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August 24<sup>th</sup>, 2018

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

Re: *American Electric Power*, Docket No. ER18-2307-000  
Facilities Agreement and Eleventh Revised Service Agreement No. 1252, under  
PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1

Dear Secretary Bose:

American Electric Power Service Corporation (“AEPSC”), on behalf of its affiliates Appalachian Power Company (together with AEPSC, “AEP”), hereby submits<sup>1</sup> the following tariff records:

- Facilities Agreement between AEPSC, Craig-Botetourt Electric Cooperative (“CBEC”) and Blue Ridge Power Agency, Inc. (“BRPA”) to perform certain engineering, design, equipment procurement and construction activities related to the establishment of the new Ironto delivery point, dated August 1<sup>st</sup>, 2018 (“Ironto Facilities Agreement”).
- Eleventh Revised Service Agreement No. 1252, under PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1 (“Eleventh Revised Service Agreement No. 1252”).

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

## **Background**

AEPSC and BRPA are parties to an Interconnection and Local Delivery Service Agreement (“ILDSA”).<sup>2</sup> Because AEP is a transmission-owning member of PJM, and the ILDSA involves interconnection and local delivery service over AEP’s facilities located within the PJM footprint, the ILDSA is designated as a service agreement under Attachment H of the PJM Open Access Transmission Tariff.

On August 1<sup>st</sup>, 2018, AEPSC, CBEC, and BRPA entered into the Ironto Facilities Agreement, which supplements the ILDSA and provides for the performance of certain engineering, design, equipment procurement and construction activities by AEP and CBEC related to the establishment of a new 138 kV delivery point.

The Ironto Facilities Agreement further provides that AEPSC and BRPA will incorporate the system upgrades associated with the Ironto delivery point into the ILDSA. Accordingly, the parties have revised the ILDSA to include the new Ironto delivery point. The revised version of the ILDSA is designated as Eleventh Revised Service Agreement No. 1252.

## **Documents Submitted**

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

- Attachment A – marked tariff of the Eleventh Revised Service Agreement No. 1252 in Word format;
- Attachment B – clean tariff of the Eleventh Revised Service Agreement No. 1252 in Word format;
- Attachment C - Ironto Facilities Agreement Signature Page in PDF format;

## **Requested Effective Date of the Facilities Agreements and Eleventh Revised Service Agreement No. 1252**

AEP requests that the Commission grant any and all waivers of the Commission’s rules and regulations that are necessary to accept this filing and to allow an effective date of the Ironto Facilities Agreement and the Eleventh Revised Service Agreement No. 1252 of August 1<sup>st</sup>, 2018, the effective dates to which AEP and BRPA agreed. Waiver is appropriate because the agreements are being filed within thirty (30) days of the requested effective date. *See Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,983-84 (1993).

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<sup>2</sup> The 10<sup>th</sup> Revised ILDSA between AEP and BRPA was filed on August 25, 2017 in FERC Docket No. ER17-2360 -000 and was accepted by the Commission on September 29, 2017.

## Communications

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

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## Conclusion

AEP respectfully requests that the Commission accept the Ironto Facilities Agreements and the Eleventh Revised Service Agreement No. 1252 of August 1<sup>st</sup>, 2018, effective as of the dates listed above.

Respectfully submitted,

/s/ Amanda Riggs Conner

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**Service Agreement for**  
**Interconnection and Local Delivery**  
**between**  
**American Electric Power Service Corporation**  
**and**  
**Blue Ridge Power Agency, Inc.**

| ~~July 26, 2017~~ August 1, 2018

**Interconnection and Local Delivery Service Agreement**

**This Agreement** is entered into this 1st day of February, 2005, by and between Blue Ridge Power Agency, (“Blue Ridge” or “Customer”), and American Electric Power Service Corporation, as Designated Agent for the AEP Operating Companies<sup>1</sup> (“AEP”), being sometimes herein referred to collectively as the “Parties” or singularly as a “Party”. In consideration of the mutual covenants and agreements herein, it is agreed as follows:

WITNESSETH:

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

WHEREAS, Blue Ridge is a Virginia non-profit corporation, acting as transmission agent on behalf of its participating members, the Cities of Bedford, Danville, Martinsville, and Salem, Virginia, Bristol Virginia Utilities and the Town of Richland, Virginia (hereinafter “Members”);

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

WHEREAS, the Parties wish to establish the terms and conditions of the local delivery services that AEP will provide to Customer in coordination with, but separate from, the transmission service that will be provided by the PJM RTO;

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

**Article 1. Applicable Tariffs**

**1.1 Applicability of Tariffs:** During the term of this Agreement, as it may be amended from time to time, AEP agrees to provide Interconnection and Local Delivery Services for the Customer, and the Customer agrees to pay for such services the charges identified in Attachment 1 hereto and such other charges as shall be applicable hereunder, in accordance with this Agreement, the applicable provisions of the Open Access Transmission Tariff of the AEP System (“AEP Tariff”), and, as to certain provisions referenced herein, the Open Access Transmission Tariff of the PJM RTO (“PJM Tariff”), as each tariff shall at any time during the term of this Agreement be on-file and accepted by the Federal Energy Regulatory Commission (“Commission”), including any applicable Schedules and Attachments appended to such tariffs.

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

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

## **Article 2. Delivery Points**

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

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

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

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

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

**2.2.2 System Impact Study (SIS):** Unless otherwise mutually agreed, AEP shall respond within fifteen (15) business days of receipt of such a request and provide a System Impact Study Agreement and a list of any additional information that AEP would require from the Customer to proceed with such study. The study agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit at least equal to one half the expected study cost. Upon receipt of the executed study agreement, study data and the required deposit, AEP shall carry out the

SIS. In the SIS, AEP shall assess the feasibility of modifying an existing Delivery Point or establishing the new Delivery Point using power flow and short circuit analyses and any other analyses that may be appropriate.

If the Customer fails to return an executed SIS Agreement within fifteen (15) business days of receipt, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

Upon completion of the SIS, the Customer shall reimburse AEP for the unpaid cost of the SIS if the cost of the study exceeds the deposit. AEP shall refund the Customer, with interest, any portion of the deposit that exceeds the cost of the SIS. Or, at the written request of the Customer, AEP shall apply the remaining balance to the Facilities Study.

**2.2.3 Facilities Study (FS):** Following the completion of the SIS, AEP shall provide to the Customer a Facilities Study (FS) Agreement. The Facilities Study Agreement shall provide that the Customer shall compensate AEP for the actual cost of the Facilities Study. The Customer shall execute the Facilities Study Agreement and deliver the executed Facilities Study Agreement to AEP within fifteen (15) business days following its receipt, together with the required technical data and deposit in an amount equal to half of the estimated cost of the FS. The FS shall determine the details and estimated cost of facilities necessary for establishing the requested Delivery Point and any system additions/upgrades needed to address any problems identified in the SIS. AEP shall complete the study and issue a Facilities Study report to the Customer within ninety (90) calendar days after receipt of an executed Facilities Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

If the Customer fails to return an executed FS Agreement within fifteen (15) business days of receipt, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

**2.2.4 Expedited System Study:** If AEP determines that minimum efforts are needed to carry out the requested Delivery Point modifications/additions, AEP shall, upon request by the Customer, offer a single agreement covering the System Impact Study and Facilities Study, the "System Study Agreement." The Study Agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit at least equal to one half the expected study cost.

If the Customer fails to return an executed System Study Agreement within fifteen (15) business days of receipt, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

**2.2.5 Modifications to Study Request:** During the course of a System Impact Study, Facilities Study, or System Study, either the Customer or AEP may identify desirable changes in the planned

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

**2.3 Engineering, Design and Construction of New Facilities:** If, pursuant to a request by the Customer, AEP is asked to provide engineering, design and construction of facilities described in the final study report, a facilities agreement (“Facilities Agreement”) shall be signed by the Customer and AEP specifying the terms and conditions. Following the signing of the Facilities Agreement, the receipt of any outstanding technical information, deposit or instrument or showing that Customer meets the financial creditworthiness requirements of the AEP Tariff, Section 11 (“Creditworthiness”), AEP will proceed with the engineering, design and procurement activities to construct, reconfigure, upgrade, replace or retire such local delivery or other facilities.

**2.4 Cost Recovery Protection:** The coordinated transmission plan of the Transmission Provider and the Customer shall be predicated upon the plans of the respective Parties as to their planned use of the Transmission System, including the Customer's planned use of external and internal generating capacity. If the Customer alters the planned level of its use of the Transmission System so as to reduce its AEP's transmission service payments to Company revenue, the Customer shall compensate AEP for the unrecovered cost of any facilities exclusively constructed during the term of the Service Agreement to accommodate service that would be reduced as a result of the change in the Customer's capacity and/or operating plan, less the net present value of incremental transmission revenue, if any, that AEP would expect to derive from transmission service to other customers by using the transmission capacity freed up by the Customer's change in plans.

**2.5 In-Line Facilities:** AEP shall have the sole right to operate, maintain, and at its option, to own any facilities that are required to be installed in-line with AEP's facilities and that may affect the continuity and reliability of AEP facilities that provide or protect service to other customers.

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

### **Article 3. Local Delivery Services**

**3.1 Measurement of Load At Each Delivery Point:** The Customer's load, kW, kWh and kVAr at each Delivery Point shall be measured at least on an hourly integrated basis, by suitable revenue grade metering equipment (“standard metering”). The measurements taken and required metering equipment shall be as needed for all settlement purposes, and in accordance with the AEP standards and practices as contained in the Connection Guide. At points where power may flow to and from the Customer, separate measurements shall be obtained for each direction of flow. Any necessary metered data shall be made available with such frequency and at such times as may be required by AEP in suitable electronic format. If AEP or Blue Ridge requires real-time load or facility status information from any Delivery Point, the other Party shall cooperate, to the extent necessary, in order that such monitoring and telecommunications equipment, as shall be needed for such purpose may be installed and maintained during normal business hours common to AEP and Blue Ridge. AEP shall provide to Blue Ridge, on a monthly basis as soon as practicable after the end of the prior month, the hourly kW and kVAr load data and behind-the-meter generation data. Such data shall be supplied in Microsoft Excel format and by e-mail. Blue Ridge shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.



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

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

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

The maximum hourly reactive power (kVAr) demand, both leading and lagging will be measured each month at each Delivery Point. When multiple Delivery Points are operated as closed loops, the real and reactive power measurements will be combined for the purpose of this provision. Customer will incur no charges for power factor if the maximum leading and lagging kVAr demand at each Delivery Point is managed, so as not to exceed 20% of the real power (kW) demand in the same hourly intervals. Charges will be assessed for leading and/or lagging kVAr demand at each Delivery Point if the maximum hourly value of such demand exceeds 20% of the kW demand in the same interval. The charges will be \$0.30/kVAr for all leading and/or lagging kVAr demand in excess of 20% of the corresponding kW demand, provided; however, that when the kVAr demand exceeds 50% of the kW demand, the charge will be \$0.50/kVAr, for all kVAr, leading and/or lagging, in excess of 20% of the corresponding kW demand.

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

**3.5 Maintenance of Local Delivery Point Facilities:** If AEP provides operation and maintenance (O&M) services for any Delivery Point and/or distribution facilities owned by the Customer pursuant to the Operation & Maintenance and Repair document, attached herewith as Attachment 3, the Customer shall reimburse AEP for such O&M services calculated pursuant to the AEP Formula Rate for Facility,

Construction, Operation, and Maintenance charges, attached herewith as Attachment 4. Payments for O&M services shall be made pursuant to Section 5.1.

**3.6 Operational Access and Control:** Unless otherwise specifically agreed, AEP shall have the sole right to enter upon, test, operate and control the facilities covered by this Agreement that are owned by AEP. The right to test, operate and control said facilities includes but is not limited to the power to direct the opening and closing of switches for construction, operation, testing, maintenance and other relevant purposes.

All meters and test switches, whether provided by AEP or Blue Ridge acting through its Members shall be sealed and the seals shall be broken only when the meters are to be tested, adjusted or replaced. The other Party shall be provided as much advance notice as is practicable in the circumstances when the facilities of that Party are to be entered or the seals of any meter are to be broken, and such Party shall be afforded the opportunity to be present during such test, adjustment, repair, replacement.

