous and new job descriptions.

DEFINITION OF TRANS-FERRED EMPLOYEE

A "transferred employee" is any full-time or part-time employee of the electric utility, as well as any consultant, independent contractor or any other person, who performs various duties or obligations for or on behalf of the electric utility, that transfers from the electric utility to any affiliate which provides a competitive retail electric service or which provides a non-electric product or service to customers (i.e., the Separate AEP Companies).

PROCEDURE

For purposes of this manual, previous and new job descriptions for all true employees of the electric utility that transfer to a Separate AEP Company are included in this manual by reference and, as such, are part of this manual.

Job descriptions are not maintained for consultants, independent contractors or other persons who are not true employees of the AEP System. However, a list of all such persons who transfer from the electric utility to a Separate AEP Company will be maintained. The list will identify the name of each such person and the name of the person's actual employer. The list, which will be prepared at least every six months, is incorporated in this manual by reference and, as such, is part of this manual.

RESPONSIBILITY

AEP Service Corporation's Human Resources

Department, working with AEP's various business units, will prepare, on behalf of any AEP electric utility regulated by the PUCO, the required job descriptions for all employees who transfer from the electric utility to a Separate AEP company. A list of all such persons who transfer from the electric utility to a separate AEP Company will be maintained electronically. Information stored will include the name of each such person and the name of the person's actual employer. The list, which can be prepared at any time upon request, is incorporated in this manual by reference and, as such, is part of this manual. Human Resources will also maintain the required list of other transferred persons who are not actual employees of the AEP System.

[NOTE: Other state commissions have established requirements relative to transferred employees. See TAB 02, Section 04 of this manual for further information.]

Cost Allocation Manual

Section

Complaint Log

Subject

OVERVIEW

SUMMARY

The corporate separation rules adopted by the Public Utilities Commission of Ohio require Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011) to establish a complaint procedure for issues related to their respective corporate separation plans.

COMPLAINT LOG

A log of complaints brought to the electric utility must be maintained as part of the electric utility's Cost Allocation Manual.

04-05-02

Cost Allocation Manual

Section

Complaint Log

Subject

CORPORATE SEPARATION (PUCO)

SUMMARY	4901:1-37-05 (B) (14) and 4901:1-37-08 (D)(8) of the Public Utilities Commission of Ohio's (the PUCO's) corporate separation rules require the electric utilities, as defined in the rules, to establish a complaint procedure for issues concerning compliance with the PUCO's corporate separation rules and a log of complaints brought to the utility to be included in its CAM.
RESPONSIBILITY	AEP's Chief Compliance Officer will follow the procedures for handling such complaints as set forth in the PUCO's rules and as stated in the corporate separation plans filed by Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011) and Ohio Power Company.
CAM REQUIREMENTS	The required complaint log is incorporated in this manual by reference and, as such, is part of this manual.

Cost Allocation Manual

Section

Board of Directors Minutes

Subject

OVERVIEW

SUMMARY

The corporate separation rules adopted by the Public Utilities Commission of Ohio (PUCO) require Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011), or any successor electric utility company operating in the state of Ohio, to incorporate a copy of the minutes of each of their board of directors meetings in their Cost Allocation Manual (CAM).

COPIES

The required minutes are incorporated in this manual by reference.

04-06-02

SUMMARY	4901:1-37-08(D)(9) of the PUCO's corporate separation rules require electric utilities to incorporate their minutes of each board of directors meeting in their Cost Allocation Manual (CAM) as a structural safeguard for a minimum period of three years.
RESPONSIBILITY	AEP's Legal Department maintains the required minutes as described in the corporate separation plans filed by Columbus Southern Power Company (Which was merged into Ohio Power Company effective December 31, 2011) and Ohio Power Company.
CAM REQUIREMENTS	The required minutes are incorporated in this manual by reference and, as such, are part of this manual.

Cost Allocation Manual

Section

Tariff Provisions

Subject

Overview

SUMMARY — The corporate separation rules adopted by the Public Utilities Commission of Ohio requires Ohio Power Company to establish a procedure detailing each instance in which the electric utility exercised discretion in the application of its tariff provisions.

TARIFF DISCRETION LOG — A log detailing each instance when the electric utility exercised discretion in application of its tariff provisions must be maintained as part of the electric utility's Cost Allocation Manual.

SUMMARY	4901:1-37-08 (D) (7) of the Public Utilities Commission of Ohio's (the PUCO's) corporate separation rules require the electric utilities, as defined in the rules, to establish a procedure detailing each instance in which the electric utility exercised discretion in the application of its tariff provisions and a log of such instances to be included in its CAM.
RESPONSIBILITY	AEP Ohio's VP of Regulatory and Finance maintains the required procedure and related Tariff Discretion Log.
CAM REQUIREMENTS	The required log is incorporated in this manual by reference and, as such, is part of this manual.

SUMMARY

This appendix contains tables and other supplementary information that can be used for reference purposes.

GLOSSARY OF KEY TERMS

A glossary of key terms and acronyms is provided to assist the reader.

99-00-02

RECORD RETENTION REQUIREMENTS

A summary of the record retention requirements prescribed by AEP's various commissions for transactions with affiliates is maintained as part of this manual.

99-00-03

LIST OF APPROVED ALLOCATION FACTORS

An Allocation Factor defines the factor(s) that will be used to derive the percentages of cost to be billed to each company whenever costs are shared among AEP System companies through the billing process.

A list of approved Allocation Factors is maintained as part of this manual.

99-00-04

LIST OF PRIMARY ALLOCATION FACTORS BY FUNCTION

Allocation Factors are assigned to final cost objectives generally based on the nature (i.e., function) of the work performed.

A list of the primary Allocation Factors for each function is maintained as part of this manual.

99-00-05

LIST OF AFFILIATE CONTRACTS BY COMPANY

AEP's regulated utilities have entered into various agreements with their affiliates. **TAB** 04, Section 02 of this manual contains

LIST OF AFFILIATE CONTRACTS BY COMPANY (Cont'd)

a description of each contract.

A list of the various contracts with each regulated utility is maintained as part of this manual.

99-00-06

SUMMARY

This glossary provides definitions for key terms and abbreviations used in this manual. Unless the context in which the terms and abbreviations as used in this manual clearly indicate a different meaning as indicated in this glossary

AEP	American Electric Power Company, Inc.
AEPSC	American Electric Power Service Corporation
AEP holding company system	American Electric Power Company, Inc. (parent holding company) together with all of its subsidiaries.
AEP System	The electric utility companies, subsidiaries of American Electric Power Company, Inc. together with their subsidiary coal-mining and power generating companies as well as AEPSC.
Affiliates	While each regulatory commission has its own unique definition of the term “affiliates,” as used in this manual the term generally includes American Electric Power Company, Inc. and all companies that are owned or controlled by American Electric Power Company, Inc.
Affiliate transactions	Transactions between or among affiliates for the sale and purchase of products, services and capital assets.
Allocation Factors	The cost allocation methods, factors and percentages used in the billing process to allocate costs among AEP companies.

