June 22, 2011

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Docket No. ER11-3581-000

Dear Ms. Bose:


Following a conversation with Staff, Mon Power became aware that two diagrams from each of Attachments 1, 2 and 3 to the Revised Interconnection Agreement were inadvertently omitted from the filed version. Mon Power hereby submits revised clean versions of the applicable sections of the Revised Interconnection Agreement to include the omitted diagrams. The diagrams are the same as those in the currently effective

1 The Reimbursement Agreement and the Engineering and Construction Agreement are hereinafter collectively referred to as the “Supporting Agreements.”
2 Pursuant to Order No. 714, this filing is being submitted by PJM Interconnection, L.L.C. (“PJM”) on behalf of Mon Power as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain
Second Revised Service Agreement No. 1395. Given that there are no additional changes from the currently effective service agreement, Mon Power is not providing a revised marked version of the service agreement.

To the extent that the Commission determines that this filing must be noticed, Mon Power respectfully requests that the Commission establish a shortened notice period. A shortened notice period is appropriate because the omitted figures are in the currently effective service agreement and Mon Power is not proposing any changes to those figures in this proceeding. Mon Power continues to request waiver of the Commission’s 60-day prior notice requirement to allow an effective date of May 17, 2011 for the version of the Revised Interconnection Agreement submitted herewith and the Supporting Agreements.3

Should you have any questions regarding this filing please contact Andrew Beach at (202) 639-6724 or me at (202) 639-6565.

Sincerely,

/s/ Stephen Angle
Stephen Angle
Andrew N. Beach
Vinson & Elkins LLP
2200 Pennsylvania Ave., NW
Washington, DC 20037-1701
202.639.6565
202.879.8965 FAX
sangle@velaw.com

Attorneys for Monongahela Power Company

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3 Waiver is appropriate because the document is being filed within 30 days of its requested effective date. See Prior Notice and Filing Requirements Under Part II of the Federal Power Act, 64 FERC ¶ 61,139 at 61,983-84 (1993).
ATTACHMENT 1

Construction Agreement

Between

American Electric Power Service Corporation

As agent for Ohio Power Company

And

Trans-Allegheny Interstate Line Company
CONSTRUCTION AGREEMENT

This Construction Agreement (the “Agreement”), dated as of August [__], 2008 (the “Effective Date”), is made by and among American Electric Power Service Corporation, as agent for Ohio Power Company (“OPCO”), and Trans-Allegheny Interstate Line Company (“TrAILCo”). OPCO and TrAILCo are sometimes hereinafter referred to as a “Party” or collectively as the “Parties”.

RECITALS

A. West Penn Power Company, doing business as Allegheny Power (“West Penn”) owns a 1500 MVA 765/500 kV transformer bank #200 (the “Existing Transformer Bank”) located at OPCO’s 765/500 kV Kammer Station (the “Kammer Station”). The Existing Transformer Bank is operated and maintained by OPCO, at West Penn’s expense.

B. West Penn and TrAILCo have agreed that the Existing Transformer Bank should be replaced with, a new 2250 MVA transformer bank consisting of 3-750 MVA single phase units and a spare 750 MVA single phase unit (“New Transformer Bank”). TrAILCo will own the New Transformer Bank, and the Parties contemplate that OPCO will operate and maintain the New Transformer Bank, at TrAILCo’s expense, subject to a separate agreement to be negotiated between OPCO and TrAILCo. Replacement of the Existing Transformer Bank is necessary because of the age of the units, loading concerns, frequent real time congestion, and the lack of a spare due to the failure of one of the 500 MVA single phase units. The replacement of the Existing Transformer Bank was approved by PJM Interconnection, L.L.C. (“PJM”) as part of its Regional Transmission Expansion Plan process. PJM has directed West Penn to make arrangements to replace the Existing Transformer Bank by October 2009.

C. Contemporaneously with this Agreement, OPCO and West Penn Power Company, doing business as Allegheny Power (“West Penn”) have entered into a Construction Agreement for the removal and disposal of the Existing Transformer Bank. In addition, contemporaneously with this Agreement, Wheeling Power Company (“Wheeling”) and TrAILCo have entered into a Relocation Reimbursement Agreement pursuant to which TrAILCo will reimburse Wheeling for moving certain transmission lines necessitated by the removal of the Existing Transformer Bank.

D. OPCO and West Penn are parties to that certain Interconnection Agreement effective January 1, 2006, as subsequently modified (“Interconnection Agreement”), approved by the Federal Energy Regulatory Commission (“FERC”) in Docket No. ER06-397. The Interconnection Agreement was filed with the FERC as Service Agreement No. 1395 under the PJM Open Access Transmission Tariff, with PJM as signatory to the Agreement.

E. OPCO developed the cost estimates and the scope of work requirements to remove the Existing Transformer Bank, install the New Transformer Bank at the Kammer Station, and perform other work that will be necessary to accommodate the New Transformer Bank.

F. OPCO is willing to commence such activities subject to the terms and conditions set forth below.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SCOPE OF WORK

1.1 Appendix A provides a scope of work and description of Kammer Station facilities associated with the Existing Transformer Bank replacement, that are or will be provided
to TrAILCo by OPCO. Figure 1 and Figure 2 provide one line diagrams of the Existing Transformer Bank and proposed configurations of the New Transformer Bank.

1.2 At the request of TrAILCo, OPCO has previously commenced engineering for the site work. TrAILCo hereby authorizes OPCO to proceed with other work (including without limitation, design, engineering, bid specification activities, and installation activities) necessary for the establishment of the New Transformer Bank at the Kammer Station, pursuant to the scope of work described in Appendix A (except for those items identified as “TrAILCo Responsibilities”) of this Agreement and Figure 2 of this Agreement.

1.3 TrAILCo shall be responsible for performing those items listed as “TrAILCo Responsibilities” in Appendix A. TrAILCo shall coordinate its activities with those of OPCO.

2. METERING

The Meters and Data Acquisition System (“DAS”) equipment for the New Transformer Bank shall be installed by OPCO as described in Appendix C. OPCO will provide TrAILCo with a port from any OPCO DAS Remote Terminal Unit (“RTU”) installed in conjunction with the Existing Transformer Bank replacement. If required by TrAILCo, OPCO shall provide TrAILCo a port from the DAS RTU, and TrAILCo shall supply a dedicated communication link for DAS real-time communication with the Allegheny Power control center. In addition, OPCO will provide a means for the remote interrogation of the New Transformer Bank’s metering using the OPCO MV-90 remote system.

3. SCHEDULE

3.1 Each Party shall perform its work in accordance with the schedule set forth in Appendix B, except as adjusted either (a) for Force Majeure pursuant to Section 12 or (b) by mutual agreement of the Parties.

3.2 If TrAILCo delays the Existing Transformer Bank replacement project’s in-service date beyond October 2009, OPCO reserves the right to re-evaluate the feasibility, cost estimates, and the timing of the new in-service date to coordinate availability of personnel and the timing of outages necessary to replace the Existing Transformer Bank consistent with the new in-service date.

4. PROGRESS REPORTING

OPCO shall keep TrAILCo and PJM informed, via monthly progress reports sent to TrAILCo’s and PJM’s designated representatives, as to the progress, reconciled to the project budget, of the engineering, design, and construction activities performed under this Agreement.

5. COMPENSATION; PAYMENT

5.1 TrAILCo shall pay OPCO for all actual costs and expenses incurred by OPCO associated with the Existing Transformer Bank replacement at Kammer Station. The actual cost of the Existing Transformer Bank replacement will include OPCO overheads.
5.2 Appendix B provides the cost estimates for the installation of the New Transformer Bank, as well as a payment schedule, including gross-up tax amount, if any, in accordance with Section 6 below. TrAILCo shall pay OPCO the amount of $22,166,700 according to the cost estimates and payment schedule described in Appendix B. Notwithstanding such estimates, the final cost of the Existing Transformer Bank replacement will be based on the total actual costs and expenses incurred by OPCO associated with the Existing Transformer Bank replacement.