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

**3.7.1 Principal Duties:** The principal duties of the Administrative Committee shall be as follows:

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

**3.7.2 Administrative Committee Meetings:** The Administrative Committee shall meet or otherwise conference, at least once each calendar year, or at the request of either Party upon reasonable notice, and each Party may place items on the meeting agenda. All proceedings of the Administrative Committee shall be conducted by its members taking into account the exercise of Good Utility Practice. If the Administrative Committee is unable to agree on any matter coming under its jurisdiction, that matter shall be resolved pursuant to section 12.0 of the AEP Tariff, or otherwise, as mutually agreed by Customer and Company.

## **Article 4. Customer's Load, Capacity and Other Obligations to the RTO**

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

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

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

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

**4.4 Behind the Meter Generation:** AEP shall cooperate with PJM and parties operating generators connected behind load metering, such that PJM will receive such generator output meter information as it is required, for the following two categories of generators operating behind the meter within the AEP Zone:

**4.4.1 Generators that do not participate in the PJM Markets:** The generating party shall provide, each month by the 5<sup>th</sup> working day after the end of the month, a data file containing the hourly unit or plant kWh output. Alternatively, Customer may provide AEP access to the meter to download the generator output meter data using dial-up remote interrogation.

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

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

**4.5 Post Settlement of PJM Inadvertent Energy Allocation:** PJM will dispatch generators for supplying inadvertent energy payback to the Eastern Interconnection and recover such costs from the PJM region-wide load. The summation of hourly inadvertent energy (total monthly) charges assigned by PJM to the AEP control zone each month will be allocated to each LSE in the AEP control zone in proportion to the LSE’s NSPL or by such other method as the FERC approves.

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

## **Article 5. General**

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

AEP shall invoice the Customer and the Customer shall reimburse AEP for its costs associated with any facility construction, operation and maintenance or, repair provided under this Agreement in accordance with the AEP Tariff, Section 7 (“Billing and Payment”). Any disputes as to such invoices shall be resolved pursuant to the provisions of Section 12 (Dispute Resolution Procedures”) of the AEP Tariff.

**5.2 Taxes on Contributions in Aid of Construction:** When the Customer funds the construction of AEP-owned facilities pursuant to a contribution in-aid of construction (“CIAC”), the Customer also shall reimburse AEP for the tax effect of such CIAC (a “Tax Effect Recovery Factor” or “TERF”), where such payment is considered taxable income and subject to income tax under the Internal Revenue Service (IRS) and/or a state department of revenue (State) requirements. The TERF shall be computed consistent with the methodology set forth in Ozark Gas Transmission Corp., 56 F.E.R.C ¶ 61,349 as reflected in the following formula:  $TERF = (Current\ Tax\ Rate \times (Gross\ Income\ Amount - Present\ Value\ of\ Tax\ Depreciation)) / (1 - Current\ Tax\ Rate)$ . The Present Value Depreciation Amount shall be computed by discounting AEP’s anticipated tax depreciation deductions with respect to the constructed property by AEP’s current weighted

average cost of capital. If, based on current law, AEP determines such contribution by the Customer shall not be taxable, AEP will not charge a TERF; however, in the event that such contribution is later determined by the IRS or state tax authority to be taxable, the Customer shall reimburse AEP, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within 30 days of the date upon which AEP notifies the Customer of such determination.

**5.3 Indemnity:** To the extent permitted by law, each Party shall indemnify and save harmless the other Party from and against any loss, liability, cost, expenses, suits, actions, claims, and all other obligations arising out of injuries or death to persons or damage to property caused by or in any way attributable to the Delivery Point(s) and/or distribution facilities covered by this Agreement, except that a Party's obligation to indemnify the other Party shall not apply to any liabilities arising solely from the other Party's negligence, recklessness or intentional misconduct or that portion of any liabilities that arise out of the other Party's contributing negligent, reckless or intentional acts or omissions. Further, to the extent that a Party's immunity as a complying employer, under the worker's compensation and occupational disease laws of Ohio, might serve to bar or affect recovery under or enforcement of the indemnification otherwise granted herein, each Party agrees to waive such immunity. As respects this subsection only, the term "Party" shall include the Party's directors, officers, employees, and agents.

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

- (a) AEP and Blue Ridge each shall have caused this Agreement to be executed by their duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof or Blue Ridge requested AEP to file an unexecuted service agreement.
- (b) This Agreement has been accepted for filing and made effective by order of the Commission under the Federal Power Act, in which case the effective date of this Agreement shall be as specified in the said Commission order. However, if the Commission or any reviewing court, in such order or in any separate order, suspends this Agreement or any part thereof, institutes an investigation or proceeding under the provisions of the Federal Power Act with respect to the justness and reasonableness of the provisions of this Agreement or any other agreement referred to or contemplated by this Agreement, or imposes any conditions, limitations or qualifications under any of the provisions of the Federal Power Act which individually or in the aggregate are determined by AEP or Blue Ridge to be adverse to it, then AEP and Blue Ridge shall promptly renegotiate the terms of this Agreement in light of such Commission or court action. Each Party shall use its best efforts to take or cause to be taken all action requisite to the end that this Agreement shall become effective as provided herein at the earliest practicable date.

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

**5.6 Assignment:** It is mutually understood and agreed that this Agreement contains the entire understanding between the Parties, that there are no oral, written, implied or other understandings or agreements with respect to the work covered hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, as well as their respective successors and/or assigns. However, neither Party shall assign, transfer or sublet any of the rights hereby granted without the prior written consent of the other

Party.

## Article 6. Notices

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

If to the AEP: ~~\_\_\_\_\_ American Electric Power Service Corporation~~  
~~\_\_\_\_\_ American Electric Power Service~~  
~~Corporation~~  
~~\_\_\_\_\_ Attn: Robert Pennybaker~~  
~~\_\_\_\_\_ Director, System Interconnections~~  
~~\_\_\_\_\_ 212 E. 6th Street – 1st Floor~~  
~~\_\_\_\_\_ Tulsa, OK 74119~~  
~~Director,~~  
~~Transmission and Interconnection Services~~  
~~1 Riverside Plaza~~  
~~Columbus, Ohio 43215-2373~~

If to Blue Ridge: Blue Ridge Power Agency, Inc.  
General Manager,  
~~742 Main Street~~ PO Box 2310  
~~Danville~~ Salem, Virginia, ~~24541~~ 24153

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

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

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

Blue Ridge Power Agency

By: /s/ Duane S. Dahlquist  
Duane S. Dahlquist

Title: General Manager

Date: 2/18/05

American Electric Power Service Corp.

By: /s/ Dennis W. Bethel  
Dennis W. Bethel

Title: Director, Transmission and Interconnection Services

Date: 2/7/05

**Specification of Charges For Meters and Local Distribution Facilities  
Interconnection and Local Delivery Service Agreement (ILDSA)  
For Blue Ridge Power Agency, Inc**

METER/DELIVERY POINT						METERS AND LOCAL DISTRIBUTION FACILITIES COSTS & MONTHLY CHARGES									
City/Town <sup>5</sup>	Station <sup>6</sup>	Delivery Voltage <sup>6</sup>	Losses <sup>11</sup>	Metered Voltage <sup>6</sup>	Losses Comp Method	Installed Cost	Monthly Charge <sup>7</sup>	Monthly			Data Proc Services <sup>10</sup>	Meter Reading Charges <sup>12</sup>	Monthly Charges Prior to Changes	New Net Monthly Charges	Changes Since Last FERC Filing? (Y/N)
								CIAC	Net Monthly Charges	CIAC Credit <sup>8</sup>					
Bedford <sup>3</sup>	Centerville <sup>19</sup>	69	T	69	None	61,473	990		0	990	25	41	425	1,056	Y
	Moseley <sup>21</sup>	69	T	69	None	40,493	652		0	652	25	41	399	718	Y
	Moseley <sup>21</sup>	13.8	DL	13.8	None	<u>29,726</u>	<u>479</u>	<u>15,386</u>	<u>154</u>	<u>325</u>	<u>25</u>	<u>41</u>	<u>284</u>	<u>391</u>	Y
<b>Bedford</b>	<b>Sub-Total</b>					\$131,692	\$2,120	\$15,386	\$154	\$1,966	\$75	\$123	\$1,108	<b>\$2,165</b>	
Danville <sup>1</sup>	Danville	138	T	138	None	73,343	1,181	51,551	516	665	25	41	1,058	731	Y
	E. Monument	138	T	138	None	84,386	1,359	84,386	844	515	25	41	982	581	Y
	Rock Spings <sup>22</sup>	139	T	139	None	<u>80,000</u>	<u>1,288</u>	<u>80,000</u>	<u>800</u>	<u>488</u>	<u>25</u>	<u>41</u>	<u>0</u>	<u>554</u>	Y
<b>Danville</b>	<b>Sub-Total</b>					\$237,729	\$3,827	\$215,937	\$2,159	\$1,668	\$75	\$123	\$2,040	\$1,866	
Mantinsville <sup>2</sup>	Morris Novelty	34.5	T	34.5	None	8,560	138	0	0	138	25	41	236	<b>204</b>	Y
Richlands <sup>4</sup>	Richlands S.S.	69	T	69	None	18,688	301	0	0	301	25	41	437	<b>367</b>	Y
Salem	Catawba	69	T	69	None	49,211	792	43,549	435	357	25	41	651	423	Y
	Electric Road <sup>9</sup>	69	T	69	None	24,201	390	6,028	60	329	25	41	492	395	Y
	Hancock	69	T	69	None	<u>53,500</u>	<u>861</u>	<u>39,926</u>	<u>399</u>	<u>462</u>	<u>25</u>	<u>41</u>	<u>769</u>	<u>528</u>	Y
<b>Salem</b>	<b>Sub-Total</b>					\$126,912	\$2,043	\$89,503	\$895	\$1,148	\$75	\$123	\$1,912	<b>\$1,346</b>	
Craig-Botetourt <sup>13</sup>	Meadow Creek	34.5	T	34.5	None	8,602	138	0	0	138	25	41	237	204	Y
	Stone Coal Gap	34.5	T	34.5	None	19,176	309	0	0	309	25	41	447	375	Y
	Ironto <sup>23</sup>	<u>69</u>	<u>T</u>	<u>69</u>	<u>None</u>	<u>135,000</u>	<u>2,174</u>	<u>135,000</u>	<u>1,350</u>	<u>824</u>	<u>25</u>	<u>41</u>	<u>0</u>	<u>890</u>	<u>Y</u>
<b>C-Botetourt</b>	<b>Sub-Total</b>					\$162,778	\$2,621	\$135,000	\$1,350	\$1,271	\$75	\$123	\$684	\$1,469	
City of Radford <sup>15</sup>	Radford <sup>4</sup>	34.5	T	34.5	None	23,500	378	0	0	378	25	41	532	444	Y
	Ingles	34.5	T	34.5	None	40,610	654	40,610	406	248	25	41	507	314	Y
	Hazel Hollow <sup>14</sup>	138	T	34.5	None	<u>42,900</u>	<u>691</u>	<u>0</u>	<u>0</u>	<u>691</u>	<u>25</u>	<u>0</u>	<u>877</u>	<u>716</u>	Y
<b>City of Radford<sup>15</sup></b>	<b>Sub-Total</b>					\$107,010	\$1,723	\$40,610	\$406	\$1,317	\$75	\$82	\$1,916	<b>\$1,474</b>	



CVEC	Colleen <sup>20</sup>	138	T	25	None	28,619	461	28,619	286	175	25	0	241	200	Y
	Gladstone	46	T	46	None	10,119	163	0	0	163	25	41	231	229	Y
	Piney River	46	T	46	None	9,854	159	0	0	159	25	41	226	225	Y
	Red Hill*	12.5	DL	12.5	None	9,751	157	0	0	157	25	41	225	223	Y
	Schuyler	46	T	12.5	None	7,306	118	0	0	118	25	0	144	143	Y
	Scottsville	46	T	46	None	20,472	330	0	0	330	25	41	399	396	Y
	Stonewall	69	T	12.5	None	<u>28,189</u>	<u>454</u>	<u>28,527</u>	<u>285</u>	<u>169</u>	<u>25</u>	<u>41</u>	<u>221</u>	<u>235</u>	Y
<b>CVEC<sup>20</sup></b>	<b>Sub-Total</b>					\$114,309	\$1,840	\$57,146	\$571	\$1,269	\$175	\$205	\$1,687	\$1,651	