Chartfields (or coding blocks)	The distinctive fields used to affix codes to transaction records generally for the purpose of identification, classification and retrieval.
Common costs	Costs that benefit both regulated and non-regulated products and services. Also see, **Joint costs**.
Cost allocator	The method or ratio used to apportion cost. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).
Cost driver	A measurable event or quantity which influences the level of cost incurred and which can be directly traced to the origin of the costs themselves.
Primary cost driver	The dominant driver of a given cost or cost pool.
Cross-subsidy	The amount of cost recovered from one class of customers or business unit that is attributable to another.
Direct costs	Costs that can be identified specifically with a given cost objective.
FERC	Federal Energy Regulatory Commission.
Fully-allocated costs (or fully-distributed costs)	Direct costs plus an appropriate share of indirect costs attributed to a given cost objective.
General allocator	See **Cost allocator**.
Indirect costs	Costs that cannot be identified specifically

	with a given cost objective. Indirect costs include, but are not limited to overhead costs, and some taxes.
Joint costs	Costs that benefit two or more cost objectives.
Non-regulated operations	Activities which produce products or services that are not subject to price regulation by regulatory authorities.
Regulated operations	Activities which produce products or services that are subject to price regulation by government authorities.
SEC	Securities and Exchange Commission.
Shareable costs	Costs that are billable to two or more companies (affiliated and non-affiliated) by mutual agreement using fixed or variable percentages.
Transfer pricing	The price or method used to transfer (or bill for) products or services delivered by one division of a company to another division, or by one affiliate to another affiliate. Transfer pricing also pertains to asset transfers and sales.
USoA	The Uniform System of Accounts adopted by each regulatory commission (usually the Uniform System of Accounts prescribed by the FERC for public utilities and licensees subject to the provisions of the Federal Power Act).

SUMMARY	Some of AEP's commissions have prescribed minimum record retention requirements for those records that are specifically related to transactions with certain affiliates.
ARKANSAS	Arkansas Rule 4.04 requires an electric utility to maintain a record of all transactions with its competitive affiliates for at least three years following the date of each transaction. Arkansas requirements can be found in Arkansas Public Service Commission Order 7 of Docket 06-112-R, dated May 25, 2007.
LOUISIANA	As prescribed in the Louisiana Merger Stipulation Appendix A – Affiliate Transaction Conditions 13, SWEPCO or AEPSC on behalf of SWEPCO may not make any non-emergency procurement in excess of $1 million per transaction from an unregulated affiliate other than from AEPSC except through a competitive bidding process or as otherwise authorized by this Commission. Transactions involving the Company and CSW Credit, Inc. (or its successor) for the financing of accounts receivables are exempt from this condition. Records of all such affiliate transactions must be maintained until the Company's next comprehensive retail review. In addition, at the time of the next comprehensive rate review, all such affiliate transactions that were not competitively bid shall be separately identified for the Commission by the Company. This identification shall include all transactions between the Company and AEPSC in which AEPSC acquired the goods or services from another unregulated affiliate.
OHIO	The corporate separation rules adopted by the Public Utilities Commission of Ohio

	(PUCO) contain a minimum retention period of three years for all information relative to transactions between the electric utility and its affiliates [4901:1-37-08(G]. As prescribed by the PUCO, all of AEP's Ohio-based electric utilities and their affiliates shall maintain all underlying affiliate transaction information for a minimum of five years.
OKLAHOMA	The Oklahoma Corporation Commission rules require utility to keep records in the form and for a period of time not less than that specified by the applicable rules of FERC or the RUS; or in the absence thereof, for two (2) years. [Chapter 165:35-1-4(a)].
TEXAS	Transactions with competitive affiliates. Unless otherwise allowed in this subsection, transactions between a utility and its competitive affiliates shall be at arm's length. A utility shall maintain a contemporaneous written record of all transactions with its competitive affiliates, except those involving corporate support services and those transactions governed by tariffs. Such records, which shall include the date of the transaction, name of affiliate involved, name of a utility employee knowledgeable about the transaction, and a description of the transaction, shall be maintained by the utility for three years. In addition to the requirements specified in paragraph (1) of this subsection, the following provisions apply to transactions between utilities and their competitive affiliates. [§25.272(e)(2)].

TEXAS (Cont'd)

Discounts, rebates, fee waivers, or alternative tariff terms and conditions. If a utility offers its competitive affiliate or grants a request from its competitive affiliate for a discount, rebate, fee waiver, or alternative tariff terms and conditions for any product or service, it must make the same benefit contemporaneously available, on a non-discriminatory basis, to all similarly situated non-affiliates. The utility shall post a conspicuous notice on its Internet site or public electronic bulletin board for at least 30 consecutive calendar days providing the following information: the name of the competitive affiliate involved in the transaction; the rate charged; the normal rate or tariff condition; the period for which the benefit applies; the quantities and the delivery points involved in the transaction (if any); any conditions or requirements applicable to the benefit; documentation of any cost differential underlying the benefit; and the procedures by which non-affiliates may obtain the same benefit. The utility shall maintain records of such information for a minimum of three years, and shall make such records available for third party review within 72 hours of a written request, or at a time mutually agreeable to the utility and the third party. A utility shall not create any arrangement with its competitive affiliate that is so unique that no competitor could be similarly situated to benefit from the discount, rebate, fee waiver, or alternative tariff terms and conditions. [§25.272(f)(B)].

A competitive affiliate is an affiliate that provides services or sells products in a competitive energy-related market in Texas, including telecommunications services; to the extent those services are energy-

related.

LIST OF FERC ACCEPTED ALLOCATION FACTORS

SUMMARY The following table provides a complete list of approved Allocation Factors along with a description of the numerator and the denominator applicable to each calculation.

NO.	ALLOCATION FACTORS	NUMERATOR/DENOMINATOR	UPDATED Frequency	Month Updated
01	Number of Bank Accounts	Number of Bank Accounts by Company / Total Number of Bank Accounts	Inactive	
02	Number of Call Center Telephones	Number of Call Center Phone Calls Per Company / Total Number of Call Center Telephones	Inactive	
03	Number of Cell Phones/Pagers	Number of Cell Phones/Pagers Per Company / Total Number of Cell Phones/Pagers	Inactive	
04	Number of Checks Printed	Number of Checks Printed Per Company Per Month / Total Number of Checks Printed Per Month	Inactive	
05	Number of CIS Customer Mailings	Number of Customer Information System (CIS) Customer Mailings Per Company / Total Number of CIS Customer Mailings	Monthly	
06	Number of Commercial Customers	Number of Commercial Customers Per Company / Total Number of Commercial Customers	Semi-Annually	Jan & Jul
07	Number of Credit Cards	Number of Credit Cards Per Company / Total Number of Credit Cards Number of Commercial	Inactive	
08	Number of Electric Retail Customers	Number of Electric Retail Customers Per Company / Total Number of Electric Retail Customers	Semi-Annually	Jan & Jul
09	Number of Employees	Number of Full-Time and Part-Time Employees Per Company / Total Number of Full-Time and Part-Time Employees	Monthly	
10	Number of Generating Plant Employees	Number of Generating Plant Employees Per Company / Total Number of Generating Plant Employees	Inactive	
11	Number of General Ledger(GL) Transactions	Number of GL Transactions Per Company / Total Number of GL Transactions	Monthly	
12	Number of Help Desk Calls	Number of Help Desk Calls Per Company / Total Number of Help Desk Calls	Inactive	
13	Number of Industrial Customers	Number of Industrial Customers Per Company / Total Number of Industrial Customers	Semi-Annually	Jan & Jul

