VanNess Feldman LLP

1050 Thomas Jefferson Street, NW
Seventh Floor
Washington, DC 20007
(202) 298-1800 Phone
(202) 338-2416 Fax

December 15, 2017

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

Re: PJM Interconnection, L.L.C. and Ohio Valley Electric Corporation

Docket No. ER18-__459__-000 (PJM Intra-PJM Tariffs - PJM OATT, OA & RAA)
Docket No. ER18-__460__-000 (PJM Rate Schedules Tariff - CTOA)

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act ("FPA"),[1] PJM Interconnection, L.L.C. ("PJM") and Ohio Valley Electric Corporation ("OVEC")[2] jointly submit this filing to the Federal Energy Regulatory Commission ("FERC" or "Commission") in connection with OVEC's proposed integration into PJM, requested to be effective as of March 1, 2018.

In this filing, PJM submits modifications to the PJM Open Access Transmission Tariff ("PJM Tariff"), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("PJM OA"), the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region ("PJM RAA") and the Consolidated Transmission Owners Agreement ("PJM CTOA"). OVEC submits tariff modifications to integrate its existing FERC-approved transmission revenue requirement and rates into the corresponding framework of the PJM Tariff.[3] These proposed modifications and the overall integration process follow the framework established in recent FERC-approved PJM integrations, including the execution of an Integration Agreement between PJM and

[1] 16 U.S.C. § 824d (2006).

[2] OVEC's wholly-owned subsidiary, Indiana-Kentucky Electric Corporation ("IKEC"), also is included as a part of OVEC's integration.

[3] The division between PJM and OVEC of filing responsibilities herein is consistent with filing rights allocated to PJM and the PJM Transmission Owners pursuant to Section 9 of the PJM Tariff and Article 7 of the PJM CTOA.

OVEC filed herewith.[4]

As part of this transmittal letter, PJM and OVEC describe the process for the migration of interconnection service and transmission service under the present OVEC Open Access Transmission Tariff ("OVEC OATT") into corresponding arrangements under the PJM Tariff and implementing agreements.

I. Background

A. OVEC

OVEC and its wholly-owned subsidiary, IKEC, were formed on October 1, 1952 for the purpose of providing electric power in support of the operation of uranium enrichment facilities then under construction by the Atomic Energy Commission ("AEC") near Portsmouth, Ohio. These facilities are now operated by the Department of Energy ("DOE"), as successor to the AEC. A power supply agreement supporting the AEC's Portsmouth facilities was entered into between OVEC and AEC on October 15, 1952 ("DOE Power Agreement"). Initially set for 25 years, this agreement was later extended through December 31, 2005. On September 29, 2000, DOE notified OVEC of its cancellation of the DOE Power Agreement, effective April 30, 2003.

OVEC and OVEC's owners or their utility-company affiliates (called "Sponsoring Companies")[5] signed an Inter-Company Power Agreement ("ICPA") on July 10, 1953 to support the DOE Power Agreement and provide for excess energy sales to the Sponsoring Companies of power and energy not utilized by DOE or its predecessors. Since the termination of the DOE Power Agreement, OVEC's entire generating capacity has been available to the Sponsoring Companies under the terms of the ICPA. The current term of the ICPA extends through June 30, 2040. The ICPA, and all amendments thereto, constitute a FERC-filed, cost-based power agreement.[6]

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[4] *See, e.g., Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.*, 133 FERC ¶ 61,058 (2010); *East Kentucky Power Coop., Inc.*, Docket Nos. ER13-1177-000 *et al*., (May 22, 2013) (delegated letter order), *order on clarification*, 144 FERC ¶ 61,067 (2013).

[5] The Sponsoring Companies are: Allegheny Energy, Inc. (a subsidiary of FirstEnergy Corporation); American Electric Power Company, Inc. ("AEP"); Buckeye Power Generating, LLC (a subsidiary of Buckeye Power, Inc.); The Dayton Power and Light Company (a subsidiary of The AES Corporation) ("Dayton"); Duke Energy Ohio, Inc. (a subsidiary of Duke Energy Corporation) ("Duke Energy Ohio"); Kentucky Utilities Company (a subsidiary of PPL Corporation) ("KU"); Louisville Gas and Electric Company (a subsidiary of PPL Corporation)("LG&E"); Ohio Edison Company (a subsidiary of FirstEnergy Corporation); Ohio Power Company (a subsidiary of AEP); Peninsula Generation Cooperative (a subsidiary of Wolverine Power Supply Cooperative, Inc.); Southern Indiana Gas and Electric Company (a subsidiary of Vectren Corporation) ("SIGECO"); and The Toledo Edison Company (a subsidiary of FirstEnergy Corporation).

[6] *Ohio Valley Elec. Corp.*, Docket Nos. ER11-3181-000, ER11-3440-000 and ER11-3441-000 (May 23, 2011) (delegated letter order).

The OVEC transmission system is comprised of a network of 705 circuit miles of 345 kV transmission lines. These lines also interconnect with the major power transmission networks of several of the utilities serving the area including subsidiaries of AEP, LG&E, and Duke Energy Ohio. Two generators are interconnected to this system -- OVEC's Kyger Creek plant in Cheshire, Ohio, and IKEC's Clifty Creek plant in Madison, Indiana, which have nameplate generating capacities of approximately 1,086 MW and 1,303 MW, respectively. The OVEC OATT is on file with the Commission.[7]

OVEC is presently an affiliate member of PJM (through its affiliation with various AEP members) and the share of the output of OVEC's generators (through ICPA rights) held by the Sponsoring Companies that participate in the PJM market is pseudo-tied into PJM. More specifically, 90.37% of each unit at the Kyger Creek and Clifty Creek generating facilities (representing to the total share under the ICPA held by Sponsoring Companies participating in the PJM market) is currently pseudo-tied into PJM and both generating facilities are designated as Reliability Pricing Model ("RPM") resources.

B. PJM

PJM is a Commission-approved regional transmission organization ("RTO"). As the public utility transmission provider and the administrator of the PJM Tariff, PJM operates energy, ancillary services and capacity markets, plans regional transmission expansion improvements to maintain grid reliability and relieve congestion, and conducts the day-to-day operations of the transmission system in the PJM Region.[8] Section 11.6 of the PJM OA and Section 3.1 of the CTOA contain the requirements for integrating transmission facilities into the PJM Region.

C. Integration Agreement and Process

PJM and OVEC entered into an Agreement to Implement the Expansion of the PJM Region for Ohio Valley Electric Corporation (the "Integration Agreement"), as amended, attached to this filing as Exhibit B. The Integration Agreement contains the terms, costs and implementation plans for the transfer of functional control of the OVEC transmission facilities to PJM, the integration of the OVEC control area into the PJM interchange energy market and other PJM markets, and the addition of OVEC as a PJM Transmission Owner. The OVEC system has been an independent Balancing Authority and control area, and has not operated within any ISO or RTO. Accordingly, it will be integrated as a new zone

[7] *See Atlantic City Elec. Co., et al*, 77 FERC ¶ 61,144 (1996); *Allegheny Power Sys., Inc., et al.*, 80 FERC ¶ 61,143 (1997); *Ohio Valley Elec. Corp.*, Docket No. OA96-190-001 (Sep. 18, 1998) (delegated letter order) (orders accepting Order No. 888 compliance filings); *see also Ohio Valley Electric Corp.*, Docket No. ER10-2582-000 (Jan. 6, 2011) (delegated letter order) (order accepting baseline eTariff OVEC OATT filing).

[8] The PJM Region includes all or parts of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia, as well as the District of Columbia.

within PJM.

Pursuant to the Integration Agreement as well as the applicable PJM organizational agreements and the PJM Tariff, PJM has completed the necessary studies for integrating the OVEC facilities and developed the associated tariff revisions to accommodate OVEC as a new zone within PJM. To evaluate the integration of OVEC as a PJM zone, PJM performed a baseline RTEP integration report, a PJM Generator Deliverability test, a Winter Deliverability analysis, a Light Load Deliverability analysis, and a baseline thermal and voltage analysis (including N-1-1) for the OVEC system.[9] The PJM integration studies identified the potential for a single deliverability violation, requiring OVEC to perform a further study and verify that the conservative limit set by OVEC on one of its lines can be increased slightly to eliminate this technical deliverability violation. All costs of this study and any remedial action required for compliance will be borne by OVEC. PJM did not find any other reliability or deliverability issues on the OVEC system.

PJM and OVEC briefed PJM stakeholder committees on the integration effort over the past several months. Briefings were held with the Transmission Owners Agreement-Administrative Committee (on October 13, 2017, followed by additional discussion with the Section 205 Transmission Owners Working Group on October 16, 2017), Markets and Reliability Committee (on October 26, 2017, with additional information provided on December 7, 2017), Members Committee (on October 26, 2017, with additional information provided on December 7, 2017), Market Implementation Committee (on October 11, 2017), and Operating Committee (on October 10, 2017). PJM and OVEC also have addressed specific questions raised by individual stakeholders and held a special single-issue stakeholder session on November 7, 2017 to respond to additional questions relating to the integration plan.

II. Description of Filing

A. PJM's Revisions to the PJM Tariff, PJM OA, PJM RAA and PJM CTOA

PJM proposes ministerial revisions to the PJM Tariff, PJM OA, PJM RAA and PJM CTOA necessary to implement the integration of the OVEC Zone into the PJM Region on March 1, 2018.[10] These modifications add, where needed, references to the OVEC Zone and/or identification of OVEC as a Transmission Owner to the appropriate elements of the PJM Tariff, PJM OA, PJM RAA and PJM CTOA.

1. PJM Tariff and PJM OA Revisions

[9] *See* http://www.pjm.com/-/media/planning/rtep-dev/baseline-reports/ovec-rtep-baseline-integration-report.ashx?la=en.

[10] Because OVEC is currently listed as a member of PJM, no revisions to the PJM OA Schedule 12 Member List are required.

a. *PJM Tariff Attachment J, PJM Transmission Zone*

The PJM Tariff, Attachment J lists the Transmission Zones in the PJM Region. Attachment J also includes a map of the PJM Region depicting the PJM Transmission Zones. PJM proposes to amend Attachment J to include the OVEC Zone in the PJM Region.

Schedule 4 of the PJM OA, which is the standard form of agreement to become a member of PJM, requires a copy of Attachment J from the PJM Tariff marked to show changes to the PJM Region boundaries if membership requires expansion of the PJM Region to integrate the new member. In this case, the integration of OVEC requires modification of Attachment J to depict the OVEC Zone as part of the PJM Region.

b. *PJM Tariff Attachment C-4, Conversion of Service in the OVEC Zone*

PJM proposes to add a new Attachment C-4 to the PJM Tariff. Attachment C-4 sets forth the process for integration, including conversion of transmission service and interconnection service in the OVEC Zone from the existing service under the OVEC OATT to service under the PJM Tariff as part of OVEC's integration into PJM.

i. *Transmission Service*

As detailed in Attachment C-4, except for Grandfathered Arrangements,[11] reservations purchased on the OVEC OASIS nodes prior to the integration of the OVEC Zone, which remain in place following the integration date, shall be converted to the appropriate service under the PJM Tariff and subject to the applicable rates, terms and conditions for the relevant PJM transmission service classification.

Existing transmission service reservations in OVEC will be converted to the most closely analogous service under the PJM Tariff. The transmission service

[11] OVEC has reservations to export power and energy under the ICPA to the LG&E/KU control area boundary equal to 9.63% of output from the Kyger Creek and Clifty Creek generating facilities, representing the share held under the ICPA by Sponsoring Companies that do not currently participate in the PJM market as members (namely, LG&E/KU and SIGECO). The maximum delivery amount under the ICPA to these non-PJM Sponsoring Companies is 222 MW, exclusive of losses. As pre-Order No. 888 service, these deliveries will be maintained as "Grandfathered" Arrangements. *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 ("Order No. 888"), *clarified*, 76 FERC ¶ 61,009, and 76 FERC ¶ 61,347 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *clarified*, 79 FERC ¶ 61,182, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd*, *Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1, 122 S.Ct. 1012, 152 L.Ed.2d 47 (2002). The implementation of this grandfathering treatment is further described, below, in Section II.B.1.c.

provided under the OVEC OATT may not exactly match service under the PJM Tariff. Variances in transmission service requests will be converted into defined product types under the PJM Tariff as more fully explained in Attachment C-4. As part of such conversion process for existing transmission service reservations, PJM will work with OVEC and individual transmission service customers to enter into and file replacement transmission service agreements under the PJM Tariff, if necessary.

ii. *Interconnection Service*

Attachment C-4 also addresses interconnection service migration - both for pending interconnection requests as well as for existing interconnection customers with interconnection agreements. Interconnection requests that are pending in the OVEC interconnection queue as of March 1, 2018 will be migrated into PJM's interconnection queue with queue priority that is based on the date the interconnection customer entered OVEC's queue.

Currently, OVEC has no interconnection requests pending. However, should OVEC receive such a request for interconnection prior to the integration date, PJM will assume the responsibility for evaluating such requests upon integration and will pick up the study process where it was left off in the OVEC study process. With respect to existing generation facilities interconnected to OVEC, PJM and OVEC will enter into and file interconnection service agreements under the PJM Tariff for the two generators currently interconnected to OVEC.

c. *PJM Tariff Schedule 10 - NERC and Schedule 10 - RFC*

Due to the mid-year integration, OVEC will directly pay its 2018 funding share obligation to the North American Electric Reliability Corporation ("NERC") and the Reliability First Corporation ("RFC"). To reflect this arrangement, PJM proposes revisions to the PJM Tariff to temporarily exclude the OVEC Zone as part of the Schedule 10 - NERC and Schedule 10 - RFC rate schedules that permit the collection of charges from end users in PJM that are necessary to support, respectively, NERC and RFC operations until 2019.

PJM adopted Schedule 10 - NERC and Schedule 10 - RFC rate schedules in December 2006, in Docket No. ER07-294-000 for the sole purpose of facilitating the billing and collection of the fees charged by NERC and RFC. The collection of fees in this manner spares NERC and RFC the burden of separately billing dozens of end users for these charges and separately keeping track of the proportional responsibility for energy deliveries that serves as the basis for cost allocation. Because PJM already bills these end users and keeps current the relevant usage information for its own purposes, PJM's voluntary performance of this service achieves an administrative efficiency that is in the public interest.

The current Schedule 10 - NERC language provides that PJM will charge each customer using Network Integration and Point-to-Point Transmission Service each

month an amount equal to the NERC Rate times the total quantity in MWHs of energy delivered to the load (including losses) that each customer serves in the PJM Region, excluding the Dominion Zone. PJM proposes to modify this language to exclude the OVEC Zone from this provision because NERC's 2018 approved annual budget contemplated that it would include the OVEC Zone in its direct billing and collection. Further, a modification to exclude the OVEC Zone from the total hourly load calculation in Schedule 10 - NERC also is proposed.

Similarly, current Schedule 10 - RFC language provides that PJM will charge each customer using Network Integration and Point-to-Point Transmission Service each month a charge equal to the RFC Rate times the total quantity in MWHs of energy delivered to load (including losses) that each customer serves in the PJM Region, excluding the OVEC Zone. PJM proposes to modify this language to exclude the OVEC Zone from this provision for the same reason as described above for Schedule 10-NERC. A modification to exclude the OVEC Zone from the total hourly load calculation in Schedule 10 - RFC also is proposed.

These PJM Tariff revisions do not increase existing rates or establish any new rate. They merely reflect minor modifications in the billing and collection of Commission-approved rates to reflect the fact that OVEC is paying these charges directly to NERC and RFC for 2018.

d. *PJM Tariff Attachment-DD, Section 5.10, Auction Clearing Requirements*

PJM proposes to revise PJM Tariff, Attachment DD Section 5.10 by adding the OVEC Zone to the chart of "Geographic Location within the PJM Region Encompassing These Zones." Attachment DD Section 5.10 contains the requirements under which PJM must clear each Reliability Pricing Model's Base Residual Auction and Incremental Auction for a Delivery Year. These requirements include the use of a Cost of New Entry ("CONE") for the Transmission Zones that comprise each Locational Deliverability Area ("LDA") in the PJM Region, as set forth in the table in Section 5.10. The OVEC Zone is included in "CONE Area 3" on the chart which currently includes AEP, Dayton, Commonwealth Edison Company ("ComEd"), Appalachian Power Company ("APS"), Duquesne Light Company ("DQL"), American Transmission Systems, Inc. ("ATSI"), Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc. ("DEOK"), East Kentucky Power Cooperative, Inc. ("EKPC"), and Old Dominion Electric Cooperative ("Dominion"). .

e. *PJM Tariff Attachment K — Appendix and PJM OA Schedule 1, Section 3.2.3 (q)*

PJM proposes to revise Section 3.2.3 (q) in PJM Tariff Attachment K- Appendix and in PJM OA Schedule 1 by adding the OVEC Zone to the transmission zones for the Western Region of PJM. Section 3.2.3 contains the Operating Reserve rules applicable to Market Sellers' generator units that participate in the PJM markets. Sub-paragraph (q)

sets forth how PJM determines the regional balancing Operating Reserve rates for the Western and Eastern Regions. The OVEC Zone is a Western Region transmission zone for purposes of balancing Operating Reserve rates because the OVEC Zone is more electrically contiguous with the zones in the Western Region of PJM than with any other zones or collection of zones in the PJM Region.

f. *PJM Tariff Attachment K - Appendix and PJM OA Schedule 1, Section 7.4.2 (b)*

Section 7.4.2 (b) in PJM Tariff Attachment K - Appendix and in PJM OA Schedule 1 provides for the Auction Revenue Rights ("ARR") allocation process to be performed by PJM. Under Section 7.4.2 (b), in stage 1A of the ARR allocation process, each Network Service User may request ARRs for a term covering ten consecutive PJM Planning Periods beginning with the immediately ensuing PJM Planning Period, with the sources for the ARRs being a subset of the historical generation resources that were designated to be delivered to load during the historical reference year for the zone. Also under Section 7.4.2(b) in stage 1A of the ARR allocation process, each Qualifying Transmission Customer (as defined in subsection (f) of Section 7.4.2) may request ARRs based on the MWs of firm service provided between the receipt and delivery points where the Transmission Customer had reserved firm Point-to-Point Transmission Service during the historical reference year.

The default historical reference year for all Zones in PJM is 1998. However, for all zones which integrated into PJM after 1998, Section 7.4.2 (b) of PJM OA Schedule 1 provides that PJM "shall specify a historical reference year for a new PJM zone corresponding to the year that the zone is integrated into the PJM Interchange Energy Markets." Because the OVEC Zone will integrate into PJM during 2018, PJM proposes to revise Section 7.4.2 (b) in PJM Tariff Attachment K- Appendix and in PJM OA Schedule 1 by adding "the OVEC Zone historic reference year; 2018."

g. *PJM Tariff, Attachment L, List of Transmission Owners*

Transmission Owners in PJM are listed in Attachment L to the PJM Tariff. The PJM Tariff defines "Transmission Owner" as: "[e]ach entity that owns, leases or otherwise has a possessory interest in facilities used for the transmission of electric energy in interstate commerce under the Tariff."[12] OVEC meets this definition. Thus, PJM submits for filing a revised Attachment L to the PJM Tariff adding OVEC to the list of PJM Transmission Owners.

2. PJM RAA Revisions

a. *PJM RAA Schedule 10.1, Locational Deliverability Areas and Requirements*

[12] PJM Tariff, Section 1.45F.

PJM RAA Schedule 10.1 lists the Zones, combination of Zones and portions of such Zones in the PJM Region which make up the LDAs for purposes of determining locational capacity obligations under the RAA. PJM proposes to revise Schedule 10.1 by adding the OVEC Zone. Also, PJM adds OVEC to the larger LDA that is currently defined as ComEd, AEP, Dayton, APS, DQL, ATSI, DEOK, and EKPC. As stated above, the OVEC Zone is more electrically contiguous with the zones in the Western Region of PJM than with any other zones or collection of zones in the PJM Region.

b. *PJM RAA Schedule 15, Zones Within the PJM Region*

Schedule 15 to the PJM RAA lists the Transmission Zones in the PJM Region in the same manner as PJM Tariff Attachment J discussed above. Like PJM Tariff Attachment J, PJM RAA Schedule 15 also includes a map of the PJM Region depicting the PJM Transmission Zones. Thus, PJM proposes to amend Schedule 15 to include the OVEC Zone in the PJM Region.

c. *PJM RAA Schedule 17, Parties to the RAA*

As a Load Serving Entity, OVEC is required to sign the PJM RAA.[13] OVEC commits to sign the RAA prior to the integration date, in accordance with Section 11.6 (b) of the PJM OA and the OVEC Integration Agreement. Upon execution, PJM will revise PJM RAA Schedule 17 to include OVEC.