5.3 Within thirty days after completion of all activities to be undertaken by OPCO under this Agreement, OPCO shall prepare a statement of the total actual costs and expenses incurred by OPCO associated with the Existing Transformer Bank replacement (the “Final Statement”). If the total actual costs and expenses set forth on the Final Statement exceed the amounts previously paid by TrAILCo, then within thirty days after delivery of the Final Statement to TrAILCo, TrAILCo shall pay the difference, with interest, between the money previously paid to OPCO by TrAILCo and the actual costs and expenses. If the total amounts previously paid by TrAILCo exceed the amount of the total actual costs and expenses, then within thirty days after delivery of the Final Statement to TrAILCo, OPCO shall refund to TrAILCo the difference, with interest, between the money previously paid to OPCO and the actual costs and expenses. If payment is owed by a party pursuant to the foregoing, interest shall accrue at LIBOR +20 basis points from the date of the delivery of the Final Statement until payment by OPCO or TrAILCo as applicable. For purposes of this Section, “LIBOR” means BBA USD 1 Month LIBOR, as published daily by the British Bankers Association and available on Bloomberg.

6. TAXES

6.1 The Parties intend that all costs paid by TrAILCo to OPCO pursuant to Paragraph 5.2 above shall be non taxable for federal and state income tax purposes as these payments are for the labor to install TrAILCo’s property for which OPCO will be reimbursed. Consequently, these are nontaxable noncapital expenditures to OPCO and not subject to tax under IRC Section 118(b).

6.2 TrAILCo agrees that if the IRS or state tax agency asserts costs paid by TrAILCo to OPCO for Appendix A facilities to be a contribution in aid of construction (“CIAC”), to reimburse OPCO for the net present value of the income tax effect of the CIAC (a “Tax Effect Recovery Factor” or “TERF”), including any interest and penalty charges imposed upon OPCO by the IRS and/or state tax agencies. The TERF shall be computed in accordance with FERC rules, which reflect the net present value of the depreciation deductions that OPCO will receive over the life of the property.

6.3 TrAILCo reserves the right to require OPCO to submit an IRS private letter ruling request on the tax treatment of any payments by TrAILCo to OPCO under this Agreement (which TrAILCo will prepare and submit at TrAILCo’s expense). OPCO agrees to cooperate in the submission of such ruling request, and OPCO shall have the right to review and comment on the request prior to its submission and to participate in any conference of right with the IRS regarding the request. In the event that a ruling is received from the IRS to the effect that TrAILCo’s payments to OPCO are not taxable, OPCO shall refund to TrAILCo the TERF, together with any interest received thereon from the IRS or any state taxing agencies.
7. TERM AND TERMINATION

7.1 This Agreement shall become effective on the Effective Date.

7.2 In the event of a default by a Party hereto and such Party fails to cure such breach within ten days after notice from any of the other Parties, the other Parties, in addition to pursuing any other remedy, may elect to terminate this Agreement and the work being performed hereunder by giving written notice of termination to the defaulting Party.

7.3 If any Party terminates pursuant to Section 7.2, OPCO shall refund to TrAILCo the difference between the amounts paid to OPCO and actual costs and expenses incurred, including interest and OPCO overheads, or invoice TrAILCo the balance due, if the actual costs and expenses incurred by OPCO (including OPCO overheads) exceed payment made by TrAILCo. TrAILCo shall pay any such invoice within thirty days after receipt.

7.4 If TrAILCo cancels the Agreement following the modification of relaying at the Kammer Station or any other OPCO affected stations or any other modification to the OPCO transmission system needed to facilitate the Existing Transformer Bank replacement, TrAILCo shall not be entitled to any reimbursement for costs related to such modifications.

8. PERMITS AND ACCESS

OPCO shall secure all permits required to perform its work required by this Agreement. TrAILCo shall secure all permits required to perform its work required by this Agreement, including the acquisition and transportation of the New Transformer Bank. To the extent applicable for the work to be performed under this Agreement, TrAILCo shall provide OPCO access to its facilities.

9. LIMITED WARRANTY

9.1 OPCO warrants that, unless specified or agreed to otherwise, all equipment supplied by OPCO shall be new, and all such equipment and labor shall be free from defects in material and workmanship for 12 months from completion of the work. OPCO shall repair or replace, at OPCO’s option, any such equipment or labor found to be defective during the warranty period as long as TrAILCo has notified OPCO of such defect within a reasonable time and has properly maintained and operated the equipment.

9.2 The above repair or replacement warranty sets forth OPCO’s sole and exclusive liability and TrAILCo’s sole and exclusive remedy for all claims, whether arising out of contract, tort (including negligence), strict liability or any other cause or form of action, based on failure of, or defect in, goods or services provided under this Agreement.

9.3 OPCO EXPRESSLY EXCLUDES ANY AND ALL WARRANTIES EITHER EXPRESSED OR IMPLIED, WHICH MIGHT ARISE UNDER LAW OR EQUITY OR CUSTOM OF TRADE, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR SPECIFIED OR INTENDED PURPOSE.

10. LIMITATION OF LIABILITY
10.1 Neither OPCO, its affiliated companies nor its subcontractors shall be liable, whether arising out of contract, tort (including negligence), strict liability, or from any other cause or form of action whatsoever, for loss of anticipated profits, loss by reason of plant or other facility shutdown, non-operation or increased expense of operation, service interruption, cost of purchased or replacement power, claims of any of the TrAILCo’s customers, subcontractors, vendors or suppliers, cost of money, loss of use of capital or revenue, fines or penalties assessed or levied against TrAILCo by any governmental agency or arising out of OPCO’s performance of services or supply of goods or out of or in connection with TrAILCo’s use, or inability to use, the information, apparatus, method or process resulting from these services or for any special, incidental or consequential loss or damage of any nature, whether similar to those enumerated above, arising at any time or from any cause whatsoever.

10.2 The total liability of OPCO, its affiliated companies and its subcontractors, whether arising out of contract, tort (including negligence), strict liability, or any other cause or form of action, shall not exceed the amounts actually paid by TrAILCo to OPCO pursuant to Section 5.

11. INFORMATION; CONFIDENTIALITY

11.1 “Confidential Information” means any proprietary information or knowledge possessed by a Party which is confidential and commercially valuable. If provided in written form, the Party disclosing the Confidential Information (the “Disclosing Party”) shall clearly and conspicuously identify the information as “confidential” at the time of disclosure, or if provided in another form, the Disclosing Party shall confirm it as confidential in writing within ten days after the date of the disclosure. Notwithstanding anything to the contrary in this Section, Confidential Information will not include information that: (a) has become part of the public domain other than by acts or omissions of the Party receiving information (the “Recipient”), (b) to the Recipient’s knowledge has been furnished or made known to the Recipient by third persons (other than those acting on behalf of the Disclosing Party) as a matter of legal right and without restriction on disclosure or use, (c) was in the Recipient’s possession prior to disclosure by the Disclosing Party, or (d) is independently developed by officers, employees, affiliates, agents, attorneys, and other advisors (collectively “Representatives”) of the Recipient without access to Confidential Information.

11.2 The Recipient agrees that it will hold in confidence and will not disclose or use except in connection with the performance of this Agreement any Confidential Information belonging to the Disclosing Party for the period ending one year following completion of construction; provided, however, that the Recipient may disclose Confidential Information to the extent such disclosure is necessary or convenient as part of any regulatory proceeding in which Recipient or one of its affiliates is a party subject to a protective order or such other remedy as the Recipient may consider appropriate in the circumstances; and further provided, that the Recipient will provide such Confidential Information only to its Representatives for purposes of meeting its obligations and exercising its rights hereunder, provided that the Representatives shall be informed of the confidentiality obligations provided herein. The Recipient agrees to be responsible for any breach of the confidentiality obligations under this Agreement by its Representatives.
11.3 If Recipient is required pursuant to applicable law or otherwise becomes legally compelled to disclose any of the Confidential Information or the fact that the Confidential Information has been made available to the recipient, the Recipient will (unless prohibited by law from doing so) promptly advise the Disclosing Party in order that the Disclosing Party may seek a protective order or such other remedy as the Disclosing Party may consider appropriate in the circumstances. In any event, the Recipient may disclose the Confidential Information which the Recipient is legally required to disclose without any liability to the Disclosing Party and such disclosure shall not be a breach of this Section.