Plus: Charges for CVEC Distribution Services (DS) at Red Hill Station: DS = Monthly Max Demand (kW) @ \$0.48/kW per Month

**CVEC Total Monthly Charges After Adding DS**

**Charges at Red Hill Station<sup>16</sup>**

**CVEC Total Monthly Charges After Removing AEP Phone**

**Line at Colleen Station<sup>20</sup>**

**Total Monthly Charges**

**Without VT as of**

**07/01/07**

<b>Blue Ridge</b>						\$1,322,345	\$21,289	\$968,249	\$9,682	\$11,607	\$650	\$984	\$14,637	\$12,818	Plus DS
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Blacksburg

Station<sup>18</sup> - TR

#1

<b>Virginia Tech (VT)</b>	69	T	12.5	None	2,917	47	0	0	47	25	41		113	Y
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Blacksburg

Station<sup>18</sup> - TR

#2

	69	T	12.5	None	3,922	63	0	0	63	25	0		88	Y
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Blacksburg

Station<sup>18</sup> - TR

#3

	69	T	12.5	None	35,072	565	35,072	351	214	25	0		239	Y
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Blacksburg

Station<sup>18</sup> - TR

#4

	69	T	12.5	None	35,072	565	35,072	351	214	25	0		239	Y
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Lane Station -

TR #1

	69	T	12.5	None	5,552	89	0	0	89	25	41		155	Y
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Lane Station -

TR #2

	69	T	12.5	None	<u>5,552</u>	<u>89</u>	<u>0</u>	<u>0</u>	<u>89</u>	<u>25</u>	<u>0</u>		<u>114</u>	Y
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<b>VT<sup>17</sup></b>	<b>Sub-Total as of 07/01/07</b>					\$88,086	\$1,418	\$70,143	\$701	\$717	\$150	\$82		\$948	
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<b>Blue Ridge</b>	<b>Total Monthly Charges With VT as of 07/01/07</b>					\$1,125,562	\$18,122	\$823,392	\$8,234	\$9,888	\$750	\$984		\$11,623	Plus DS
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<b>Blue Ridge</b>	<b>Total Monthly Charges Without Wolf Hills and N. Bristol delivery points as of 01/01/08</b>					\$710,895	\$11,446	\$408,725	\$4,087	\$7,359	\$700	\$902		\$8,962	Plus DS
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<b>Blue Ridge</b>	<b>Total Monthly Charges With PT addition at Centerville</b>					\$995,764	\$16,031	\$623,725	\$6,237	\$9,795	\$750	\$984		\$11,105	Plus DS
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Delivery Point as of 02/01/08

Blue Ridge	<b>Total Monthly Charges With Meter Reading Charge Removal at Colleen Delivery Point as of 09/01/08</b>	\$1,003,157	\$16,151	\$622,140	\$6,221	\$9,930	\$750	\$943	\$11,064	Plus DS
Blue Ridge	<b>Total Monthly Charges With PT additions at Moseley Delivery Point as of 08/01/08</b>	\$995,764	\$16,032	\$623,725	\$6,237	\$9,795	\$750	\$943	\$10,936	Plus DS
Blue Ridge	<b>Total Monthly Charges With new Ironto Delivery Point: (to commence the month following in-service date)</b>	\$1,130,764	\$18,205	\$758,725	\$7,587	\$10,618	\$775	\$984	\$11,490	Plus DS

**Notes:**

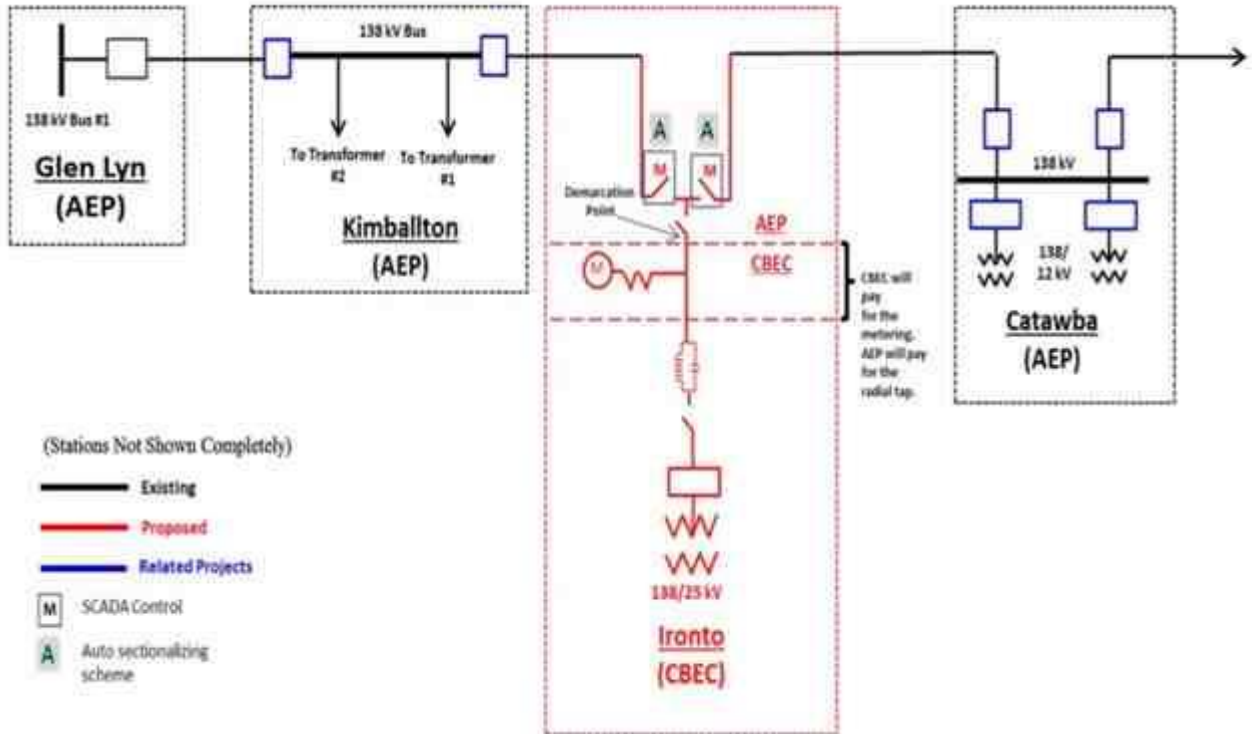
- 1 - Danville owns 12.0 MW of behind-the-meter generation (BMG), metered at Danville's West Fork Sta.at 69 kV. City owns an additional 6.0 MW BMG consisting of 3-2 MW diesel units operational July 2005.
- 2 - Martinsville owns up to 1.3 MW of BMG at Smith River Hydro, metered at 4.16 kV and compensated to 12.5 kV by subtracting line and transformer losses estimated at 0.0115 MW2.
- 3 - Bedford owns up to 5.0 MW of BMG at Snowden Hydro, metered at 23kV and compensated to Penn Turpin Station by subtracting line losses estimated at 0.0031 MW2. In addition Bedford runs a 2.0 MW BMG diesel unit operational July 2005.
- 4 - The City of Richlands owns 1.2 MW of BMG, September 2005. The City of Radford owns a 1.0 MW BMG at their Little River Dam metered at 4.16 kV at the Radford Sta.
- 5 - Cities provide meters for BMG stations, with measurement made at, or compensated to, the point where the output is available to serve load.
- 6 - All Measurements at the delivery points are made at the delivery Voltages. Hancock Station has two sets of meters, which are totalized as one, at the station.
- 7 - Monthly Charges for meters provided by Company are based on a levelized annual carrying charge rate of 19.32%, including cost of capital, taxes, O&M, A&G and Depreciation.
- 8 - CIAC (contribution in aid of construction) credits based on annual capital and depreciation cost of 12.00%.
- 9 - While relocating the Electric Rd. Station's 69 kV metering at City of Salem request, AEP upgraded the metering to 3 element by adding a 3rd 69 kV potential transformer (PT). The above metering cost includes the cost of the new PT estimated at \$6,028. Salem paid for the relocation work and the metering upgrade. A CIAC credit was given for the cost on the new PT.
- 10 - AEP provides Blue Ridge detailed monthly billing meter data for a fee of \$25 per month per Delivery Point.
- 11 - Losses: T = Transmission and delivery losses per Tariff (presently set at 3.3% or 1.0341). DL = Distribution Primary (Station Transformer and line losses) for APCo's Virginia region it is set at 5.3% or 1.0560.
- 12 - AEP charges \$41/month/Delivery Points to BRPA at those Delivery Points where AEP installed phone lines to remotely read the meter using MV-90.
- 13 - Monthly charges for CBEC Delivery Points meter and distribution charges, are based on 1985 equipment, labor and overhead costs and effective March 2005.
- 14 - Hazel Hollow, owned by the City of Radford, is metered at the City's Ingles Street Station, compensated to the delivery point by adding estimated losses of 0.029+0.000052 MW2.
- 15 - New Delivery Points added to the original list of BRPA Delivery Points to be part of the BRPA ILDSA.
- 16 - Charges for distribution station and line services for CVEC at the AEP Red Hill 12 kV station are to be calculated each month by multiplying the station's monthly non-coincident peak demand (kW) by \$0.48/kW, the result to be added to the CVEC local facilities charges of \$1,692 per month. CVEC's Monthly Charges are shown as a separate total because they are paid by their power supplier.
- 17 - Virginia Tech (VT) Delivery Points added to the list of BRPA Delivery Points to be part of the BRPA ILDSA. The high voltage side of the Blacksburg and Lane delivery points, and the metering at these delivery points are owned, operated and maintained by AEP. VT has generation behind the meter at the Blacksburg delivery point.
- 18 - AEP and VT have entered into an O&M agreement dated June 27, 2005, in FERC Docket No. ER05-1495-000 for the O&M of the in-line facilities at the VT Blacksburg Station.
- 19 - The actual cost of the 69 kV PT addition at Centerville is \$43,388.
- 20 - Monthly meter reading charge of \$41 removed since AEP no longer owns the phone line at the Colleen delivery point.
- 21 - The actual cost of the 69 kV and 13.8 kV PT additions at the Moseley delivery point are \$19,834 and \$6,647, respectively.
- 22 - New Rock Springs Delivery Point added to the list of BRPA Delivery Points to be part of the BRPA ILDSA.
- 23 - **New Ironto Delivery Point added to the list of BRPA Delivery Points to be part of the BRPA ILDSA.**