3. PJM CTOA Revisions, Addition of OVEC to List of PJM Transmission Owners

Attachment A to the PJM CTOA lists the Transmission Owners in the PJM Region. The PJM CTOA states that Transmission Owner "shall mean those entities that own or lease (with rights equivalent to ownership) Transmission Facilities. . ."[14] In turn, "Transmission Facilities" are defined as:

> those facilities that: (i) are within the PJM Region; (ii) meet the definition of transmission facilities pursuant to FERC's Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities; and (iii) have been demonstrated to the satisfaction of PJM to be integrated with the Transmission System of the PJM Region and integrated into the planning and operation of such to serve the power and transmission customers within such region, regardless of whether the facilities are listed in the PJM Designated Facilities List contained in the PJM Manual of Transmission Operations or successor

[13] *See* PJM OA, Section 11.6 (b); and PJM RAA, Article 4.

[14] PJM CTOA, Section 1.28.

thereto.[15]

OVEC will be a PJM Transmission Owner on March 1, 2018, because, on that date, OVEC's transmission facilities will: (i) be within the PJM Region; (ii) meet the definition of Transmission Facilities in Section 1.27 of the PJM CTOA; and (iii) have been demonstrated to the satisfaction of PJM to be integrated with the Transmission System of the PJM Region and integrated into the planning and operation of such.

Therefore, PJM hereby submits for filing, as part of the PJM CTOA, a revised Attachment A to the PJM CTOA adding OVEC to the list of PJM Transmission Owners, subject to OVEC's integration. OVEC commits to execute the PJM CTOA on or prior to the integration date in accordance with the OVEC Integration Agreement.

B. Continuity of Service and Replacement Arrangements for Continued Transmission Service to OVEC OATT Customers, and OVEC Revisions to the PJM Tariff Related to the Establishment and Recovery of OVEC's Revenue Requirement and Rates

The conversion of existing transmission service, contemplated under replacement arrangements proposed in this filing, satisfies the Commission's requirements for maintaining the continuity of service to existing transmission tariff customers. OVEC provides transmission service over the OVEC system pursuant to the OVEC OATT filed with the Commission. After integration, the OVEC OATT will be cancelled and transmission service over the OVEC system will be provided under the PJM Tariff - a Commission-approved open access transmission tariff. The PJM Tariff complies with the Commission's *pro forma* OATT requirements, and any provisions that differ from the *pro forma* OATT have been approved by the Commission. As shown below, the replacement arrangements maintain the status quo with respect to transmission rates and service for transmission customers in the OVEC Zone, with limited exceptions that are just, reasonable, and not unduly discriminatory.

1. Continuity of Service

a. *Conversion of Existing OATT Customers*

There are 2,039 MW of reservations for point-to-point transmission service for delivery into PJM under the OVEC OATT.[16] These reservations will be converted to

[15] PJM CTOA, Section 1.27.

[16] The OVEC OATT reservations for 2,039 MW support deliveries to the Sponsoring Companies that participate in the PJM market and currently reflects losses (since OVEC is its own balancing area). Under the ICPA, the total grandfathered delivery commitment to those Sponsoring Companies is 90.37% of the total capacity of OVEC's generating facilities (equal to 2,159 MWs). PJM's conversion of these OATT reservations will be based on the full delivery commitment under the ICPA, exclusive of losses (as OVEC will no longer be a balancing area after integration into the PJM Balancing Area).

analogous transmission service classifications pursuant to the process set forth in Attachment C-4 and as previously described in Section II.A.1.b.i.

b. *Pending and Existing Interconnection Customers*

As noted *supra*, Section II.A.1.b.ii, OVEC has no interconnection requests pending in the OVEC interconnection queue. The only applicable interconnections to the OVEC system at this time are the generation interconnections for the Kyger Creek and Clifty Creek generating facilities and the transmission-to-transmission interconnection with the DOE Portsmouth facilities. On or before the integration date, OVEC (in its capacities as both a transmission owner and generator owner) and PJM will execute a generator interconnection agreement for the existing Kyger Creek and Clifty Creek generating facilities. The existing OVEC-DOE Interconnection Agreement will be grandfathered, as discussed below.

c. *Maintenance of Existing Arrangements for Purposes of Integration*

OVEC has in place the following long-standing arrangements, which OVEC and PJM have agreed will be grandfathered for continued implementation post-integration, as further described below:

- *Inter-Company Power Agreement*: The ICPA, in place since 1953, is a cost-based power agreement requiring OVEC to sell to its Sponsoring Companies all of the power and energy capable of being produced by OVEC's generating facilities. The ICPA requires the Sponsoring Companies to pay their pro rata share of all of OVEC's costs resulting from the ownership, operation, financing and maintenance of its generation and transmission facilities. All terms and conditions of the ICPA, including those governing the relationship with the Sponsoring Companies, cost recovery mechanisms and operational authority, will be grandfathered.

- *Grandfathered Delivery Commitments Under the ICPA*: OVEC presently reserves firm point-to-point transmission service from OVEC to the LG&E/KU control area boundary totaling 222 MWs, exclusive of losses. These deliveries arise from power and energy commitments under the ICPA, which include necessary transmission service over the OVEC system, to the Sponsoring Companies that do not currently participate in the PJM market as members (LG&E/KU and SIGECO). OVEC will continue providing grandfathered transmission service in support of exports from the OVEC transmission system to LG&E/KU and SIGECO in the amount of these commitments under the ICPA, exclusive of losses.

- *OVEC/IKEC Power Agreement*: At the same time as the ICPA (and continuing through its term), OVEC and IKEC have maintained a cost-based, power purchase and sale agreement (filed and accepted by FERC along with the

ICPA), which governs the sale by IKEC to OVEC of all of the power and energy generated by IKEC's Clifty Creek plant, including any necessary transmission over OVEC transmission facilities that are owned by IKEC. IKEC, OVEC's wholly-owned subsidiary, will continue to sell this power and energy to OVEC after the integration so that OVEC can continue to sell the full capacity of both of OVEC's generating facilities to the Sponsoring Companies under the ICPA on a grandfathered basis.

- *DOE Portsmouth Project Interconnection Agreement*:[17] OVEC and DOE are parties to an interconnection agreement, originally signed on April 30, 2008 (as amended October 15, 2013), that memorializes the interconnection terms and conditions between these two parties. This interconnection agreement will be grandfathered.

i. *Treatment of the ICPA*

The ICPA is a long-standing agreement between OVEC and its Sponsoring Companies. A copy of the ICPA is appended to this filing as Exhibit A.[18] This agreement, first executed in 1953, defines, among other items: the power participation ratio share of each Sponsoring Company; transmission service arrangements; available power supply and generation operation; rates and charges to the Sponsoring Companies for power and energy; and reimbursement of costs to OVEC for its defined functions, including replacement and additional facility costs, payment for employee benefits and the costs for decommissioning, shutdown, demolition and closing of any of the OVEC facilities. The term of the ICPA extends through June 2040.

Under the terms of the OVEC Integration Agreement with PJM, OVEC and PJM have agreed to grandfather the terms and conditions of the ICPA to maintain the relationship, cost recovery mechanisms and operational authority that exist between OVEC and its Sponsoring Companies. This is a critical means of maintaining OVEC's operations, as well as the allocation of costs and power entitlements to the OVEC generation. The similar grandfathering of the terms and conditions of the OVEC/IKEC Agreement (described above) is necessary since that agreement is an essential part of the ICPA and its implementation.

ii. *Treatment of the LG&E/KU Existing ICPA-Related External Deliveries to LG&E/KU and SIGECO*

[17] Amended and Restated Interconnection Agreement between OVEC and the DOE Portsmouth/Paducah Project Office executed on October 13, 2013 and accepted for filing by FERC effective April 12, 2014. *Ohio Valley Elec. Corp.*, Docket No. ER14-1712-000 (May 23, 2014) (delegated letter order).

[18] As noted above, the ICPA (and the appended OVEC-IKEC power agreement) is a FERC-filed agreement accepted by delegated letter order in Docket Nos. ER11-3181-000, ER11-3440-000 and ER11-3441 on May 23, 2011.

OVEC and PJM have agreed to grandfather the existing transmission service arrangements supporting OVEC's external deliveries of energy to LG&E/KU and SIGECO pursuant to the terms of the ICPA. LG&E/KU and SIGECO are not members of PJM, and are currently the only Sponsoring Companies that are not members participating in the PJM market.

Under the ICPA, LG&E/KU and SIGECO, collectively, hold rights to 9.63% of the output of the Kyger Creek and Clifty Creek generating facilities, with a combined maximum entitlement (absent additional energy not scheduled by other Sponsoring Companies) of 222 MWs, exclusive of losses. Pursuant to the rights of LG&E/KU and SIGECO under the ICPA, OVEC transmits energy to the LG&E/KU control area boundary for delivery to LG&E/KU and SIGECO at no additional charge to such Sponsoring Companies. After integration, transmission service deliveries by OVEC to LG&E/KU and SIGECO will continue under the terms of the ICPA throughout the term of the ICPA for up to the full amount of these grandfathered delivery commitments to LG&E/KU and SIGECO to the LG&E/KU control area boundary.

In recognition of the LG&E/KU and SIGECO external deliveries being grandfathered and treated as outside of the PJM Balancing Area, PJM will not assess any charge for these grandfathered transmission deliveries under the ICPA from the OVEC Zone to the LG&E/KU boundary, including any rates or charges that are otherwise assessed to transmission service reservations and scheduled export transaction from PJM pursuant to the PJM Tariff, including, but not limited to Regional Transmission Expansion Plan ("RTEP"), locational marginal prices ("LMP"), congestion, and other administrative costs. This grandfathering commitment only applies to deliveries of power and energy up to the 222 MW limit (exclusive of losses) based on the entitlements of LG&E/KU and SIGECO under the ICPA. Under the terms of the Integration Agreement, OVEC's integration into PJM is conditioned on maintaining these existing rights of LG&E/KU and SIGECO under the ICPA in this manner throughout the term of the ICPA.

iii. *OVEC/IKEC Power Agreement*

PJM and OVEC have agreed to grandfather the Amended and Restated Power Agreement between OVEC and IKEC. This stand-alone agreement (which also is appended to the FERC-filed ICPA and accepted by FERC in connection therewith) governs the terms and conditions under which IKEC provides energy and capacity from the Clifty Creek plant, and transmits this power to OVEC. The OVEC/IKEC Power Agreement grants OVEC the entitlement to the entire output of this facility at cost so that its power and energy may be sold to the Sponsoring Companies under the ICPA. The OVEC/IKEC Power Agreement will continue in effect to retain the existing arrangements under the ICPA for the benefit of the Sponsoring Companies.

iv. *DOE Portsmouth Project Interconnection Agreement*

PJM and OVEC have further agreed to grandfather the DOE Interconnection Agreement to maintain the existing terms and conditions governing the operation,

configuration and equipment comprising the physical interconnection between DOE's transmission facilities and OVEC's transmission system.

2. Transmission and Ancillary Services Rates

OVEC proposes to transfer its existing FERC-approved rates and annual revenue requirement from the OVEC OATT to PJM Tariff Schedules 1a, 7, 8, and Attachment H-31. The appropriate tariff modifications for such migration of OVEC's current rates are attached and further described below. For continuity of service, OVEC requests that the effective date of such rates and revenue requirement be March 1, 2018.

As the rates included in the modifications to the PJM Tariff submitted herewith are existing, FERC-approved rates, OVEC is requesting that FERC accept them without suspension or hearing. However, in the event the Commission determines further proceedings are necessary in order to complete its evaluation of such rates, OVEC respectfully requests that its current, approved rates be treated as being in effect, subject to refund with interest assessed at FERC interest rates.

a. *Migration of Rates from the Existing OVEC OATT*

The proposed PJM Tariff amendments will give OVEC's existing transmission customers continued access to transmission service under rates, terms and conditions that are comparable to those available under the present OVEC OATT. However, there are minor differences in structures between PJM, and OVEC's present operation as a stand-alone utility. As a result, the transmission and ancillary service rates that customers in the OVEC Zone will pay post-integration will be slightly different following OVEC's integration into PJM.

i. *Legacy and Transitional Charges*

OVEC has no applicable legacy costs or transition costs.

ii. *Zonal Rate*

OVEC proposes to transfer its current stated transmission rates under the OVEC OATT into the PJM Tariff. OVEC's proposed rates have been accepted by the Commission under OVEC's existing OVEC OATT.[19] OVEC's transmission rates are based upon its zonal revenue requirement. OVEC's current annual transmission revenue requirement, which is herein included in proposed PJM Tariff Attachment H-31, is $11,461,660.[20] As

[19] *See supra* note 7.

[20] To the extent the annual transmission revenue requirement is not recovered, the balance will be borne by the Sponsoring Companies under the ICPA. Historically, all use of the OVEC system has been through firm point-to-point service, with no customers using network integration service. If network service is requested, to ensure comparability, OVEC will apply the firm point-to-point rate to any network service customer. Because the network of the transmission facilities within OVEC is

noted above, OVEC will use a stated rate for Schedule 1a (Transmission Owner Scheduling, System Control and Dispatch Service), Schedule 7 (Non-Firm Point-To-Point Service), and Schedule 8 (Firm Point-To-Point Service) for the OVEC Zone.[21]

OVEC is proposing to incorporate its current revenue requirement and rates for transmission and ancillary services in amendments to the following sections of the PJM Tariff:[22]

- Network Integration and Point-to-Point Transmission Service (PJM Tariff, Attachment H-31);
- Transmission Owner Scheduling, System Control, and Dispatch Service (PJM Tariff, Schedule 1A);
- Long-Term and Short-Term Firm Point-To-Point Transmission Service (PJM Tariff, Schedule 7); and
- Non-Firm Point-To-Point Transmission Service (PJM Tariff, Schedule 8).

OVEC also is modifying Part B of Schedule 1A of the PJM Tariff. Part B allocates the revenues from Scheduling Service provided to Non-Zone Load among the PJM Transmission Owners. In order for OVEC to receive a share of this credit, it will be necessary for OVEC and the other PJM Transmission Owners to review this distribution through a stakeholder process to determine what share of the credit OVEC will receive. OVEC will pursue this matter subsequent to this filing, and make the necessary changes to Part B. For now, Part B is being modified to add OVEC to the list of Transmission

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essentially point-to-point, a stated network service rate equal to the firm point-to-point rate for any network service is comparable for this zone.

[21] OVEC currently charges for daily transmission service in Schedules 7 and 8 of the OVEC Tariff and hourly service in Schedule 8 without separate on-peak and off-peak rates. To make its current rates fit with the structure of Schedules 7 and 8 of the PJM Tariff, OVEC calculated on-peak and off-peak rates in its changes to those schedules in accordance with how such rates are currently calculated in the PJM Tariff. OVEC calculated its on-peak and off-peak daily rates for PJM Tariff Schedules 7 and 8, therefore, by dividing its existing weekly charges by 5 and 7, respectively (*see* formulas in PJM Tariff Schedule 7 at n.6, and PJM Tariff Schedule 8 at n.8). OVEC calculated its on-peak hourly rate for PJM Tariff Schedule 8 by dividing its daily on-peak rate by 16 and multiplying by 1000, and calculated its off-peak hourly rate by dividing its daily off-peak rate by 24 and multiplying by 1000 (*see* formula in PJM Tariff Schedule 8 at n.8). Similarly, because Schedule 7 of the OVEC OATT does not include a separate yearly charge, OVEC calculated its annual rate for PJM Tariff Schedule 7 by multiplying the monthly charge by 12 (*see* formula in PJM Tariff Schedule 7 at n.6).

[22] OVEC reserves the right to file applicable tariff sheets for Schedule 2 of the PJM Tariff for reactive power provided by the Kyger Creek and Clifty Creek generating facilities after the consummation of OVEC's integration into PJM.

Owners, and to indicate that OVEC's share of the credit is currently 0.00%.

III. Other Related Filings

OVEC and/or PJM will submit to FERC additional future filings in relation to OVEC's integration into PJM. OVEC anticipates that these filings will be made no later than its March 1, 2018 integration into PJM. These additional filings will include the following:

- The Notice of Cancellation of the OVEC OATT. The OVEC OATT will no longer be necessary once OVEC integrates into PJM. The Notice of Cancellation will include cancellation of the tariff itself and all service agreements there under.

- Cancellation of the pseudo-tie agreement between OVEC and PJM. PJM will request Commission approval to terminate this agreement as of March 1, 2018, concurrent with the OVEC integration.

- Initial Allocation of Financial Transmission Rights for the OVEC Zone.

IV. Additional Information

A. Proposed Effective Date of March 1, 2018.

PJM and OVEC request an effective date of March 1, 2018 for the rates, terms and conditions for transmission service that are described in the tariff amendments that are filed herewith. In addition, PJM and OVEC request that the Commission issue an order on this submission by February 13, 2018, which is the first business day falling 60 days after this filing. Commission action by this date will provide PJM and OVEC with the certainty necessary for them to complete OVEC's integration into PJM by March 1, 2018.

B. Communications

Please place the names of the following persons on the official service list established by the Secretary in this proceeding:[23]

For PJM

James M. Burlew*
Senior Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audobon, PA 19403

Steven R. Pincus*
Associate General Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audobon, PA 19403

[23] PJM and OVEC request waiver of 18 CFR § 385.2010(i) to the extent necessary to include more than two names on the official service list.

(610) 666-4345
James.Burlew@pjm.com

(610) 666-4438
Steven.Pincus@pjm.com

Craig Glazer*
Vice President - Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005
(202) 423-4743
Craig.Glazer@pjm.com

For OVEC

Joseph B. Nelson*
Suzanne Keppeler McBride
Anna Skubikowski Aguilera
Van Ness Feldman LLP
1050 Thomas Jefferson Street NW
Seventh Floor
Washington, DC 20007
(202) 298-1894
jbn@vnf.com

Brian Chisling*
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
(212) 455-3075
bchisling@stblaw.com

* Designated to receive service.

C. Part 35 Filing Requirements

To the extent necessary, OVEC respectfully requests waiver of the part 35 of the Commission's filing requirements.

D. List of Documents Submitted With Filing

Together with this filing letter, PJM and OVEC submit the revised and new sections of the PJM Tariff, PJM OA, PJM RAA and PJM CTOA (Attachments A and B in marked and clean formats, respectively). Two agreements are also appended as Exhibits A and B, as noted below.

Attachments A (redline) and B (clean)

PJM Tariff
- OATT Table of Contents[24]
- OATT Schedule 1A

[24] The Table of Contents is being revised to include the two Attachments that are new to the PJM Tariff: Attachment C-4 and Attachment H-31.

OATT Schedule 7
OATT Schedule 8
OATT Schedule 10-NERC
OATT Schedule 10-RFC
OATT Attachment C-4
OATT Attachment H-31
OATT Attachment J[25]
OATT Attachment K - Appendix, Section 3.2
OATT Attachment K - Appendix, Section 7.4.2(b)
OATT Attachment L
OATT Attachment DD, Section 5.10

PJM Operating Agreement
OA Schedule 1, Section 3.2.2(q)
OA Schedule 1, Section 7.4.2(b)

PJM RAA
RAA Schedule 10.1
RAA Schedule 15
RAA Schedule 17

PJM CTOA
CTOA Attachment A

Exhibit A
Amended and Restated Inter-Company Power Agreement

Exhibit B
Amended Agreement to Implement the Expansion of the PJM Region for Ohio Valley Electric Company, dated October 6, 2017

E. Service

OVEC has served a copy of this filing on all existing OVEC customers, and PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically.

In accordance with the Commission's regulations,[26] PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link:

[25] Revisions adding the OVEC Zone to the map are not marked due to technical limitations. PJM requests a waiver of the Commission's regulations which would require the submission of marked tariff revisions for the revised map this tariff section.

[26] *See* 18 C.F.R §§ 35.2(e) and 385.2010(f)(3)(2017).

http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region[27] alerting them that this filing has been made by PJM and is available by following such link. PJM also serves the parties listed on the Commission's official service list for this docket. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: http://www.ferc.gov/docs-filing/elibrary.asp in accordance with the Commission's regulations and Order No. 714.[28]

Please contact the undersigned if you have any questions.