14	Number of JCA Transactions	Number of Lines of Accounting Distribution on Job Cost Accounting (JCA) Sub-System Per Company Total Number of Lines of Accounting Distribution on JCA Sub-System	Inactive	
15	Number of Non-UMWA Employees	Number of Non-UMWA or All Non-Union Employees Per Company Total Number of Non-UMWA or All Non-Union Employees	Inactive	
16	Number of Phone Center Calls	Number of Phone Calls Per Phone Center Per Company Total Number of Phone Center Phone Calls	Monthly	
17	Number of Purchase Orders Written	Number of Purchase Orders Written Per Company Total Number of Purchase Orders Written	Monthly	
18	Number of Radios (Base/Mobile/Handheld)	Number of Radios (Base/Mobile/Handheld) Per Company Total Number of Radios (Base/Mobile/ Handheld)	Inactive	
19	Number of Railcars	Number of Railcars Per Company Total Number of Railcars	Inactive	
20	Number of Remittance Items	Number of Electric Bill Payments Processed Per Company Per Month (non-lockbox) Total Number of Electric Bill Payments Processed Per Month (non-lockbox)	Monthly	
21	Number of Remote Terminal Units	Number of Remote Terminal Units Per Company Total Number of Remote Terminal Units	Inactive	
22	Number of Rented Water Heaters	Number of Rented Water Heaters Per Company Total Number of Rented Water Heaters	Inactive	
23	Number of Residential Customers	Number of Residential Customers Per Company Total Number of Residential Customers	Inactive	
24	Number of Routers	Number or Routers Per Company Total Number of Routers	Inactive	
25	Number of Servers	Number of Servers Per Company Total Number of Servers	Inactive	
26	Number of Stores Transactions	Number of Stores Transactions Per Company Total Number of Stores Transactions	Monthly	
27	Number of Telephones	Number of Telephones Per Company (Includes all phone lines) Total Number of Telephones (Includes all phone lines)	Semi-Annually	Jan & Jul

28	Number of Transmission Pole Miles	Number of Transmission Pole Miles Per Company / Total Number of Transmission Pole Miles	Annually	Apr or May (FERC Form)
29	Number of Transtext Customers	Number of Expected Transtext Customers Per Company / Total Number of Expected Transtext Customers	Inactive	
30	Number of Travel Transactions	Number of Travel Transactions Per Company Per Month / Total Number of Travel Transactions Per Month	Inactive	
31	Number of Vehicles	Number of Vehicles Per Company Includes Fleet and Pool Cars) / Total Number of Vehicles Per Company (Includes Fleet and Pool Cars)	Annually	Jan
32	Number of Vendor Invoice Payments	Number of Vendor Invoice Payments Per Company Per Month / Total Number of Vendor Invoice Payments Per Month	Monthly	
33	Number of Workstations	Number of Workstations (PCs) Per Company / Total Number of Workstations (PCs)	Monthly	
34	Active Owned or Leased Communication Channels	Number of Active Owned/Leased Communication Channels Per Company / Total Number of Active Owned/Leased Communication Channels	Inactive	
35	Avg Peak Load For Past Three Years	Average Peak Load for Past Three Years Per Company / Total of Average Peak Load for Past Three Years	Inactive	
36	Coal Company Combination	The Sum of Each Coal Company's Gross Payroll, Original Cost of Fixed Assets, Original Cost of Leased Assets, and Gross Revenues for Last Twelve Months / The Sum of the Same Factors for All Coal Companies	Inactive	
37	AEPSC Past 3 Months Total Bill Dollars	AEPSC Past Three Months Total Bill Dollars Per Company / Total AEPSC Past Three Months Bill Dollars	Monthly	
38	AEPSC Prior Month Total Bill Dollars	Total Bill Dollars AEPSC Prior Month Per Company / AEPSC Total Prior Month Bill Dollars	Inactive	
39	Direct	100% to One Company	Monthly	
40	Equal Share Ratio	One Company (1) / Total Number of Companies	Monthly	

41	Fossil Plant Combination	The Sum of (a) the Percentage Derived by Dividing the Total Megawatt Capability of All Fossil Generating Plants Per Company by the Total Megawatt Capability of All Fossil Generating Plants and (b) the Percentage Derived by Dividing the Total Scheduled Maintenance Outages of All Fossil Generating Plants Per Company for the Last Three Years by the total Scheduled Maintenance of All Fossil Generating Plants During the Same Three Years Two (2)	Inactive	
42	Functional Department's Past 3 Months Total Bill Dollars	Functional Department's Past 3 Months Total Bill Dollars Per Company Total Functional Department's Past 3 Months Total Bill Dollars	Inactive	
43	KWH Sales	KWH Sales Per Company Total KWH Sales	Inactive	
44	Level of Construction – Distribution	Construction Expenditures for All Distribution Plant Accounts Except Land and Land Rights, Services, Meters and Leased Property on Customers Premises, and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC Are Being Made Separately, Per Company/During the Last Twelve Months Total of the Same for All Companies	Semi-Annually	Jan & Jul
45	Level of Construction - Production	Construction Expenditures for All Production Plant Accounts Except Land and Land Rights, Nuclear Accounts, and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC are Being Made Separately, Per Company During the Last Twelve Months Total of the Same for All Companies	Semi-Annually	Jan & Jul
46	Level of Construction – Transmission	Construction Expenditures for All Transmission Plant Accounts Except Land and Land Rights and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC are Being Made Separately, Per Company During the Last Three Months Total of the Same for All Companies	Quarterly	Jan – Apr – Jul - Oct

47	Level of Construction – Total	Construction Expenditures for All Plant Accounts Except Land and Land Rights, Line Transformers Services, Meters and Leased Property on Customers' premises; and the Following General Plant Accounts: Structures and Improvements, Shop Equipment, Laboratory Equipment and Communication Equipment; and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC are Being Made Separately, Per Company During the Last Twelve Months Total of the Same for All Companies	Inactive	
48	MW Generating Capability	MW Generating Capability Per Company Total MW Generating Capability	Annually	Apr or May (FERC Form)
49	MWH's Generated	Number of MWH's Generated Per Company Total Number of MWH's Generated	Semi-Annually	Jan & Jul
50	Current Year Budgeted Salary Dollars	Current Year Budgeted AEPSC Payroll Dollars Billed Per Company Total Current Year Budgeted AEPSC Payroll Dollars Billed	Inactive	
51	Past 3 Mo. MMBTU's Burned (All Fuel Types)	Past Three Months MMBTU's Burned Per Company (All Fuel Types) Total Past Three Months MMBTU's Burned (All Fuel Types)	Quarterly	Jan – Apr – Jul - Oct
52	Past 3 Mo. MMBTU's Burned (Coal Only)	Past Three Months MMBTU's Burned Per Company (Coal Only) Total Past Three Months MMBTU's Burned (Coal Only)	Quarterly	Jan – Apr – Jul - Oct
53	Past 3 Mo. MMBTU's Burned (Gas Type Only)	Past Three Months MMBTU's Burned Per Company (Gas Type Only) Total Past Three Months MMBTU's Burned (Gas Type Only)	Quarterly	Jan – Apr – Jul - Oct
54	Past 3 Mo. MMBTU's Burned (Oil Type Only)	Past Three Months MMBTU's Burned Per Company (Oil Type Only) Total Past Three Months MMBTU's Burned (Oil Type Only)	Inactive	
55	Past 3 Mo. MMBTU's Burned (Solid Fuels Only)	Past Three Months MMBTU's Burned Per Company (Solid Fuels Only Total Past Three Months MMBTU's Burned (Solid Fuels Only)	Quarterly	Jan – Apr – Jul - Oct