*One-line Diagrams of Delivery Points*

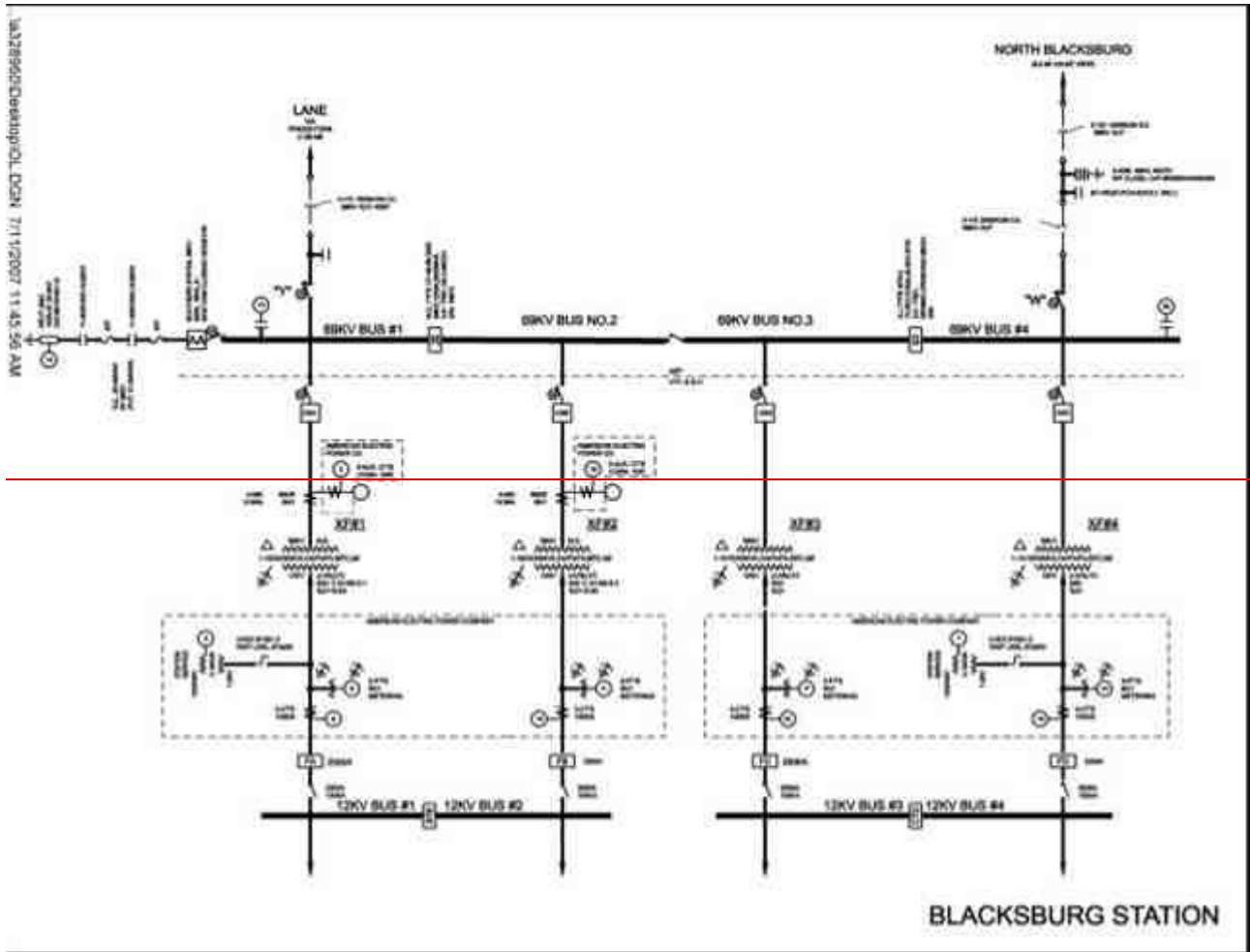
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Note: Drawings for new and/or updates to existing Delivery Points will be part of Attachment 2 in future FERC filings

One-Line Diagram of Blacksburg-Ironto Station



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## **Facilities, Operation, Maintenance and Repair Services**

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

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

1. This Operation & Maintenance and Repair Agreement shall cover the delivery and/or switching facilities currently listed on Exhibit A, attached hereto and made a part hereof, and any other delivery and/or switching facilities that are brought hereunder in accordance with the procedure hereinafter provided.
2. Subject to the terms and conditions contained herein, AEP agrees to test, maintain and repair the facilities in Exhibit A so as to assure the satisfactory and reliable operation of said facilities, all in accordance with good industry standards and practice. AEP further agrees to perform any additional testing, maintenance, repairs and/or replacements requested from time to time by Blue Ridge or Blue Ridge acting through its Members.
3. AEP agrees to furnish all supervision, labor, tools conveyances and equipment necessary for carrying out the work covered for facilities described in Exhibit A and further agrees to furnish all materials required to do the work except those materials that Blue Ridge or Blue Ridge acting through its Members feels are in its best interests to furnish.
4. All work shall be performed during the standard 40-hour work week, but, in the event that operating or emergency conditions warrant, overtime work can be authorized either in writing or verbally (in the case of emergency work) by Customer’s representative.
5. AEP will render invoices to Customer, on forms acceptable, at suitable intervals to be mutually agreed upon by the parties.
6. Customer agrees to promptly pay AEP the actual costs of any and all testing, maintenance, repairs and/or replacements performed pursuant to the terms and conditions of this Services Agreement, including the costs associated with labor, materials, equipment, overheads, taxes and other services incurred by AEP in performing the work, when presented with satisfactory evidence of the cost of such work.
7. The facilities covered in this Agreement may be extended or otherwise modified by attaching one or more numbered supplemental Facility Requests (attached herewith as Pro-forma Exhibit A), which show the additional facilities or changed equipment to be thereafter covered by this Contract. Such supplements shall be effective as of the date of final execution thereof and shall be attached to all executed copies of this Agreement.

**Pro-forma Exhibit A**

**FACILITY REQUEST(S)**

No. \_\_\_\_\_

Date \_\_\_\_\_

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

<u>Circuit</u>	<u>Facility(s)</u>	<u>Delivery Point</u>	<u>Location</u>	<u>Agreement Date</u>

BLUE RIDGE understands and agrees that said facilities are to be constructed, installed, owned, operated, tested and/or maintained in the manner and under the conditions set forth in the attached agreement, which was entered into by BLUE RIDGE and AEP on \_\_\_\_\_, 2005.

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

BLUE RIDGE POWER AGENCY

By: \_\_\_\_\_

Title: General Manager

Date: \_\_\_\_\_

AMERICAN ELECTRIC POWER SERVICE CORPORATION  
As Agent for the AEP Operating Companies

By: \_\_\_\_\_

Title: Director, Transmission and Interconnection Services

Date: \_\_\_\_\_



**AMERICAN ELECTRIC POWER**  
**FORMULA RATE FOR FACILITY CONSTRUCTION**  
**OPERATION AND MAINTENANCE**

General

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

AEP charges its costs for construction, operation and maintenance activities on behalf of others to special work orders which accumulate the costs to be billed. As a result of these accounting procedures, the charges billed to non-AEP Parties are not reflected in AEP's transmission, operation, maintenance, or plant accounts.

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

Operation and Maintenance - Transmission Operation and Maintenance Expenses

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

Construction - Transmission Plant Costs

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

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<sup>1</sup> Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company, all of which are now doing business as AEP.

## All Activities - Administrative, General and Other Expenses

920 - Administrative and General Salaries  
408 - Taxes Other Than Income Taxes

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

### 1. Materials

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

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

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

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

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

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

### 2. Labor

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

which are developed by dividing fringe labor costs by earned payroll. The labor loading rates are reviewed monthly and adjusted, as needed, to clear fringe labor costs yearly.

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

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

### 3. Equipment

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

In symbolic format, equipment charges are calculated as follows:

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

### 4. Outside Services

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

### 5. Engineering and Administration

Engineering and administrative overhead loading rates are used to allocate engineering, supervision, and administrative overhead costs not assigned to specific project work orders. AEP uses separate loading rates for AEP Service Corporation engineering ( $SCE_{t\&d}$ ) and operating company construction overhead costs (CCO). A complete description of the costs recovered through the loading rates is provided in Note 1 to page 218 of each AEP Company's FERC Form-1 Report. A copy of that note is included as the last page in this Appendix G.

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

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

$$O = CCO + SCE_{t\&d}$$

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

## 6. Taxes

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

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

### Summary of Charges

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

$$O\&M = M + L + E + S + O + T$$

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

General Description of Construction overhead Procedure:

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

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

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

- (1) Identifiable costs, generally relating to major construction projects, for which timekeeping and other specific cost identification is economically feasible, and
- (2) Non-identifiable costs, generally relating to numerous small construction projects, for which timekeeping and other specific cost identification are not economically feasible.

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

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

(e) See (d) above.

(f) See (c) above.

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

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

(b) On basis of time and work studies.

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

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

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

(f) Shown on page 217.

1C. Company Construction Overheads in Administrative and General Departments

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

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

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

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

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

(f) See note (c) above

**Service Agreement for**  
**Interconnection and Local Delivery**  
**between**  
**American Electric Power Service Corporation**  
**and**  
**Blue Ridge Power Agency, Inc.**

August 1, 2018

**Interconnection and Local Delivery Service Agreement**

**This Agreement** is entered into this 1st day of February, 2005, by and between Blue Ridge Power Agency, (“Blue Ridge” or “Customer”), and American Electric Power Service Corporation, as Designated Agent for the AEP Operating Companies<sup>1</sup> (“AEP”), being sometimes herein referred to collectively as the “Parties” or singularly as a “Party”. In consideration of the mutual covenants and agreements herein, it is agreed as follows:

WITNESSETH:

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

WHEREAS, Blue Ridge is a Virginia non-profit corporation, acting as transmission agent on behalf of its participating members, the Cities of Bedford, Danville, Martinsville, and Salem, Virginia, Bristol Virginia Utilities and the Town of Richland, Virginia (hereinafter “Members”);

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

WHEREAS, the Parties wish to establish the terms and conditions of the local delivery services that AEP will provide to Customer in coordination with, but separate from, the transmission service that will be provided by the PJM RTO;

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

**Article 1. Applicable Tariffs**

**1.1 Applicability of Tariffs:** During the term of this Agreement, as it may be amended from time to time, AEP agrees to provide Interconnection and Local Delivery Services for the Customer, and the Customer agrees to pay for such services the charges identified in Attachment 1 hereto and such other charges as shall be applicable hereunder, in accordance with this Agreement, the applicable provisions of the Open Access Transmission Tariff of the AEP System (“AEP Tariff”), and, as to certain provisions referenced herein, the Open Access Transmission Tariff of the PJM RTO (“PJM Tariff”), as each tariff shall at any time during the term of this Agreement be on-file and accepted by the Federal Energy Regulatory Commission (“Commission”), including any applicable Schedules and Attachments appended to such tariffs.

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

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

## Article 2. Delivery Points

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

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

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

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

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

**2.2.2 System Impact Study (SIS):** Unless otherwise mutually agreed, AEP shall respond within fifteen (15) business days of receipt of such a request and provide a System Impact Study Agreement and a list of any additional information that AEP would require from the Customer to proceed with such study. The study agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit at least equal to one half the expected study cost. Upon receipt of the executed study agreement, study data and the required deposit, AEP shall carry out the



SIS. In the SIS, AEP shall assess the feasibility of modifying an existing Delivery Point or establishing the new Delivery Point using power flow and short circuit analyses and any other analyses that may be appropriate.

If the Customer fails to return an executed SIS Agreement within fifteen (15) business days of receipt, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

Upon completion of the SIS, the Customer shall reimburse AEP for the unpaid cost of the SIS if the cost of the study exceeds the deposit. AEP shall refund the Customer, with interest, any portion of the deposit that exceeds the cost of the SIS. Or, at the written request of the Customer, AEP shall apply the remaining balance to the Facilities Study.

**2.2.3 Facilities Study (FS):** Following the completion of the SIS, AEP shall provide to the Customer a Facilities Study (FS) Agreement. The Facilities Study Agreement shall provide that the Customer shall compensate AEP for the actual cost of the Facilities Study. The Customer shall execute the Facilities Study Agreement and deliver the executed Facilities Study Agreement to AEP within fifteen (15) business days following its receipt, together with the required technical data and deposit in an amount equal to half of the estimated cost of the FS. The FS shall determine the details and estimated cost of facilities necessary for establishing the requested Delivery Point and any system additions/upgrades needed to address any problems identified in the SIS. AEP shall complete the study and issue a Facilities Study report to the Customer within ninety (90) calendar days after receipt of an executed Facilities Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

If the Customer fails to return an executed FS Agreement within fifteen (15) business days of receipt, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

**2.2.4 Expedited System Study:** If AEP determines that minimum efforts are needed to carry out the requested Delivery Point modifications/additions, AEP shall, upon request by the Customer, offer a single agreement covering the System Impact Study and Facilities Study, the "System Study Agreement." The Study Agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit at least equal to one half the expected study cost.

