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March 21, 2017

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

Re: *American Electric Power*, Docket No. ER17-1278-000
Second Revised Service Agreement No. 1436, under PJM Interconnection,
L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1

Dear Secretary Bose:

American Electric Power Service Corporation (“AEPSC”), on behalf of its affiliate Indiana Michigan Power Company (together with AEPSC, “AEP”), hereby submits¹ the following tariff records:

- Second Revised Service Agreement No. 1436, under PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1 (“Second Revised Service Agreement No. 1436”).

Background

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

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

² The First Revised ILDSA between AEP and IMPA was filed on January 31, 2008 in FERC Docket No. ER08-581-000 and was accepted by the Commission on March 6, 2008.

On January 24, 2007, AEPSC and IMPA, on behalf of its members, entered into the ILDSA, which established the terms and conditions of the local delivery services defined in the ILDSA that AEP provides to IMPA and its members in coordination with, but separate from, the transmission service that is provided by the PJM. The First Revised ILDSA between AEP and IMPA was filed on January 31, 2008 to add a new 138 kV delivery point, Delco Remy No. 5, serving transmission facilities acquired from an industrial customer by one of IMPA's members, City of Anderson.

The Second Revised Service Agreement No. 1436 seeks to establish two new delivery points at an existing facility. Tanners Creek generation plant was owned by AEP and retired in June 2015. As part of the decommissioning activities at the Tanners Creek plant site, a site reclamation company is expected to consume power for their purposes. Since the plant site is served from the tertiary of an AEP owned transformer but physically located within Lawrenceburg Municipal Utility's ("LMU") certified service territory, LMU is being added to the ILDSA. LMU is a member of IMPA.

Documents Submitted

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

- Attachment A – Clean Second Revised Service Agreement No. 1436 in PDF format; and;
- Attachment B - Marked version of the Second Revised Service Agreement No. 1436 in PDF format;

Since this is the first filing of the ILDSA in PJM's eTariff database, the redline changes shown ignore the formatting changes required by the eTariff system such as removal of headers and footers, auto numbering, bullets, etc.

Requested Effective Date of the Second Revised Service Agreement No. 1436

AEP requests that the Commission grant any and all waivers of the Commission's rules and regulations that are necessary to accept this filing and to allow an effective date of the Second Revised Service Agreement No. 1436 of March 21, 2017, the effective dates to which AEP and IMPA agreed. Waiver is appropriate because the agreements are being filed within thirty (30) days of the requested effective date. *See Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,983-84 (1993).

Communications

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

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Conclusion

AEP respectfully requests that the Commission accept the Second Revised Service Agreement No. 1436, effective as of the dates listed above.

Respectfully submitted,

/s/ Amanda Riggs Conner

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Attachment A

Clean Second Revised Service Agreement No. 1436

Service Agreement for
Interconnection and Local Delivery Service Agreement
between
American Electric Power Service Corporation
and
Indiana Municipal Power Agency

March 21, 2017

Interconnection and Local Delivery Service Agreement

This Agreement is entered into this 24 day of January 2007, by and between Indiana Municipal Power Agency (“IMPA” or “Customer”), and American Electric Power Service Corporation, as Designated Agent for the AEP Operating Companies¹ (“AEP”), being sometimes herein referred to collectively as the “Parties” or singularly as a “Party”. In consideration of the mutual covenants and agreements herein, it is agreed as follows:

WITNESSETH:

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

WHEREAS, IMPA, is an association of municipal electric utilities, engaged in the generation and sale for resale of electric power and energy in the State of Indiana on behalf of its members; and

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

WHEREAS, the Parties wish to establish the terms and conditions of the local delivery services, as defined under this Interconnection and Local Delivery Service Agreement (“ILDSA”), that AEP will provide to Customer in coordination with, but separate from, the transmission service that will be provided by the PJM RTO;

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

Article 1. Applicable Tariffs

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

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

applicable Schedules and Attachments appended to such tariffs. Interconnection and Local Delivery Services means services described herein which are subject to the jurisdiction of the Commission but not provided by the PJM RTO under the PJM Tariff. AEP shall not provide any services or make any charges hereunder that are provided or charged by the PJM RTO under the PJM Tariff.

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

Article 2. Delivery Points

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

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

2.1.1 Interruption or Reduction of Service at the Delivery Points: The continuity of service at any Delivery Point provided under this Agreement may be interrupted or reduced, (a) by operation of automatic equipment installed for power system protection, (b) after consultation with the affected party, at any time that a party deems it desirable for installation, maintenance, inspection, repairs, or replacement of equipment, (c) at any time that in the judgment of the interrupting party such action is necessary to protect personnel or the public, preserve the integrity of, or to prevent or limit any instability on, or to avoid a burden on, their respective system or prevent damage to equipment.