56	Peak Load/Avg # Cust/KWH Sales Combination	Average of Peak Load, # of Retail Customers, and KWH Sales to Retail Customers Per Company Total of Average of Peak Load, # of Retail Customers, and KWH Sales to Retail Customers	Inactive	
57	Tons of Fuel Acquired	Number of Tons of Fuel Acquired Per Company Total Number of Tons of Fuel Acquired	Semi-Annually	Jan & Jul
58	Total Assets	Total Assets Amount Per Company Total Assets Amount	Monthly	
59	Total Assets Less Nuclear Plant	Total Assets Amount Less Nuclear Assets Per Company Total Assets Amount Less Nuclear Assets	Inactive	
60	Total AEPSC Bill Dollars Less Interest and/or Income Taxes and/or Other Indirect Costs	Total AEPSC Bill Dollars Less Interest and/or Income Taxes and/or Other Indirect Costs Per Company Total AEPSC Bill Dollars Less Interest and/or Income Taxes and/or Other Indirect Costs	Annually	
61	Total Fixed Assets	Total Fixed Assets Amount Per Company Total Fixed Assets Amount	Monthly	
62	Total Gross Revenue	Total Gross Revenue Last Twelve Months Per Company Total Gross Revenue Last Twelve Months	Inactive	
63	Total Gross Utility Plant (Including CWIP)	Total Gross Utility Plant Amount Per Company (Including CWIP) Total Gross Utility Plant Amount (Including CWIP)	Monthly	
64	Total Peak Load	Total Peak Load Per Company Total Peak Load	Monthly	
65	Hydro MW Generating Capability	Hydro MW Generating Capability per Company Total Hydro MW Generating Capability	Annually	Apr or May (FERC Form)
66	Number of Forest Acres	Number of Forest Acres Per Company Total Number of Forest Acres	Inactive	
67	Number of Banking Transactions	Number of Banking Transactions Per Company Total Number of Banking Transactions	Quarterly	Jan – Apr – Jul - Oct
68	Number of Dams	Number of Dams Per Company Total Number of Dams	Inactive	

69	Number of Licenses Obtained	Number of Licenses Obtained per Company Total Number of Licenses	Inactive	
70	Number of Non-Electric OAR Invoices	Number of Non-Electric OAR Invoices Per Company Total Number of Non-Electric OAR Invoices	Semi-Annually	Jan & Jul
71	Number of Transformer Transactions	Number of Transformer Transactions Per Company Total Number of Transformer Transactions	Inactive	
72	Tons of FGD Material	Tons of FGD Material Per Company Total Tons of FGD Material	Inactive	
73	Tons of Limestone Received	Tons of Limestone Received Per Company Total Tons of Limestone Received	Inactive	
74	Total Assets/Total Revenues/Total Payroll	Total Assets + Total Revenues + Total Payroll Per Company Total Assets + Total Revenues + Total Payroll	Inactive	
75	Total Leased Assets	Total Leased Assets Per Company Total Leased Assets	Inactive	
76	Number of Banking Transactions	Number of Banking Transactions by Company Total Number of Banking Transactions	Inactive	
77	Power Transactions to All Markets	Power Transactions by Company Total Number of Power Transactions	Monthly	
78	Power Transactions to ERCOT Market	Power Transactions to ERCOT Market by Company Total Number of Power Transactions to ERCOT Market	Inactive	
79	Trans (commdts) to All Markets	Trans (commdts) to all Markets by Company Total Number of Trans (commdts) to all Markets	Inactive	
80	Trans (commdts) to ERCOT Market	Trans (commdts) to ERCOT Markets by Company Total Number of Trans (commdts) to ERCOT Markets	Inactive	

SUMMARY

The following table identifies the primary Allocation Factors that are associated with the listed functions.

GROUP/FUNCTION	***PRIMARY ALLOCATION FACTORS***
Audit Services	Total Assets, 100% to One Company
Chief Administrative Officer Administration	Total Assets
Chief Executive Officer Administration	Total Assets, 100% to One Company
Chief Security Officer Administration	Total Assets, Number of Employees
Chief Financial Officer Administration	Total Assets, 100% to One Company
Commercial Operations	Total Peak Load, 100% to One Company
Corporate Accounting	Total Assets, 100% to One Company, Number of GL Transactions, Total Fixed Assets, Total Gross Utility Plant
Corporate Communications	Total Assets
Corporate Human Resources	Number of Employees, 100% to One Company, AEPSC Past 3 Month Total Bill
Corporate Planning and Budgeting	Total Assets, 100% to One Company, Number of Electric Retail Customers, MW Generating Capability
Customer & Distribution Services	100% to One Company, Number of Electric Retail Customers, Number of Phone Center Calls, Number of CIS Customer Mailings
Distribution, Customer Ops, and Regulatory Services Administration	Total Assets, 100% to One Company
Energy Supply Administration	100% to One Company
Environment and Safety	MW Generating Capability, 100% to One Company, Number of Employees, Total Assets
Federal Affairs	Total Assets
Fossil & Hydro Generation	100% to One Company, MW Generating Capability
Generation Administration	MW Generating Capability, 100% to One

GROUP/FUNCTION	***PRIMARY ALLOCATION FACTORS***
	Company
Generation Business Services	MW Generating Capability, 100% to One Company, Level of Construction-Production
Generation Engineering and Technical Services - Engineering Services	100% to One Company, MW Generating Capability
Generation Engineering and Technical Services – Project and Construction	100% to One Company, Level of Construction-Production
Information Technology	100% to One Company, Number of Workstations, Number of Electric Retail Customers, Total Assets, AEPSC Bill Less Indirect and Interest, Level of Construction-Transmission
Investor Relations	Total Assets
Legal	100% to One Company, Total Assets, Total Fixed Assets, Number of Employees
Real Estate & Workplace Services	Total Assets, 100% to One Company, Number of Electric Retail Customers, Number of Employees, Level of Construction-Transmission
Regulated Commercial Operations	Total Peak Load, MWH’s Generation, 100% to One Company
Regulatory Services	Total Assets, 100% to One Company, Number of Trans Pole Miles
Risk and Strategic Initiatives	100% to One Company, Total Assets, AEPSC Past 3 Months Total Bill, Total Fixed Assets
Security and Aviation	Number of Employees, AEPSC Past 3 Months Total Bill, Total Gross Utility Plant, 100% to One Company
Supply Chain & Fleet Operations	Number of Purchase Orders, 100% to One Company. Total Assets, Number of Stores Transactions, MW Generating Capability
Transmission Administration	100% to One Company, Number of Transmission Poles Miles
Transmission Asset Strategy and Policy	Number of Transmission Pole Miles, 100% to One Company, Level of Construction-

GROUP/FUNCTION	***PRIMARY ALLOCATION FACTORS***
	Transmission
Transmission Field Services	100% to One Company, Number of Transmission Pole Miles
Transmission Grid Development & Portfolio Services	Level of Construction-Transmission, Number of Transmission Pole Miles, 100% to One Company, Total Assets
Transmission-Engineering and Project Services	100% to One Company, Level of Construction-Transmission
Treasury	Total Assets, AEPSC Past 3 Months Total Bill, 100% to One Company

SUMMARY

The following table is a listing of the affiliate contracts with each electric utility in the AEP System.