If the Customer fails to return an executed System Study Agreement within fifteen (15) business days of receipt, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

**2.2.5 Modifications to Study Request:** During the course of a System Impact Study, Facilities Study, or System Study, either the Customer or AEP may identify desirable changes in the planned

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

**2.3 Engineering, Design and Construction of New Facilities:** If, pursuant to a request by the Customer, AEP is asked to provide engineering, design and construction of facilities described in the final study report, a facilities agreement (“Facilities Agreement”) shall be signed by the Customer and AEP specifying the terms and conditions. Following the signing of the Facilities Agreement, the receipt of any outstanding technical information, deposit or instrument or showing that Customer meets the financial creditworthiness requirements of the AEP Tariff, Section 11 (“Creditworthiness”), AEP will proceed with the engineering, design and procurement activities to construct, reconfigure, upgrade, replace or retire such local delivery or other facilities.

**2.4 Cost Recovery Protection:** The coordinated transmission plan of the Transmission Provider and the Customer shall be predicated upon the plans of the respective Parties as to their planned use of the Transmission System, including the Customer's planned use of external and internal generating capacity. If the Customer alters the planned level of its use of the Transmission System so as to reduce its AEP's transmission service payments to Company revenue, the Customer shall compensate AEP for the unrecovered cost of any facilities exclusively constructed during the term of the Service Agreement to accommodate service that would be reduced as a result of the change in the Customer's capacity and/or operating plan, less the net present value of incremental transmission revenue, if any, that AEP would expect to derive from transmission service to other customers by using the transmission capacity freed up by the Customer's change in plans.

**2.5 In-Line Facilities:** AEP shall have the sole right to operate, maintain, and at its option, to own any facilities that are required to be installed in-line with AEP's facilities and that may affect the continuity and reliability of AEP facilities that provide or protect service to other customers.

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

### **Article 3. Local Delivery Services**

**3.1 Measurement of Load At Each Delivery Point:** The Customer's load, kW, kWh and kVAr at each Delivery Point shall be measured at least on an hourly integrated basis, by suitable revenue grade metering equipment (“standard metering”). The measurements taken and required metering equipment shall be as needed for all settlement purposes, and in accordance with the AEP standards and practices as contained in the Connection Guide. At points where power may flow to and from the Customer, separate measurements shall be obtained for each direction of flow. Any necessary metered data shall be made available with such frequency and at such times as may be required by AEP in suitable electronic format. If AEP or Blue Ridge requires real-time load or facility status information from any Delivery Point, the other Party shall cooperate, to the extent necessary, in order that such monitoring and telecommunications equipment, as shall be needed for such purpose may be installed and maintained during normal business hours common to AEP and Blue Ridge. AEP shall provide to Blue Ridge, on a monthly basis as soon as practicable after the end of the prior month, the hourly kW and kVAr load data and behind-the-meter generation data. Such data shall be supplied in Microsoft Excel format and by e-mail. Blue Ridge shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.

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

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

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

The maximum hourly reactive power (kVAr) demand, both leading and lagging will be measured each month at each Delivery Point. When multiple Delivery Points are operated as closed loops, the real and reactive power measurements will be combined for the purpose of this provision. Customer will incur no charges for power factor if the maximum leading and lagging kVAr demand at each Delivery Point is managed, so as not to exceed 20% of the real power (kW) demand in the same hourly intervals. Charges will be assessed for leading and/or lagging kVAr demand at each Delivery Point if the maximum hourly value of such demand exceeds 20% of the kW demand in the same interval. The charges will be \$0.30/kVAr for all leading and/or lagging kVAr demand in excess of 20% of the corresponding kW demand, provided; however, that when the kVAr demand exceeds 50% of the kW demand, the charge will be \$0.50/kVAr, for all kVAr, leading and/or lagging, in excess of 20% of the corresponding kW demand.

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

**3.5 Maintenance of Local Delivery Point Facilities:** If AEP provides operation and maintenance (O&M) services for any Delivery Point and/or distribution facilities owned by the Customer pursuant to the Operation & Maintenance and Repair document, attached herewith as Attachment 3, the Customer shall reimburse AEP for such O&M services calculated pursuant to the AEP Formula Rate for Facility,

Construction, Operation, and Maintenance charges, attached herewith as Attachment 4. Payments for O&M services shall be made pursuant to Section 5.1.

**3.6 Operational Access and Control:** Unless otherwise specifically agreed, AEP shall have the sole right to enter upon, test, operate and control the facilities covered by this Agreement that are owned by AEP. The right to test, operate and control said facilities includes but is not limited to the power to direct the opening and closing of switches for construction, operation, testing, maintenance and other relevant purposes.

All meters and test switches, whether provided by AEP or Blue Ridge acting through its Members shall be sealed and the seals shall be broken only when the meters are to be tested, adjusted or replaced. The other Party shall be provided as much advance notice as is practicable in the circumstances when the facilities of that Party are to be entered or the seals of any meter are to be broken, and such Party shall be afforded the opportunity to be present during such test, adjustment, repair, replacement.

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

**3.7.1 Principal Duties:** The principal duties of the Administrative Committee shall be as follows:

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

**3.7.2 Administrative Committee Meetings:** The Administrative Committee shall meet or otherwise conference, at least once each calendar year, or at the request of either Party upon reasonable notice, and each Party may place items on the meeting agenda. All proceedings of the Administrative Committee shall be conducted by its members taking into account the exercise of Good Utility Practice. If the Administrative Committee is unable to agree on any matter coming under its jurisdiction, that matter shall be resolved pursuant to section 12.0 of the AEP Tariff, or otherwise, as mutually agreed by Customer and Company.

## **Article 4. Customer's Load, Capacity and Other Obligations to the RTO**

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

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

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

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

**4.4 Behind the Meter Generation:** AEP shall cooperate with PJM and parties operating generators connected behind load metering, such that PJM will receive such generator output meter information as it is required, for the following two categories of generators operating behind the meter within the AEP Zone:

**4.4.1 Generators that do not participate in the PJM Markets:** The generating party shall provide, each month by the 5<sup>th</sup> working day after the end of the month, a data file containing the hourly unit or plant kWh output. Alternatively, Customer may provide AEP access to the meter to download the generator output meter data using dial-up remote interrogation.

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

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

**4.5 Post Settlement of PJM Inadvertent Energy Allocation:** PJM will dispatch generators for supplying inadvertent energy payback to the Eastern Interconnection and recover such costs from the PJM region-wide load. The summation of hourly inadvertent energy (total monthly) charges assigned by PJM to the AEP control zone each month will be allocated to each LSE in the AEP control zone in proportion to the LSE’s NSPL or by such other method as the FERC approves.

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

## Article 5. General

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

AEP shall invoice the Customer and the Customer shall reimburse AEP for its costs associated with any facility construction, operation and maintenance or, repair provided under this Agreement in accordance with the AEP Tariff, Section 7 (“Billing and Payment”). Any disputes as to such invoices shall be resolved pursuant to the provisions of Section 12 (Dispute Resolution Procedures”) of the AEP Tariff.

**5.2 Taxes on Contributions in Aid of Construction:** When the Customer funds the construction of AEP-owned facilities pursuant to a contribution in-aid of construction (“CIAC”), the Customer also shall reimburse AEP for the tax effect of such CIAC (a “Tax Effect Recovery Factor” or “TERF”), where such payment is considered taxable income and subject to income tax under the Internal Revenue Service (IRS) and/or a state department of revenue (State) requirements. The TERF shall be computed consistent with the methodology set forth in Ozark Gas Transmission Corp., 56 F.E.R.C ¶ 61,349 as reflected in the following formula:  $TERF = (Current\ Tax\ Rate \times (Gross\ Income\ Amount - Present\ Value\ of\ Tax\ Depreciation)) / (1 - Current\ Tax\ Rate)$ . The Present Value Depreciation Amount shall be computed by discounting AEP’s anticipated tax depreciation deductions with respect to the constructed property by AEP’s current weighted average cost of capital. If, based on current law, AEP determines such contribution by the Customer shall not

be taxable, AEP will not charge a TERF; however, in the event that such contribution is later determined by the IRS or state tax authority to be taxable, the Customer shall reimburse AEP, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within 30 days of the date upon which AEP notifies the Customer of such determination.

**5.3 Indemnity:** To the extent permitted by law, each Party shall indemnify and save harmless the other Party from and against any loss, liability, cost, expenses, suits, actions, claims, and all other obligations arising out of injuries or death to persons or damage to property caused by or in any way attributable to the Delivery Point(s) and/or distribution facilities covered by this Agreement, except that a Party's obligation to indemnify the other Party shall not apply to any liabilities arising solely from the other Party's negligence, recklessness or intentional misconduct or that portion of any liabilities that arise out of the other Party's contributing negligent, reckless or intentional acts or omissions. Further, to the extent that a Party's immunity as a complying employer, under the worker's compensation and occupational disease laws of Ohio, might serve to bar or affect recovery under or enforcement of the indemnification otherwise granted herein, each Party agrees to waive such immunity. As respects this subsection only, the term "Party" shall include the Party's directors, officers, employees, and agents.

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

- (a) AEP and Blue Ridge each shall have caused this Agreement to be executed by their duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof or Blue Ridge requested AEP to file an unexecuted service agreement.
- (b) This Agreement has been accepted for filing and made effective by order of the Commission under the Federal Power Act, in which case the effective date of this Agreement shall be as specified in the said Commission order. However, if the Commission or any reviewing court, in such order or in any separate order, suspends this Agreement or any part thereof, institutes an investigation or proceeding under the provisions of the Federal Power Act with respect to the justness and reasonableness of the provisions of this Agreement or any other agreement referred to or contemplated by this Agreement, or imposes any conditions, limitations or qualifications under any of the provisions of the Federal Power Act which individually or in the aggregate are determined by AEP or Blue Ridge to be adverse to it, then AEP and Blue Ridge shall promptly renegotiate the terms of this Agreement in light of such Commission or court action. Each Party shall use its best efforts to take or cause to be taken all action requisite to the end that this Agreement shall become effective as provided herein at the earliest practicable date.

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

**5.6 Assignment:** It is mutually understood and agreed that this Agreement contains the entire understanding between the Parties, that there are no oral, written, implied or other understandings or agreements with respect to the work covered hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, as well as their respective successors and/or assigns. However, neither Party shall assign, transfer or sublet any of the rights hereby granted without the prior written consent of the other Party.

## Article 6. Notices

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

If to the AEP:

American Electric Power Service Corporation  
Attn: Robert Pennybaker  
Director, System Interconnections  
212 E. 6th Street – 1st Floor  
Tulsa, OK 74119

If to Blue Ridge:

Blue Ridge Power Agency, Inc.  
General Manager,  
PO Box 2310  
Salem, Virginia, 24153

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

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



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

Blue Ridge Power Agency

By: /s/ Duane S. Dahlquist  
Duane S. Dahlquist

Title: General Manager

Date: 2/18/05

American Electric Power Service Corp.