Respectfully Submitted,

/s/ Joseph B. Nelson
Joseph B. Nelson
Suzanne Keppeler McBride
Anna Skubikowski Aguilera
Van Ness Feldman LLP
1050 Thomas Jefferson Street NW
Washington, DC 20007
(202) 298-1800
jbn@vnf.com
smcbride@vnf.com
axa@vnf.com

/s/ James M. Burlew
James M. Burlew
Senior Counsel
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audobon, PA 19403
(610) 666-4345
James.Burlew@pjm.com

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
(212) 455-3075
bchisling@stblaw.com

Craig Glazer
Vice President - Federal
Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005
(202) 423-4743
Craig.Glazer@pjm.com

[27] PJM already maintains, updates and regularly uses e-mail lists for all PJM Members and affected state commissions.

[28] *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs., Regulations Preambles 2008-2013 ¶ 31,276 (2008).

Attachment A

Revisions to the Consolidated Transmission Owners Agreement

(Marked/Redline Format)

ATTACHMENT A

TO THE CONSOLIDATED

TRANSMISSION OWNERS AGREEMENT

Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, all doing business as Allegheny Power

American Electric Power Service Corporation on behalf of its affiliate companies: AEP Indiana Michigan Transmission Company, AEP Kentucky Transmission Company, AEP Ohio Transmission Company, AEP West Virginia Transmission Company, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company

Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Inc.

Dayton Power and Light Company

Virginia Electric and Power Company (Dominion Virginia Power)

Public Service Electric and Gas Company

PECO Energy Company

PPL Electric Utilities Corporation

Baltimore Gas and Electric Company

Jersey Central Power & Light Company

Potomac Electric Power Company

Atlantic City Electric Company

Delmarva Power & Light Company

UGI Utilities, Inc.

Allegheny Electric Cooperative, Inc.

CED Rock Springs, LLC

Old Dominion Electric Cooperative

Rockland Electric Company

Duquesne Light Company

Neptune Regional Transmission System, LLC

Trans-Allegheny Interstate Line Company

Linden VFT, LLC

American Transmission Systems, Incorporated

City of Cleveland, Department of Public Utilities, Division of Cleveland Public Power

Duke Energy Ohio, Inc.

Duke Energy Kentucky, Inc.

City of Hamilton, OH

Hudson Transmission Partners, LLC

East Kentucky Power Cooperative, Inc.

City of Rochelle

ITC Interconnection LLC

Mid-Atlantic Interstate Transmission, LLC

Southern Maryland Electric Cooperative, Inc.

Ohio Valley Electric Corporation

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PJM Interconnection, L.L.C.

By: _____
Name: Phillip G. Harris
Title: President and CEO
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, all doing business as Allegheny Power

By: _____
Name: James R. Haney
Title: Vice President
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Electric Power Service Corporation on behalf of its affiliate companies: AEP Indiana Michigan Transmission Company, AEP Kentucky Transmission Company, AEP Ohio Transmission Company, AEP West Virginia Transmission Company, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company

By:_____
Name: Lisa M. Barton
Title: Executive Vice President - AEP Transmission
Date: October 13, 2015

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiaries
Commonwealth Edison Company and Commonwealth Edison
Company of Indiana, Inc.

By:_____
Name: Susan Ivey
Title: Vice President, Transmission Operations and Planning, Exelon Corporation
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

The Dayton Power and Light Company

By: _____
Name: Patricia K. Swanke
Title: Vice President - Operations
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Virginia Electric and Power Company (Dominion Virginia Power)

By:_____
Name: Gary L. Sypolt
Title: President – Dominion Transmission
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Public Service Electric and Gas Company

By: _____
Name: Ralph LaRossa
Title: Vice President - Electric Delivery
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiary
PECO Energy Company

By:_____
Name: Susan Ivey
Title: Vice President, Transmission Operations and Planning, Exelon Corporation
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PPL Electric Utilities Corporation

By:_____
Name: John F. Sipics
Title: President
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Baltimore Gas and Electric Company

By:_____
Name: Mark P. Huston
Title: Vice President, Electric Transmission and Distribution
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Jersey Central Power & Light Company

By: _____
Name: Stanley F. Szwed
Title: Vice President – Energy Delivery Policy
First Energy Service Company
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Potomac Electric Power Company

By:_____
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Atlantic City Electric Company

By: _____
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Delmarva Power & Light Company

By:_____
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

UGI Utilities, Inc.

By: _____
Name: Richard E. Gill
Title: Assistant Secretary - Electric Transmission
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

CED Rock Springs, LLC

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Old Dominion Electric Cooperative

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Rockland Electric Company

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duquesne Light Company

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Allegheny Electric Cooperative, Inc.

By: _____
Name: Richard W. Osborne
Title: Vice President Power Supply & Engineering
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Neptune Regional Transmission System, LLC

By: _____
Name: Edward M. Stern
Title: CEO
Date: March 7, 2007

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Trans-Allegheny Interstate Line Company

By: _____
Name: James R. Haney
Title: Vice President
Date: November 8, 2007

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Linden VFT, LLC

By: _____
Name: Andrew J. Keleman
Title: Authorized Representative
Date: April 1, 2009

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Transmission Systems, Incorporated

By: _____
Name: Richard R. Grigg
Title: President
Date: December 17, 2009

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Cleveland, Department of Public Utilities
Division of Cleveland Public Power

By: _____
Name: Barry A. Withers
Title: Director
Date: March 22, 2011

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duke Energy Ohio, Inc.

By: _____
Name: Julia S. Janson
Title: President
Date: September 27, 2011

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duke Energy Kentucky, Inc.

By: _____
Name: Julia S. Janson
Title: President
Date: September 27, 2011

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Hamilton, OH

By: _____
Name: Joshua A. Smith
Title: City Manager
Date: February 29, 2012

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Hudson Transmission Partners, L.L.C.

By: _____
Name: Jeffrey T. Wood
Title: Senior Vice President
Date: February 8, 2013

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

East Kentucky Power Cooperative, Inc.

By: _____
Name: Anthony S. Campbell
Title: President & CEO
Date: March 26, 2013

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Rochelle

By:_____
Name: David S. Plyman
Title: City Manager
Date: August 1, 2015

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

ITC Interconnection LLC

By:_____
Name: Terry S. Harvill
Title: Vice President, International and Merchant Development
Date: May 19, 2016

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Mid-Atlantic Interstate Transmission, LLC

By:_____
Name: Richard A. Ziegler
Title: Director, FERC & RTO Technical Support
Date: October 14, 2016

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Southern Maryland Electric Cooperative, Inc.

By:_____
Name: Austin J. Slater, Jr.
Title: President & CEO
Date: October 19, 2016

Attachment B

Revisions to the Consolidated Transmission Owners Agreement

(Clean Format)

ATTACHMENT A

TO THE CONSOLIDATED

TRANSMISSION OWNERS AGREEMENT

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Title: President and CEO
Date: December 15, 2005

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Title: Vice President
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By:_____
Name: Lisa M. Barton
Title: Executive Vice President - AEP Transmission
Date: October 13, 2015

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Company of Indiana, Inc.

By:_____
Name: Susan Ivey
Title: Vice President, Transmission Operations and Planning, Exelon Corporation
Date: December 15, 2005

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By: _____
Name: Patricia K. Swanke
Title: Vice President - Operations
Date: December 15, 2005

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By:_____
Name: Gary L. Sypolt
Title: President – Dominion Transmission
Date: December 15, 2005

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By: _____
Name: Ralph LaRossa
Title: Vice President - Electric Delivery
Date: December 15, 2005

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PECO Energy Company

By:_____
Name: Susan Ivey
Title: Vice President, Transmission Operations and Planning, Exelon Corporation
Date: December 15, 2005

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PPL Electric Utilities Corporation

By:_____
Name: John F. Sipics
Title: President
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Baltimore Gas and Electric Company

By:_____
Name: Mark P. Huston
Title: Vice President, Electric Transmission and Distribution
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Jersey Central Power & Light Company

By: _____
Name: Stanley F. Szwed
Title: Vice President – Energy Delivery Policy
First Energy Service Company
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Potomac Electric Power Company

By:_____
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Atlantic City Electric Company

By: _____
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Delmarva Power & Light Company

By:_____
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

UGI Utilities, Inc.

By: _____
Name: Richard E. Gill
Title: Assistant Secretary - Electric Transmission
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

CED Rock Springs, LLC

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Old Dominion Electric Cooperative

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Rockland Electric Company

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duquesne Light Company

By:_____
Name:
Title:
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Allegheny Electric Cooperative, Inc.

By: _____
Name: Richard W. Osborne
Title: Vice President Power Supply & Engineering
Date: December 15, 2005

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Neptune Regional Transmission System, LLC

By: _____
Name: Edward M. Stern
Title: CEO
Date: March 7, 2007

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Trans-Allegheny Interstate Line Company

By: _____
Name: James R. Haney
Title: Vice President
Date: November 8, 2007

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Linden VFT, LLC

By: _____
Name: Andrew J. Keleman
Title: Authorized Representative
Date: April 1, 2009

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Transmission Systems, Incorporated

By: _____
Name: Richard R. Grigg
Title: President
Date: December 17, 2009

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Cleveland, Department of Public Utilities
Division of Cleveland Public Power

By: _____
Name: Barry A. Withers
Title: Director
Date: March 22, 2011

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duke Energy Ohio, Inc.

By: _____
Name: Julia S. Janson
Title: President
Date: September 27, 2011

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duke Energy Kentucky, Inc.

By: _____
Name: Julia S. Janson
Title: President
Date: September 27, 2011

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Hamilton, OH

By: _____
Name: Joshua A. Smith
Title: City Manager
Date: February 29, 2012

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Hudson Transmission Partners, L.L.C.

By: _____
Name: Jeffrey T. Wood
Title: Senior Vice President
Date: February 8, 2013

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

East Kentucky Power Cooperative, Inc.

By: _____
Name: Anthony S. Campbell
Title: President & CEO
Date: March 26, 2013

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Rochelle

By:_____
Name: David S. Plyman
Title: City Manager
Date: August 1, 2015

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

ITC Interconnection LLC

By:_____
Name: Terry S. Harvill
Title: Vice President, International and Merchant Development
Date: May 19, 2016

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Mid-Atlantic Interstate Transmission, LLC

By:_____
Name: Richard A. Ziegler
Title: Director, FERC & RTO Technical Support
Date: October 14, 2016

IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Southern Maryland Electric Cooperative, Inc.

By:_____
Name: Austin J. Slater, Jr.
Title: President & CEO
Date: October 19, 2016

EXHIBIT A

AMENDED AND RESTATED INTER-COMPANY POWER AGREEMENT

Execution Copy

AMENDED AND RESTATED

INTER-COMPANY POWER AGREEMENT

DATED AS OF SEPTEMBER 10, 2010

AMONG

OHIO VALLEY ELECTRIC CORPORATION,
ALLEGHENY ENERGY SUPPLY COMPANY, L.L.C.
APPALACHIAN POWER COMPANY,
BUCKEYE POWER GENERATING, LLC,
COLUMBUS SOUTHERN POWER COMPANY,
THE DAYTON POWER AND LIGHT COMPANY,
DUKE ENERGY OHIO, INC.,
FIRSTENERGY GENERATION CORP.,
INDIANA MICHIGAN POWER COMPANY,
KENTUCKY UTILITIES COMPANY,
LOUISVILLE GAS AND ELECTRIC COMPANY,
MONONGAHELA POWER COMPANY,
OHIO POWER COMPANY,
PENINSULA GENERATION COOPERATIVE, and
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

AMENDED AND RESTATED

INTER-COMPANY POWER AGREEMENT

THIS AGREEMENT, dated as of September 10, 2010 (the "Agreement"), by and among OHIO VALLEY ELECTRIC CORPORATION (herein called OVEC), ALLEGHENY ENERGY SUPPLY COMPANY, L.L.C. (herein called Allegheny), APPALACHIAN POWER COMPANY (herein called Appalachian), BUCKEYE POWER GENERATING, LLC (herein called Buckeye), COLUMBUS SOUTHERN POWER COMPANY (herein called Columbus), THE DAYTON POWER AND LIGHT COMPANY (herein called Dayton), DUKE ENERGY OHIO, INC. (formerly known as The Cincinnati Gas & Electric Company and herein called Duke Ohio), FIRSTENERGY GENERATION CORP. (herein called FirstEnergy), INDIANA MICHIGAN POWER COMPANY (herein called Indiana), KENTUCKY UTILITIES COMPANY (herein called Kentucky), LOUISVILLE GAS AND ELECTRIC COMPANY (herein called Louisville), MONONGAHELA POWER COMPANY (herein called Monongahela), OHIO POWER COMPANY (herein called Ohio Power), PENINSULA GENERATION COOPERATIVE (herein called Peninsula), and SOUTHERN INDIANA GAS AND ELECTRIC COMPANY (herein called Southern Indiana, and all of the foregoing, other than OVEC, being herein sometimes collectively referred to as the Sponsoring Companies and individually as a Sponsoring Company) hereby amends and restates in its entirety, the Inter-Company Power Agreement dated as of March 13, 2006, as amended by Modification No. 1, dated as of March 13, 2006 (herein called the Current Agreement), by and among OVEC and the Sponsoring Companies.

WITNESSETH THAT:

WHEREAS, the Current Agreement amended and restated the original Inter-Company Power Agreement, dated as of July 10, 1953, as amended by Modification No. 1, dated as of June 3, 1966; Modification No. 2, dated as of January 7, 1967; Modification No. 3, dated as of November 15, 1967; Modification No. 4, dated as of November 5, 1975; Modification No. 5, dated as of September 1, 1979; Modification No. 6, dated as of August 1, 1981; Modification No. 7, dated as of January 15, 1992; Modification No. 8, dated as of January 19, 1994; Modification No. 9, dated as of August 17, 1995; Modification No. 10, dated as of January 1, 1998; Modification No. 11, dated as of April 1, 1999; Modification No. 12, dated as of November 1, 1999; Modification No. 13, dated as of May 24, 2000; Modification No. 14, dated as of April 1, 2001; and Modification No. 15, dated as of April 30, 2004 (together, herein called the Original Agreement); and

W HEREAS, OVEC designed, purchased, and constructed, and continues to operate and maintain two steam-electric generating stations, one station (herein called Ohio Station) consisting of five turbo-generators and all other necessary equipment, at a location on the Ohio River near Cheshire, Ohio, and the other station (herein called Indiana Station) consisting of six turbogenerators and all other necessary equipment, at a location on the Ohio River near Madison,

Indiana, (the Ohio Station and the Indiana Station being herein called the Project Generating Stations); and

WHEREAS, OVEC also designed, purchased, and constructed, and continues to operate and maintain necessary transmission and general plant facilities (herein called the Project Transmission Facilities) and OVEC established or cause to be established interconnections between the Project Generating Stations and the systems of certain of the Sponsoring Companies; and

WHEREAS, OVEC entered into an agreement, attached hereto as Exhibit A, with Indiana-Kentucky Electric Corporation (herein called IKEC), a corporation organized under the laws of the State of Indiana as a wholly owned subsidiary corporation of OVEC, which has been amended and restated as of the date of this Agreement and embodies the terms and conditions for the ownership and operation by IKEC of the Indiana Station and such portion of the Project Transmission Facilities which are to be owned and operated by it; and

WHEREAS, transmission facilities were constructed by certain of the Sponsoring Companies to interconnect the systems of such Sponsoring Companies, directly or indirectly, with the Project Generating Stations and/or the Project Transmission Facilities, and the Sponsoring Companies have agreed to pay for Available Power, as hereinafter defined, as may be available at the Project Generating Stations; and

WHEREAS, the parties hereto desire to amend and restate in their entirety, the Current Agreement to define the terms and conditions governing the rights of the Sponsoring Companies to receive Available Power from the Project Generating Stations and the obligations of the Sponsoring Companies to pay therefor.

NOW, THEREFORE, the parties hereto agree with each other as follows:

ARTICLE 1

DEFINITIONS

1.01. For the purposes of this Agreement, the following terms, wherever used herein, shall have the following meanings:

1.011 "Affiliate" means, with respect to a specified person, any other person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, such specified person; provided that "control" for these purposes means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

1.012 "Arbitration Board" has the meaning set forth in Section 9.10.

1.013 "Available Energy" of the Project Generating Stations means the energy associated with Available Power.

1.014 "Available Power" of the Project Generating Stations at any particular time means the total net kilowatts at the 345-kV busses of the Project Generating Stations which Corporation in its sole discretion will determine that the Project Generating Stations will be capable of safely delivering under conditions then prevailing, including all conditions affecting capability.

1.015 "Corporation" means OVEC, IKEC, and all other subsidiary corporations of OVEC.

1.016 "Decommissioning and Demolition Obligation" has the meaning set forth in Section 5.03(f) hereof.

1.017 "Effective Date" means September 10, 2010, or to the extent necessary, such later date on which Corporation notifies the Sponsoring Companies that all conditions to effectiveness, including all required waiting periods and all required regulatory acceptances or approvals, of this Agreement have been satisfied in form and substance satisfactory to the Corporation.

1.018 "Election Period" has the meaning set forth in Section 9.183(a) hereof.

1.019 "Minimum Generating Unit Output" means 80 MW (net) for each of the Corporation's generation units; provided that such "Minimum Generating Unit Output" shall be confirmed from time to time by operating tests on the Corporation's generation units and shall be adjusted by the Operating Committee as appropriate following such tests.

1.0110 "Minimum Loading Event" means a period of time during which one or more of the Corporation's generation units are operating at below the Minimum Generating Output as a result of the Sponsoring Companies' failure to schedule and take delivery of sufficient Available Energy.

1.0111 "Minimum Loading Event Costs" means the sum of the following costs caused by one or more Minimum Loading Events: (i) the actual costs of any of the Corporation's generating units burning fuel oil; and (ii) the estimated actual additional costs to the Corporation resulting from Minimum Loading Events, including without limitation the incremental costs of additional emissions allowances, reflected in the schedule of charges prepared by the Operating Committee and in effect as of the commencement of any Minimum Loading Event, which schedule may be adjusted from time to time as necessary by the Operating Committee.

1.0112 "Month" means a calendar month.

1.0113 "Nominal Power Available" means an individual Sponsoring Company's Power Participation Ratio share of the Corporation's current estimate of the maximum amount of Available Power available for delivery at any given time.

1.0114 "Offer Notice" means the notice required to be given to the other Sponsoring Companies by a Transferring Sponsor offering to sell all or a portion of such Transferring Sponsor's rights, title and interests in, and obligations under this Agreement. At a minimum, the Offer Notice shall be in writing and shall contain (i) the rights, title and interests in, and obligations under this Agreement that the Transferring Sponsor proposes to Transfer; and (ii) the cash purchase price and any other material terms and conditions of such proposed transfer. An Offer Notice may not contain terms or conditions requiring the purchase of any non-OVEC interests.

1.0115 "Permitted Assignee" means a person that is (a) a Sponsoring Company or its Affiliate whose long-term unsecured non-credit enhanced indebtedness, as of the date of such assignment, has a Standard & Poor's credit rating of at least BBB- and a Moody's Investors Service, Inc. credit rating of at least Baa3 (provided that, if the proposed assignee's long-term unsecured non-credit enhanced indebtedness is not currently rated by one of Standard & Poor's or Moody, such assignee's long-term unsecured non-credit enhanced indebtedness, as of the date of such assignment, must have either a Standard & Poor's credit rating of at least BBB- or a Moody's Investors Service, Inc. credit rating of at least Baa3); or (b) a Sponsoring Company or its Affiliate that does not meet the criteria in subsection (a) above, if the Sponsoring Company or its Affiliate that is assigning its rights, title and interests in, and obligations under, this Agreement agrees in writing (in form and substance satisfactory to Corporation) to remain obligated to satisfy all of the obligations related to the assigned rights, title and interests to the extent such obligations are not satisfied by the assignee of such rights, title and interests; provided that, in no event shall a person be deemed a "Permitted Assignee" if counsel for the Corporation reasonably determines that the assignment of the rights, title or interests in, or obligations under, this Agreement to such person could cause a termination, default, loss or payment obligation under any security issued, or agreement entered into, by the Corporation prior to such transfer.