12. FORCE MAJEURE

12.1 A Party shall not be liable for loss or damage resulting from (a) any delay in performance within the time specified or (b) failure to perform its contractual obligations, in whole or in part, insofar as such delay or nonperformance is caused by Force Majeure as defined in Section 12.2, provided that the Party provides written notice within fifteen days of the Force Majeure event to the other Parties of the circumstances giving rise to such delay or nonperformance. A Party shall not be excused from its obligations to make payments under this Agreement because of Force Majeure.

12.2 “Force Majeure” means the occurrence of an unforeseen event beyond reasonable control of a Party which disrupts, hinders, or otherwise delays the performance of its contractual obligations, including but not limited to the following: acts of God; war; act of public enemy; acts of civil or military authorities; riots, civil commotion, sabotage, strikes; floods, fires or other violent natural disasters; epidemics; quarantine restrictions; embargoes; unavoidable delays in procuring necessary materials, labor, equipment, services or facilities; act(s), by any government, governmental body or instrumentality, regulatory agency or PJM (including delay or failure to act in the issuance of approvals, permits or licenses); and acts, including delays or failure to act, of the other Parties.

12.3 In the event of a delay in performance caused by Force Majeure, the time for the delayed Party’s performance shall be extended by such length of time as may be reasonably necessary to compensate for any such delay. The Party encountering the Force Majeure will exercise commercially reasonable efforts to keep delays in performance to a minimum, except that settlements of labor disputes shall be within its sole discretion.

13. RECORDS OF ACCOUNTING

OPCO shall maintain its normal cost accounting records as required for proper financial management of the work. Upon reasonable advance notice, OPCO will make these accounting records available to TrAILCo for inspection during normal business hours.

14. USE OF AMERICAN ELECTRIC POWER RESOURCES

OPCO will provide services under this Agreement by using a mix of subcontractors, suppliers and consultants (collectively “Subcontractors”) and the resources of its affiliated companies in the American Electric Power System, including the American
Electric Power Service Corporation. OPCO and its affiliated companies have agreed upon the portions of the total compensation required to be paid under this Agreement, and OPCO shall be responsible for paying such compensation to its affiliated companies. Only OPCO shall be responsible for liabilities and failure to perform under this Agreement, and any liability resulting from such failure shall constitute the aggregate liability of OPCO, and its affiliated companies. All releases and disclaimers of liability shall include OPCO and its affiliated companies and its Subcontractors.

15. GENERAL

15.1 Notices

Any notice that is required or permitted under this Agreement may be given by personal delivery to the Party entitled thereto, by e-mail, facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U.S. Certified or Registered Mail, return receipt requested, addressed to the Party entitled thereto, at:

If to OPCO: Michael Heyeck
Senior Vice President - Transmission
American Electric Power Service Corporation
700 Morrison Road
Gahanna, Ohio 43230
Facsimile: (614) 552-2602
E-Mail: mheyeck@aep.com

with copy to: Jeffrey D. Cross
Deputy General Counsel
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215-2373
Facsimile: (614) 716-2014
E-Mail: jdcross@aep.com

If to TrAILCo: John P. Syner
General Manager, Transmission Planning
800 Cabin Hill Drive
Greensburg, PA 15601
Facsimile: (724) 830-5443
E-Mail: jsyner@alleghenypower.com

with copy to: Kathryn L. Patton
Deputy General Counsel
800 Cabin Hill Drive
Greensburg, PA 15601
Any notices delivered by e-mail shall be confirmed with one of the methods of delivery identified above or by regular US mail, postage prepaid. Any notices will be sent to the address or facsimile number when permitted as specified in this Agreement or to such other address or facsimile number for a Party as it may specify in writing to the other Party from time to time. Any notice properly given to the proper address will be deemed to have been when dispatched.

15.2 Interest on Overdue Amounts

Any amount due to a party under this Agreement will earn interest accruing daily from the deadline for payment thereof until paid at the lesser of (i) an annual rate equal to the Prime Rate from time to time plus 2 percentage points, or (ii) the maximum rate allowed by Applicable Law.

15.3 Amendment

No amendment to this Agreement will be valid or binding unless and until reduced to writing and executed by each Party’s authorized representative.

15.4 Assignment

None of the Parties may assign any of its rights or delegate any of its duties under this Agreement to any Person without the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

15.5 Relationship of Parties

Except as expressly and specifically provided herein, none of the Parties will be deemed by virtue of this Agreement to be an employee or agent of the other Parties. Any and all joint venture or partnership status between the Parties by virtue of this Agreement is hereby expressly denied.

15.6 Merger and Integration; Binding on Successors; No Third Party Beneficiaries

This Agreement sets out the entire understanding of the Patties with respect to the matters it purports to cover and supersedes all prior communications, agreements, and understandings, whether written or oral, containing such matters, including that certain Limited Notice to Proceed between the Parties dated as of June 1, 2008 and any purchase orders issued by TrAILCo thereunder. No Party will be liable or bound to the other Parties in any manner by any warranties, representations, or covenants other than those set forth in this Agreement. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

15.7 Survival
Any provision specifically designated in this Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Agreement will survive termination of this Agreement.

15.8 Forbearance and Waiver

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any Party’s forbearance in the exercise or enforcement of any right or remedy under this Agreement will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

15.9 Partial Invalidity

Any invalidity, illegality, or unenforceability of any provision of this Agreement in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

15.10 Governing Law; Jurisdiction and Venue

The interpretation and construction of this Agreement and the rights of the Parties hereunder will be interpreted, construed, and governed by the laws of the State of West Virginia, without regard to its conflicts of law principles.

15.11 Construction

This Agreement was prepared jointly by the Parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

15.12 Multiple Counterparts

This Agreement may be executed by the Parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

[The remainder of this page is intentionally left blank.
The next page of this document is the signature page.]
Executed to be effective as provided above:

**American Electric Power Service**
Corporation as agent for Ohio Power Company

By: __________________________
Name: _________________________
Title: _________________________

**Trans-Allegheny Interstate Line Company**

By: __________________________
Name: _________________________
Title: _________________________
Figure 1
Kammer Station
Simplified One-line Diagram

Transformer Bank #200 Replacement Project at the Kammer Station

Existing Configuration
Figure 2

Kammer Station
Simplified One-line Diagram

Transformer Bank #200 Replacement Project at the Kammer Station

Proposed Configuration

Kammer Station
Simplified One-line Diagram
After Transformer Replacement
Appendix A  
Scope of Work  

Description of Responsibilities  
With Respect to the Transformer Bank #200 Replacement Project  
At the Kammer Station

OPCO Responsibilities:

- Replace existing Kammer Transformer Bank #200, 1500 MVA (consisting of 3-765/500/138 kV, 500 MVA single-phase autotransformers and 1 spare) with a new 2250 MVA Transformer Bank (consisting of 3-765/500/138 kV, 750 MVA single-phase autotransformers and 1 spare)
- Engineering and design
- Expand Kammer Station to accommodate New Transformer Bank while the Existing Transformer Bank stays in service
- Grading and fill work required to expand station
- Modify station entrance road to accommodate delivery of new autotransformers
- Install new ground grid in expanded station area
- Provide lightning protection in expanded station area
- Extend main 765 kV high bus #2
- Construct 765 kV low bus with motorized 765 kV single-phase transformer disconnect switches
- Construct 500 kV connecting bus with motorized 500 kV, single-phase transformer disconnect switches
- Install new 500 kV line carrier relaying equipment
- Construct four foundations for new autotransformers
- Assemble the 4 new autotransformers with coolers, oil, surge arresters, jumpers, and control cable connections
- Construct 765 kV and 500 kV spare transformer connecting buses
- Construct Tertiary and Neutral Bus connections for new autotransformers
- Construct oil containment for transformers
- Construct 500 kV self-supporting dead end take off structure
- Install new service center for transformer bank
- Install connections to transformers, station service, service center, and control house
- Install new transformer protective relay package
- Install new 765 kV interconnection metering
- Replace existing Remote Terminal Unit (RTU)
- Install fencing around extended station yard

TrAILCo Responsibilities:

- Purchase the 4 new single-phase 765/500/138 kV, 750 MVA autotransformers
- Deliver the 4 new single-phase transformers to the new transformer foundations
Appendix B