By: /s/ Dennis W. Bethel  
Dennis W. Bethel

Title: Director, Transmission and Interconnection Services

Date: 2/7/05

**Specification of Charges For Meters and Local Distribution Facilities  
Interconnection and Local Delivery Service Agreement (ILDSA)  
For Blue Ridge Power Agency, Inc**

METER/DELIVERY POINT						METERS AND LOCAL DISTRIBUTION FACILITIES COSTS & MONTHLY CHARGES										
City/Town <sup>5</sup>	Station <sup>6</sup>	Delivery Voltage <sup>6</sup>	Losses <sup>11</sup>	Metered Voltage <sup>6</sup>	Losses	Comp Method	Installed Cost	Monthly Charge <sup>7</sup>	Monthly		Data Proc Services <sup>10</sup>	Meter Reading Charges <sup>12</sup>	Monthly Charges Prior to Changes	New Net Monthly Charges	Changes Since Last FERC Filing? (Y/N)	
									CIAC	Net Monthly Charges						
		(kV)		(kV)			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
Bedford <sup>3</sup>	Centerville <sup>19</sup>	69	T	69		None	61,473	990		0	990	25	41	425	1,056	Y
	Moseley <sup>21</sup>	69	T	69		None	40,493	652		0	652	25	41	399	718	Y
	Moseley <sup>21</sup>	13.8	DL	13.8		None	<u>29,726</u>	<u>479</u>	<u>15,386</u>	<u>154</u>	<u>325</u>	<u>25</u>	<u>41</u>	<u>284</u>	<u>391</u>	Y
<b>Bedford</b>	<b>Sub-Total</b>						\$131,692	\$2,120	\$15,386	\$154	\$1,966	\$75	\$123	\$1,108	<b>\$2,165</b>	
Danville <sup>1</sup>	Danville	138	T	138		None	73,343	1,181	51,551	516	665	25	41	1,058	731	Y
	E. Monument	138	T	138		None	84,386	1,359	84,386	844	515	25	41	982	581	Y
	Rock Spings <sup>22</sup>	139	T	139		None	<u>80,000</u>	<u>1,288</u>	<u>80,000</u>	<u>800</u>	<u>488</u>	<u>25</u>	<u>41</u>	<u>0</u>	<u>554</u>	Y
<b>Danville</b>	<b>Sub-Total</b>						\$237,729	\$3,827	\$215,937	\$2,159	\$1,668	\$75	\$123	\$2,040	\$1,866	
Mantinsville <sup>2</sup>	Morris Novelty	34.5	T	34.5		None	8,560	138	0	0	138	25	41	236	<b>204</b>	Y
Richlands <sup>4</sup>	Richlands S.S.	69	T	69		None	18,688	301	0	0	301	25	41	437	<b>367</b>	Y
Salem	Catawba	69	T	69		None	49,211	792	43,549	435	357	25	41	651	423	Y
	Electric Road <sup>9</sup>	69	T	69		None	24,201	390	6,028	60	329	25	41	492	395	Y
	Hancock	69	T	69		None	<u>53,500</u>	<u>861</u>	<u>39,926</u>	<u>399</u>	<u>462</u>	<u>25</u>	<u>41</u>	<u>769</u>	<u>528</u>	Y
<b>Salem</b>	<b>Sub-Total</b>						\$126,912	\$2,043	\$89,503	\$895	\$1,148	\$75	\$123	\$1,912	<b>\$1,346</b>	
Craig-Botetourt <sup>13</sup>	Meadow Creek	34.5	T	34.5		None	8,602	138	0	0	138	25	41	237	204	Y
	Stone Coal Gap	34.5	T	34.5		None	19,176	309	0	0	309	25	41	447	375	Y
	Ironto <sup>23</sup>	<u>69</u>	<u>T</u>	<u>69</u>		<u>None</u>	<u>135,000</u>	<u>2,174</u>	<u>135,000</u>	<u>1,350</u>	<u>824</u>	<u>25</u>	<u>41</u>	<u>0</u>	<u>890</u>	<u>Y</u>
<b>C-Botetourt</b>	<b>Sub-Total</b>						\$162,778	\$2,621	\$135,000	\$1,350	\$1,271	\$75	\$123	\$684	\$1,469	
City of Radford <sup>15</sup>	Radford <sup>4</sup>	34.5	T	34.5		None	23,500	378	0	0	378	25	41	532	444	Y
	Ingles	34.5	T	34.5		None	40,610	654	40,610	406	248	25	41	507	314	Y
	Hazel Hollow <sup>14</sup>	138	T	34.5		None	<u>42,900</u>	<u>691</u>	<u>0</u>	<u>0</u>	<u>691</u>	<u>25</u>	<u>0</u>	<u>877</u>	<u>716</u>	Y
<b>City of Radford<sup>15</sup></b>	<b>Sub-Total</b>						\$107,010	\$1,723	\$40,610	\$406	\$1,317	\$75	\$82	\$1,916	<b>\$1,474</b>	

CVEC	Colleen <sup>20</sup>	138	T	25	None	28,619	461	28,619	286	175	25	0	241	200	Y
	Gladstone	46	T	46	None	10,119	163	0	0	163	25	41	231	229	Y
	Piney River	46	T	46	None	9,854	159	0	0	159	25	41	226	225	Y
	Red Hill*	12.5	DL	12.5	None	9,751	157	0	0	157	25	41	225	223	Y
	Schuyler	46	T	12.5	None	7,306	118	0	0	118	25	0	144	143	Y
	Scottsville	46	T	46	None	20,472	330	0	0	330	25	41	399	396	Y
	Stonewall	69	T	12.5	None	<u>28,189</u>	<u>454</u>	<u>28,527</u>	<u>285</u>	<u>169</u>	<u>25</u>	<u>41</u>	<u>221</u>	<u>235</u>	Y
<b>CVEC<sup>20</sup></b>	<b>Sub-Total</b>					\$114,309	\$1,840	\$57,146	\$571	\$1,269	\$175	\$205	\$1,687	\$1,651	

Plus: Charges for CVEC Distribution Services (DS) at Red Hill Station: DS = Monthly Max Demand (kW) @ \$0.48/kW per Month

**CVEC Total Monthly Charges After Adding DS**

**Charges at Red Hill Station<sup>16</sup>**

**CVEC Total Monthly Charges After Removing AEP Phone**

**Line at Colleen Station<sup>20</sup>**

**Total Monthly Charges**

**Without VT as of**

**07/01/07**

						\$1,322,345	\$21,289	\$968,249	\$9,682	\$11,607	\$650	\$984	\$14,637	\$12,818	Plus DS
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+	<b>DS</b>	N
=	<b>\$1,692+D</b>	
	<b>S</b>	
=	<b>\$1,651+D</b>	
	<b>S</b>	

<b>Blue Ridge</b>	Blacksburg Station <sup>18</sup> - TR #1	69	T	12.5	None	2,917	47	0	0	47	25	41		113	Y
	Blacksburg Station <sup>18</sup> - TR #2	69	T	12.5	None	3,922	63	0	0	63	25	0		88	Y
	Blacksburg Station <sup>18</sup> - TR #3	69	T	12.5	None	35,072	565	35,072	351	214	25	0		239	Y
	Blacksburg Station <sup>18</sup> - TR #4	69	T	12.5	None	35,072	565	35,072	351	214	25	0		239	Y
	Lane Station - TR #1	69	T	12.5	None	5,552	89	0	0	89	25	41		155	Y
	Lane Station - TR #2	69	T	12.5	None	<u>5,552</u>	<u>89</u>	<u>0</u>	<u>0</u>	<u>89</u>	<u>25</u>	<u>0</u>		<u>114</u>	Y
<b>VT<sup>17</sup></b>	<b>Sub-Total as of 07/01/07</b>					\$88,086	\$1,418	\$70,143	\$701	\$717	\$150	\$82		<b>\$948</b>	

<b>Blue Ridge</b>	<b>Total Monthly Charges With VT as of 07/01/07</b>					\$1,125,562	\$18,122	\$823,392	\$8,234	\$9,888	\$750	\$984		\$11,623	Plus DS
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<b>Blue Ridge</b>	<b>Total Monthly Charges Without Wolf Hills and N. Bristol delivery points as of 01/01/08</b>					\$710,895	\$11,446	\$408,725	\$4,087	\$7,359	\$700	\$902		\$8,962	Plus DS
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<b>Blue Ridge</b>	<b>Total Monthly Charges With PT addition at Centerville</b>					\$995,764	\$16,031	\$623,725	\$6,237	\$9,795	\$750	\$984		\$11,105	Plus DS
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Delivery Point as of 02/01/08

Blue Ridge	<b>Total Monthly Charges With Meter Reading Charge Removal at Colleen Delivery Point as of 09/01/08</b>	\$1,003,157	\$16,151	\$622,140	\$6,221	\$9,930	\$750	\$943	\$11,064	Plus DS
Blue Ridge	<b>Total Monthly Charges With PT additions at Moseley Delivery Point as of 08/01/08</b>	\$995,764	\$16,032	\$623,725	\$6,237	\$9,795	\$750	\$943	\$10,936	Plus DS
Blue Ridge	<b>Total Monthly Charges With new Ironto Delivery Point: (to commence the month following in-service date)</b>	\$1,130,764	\$18,205	\$758,725	\$7,587	\$10,618	\$775	\$984	\$11,490	Plus DS

**Notes:**

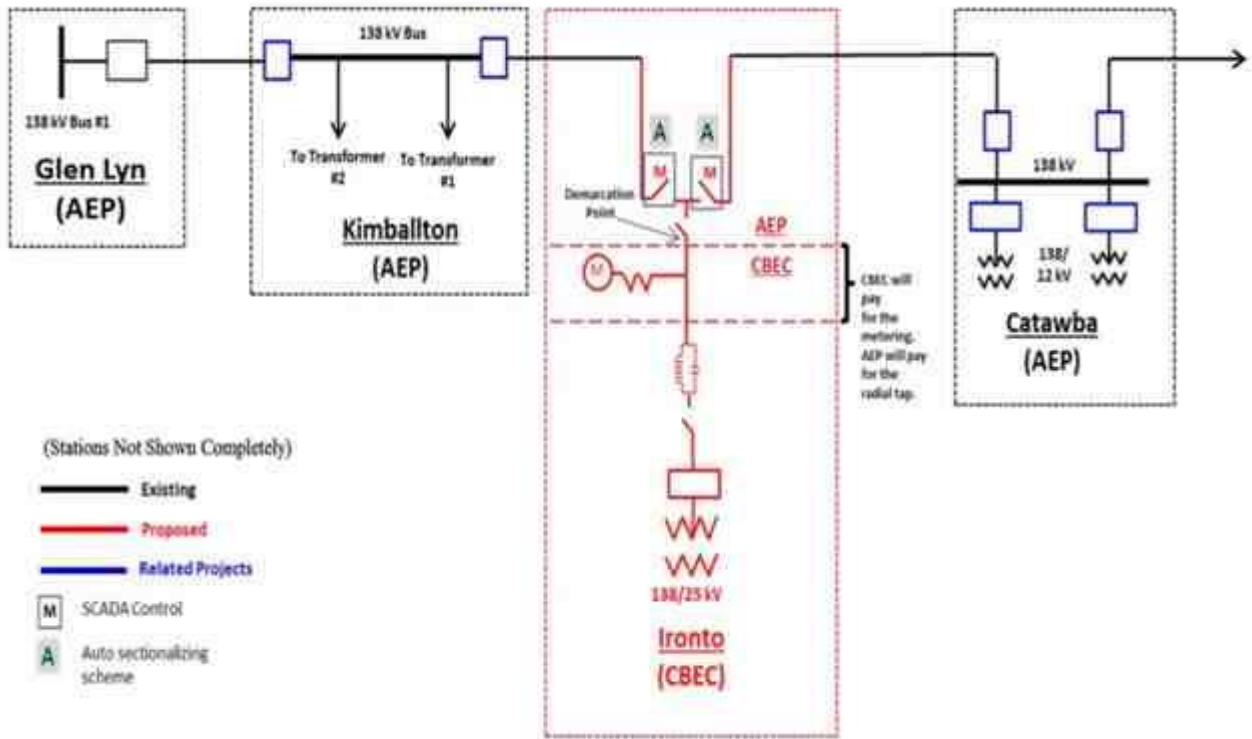
- 1 - Danville owns 12.0 MW of behind-the-meter generation (BMG), metered at Danville's West Fork Sta.at 69 kV. City owns an additional 6.0 MW BMG consisting of 3-2 MW diesel units operational July 2005.
- 2 - Martinsville owns up to 1.3 MW of BMG at Smith River Hydro, metered at 4.16 kV and compensated to 12.5 kV by subtracting line and transformer losses estimated at 0.0115 MW2.
- 3 - Bedford owns up to 5.0 MW of BMG at Snowden Hydro, metered at 23kV and compensated to Penn Turpin Station by subtracting line losses estimated at 0.0031 MW2. In addition Bedford runs a 2.0 MW BMG diesel unit operational July 2005.
- 4 - The City of Richlands owns 1.2 MW of BMG, September 2005. The City of Radford owns a 1.0 MW BMG at their Little River Dam metered at 4.16 kV at the Radford Sta.
- 5 - Cities provide meters for BMG stations, with measurement made at, or compensated to, the point where the output is available to serve load.
- 6 - All Measurements at the delivery points are made at the delivery Voltages. Hancock Station has two sets of meters, which are totalized as one, at the station.
- 7 - Monthly Charges for meters provided by Company are based on a levelized annual carrying charge rate of 19.32%, including cost of capital, taxes, O&M, A&G and Depreciation.
- 8 - CIAC (contribution in aid of construction) credits based on annual capital and depreciation cost of 12.00%.
- 9 - While relocating the Electric Rd. Station's 69 kV metering at City of Salem request, AEP upgraded the metering to 3 element by adding a 3rd 69 kV potential transformer (PT). The above metering cost includes the cost of the new PT estimated at \$6,028. Salem paid for the relocation work and the metering upgrade. A CIAC credit was given for the cost on the new PT.
- 10 - AEP provides Blue Ridge detailed monthly billing meter data for a fee of \$25 per month per Delivery Point.
- 11 - Losses: T = Transmission and delivery losses per Tariff (presently set at 3.3% or 1.0341). DL = Distribution Primary (Station Transformer and line losses) for APCo's Virginia region it is set at 5.3% or 1.0560.
- 12 - AEP charges \$41/month/Delivery Points to BRPA at those Delivery Points where AEP installed phone lines to remotely read the meter using MV-90.
- 13 - Monthly charges for CBEC Delivery Points meter and distribution charges, are based on 1985 equipment, labor and overhead costs and effective March 2005.
- 14 - Hazel Hollow, owned by the City of Radford, is metered at the City's Ingles Street Station, compensated to the delivery point by adding estimated losses of 0.029+0.000052 MW2.
- 15 - New Delivery Points added to the original list of BRPA Delivery Points to be part of the BRPA ILDSA.
- 16 - Charges for distribution station and line services for CVEC at the AEP Red Hill 12 kV station are to be calculated each month by multiplying the station's monthly non-coincident peak demand (kW) by \$0.48/kW, the result to be added to the CVEC local facilities charges of \$1,692 per month. CVEC's Monthly Charges are shown as a separate total because they are paid by their power supplier.
- 17 - Virginia Tech (VT) Delivery Points added to the list of BRPA Delivery Points to be part of the BRPA ILDSA. The high voltage side of the Blacksburg and Lane delivery points, and the metering at these delivery points are owned, operated and maintained by AEP. VT has generation behind the meter at the Blacksburg delivery point.
- 18 - AEP and VT have entered into an O&M agreement dated June 27, 2005, in FERC Docket No. ER05-1495-000 for the O&M of the in-line facilities at the VT Blacksburg Station.
- 19 - The actual cost of the 69 kV PT addition at Centerville is \$43,388.
- 20 - Monthly meter reading charge of \$41 removed since AEP no longer owns the phone line at the Colleen delivery point.
- 21 - The actual cost of the 69 kV and 13.8 kV PT additions at the Moseley delivery point are \$19,834 and \$6,647, respectively.
- 22 - New Rock Springs Delivery Point added to the list of BRPA Delivery Points to be part of the BRPA ILDSA.
- 23 - **New Ironto Delivery Point added to the list of BRPA Delivery Points to be part of the BRPA ILDSA.**