1.0116 "Postretirement Benefit Obligation" has the meaning set forth in Section 5.03(e) hereof.

1.0117 "Power Participation Ratio" as applied to each of the Sponsoring Companies refers to the percentage set forth opposite its respective name in the tabulation below:

Company	Power Participation Ratio—Percent

Allegheny	3.01
Appalachian	15.69
Buckeye	18.00
Columbus	4.44
Dayton	4.90
Duke Ohio	9.00
FirstEnergy	4.85
Indiana	7.85
Kentucky	2.50
Louisville	5.63
Monongahela	0.49
Ohio Power	15.49
Peninsula	6.65
Southern Indiana	1.50
Total	100.0

1.0118 "Tariff" means the open access transmission tariff of the Corporation, as amended from time to time, or any successor tariff, as accepted by the Federal Energy Regulatory Commission or any successor agency.

1.0119 "Third Party" means any person other than a Sponsoring Company or its Affiliate.

1.0120 "Total Minimum Generating Output" means the product of the Minimum Generating Unit Output times the number of the Corporation's generation units available for service at that time.

1.0121 "Transferring Sponsor" has the meaning set forth in Section 9.183(a) hereof.

1.0122 "Uniform System of Accounts" means the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as in effect on January 1, 2004.

ARTICLE 2

TRANSMISSION AGREEMENT AND FACILITIES

2.01. *Transmission Agreement.* The Corporation shall enter into a transmission service agreement under the Tariff, and the Corporation shall reserve and schedule transmission service, ancillary services and other transmission-related services in accordance with the Tariff to provide for the delivery of Available Power and Available Energy to the applicable delivery point under this Agreement.

2.02. *Limited Burdening of Corporation's Transmission Facilities.* Transmission facilities owned by the Corporation, including the Project Transmission Facilities, shall not be burdened by power and energy flows of any Sponsoring Company to an extent which would impair or prevent the transmission of Available Power.

ARTICLE 3

[RESERVED]

ARTICLE 4

AVAILABLE POWER SUPPLY

4.01. *Operation of Project Generating Stations.* Corporation shall operate and maintain the Project Generating Stations in a manner consistent with safe, prudent, and efficient operating practice so that the Available Power available from said stations shall be at the highest practicable level attainable consistent with OVEC's obligations under Reliability*First* Reliability Standard BAL-002-RFC throughout the term of this Agreement.

4.02. *Available Power Entitlement.* The Sponsoring Companies collectively shall be entitled to take from Corporation and Corporation shall be obligated to supply to the Sponsoring Companies any and all Available Power and Available Energy pursuant to the provisions of this Agreement. Each Sponsoring Company's Available Power Entitlement hereunder shall be its Power Participation Ratio, as defined in *subsection* 1.0117, of Available Power.

4.03. *Available Energy.* Corporation shall make Available Energy available to each Sponsoring Company in proportion to said Sponsoring Company's Power Participation Ratio. No Sponsoring Company, however, shall be obligated to avail itself of any Available Energy. Available Energy shall be scheduled and taken by the Sponsoring Companies in accordance with the following procedures:

4.031 Each Sponsoring Company shall schedule the delivery of all or any portion (in whole MW increments) of its entitlement to Available Energy in accordance with scheduling procedures established by the Operating Committee from time to time.

4.032 In the event that any Sponsoring Company does not schedule the delivery of all of its Power Participation Ratio share of Available Energy, then each such other Sponsoring Company may schedule the delivery of all or any portion (in whole MW increments) of any such unscheduled share of Available Energy (through successive allotments if necessary) in proportion to their Power Participation Ratios.

4.033 Notwithstanding any Available Energy schedules made in accordance with this Section 4.03 and the applicable scheduling procedures, (i) the Corporation shall adjust all schedules to the extent that the Corporation's actual generation output is less than or more than the expected Nominal Power Available to all Sponsoring Companies, or to the extent that the Corporation is unable to obtain sufficient transmission service under the Tariff for the delivery of all scheduled Available Energy; and (ii) immediately following a Minimum Loading Event, any Sponsoring Company causing (in whole or part) such Minimum Loading Event shall have its Available Energy schedules increased after the schedules of the Sponsoring Companies not causing such Minimum Load Event, in accordance with the estimated ramp rates associated with the shutdown and start-up of the Corporation's generation units as reflected in the schedules prepared by the Operating Committee and in effect as of the commencement of any Minimum Loading Event, which schedules may be adjusted from time to time as necessary by the Operating Committee.

4.034 Each Sponsoring Company availing itself of Available Energy shall be entitled to an amount of energy (herein called billing kilowatt-hours of Available Energy) equal to its portion, determined as provided in this Section 4.03, of the total Available Energy after deducting therefrom such Sponsoring Company's proportionate share, as defined in this Section 4.03, of all losses as determined in accordance with the Tariff incurred in transmitting the total of such Available Energy from the 345-kV busses of the Project Generating Stations to the applicable delivery points, as scheduled pursuant to Section 9.01, of all Sponsoring Companies availing themselves of Available Energy. The proportionate share of all such losses that shall be so deducted from such Sponsoring Company's portion of Available Energy shall be equal to all such losses multiplied by the ratio of such portion of Available Energy to the total of such Available Energy. Each Sponsoring Company shall have the right, pursuant to this Section 4.03, to avail itself of Available Energy for the purpose of meeting the loads of its own system and/or of supplying energy to other systems in accordance with agreements, other than this Agreement, to which such Sponsoring Company is a party.

4.035 To the extent that, as a result of the failure by one or more Sponsoring Companies to take its respective Power Participation Ratio share of the applicable Total Minimum Generating Output during any hour, a Minimum Loading Event shall occur, then such one or more Sponsoring Companies shall be assessed charges for any Minimum Loading Event Costs in accordance with Section 5.05.

ARTICLE 5

CHARGES FOR AVAILABLE POWER AND MINIMUM LOADING EVENT COSTS

5.01. *Total Monthly Charge.* The amount to be paid to Corporation each month by the Sponsoring Companies for Available Power and Available Energy supplied under this

Agreement shall consist of the sum of an energy charge, a demand charge, and a transmission charge, all determined as set forth in this *Article* 5.

5.02. *Energy Charge.* The energy charge to be paid each month by the Sponsoring Companies for Available Energy shall be determined by Corporation as follows:

5.021 Determine the aggregate of all expenses for fuel incurred in the operation of the Project Generating Stations, in accordance with Account 501 (Fuel), Account 506.5 (Variable Reagent Costs Associated With Pollution Control Facilities) and 509 (Allowances) of the Uniform System of Accounts.

5.022 Determine for such month the difference between the total cost of fuel as described in subsection 5.021 above and the total cost of fuel included in any Minimum Loading Event Costs payable to the Corporation for such month pursuant to Section 8.03. For the purposes hereof the difference so determined shall be the fuel cost allocable for such month to the total kilowatt-hours of energy generated at the Project Generating Stations for the supply of Available Energy. For Available Energy availed of by the Sponsoring Companies, each Sponsoring Company shall pay Corporation for each such month an amount obtained by multiplying the ratio of the billing kilowatt-hours of such Available Energy availed of by such Sponsoring Company during such month to the aggregate of the billing kilowatt-hours of all Available Energy availed of by all Sponsoring Companies during such month times the total cost of fuel as described in this subsection 5.022 for such month.

5.03. *Demand Charge.* During the period commencing with the Effective Date and for the remainder of the term of this Agreement, demand charges payable by the Sponsoring Companies to Corporation shall be determined by the Corporation as provided below in this Section 5.03. Each Sponsoring Company's share of the aggregate demand charges shall be the percentage of such charges represented by its Power Participation Ratio.

The aggregate demand charge payable each month by the Sponsoring Companies to Corporation shall be equal to the total costs incurred for such month by Corporation resulting from its ownership, operation, and maintenance of the Project Generating Stations and Project Transmission Facilities determined as follows:

As soon as practicable after the close of each calendar month the following components of costs of Corporation (eliminating any duplication of costs which might otherwise be reflected among the corporate entities comprising Corporation) applicable for such month to the ownership, operation and maintenance of the Project Generating Stations and the Project Transmission Facilities, including additional facilities and/or spare parts (such as fuel processing plants, flue gas or waste product processing facilities, and facilities reasonably required to enable the Corporation to limit the emission of pollutants or the discharge of wastes in compliance with governmental requirements) and

replacements necessary or desirable to keep the Project Generating Stations and the Project Transmission Facilities in a dependable and efficient operating condition, and any provision for any taxes that may be applicable to such charges, to be determined and recorded in the following manner:

(a) Component (A) shall consist of fixed charges made up of (i) the amounts of interest properly chargeable to Accounts 427, 430 and 431, less the amount thereof credited to Account 432, of the Uniform System of Accounts, including the interest component of any purchase price, interest, rental or other payment under an installment sale, loan, lease or similar agreement relating to the purchase, lease or acquisition by Corporation of additional facilities and replacements (whether or not such interest or other amounts have come due or are actually payable during such Month), (ii) the amounts of amortization of debt discount or premium and expenses properly chargeable to Accounts 428 and 429, and (iii) an amount equal to the sum of (I) the applicable amount of the debt amortization component for such month required to retire the total amount of indebtedness of Corporation issued and outstanding, (II) the amortization requirement for such month in respect of indebtedness of Corporation incurred in respect of additional facilities and replacements, and (III) to the extent not provided for pursuant to clause (II) of this clause (iii), an appropriate allowance for depreciation of additional facilities and replacements.

(b) Component (B) shall consist of the total operating expenses for labor, maintenance, materials, supplies, services, insurance, administrative and general expense, etc., properly chargeable to the Operation and Maintenance Expense Accounts of the Uniform System of Accounts (exclusive of Accounts 501, 509, 555, 911, 912, 913, 916, and 917 of the Uniform System of Accounts), minus the total of all non-fuel costs included in any Minimum Loading Event Costs payable to the Corporation for such month pursuant to Section 8.03, minus the total of all transmission charges payable to the Corporation for such month pursuant to Section 5.04, and plus any additional amounts which, after provision for all income taxes on such amounts (which shall be included in Component (C) below), shall equal any amounts paid or payable by Corporation as fines or penalties with respect to occasions where it is asserted that Corporation failed to comply with a law or regulation relating to the emission of pollutants or the discharge of wastes.

(c) Component (C) shall consist of the total expenses for taxes, including all taxes on income but excluding any federal income taxes arising from payments to Corporation under Component (D) below, and all operating or other costs or expenses, net of income, not included or

specifically excluded in Components (A) or (B) above, including tax adjustments, regulatory adjustments, net losses for the disposition of property and other net costs or expenses associated with the operation of a utility.

(d) Component (D) shall consist of an amount equal to the product of $2.089 multiplied by the total number of shares of capital stock of the par value of $100 per share of Ohio Valley Electric Corporation which shall have been issued and which are outstanding on the last day of such month.

(e) Component (E) shall consist of an amount to be sufficient to pay the costs and other expenses relating to the establishment, maintenance and administration of life insurance, medical insurance and other postretirement benefits other than pensions attributable to the employment and employee service of active employees, retirees, or other employees, including without limitation any premiums due or expected to become due, as well as administrative fees and costs, such amounts being sufficient to provide payment with respect to all periods for which Corporation has committed or is otherwise obligated to make such payments, including amounts attributable to current employee service and any unamortized prior service cost, gain or loss attributable to prior service years ("Postretirement Benefit Obligation"); provided that, the amount payable for Postretirement Benefit Obligations during any month shall be determined by the Corporation based on, among other factors, the Statement of Financial Accounting Standards No. 106 (Employers' Accounting For Postretirement Benefits Other Than Pensions) and any applicable accounting standards, policies or practices as adopted from time to time relating to accruals with respect to all or any portion of such Postretirement Benefit Obligation.

(f) Component (F) shall consist of an amount that may be incurred in connection with the decommissioning, shutdown, demolition and closing of the Project Generating Stations when production of electric power and energy is discontinued at such Project Generating Stations, which amount shall include, without limitation the following costs (net of any salvage credits): the costs of demolishing the plants' building structures, disposal of non-salvageable materials, removal and disposal of insulating materials, removal and disposal of storage tanks and associated piping, disposal or removal of materials and supplies (including fuel oil and coal), grading, covering and reclaiming storage and disposal areas, disposing of ash in ash ponds to the extent required by regulatory authorities, undertaking corrective or remedial action required by regulatory authorities, and any other costs incurred in putting the facilities

in a condition necessary to protect health or the environment or which are required by regulatory authorities, or which are incurred to fund continuing obligations to monitor or to correct environmental problems which result, or are later discovered to result, from the facilities' operation, closure or post-closure activities ("Decommissioning and Demolition Obligation") provided that, the amount payable for Decommissioning and Demolition Obligations during any month shall be calculated by Corporation based on, among other factors, the then-estimated useful life of the Project Generating Stations and any applicable accounting standards, policies or practices as adopted from time to time relating to accruals with respect to all or any portion of such Decommissioning and Demolition Obligation, and provided further that, the Corporation shall recalculate the amount payable under this Component (F) for future months from time to time, but in no event later than five (5) years after the most recent calculation.

5.04. *Transmission Charge*. The transmission charges to be paid each month by the Sponsoring Companies shall be equal to the total costs incurred for such month by Corporation for the purchase of transmission service, ancillary services and other transmission-related services under the Tariff as reserved and scheduled by the Corporation to provide for the delivery of Available Power and Available Energy to the applicable delivery point under this Agreement. Each Sponsoring Company's share of the aggregate transmission charges shall be the percentage of such charges represented by its Power Participation Ratio.

5.05. *Minimum Loading Event Costs.* To the extent that, as a result of the failure by one or more Sponsoring Companies to take its respective Power Participation Ratio share of the applicable Total Minimum Generating Output during any hour, a Minimum Loading Event shall occur, then the sum of all Minimum Loading Event Costs relating to such Minimum Loading Event shall be charged to such Sponsoring Company or group of Sponsoring Companies that failed take its respective Power Participation Ratio share of the applicable Total Minimum Generating Output during such period, with such Minimum Loading Event Costs allocated among such Sponsoring Companies on a pro-rata basis in accordance with such Sponsoring Company's MWh share of the MWh reduction in the delivery of Available Energy causing any Minimum Loading Event. The applicable charges for Minimum Loading Event Costs as determined by the corporation in accordance with Section 5.05 shall be paid each month by the applicable Sponsoring Companies.

ARTICLE 6

Metering of Energy Supplied

6.01. *Measuring Instruments.* The parties hereto shall own and maintain such metering equipment as may be necessary to provide complete information regarding the delivery of power and energy to or for the account of any of the parties hereto; and the ownership and

expense of such metering shall be in accordance with agreements among them. Each party will at its own expense make such periodic tests and inspections of its meters as may be necessary to maintain them at the highest practical commercial standard of accuracy and will advise all other interested parties hereto promptly of the results of any such test showing an inaccuracy of more than 1%. Each party will make additional tests of its meters at the request of any other interested party. Other interested parties shall be given notice of, and may have representatives present at, any test and inspection made by another party.

ARTICLE 7

COSTS OF REPLACEMENTS AND ADDITIONAL FACILITIES; PAYMENTS FOR EMPLOYEE BENEFITS; DECOMMISSIONING, SHUTDOWN, DEMOLITION AND CLOSING CHARGES

7.01. *Replacement Costs.* The Sponsoring Companies shall reimburse Corporation for the difference between (a) the total cost of replacements chargeable to property and plant made by Corporation during any month prior thereto (and not previously reimbursed) and (b) the amounts received by Corporation as proceeds of fire or other applicable insurance protection, or amounts recovered from third parties responsible for damages requiring replacement, plus provision for all taxes on income on such difference; provided that, to the extent that the Corporation arranges for the financing of any replacements, the payments due under this Section 7.01 shall equal the amount of all principal, interest, taxes and other costs and expenses related to such financing during any month. Each Sponsoring Company's share of such payment shall be the percentage of such costs represented by its Power Participation Ratio. The term cost of replacements, as used herein, shall include all components of cost, plus removal expense, less salvage.

7.02. *Additional Facility Costs.* The Sponsoring Companies shall reimburse Corporation for the total cost of additional facilities and/or spare parts purchased and/or installed by Corporation during any month prior thereto (and not previously reimbursed), plus provision for all taxes on income on such costs; provided that, to the extent that the Corporation arranges for the financing of any additional facilities and/or spare parts, the payments due under this Section 7.02 shall equal the amount of all principal, interest, taxes and other costs and expenses related to such financing during any month. Each Sponsoring Company's share of such payment shall be the percentage of such costs represented by its Power Participation Ratio.

7.03. *Payments for Employee Benefits.* Not later than the effective date of termination of this Agreement, each Sponsoring Company will pay to Corporation its Power Participation Ratio share of additional amounts, after provision for any taxes that may be applicable thereto, sufficient to cover any shortfall if the amount of the Postretirement Benefit Obligation collected by the Corporation prior to the effective date of termination of the Agreement is insufficient to permit Corporation to fulfill its commitments or obligations with respect to both postemployment benefit obligations under the Statement of Financial Accounting Standards No. 112 and postretirement benefits other than pensions, as determined by Corporation

with the aid of an actuary or actuaries selected by the Corporation based on the terms of the Corporation's then-applicable plans.

7.04. *Decommissioning, Shutdown, Demolition and Closing.* The Sponsoring Companies recognize that a part of the cost of supplying power to it under this Agreement is the amount that may be incurred in connection with the decommissioning, shutdown, demolition and closing of the Project Generating Stations when production of electric power and energy is discontinued at such Project Generating Stations. Not later than the effective date of termination of this Agreement, each Sponsoring Company will pay to Corporation its Power Participation Ratio share of additional amounts, after provision for any taxes that may be applicable thereto, sufficient to cover any shortfall if the amount of the Decommissioning and Demolition Obligation collected by the Corporation prior to the effective date of termination of the Agreement is insufficient to permit Corporation to complete the decommissioning, shutdown, demolition and closing of the Project Generating Stations, based on the Corporation's recalculation of the Decommissioning and Demolition Obligation in accordance with Section 5.03(f) of this Agreement no earlier than twelve (12) months before the effective date of termination of this Agreement.

ARTICLE 8

BILLING AND PAYMENT

8.01. *Available Power, and Replacement and Additional Facility Costs.* As soon as practicable after the end of each month Corporation shall render to each Sponsoring Company a statement of all Available Power and Available Energy supplied to or for the account of such Sponsoring Company during such month, specifying the amount due to the Corporation therefor, including any amounts for reimbursement for the cost of replacements and additional facilities and/or spare parts incurred during such month, pursuant to *Articles* 5 and 7 above. Such Sponsoring Company shall make payment therefor promptly upon the receipt of such statement, but in no event later than fifteen (15) days after the date of receipt of such statement. In case any factor entering into the computation of the amount due for Available Power and Available Energy cannot be determined at the time, it shall be estimated subject to adjustment when the actual determination can be made.

8.02. *Provisional Payments for Available Power.* The Sponsoring Companies shall, from time to time, at the request of the Corporation, make provisional semi-monthly payments for Available Power in amounts approximately equal to the estimated amounts payable for Available Power delivered by Corporation to the Sponsoring Companies during each semi-monthly period. As soon as practicable after the end of each semi-monthly period with respect to which Corporation has requested the Sponsoring Companies to make provisional semi-monthly payments for Available Power, Corporation shall render to each Sponsoring Company a separate statement indicating the amount payable by such Sponsoring Company for such semi-monthly period. Such Sponsoring Company shall make payment therefor promptly upon receipt of such statement, but in no event later than fifteen (15) days after the date of receipt of such

statement and the amounts so paid by such Sponsoring Company shall be credited to the account of such Sponsoring Company with respect to future payments to be made pursuant to *Articles* 5 and 7 above by such Sponsoring Company to Corporation for Available Power.

8.03. *Minimum Loading Event Costs.* As soon as practicable after the end of each month, Corporation shall render to each Sponsoring Company a statement indicating any applicable charges for Minimum Loading Event Costs pursuant to Section 5.05 during such month, specifying the amount due to the Corporation therefor pursuant to *Article* 5 above. Such Sponsoring Company shall make payment therefor promptly upon the receipt of such statement, but in no event later than fifteen (15) days after the date of receipt of such statement. In case the computation of the amount due for Minimum Loading Event Costs cannot be determined at the time, it shall be estimated subject to adjustment when the actual determination can be made, and all payments shall be subject to subsequent adjustment.