2.2 Changes in Delivery Points and Local Delivery Facilities: When it becomes necessary or desirable to make changes in the Delivery Point facilities, to upgrade, retire, replace or establish a

new Delivery Point, including metering or other facilities at such location, the provisions of this Section shall apply.

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

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

2.2.2 System Impact Study (SIS): Unless otherwise mutually agreed, AEP shall respond within five (5) business days of receipt of such a request and provide a System Impact Study Agreement and a list of any additional information that AEP would require from the Customer to proceed with such study. The study agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit equal to the estimated study cost or \$25,000, whichever is less. The Customer shall execute and deliver executed SIS Agreement within thirty (30) calendar days following its receipt and required deposit. Upon receipt of the executed study agreement, study data and the required deposit, AEP shall carry out the SIS. In the SIS, AEP shall assess the feasibility of modifying an existing Delivery Point or establishing the new Delivery Point using power flow and short circuit analyses and any other analyses that may be appropriate.

If the Customer fails to return an executed SIS Agreement within thirty (30) calendar days of receipt or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

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

Customer, AEP shall apply the remaining balance to the Facilities Study. The interest rate will be computed in accordance with 18 C.F.R. § 35.19a(a)(2).

2.2.3 Facilities Study (FS): Following the completion of the SIS, AEP shall provide to the Customer a Facilities Study (FS) Agreement. The Facilities Study Agreement shall provide that the Customer shall compensate AEP for the actual cost of the Facilities Study. The Customer shall execute the Facilities Study Agreement and deliver the executed Facilities Study Agreement to AEP within thirty (30) calendar days following its receipt, together with the required technical data and deposit in an amount equal to the estimated cost of the FS or \$25,000, whichever is less. The FS shall determine the details and estimated cost of facilities necessary for establishing the requested Delivery Point and any system additions/upgrades needed to address any problems identified in the SIS. AEP shall complete the study and issue a Facilities Study report to the Customer within ninety (90) calendar days after receipt of an executed Facilities Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

If the Customer fails to return an executed FS Agreement within thirty (30) calendar days of receipt or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

2.2.4 Expedited System Study: If AEP determines that minimum efforts are needed to carry out the requested Delivery Point modifications/additions, AEP shall, upon request by the Customer, offer a single agreement covering the System Impact Study and Facilities Study, the "System Study Agreement." The Study Agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit equal to the estimated study cost or \$25,000, whichever is less.

If the Customer fails to return an executed System Study Agreement within thirty (30) calendar days of receipt along with the required deposit, or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP. AEP shall complete the study and issue an Expedited System Study report to the Customer within sixty (60) calendar days after receipt of an executed Expedited Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

2.2.5 Modifications to Study Request: During the course of a System Impact Study, Facilities Study, or System Study, either the Customer or AEP may identify desirable changes in the planned facilities that may improve the costs and/or benefits (including reliability) of the planned facilities. To the extent the revised plan, and study schedule, are acceptable to both AEP and the Customer, such acceptance not to be unreasonably withheld; AEP shall proceed with any necessary restudy. Any additional studies resulting from such modification shall be done at the Customer's cost.

2.3 Engineering, Design and Construction of New Facilities: If pursuant to a request by the Customer, AEP agrees to provide engineering, design and construction of facilities described in the final study report, a facilities agreement (“Facilities Agreement”) shall be signed by the Customer and AEP specifying the terms and conditions. Each such Facilities Agreement will be incorporated in this agreement, initially as an attachment hereto, and after project completion through inclusion in Attachment 1 and Attachment 2. Following the signing of the Facilities Agreement, the receipt of any outstanding technical information, deposit or instrument or showing that Customer meets the financial creditworthiness requirements of the AEP Tariff, Section 11 (“Creditworthiness”), AEP will proceed with the engineering, design and procurement activities to construct, reconfigure, upgrade, replace or retire such local delivery or other facilities. All Facilities Agreements for Delivery Points existing as of the date of this Agreement and described in Attachment 1 shall remain in full force and effect in accordance with their terms.