COMPANY NAME	*DATE*	*CONTRACT*
AEP Texas (formerly AEP Texas Central Company and AEP Texas North Company)	04/26/85	Oklaunion Unit No. 1 Construction ownership and Operating Agreement
	09/14/88	Oklaunion HVDC Project Construction, Ownership and Operating Agreement
	07/01/93	Rail Car Lease Agreement(West)
	01/01/97	CSW Operating Agreement
	07/29/97	Rail Car Maintenance Facility Agreement (West)
	12/22/97	Energy Conservation Measure Utility/Energy Service Company Agency Agreement
	03/26/99	Electric Service Contract between Frontera General Limited Partners and Central Power and Light.
	03/30/99	Interconnection Agreement Between CP&L and Frontera Generation Limited
	06/01/99	CSW System General Agreement
	10/29/99	Transmission Coordination Agreement (West) Regulated Companies
	06/15/00	American Electric Power Company, Inc. and its Consolidated Affiliated Tax Agreement regarding methods of allocated Consolidated Income Tax
	06/15/00	AEPSC Service Agreement with Central Power and Light
	06/15/00	AEPSC Service Agreement with West Texas Utilities Company
	06/16/00	Amended and Restated Purchase Agreement Between CSW Credit, Inc. and Affiliate (West) Companies
	06/26/01	Interconnection Agreement (ERCOT Generation) between AEPTN & PSO
	10/30/01	Construction Agreement/Trent Wind Farm LP
	12/18/02	AEP System Utility Money Pool Agreement
	11/16/04	Interconnection Agreement Between AEP Texas North and PSO

COMPANY NAME	*DATE*	*CONTRACT*
AEP Texas (formerly AEP Texas Central Company and AEP Texas North Company) (Cont'd)	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	AEP System Tax Agreement
	01/01/05	American Electric Power Company, Inc. and it's Consolidated Affiliated Tax Agreement regarding methods of allocated consolidated Income Tax
	05/25/07	Power Purchase and Sale Agreement between AEP Texas North and AEP Energy Partners (fna CSW Power Marketing Inc.)
	12/01/09	AEP System Transmission Center Agreement
	03/29/10	Amended and Restated Interconnection Agreement (AEP Texas North)
	03/29/10	Amended and Restated Interconnection Agreement (AEP Texas Central)
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
Appalachian Power Company	08/11/41	Land Purchase Contract between APCo and the Franklin Real Estate Company
	09/14/48	Coal Supply Agreement Between APCo and Central Appalachian Coal
	11/25/70	Purchase Agreement between APCO and Indiana Franklin Realty Inc.
	12/01/76	Indenture Between APCo and Cedar Coal
	03/01/78	Indenture Between APCo and Southern Appalachian Coal Company
	06/01/78	Racine Hydro Operating Agreement
	01/01/79	Central Machine Shop Agreement
	04/01/82	AEP Railcar Use Agreement
	04/01/82	Railcar Maintenance Agreement
	10/03/83	Agreement Between Appalachian Power and AEP Pro Service (Formerly AEP Energy Services
	04/01/84	Transmission Agreement
	05/01/86	Barge Transportation Agreement and Appendix A
	07/30/87	Mutual Assistance Agreement
	12/31/96	Affiliated Transactions Agreement (East Companies)
	03/06/97	Agreement Between Appalachian Power and AEP Energy Services Inc.

COMPANY NAME	*DATE*	*CONTRACT*
Appalachian Power Company (Cont'd)	06/15/00	American Electric Power and its consolidated Affiliated Tax Agreements regarding methods of allocating consolidated income taxes
	06/16/00	Purchase Agreement Between CSW Credit and its affiliate client companies
	12/18/02	AEP System Utility Money Pool Agreement
	05/04/04	Arrangement for the use of the Amos Simulator
	08/25/04	Third Amended and Restated Purchase Agreement between AEP Credit and Appalachian Power
	08/25/04	Third Amended and Restated Agency Agreement Between AEP Credit and Appalachian Power
	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	AEP Co, Inc. and its Consolidated Affiliate Tax agreement regarding methods of Allocating Consolidated Income Taxes.
	03/22/06	Amendment No. 1 to the Third Amended and Restated Purchase Agreement between AEP Credit and Appalachian Power
	03/22/06	Amendment No. 1 to the Third Amended and Restated Agency Agreement between AEP Credit and Appalachian Power
	07/01/06	Amendment No. 1 and Consent to AEP System Rail Car Use Agreement
	01/30/08	Amendment No. 2 to the Third Amended and Restated Purchase Agreement between AEP Credit and Appalachian Power
	01/30/08	Amendment No. 2 to the Third Amended and Restated Agency Agreement between AEP Credit and Appalachian Power
	11/13/08	Amended and Restated Interconnection Agreement Between Appalachian Power Company and Kingsport Power Company
	02/12/12	Executed Notice of Intent by Ohio Power Company to Terminate Sporn Plant Operating Agreement
	01/22/13	Service Agreement between Appalachian Power and AEP Appalachian Transmission Company, Inc.
	04/24/13	Appalachian Power and AEP West Virginia Transmission Service Agreement "2013 Agreement"

COMPANY NAME	*DATE*	*CONTRACT*
Appalachian Power Company (Cont'd)	08/01/13	Railcar Maintenance Agreement
	09/12/13	Amendment No. 2 to AEP System Rail Car Use Agreement
	09/12/13	Amended and Restated Urea Handling Agreement
	09/12/13	Amendment No. 1 to Barge Transportation Agreement
	12/16/13	Amended and Restated Cook Coal Terminal Transfer Agreement
	12/31/13	Termination of Racine Hydro Project Operating
	01/01/14	Affiliated Transactions Agreement for Sharing Capitalized Spare Parts
	01/01/14	Affiliated Transactions Agreement for Sharing Materials and Supplies
	01/01/14	Sporn Plant Operating Agreement
	01/01/14	Simulator Lease Agreement
	01/01/14	Assignment of Central Machine Shop Agreement date January 1, 1979
	01/01/14	Power Coordination Agreement
	12/31/14	Assignment & Assumption Agreement For 287 Railcars from Ohio Power and Appalachian Power
	10/29/15	Homeserve Service Agreement between AEPSC and Appalachian Power
	04/21/16	APCo sale of Caterpillar Backhoe to SWEPCO
	11/21/16	Services and Property Use Agreement between Appalachian Power and Transource WV
	12/20/16	Joint License Agreement between Appalachian Power and AEP Appalachian Transmission Company, Inc.
	10/16/17	AEPSC and APCO Services Agreement
	11/29/17	APCO and AEP Ohio Transmission Company Transmission Asset Sharing Agreement
	10/19/18	Service Agreement with Appalachian Power and AEP West Virginia Transmission Company
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
	05/09/19	Amended and Restated Urea Handling Agreement Amendment No.1
	05/09/19	Amended and Restated Rail Car Maintenance Agreement Amendment No.1
	05/09/19	Affiliated Transactions Agreement for Sharing Capitalized Spare Parts Amendment No.1