8.04. *Unconditional Obligation to Pay Demand and Other Charges.* The obligation of each Sponsoring Company to pay its specified portion of the Demand Charge under Section 5.03, the Transmission Charge under Section 5.04, and all charges under *Article* 7 for any Month shall not be reduced irrespective of:

(a) whether or not any Available Power or Available Energy are supplied by the Corporation during such calendar month and whether or not any Available Power or Available Energy are accepted by any Sponsoring Company during such calendar month;

(b) the existence of any claim, set-off, defense, reduction, abatement or other right (other than irrevocable payment, performance, satisfaction or discharge in full) that such Sponsoring Company may have, or which may at any time be available to or be asserted by such Sponsoring Company, against the Corporation , any other Sponsoring Company, any creditor of the Corporation or any other Person (including, without limitation, arising as a result of any breach or alleged breach by either the Corporation, any other Sponsoring Company, any creditor of the Corporation or any other Person under this Agreement or any other agreement (whether or not related to the transactions contemplated by this Agreement or any other agreement) to which such party is a party); or

(c) the validity or enforceability against any other Sponsoring Company of this Agreement or any right or obligation hereunder (or any release or discharge thereof) at any time.

ARTICLE 9

GENERAL PROVISIONS

9.01. *Characteristics of Supply and Points of Delivery.* All power and energy delivered hereunder shall be 3-phase, 60-cycle, alternating current, at a nominal unregulated voltage designated for the point of delivery as described in this *Article* 9. Available Power and Available Energy to be delivered between Corporation and the Sponsoring Companies pursuant to this Agreement shall be delivered under the terms and conditions of the Tariff at the points, as scheduled by the Sponsoring Company in accordance with procedures established by the Operating Committee and in accordance with Section 9.02, where the transmission facilities of Corporation interconnect with the transmission facilities of any Sponsoring Company (or its successor or predecessor); provided that, to the extent that a joint and common market is established for the sale of power and energy by Sponsoring Companies within one or more of the regional transmission organizations or independent system operators approved by the Federal Energy Regulatory Commission in which the Sponsoring Companies are members or otherwise participate, then Corporation and the Sponsoring Companies shall take such action as reasonably necessary to permit the Sponsoring Companies to bid their entitlement to power and energy from Corporation into such market(s) in accordance with the procedures established for such market(s).

9.02. *Modification of Delivery Schedules Based on Available Transmission Capability.* To the extent that transmission capability available for the delivery of Available Power and Available Energy at any delivery point is less than the total amount of Available Power and Available Energy scheduled for delivery by the Sponsoring Companies at such delivery point in accordance with Section 9.01, then the following procedures shall apply and the Corporation and the applicable Sponsoring Companies shall modify their delivery schedules accordingly until the total amount of Available Power and Available Energy scheduled for delivery at such delivery point is equal to or less than the transmission capability available for the delivery of Available Power and Available Energy: (a) the transmission capability available for the delivery of Available Power and Available Energy at the following delivery points shall be allocated first on a pro rata basis (in whole MW increments) to the following Sponsoring Companies up to their Power Participation Ratio share of the total amount of Available Energy available to all Sponsoring Companies (and as applicable, further allocated among Sponsoring Companies entitled to allocation under this Section 9.02(a) in accordance with their Power Participation Ratios): (i) to Allegheny, Appalachian, Buckeye, Columbus, FirstEnergy, Indiana, Monongahela, Ohio Power and Peninsula (or their successors) for deliveries at the points of interconnection between the Corporation and Appalachian, Columbus, Indiana or Ohio Power, or their successors; (ii) to Duke Ohio (or its successor) for deliveries at the points of interconnection between the Corporation and Duke Ohio or its successor; (iii) to Dayton (or its successor) for deliveries at the points of interconnection between the Corporation and Dayton or its successor; and (iv) to Kentucky, Louisville and Southern Indiana (or their successors) for deliveries at the points of interconnection between the Corporation and Louisville or Kentucky, or their successors; and (b) any remaining transmission capability available for the delivery of

Available Power and Available Energy shall be allocated on a pro rata basis (in whole MW increments) to the Sponsoring Companies in accordance with their Power Participation Ratios.

9.03. *Operation and Maintenance of Systems Involved.* Corporation and the Sponsoring Companies shall operate their systems in parallel, directly or indirectly, except during emergencies that temporarily preclude parallel operation. The parties hereto agree to coordinate their operations to assure maximum continuity of service from the Project Generating Stations, and with relation thereto shall cooperate with one another in the establishment of schedules for maintenance and operation of equipment and shall cooperate in the coordination of relay protection, frequency control, and communication and telemetering systems. The parties shall build, maintain and operate their respective systems in such a manner as to minimize so far as practicable rapid fluctuations in energy flow among the systems. The parties shall cooperate with one another in the operation of reactive capacity so as to assure mutually satisfactory power factor conditions among themselves.

The parties hereto shall exercise due diligence and foresight in carrying out all matters related to the providing and operating of their respective power resources so as to minimize to the extent practicable deviations between actual and scheduled deliveries of power and energy among their systems. The parties hereto shall provide and/or install on their respective systems such communication, telemetering, frequency and/or tie-line control facilities essential to so minimizing such deviations; and shall fully cooperate with one another and with third parties (such third parties whose systems are either directly or indirectly interconnected with the systems of the Sponsoring Companies and who of necessity together with the parties hereto must unify their efforts cooperatively to achieve effective and efficient interconnected systems operation) in developing and executing operating procedures that will enable the parties hereto to avoid to the extent practicable deviations from scheduled deliveries.

In order to foster coordination of the operation and maintenance of Corporation's transmission facilities with those facilities of Sponsoring Companies that are owned or functionally controlled by a regional transmission organization or independent system operator, Corporation shall use commercially reasonable efforts to enter into a coordination agreement with any regional transmission organization or independent system operator approved by the Federal Energy Regulatory Commission that operates transmission facilities that interconnect with Corporation's transmission facilities, and to enter into a mutually agreeable services agreement with a regional transmission organization or independent system operator to provide the Corporation with reliability and security coordination services and other related services.

9.04. *Power Deliveries as Affected by Physical Characteristics of Systems.* It is recognized that the physical and electrical characteristics of the transmission facilities of the interconnected network of which the transmission systems of the Sponsoring Companies, Corporation, and other systems of third parties not parties hereto are a part, may at times preclude the direct delivery at the points of interconnection between the transmission systems of one or more of the Sponsoring Companies and Corporation, of some portion of the energy supplied under this Agreement, and that in each such case, because of said characteristics, some

of the energy will be delivered at points which interconnect the system of one or more of the Sponsoring Companies with systems of companies not parties to this Agreement. The parties hereto shall cooperate in the development of mutually satisfactory arrangements among themselves and with such companies not parties hereto whereby the supply of power and energy contemplated hereunder can be fulfilled.

9.05. *Operating Committee.* There shall be an "Operating Committee" consisting of one member appointed by the Corporation and one member appointed by each of the Sponsoring Companies electing so to do; provided that, if any two or more Sponsoring Companies are Affiliates, then such Affiliates shall together be entitled to appoint only one member to the Operating Committee. The "Operating Committee" shall establish (and modify as necessary) scheduling, operating, testing and maintenance procedures of the Corporation in support of this Agreement, including establishing: (i) procedures for scheduling delivery of Available Energy under Section 4.03, (ii) procedures for power and energy accounting, (iii) procedures for the reservation and scheduling of firm and non-firm transmission service under the Tariff for the delivery of Available Power and Available Energy, (iv) the Minimum Generating Unit Output, and (v) the form of notifications relating to power and energy and the price thereof. In addition, the Operating Committee shall consider and make recommendations to Corporation's Board of Directors with respect to such other problems as may arise affecting the transactions under this Agreement. The decisions of the Operating Committee, including the adoption or modification of any procedure by the Operating Committee pursuant to this Section 9.04, must receive the affirmative vote of at least two-thirds of the members of the Operating Committee, regardless of the number of members of the Operating Committee present at any meeting.

9.06. *Acknowledgment of Certain Rights.* For the avoidance of doubt, all of the parties to this Agreement acknowledge and agree that (i) as of the effective date of the Current Agreement, certain rights and obligations of the Sponsoring Companies or their predecessors under the Original Agreement were changed, modified or otherwise removed, (ii) to the extent that the rights of any Sponsoring Company or their predecessors were thereby changed, modified or otherwise removed as of the effective date of the Current Agreement, such Sponsoring Company may be entitled to rights under applicable law, regulation, rules or orders under the Federal Power Act or otherwise adopted by the Federal Energy Regulatory Commission ("FERC"), (iii) as a result of the elimination as of the effective date of the Current Agreement of the firm transmission service previously provided during the term of the Original Agreement to Sponsoring Companies or their predecessors whose transmission systems were only indirectly connected to the Corporation's facilities through intervening transmission systems by certain Sponsoring Companies or their predecessors whose transmission systems were directly connected to the Corporation's facilities, such Sponsoring Companies or their predecessors whose transmission systems were only indirectly connected to the Corporation's facilities through intervening transmission systems shall have been entitled to such "roll over" firm transmission service for delivery of their entitlement to their Power Participation Ratio share of Surplus Power and Surplus Energy under this Agreement, to the border of such Sponsoring Company system and intervening Sponsoring Company system, as would be accorded a long-

term firm point-to-point transmission service reservation under the then otherwise applicable FERC Open Access Transmission Tariff ("OATT"), (iv) the obligation of any Sponsoring Company to maintain or expand transmission capacity to accommodate another Sponsoring Company's "roll over" rights to transmission service for delivery of their entitlement to their Power Participation Ratio share of Surplus Power and Surplus Energy under this Agreement shall be consistent with the obligations it would have for long-term firm point-to-point transmission service provided pursuant to the then otherwise applicable OATT, and (v) the parties shall cooperate with any Sponsoring Company that seeks to obtain and/or exercise any such rights available under applicable law, regulation, rules or orders under the Federal Power Act or otherwise adopted by the FERC.

9.07. *Term of Agreement.* This Agreement shall become effective upon the Effective Date and shall terminate upon the earlier of: (1) June 30, 2040 or (2) the sale or other disposition of all of the facilities of the Project Generating Stations or the permanent cessation of operation of such facilities; provided that, the provisions of *Articles* 5, 7 and 8, this Section 9.07 and Sections 9.08, 9.09, 9.10, 9.11, 9.12, 9.14, 9.15, 9.16, 9.17 and 9.18 shall survive the termination of this Agreement, and no termination of this Agreement, for whatever reason, shall release any Sponsoring Company of any obligations or liabilities incurred prior to such termination.

9.08. *Access to Records.* Corporation shall, at all reasonable times, upon the request of any Sponsoring Company, grant to its representatives reasonable access to the books, records and accounts of the Corporation, and furnish such Sponsoring Company such information as it may reasonably request, to enable it to determine the accuracy and reasonableness of payments made for energy supplied under this Agreement.

9.09. *Modification of Agreement.* Absent the agreement of all parties to this Agreement, the standard for changes to provisions of this Agreement related to rates proposed by a party, a non-party or the Federal Energy Regulatory Commission (or a successor agency) acting sua sponte shall be the "public interest" standard of review set forth in *United Gas Pipeline Co. v. Mobile Gas Serv. Corp.,* 350 U.S. 332 (1956) and *Federal Power Comm'n v. Sierra Pacific Power Co.,* 350 U.S. 348 (1956).

9.10. *Arbitration.* Any controversy, dispute or claim arising out of this Agreement or the refusal by any party hereto to perform the whole or any part thereof, shall be determined by arbitration, in the City of Columbus, Franklin County, Ohio, in accordance with the Commercial Arbitration Rules of the American Arbitration Association or any successor organization, except as otherwise set forth in this Section 9.10.

The party demanding arbitration shall serve notice in writing upon all other parties hereto, setting forth in detail the controversy, dispute or claim with respect to which arbitration is demanded, and the parties shall thereupon endeavor to agree upon an arbitration board, which shall consist of three members ("Arbitration Board"). If all the parties hereto fail so to agree within a period of thirty (30) days from the original notice, the party demanding

arbitration may, by written notice to all other parties hereto, direct that any members of the Arbitration Board that have not been agreed to by the parties shall be selected by the American Arbitration Association, or any successor organization. No person shall be eligible for appointment to the Arbitration Board who is an officer, employee, shareholder of or otherwise interested in any of the parties hereto or in the matter sought to be arbitrated.

The Arbitration Board shall afford adequate opportunity to all parties hereto to present information with respect to the controversy, dispute or claim submitted to arbitration and may request further information from any party hereto; provided, however, that the parties hereto may, by mutual agreement, specify the rules which are to govern any proceeding before the Arbitration Board and limit the matters to be considered by the Arbitration Board, in which event the Arbitration Board shall be governed by the terms and conditions of such agreement.

The determination or award of the Arbitration Board shall be made upon a determination of a majority of the members thereof. The findings and award of the Arbitration Board shall be final and conclusive with respect to the controversy, dispute or claim submitted for arbitration and shall be binding upon the parties hereto, except as otherwise provided by law. The award of the Arbitration Board shall specify the manner and extent of the division of the costs of the arbitration proceeding among the parties hereto.

9.11. *Liability.* The rights and obligations of all the parties hereto shall be several and not joint or joint and several.

9.12. *Force Majeure.* No party hereto shall be held responsible or liable for any loss or damage on account of non-delivery of energy hereunder at any time caused by an event of Force Majeure. "Force Majeure" shall mean the occurrence or non-occurrence of any act or event that could not reasonably have been expected and avoided by exercise of due diligence and foresight and such act or event is beyond the reasonable control of such party, including to the extent caused by act of God, fire, flood, explosion, strike, civil or military authority, insurrection or riot, act of the elements, or failure of equipment. For the avoidance of doubt, "Force Majeure" shall in no event be based on any Sponsoring Company's financial or economic conditions, including without limitation (i) the loss of the Sponsoring Company's markets; or (ii) the Sponsoring Company's inability economically to use or resell the Available Power or Available Energy purchased hereunder.

9.13. *Governing Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of Ohio.

9.14. *Regulatory Approvals.* This Agreement is made subject to the jurisdiction of any governmental authority or authorities having jurisdiction in the premises and the performance thereof shall be subject to the following:

(a) The receipt of all regulatory approvals, in form and substance satisfactory to Corporation, necessary to permit Corporation to perform all the duties and obligations to be performed by Corporation hereunder.

(b) The receipt of all regulatory approvals, in form and substance satisfactory to the Sponsoring Companies, necessary to permit the Sponsoring Companies to carry out all transactions contemplated herein.

9.15. *Notices.* All notices, requests or other communications under this Agreement shall be in writing and shall be sufficient in all respects: (i) if delivered in person or by courier, upon receipt by the intended recipient or an employee that routinely accepts packages or letters from couriers or other persons for delivery to personnel at the address identified above (as confirmed by, if delivered by courier, the records of such courier), (ii) if sent by facsimile transmission, when the sender receives confirmation from the sending facsimile machine that such facsimile transmission was transmitted to the facsimile number of the addressee, or (iii) if mailed, upon the date of delivery as shown by the return receipt therefor.

9.16. *Waiver.* Performance by any party to this Agreement of any responsibility or obligation to be performed by such party or compliance by such party with any condition contained in this Agreement may by a written instrument signed by all other parties to this Agreement be waived in any one or more instances, but the failure of any party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect.

9.17. *Titles of Articles and Sections.* The titles of the Articles and Sections in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

9.18. *Successors and Assigns.* This Agreement may be executed in any number of counterparts, all of which shall constitute but one and the same document.

9.181 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, but a party to this Agreement may not assign this Agreement or any of its rights, title or interests in or obligations (including without limitation the assumption of debt obligations) under this Agreement, except to a successor to all or substantially all the properties and assets of such party or as provided in Section 9.182 or 9.183, without the written consent of all the other parties hereto.

9.182 Notwithstanding the provisions of Section 9.181, any Sponsoring Company shall be permitted to, upon thirty (30) days notice to the Corporation and each other Sponsoring Company, without any further action by the Corporation or the other Sponsoring Companies, assign all or part of its rights, title and interests in, and obligations under this Agreement to a Permitted Assignee, provided that, the assignee and assignor of the rights, title and interests in, and obligations under, this Agreement have executed an assignment agreement in form and substance acceptable to the Corporation

in its reasonable discretion (including, without limitation; the agreement by the Sponsoring Company assigning such rights, title and interests in, and obligations under, this Agreement to reimburse the Corporation and the other Sponsoring Companies for any fees or expenses required under any security issued, or agreement entered into, by the Corporation as a result of such assignment, including without limitation any consent fee or additional financing costs to the Corporation under the Corporation's then-existing securities or agreements resulting from such assignment).

9.183 Notwithstanding the provisions of Section 9.181, any Sponsoring Company shall be permitted to, subject to compliance with all of the requirements of this Section 9.183, assign all or part of its rights, title and interests in, and obligations under this Agreement to a Third Party without any further action by the Corporation or the other Sponsoring Companies.

(a) A Sponsoring Company (the "Transferring Sponsor") that desires to assign all or part of its rights, title and interests in, and obligations under this Agreement to a Third Party shall deliver an Offer Notice to the Corporation and each other Sponsoring Company. The Offer Notice shall be deemed to be an irrevocable offer of the subject rights, title and interests in, and obligations under this Agreement to each of the other Sponsoring Companies that is not an Affiliate of the Transferring Sponsor, which offer must be held open for no less than thirty (30) days from the date of the Offer Notice (the "Election Period").

(b) The Sponsoring Companies (other than the Transferring Sponsor and its Affiliates) shall first have the right, but not the obligation, to purchase all of the rights, title and interests in, and obligations under this Agreement described in the Offer Notice at the price and on the terms specified therein by delivering written notice of such election to the Transferring Sponsor and the Corporation within the Election Period; provided that, irrespective of the terms and conditions of the Offer Notice, a Sponsoring Company may condition its election to purchase the interest described in the Offer Notice on the receipt of approval or consent from such Sponsoring Company's Board of Directors; provided further that, written notice of such conditional election must be delivered to the Transferring Sponsor and the Corporation within the Election Period and such conditional election shall be deemed withdrawn (as if it had never been provided) unless the Sponsoring Company that delivered such conditional election subsequently delivers written notice to the Transferring Sponsor and the Corporation on or before the tenth (10th) day after the expiration of the Election Period that all necessary approval or consent of such Sponsoring Company's Board of Directors have been obtained. To the extent that more than one Sponsoring Company exercises its right to purchase all of the rights, title and interests in, and

obligations under this Agreement described in the Offer Notice in accordance with the previous sentence, such rights, title and interests in, and obligations under this Agreement shall be allotted (successively if necessary) among the Sponsoring Companies exercising such right in proportion to their respective Power Participation Ratios.

(c) Each Sponsoring Company exercising its right to purchase any rights, title and interests in, and obligations under this Agreement pursuant to this Section 9.183 may choose to have an Affiliate purchase such rights, title and interests in, and obligations under this Agreement; provided that, notwithstanding anything in this Section 9.183 to the contrary, any assignment to a Sponsoring Company or its Affiliate hereunder must comply with the requirements of Section 9.182.

(d) If one or more Sponsoring Companies have elected to purchase all of the rights, title and interests in, and obligations under this Agreement of the Transferring Sponsor pursuant to the Offer Notice, the assignment of such rights, title and interests in, and obligations under this Agreement shall be consummated as soon as practical after the delivery of the election notices, but in any event no later than fifteen (15) days after the filing and receipt, as applicable, of all necessary governmental filings, consents or other approvals and the expiration of all applicable waiting periods. At the closing of the purchase of such rights, title and interests in, and obligations under this Agreement from the Transferring Sponsor, the Transferring Sponsor shall provide representations and warranties customary for transactions of this type, including those as to its title to such securities and that there are no liens or other encumbrances on such securities (other than pursuant to this Agreement) and shall sign such documents as may reasonably be requested by the Corporation and the other Sponsoring Companies. The Sponsoring Companies or their Affiliates shall only be required to pay cash for the rights, title and interests in, and obligations under this Agreement being assigned by the Transferring Sponsor.