2.4 Cost Recovery Protection: Pursuant to this Agreement, AEP and Customer will cooperate regarding the planning, provision and utilization of transmission and local delivery facilities needed to reliably deliver power and energy to Customer’s loads connected to AEP’s facilities. As such, AEP may be required to construct or otherwise expand transmission and local delivery facilities, predicated upon Customer’s planned use of such facilities, including the Customer’s planned use of external and internal generating capacity. If the Customer alters its use of the transmission and/or local delivery service facilities, through the transfer of load to the system of another service provider, AEP shall be entitled to compensation for “Stranded Costs” to the extent such load transfer causes AEP’s revenues to be reduced. Any such claim for Stranded Costs by AEP shall be net of the present value of any incremental transmission revenue that AEP will receive by providing transmission or local delivery service to other customers using the transmission or local delivery capacity freed up by the Customer’s load change. To the extent practicable, AEP will make efforts to find customers to take the available transmission service to minimize the stranded cost recovery on a case-by-case basis. AEP will make a Section 205 filing under part 35 of Commission’s regulations to seek Commission’s authorization for any Stranded Cost recovery, identifying the facilities and voltages and recovery support for the cost and duration of the recovery period.

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

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

Article 3. Local Delivery Services

3.1 Measurement of Load At Each Delivery Point: The Customer’s load, kW, kWh and kVAR at each Delivery Point shall be measured at least on an hourly integrated basis, by suitable revenue grade metering equipment. The measurements taken and required metering equipment shall be as needed for all settlement purposes under this Agreement, the AEP Tariff and the PJM Tariff and in accordance with the AEP standards and practices as contained in the Connection

Guide. At points where power may flow to and from the Customer, separate measurements shall be obtained for each direction of flow. Any necessary metered data shall be made available with such frequency and at such times as may be required by AEP or PJM in suitable electronic format. If AEP, IMPA, or PJM requires real-time load or facility status information from any Delivery Point, the other Party shall cooperate, to the extent necessary, in order that such monitoring and telecommunications equipment, as shall be needed for such purpose may be installed and maintained during normal business hours common to AEP and IMPA. AEP shall provide to IMPA, on a monthly basis by the fifth business day after the end of the prior month, the hourly kW, kWh and kVAr load data. Such data, along with the master MV90 file format and 15-minute interval data for kWh and kVAhr for each Delivery Point, shall be supplied in MV90 translatable format and by e-mail. IMPA shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.

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

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

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

The maximum hourly reactive power (kVAr) demand, both leading and lagging will be measured each month at each Delivery Point. When multiple Delivery Points are operated as closed loops, the real and reactive power measurements will be combined for the purpose of this provision. Customer will incur no charges for power factor if the maximum leading and lagging kVAr demand

at each Delivery Point is managed, so as not to exceed 20% of the real power (kW) demand in the same hourly intervals. Charges will be assessed for leading and/or lagging kVAr demand at each Delivery Point if the maximum hourly value of such demand exceeds 20% of the kW demand in the same interval. The charges will be \$0.30/kVAr for all leading and/or lagging kVAr demand in excess of 20% of the corresponding kW demand, provided; however, that when the kVAr demand exceeds 50% of the kW demand, the charge will be \$0.50/kVAr, for all kVAr, leading and/or lagging, in excess of 20% of the corresponding kW demand.

3.4 Losses: The Customer's load shall be adjusted, for settlement purposes, to include AEP East Zone transmission and distribution losses, as applicable. Presently, the FERC approved transmission loss factor for the AEP East Zone is 3.3% of energy received by AEP for transmission to the Customer's Delivery Points ($1/(1-0.033) = 3.413\%$ of delivered energy). Distribution losses shall be assessed, where applicable, at the rates as specified in Attachment 1. To the extent Customer's load at any Delivery Point is supplied from behind the meter generation, losses shall be assessed only for the net load delivered to such Delivery Points by AEP.

3.5 Maintenance of Local Delivery Point Facilities: If Pursuant to a request by Customer, AEP constructs facilities and is reimbursed by Customer at cost, such cost will be calculated pursuant to the AEP Formula Rate for Facility, Construction, Operation, and Maintenance charges, attached hereto as Attachment 4, unless the Parties otherwise agree. When AEP provides operation and maintenance (O&M) services for any Delivery Point and/or distribution facilities owned by the Customer, or its members if applicable, such service will be made pursuant to any repair and maintenance agreement ("O&M Agreement") that may exist between Customer and AEP, or to Attachment 3 of this Agreement

3.6 Operational Access and Control: Unless otherwise specifically agreed, AEP shall have the sole right to enter upon, test, operate and control the facilities covered by this Agreement that are owned by Customer when such facilities can directly affect the safety, reliability and/or continuity of service to other customers. The right to test, operate and control said facilities includes but is not limited to the power to direct the opening and closing of switches for construction, operation, testing, maintenance and other relevant purposes.

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

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

The Administrative Committee shall represent AEP and Customer in all matters arising under this Agreement and which may be delegated to it by mutual agreement of the parties hereto.