Estimate of Cost, Construction and Payment Schedules
With Transformer Bank #200 Replacement Project
At the Kammer Station

Estimate of Cost

Total Estimated Cost: $22,166,700

Construction Schedule

Proposed Engineering/Construction Schedule

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<th>Task</th>
<th>Start</th>
<th>Complete</th>
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<tbody>
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<td>Engineer Site work</td>
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<td>5/15/08</td>
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<tr>
<td>Bid Site work</td>
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<td>5/30/08</td>
</tr>
<tr>
<td>Construct Site work Phase 1</td>
<td>6/16/08</td>
<td>10/21/08</td>
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<tr>
<td>Move Ormet 138 kV Circuit</td>
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<td>11/11/08</td>
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<tr>
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</tr>
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Delivery dates to Kammer Station of new banks- 4/29/09, 5/14/09, 6/4/09, and 6/18/09
## Appendix B (cont’d)

### Payment/Schedule

<table>
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<tr>
<th>Date</th>
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<td>4/7/09 Phase 2 Site Work Complete</td>
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<tr>
<td>Final (Punchlist) Completion</td>
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</tr>
<tr>
<td>Total Estimate</td>
<td>$22,166,700</td>
</tr>
</tbody>
</table>
Appendix C

Metering and DAS Equipment Installation Guidelines

Pursuant to Appendix II and Appendix III of the AEP-AP Composite Interconnection Agreement, effective January 1, 2006, accepted by FERC in Docket No. ER06-397.
ATTACHMENT 2

Relocation Reimbursement Agreement

Between

American Electric Power Service Corporation

As agent for

Wheeling Power Company

And

Trans-Allegheny Interstate Line Company
RELOCATION REIMBURSEMENT AGREEMENT

This Relocation Reimbursement Agreement (the “Agreement”), dated as of August [__] 2008 (the “Effective Date”), is made by and among American Electric Power Service Corporation, as agent for Wheeling Power Company (“Wheeling”), and Trans-Allegheny Interstate Line Company (“TrAILCo”). Wheeling and TrAILCo are sometimes hereinafter referred to as a “Party” or collectively as the “Parties”.

RECITALS

A. West Penn Power Company, doing business as Allegheny Power (“West Penn”) owns a 1500 MVA 765/500 kV transformer bank #200 (the “Existing Transformer Bank”) located at Ohio Power Company’s 765/500 kV Kammer Station (the “Kammer Station”).

B. West Penn and TrAILCo have agreed that the Existing Transformer Bank should be replaced with a new 2250 MVA transformer bank consisting of 3-750 MVA single phase units and a spare 750 MVA single phase unit (“New Transformer Bank”). Replacement of the Existing Transformer Bank is necessary because of the age of the units, loading concerns, frequent real time congestion, and the lack of a spare due to the failure of one of the 500 MVA single phase units. The replacement of the Existing Transformer Bank was approved by PJM Interconnection, L.L.C. (“PJM”) as part of its Regional Transmission Expansion Plan process. PJM has directed West Penn to make arrangements to replace the Existing Transformer Bank by October 2009.

C. Contemporaneously with this Agreement, American Electric Power Service Corporation, as agent for Ohio Power Company (“OPCO”) and West Penn Power Company, doing business as Allegheny Power (“West Penn”) have entered into a Construction Agreement for the removal and disposal of the Existing Transformer Bank (the “OPCO-West Penn Construction Agreement”). In addition, contemporaneously with this Agreement, OPCO and TrAILCo have entered into a Construction Agreement pursuant to which OPCO will install the New Transformer Bank (the “OPCO-TrAILCo Construction Agreement”).

D. In connection with removal of the Existing Transformer Bank and installation of the New Transformer; certain Wheeling facilities will need to be removed or relocated, subject to reimbursement by TrAILCo.

E. Wheeling is willing to remove and relocate its facilities subject to the terms and conditions set forth below.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SCOPE OF WORK

1.1 Appendix A provides a scope of work associated with the Existing Transformer Bank replacement that will be performed by Wheeling, subject to reimbursement of costs by
TrAILCo. Figure 1 and Figure 2 provide one line diagrams of the Existing Transformer Bank and proposed configurations of the New Transformer Bank.

1.2 At the request of TrAILCo, Wheeling and/or its affiliates have previously commenced engineering for the site work. TrAILCo hereby authorizes Wheeling to proceed with the activities identified in Appendix A.

1.3 To the extent applicable, TrAILCo shall coordinate its activities with those of Wheeling.

2. SCHEDULE

Wheeling shall perform its responsibilities in accordance with the schedule set forth in Appendix B, except as adjusted (a) for Force Majeure pursuant to Section 11 or (b) by mutual agreement of the Parties.

3. PROGRESS REPORTING

Wheeling shall keep TrAILCo and PJM informed, via monthly progress reports sent to TrAILCo’s and PJM’s designated representatives, as to the progress, reconciled to the “Estimate of Cost” in Appendix B, of the activities performed under this Agreement; provided, however, that this obligation will be considered satisfied to the extent that OPCO includes this information in its progress reports.

4. COMPENSATION; PAYMENT

4.1 TrAILCo shall pay Wheeling for all actual costs and expenses incurred by Wheeling associated with the activities identified in Appendix A of this Agreement. The actual cost of such activities will include Wheeling overheads.

4.2 Appendix B provides the cost estimates for Wheeling’s activities, as well as a payment schedule, including gross-up tax amount, if any in accordance with Section 5 below. TrAILCo shall pay Wheeling the amount of $5,284,015 according to the cost estimates and payment schedule described in Appendix B. Notwithstanding such estimates, the final cost of Wheeling’s activities will be based on the total actual costs and expenses incurred by Wheeling associated with the Existing Transformer Bank replacement.

4.3 Within thirty days after completion of all activities to be undertaken by Wheeling under this Agreement, Wheeling shall prepare a statement of the total actual costs and expenses incurred by Wheeling associated with the Existing Transformer Bank replacement (the “Final Statement”). If the total actual costs and expenses set forth on the Final Statement exceed the amounts previously paid by TrAILCo, then within thirty days after delivery of the Final Statement to TrAILCo, TrAILCo shall pay the difference, with interest, between the money previously paid to Wheeling by TrAILCo and the actual costs and expenses. If the total amounts previously paid by TrAILCo exceed the amount of the total actual costs and expenses, then within thirty days after delivery of the Final Statement to TrAILCo, Wheeling shall refund to TrAILCo the difference, with interest, between the money previously paid to Wheeling and the actual costs and expenses. If payment is owed by a party pursuant to the foregoing, interest shall accrue at LIBOR +20 basis points from the date of the delivery of the Final Statement until payment by Wheeling or TrAILCo as applicable. For purposes of this Section, “LIBOR” means BBA USD 1 Month LIBOR, as published daily by the British Bankers Association and available on Bloomberg.
5. **TAXES**

TrAILCo agrees to reimburse Wheeling for the net present value of the income tax effect of the contribution in aid of construction (a “Tax Effect Recovery Factor” or “TERF”), including any interest and penalty charges imposed upon Wheeling by the Internal Revenue Service (“IRS”) and/or state tax agencies. The TERF shall be computed in accordance with FERC rules, which reflect the net present value of the depreciation deductions that Wheeling will receive over the life of the property. TrAILCo reserves the right to require Wheeling to submit an IRS private letter ruling request on the tax treatment of any payments by TrAILCo to Wheeling under this Agreement (which TrAILCo will prepare and submit at TrAILCo’s expense). Wheeling agrees to cooperate in the submission of such ruling request, and Wheeling shall have the right to review and comment on the request prior to its submission and to participate in any conference of right with the IRS regarding the request. In the event that a ruling is received from the IRS to the effect that TrAILCo’s payments to Wheeling are not taxable, Wheeling shall refund to TrAILCo the TERF, together with any interest received thereon from the IRS or any state taxing agencies.

6. **TERM AND TERMINATION**

6.1 This Agreement shall become effective on the Effective Date.

6.2 In the event of a default by a Party hereto and such Party fails to cure such breach within ten days after notice from any of the other Parties, the other Parties, in addition to pursuing any other remedy, may elect to terminate this Agreement and the work being performed hereunder by giving written notice of termination to the defaulting Party.