(e) To the extent that the Sponsoring Companies have not elected to purchase all of the rights, title and interests in, and obligations under this Agreement described in the Offer Notice, the Transferring Sponsor may, within one-hundred and eighty (180) days after the later of the expiration of the Election Period or the deemed withdrawal of a conditional election by a Sponsoring Company under Section 9.183(b) hereof (if applicable), enter into a definitive agreement to, assign such rights, title and interests in, and obligations under this Agreement to a Third Party at a price no less than 92.5% of the purchase price specified in the Offer Notice and on other material terms and conditions no more

favorable to the such Third Party than those specified in the Offer Notice; provided that such purchases shall be conditioned upon: (i) such Third Party having long-term unsecured non-credit enhanced indebtedness, as of the date of such assignment, with a Standard & Poor's credit rating of at least BBB- and a Moody's Investors Service, Inc. credit rating of at least Baa3 (provided that, if such Third Party's long-term unsecured non-credit enhanced indebtedness is not currently rated by one of Standard & Poor's or Moody, such Third Party's long-term unsecured non-credit enhanced indebtedness, as of the date of such assignment, must have either a Standard & Poor's credit rating of at least BBB- or a Moody's Investors Service, Inc. credit rating of at least Baa3); (ii) the filing or receipt, as applicable, of any necessary governmental filings, consents or other approvals; (iii) the determination by counsel for the Corporation that the assignment of the rights, title or interests in, or obligations under, this Agreement to such Third Party would not cause a termination, default, loss or payment obligation under any security issued, or agreement entered into, by the Corporation prior to such transfer; and (iv) such Third Party executing a counterpart of this Agreement, and both such Third Party and the Sponsoring Company which is assigning its rights, title and interests in, and obligations under, this Agreement executing such other documents as may be reasonably requested by the Corporation (including, without limitation, an assignment agreement in form and substance acceptable to the Corporation in its reasonable discretion and containing the agreement by such Sponsoring Company to reimburse the Corporation and the other Sponsoring Companies for any fees or expenses required under any security issued, or agreement entered into, by the Corporation as a result of such assignment, including without limitation any consent fee or additional financing costs to the Corporation under the Corporation's then-existing securities or agreements resulting from such assignment). In the event that the Sponsoring Company and a Third Party have not entered into a definitive agreement to assign the interests specified in the Offer Notice to such Third Party within the later of one-hundred and eighty (180) days after the expiration of the Election Period or the deemed withdrawal of a conditional election by a Sponsoring Company under Section 9.183(b) hereof (if applicable) for any reason or if either the price to be paid by such Third Party would be less than 92.5% of the purchase price specified in the Offer Notice or the other material terms of such assignment would be more favorable to such Third Party than the terms specified in the Offer Notice, then the restrictions provided for herein shall again be effective, and no assignment of any rights, title and interests in, and obligations under this Agreement may be made thereafter without again offering the same to Sponsoring Companies in accordance with this Section 9.183.

ARTICLE 10

REPRESENTATIONS AND WARRANTIES

10.01. *Representations and Warranties*. Each Sponsoring Company hereby represents and warrants for itself, on and as of the date of this Agreement, as follows:

(a) it is duly organized, validly existing and in good standing under the laws of its state of organization, with full corporate power, authority and legal right to execute and deliver this Agreement and to perform its obligations hereunder;

(b) it has duly authorized, executed and delivered this Agreement, and upon the execution and delivery by all of the parties hereto, this Agreement will be in full force and effect, and will constitute a legal, valid and binding obligation of such Sponsoring Company, enforceable in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally;

(c) Except as set forth in Schedule 10.01(c) hereto, no consents or approvals of, or filings or registrations with, any governmental authority or public regulatory authority or agency, federal state or local, or any other entity or person are required in connection with the execution, delivery and performance by it of this Agreement, except for those which have been duly obtained or made and are in full force and effect, have not been revoked, and are not the subject of a pending appeal; and

(d) the execution, delivery and performance by it of this Agreement will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under its charter or by-laws or any indenture or other material agreement or instrument to which it is a party or by which it may be bound or result in the imposition of any liens, claims or encumbrances on any of its property.

ARTICLE 11

EVENTS OF DEFAULT AND REMEDIES

11.01. *Payment Default*. If any Sponsoring Company fails to make full payment to Corporation under this Agreement when due and such failure is not remedied within ten (10) days after receipt of notice of such failure from the Corporation, then such failure shall constitute a "Payment Default" on the part of such Sponsoring Company. Upon a Payment Default, the

Corporation may suspend service to the Sponsoring Company that has caused such Payment Default for all or part of the period of continuing default (and such Sponsoring Company shall be deemed to have notified the Corporation and the other Sponsoring Companies that any Available Energy shall be available for scheduling by such other Sponsoring Companies in accordance with Section 4.032). The Corporation's right to suspend service shall not be exclusive, but shall be in addition to all remedies available to the Corporation at law or in equity. No suspension of service or termination of this Agreement shall relieve any Sponsoring Company of its obligations under this Agreement, which are absolute and unconditional.

11.02. *Performance Default.* If the Corporation or any Sponsoring Company fails to comply in any material respect with any of the material terms, conditions and covenants of this Agreement (and such failure does not constitute a Payment Default under Section 11.01), the Corporation (in the case of a default by any Sponsoring Company) and any Sponsoring Company (in the case of a default by the Corporation) shall give the defaulting party written notice of the default ("Performance Default"). To the extent that a Performance Default is not cured within thirty (30) days after receipt of notice thereof (or within such longer period of time, not to exceed sixty (60) additional days, as necessary for the defaulting party with the exercise of reasonable diligence to cure such default), then the Corporation (in the case of a default by any Sponsoring Company) and any Sponsoring Company (in the case of a default by the Corporation) shall have all of the rights and remedies provided at law and in equity, other than termination of this Agreement or any release of the obligation of the Sponsoring Companies to make payments pursuant to this Agreement, which obligation shall remain absolute and unconditional.

11.03. *Waiver.* No waiver by the Corporation or any Sponsoring Company of any one or more defaults in the performance of any provision of this Agreement shall be construed as a waiver of any other default or defaults, whether of a like kind or different nature.

11.04. *Limitation of Liability and Damages.* TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE CORPORATION, NOR ANY SPONSORING COMPANY SHALL BE LIABLE UNDER THIS AGREEMENT FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST REVENUES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, OR OTHERWISE.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Inter-Company Power Agreement to be duly executed and delivered by their proper and duly authorized officers as of September 10, 2010.

OHIO VALLEY ELECTRIC CORPORATION

By _____
Its _____

ALLEGHENY ENERGY SUPPLY COMPANY, L.L.C.

By _____
Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By _____
Its _____

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BUCKEYE POWER GENERATING, LLC

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Its _____

DUKE ENERGY OHIO, INC.

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FIRSTENERGY GENERATION CORP.

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KENTUCKY UTILITIES COMPANY

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Its _____

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BUCKEYE POWER GENERATING, LLC

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COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

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Its _____

DUKE ENERGY OHIO, INC.

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FIRSTENERGY GENERATION CORP.

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INDIANA MICHIGAN POWER COMPANY

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KENTUCKY UTILITIES COMPANY

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Its _____

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Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its VICE PRESIDENT

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By _____
Its _____

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OHIO VALLEY ELECTRIC CORPORATION

By _____
Its _____

ALLEGHENY ENERGY SUPPLY COMPANY, L.L.C.

By _____
Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its Vice President

KENTUCKY UTILITIES COMPANY

By _____
Its _____

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Inter-Company Power Agreement to be duly executed and delivered by their proper and duly authorized officers as of September 10, 2010.

OHIO VALLEY ELECTRIC CORPORATION

By _____
Its _____

ALLEGHENY ENERGY SUPPLY COMPANY, L.L.C.

By _____
Its VICE PRESIDENT

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By _____
Its _____

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OHIO VALLEY ELECTRIC CORPORATION

By _____
Its _____

ALLEGHENY ENERGY SUPPLY COMPANY, L.L.C.

By _____
Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By Anthony J. Alexander
Its President & CEO

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By _____
Its _____

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Its _____

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By _____
Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By Gary Stephenson
Its EXECUTIVE VICE PRESIDENT
Gary Stephenson

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By _____
Its _____

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OHIO VALLEY ELECTRIC CORPORATION

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Its _____

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Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By Gary R Leidich
Its President

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By _____
Its _____

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OHIO VALLEY ELECTRIC CORPORATION

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Its _____

APPALACHIAN POWER COMPANY

By _____
Its _____

BUCKEYE POWER GENERATING, LLC

By _____
Its _____

COLUMBUS SOUTHERN POWER COMPANY

By _____
Its _____

THE DAYTON POWER AND LIGHT COMPANY

By _____
Its _____

DUKE ENERGY OHIO, INC.

By _____
Its _____

FIRSTENERGY GENERATION CORP.

By _____
Its _____

INDIANA MICHIGAN POWER COMPANY

By _____
Its _____

KENTUCKY UTILITIES COMPANY

By [illegible]
Its Sr Vice President

LOUISVILLE GAS AND ELECTRIC COMPANY

By _____
Its VP Trans. & Generation Services

MONONGAHELA POWER COMPANY

By _____
Its _____

OHIO POWER COMPANY

By _____
Its _____

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

By _____
Its _____

LOUISVILLE GAS AND ELECTRIC COMPANY

By _____
Its _____

MONONGAHELA POWER COMPANY

By _____
Its _____

OHIO POWER COMPANY

By _____
Its _____

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

By _____
Its _____

LOUISVILLE GAS AND ELECTRIC COMPANY

By _____
Its _____

MONONGAHELA POWER COMPANY

By _____
Its General Manager, Electric Supply

OHIO POWER COMPANY

By _____
Its _____

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

By _____
Its _____

LOUISVILLE GAS AND ELECTRIC COMPANY

By _____
Its _____

MONONGAHELA POWER COMPANY

By _____
Its _____

OHIO POWER COMPANY

By _____
Its _____

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

By Ronald E. Christian
Its President

PENINSULA GENERATION COOPERATIVE

By Daniel H. DeCoeur
Its President

APPROVED AS TO FORM:

BRIAN E. VALICE
ATTORNEY FOR PENINSULA
GENERATION COOPERATIVE

SCHEDULE 10.01(c)

Allegheny Energy Supply Company, L.L.C.

and

Monongahela Power Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

SCHEDULE 10.01(c)

Appalachian Power Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

Approval of the Virginia State Corporation Commission

Filing with the Public Service Commission of West Virginia

SCHEDULE 10.01(c)

Buckeye Power Generating, LLC

None

SCHEDULE 10.01(c)

Columbus Southern Power Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

SCHEDULE 10.01(c)

The Dayton Power and Light Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

SCHEDULE 10.01(c)

Duke Energy Ohio, Inc.

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

SCHEDULE 10.01(c)

FirstEnergy Generation Corp.

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

SCHEDULE 10.01(c)

Indiana Michigan Power Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

Filing with the Indiana Utility Regulatory Commission

SCHEDULE 10.01(c)

Kentucky Utilities Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

Consent or approval of, or filings or registrations with, the Kentucky Public Service Commission may be required

SCHEDULE 10.01(c)

Louisville Gas and Electric Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

Consent or approval of, or filings or registrations with, the Kentucky Public Service Commission may be required

SCHEDULE 10.01(c)

Ohio Power Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

SCHEDULE 10.01(c)

Peninsula Generation Cooperative

None

SCHEDULE 10.01(c)

Southern Indiana Gas and Electric Company

Filing with, or consent or approval of, the Federal Energy Regulatory Commission

Exhibit A

AMENDED AND RESTATED

POWER AGREEMENT

BETWEEN

OHIO VALLEY ELECTRIC CORPORATION

AND

INDIANA-KENTUCKY ELECTRIC CORPORATION

Dated as of September 10, 2010

THIS AGREEMENT, dated as of September 10, 2010 by and between OHIO VALLEY ELECTRIC CORPORATION (herein called OVEC) and INDIANA-KENTUCKY ELECTRIC CORPORATION (herein called IKEC), hereby amends and restates in its entirety, the Power Agreement (herein called the Current Agreement), dated March 13, 2006, between OVEC and IKEC.

WITNESSETH THAT:

WHEREAS, IKEC, a wholly owned subsidiary of OVEC, designed, purchased, and constructed, and continues to own, operate and maintain a steam-electric generating station (herein called Indiana Station) consisting of six turbogenerators and all other necessary equipment, at a location on the Ohio River near Madison, Indiana; and

WHEREAS, OVEC designed, purchased, and constructed, and continues to own, operate and maintain a steam-electric generating stations (herein called Ohio Station) consisting of five turbo-generators and all other necessary equipment, at a location on the Ohio River near Cheshire, Ohio (the Ohio Station and the Indiana Station being herein called the Project Generating Stations); and

WHEREAS, OVEC also designed, purchased, and constructed, and continues to operate and maintain necessary transmission and general plant facilities (herein called the Project Transmission Facilities) and OVEC established or cause to be established interconnections between the Project Generating Stations and/or the Project Transmission Facilities, and the systems of certain of the Sponsoring Companies; and

WHEREAS, IKEC owns and operates the portion of the Project Transmission Facilities located in the State of Indiana; and

WHEREAS, IKEC entered into the Current Agreement with OVEC which embodies the terms and conditions for the ownership and operation by IKEC of the Indiana Station and such portion of the Project Transmission Facilities which are to be owned and operated by it; and

WHEREAS, the owners of OVEC or their affiliates that are parties to an Inter-Company Power Agreement, have amended and restated such Inter-Company Power Agreement as of the date hereof, which defines the terms and conditions governing the rights of the "Sponsoring Companies" (as defined thereunder) to receive "Available Power" (as defined thereunder) from the Project Generating Stations and the obligations of the Sponsoring Companies to pay therefor; and

WHEREAS, concurrent with the amendment and restatement of the Inter-Company Power Agreement, IKEC and OVEC hereto desire to amend and restate in their entirety, the Current Agreement in order for IKEC to continue to sell to OVEC any and all power available at the Indiana Station, and energy associated therewith, and to transmit power and energy as provided herein.

NOW, THEREFORE, the parties hereto agree with each other as follows:

ARTICLE 1

POWER AND ENERGY TRANSACTIONS

1.01 IKEC shall transmit any and all power generated at the Indiana Station by any of the generating units thereof in commercial operation and deliver such power, together with the energy associated therewith, but less the transmission losses in the facilities of IKEC applicable thereto from the 330 kV busses of the Indiana Station, at the points of delivery hereinafter designated in *Section* 1.03 hereof, and sell such power and energy at said points of delivery to OVEC. OVEC shall purchase from IKEC all such power so delivered by IKEC to OVEC at said points of delivery, together with the energy associated therewith, and shall from time to time pay IKEC therefor, amounts which, when added to revenues received by IKEC from other sources, will be sufficient to enable IKEC to pay all of its operating and other expenses, including all income and other taxes and any interest and regular amortization requirements applicable to any indebtedness for borrowed funds incurred by IKEC. For the purposes of this *Section* 1.01 the term "operating and other expenses" shall also include, without limitation, all amounts payable to suppliers of fuel requirements (including the handling and shipment thereof) in connection with the cancellation of commitments and the extension of delivery schedules, as well as all expenses accrued to pay for postemployment and postretirement benefits and the costs of the decommissioning, shutdown, demolition and closing of the Project Generating Stations.

1.02 IKEC shall transmit and deliver to OVEC at the points of delivery hereinafter designated in *Section* 1.03 hereof, all power and the energy associated therewith supplied to IKEC by Sponsoring Companies at the points of delivery hereinafter designated in *Section* 1.03 hereof, less the transmission losses in the facilities of IKEC applicable thereto. IKEC shall transmit and deliver to Sponsoring Companies designated by OVEC at the points of delivery hereinafter designated in *Section* 1.03 hereof, all power, and the energy associated therewith, supplied to IKEC by OVEC at the points of delivery hereinafter designated in *Section* 1.03 hereof, less the transmission losses in the facilities of IKEC applicable thereto.

1.03 All power and energy sold, purchased, transmitted or delivered hereunder shall be 3-phase, 60-cycle, alternating current, at nominal unregulated voltage, designated for the points of delivery hereinbelow described. Power and energy transmitted, delivered and sold by IKEC to OVEC pursuant to the provisions of *Section* 1.01 hereof shall be delivered at the points where the transmission facilities of OVEC and the transmission facilities of IKEC interconnect and title to such power and energy shall pass from IKEC to OVEC at said points. Power and energy supplied to IKEC by a Sponsoring Company for transmission to OVEC pursuant to the provisions of *Section* 1.02 hereof, shall be delivered by said Sponsoring Company to IKEC at the points where the transmission facilities of said Sponsoring Company and the transmission facilities of IKEC interconnect and shall be delivered by IKEC to OVEC and title thereto shall pass from said Sponsoring Company to OVEC at the points where the transmission facilities of OVEC and the transmission facilities of IKEC interconnect. Power and energy supplied to IKEC

by OVEC for transmission to a Sponsoring Company pursuant to the provisions of *Section* 1.02 hereof shall be delivered by OVEC to IKEC at the points where the transmission facilities of OVEC and the transmission facilities of IKEC interconnect and title to such power and energy shall pass from OVEC to said Sponsoring Company at said points. Such power and energy shall be delivered by IKEC to said Sponsoring Company at the points where the transmission facilities of IKEC and the transmission facilities of said Sponsoring Company interconnect.

1.04 The parties hereto shall exercise due diligence and foresight in carrying out all matters related to the providing and operating of their respective power resources so as to minimize to the extent practicable deviations between actual and scheduled deliveries of power and energy among their systems. The parties hereto shall provide and/or install on their respective systems such communication, telemetering, frequency and/or tie-line control facilities essential to so minimizing such deviations; and shall fully cooperate with one another and with third parties (such third parties whose systems are either directly or indirectly interconnected with the systems of the Sponsoring Companies and who of necessity together with the Sponsoring Companies and the parties hereto must unify their efforts cooperatively to achieve effective and efficient interconnected system operation) in developing and executing operating procedures that will enable the parties hereto to avoid to the extent practicable deviations from scheduled deliveries.

1.05 OVEC shall reimburse IKEC for the difference between (a) the total cost of replacements chargeable to property and plant made by IKEC, and the total cost of additional facilities and/or spare parts purchased or installed by Corporation, during any month or prior thereto (and not previously reimbursed) and (b) the amounts paid for by IKEC out of proceeds of fire or other applicable insurance protection, or out of amounts recovered from third parties responsible for damages requiring replacement. OVEC shall pay to IKEC such amount in lieu of the amounts to be paid as above provided, which, after provision for all taxes on income, shall equal the costs of the replacements reimbursable by OVEC to IKEC as above provided. The term cost of replacements, as used herein, shall include all components of costs, plus removal expense, less salvage. The amounts reimbursed by OVEC to IKEC for such replacements shall be accounted for on the books of IKEC in a special balance sheet account provided for such purposes.

ARTICLE 2

MISCELLANEOUS

2.01 This Agreement shall become effective on September 10, 2010, or to the extent necessary, such later date on which all conditions to effectiveness, including all required waiting periods and all required regulatory acceptances or approvals, of this Agreement have been satisfied in form and substance satisfactory to OVEC, and shall terminate upon the earlier of: (1) June 30, 2040 or (2) the sale or other disposition of all of the facilities of the Project Generating Stations or the permanent cessation of operation of such facilities.

2.02 No party hereto shall be held responsible or liable for any loss or damage on account of non-delivery of energy hereunder at any time caused by act of God, fire, flood, explosion, strike, civil or military authority, insurrection or riot, act of the elements, failure of equipment, or for any other cause beyond its control.

2.03 This Agreement is made subject to the jurisdiction of any governmental authority or authorities having jurisdiction in the premises and the performance thereof shall be subject to the receipt of all regulatory approvals, in form and substance satisfactory to the parties hereto, necessary to permit the parties hereto to perform all the duties and obligations to be performed by such parties hereunder.

2.04 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, but this Agreement shall not be assigned by either party hereto without the written consent of the other, except (a) to a successor to all or substantially all the properties and assets of such party, or (b) to a trustee under an indenture securing any indebtedness of such party.