*One-line Diagrams of Delivery Points*

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

# One-Line Diagram of Ironto Station



## **Facilities, Operation, Maintenance and Repair Services**

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

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

1. This Operation & Maintenance and Repair Agreement shall cover the delivery and/or switching facilities currently listed on Exhibit A, attached hereto and made a part hereof, and any other delivery and/or switching facilities that are brought hereunder in accordance with the procedure hereinafter provided.
2. Subject to the terms and conditions contained herein, AEP agrees to test, maintain and repair the facilities in Exhibit A so as to assure the satisfactory and reliable operation of said facilities, all in accordance with good industry standards and practice. AEP further agrees to perform any additional testing, maintenance, repairs and/or replacements requested from time to time by Blue Ridge or Blue Ridge acting through its Members.
3. AEP agrees to furnish all supervision, labor, tools conveyances and equipment necessary for carrying out the work covered for facilities described in Exhibit A and further agrees to furnish all materials required to do the work except those materials that Blue Ridge or Blue Ridge acting through its Members feels are in its best interests to furnish.
4. All work shall be performed during the standard 40-hour work week, but, in the event that operating or emergency conditions warrant, overtime work can be authorized either in writing or verbally (in the case of emergency work) by Customer’s representative.
5. AEP will render invoices to Customer, on forms acceptable, at suitable intervals to be mutually agreed upon by the parties.
6. Customer agrees to promptly pay AEP the actual costs of any and all testing, maintenance, repairs and/or replacements performed pursuant to the terms and conditions of this Services Agreement, including the costs associated with labor, materials, equipment, overheads, taxes and other services incurred by AEP in performing the work, when presented with satisfactory evidence of the cost of such work.
7. The facilities covered in this Agreement may be extended or otherwise modified by attaching one or more numbered supplemental Facility Requests (attached herewith as Pro-forma Exhibit A), which show the additional facilities or changed equipment to be thereafter covered by this Contract. Such supplements shall be effective as of the date of final execution thereof and shall be attached to all executed copies of this Agreement.

**Pro-forma Exhibit A**

**FACILITY REQUEST(S)**

No. \_\_\_\_\_

Date \_\_\_\_\_

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

<u>Circuit</u>	<u>Facility(s)</u>	<u>Delivery Point</u>	<u>Location</u>	<u>Agreement Date</u>

BLUE RIDGE understands and agrees that said facilities are to be constructed, installed, owned, operated, tested and/or maintained in the manner and under the conditions set forth in the attached agreement, which was entered into by BLUE RIDGE and AEP on \_\_\_\_\_, 2005.



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

BLUE RIDGE POWER AGENCY

By: \_\_\_\_\_

Title: General Manager

Date: \_\_\_\_\_

AMERICAN ELECTRIC POWER SERVICE CORPORATION  
As Agent for the AEP Operating Companies

By: \_\_\_\_\_

Title: Director, Transmission and Interconnection Services

Date: \_\_\_\_\_

**AMERICAN ELECTRIC POWER**  
**FORMULA RATE FOR FACILITY CONSTRUCTION**  
**OPERATION AND MAINTENANCE**

General

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

AEP charges its costs for construction, operation and maintenance activities on behalf of others to special work orders which accumulate the costs to be billed. As a result of these accounting procedures, the charges billed to non-AEP Parties are not reflected in AEP's transmission, operation, maintenance, or plant accounts.

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

Operation and Maintenance - Transmission Operation and Maintenance Expenses

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

Construction - Transmission Plant Costs

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

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<sup>1</sup> Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company, all of which are now doing business as AEP.

## All Activities - Administrative, General and Other Expenses

920 - Administrative and General Salaries

408 - Taxes Other Than Income Taxes

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

### 1. Materials

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

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

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

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

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

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

### 2. Labor

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

which are developed by dividing fringe labor costs by earned payroll. The labor loading rates are reviewed monthly and adjusted, as needed, to clear fringe labor costs yearly.

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

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

### 3. Equipment

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

In symbolic format, equipment charges are calculated as follows:

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

### 4. Outside Services

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

### 5. Engineering and Administration

Engineering and administrative overhead loading rates are used to allocate engineering, supervision, and administrative overhead costs not assigned to specific project work orders. AEP uses separate loading rates for AEP Service Corporation engineering ( $SCE_{t\&d}$ ) and operating company construction overhead costs (CCO). A complete description of the costs recovered through the loading rates is provided in Note 1 to page 218 of each AEP Company's FERC Form-1 Report. A copy of that note is included as the last page in this Appendix G.

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

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

$$O = CCO + SCE_{t\&d}$$

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

## 6. Taxes

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

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

### Summary of Charges

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

$$O\&M = M + L + E + S + O + T$$

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

General Description of Construction overhead Procedure:

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

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

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

- (1) Identifiable costs, generally relating to major construction projects, for which timekeeping and other specific cost identification is economically feasible, and
- (2) Non-identifiable costs, generally relating to numerous small construction projects, for which timekeeping and other specific cost identification are not economically feasible.

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

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

(e) See (d) above.

(f) See (c) above.

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

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

(b) On basis of time and work studies.

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

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

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

(f) Shown on page 217.

1C. Company Construction Overheads in Administrative and General Departments

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

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

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

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

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

(f) See note (c) above

## **Ironto Delivery Point Facilities Agreement**

**This Agreement** is entered into this 1<sup>st</sup> day of August, 2018, by and between Appalachian Power Company, a wholly-owned subsidiary of American Electric Power Company, Inc. (“AEP”); Craig-Botetourt Electric Cooperative, a Virginia not-for-profit corporation (“CBEC”); and Blue Ridge Power Agency, Inc., a Virginia not-for-profit corporation (“BRPA”); being sometimes herein referred to collectively as the “Parties” or singularly as a “Party”.

### **WITNESSETH:**

WHEREAS, the purpose of this Facilities Agreement is to provide for the performance of certain engineering, design, equipment procurement and construction activities by AEP and CBEC, and the payment by CBEC for certain of such activities performed by AEP, related to the establishment of a new 138 kV delivery point to be referred to as the “**Ironto Delivery Point**” in this Facilities Agreement and that certain Interconnection and Local Delivery Service Agreement between AEP and BRPA (“ILDSA”). This new delivery point will be located near Bradshaw Road in Montgomery County, Virginia, approximately two spans from AEP’s existing structure 42-135 on AEP’s 138 kV Kimballton-Catawba transmission circuit.

WHEREAS, CBEC owns distribution facilities in Virginia and is engaged in the distribution and sale of electric power and energy in Virginia.

WHEREAS, the Ironto Delivery Point will be served via looped service from AEP’s Kimballton-Catawba 138 kV transmission circuit (“AEP Transmission Circuit”) in Montgomery County, Virginia.

WHEREAS, CBEC’s Ironto 138 kV substation, to be located at 3001 Bradshaw Road, Elliston, Virginia (“CBEC Substation”), is to be served by the Ironto Delivery Point.

WHEREAS, BRPA currently takes network integration transmission service under the PJM Open Access Transmission Tariff (“PJM Tariff”) for CBEC’s existing delivery points.

WHEREAS, in conjunction with BRPA’s taking of PJM network integration transmission service, BRPA and AEP are parties to the ILDSA.

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

1. AEP shall, at its expense, estimated to be \$2,600,000, procure, install, own, operate, and maintain a) approximately two (2) spans of 138 kV looped service from the AEP Transmission Circuit, b) two (2) in-line motor operated air break switches and c) 138 kV line extension to the CBEC Substation.
2. AEP shall procure, install at the CBEC Substation, own, operate, and maintain (a) three (3) 138 kV current transformer/potential transformers combination units (“CT/PT Combo Units”), (b) metering structure, (c) foundations, (d) surge arrestor, and (e) jumpers, of which

AEP's installed cost is estimated to be \$135,000. The actual installed cost of such equipment will be recovered by AEP from CBEC in accordance with Exhibit 2 of this Facilities Agreement. AEP shall procure, install, own, operate, and maintain one (1) 138 kV radial disconnect switch located towards the CBEC Substation ("Radial Switch"). AEP will bear the financial responsibility for the radial switch.