6.3 If any Party terminates pursuant to Section 6.2, Wheeling shall refund to TrAILCo the difference between the amounts paid to Wheeling and actual costs and expenses incurred, including interest and Wheeling overheads, or invoice TrAILCo the balance due, if the actual costs and expenses incurred by Wheeling (including Wheeling overheads) exceed payment made by TrAILCo. TrAILCo shall pay any such invoice within thirty days after receipt.

6.4 If TrAILCo cancels the Agreement following the modification of relaying at the Kammer Station or any other AEP affected stations or any other modification to the AEP transmission system needed to facilitate the Existing Transformer Bank replacement, TrAILCo shall not be entitled to any reimbursement for costs related to such modifications.

7. **PERMITS AND ACCESS**

Wheeling shall secure all permits required to perform its work required by this Agreement. To the extent applicable for the work to be performed under this Agreement, TrAILCo shall provide Wheeling access to its facilities.

8. **LIMITED WARRANTY**

WHEELING EXPRESSLY EXCLUDES ANY AND ALL WARRANTIES EITHER EXPRESSED OR IMPLIED, WHICH MIGHT ARISE UNDER LAW OR EQUITY OR CUSTOM OF TRADE, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR SPECIFIED OR INTENDED PURPOSE.

9. **LIMITATION OF LIABILITY**
9.1 Neither Wheeling, its affiliated companies nor its subcontractors shall be liable, whether arising out of contract, tort (including negligence), strict liability, or from any other cause or form of action whatsoever, for loss of anticipated profits, loss by reason of plant or other facility shutdown, non-operation or increased expense of operation, service interruption, cost of purchased or replacement power, claims of any of the TrAILCo’s customers, subcontractors, vendors or suppliers, cost of money, loss of use of capital or revenue, fines or penalties assessed or levied against TrAILCo by any governmental agency or arising out of Wheeling’s performance of services or supply of goods or out of or in connection with TrAILCo’s use, or inability to use, the information, apparatus, method or process resulting from these services or for any special, incidental or consequential loss or damage of any nature, whether similar to those enumerated above, arising at any time or from any cause whatsoever.

9.2 The total liability of Wheeling, its affiliated companies and its subcontractors, whether arising out of contract, tort (including negligence), strict liability, or any other cause or form of action, shall not exceed the amounts actually paid by TrAILCo to Wheeling pursuant to Section 4.

10. INFORMATION; CONFIDENTIALITY

10.1 “Confidential Information” means any proprietary information or knowledge possessed by a Party which is confidential and commercially valuable. If provided in written form, the Party disclosing the Confidential Information (the “Disclosing Party”) shall clearly and conspicuously identify the information as “confidential” at the time of disclosure, or if provided in another form, the Disclosing Party shall confirm it as confidential in writing within ten days after the date of the disclosure. Notwithstanding anything to the contrary in this Section, Confidential Information will not include information that: (a) has become part of the public domain other than by acts or omissions of the Party receiving information (the “Recipient”), (b) to the Recipient’s knowledge has been furnished or made known to the Recipient by third persons (other than those acting on behalf of the Disclosing Party) as a matter of legal right and without restriction on disclosure or use, (c) was in the Recipient’s possession prior to disclosure by the Disclosing Party, or (d) is independently developed by officers, employees, affiliates, agents, attorneys, and other advisors (collectively “Representatives”) of the Recipient without access to Confidential Information.

10.2 The recipient agrees that it will hold in confidence and will not disclose or use except in connection with the performance of this Agreement any Confidential Information belonging to the Disclosing Party for the period ending one year following completion of construction; provided, however, that the Recipient may disclose Confidential Information to the extent such disclosure is necessary or convenient as part of any regulatory proceeding in which Recipient or one of its affiliates is a party subject to a protective order or such other remedy as the Recipient may consider appropriate in the circumstances; and further provided, that the Recipient will provide such Confidential Information only to its Representatives for purposes of meeting its obligations and exercising its rights hereunder, provided that the Representatives shall be informed of the confidentiality obligations provided herein. The Recipient agrees to be responsible for any breach of the confidentiality obligations under this Agreement by its Representatives.
10.3 If Recipient is required pursuant to applicable law or otherwise becomes legally compelled to disclose any of the Confidential Information or the fact that the Confidential Information has been made available to the recipient, the Recipient will (unless prohibited by law from doing so) promptly advise the Disclosing Party in order that the Disclosing Party may seek a protective order or such other remedy as the Disclosing Party may consider appropriate in the circumstances. In any event, the Recipient may disclose the Confidential Information which the Recipient is legally required to disclose without any liability to the Disclosing Party and such disclosure shall not be a breach of this Section.

11. FORCE MAJEURE

11.1 A Party shall not be liable for loss or damage resulting from (a) any delay in performance within the time specified or (b) failure to perform its contractual obligations, in whole or in part, insofar as such delay or nonperformance is caused by Force Majeure as defined in Section 11.2, provided that the Party provides written notice within fifteen days of the Force Majeure event to the other Parties of the circumstances giving rise to such delay or nonperformance. A Party shall not be excused from its obligations to make payments under this Agreement because of Force Majeure.

11.2 “Force Majeure” means the occurrence of an unforeseen event beyond reasonable control of a Party which disrupts, hinders, or otherwise delays the performance of its contractual obligations, including but not limited to the following: acts of God; war; act of public enemy; acts of civil or military authorities; riots, civil commotion, sabotage, strikes; floods, fires or other violent natural disasters; epidemics; quarantine restrictions; embargoes; unavoidable delays in procuring necessary materials, labor; equipment, services or facilities; act(s), by any government, governmental body or instrumentality, regulatory agency or PJM (including delay or failure to act in the issuance of approvals, permits or licenses); and acts, including delays or failure to act, of the other Parties.

11.3 In the event of a delay in performance caused by Force Majeure, the time for the delayed Party’s performance shall be extended by such length of time as may be reasonably necessary to compensate for any such delay. The Party encountering the Force Majeure will exercise commercially reasonable efforts to keep delays in performance to a minimum, except that settlements of labor disputes shall be within its sole discretion.

12. RECORDS OF ACCOUNTING

Wheeling shall maintain its normal cost accounting records as required for proper financial management of the work. Upon reasonable advance notice, Wheeling will make these accounting records available to TrAILCo for inspection during normal business hours.

13. USE OF AMERICAN ELECTRIC POWER RESOURCES

Wheeling will provide services under this Agreement by using a mix of subcontractors, suppliers and consultants (collectively “Subcontractors”) and the resources of its affiliated companies in the American Electric Power System, including the American Electric Power Service Corporation. Wheeling and its affiliated companies have agreed upon the portions of the total compensation required to be paid under this Agreement, and Wheeling shall be responsible for paying such compensation to its affiliated companies. Only Wheeling shall be responsible for liabilities and failure to perform under this Agreement, and any liability resulting from such failure shall constitute the aggregate liability of Wheeling, and its affiliated companies. All releases and disclaimers of liability shall include Wheeling and its affiliated companies and its Subcontractors.
14. GENERAL

14.1 Notices

Any notice that is required or permitted under this Agreement may be given by personal delivery to the Party entitled thereto, by e-mail, facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U.S. Certified or Registered Mail, return receipt requested, addressed to the Party entitled thereto, at:

If to Wheeling:  
Michael Heyeck  
Senior Vice President – Transmission  
American Electric Power Service Corporation  
700 Morrison Road  
Gahanna, Ohio 43230  
Facsimile: (614) 552-2602  
E-Mail: mheyeck@aep.com

with copy to:  
Jeffrey D. Cross  
Deputy General Counsel  
American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215-2373  
Facsimile: (614) 716-2014  
E-Mail: jdcross@aep.com

If to TrAILCo:  
John P. Syner  
General Manager, Transmission Planning  
800 Cabin Hill Drive  
Greensburg, PA 15601  
Facsimile: (724) 830-5443  
E-Mail: jsyner@alleghenypower.com

with copy to:  
Kathryn L. Patton  
Deputy General Counsel  
800 Cabin Hill Drive  
Greensburg PA 15601  
Facsimile: (724) 838-6894  
E-Mail: kpatton@alleghenyenergy.com

Any notices delivered by e-mail shall be confirmed with one of the methods of delivery identified above or by regular U.S. mail, postage prepaid. Any notices will be sent to the address or facsimile number when permitted as specified in this Agreement or to such other address or facsimile number for a Party as it may specify in writing to the other Party from time to time. Any notice properly given to the proper address will be deemed to have been given when dispatched.
14.2 Interest on Overdue Amounts

Any amount due to a party under this Agreement will earn interest accruing daily from the deadline for payment thereof until paid at the lesser of (i) an annual rate equal to the Prime Rate from time to time plus 2 percentage points, or (ii) the maximum rate allowed by Applicable Law.