2.05 All notices and requests under this Agreement shall be in writing and shall be sufficient in all respects if delivered in person or sent by registered mail addressed to the party to be served at such party's general office or at such other address as such party may from time to time in writing designate.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

OHIO VALLEY ELECTRIC CORPORATION

By _____
Its

INDIANA-KENTUCKY ELECTRIC CORPORATION

By _____
Its

EXHIBIT B

AMENDED AGREEMENT TO IMPLEMENT THE EXPANSION OF THE PJM REGION FOR OHIO VALLEY ELECTRIC COMPANY, DATED OCTOBER 6, 2017

AMENDED AGREEMENT TO IMPLEMENT THE EXPANSION OF THE PJM REGION FOR OHIO VALLEY ELECTRIC CORPORATION

This agreement to implement the expansion of the PJM region for Ohio Valley Electric Corporation ("Implementation Agreement"), dated October ____, 2017, is between Ohio Valley Electric Corporation ("OVEC"), which includes OVEC's wholly-owned subsidiary, Indiana-Kentucky Electric Corporation ("IKEC"), ("Transmission Owner"); and PJM Interconnection, L.L.C. ("PJM"), a limited liability company organized under the laws of Delaware (each a "Party" and together, "Parties").

Whereas, Transmission Owner owns electric transmission facilities which form an integrated transmission system used to provide open access transmission service pursuant to requirements of the Federal Energy Regulatory Committee;

Whereas, Transmission Owner currently provides retail energy service to the United States Department of Energy ("DOE") with respect to the former uranium enrichment project in Portsmouth, Ohio, but retail service to such DOE load is expected to be assumed by AEP Ohio upon receipt of necessary state approvals;

Whereas, PJM is the regional transmission organization comprised of interconnected electric transmission systems in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia;

Whereas, PJM is the transmission provider under, and the administrator of, the PJM Open Access Transmission Tariff, operates the PJM Interchange Energy Market and Reliability Pricing Model, administers PJM's Regional Transmission Expansion Planning Process, and controls the day-to-day operations of the bulk power system of the PJM region;

Whereas, subject to the terms and conditions of the Consolidated Transmission Owners Agreement (Rate Schedule FERC No. 42); Amended and Restated Operating Agreement of PJM Interconnection, L.L.C.; the PJM Open Access Transmission Tariff; and the Reliability

Assurance Agreement Among Load Serving Entities in the PJM region; all as defined herein, and subject to any required regulatory approvals of such amendments, Transmission Owner, is already an affiliate member of PJM, has elected to transfer functional control of transmission facilities under its ownership or control to PJM for inclusion in the PJM region, integrate its control area into the PJM interchange energy market and other PJM markets, join PJM as a Transmission Owner and otherwise facilitate the establishment and operation of PJM as the independent system operator, regional transmission organization, and transmission provider with respect to Transmission Owner's transmission facilities as contemplated by this Implementation Agreement;

Whereas, the X-530 345 kV substation and X-515A kV Don Marquis tie line in Portsmouth, Ohio, which are presently owned and operated by the DOE, are not part of the Transmission Owner's transmission facilities but are within the boundary of the Transmission Owner's balancing authority area;

Whereas, in order to accept functional control of Transmission Owner's transmission facilities and commensurately expand the PJM markets, after completion of studies assessing the potential effects of integration, PJM may be required to make additions and modifications to its systems and facilities and thereby incur Expansion Costs, as defined herein; and

Whereas, the Parties accordingly enter into this Implementation Agreement to provide for the payment of Expansion Costs to PJM and to develop a project implementation plan to accommodate the integration of the Transmission Owner's transmission facilities into PJM.

NOW THEREFORE, in consideration of the covenants and agreements set forth herein, and intending to be legally bound thereby, and for other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
GLOSSARY AND RULES OF CONSTRUCTION

Unless the context otherwise specifies or requires, capitalized terms used in this Implementation Agreement shall have the meanings assigned or referred to in this Article 1 (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references to articles or sections are to articles or sections of this Implementation Agreement. Exhibits and schedules referred to in this Implementation Agreement are incorporated herein and made a part hereof. As both Parties have been involved in the drafting of this Implementation Agreement and represented by competent counsel, no rule that a contract shall be construed against the drafter shall be applied to the construction or interpretation of this Implementation Agreement.

1.1 **"Capitalized Expansion Costs"** shall have the meaning stated in section 4.1.2.

1.2 **"Completion Date"** shall mean the earliest date on which both of the following conditions have occurred: (1) PJM has commenced to serve as the transmission provider under the PJM Tariff with respect to the Transmission Facilities; and (2) PJM has commenced to perform all functions allocated to PJM under section 3.2.1 in the Control Area of Transmission Owner.

1.3 **"Control Area"** shall have the meaning stated the Operating Agreement.

1.4 **"Directly Assigned Expansion Costs"** shall have the meaning stated in section 4.1.3.

1.5 **"Effective Date"** of this Implementation Agreement shall be as provided in section 2.1.

1.6 **"Expansion Costs"** shall have the meaning stated in section 4.1.1.

1.7 **"FERC"** shall mean the Federal Energy Regulatory Commission or any successor federal agency, commission or department exercising jurisdiction over the PJM Tariff,

Transmission Owners Agreement, Operating Agreement, or the Reliability Assurance Agreement.

1.8 **"Good Utility Practice"** shall have the meaning stated the Operating Agreement.

1.9 **"Interim Expansion Expenses"** shall have the meaning stated in section 4.1.4.

1.10 **"ISO"** shall mean Independent System Operator as that term is defined by the FERC.

1.11 **"Notice"** shall have the meaning stated in section 7.8.

1.12 **"Operating Agreement"** shall mean the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., as in effect and which may be amended from time to time.

1.13 **"Party" or "Parties"** shall have the meaning stated in the preamble.

1.14 **"PJM Tariff"** shall mean the PJM Open Access Transmission Tariff providing transmission and other related services within the PJM Region, including any schedules, appendices, attachments, charts, annexes, or exhibits attached thereto, as in effect and which may be amended from time to time.

1.15 **"PJM Region"** shall have the meaning stated the Operating Agreement.

1.16 **"Project Implementation Plan"** shall have the meaning stated in section 3.2.5.

1.17 **"Reliability Assurance Agreement"** shall mean the PJM Reliability Assurance Agreement Among Load-Serving Entities in the PJM Region as in effect and which may be amended from time to time.

1.18 **"RTO"** shall mean Regional Transmission Organization as that term is defined by the FERC.

1.19 "Transmission Facilities" shall have the meeting stated in the Operating Agreement.

1.20 "Transmission Owners Agreement" shall mean the Consolidated Transmission Owners Agreement (Rate Schedule FERC No. 42).

1.21 "Transmission Owner Expansion" shall have the meaning stated in section 3.2.1.

ARTICLE 2
EFFECTIVE DATE

2.1 Effective Date Not Subject to Regulatory Approval. The Effective Date of this Implementation Agreement shall occur upon execution by the Parties and shall not be conditioned upon whether regulatory approval of this Implementation Agreement is sought or obtained. Transmission Owner shall fulfill its payment obligations under this Implementation Agreement without regard to whether any regulatory authority has asserted jurisdiction over the Implementation Agreement or approved, disapproved, or conditioned, any provision of this Implementation Agreement, or any other agreement related to the establishment of PJM as the RTO for the Transmission Facilities.

ARTICLE 3
PARTIES' UNDERTAKINGS IN FURTHERANCE OF EXPANSION EFFECTIVE DATE

3.1 Undertakings to Execute Agreements and Seek Regulatory Approvals from the FERC.

3.1.1 Upon the issuance of any and all necessary regulatory approvals on the terms and conditions described in the Transmission Owner's application for the same from the FERC and, as necessary, any other regulatory authorities, and receipt of final approval of OVEC's Board of Directors, in its sole discretion, Transmission Owner shall execute, in a

manner consistent with such approvals, the Consolidated Transmission Owners Agreement, Operating Agreement and Reliability Assurance Agreement.

3.1.2 It is agreed that in order for Transmission Owner to transfer functional control of its Transmission Facilities to PJM for inclusion in the PJM Region and the PJM Interchange Energy Market and other PJM markets, and otherwise facilitate the establishment and operation of PJM as the RTO with respect to its Transmission Facilities, it may be necessary to amend the following documents: (a) Consolidated Transmission Owners Agreement; (b) Reliability Assurance Agreement; (c) Operating Agreement; and (d) PJM Tariff. PJM and Transmission Owner shall negotiate in good faith all such amendments and PJM shall coordinate with Transmission Owner on any reviews or approvals of such amendments required under the PJM stakeholder review process. Promptly upon agreement to such amendments, the Parties shall make good faith efforts to initiate and, subject to section 3.1.3, pursue diligently, all proceedings necessary and appropriate to seek and obtain all regulatory approvals required from the FERC of all such amendments, of the transfer of functional control of the Transmission Facilities to PJM, and of Interim Expansion Expenses (see section 4.1.4). The filings to initiate and prosecute such proceedings shall be initiated on or before December 31, 2017, subject to commercially reasonable best efforts, and shall be joint except as provided in section 3.1.3.

3.1.3 Transmission Owner shall have sole responsibility for obtaining regulatory approval of amendments to the PJM Tariff that provide for Transmission Owner's transmission rates and/or revenue requirements with respect to service provided on the Transmission Facilities. Additionally, Transmission Owner shall have sole responsibility to ensure its transmission rates comply with applicable FERC orders and PJM shall not oppose Transmission Owners' filings with respect to such rates.

3.1.4 If, in accepting amendments submitted for approval under section 3.1.2, or related agreements or filings in furtherance of PJM's service as the RTO for the Transmission Facilities, the FERC rejects, modifies, or conditions its acceptance of such amendments, agreements or filings, within thirty (30) days of the FERC order rejecting, modifying or otherwise imposing such conditions, the Parties shall either: (1) notify the FERC and each other

of their acceptance of any such modification or condition; (2) negotiate with FERC on mutually agreeable terms for the amendment, agreement or filing; or (3) enter into and complete discussions to determine whether the amendment, agreement or filing would be mutually beneficial in light of the FERC's action. If a Party shall determine that the amendment, agreement or filing would not be beneficial, the amendment, agreement, or other filing shall become null and void, provided, that nothing in this section shall diminish Transmission Owner's obligation to pay all amounts otherwise due to PJM under this Implementation Agreement.

3.1.5 Transmission Owner confirms, and PJM acknowledges, that it is a key assumption of the Transmission Owner that the integration of Transmission Owner's transmission facilities into PJM would not require the amendment of the Amended and Restated Inter-Company Power Agreement ("ICPA"), between the Transmission Owner and its affiliates, effective as of August 11, 2011. In exercising functional control in accordance with this Agreement, subject to FERC's approval, PJM will continue to fully implement and honor all existing rights to the receipt of firm transmission service under the ICPA, including without regard to any application of congestion charges to real-time deliveries of energy from OVEC's Kyger Creek Plant at Cheshire, Ohio, or IKEC's Clifty Creek Plant at Madison, Indiana to the external control area boundary between OVEC and Louisville Gas & Electric Company pursuant to delivery commitments under the ICPA.

3.2 Undertakings to Exercise Functional Control Over the Transmission Facilities and Integrate the PJM Markets Into the Transmission Owner Control Area.

3.2.1 "Transmission Owner Expansion" shall mean the upgrade, expansion, modification, development, design, or acquisition by PJM of any new or existing hardware, software, systems, or facilities of PJM of any kind or description, or any other work required or appropriate to be performed as more specifically set forth in the Project Implementation Plan; *provided however*, that the Parties acknowledge and agree that the internal timing milestones described in the Project Implementation Plan, as this plan may be revised by mutual agreement by the Parties, provide guidance and estimates based on present assumptions relating to the

Transmission Owner Expansion and should not be construed as firm obligations on the part of PJM; *provided further however*, that PJM shall nonetheless remain obligated to use best efforts, as described in section 3.2.5, to meet the March 1, 2018 deadline or other date as mutually agreed by the Parties. PJM shall serve as the RTO for the Transmission Facilities and administer the PJM markets to include Transmission Owner's Transmission Facilities. By way of further explanation, and not in qualification of the above, Transmission Owner Expansion shall not include any upgrade, expansion, modification, development, design, acquisition, or other work in furtherance of expansion of the PJM Region to include the transmission facilities of any entity not a Party to this Agreement or any other development or expansion of PJM.

3.2.2 Expansion Goals. Upon completion of Transmission Owner Expansion, PJM agrees to exercise functional control over the Transmission Facilities and to fully integrate the Transmission Owner's Transmission Facilities into the PJM Region and PJM Markets. PJM shall make good faith efforts to achieve such functionality in accordance with the goals stated in the Project Implementation Plan as defined in section 3.2.5.

3.2.3 PJM Staffing. PJM shall exercise reasonable efforts to achieve completion of Transmission Owner Expansion by the date provided in Section 3.2.5, but nothing in this Implementation Agreement shall require that PJM: (a) increase internal staffing to perform Transmission Owner Expansion; or (b) allocate staff in a manner that PJM determines may jeopardize its ability to meet its obligations as the RTO for any Control Area where it serves in such capacity.

3.2.4 Designees for Contract Administration. By Notice, each Party shall designate in writing an individual who shall have the primary responsibility of administering responsibilities under this Implementation Agreement and shall designate an alternate to perform such responsibilities in the event the primary designee is unavailable (the primary or alternate designee, as applicable, is referred to as the "Project Designee"). A Party may change its designations by Notice.

3.2.5 Project Implementation Plan. Shall mean the plan, including a timeline, for Transmission Owner Expansion attached hereto as Schedule 3.2.5 or as amended by the

Parties from time to time in accordance with this section. It is recognized that PJM or the Transmission Owner may reasonably determine, from time to time, that changes to the Project Implementation Plan are necessary or appropriate to achieve economies, efficiencies, or the success the Transmission Owner Expansion or other PJM projects. In such event, the Party making such determination shall give Notice to the other Party of the change and the Parties shall in good faith negotiate amendments to the Project Implementation Plan, provided, that the notified Party shall not unreasonably withhold consent to reasonable changes to the Project Implementation Plan proposed by the other Party, and provided further, that nothing in this section shall override the rights of Transmission Owner under section 4.2. Furthermore, it is recognized by PJM that Transmission Owner requires full integration into PJM by the first clock minute of March 1, 2018 or other date subject to mutual agreement of the Parties, that the Project Implementation Plan will be structured, and PJM will use best efforts, to meet that goal. Except as otherwise expressly stated herein, the Project Implementation Plan shall be modified only if agreed to by the Parties.

3.2.6 PJM Requests for Information. Transmission Owner shall use reasonable best efforts, in accordance with Good Utility Practice, to respond, at its own cost, with a full and timely good faith effort to all reasonable requests for information or technical support made by PJM from time to time to facilitate Transmission Owner Expansion.

3.2.7 Financing Condition. It is understood that subject to reimbursement (see section 4.1.2.2), PJM will be required to make initial expenditures to cover Capitalized Expansion Costs as defined herein and it is further understood that PJM may lack capital necessary to make such expenditures. It is agreed, therefore, that PJM shall not be required to incur Capitalized Expansion Costs until and unless PJM has closed transactions necessary to obtain all required financing for Capitalized Expansion Costs in a total amount no less than specified in section 4.1.2.1. PJM agrees to use reasonable best efforts to secure such financing.

ARTICLE 4
ALLOCATION AND PAYMENT OF EXPANSION COSTS

4.1 Definitions and Certain Payment Obligations.

4.1.1 "Expansion Costs" shall mean all costs and expenses PJM incurs from the Effective Date of this Implementation Agreement through thirty (30) days after the Completion Date in order to perform Transmission Owner Expansion, including the costs of vendors, consultants, independent contractors, PJM employees (including allocable compensation and general and administrative overhead) attributable to Transmission Owner Expansion. In the event Transmission Owner gives Notice under section 5.2 or section 5.3.1 or otherwise does not transfer control of Transmission Facilities to PJM, Expansion Costs shall also include any reasonable suspension, termination and demobilization costs and expenses incurred. PJM will take commercially reasonable measures to mitigate any suspension, termination and demobilization costs.

Expansion Costs consist of the following cost categories:

i. Capitalized Expansion Costs (see section 4.1.2);

ii. Directly Assigned Expansion Costs (see section 4.1.3);

iii. Interim Expansion Expenses (see section 4.1.4); and

iv. Suspension, termination and demobilization costs and expenses (if any).

The Parties expect that most Expansion Costs will be incurred by PJM and recovered by PJM under sections 4.1.2.2, 4.1.3.2 and 4.1.4.2 of this Implementation Agreement, and that Transmission Owner will directly incur only relatively minor additional costs, such as telecom system upgrades and any such similar costs. The Parties recognize that the cost recovery provisions of this Implementation Agreement will minimize PJM's carrying costs for Interim Expansion Expenses. The Parties agree that carrying costs for Capitalized Expansion Costs will

be expensed and that, subject to section 5.4, PJM will recover Capitalized Expansion Costs as described in section 4.1.2.2.

4.1.2 Capitalized Expansion Costs.

4.1.2.1 "Capitalized Expansion Costs" shall mean all Expansion Costs that are properly capitalized by PJM according to Generally Accepted Accounting Principles ("GAAP"), excluding any such costs that are Directly Assigned Expansion Costs. As of the Effective Date of this Implementation Agreement, the Parties estimate that Capitalized Expansion Costs, excluding any suspension, termination and demobilization costs and expenses, will be $5,000.

4.1.2.2 PJM Recovery of Capitalized Expansion Costs. Subject to section 5.3.2, PJM shall recover Capitalized Expansion Costs from users of PJM services under Schedule 9 of the PJM Tariff.

4.1.3 Directly Assigned Expansion Costs.

4.1.3.1 "Directly Assigned Expansion Costs" are: all Expansion Costs PJM incurs to conform Transmission Owner's internal systems with PJM's technology and communications requirements, and for PJM to establish telecommunication links with Transmission Owner. As of the Effective Date of this Implementation Agreement, the Parties estimate that Directly Assigned Expansion Costs, excluding any suspension, termination and demobilization costs and expenses, will be $75,000.

4.1.3.2 Payment of Directly Assigned Expansion Costs. Transmission Owner agrees to fund all applicable Directly Assigned Expansion Costs in accordance with the procedures set forth in sections 4.4.1 and 4.4.2.

4.1.4 Interim Expansion Expenses.

4.1.4.1 "Interim Expansion Expenses" are all Expansion Costs that are properly expensed by PJM according to GAAP, and any carrying costs (including actual

or implicit costs of funds), excluding any such costs that are Directly Assigned Expansion Costs. As of the Effective Date of this Implementation Agreement, the Parties estimate that Interim Expansion Expenses will be $5,000.

4.1.4.2 Payment of Interim Expansion Expenses. Transmission Owner agrees to fund Interim Expansion Expenses in accordance with the procedures set forth in sections 4.4.1 and 4.4.2.

4.2 Provision of Certain Expansion Costs Estimates. As of the Effective Date of this Implementation Agreement, the Parties estimate that total Expansion Costs will be $200,000, excluding any suspension, termination and demobilization costs and expenses. In the event PJM incurs or expects to incur Expansion Costs (subject to these exclusions) that exceed this estimate by more than twenty percent (20%), it shall promptly notify Transmission Owner and, without in any way limiting the applicability of Article 5, Transmission Owner may withdraw from Transmission Owner Expansion. In the event Transmission Owner withdraws under this provision, section 5.3.2 shall apply.

4.3 Cost Records and Inspection of Books of Account. PJM shall create and maintain records pertaining to all amounts it is entitled to recover under this Implementation Agreement, including records pertaining to Transmission Owner Expansion and the performance of all tasks performed hereunder and all payments made to vendors, subcontractors or any other third parties hereunder. Transmission Owner shall have the right, upon 48-hour Notice, to inspect such records at the PJM corporate office during PJM's customary business hours. In the event Transmission Owner determines in good faith that an expenditure attributed to Transmission Owner Expansion should not be so attributed, Transmission Owner shall pay the entire amount specified in the invoice within such sixty (60) day period and may seek recovery of the disputed amount under the dispute resolution procedure set forth in Article 6.

4.4. Deposit and Billing Procedures.

4.4.1 Within fifteen (15) business days after the Effective Date of this Implementation Agreement, Transmission Owner shall pay PJM a deposit equal to $20,000.