COMPANY NAME	*DATE*	*CONTRACT*
Appalachian Power Company (Cont'd)	05/09/19	Barge Transportation Agreement Amendment No.2
	05/09/19	Amended and Restated Cook Coal Terminal Transfer Agreement Amendment No.1
	05/09/19	Affiliated Transactions Agreement for Sharing Materials and Supplies Amendment No.1
Indiana Michigan Power Company	04/30/48	Purchase Contract between Indiana Franklin Realty, Inc.
	04/04/50	Purchase Contract between The Franklin Real Estate Company.
	01/01/79	Central Machine Shop Agreement/Appalachian Power
	01/01/82	Coal Supply Agreement/Blackhawk Coal
	04/01/82	AEP Railcar Use Agreement
	04/01/82	Railcar Maintenance Agreement
	04/08/83	Agreement Between Indiana Michigan Power and AEP ProServ
	04/01/84	Transmission Agreement
	10/21/85	Amendment to Coal Supply Agreement/Blackhawk Coal
	05/01/86	Barge Transportation Agreement & Appendix A
	07/30/87	Mutual Assistance Agreement
	09/27/96	Agreement Between Indiana Michigan Power and AEP Energy Services, Inc.(Formerly AEP Energy Solutions
	06/21/96	AEP Modification No. 1 AEP System Intermin Allowance Agreement
	12/31/96	Affiliated Transactions Agreement 1996
	06/15/00	AEPSC Service Agreement with Indiana Michigan Power Company
	06/16/00	Purchase Agreement Between CSW Credit and it's Affiliate Client Companies Indiana Michigan Power Company
	04/21/04	Agency Agreement between CSW Credit, Inc. and Indian Michigan Power Company
	05/04/04	Unit Power Agreement Amendment No 1 between I&M and AEP
	05/04/04	Unit 2 Operating Agreement between I&M and AEG
	08/25/04	Third Amended and Restated Purchase Agreement
	08/25/04	Third Amended and Restated Agency Agreement

COMPANY NAME	*DATE*	*CONTRACT*
Indiana Michigan Power Company (Cont'd)	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	AEP Co. Inc. and it's Consolidated Affiliated Tax Agreement regarding methods of Allocating Consolidated Income Taxes
	07/01/06	Amendment No 1 & Consent to AEP System Railcar Use Agreement
	05/16/07	Indiana Michigan Power Company & AEP Generating Company Operation and Maintenance Agreement
	02/15/11	Transmission Service Agreement between Indiana Michigan Power Company and AEP Indiana Michigan Transmission Company
	02/15/11	Joint License Agreement between Indiana Michigan Power Company and AEP Indiana Michigan Transmission Company
	08/01/13	Rail Car Maintenance Agreement
	09/12/13	Amendment No. 1 to Barge Transportation Agreement
	09/12/13	Amendment No. 2 to AEP System Rail Car Use
	12/16/13	Amended and Restated Urea Handling Agreement
	12/16/13	Amended and Restated Cook Coal Terminal Transfer Agreement
	01/01/14	Affiliated Transactions Agreement for Sharing Capitalized Spare Parts
	01/01/14	Affiliated Transactions Agreement for Sharing Materials and Supplies
	01/01/14	Urea Handling Agreement (AEP Generation Resources)
	01/01/14	Power Coordination Agreement
	05/22/14	System Transmission Integration Agreement Termination
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
	05/09/19	Amended and Restated Urea Handling Agreement Amendment No.1
	05/09/19	Amended and Restated Rail Car Maintenance Agreement Amendment No.1
	05/09/19	Affiliated Transactions Agreement for Sharing Capitalized Spare Parts Amendment No.1
	05/09/19	Barge Transportation Agreement Amendment No.2

COMPANY NAME	*DATE*	*CONTRACT*
Indiana Michigan Power Company (Cont'd)	05/09/19	Amended and Restated Cook Coal Terminal Transfer Agreement Amendment No.1
	05/09/19	Affiliated Transactions Agreement for Sharing Materials and Supplies Amendment No.1
Kentucky Power Company	06/07/63	Purchase Contract between KPCO and The Franklin Real Estate Company
	03/31/75	Purchase Contract between KPCO and Indiana Franklin Realty, Inc.
	01/01/79	Central Machine Shop Agreement/Appalachian Power
	04/01/84	Transmission Agreement
	07/30/87	Mutual Assistance Agreement
	09/27/96	Agreement between Kentucky Power and AEP Energy Services, Inc.
	12/31/96	Affiliated Transactions Agreement (East Companies)
	11/18/97	Agreement between Kentucky Power and AEP Communications, LLC
	01/01/98	Master Site Agreements (East) With AEP Operating Companies
	06/15/00	AEP Co. Inc. and it's Consolidated Affiliated Tax Agreement regarding methods of Allocating Consolidated Income Taxes
	06/15/00	AEPSC Service Agreement with Kentucky Power
	06/16/00	Purchase Agreement between AEP Credit and it's Affiliate Client Companies
	12/18/02	AEP System Utility Money Pool Agreement
	05/04/04	Arrangement for the Use of the Amos Simulator
	08/25/04	Third Amended and Restated Purchase Agreement Between AEP Credit and Kentucky Power
	08/25/04	Third Amended and Restated Agency Agreement Between AEP Credit and Kentucky Power
	12/09/04	AEP System Amended and Restated Money Pool Agreement
	01/01/05	American Electric Power Company, Inc. and it's Consolidated Affiliated Tax Agreement regarding methods of Allocating Consolidated Income Taxes
	08/01/13	Railcar Maintenance Agreement

COMPANY NAME	*DATE*	*CONTRACT*
Kentucky Power Company (Cont'd)	09/12/13	Amendment No. 1 to Barge Transportation Agreement
	09/12/13	Amendment No. 2 to AEP System Rail Car Use
	12/16/13	Amended and Restated Urea Handling Agreement
	12/16/13	Amended and Restated Cook Coal Terminal Transfer Agreement
	01/01/14	Affiliated Transactions Agreement for Sharing Capitalized Spare Parts
	01/01/14	Affiliated Transactions Agreement for Sharing Materials and Supplies
	01/01/14	Mitchell Coal Pile Run-Off Agreement
	01/01/14	Power Coordination Agreement
	01/31/15	Mitchell Plant Operating Agreement between Wheeling Power, Kentucky Power, and AEPSC
	02/27/15	Service Agreement between Kentucky Power Company and AEP Kentucky Transmission Company, Inc.
	02/27/15	Joint License Agreement between Kentucky Power Company and AEP Kentucky Transmission Company, Inc.
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
	05/09/19	Amended and Restated Urea Handling Agreement Amendment No.1
	05/09/19	Amended and Restated Rail Car Maintenance Agreement Amendment No.1
	05/09/19	Affiliated Transactions Agreement for Sharing Capitalized Spare Parts Amendment No.1
	05/09/19	Barge Transportation Agreement Amendment No.2
	05/09/19	Amended and Restated Cook Coal Terminal Transfer Agreement Amendment No.1
	05/09/19	Affiliated Transactions Agreement for Sharing Materials and Supplies Amendment No.1
Kingsport Power Company	01/01/72	Purchase Contract Between KGPCO and Indiana Franklin Realty, Inc.
	07/30/87	Mutual Assistance Agreement
	09/27/96	Agreement Between Kingsport Power Company and AEP Energy Services
	12/31/96	Affiliate Transactions Agreement (East Companies)