14.3 Amendment

No amendment to this Agreement will be valid or binding unless and until reduced to writing and executed by each Party’s authorized representative.

14.4 Assignment

None of the Parties may assign any of its rights or delegate any of its duties under this Agreement to any Person without the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

14.5 Relationship of Parties

Except as expressly and specifically provided herein, none of the Parties will be deemed by virtue of this Agreement to be an employee or agent of the other Parties. Any and all joint venture or partnership status between the Parties by virtue of this Agreement is hereby expressly denied.

14.6 Merger and Integration; Binding on Successors; No Third Party Beneficiaries

This Agreement sets out the entire understanding of the Parties with respect to the matters it purports to cover and supersedes all prior communications, agreements, and understandings, whether written or oral, concerning such matters, including that certain Limited Notice to Proceed between the Parties dated as of June 1, 2008 and any purchase orders issued by TrAILCo thereunder. No Party will be liable or bound to the other Parties in any manner by any warranties, representations, or covenants other than those set forth in this Agreement. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

14.7 Survival

Any provision specifically designated in this Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Agreement will survive termination of this Agreement.

14.8 Forbearance and Waiver

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any Party’s forbearance in the exercise or enforcement of any right or remedy under this Agreement will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.
14.9 Partial Invalidity

Any invalidity, illegality, or unenforceability of any provision of this Agreement in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

14.10 Governing Law; Jurisdiction and Venue

The interpretation and construction of this Agreement and the rights of the Parties hereunder will be interpreted, construed, and governed by the laws of the State of West Virginia, without regard to its conflicts of law principles.

14.11 Construction

This Agreement was prepared jointly by the Parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

14.12 Multiple Counterparts

This Agreement may be executed by the Parties in multiple original counterparts, and each such counterpart will constitute an original hereof.

[The remainder of this page is intentionally left blank.
The next page of this document is the signature page.]
Executed to be effective as provided above:

**American Electric Power Service**  
Corporation as agent for Wheeling  
Power Company

By: ____________________________  
Name: ____________________________  
Title: ____________________________

**Trans-Allegheny Interstate Line Company**

By: ____________________________  
Name: ____________________________  
Title: ____________________________
Figure 1

Kammer 765 kV Station
Simplified One-line Diagram

Transformer Bank #200 Replacement Project at Kammer Station
Kammer 765 kV Station
Simplified One-line Diagram

Transformer Bank #200 Replacement Project at Kammer Station

Proposed Configuration

Kammer 765 kV Station
Simplified One-line Diagram
After Transformer Replacement
Appendix A

Scope of Work

Wheeling Facilities to be Relocated or Removed
As part of the Transformer Bank #200 Replacement Project
At the Kammer Station

- Relocate transmission structures 3A-5A on Kammer-Ormet #1 138 kV line
- Remove existing structures 3A-5A and associated conductor and shield wire
- Relocate first structure on Kammer-Fort Martin 500 kV tie line
- Remove existing first structure on Kammer-Fort Martin 500 kV tie line
Appendix B

Estimate of Cost, Construction Schedule, and Payment Schedules
With Transformer Bank #200 Replacement Project
At the Kammer Station

Estimate of Cost

- For Scope of Work Appendix A    $ 4,214,400
- Tax Gross Up 25.38%              $ 1,069,615

Total Estimated Cost:              $ 5,284,015

Construction Schedule

Proposed Engineering/Construction Schedule

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Payment Schedule

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</tr>
</tbody>
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Construction Agreement

Between

American Electric Power Service Corporation

As agent for

Ohio Power Company

And

West Penn Power Company

as doing business as Allegheny Power
CONSTRUCTION AGREEMENT

This Construction Agreement (the “Agreement”), dated as of August [__], 2008 (the “Effective Date”), is made by and among American Electric Power Service Corporation, as agent for Ohio Power Company (“OPCO”), and West Penn Power Company, doing business as Allegheny Power (“West Penn”). OPCO and West Penn are sometimes hereinafter referred to as a “Party” or collectively as the “Parties.”

RECITALS

A. West Penn owns a 1500 MVA 765/500 kV transformer bank #200 (the “Existing Transformer Bank”) located at OPCO’s 765/500 kV Kammer Station (the “Kammer Station”). The Existing Transformer Bank is operated and maintained by OPCO, at West Penn’s expense.

B. Contemporaneously with this Agreement, OPCO and Trans-Allegheny Interstate Line Company (“TrAILCo”) have entered into a Construction Agreement to replace the Existing Transformer Bank with a new 2250 MVA transformer bank consisting of 3-750 MVA single phase units and a spare 750 MVA single phase unit (“New Transformer Bank”). In addition, contemporaneously with this Agreement, American Electric Power Service Corporation as agent for Wheeling Power Company (“Wheeling”) and TrAILCo have entered into a Relocation Reimbursement Agreement pursuant to which TrAILCo will reimburse Wheeling for moving certain transmission lines necessitated by the removal of the Existing Transformer Bank.

C. TrAILCo will own the New Transformer Bank, and the Parties contemplate that OPCO will operate and maintain, at TrAILCo’s expense, the New Transformer Bank, subject to a separate agreement to be negotiated between OPCO and TrAILCo. Replacement of the Existing Transformer Bank is necessary because of the age of the units, loading concerns, frequent real time congestion, and the lack of a spare due to the failure of one of the 500 MVA single phase units. The replacement of the Existing Transformer Bank was approved by PJM Interconnection, L.L.C. (“PJM”) as part of its Regional Transmission Expansion Plan process. PJM has directed West Penn to make arrangements to replace the Existing Transformer Bank by October 2009.

D. West Penn shall be responsible for transporting the Existing Transformer Bank away from the Kammer Station and disposing of the Existing Transformer Bank.

E. OPCO and West Penn are parties to that certain Interconnection Agreement effective January 1, 2006, as subsequently modified (“Interconnection Agreement”), approved by the Federal Energy Regulatory Commission (“FERC”) in Docket No. ER06-397. The Interconnection Agreement was filed with the FERC as Service Agreement No. 1395 under the PJM Open Access Transmission Tariff, with PJM as signatory to the Agreement.

F. OPCO developed the cost estimates and the scope of work requirements to remove the Existing Transformer Bank, install the New Transformer Bank at the Kammer Station, and perform other work that will be necessary to accommodate the New Transformer Bank.

G. OPCO is willing to commence such activities subject to the terms and conditions set forth below.
NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. SCOPE OF WORK

1.1 Appendix A provides a scope of work and description of Kammer Station facilities that are or will be provided to West Penn by OPCO, at West Penn’s cost, associated with the Existing Transformer Bank removal. Figure 1 and Figure 2 provide one line diagrams of the Existing Transformer Bank and proposed configurations of the New Transformer Bank.

1.2 West Penn shall be responsible for performing those items listed as “West Penn Responsibilities” in Appendix A. West Penn shall coordinate its activities with those of OPCO and Wheeling.

2. SCHEDULE

2.1 OPCO and West Penn shall each perform their responsibilities in accordance with the schedule set forth in Appendix B, except as adjusted either (a) for Force Majeure pursuant to Section 11 or (b) by mutual agreement of the Parties.

2.2 If West Penn delays the Existing Transformer Bank replacement project’s in-service date beyond October 2009, OPCO reserves the right to re-evaluate the feasibility, cost estimates, and the timing of the new in-service date to coordinate availability of personnel and the timing of outages necessary to replace the Existing Transformer Bank consistent with the new in-service date.