PJM shall draw payments from deposited funds in accordance with the billing and payment procedures set forth in section 4.4.2. On the tenth business day of each month thereafter, and until the Completion Date, PJM shall provide Transmission Owner with a written forecast of Directly Assigned Expansion Costs and Interim Expansion Expenses to be incurred during the three-month period commencing with the following month. On or after the date when the FERC issues the regulatory approval described in section 3.1.1, and in accordance with the billing and payment procedures set forth in section 4.4.2, Transmission Owner shall deposit with PJM such additional funds as are necessary such that the total amount of funds deposited with PJM equals $20,000 until such point when PJM's most recent written forecast delivered pursuant to the immediately preceding sentence is less than that $20,000, at which time the deposit obligation shall be reduced to an amount that is equal to the written forecast. After the Completion Date, and after all obligations under sections 4.1.3.2 and 4.1.4.2 have been satisfied, PJM shall refund to Transmission Owner any remaining funds on deposit with PJM, if any.

4.4.2 On the 10th day of each month (or, if such day falls on a Saturday, Sunday, or holiday, on the next business day), PJM shall issue monthly billing statements to Transmission Owner for Directly Assigned Expansion Costs under section 4.1.3.2 and Interim Expansion Expenses under section 4.1.4.2, and PJM shall deduct such amounts from Transmission Owner's funds on deposit under section 4.4.1 to the extent available. Such statements shall set forth: (a) any additional payments required that were not covered by deposited funds; (b) any additional funds required to be deposited under section 4.4.1; (c) an itemization of the costs and expenses incurred; and (d) an estimate of the remaining Expansion Costs. Transmission Owner shall make payment no later than the first day of the next month, or if such day falls on a Saturday, Sunday, or holiday, on the next business day.

ARTICLE 5
LIMITATIONS ON AND PAYMENT OBLIGATIONS IN THE EVENT OF WITHDRAWAL

5.1 Withdrawal; Unconditional Character of Payment Obligations.

5.1.1 Limitation on Withdrawal. Except as provided under this Article 5 and in section 4.2, neither Party shall withdraw from this Implementation Agreement after the Effective Date.

5.1.2 Payment Obligation. Neither the failure of Transmission Owner to transfer control of the Transmission Facilities to PJM, nor any withdrawal by Transmission Owner from Transmission Owner Expansion, nor any subsequent withdrawal of the Transmission Facilities from PJM shall excuse or diminish Transmission Owner's obligation to pay all reasonably incurred Expansion Costs under this Implementation Agreement, except as may be provided in this Article 5. By way of example, but not limitation, the following events shall not excuse or diminish such payment obligations: (a) failure by Transmission Owner to meet any obligation under sections 3.1.1, 3.1.2, or 3.1.4; (b) any action or inaction by the FERC or any other regulatory agency that has the effect of denying or failing to grant any required regulatory approval; (c) any change in law or regulation that reduces or eliminates any regulatory basis or incentive for such transfer of control of the Transmission Facilities to, or retention of control of the Transmission Facilities by, an ISO or RTO; (d) any decision to transfer control, or seek to transfer control, of the Transmission Facilities to an ISO, RTO, other than PJM or an organization other than PJM that seeks or intends to seek approval from the FERC to serve as an ISO, RTO, or Independent Transmission Provider; or (e) any order of the FERC approving withdrawal of Transmission Owner from this Implementation Agreement or the withdrawal of any other owner of transmission facilities from PJM in any region.

5.2 Suspension for Regulatory Delay. In the event that on or before May 1, 2018, the FERC has not issued an initial order concerning approval of the terms and conditions described in the Transmission Owner's application for authorization to transfer functional

control of the Transmission Facilities to PJM required to effect the integration of Transmission Owner into the PJM Region, and Transmission Owner reasonably believes that such approval is not expected to be forthcoming within a reasonable time as will permit integration on the requested terms, then by Notice to PJM, Transmission Owner may suspend Transmission Owner Expansion. In the event of such suspension, Transmission Owner shall compensate PJM for all reasonable documented costs of suspension, including demobilization costs and expenses, and costs, expenses, and penalties incurred in terminating or suspending contracts with consultants, landlords, vendors, and employees. PJM will take commercially reasonable measures to mitigate any suspension, termination and demobilization costs. During Transmission Owner Expansion, PJM will respond to reasonable requests from Transmission Owner for estimates of the costs of suspension that would be due under this section if such suspension were invoked under this section.

5.3 Obligations of Transmission Owner if Transmission Owner Does Not Transfer Control of the Transmission Facilities to PJM or Withdraws from PJM.

5.3.1 Notice; Termination of Region Expansion. If Transmission Owner, in its sole discretion, determines that there is a material possibility that it will not transfer control of the Transmission Facilities to PJM under the Operating Agreement and Transmission Owners Agreement, such that PJM will not serve as the RTO with respect to such Transmission Facilities, Transmission Owner shall give Notice to PJM pursuant to section 7.8 as soon as reasonably practicable. Upon receipt of such Notice, PJM and Transmission Owner shall confer and, unless Transmission Owner and PJM agree in writing that Transmission Owner Expansion shall continue, PJM shall immediately commence termination of such Transmission Owner Expansion, including demobilization and giving notice of termination or other applicable notice under contracts with third parties. In the event Transmission Owner fails to give Notice under this section, PJM shall not be expected to terminate Transmission Owner Expansion regardless of whether or not PJM is aware of any event or occurrence or circumstance giving rise to the right to give Notice, and PJM may continue Transmission Owner Expansion at Transmission Owner's cost under this Implementation Agreement until Notice is given under this section.

5.3.2 Transmission Owner's Obligation to Reimburse PJM for Expansion Costs if Transmission Owner Does Not Transfer Control of the Transmission Facilities. In the event Transmission Owner gives Notice to PJM under section 5.3.1, withdraws under section 4.2 or otherwise does not transfer control of Transmission Facilities to PJM, then Transmission Owner shall pay PJM its unpaid Directly Assigned Expansion Costs, unpaid Interim Expansion Expenses, and Capitalized Expansion Costs incurred by PJM and calculated in accordance with Article 4. Reimbursement shall be made first from any amounts on deposit with PJM under section 4.3.1 of this Implementation Agreement, and the balance shall be paid to PJM no later than sixty (60) days after PJM issues an invoice therefor, which invoice shall include an itemization of all applicable Expansion Costs incurred through the date of such notice. In the event Transmission Owner disputes the amount stated in PJM's invoice, Transmission Owner shall pay the entire amount specified in the invoice within such sixty (60) day period and may seek recovery of the disputed amount under the dispute resolution procedures set forth in Article 6. The remedies provided herein are not exclusive and thus do not preclude any other remedies under this Agreement. If, after Transmission Owner has paid PJM its unpaid Directly Assigned Expansion Costs, unpaid Interim Expansion Expenses, and Capitalized Expansion Costs incurred by PJM and calculated in accordance with Article 4, a positive balance of funds on deposit with PJM remains, PJM shall refund to Transmission Owner such balance within a commercially reasonable period.

5.4 Obligations if Transmission Owner Transfers Control of Transmission Facilities to PJM but Withdraws Control Prior to Recovery by PJM of All Capitalized Expansion Costs Under the PJM Tariff. In the event Transmission Owner withdraws control of its Transmission Facilities from PJM within three (3) years from the Completion Date, PJM shall issue an invoice to Transmission Owner for Capitalized Expansion Costs calculated in accordance with section 4.1.3, if any, that PJM shall not have recovered pursuant to section 4.1.3.2 under the PJM Tariff as of the effective date of such withdrawal. No later than thirty (30) days after receipt of such invoice, Transmission Owner shall pay the amount stated in the invoice. In the event Transmission Owner disputes the amount stated in the invoice, Transmission Owner shall pay the entire amount specified in the invoice within such thirty (30)

day period and may seek recovery of the disputed amount under the dispute resolution procedures set forth in Article 6. In the event Transmission Owner withdraws and pays the amounts due under this section, and PJM determines in good faith that some or all of the work product funded through Capitalized Expansion Costs will be of recoupable value to PJM, then Transmission Owner and PJM shall negotiate in good faith any appropriate rebate to Transmission Owner of the amounts paid by Transmission Owner under this section.

5.5 Injunctive Relief.

5.5.1 PJM's Rights. Transmission Owner understands and agrees that PJM relies on recovery of expenditures under the PJM Tariff to fund its operations, and that, in the event PJM does not recover any portion of Expansion Costs under sections 4.1.2.2, 4.1.3.2, 4.1.4.2, 4.3, 5.1 (and subsections thereof), 5.2, 5.3 (and subsections thereof), or 5.4, PJM will suffer irreparable harm. Therefore, Transmission Owner consents, stipulates, and agrees to the issuance of a temporary, preliminary, and permanent injunction by any federal or state court with jurisdiction to require that Transmission Owner comply with its payment obligations under sections 4.1.2.2, 4.1.3.2, 4.1.4.2, 4.3, 5.1 (and subsections thereof), 5.2, 5.3 (and subsections thereof), and 5.4, as applicable. Transmission Owner expressly consents to the personal jurisdiction of any such court located in Pennsylvania for this purpose. PJM's entitlement to a grant of injunctive relief under this section shall be without prejudice to any rights PJM may have to additional remedies at law or in equity.

5.5.2 Transmission Owner's Rights. PJM understands and agrees that in the event that PJM does not comply with its obligations set forth in sections 4.4.1, 5.3.2 or 7.6(ii) Transmission Owner will suffer irreparable harm. Therefore, PJM consents, stipulates, and agrees to the issuance of a temporary, preliminary, and permanent injunction by any federal or state court with jurisdiction to require that PJM comply with its obligations under section 4.4.1, 5.3.2 or 7.6(ii). PJM expressly consents to the personal jurisdiction of any such court located in Pennsylvania for this purpose. Transmission Owner's entitlement to a grant of injunctive relief under this section shall be without prejudice to any rights Transmission Owner may have to additional remedies at law or in equity.

ARTICLE 6
DISPUTE RESOLUTION

Should a dispute arise under or relating to this Implementation Agreement, the Parties shall undertake good-faith negotiations between designated executive representatives with authority to resolve the matter in dispute. In the event such negotiations fail, the dispute shall be subject to binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association, to be held in Washington, D.C., and judgment thereon may be entered by a court with jurisdiction; provided, that in the event Transmission Owner fails to make a payment required under this Implementation Agreement, PJM, in its sole discretion, may submit the dispute to binding arbitration under this Article, seek injunctive relief under section 5.5, or seek both injunctive and arbitral remedies, and this Article shall not bar such an action for injunctive relief brought by PJM or the grant of such relief therein; provided, further, that in the event PJM fails to make a payment required under section 7.6(ii) or a refund required under this Implementation Agreement, Transmission Owner, in its sole discretion, may submit the dispute to binding arbitration under this Article, seek injunctive relief under section 5.5, or seek both injunctive and arbitral remedies, and this Article shall not bar such an action for injunctive relief brought by Transmission Owner or the grant of such relief therein.

ARTICLE 7
ADDITIONAL AND MISCELLANEOUS MATTERS

7.1 Relationship of the Parties. This Implementation Agreement shall not be interpreted or construed to create any association, joint venture, or partnership between or among the Parties or to impose any partnership obligation liability upon any Party. No Party shall have the right, power or authority under this Implementation Agreement to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

7.2 No Third-Party Beneficiaries. This Implementation Agreement is intended solely for the benefit of the Parties and their respective successors and permitted assigns and is

not intended to and shall not confer any rights or benefits on, any third party (other than the Parties' successors and permitted assigns) that is not a signatory hereto.

7.3 Term and Termination. This Implementation Agreement shall be effective upon the Effective Date and shall continue in effect from year to year thereafter unless and until terminated by the terms of this Implementation Agreement or by satisfaction of all obligations of each Party.

7.4 Successors and Assigns. This Implementation Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors, but shall not be assigned without the prior written consent of the other Party, and except, in the case of Transmission Owner, to a successor in the operation of the Transmission Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which all or substantially all such Transmission Facilities are acquired by such a successor and assign, and such successor and assign expressly is made a party to this Implementation Agreement.

7.5 Force Majeure No Excuse. The occurrence of an Act of God or event of Force Majeure, as customarily defined, shall neither excuse Transmission Owner from making any payment required under this Implementation Agreement, nor excuse PJM from using best efforts to integrate Transmission Owner into PJM as anticipated by section 3.2.5.

7.6 Limitations on Liability. Neither Party shall be liable to the other Party for any claim for damages, whether direct, indirect, actual, incidental, special, punitive or consequential damages, or loss of the other Party, including, but not limited to, loss of profits or revenues, cost of capital of financing, or loss of goodwill arising from such Party's carrying out, or failing to carry out, any obligations contemplated by this Implementation Agreement. Notwithstanding the foregoing:

i. Transmission Owner shall remain liable with respect to the payment obligations provided in this Implementation Agreement;

ii. PJM shall be liable in the event it willfully and without justification abrogates its undertakings described in this Implementation Agreement or misappropriates or converts deposits or funds advanced hereunder by Transmission Owner; in either event, such liability shall be limited strictly to the return of any misappropriated or converted deposits or funds, together with interest; and

iii. provided, however, that nothing herein shall be deemed to reduce or limit the obligation of any Party with respect to the claims of persons or entities not a party to this Implementation Agreement.

7.7 Governing Law. This Implementation Agreement shall be interpreted, construed and governed by the laws of the state of Delaware without regard to conflicts of law principles.

7.8 Notice. Whether or not expressly stated, all notices, demands, requests and other communications required or permitted by or provided for in this Implementation Agreement ("Notice") shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this section, and shall be delivered in person, by first class, registered or certified mail, or by overnight courier service:

For all Notices:	With a copy to:
PJM Interconnection, L.L.C. 955 Jefferson Avenue Valley Forge Corporate Center Norristown, PA 19403-2497 Attn: Andy Ott President and CEO	PJM Interconnection, L.L.C. 955 Jefferson Avenue Valley Forge Corporate Center Norristown, PA 19403-2497 Attn: Vincent Duane Senior Vice President, General Counsel, and Secretary
Ohio Valley Electric Corporation P.O. Box 468 Piketon, OH 45661 Attn: Scott R. Cunningham Electrical Operations Director	Ohio Valley Electric Corporation P.O. Box 468 Piketon, OH 45661 Attn: Justin Cooper Assistant Secretary, Budget and Finance Manager

7.9 Execution of Counterparts. This Implementation Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together will constitute one instrument, binding upon the Parties, notwithstanding that all such Parties may not have executed the same counterpart.

7.10 Representations and Warranties.

7.10.1 Each Party represents and warrants to the other Party that, as of the Effective Date of this Implementation Agreement as to such Party:

7.10.1.1 It is duly organized, validly existing and in good standing under the laws of the jurisdiction where organized, and qualified to do business in each state in which it is required to be so qualified;

7.10.1.2 The execution and delivery of this Implementation Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action on the part of the Party and do not conflict with any applicable law or with any other agreement binding upon the Party. The Implementation Agreement has been duly executed and delivered by the Party. The Implementation Agreement constitutes the legal, valid and binding obligation of the Party enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity concerning such enforcement, regardless of whether such principles are applied in a proceeding at law or in equity.

7.10.2 PJM hereby disclaims any warranties, express or implied, in the provision of Transmission Owner Expansion.

7.11 Severability and Renegotiation

7.11.1 Severability. Each provision of this Implementation Agreement shall be considered severable and if for any reason any provision is determined by a court or regulatory

authority of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect and shall in no way be affected, impaired or invalidated, and such invalid, void or unenforceable provision shall be replaced with valid and enforceable provision or provisions which otherwise give effect to the original intent of the invalid, void or unenforceable provision.

7.11.2 Renegotiation. If any provision of this Implementation Agreement is held by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, or if the Implementation Agreement is modified or conditioned by a regulatory authority exercising jurisdiction over this Implementation Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments as will restore the relative benefits and obligations of the Parties immediately prior to such holding, modification or condition. If after 60 days such negotiations are unsuccessful then this Implementation Agreement shall be deemed terminated except that the following shall survive such termination:

Section 4.1.2.2 (payment of capitalized expansion costs);
Section 4.1.3.2;
Section 4.1.4.2;
Section 4.3 (and subsections thereof);
Section 5.1 (and subsections thereof);
Section 5.3 (and subsections thereof);
Section 5.4;
Section 5.5;
Article 6; and
Article 7.

7.12 Headings. The article and section headings used in this Implementation Agreement are for convenience only and shall not affect the construction or interpretation of any of the provisions.

7.13 Entire Agreement. This Implementation Agreement and Schedule 3.2.5 attached hereto shall constitute the entire agreement between the Parties with respect to the

subject matter hereof. There are no prior contemporaneous agreements or representations affecting such subject matter other than those expressed in this Agreement.

7.14 Duty to Mitigate. Each party shall take commercially reasonable measures to mitigate any costs and expenses incurred by it in performing its obligations under this Implementation Agreement.

7.15 Standing. The parties agree that the provisions of section 11.6 of the Operating Agreement are incorporated herein by reference and that Transmission Owner has standing, in any court or other forum of competent jurisdiction, to enforce said provisions to the same extent, and as if, it were a party to the Operating Agreement.

IN WITNESS WHEREOF, the Parties have caused this Implementation Agreement to be executed by their duly authorized representatives.

PJM INTERCONNECTION, L.L.C.

By: _____

Name: F. STUART BRESSLER III

Title: SVP, OPERATIONS & MARKETS

Date: 10/6/17

OHIO VALLEY ELECTRIC CORPORATION

By: _____

Name: ROBERT A OSBORNE

Title: VP + COO

Date: 10/6/17

Schedule 3.2.5
Project Implementation Plan

2017-2018		
1.	Initial steps to develop integration including: • Initial meeting of project team; • Confirmation of initial assumptions; • Develop detailed project plan; • Set schedule of meetings; • Determine initial resource requirements (by PJM); • Meetings with NERC/Regional Reliability Council (if required); • Identification and scheduling of any required training or testing; • Consultation with interconnecting TOs (if required); • Identification of any required revisions to manuals or procedures; • Identification of measures required for implementation of grandfathered transmission rights and any other grandfathered agreements; and • Confirmation and schedule for any required filings with State commissions.	May – August 2017
2.	Initial integration filing submitted to FERC, including submission of signed Implementation Agreement	December 2017
3.	Preparation (to the extent not completed in (1) above) for initial stakeholder meetings including development of: • the integration plan and projected costs; • a communication plan; and • schedule plan and updates.	May – October 2017
4.	Initial PJM stakeholder meetings to brief stakeholders on, among other related topics: • the integration plan and projected costs; • a communication plan; • schedule plan and updates; and • capture any stakeholder issues or concerns	October 2017

5.	Conduct initial meetings with the impacted state commissions, as necessary	May – December 2017
6.	PJM's planning departments planning models are updated with the latest OVEC generation and transmission information to enable reliability and interconnection analyses.	June – December 2017
7.	Planning conducts deliverability analysis of transmission owner control area resources	June – December 2017
8.	Within reasonable time after issuance of FERC order approving the terms and conditions of Transmission Owner's application for authorization to enter PJM, Transmission Owner executes Operating Agreement, Transmission Owners Agreement and Reliability Assurance Agreement	February 2018
9.	EMS and markets model updated to include the latest information on OVEC generation units and transmission facilities including: • Identification of any implications to the ARR and FTR market; • Identification of Reliability Pricing Model resource modeling updates; • Identification of PJM Settlements touchpoints; and • Identification of any energy or ancillary service market touchpoints.	June – September 2017
10.	Convert existing transmission service to transmission service under the PJM Tariff to allow PJM to act as the transmission service provider for OVEC upon completion of the integration including: • Identification of existing transmission service for conversion; • Addition of OVEC to the PJM OASIS; • Addition of OVEC to PJM's ATC-AFC engine; and • Retirement of OVEC OASIS after the completion of the integration. • Consistent with Section 3.1.5 and subject to FERC approval, adopt measures to identify and ensure the	June – November 2017

	continued, grandfathered, transmission and delivery of energy from OVEC's Kyger Creek Plant at Cheshire, Ohio, or IKEC's Clifty Creek Plant at Madison, Indiana to the external control area boundary between OVEC and Louisville Gas & Electric Company pursuant to delivery commitments under the ICPA.	
11.	Transmission Owner's operators complete PJM operator certification	October 2017
12.	Completion of balancing authority and reliability coordinator certifications required by the North American Electric Reliability Corporation and ReliabilityFirst Corporation including: • Providing integration plans to the North American Electric Reliability Corporation and ReliabilityFirst Corporation; • Responding to data requests supporting the certification process; and • Supporting on-site certification team, if deemed necessary by RFC and NERC.	July – November 2017
13.	Integration "Go Live"	March 1, 2018
14.	Final Issue Identification and Issue Close Out	March 2018