COMPANY NAME	*DATE*	*CONTRACT*
Kingsport Power Company (Cont'd)	01/01/98	Master Site Agreement (East) with AEP Operating Companies
	06/15/00	AEP Co, Inc and it's Consolidated Affiliate Tax Agreement regarding methods of Allocating Consolidated Income Tax
	06/15/00	AEPSC Service Agreement with Kingsport Power
	06/16/00	Purchase Agreement Between CSW Credit and Affiliate Client Companies
	12/18/02	AEP System Utility Money Pool Agreement
	08/25/04	Third Amended and Restated Purchase Agreement Between AEP Credit and Kingsport Power
	08/25/04	Third Amended and Restated Agency Agreement Between AEP Credit and Kingsport Power
	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	American Electric Power Company, Inc. and it's Consolidated Affiliate Tax Agreement Regarding methods of Allocating Consolidated Income Taxes
	11/13/08	Amended and Restated Interconnection Agreement Between Appalachian Power Company and Kingsport Power Company
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
Ohio Power Company	08/11/41	Land Purchase Contract/Franklin Real Estate Company
	11/25/70	Purchase Contract/Indiana Franklin Realty, Inc.
	04/01/84	Transmission Agreement
	07/30/87	Mutual Assistance Agreement
	06/21/96	AEP Modifications No. 1 AEP System Interim Allowance Agreement
	09/27/96	Agreement between Ohio Power Company and AEP Energy Services
	12/31/96	Affiliated Transactions Agreement (East Companies)
	01/01/98	Master Site Agreement (East) with AEP Operating Companies

COMPANY NAME	*DATE*	*CONTRACT*
Ohio Power Company (Cont'd)	06/15/00	American Electric Power Company, Inc. and its Consolidated Affiliate Tax Agreement regarding Methods of Allocating Consolidated Income Taxes
	06/15/00	AEPSC Service Agreement with Ohio Power
	06/16/00	Purchase Agreement Between AEP Credit Inc. and Affiliate Client Companies
	12/18/02	AEP System Utility Money Pool Agreement
	08/25/04	Third Amended and Restated Purchase Agreement
	08/25/04	Third Amended and Restated Agency Agreement
	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	AEP Co, Inc and It's Consolidated Affiliate Tax Agreement regarding methods of Allocating Consolidated Income Taxes
	12/01/09	Transmission Center Agreement
	01/01/11	Transmission Service Agreement between Ohio Power Company and AEP Ohio Transmission Company
	01/01/11	Joint License Agreement between Ohio Power Company and AEP Ohio Transmission Company
	02/12/12	Executed Notice of Intent by Ohio Power Company to Terminate Sporn Plant Operating Agreement
	03/27/13	Service Agreement between Ohio Power Company and AEP West Virginia Transmission Company
	12/31/14	Affiliated Transactions Agreement for Sharing Materials and Supplies
	01/01/14	Telecommunications Service Agreement
	01/01/14	Assignment of Central Machine Shop Agreement dated January 1, 1979
	01/01/14	Telecommunications Services Agreement
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
	05/09/19	Barge Transportation Agreement Amendment No.2
	05/09/19	Affiliated Transactions Agreement for Sharing Materials and Supplies Amendment No.1
Public Service Company of Oklahoma	04/26/85	Oklaunion Unit No. 1 Construction, Ownership and Operating Agreement
	09/14/88	Oklaunion HVDC Project Construction, Ownership and Operating Agreement

COMPANY NAME	*DATE*	*CONTRACT*
Public Service Company of Oklahoma (Cont'd)	07/01/93	Rail Car Lease Agreement(West)
	08/03/95	East HVDC Interconnection Agreement/West Regulated Companies
	01/01/97	CSW Operating Agreement
	06/01/99	CSW System General Agreement
	10/29/99	Transmission Coordination Agreement(West)
	06/15/00	American Electric Power Company, Inc. and its Consolidated Affiliate Tax Agreements
	06/15/00	AEPSC Service Agreement with Public Service Company of Oklahoma
	06/16/00	Amended and Restated Agency Agreement Between CSW Credit and its Affiliates
	06/16/00	Amended and Restated Purchase Agreement Between CSW Credit and it's Affiliates Operating Agreement-PSO, SWEPCO, AEPSC
	12/21/01	AEP System Utility Money Pool Agreement
	07/25/03	Second Amended and Restated Agency Agreement between AEP Credit and Public Service Company of Oklahoma
	07/25/03	Second Amended and Restated Purchase Agreement between AEP Credit and Public Service Company of Oklahoma
	08/25/04	Third Amended and Restated Purchase Agreement
	08/25/04	Third Amended and Restated Agency Agreement
	11/16/04	Interconnection Agreement (ERCOT Generation) between AEPTN & PSO.
	12/09/04	AEP System Amended and Restated Money Pool Agreement
	01/01/05	American Electric Power Company, and it's Consolidated Tax Affiliates
	02/10/05	Operating Agreement PSO, SWEPCO and AEPSC
	07/01/06	Amendment No 1 and consent to AEP System Rail Car Use Agreement
	12/01/09	AEP System Transmission Center Agreement
	01/01/10	Transmission Service Agreement between Public Service Company of Oklahoma and AEP Oklahoma Transmission Company
	01/01/10	Joint License Agreement between Public Service Company of Oklahoma and AEP Oklahoma Transmission Company
	08/01/13	Rail Car Maintenance Agreement

COMPANY NAME	*DATE*	*CONTRACT*
Public Service Company of Oklahoma (Cont'd)	09/12/13	Amendment No. 2 to AEP System Rail Car Use Agreement
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
	05/09/19	Amended and Restated Rail Car Maintenance Agreement Amendment No.1
Southwestern Electric Power Company	07/01/93	Rail Car Lease Agreement (West)
	08/03/95	East HVDC Interconnection Use and Maintenance Agreement
	01/01/97	CSW Operating Agreement
	06/01/99	CSW System General Agreement
	07/08/99	Memorandum of Understanding (West) Between C3 Communications, Public Service Company,
	10/29/99	Transmission Coordination Agreement (West)
	06/15/00	American Electric Power Company, Inc. and its Consolidated Affiliates Tax Agreements
	06/15/00	AEPSC Service Agreement with Southwest Power Electric
	06/16/00	Amended and Restated Purchase Agreement Between CSW and Affiliate (West) Companies
	05/31/01	Lignite Mining Agreement
	12/21/01	Operating Agreement PSO, SWEPCo, AEPSC
	08/06/02	Interconnection Agreement Between SWEPCo and Eastex Cogeneration LP
	12/18/02	AEP System Utility Money Pool Agreement
	07/25/03	Second Amended and Restated Agency Agreement Between AEP Credit and SWEPCo
	07/25/03	Second Amended and Restated Purchase Agreement Between AEP Credit and SWEPCo
	08/25/04	Third Amended and Restated Purchase Agreement Between AEP Credit and Southwestern Electric Power
	08/25/04	Third Amended and Restated Agency Agreement Between AEP Credit and Southwestern Electric Power
	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	American Electric Power Company, Inc. and Its Consolidated Affiliated Tax Agreements
	02/10/05	Operating Agreement PSO, SWEPCO, AEPSC