3. PROGRESS REPORTING

OPCO shall keep West Penn and PJM informed, via monthly progress reports sent to West Penn’s and PJM’s designated representatives, as to the progress, reconciled to the “Estimate of Cost” in Appendix A, of the activities performed under this Agreement.

4. COMPENSATION; PAYMENT

4.1 West Penn shall pay OPCO for all actual costs and expenses incurred by OPCO associated with the Existing Transformer Bank removal at Kammer Station. The actual cost of the Existing Transformer Bank removal will include OPCO overheads.

4.2 Appendix B provides the cost estimates for the removal of the Existing Transformer Bank as well as a payment schedule, including gross-up tax amount, if any, in accordance with Section 5 below. West Penn shall pay OPCO the amount of $100,000 according to the cost estimates and payment schedule described in Appendix B. Notwithstanding such estimates, the final cost of the Existing Transformer Bank removal will be based on the total actual costs and expenses incurred by OPCO associated with the Existing Transformer Bank removal.

4.3 Within thirty days after completion of all activities to be undertaken by OPCO under this Agreement, OPCO shall prepare a statement of the total actual costs and expenses incurred by OPCO associated with the Existing Transformer Bank removal (the “Final Statement”). If the total actual costs and expenses set forth on the Final Statement exceed the amounts previously paid by West Penn, then within thirty days after delivery of the
Final Statement to West Penn, West Penn shall pay the difference, with interest, between the money previously paid to OPCO by West Penn and the actual costs and expenses. If the total amounts previously paid by West Penn exceed the amount of the total actual costs and expenses, then within thirty days after delivery of the Final Statement to West Penn, OPCO shall refund to West Penn the difference, with interest, between the money previously paid to OPCO and the actual costs and expenses. If payment is owed by a party pursuant to the foregoing, interest shall accrue at LIBOR +20 basis points from the date of the delivery of the Final Statement until payment by OPCO or West Penn as applicable. For purposes of this Section, “LIBOR” means BBA USD 1 Month LIBOR, as published daily by the British Bankers Association and available on Bloomberg.

5. **TAXES**

5.1 The Parties intend that all costs paid by West Penn to OPCO pursuant to Paragraph 4.2 above shall be non taxable for federal and state income tax purposes as these payments are for the labor to remove West Penn’s property for which OPCO will be reimbursed. Consequently, these are nontaxable noncapital expenditures to OPCO and not subject to tax under IRC Section 118(b).

5.2 West Penn agrees that if the IRS or state tax agency asserts costs paid by West Penn to OPCO to be a contribution in aid of construction (“CAIC”), to reimburse OPCO for the net present value of the income tax effect of the CAIC (a “Tax Effect Recovery Factor” or “TERF”), including any interest and penalty charges imposed upon OPCO by the IRS and/or state tax agencies. The TERF shall be computed in accordance with FERC rules, which reflect the net present value of the depreciation deductions that OPCO will receive over the life of the property.

5.3 West Penn reserves the right to require OPCO to submit an IRS private letter ruling request on the tax treatment of any payments by West Penn to OPCO under this Agreement (which West Penn will prepare and submit at West Penn’s expense). OPCO agrees to cooperate in the submission of such ruling request, and OPCO shall have the right to review and comment on the request prior to its submission and to participate in any conference of right with the IRS regarding the request. In the event that a ruling is received from the IRS to the effect that West Penn’s payments to OPCO are not taxable, OPCO shall refund to West Penn the TERF, together with any interest received thereon from the IRS or any state taxing agencies.

6. **TERM AND TERMINATION**

6.1 This Agreement shall become effective on the Effective Date.

6.2 In the event of a default by a Party hereto and such Party fails to cure such breach within ten days after notice from any of the other Parties, the other Parties, in addition to pursuing any other remedy, may elect to terminate this Agreement and the work being performed hereunder by giving written notice of termination to the defaulting Party.

6.3 If any Party terminates pursuant to Section 6.2, OPCO shall refund to West Penn the difference between the amounts paid to OPCO and actual costs and expenses incurred, including interest and OPCO overheads, or invoice West Penn the balance due, if the actual costs and expenses incurred by OPCO (including OPCO overheads) exceed
payment made by West Penn. West Penn shall pay any such invoice within thirty days after receipt.

6.4 If West Penn cancels the Agreement following the modification of relaying at the Kammer Station or any other OPCO affected stations or any other modification to the OPCO transmission system needed to facilitate the Existing Transformer Bank replacement, West Penn shall not be entitled to any reimbursement for costs related to such modifications.

7. PERMITS AND ACCESS

OPCO shall secure all permits required to perform its work required by this Agreement. West Penn shall secure all permits required to perform its work required by this Agreement, including the disposal and transportation of the Existing Transformer Bank. To the extent applicable for the work to be performed under this Agreement, West Penn shall provide OPCO access to its facilities.

8. LIMITED WARRANTY

OPCO EXPRESSLY EXCLUDES ANY AND ALL WARRANTIES EITHER EXPRESSED OR IMPLIED, WHICH MIGHT ARISE UNDER LAW OR EQUITY OR CUSTOM OF TRADE, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR SPECIFIED OR INTENDED PURPOSE.

9. LIMITATION OF LIABILITY

9.1 Neither OPCO, its affiliated companies nor its subcontractors shall be liable, whether arising out of contract, tort (including negligence), strict liability, or from any other cause or form of action whatsoever, for loss of anticipated profits, loss by reason of plant or other facility shutdown, non-operation or increased expense of operation, service interruption, cost of purchased or replacement power, claims of any of West Penn’s customers, subcontractors, vendors or suppliers, cost of money, loss of use of capital or revenue, fines or penalties assessed or levied against West Penn by any governmental agency or arising out of OPCO’s performance of services or supply of goods or out of or in connection with West Penn’s use, or inability to use, the information, apparatus, method or process resulting from these services or for any special, incidental or consequential loss or damage of any nature, whether similar to those enumerated above, arising at any time or from any cause whatsoever.

9.2 The total liability of OPCO, its affiliated companies and its subcontractors, whether arising out of contract, tort (including negligence), strict liability, or any other cause or form of action, shall not exceed the amounts actually paid by West Penn to OPCO pursuant to Section 4.

10. INFORMATION; CONFIDENTIALITY

10.1 “Confidential Information” means any proprietary information or knowledge possessed by a Party which is confidential and commercially valuable. If provided in written form, the Party disclosing the Confidential Information (the “Disclosing Party”) shall clearly and conspicuously identify the information as “confidential” at the time of disclosure, or
if provided in another form, the Disclosing Party shall confirm it as confidential in writing within ten days after the date of the disclosure. Notwithstanding anything to the contrary in this Section, Confidential Information will not include information that: (a) has become part of the public domain other than by acts or omissions of the Party receiving information (the “Recipient”), (b) to the Recipient’s knowledge has been furnished or made known to the Recipient by third persons (other than those acting on behalf of the Disclosing Party) as a matter of legal right and without restriction on disclosure or use, (c) was in the Recipient’s possession prior to disclosure by the Disclosing Party, or (d) is independently developed by officers, employees, affiliates, agents, attorneys, and other advisors (collectively “Representatives”) of the Recipient without access to Confidential Information.

10.2 The Recipient agrees that it will hold in confidence and will not disclose or use except in connection with the performance of this Agreement any Confidential Information belonging to the Disclosing Party for the period ending one year following completion of construction; provided, however, that the Recipient may disclose Confidential Information to the extent such disclosure is necessary or convenient as part of any regulatory proceeding in which Recipient or one of its affiliates is a party subject to a protective order or such other remedy as the Recipient may consider appropriate in the circumstances; and further provided, that the Recipient will provide such Confidential Information only to its Representatives for purposes of meeting its obligations and exercising its rights hereunder, provided that the Representatives shall be informed of the confidentiality obligations provided herein. The Recipient agrees to be responsible for any breach of the confidentiality obligations under this Agreement by its Representatives.

10.3 If Recipient is required pursuant to applicable law or otherwise becomes legally compelled to disclose any of the Confidential Information or the fact that the Confidential Information has been made available to the recipient, the Recipient will (unless prohibited by law from doing so) promptly advise the Disclosing Party in order that the Disclosing Party may seek a protective order or such other remedy as the Disclosing Party may consider appropriate in the circumstances. In any event, the Recipient may disclose the Confidential Information which the Recipient is legally required to disclose without any liability to the Disclosing Party and such disclosure shall not be a breach of this Section.