3. CBEC shall, at its own cost, provide AEP with any easements and/or property necessary for the construction and maintenance of AEP Delivery Point Facilities; specifically, CBEC shall grant an easement and right of way to accommodate AEP Delivery Point Facilities. CBEC will also be responsible for any site preparation or grading work required for the new AEP Delivery Point Facilities.
4. CBEC under no circumstances shall be responsible for the repayment or reimbursement to AEP for the through path upgrades estimated to be \$2,600,000 in any manner including, but not limited to, the net cost of its transmission facilities in its transmission rates generally available under the PJM Tariff or its successor tariff.
5. CBEC will be responsible for obtaining any zoning approvals from Montgomery County for AEP's proposed work as a part of the CBEC Substation approval. This includes Special Use Permits and local Comprehensive Plan Conformance review to satisfy Va. Code § 15.2-2232. AEP will provide the required details describing its proposed facilities for the application.
6. CBEC shall, at its expense, procure, install, own, operate, and maintain a) one (1) 138 kV circuit switcher, b) one (1) 138/25 kV transformer, c) substation grounding, d) station fence, e) wave trap, f) protective relays, and g) substation space at the CBEC Substation for AEP's CT/PT Combo Units, metering structure, foundations, surge arrester, jumpers, billing meter, meter socket, and junction box. CBEC shall provide AEP with access to such AEP equipment at the CBEC Substation.
7. AEP shall (a) procure, install, own, operate, and maintain the billing meter, meter socket, and junction box (together "Meter"); (b) make all secondary connections for the Meter; and (c) commission and test the Meter. The installed costs of items (a) through (c) of this paragraph are together estimated to be \$25,000. The actual installed cost of the Meter will be recovered by AEP from CBEC in accordance with Exhibit 2 of this Facilities Agreement.
8. AEP and CBEC will work together so that each Party meets its own compliance with any applicable North American Electric Reliability Corporation ("NERC") or ReliabilityFirst Corporation Reliability Standards. This coordination shall include, but not be limited to, coordination of periodic maintenance, testing, and documentation of protective equipment, as well as for the in-service commissioning thereof, in a timely fashion. This coordination may require AEP access to the CBEC Substation and/or actions to be carried out by CBEC at AEP's direction as contemplated in the Operational Access and Control provisions in the ILDSA. Nothing in this Facilities Agreement shall be construed to expand or modify each Party's individual responsibility for its own compliance with NERC Reliability Standards, nor to make any Party in any way responsible for another Party's compliance.



9. AEP will incorporate the Ironto Delivery Point into the ILDSA, which will be filed by PJM, on behalf of AEP, under the PJM Service Agreements Tariff as the Eleventh Revised Service Agreement No. 1252.
10. Billings, payments, and disputes under this Facilities Agreement shall be governed by the provisions of Section 5.1 of the ILDSA.
11. The indemnity obligations of the Parties under this Facilities Agreement shall be governed by the provisions of Section 5.3 of the ILDSA. BRPA shall have no obligation to indemnify AEP or CBEC, or hold AEP or CBEC harmless, against any loss, liability, cost expenses, suits, actions, claims or other obligations under this Facilities Agreement.
12. The effective date and term of this Facilities Agreement shall be governed by the provisions of Section 5.4 of the ILDSA.
13. The regulatory authorities applicable to this Facilities Agreement are those provided in Section 5.5 of the ILDSA.
14. The assignment of this Facilities Agreement shall be governed by the provisions in Section 5.6 of the ILDSA.
15. In the event that this Facilities Agreement is not accepted by FERC, nothing in this Facilities Agreement shall obligate either Party to modify the Ironto Delivery Point, or to perform any additional obligation covered by the ILDSA, nor shall this Facilities Agreement establish any additional rights related to the Ironto Delivery Point; provided, however, that to the extent obligations required by the ILDSA have already been performed under this Facilities Agreement, such obligations shall be deemed satisfied.
16. AEP shall include the net cost of its transmission facilities in its transmission rates generally available under the PJM Tariff or its successor tariff. If the new integrated radial facility is excluded from transmission rates by the PJM Tariff and/or an order issued by FERC addressing such assets, CBEC shall be responsible for the costs of such radial facility as of the effective date determined by FERC. The costs associated with the excluded radial facility shall be calculated (net of any CIAC reimbursement) and recovered through monthly charges as listed in Attachment 1 of the ILDSA. Such CIAC reimbursement by CBEC to AEP for such excluded costs shall be made within forty-five (45) days after notice from AEP.
17. In accordance with Section 2.3 of the ILDSA, AEP agrees to proceed with the initial design, engineering, and equipment procurement of the Ironto Delivery Point Facilities upon execution of this Facilities Agreement (“the Work”). AEP shall perform the Work in accordance with Good Utility Practice and use commercially reasonable efforts to meet the in-service date of September 2019. The schedule is contingent upon (a) no significant deviations in the scope of work described in this Facilities Agreement; (b) no requests from CBEC for delays in the performance of the Work; (c) no delays in the performance of Work caused by CBEC; (d) obtaining the required line clearances; (e) approval of special use permit by Montgomery County or other state agencies/regulators as needed and (f) AEP’s receipt of this executed Agreement.

18. AEP and CBEC shall keep each other informed, and shall keep BRPA, as to the progress of the engineering, design, procurement, or construction activities performed under this Facilities Agreement.
19. AEP and CBEC shall operate and maintain their respective facilities in a good faith manner that will protect the personnel, operations, facilities and service of both AEP and CBEC.
20. This Facilities Agreement shall be governed by and construed in accordance with the laws of the State of Virginia.
21. The Parties shall exercise their best efforts to resolve any dispute that may arise between them in relation to this Facilities Agreement through amicable discussions between their respective representatives.
22. In the case of any conflict between this Facilities Agreement and the ILDSA, the ILDSA shall control.
23. Capitalized Terms that are not defined within this Facilities Agreement shall have the meanings as specified in the ILDSA or PJM Tariff, as applicable.
24. Notices given pursuant to this Facilities Agreement shall be given in writing as follows:

If to AEP:                    American Electric Power Service Corporation  
                                      Attn: Robert Pennybaker  
                                      Director, System Interconnections  
                                      212 E. 6th Street – 1st Floor  
                                      Tulsa, OK 74119

If to CBEC:                    Craig-Botetourt Electric Cooperative  
                                      Attn: Shawn C. Hildebrand  
                                      Chief Executive Officer  
                                      26198 Craigs Creek Road  
                                      New Castle, VA 24127

If to BRPA:                    Blue Ridge Power Agency, Inc.  
                                      Alice Wolfe  
                                      General Manager  
                                      Blue Ridge Power Agency  
                                      PO Box 2310  
                                      Salem, VA 245153

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

**[The remainder of this page is intentionally left blank.  
Signature page follows.]**

IN WITNESS WHEREOF, each of the Parties has caused this Facilities Agreement to be duly executed, effective as of the date first written above.

**Craig-Botetourt Electric Cooperative**

By: /s/ Shawn C. Hildebrand  
Chief Executive Officer

Date: July 27, 2018

**Blue Ridge Power Agency, Inc.**

By: /s/ Alice Wolfe  
General Manager

Date: 7/27/2018

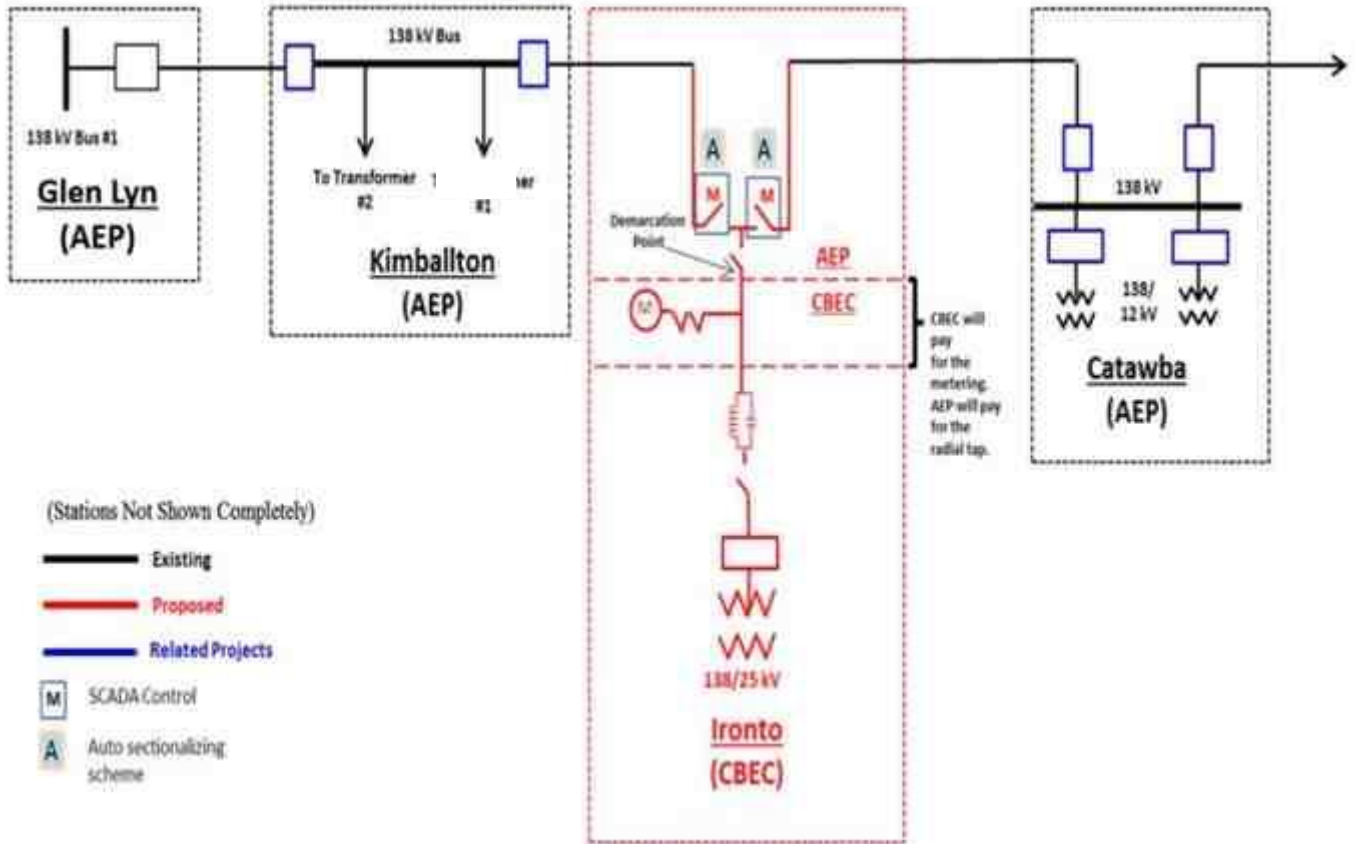
**American Electric Power Service Corporation**  
As agent for **Appalachian Power Company**

By: /s/ Robert L. Pennybaker  
Director, System Interconnections

Date: 8/1/2018

# Exhibit 1

## Existing Configuration with Proposed Addition



## Exhibit 2

### PROJECT COST PROJECTIONS

#### 1. Cost Estimate and CIAC Payment Schedule

AEP's estimate<sup>1</sup> to perform the Work is \$160,000. Such cost will be recovered through monthly charges (Transmission, Distribution, and/or Metering, as applicable) as listed in Attachment 1 of the ILDSA to become effective the month following the actual in-service date of such facilities.

Work Performed	Amount
Transmission: Procure and install three (3) CT/PT Combo Units, metering structure, foundations, surge arrestor, and jumpers	\$135,000
Distribution: n/a	\$0
Metering: Procure, install, commission, and test the billing meter, meter socket, and junction box; make all associated secondary connections	<u>\$25,000</u>
<b>Estimated Total Direct Assignment Facilities</b>	<b>\$160,000</b>

#### Contribution in Aid of Construction ("CIAC") Payment Schedule

September 1, 2018 (Initial Deposit)	\$35,000
December 1, 2018	\$25,000
March 1, 2019	\$25,000
June 1, 2019	\$25,000
September 1, 2019	<u>\$25,000</u>
Total CIAC Payment(s) <sup>2</sup>	\$135,000

#### Metering Commissioning and Testing Payment Schedule

December 1, 2018	<u>\$25,000</u>
Total Payment	\$25,000

<sup>1</sup> Final payment amount to be paid by CBEC based on true up of actual AEP costs once those actual costs are known, including applicable tax gross up. Estimates do not include tax gross up.

<sup>2</sup> CIAC Credit in Attachment 1 of ILDSA based on aggregate CIAC payments.

IN WITNESS WHEREOF, each of the Parties has caused this Facilities Agreement to be duly executed, effective as of the date first written above.

**Craig-Botetourt Electric Cooperative**

By:   
Shawn C. Hildebrand  
Chief Executive Officer

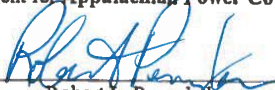
Date: July 27, 2018

**Blue Ridge Power Agency, Inc.**

By:   
Alice Wolfe  
General Manager

Date: 7/27/2018

**American Electric Power Service Corporation  
As agent for Appalachian Power Company**

By:   
Robert L. Pennybaker  
Director, System Interconnections

Date: 8/1/2018