COMPANY NAME	*DATE*	*CONTRACT*
Southwestern Electric Power Company (Cont'd)	07/01/06	Amendment No 1 and Consent to AEP System Rail Car Use
	12/01/09	AEP System Transmission Center Agreement
	12/29/09	Amended and Restated Lignite Mining Agreement
	05/06/11	Transmission Service Agreement between Southwestern Electric Power Company and AEP Southwestern Transmission Company
	05/06/11	Joint License Agreement between Southwestern Electric Power Company and AEP Southwestern Transmission Company
	08/01/13	Rail Car Maintenance Agreement
	09/12/13	Amendment No. 2 to AEP System Rail Car Use
	12/31/13	Assignment, Assumption and Consent Agreement of Rail Car Assets
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
	05/09/19	Amended and Restated Rail Car Maintenance Agreement Amendment No.1
Wheeling Power Company	08/11/41	Land Purchase Contract/The Franklin Real Estate Company
	07/30/87	Mutual Assistance Agreement
	12/31/96	Affiliated Transactions Agreement (East Companies)
	01/09/97	Agreement between Wheeling Power Company and AEP Energy Services, Inc.
	03/01/98	Pole Attachment License Agreement/AEP Communications LLC
	06/15/00	AEP System Tax Agreement
	12/18/02	AEP System Utility Money Pool Agreement
	12/09/04	AEP System Amended and Restated Utility Money Pool Agreement
	01/01/05	American Electric Power Company, and it's Consolidated Tax Affiliates
	05/15/08	Agreement between Wheeling Power Company and AEPSC
	01/22/13	Service Agreement between Wheeling Power Company and AEP West Virginia Transmission Company, Inc.
	12/18/14	Agreement of Representation for EPA Allowances between AEPSC and Wheeling Power

COMPANY NAME	*DATE*	*CONTRACT*
Wheeling Power Company (Cont'd)	01/31/15	Mitchell Plant Operating Agreement between Wheeling Power, Kentucky Power and AEPSC
	06/01/15	Power Coordination Agreement
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
Electric Transmission Texas	12/21/07	Electric Transmission Texas Service Agreement (AEPSC)
	03/29/10	Amended and Restated Interconnection Agreement (AEP Texas North)
	03/29/10	Amended and Restated Interconnection Agreement (AEP Texas Central)
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance.
PATH West Virginia Transmission Company	09/01/07	PATH West Virginia Transmission Company Service Agreement
AEP Appalachian Transmission Company, Inc.	01/22/13	Service Agreement between Appalachian Power Company and AEP Appalachian Transmission Company, Inc.
	12/20/16	Joint License Agreement between Appalachian Power Company and AEP Appalachian Transmission Company, Inc.
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
AEP Indiana Michigan Transmission Company	02/15/11	Transmission Company Services Agreement between AEP Indiana Michigan Transmission Company and Indiana Michigan Power Company
	02/15/11	Joint License Agreement between AEP Indiana Michigan Transmission Company and Indiana Michigan Power Company
	02/15/11	Service Agreement between AEP Indiana Michigan Transmission Company and American Electric Power Service Corporation
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
AEP Kentucky Transmission Company, Inc.	02/27/15	Service Agreement between Kentucky Power Company and AEP Kentucky Transmission Company, Inc.

COMPANY NAME	*DATE*	*CONTRACT*
AEP Kentucky Transmission Company, Inc. (Cont'd)	02/27/15	Joint License Agreement between Kentucky Power Company and AEP Kentucky Transmission Company, Inc.
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
AEP Ohio Transmission Company	01/01/11	Transmission Company Services Agreement between AEP Ohio Transmission Company and Ohio Power Company
	01/01/11	Transmission Company Services Agreement between AEP Ohio Transmission Company and Columbus Southern Power Company
	01/01/11	Joint License Agreement between AEP Ohio Transmission Company and Ohio Power Company
	01/01/11	Joint License Agreement between AEP Ohio Transmission Company and Columbus Southern Power Company
	01/01/11	Service Agreement between AEP Ohio Transmission Company and American Electric Power Service Corporation
	11/29/17	APCO and AEP Ohio Transmission Company Transmission Asset Sharing Agreement
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
AEP Oklahoma Transmission Company	01/01/10	Transmission Company Services Agreement between AEP Oklahoma Transmission Company and Public Service Company of Oklahoma
	01/01/10	Joint License Agreement between AEP Oklahoma Transmission Company and Public Service Company of Oklahoma
	10/27/10	Service Agreement between AEP Oklahoma Transmission Company and American Electric Power Service Corporation
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
AEP Southwestern Transmission Company	05/06/11	Transmission Company Services Agreement between AEP Southwestern Transmission Company and Southwestern Electric Power
	05/06/11	Joint License Agreement between AEP Southwestern Transmission Company and Southwestern Electric Power Company

COMPANY NAME	*DATE*	*CONTRACT*
AEP Southwestern Transmission Company (Cont'd)	05/06/11	Service Agreement between AEP Southwestern Transmission Company and AEPSC
AEP West Virginia Transmission Company, Inc.	01/22/13	Service Agreement between Wheeling Power and AEP West Virginia Transmission Company, Inc.
	03/27/13	Service Agreement between Ohio Power and AEP West Virginia Transmission Company
	04/24/13	Service Agreement with Appalachian Power and AEP West Virginia Transmission Company "2013 Agreement"
	01/22/13	Service Agreement between AEPSC and AEP West Virginia Transmission Company, Inc.
	10/19/18	Service Agreement with Appalachian Power and AEP West Virginia Transmission Company
	04/02/19	Amended and Restated Subscription Agreement with Grid Assurance LLC
Transource Energy, LLC	04/03/12	Service Agreement between Transource Energy, LLC and AEPSC
	07/01/16	Service Agreement between Transource West Virginia, LLC and Transource Energy
	09/26/16	Service Agreement between Transource Energy, LLC and Transource Maryland, LLC
	01/23/18	Service Agreement between Transource Pennsylvania, LLC and Transource Energy, LLC
Transource Maryland, LLC	09/26/16	Service Agreement between Transource Energy, LLC and Transource Maryland, LLC
Transource Missouri, LLC	12/27/13	Service Agreement between Transource Missouri, LLC and Transource Energy, LLC.
Transource Pennsylvania, LLC	01/23/18	Service Agreement between Transource Pennsylvania, LLC and Transource Energy, LLC

COMPANY NAME	*DATE*	*CONTRACT*
Transource West Virginia, LLC	07/01/16 11/21/16	Service Agreement between Transource WV and Transource Energy Services and Property Use Agreement between Appalachian Power and Transource WV