11. FORCE MAJEURE

11.1 A Party shall not be liable for loss or damage resulting from (a) any delay in performance within the time specified, or (b) failure to perform its contractual obligations, in whole or in part, insofar as such delay or nonperformance is caused by Force Majeure as defined in Section 11.2, provided that the Party provides written notice within fifteen days of the Force Majeure event to the other Parties of the circumstances giving rise to such delay or nonperformance. A Party shall not be excused from its obligations to make payments under this Agreement because of Force Majeure.

11.2 “Force Majeure” means the occurrence of an unforeseen event beyond reasonable control of a Party which disrupts, hinders, or otherwise delays the performance of its contractual obligations, including but not limited to the following: acts of God; war; act of public enemy; acts of civil or military authorities; riots, civil commotion, sabotage, strikes; floods, fires or other violent natural disasters; epidemics; quarantine restrictions; embargoes; unavoidable delays in procuring necessary materials, labor, equipment,
services or facilities; act(s), by any government, governmental body or instrumentality, regulatory agency or PJM (including delay or failure to act in the issuance of approvals, permits or licenses); and acts, including delays or failure to act, of the other Parties.

11.3 In the event of a delay in performance caused by Force Majeure, the time for the delayed Party’s performance shall be extended by such length of time as may be reasonably necessary to compensate for any such delay. The Party encountering the Force Majeure will exercise commercially reasonable efforts to keep delays in performance to a minimum, except that settlements of labor disputes shall be within its sole discretion.

12. **RECORDS OF ACCOUNTING**

OPCO shall maintain its normal cost accounting records as required for proper financial management of the work. Upon reasonable advance notice, OPCO will make these accounting records available to West Penn for inspection during normal business hours.

13. **USE OF AMERICAN ELECTRIC POWER RESOURCES**

OPCO will provide services under this Agreement by using a mix of subcontractors, suppliers and consultants (collectively “Subcontractors”) and the resources of its affiliated companies in the American Electric Power System, including the American Electric Power Service Corporation. OPCO and its affiliated companies have agreed upon the portions of the total compensation required to be paid under this Agreement, and OPCO shall be responsible for paying such compensation to its affiliated companies. Only OPCO shall be responsible for liabilities and failure to perform under this Agreement, and any liability resulting from such failure shall constitute the aggregate liability of OPCO, and its affiliated companies. All releases and disclaimers of liability shall include OPCO and its affiliated companies and its Subcontractors.

14. **GENERAL**

14.1 Notices

Any notice that is required or permitted under this Agreement may be given by personal delivery to the Party entitled thereto, by e-mail, facsimile transmission, by any courier service which guarantees overnight, receipted delivery, or by U S Certified or Registered Mail, return receipt requested, addressed to the Party entitled thereto, at:

If to OPCO: Michael Heyeck
Senior Vice President – Transmission
American Electric Power Service Corporation
700 Morrison Road
Gahanna, OH 43230
Facsimile: (614) 552-2602
E-mail: mheyec@aep.com

with copy to: Jeffrey D. Cross
Deputy General Counsel
American Electric Power Service Corporation
1 Riverside Plaza
Any notices delivered by e-mail shall be confirmed with one of the methods of delivery identified above or by regular U.S. mail, postage prepaid. Any notices will be sent to the address or facsimile number when permitted as specified in this Agreement or to such other address or facsimile number for a Party as it may specify in writing to the other Party from time to time. Any notice properly given to the proper address will be deemed to have been given when dispatched.

14.2 Interest on Overdue Amounts

Any amount due to a party under this Agreement will earn interest accruing daily from the deadline for payment thereof until paid at the lesser of (i) an annual rate equal to the Prime Rate from time to time plus 2 percentage points, or (ii) the maximum rate allowed by Applicable Law.

14.3 Amendment

No amendment to this Agreement will be valid or binding unless and until reduced to writing and executed by each Party’s authorized representative.

14.4 Assignment

None of the Patties may assign any of its rights or delegate any of its duties under this Agreement to any Person without the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

14.5 Relationship of Parties

Except as expressly and specifically provided herein, none of the Parties will be deemed by virtue of this Agreement to be an employee or agent of the other Parties. Any and all
joint venture or partnership status between the Parties by virtue of this Agreement is hereby expressly denied.

14.6 Merger and Integration; Binding on Successors; No Third Party Beneficiaries

This Agreement sets out the entire understanding of the Parties with respect to the matters it purports to cover and supersedes all prior communications, agreements, and understandings, whether written or oral, concerning such matters. No Party will be liable or bound to the other Parties in any manner by any warranties, representations, or covenants other than those set forth in this Agreement. The terms and conditions of this Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Nothing in this Agreement express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

14.7 Survival

Any provision specifically designated in this Agreement to survive the termination hereof and (unless otherwise expressly provided) any other provision which, by its nature, necessarily may become performable by a Party after termination of this Agreement will survive termination of this Agreement.

14.8 Forbearance and Waiver

Except where a specific time period is provided hereunder for the exercise of a right or remedy, any Party’s forbearance in the exercise or enforcement of any right or remedy under this Agreement will not constitute a waiver thereof, and a waiver under one circumstance will not constitute a waiver under any other circumstance.

14.9 Partial Invalidity

Any invalidity, illegality, or unenforceability of any provision of this Agreement in any jurisdiction will not invalidate or render illegal or unenforceable the remaining provisions hereof in such jurisdiction and will not invalidate or render illegal or unenforceable such provision in any other jurisdiction.

14.10 Governing Law; Jurisdiction and Venue

The interpretation and construction of this Agreement and the rights of the Parties hereunder will be interpreted, construed, and governed by the laws of the State of West Virginia, without regard to its conflicts of law principles.

14.11 Construction

This Agreement was prepared jointly by the Parties, and no rule that it be construed against the drafter will have any application in its construction or interpretation.

14.12 Multiple Counterparts.

This Agreement may be executed by the Parties in multiple original counterparts, and each such counterpart will constitute an original hereof.
Executed to be effective as provided above:

<table>
<thead>
<tr>
<th>American Electric Power Service Corporation as agent for Ohio Power Company</th>
<th>West Penn Power Company doing business as Allegheny Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>By: ______________________________________</td>
<td>By: ______________________________________</td>
</tr>
<tr>
<td>Name: __________________________________</td>
<td>Name: __________________________________</td>
</tr>
<tr>
<td>Title: __________________________________</td>
<td>Title: __________________________________</td>
</tr>
</tbody>
</table>

| By: _______________________________ | By: _______________________________ |
| Name: ___________________________ | Name: ___________________________ |
| Title: ___________________________ | Title: ___________________________ |
Transformer Bank #200 Replacement Project at the Kammer Station

Figure 1
Kammer Station
Simplified One-line Diagram

Existing Configuration
Transformer Bank #200 Replacement Project at the Kammer Station
Appendix A

Scope of Work

Description of Responsibilities
With Respect to the Transformer Bank #200 Replacement Project
At the Kammer Station

OPCO Responsibilities:
- Remove Existing Transformer Bank from service
- Remove bus work and other equipment associated with the Existing Transformer Bank

West Penn Responsibilities:
- Transport of the Existing Transformer Bank away from the Kammer Station
- Dispose of the Existing Transformer Bank
Appendix B

Estimate of Cost, Construction and Payment Schedules
With Transformer Bank #200 Replacement Project
At the Kammer Station

Estimate of Cost

Total Estimated Cost: $100,000

Construction Schedule

Proposed Engineering/Construction Schedule

<table>
<thead>
<tr>
<th>Task</th>
<th>Start</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove Transformer from service, remove existing buswork and associated equipment</td>
<td>10/1/09</td>
<td>12/1/09</td>
</tr>
<tr>
<td>West Penn to scrap and haul away Existing Transformer Bank</td>
<td>10/1/09</td>
<td>12/1/09</td>
</tr>
</tbody>
</table>

Payment Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/1/09 Start of outage to remove transformer from service</td>
<td>$100,000</td>
</tr>
</tbody>
</table>