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

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

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

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

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

4.1 Network Service Peak Load (NSPL) Determinations: AEP shall provide to PJM each year in December, the Network Service Peak Load (NSPL) of each LSE within the AEP pricing zone in the hour of the PJM peak load (1CP) for the twelve (12) consecutive months ending on

October 31 of the year prior to the calendar year during which the NSPL will be used. The network service peak load ratio share shall be used by PJM as the transmission service billing determinant for transmission service charges and annual FTR allocations. If the basis of NSPL and FTR allocation determinations is changed by PJM, AEP shall cooperate with PJM and the Customer to the extent necessary and appropriate to make available such data as is needed.

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

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

If the basis used by PJM to receive hourly energy assignments for the LSE, or to calculate each LSE's capacity obligation for each hour for the next day, is changed by PJM, AEP shall cooperate with PJM and the Customer to the extent necessary and appropriate to make available such data as needed.

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

4.4.1 Generators that do not participate in the PJM Markets: The generating party shall comply with the PJM generator data requirements for generators that do not participate in the PJM Markets.

4.4.2 Generators that do participate in the PJM Markets: The generating party shall comply with the PJM interconnected generator data requirements for the generators that participate in the PJM Markets.

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

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

Article 5. General

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

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

5.2 Taxes on Contributions in Aid of Construction: When the Customer funds the construction of AEP-owned facilities pursuant to a contribution in-aid of construction ("CIAC"), the Customer also shall reimburse AEP for the tax effect of such CIAC (a "Tax Effect Recovery Factor" or "TERF"), where such payment is considered taxable income and subject to income tax under the Internal Revenue Service (IRS) and/or a state department of revenue (State) requirements.

The TERF shall be computed consistent with the methodology set forth in Ozark Gas Transmission Corp., 56 F.E.R.C ¶ 61,349 as reflected in the following formula: $TERF = (Current\ Tax\ Rate \times (Gross\ Income\ Amount - Present\ Value\ of\ Tax\ Depreciation)) / (1 - Current\ Tax\ Rate)$. The Present Value Depreciation Amount shall be computed by discounting AEP's anticipated tax depreciation deductions with respect to the constructed property by AEP's current weighted average cost of capital. If, based on current law, AEP determines such contribution by the Customer shall not be taxable, AEP will not charge a TERF; however, in the event that such contribution is later determined by the IRS or state tax authority to be taxable, the Customer shall reimburse AEP, the amount of the TERF, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within thirty (30) calendar days of the date upon which AEP notifies the Customer of such determination.

At Customer's request and expense, AEP shall file with the IRS a request for a private letter ruling as to whether any CIAC paid, or to be paid, by Customer to AEP is subject to federal income taxation. Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Customer's knowledge. AEP and Customer shall cooperate in good faith with respect to the submission of such request. AEP shall keep Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS that authorizes Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. AEP shall allow Customer to attend all meetings with IRS officials about the request and shall permit Customer to prepare the initial drafts of any follow-up letters in connection with the request.

If customer shall have reimbursed AEP for the TERF, upon request by Customer and at Customer's expense, AEP shall contest the taxability of such CIAC; provided, however, that AEP shall not be required to contest such taxability if AEP waives the payment by Customer of any amount that might otherwise be payable by Customer under this Agreement in respect of such determination.

5.3 Indemnity: To the extent permitted by law, each Party shall indemnify and save harmless the other Party and its directors, trustees, officers, employees, and agents from and against any loss, liability, cost, expenses, suits, actions, claims, and all other obligations arising out of injuries or death to persons or damage to property caused by or in any way attributable to the Delivery Point(s) and/or distribution facilities covered by this Agreement, except that a Party's obligation to indemnify the other Party and its directors, trustees, officers, employees, and agents shall not apply to any liabilities arising solely from the other Party's or its directors', trustees', officers', employees', or agents' negligence, recklessness or intentional misconduct or that portion of any liabilities that arise out of the other Party's or its directors', trustees', officers', employees', or agents' contributing negligent, reckless or intentional acts or omissions.

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

(a) AEP and IMPA each shall have caused this Agreement to be executed by their duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof or IMPA requested AEP to file an unexecuted service agreement within thirty (30) calendar days of Customer's request for such a filing.

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

(c) The initial term of this Agreement shall continue for one year after the date the Agreement becomes effective. Thereafter, this Agreement shall automatically renew for successive terms of one year each unless either Party elects to terminate the Agreement by providing written notice of termination to the other Party at least ninety (90) calendar days prior to the start of any renewal term.

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

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

Article 6. Notices

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

If to the AEP:

American Electric Power Service Corporation
Managing Director, Regulated Tariffs
1 Riverside Plaza

Columbus, Ohio 43215-2373

If to Customer:

Indiana Municipal Power Agency
Attn: Gayle Mayo
Executive Vice President and COO
11610 North College Avenue
Carmel, Indiana 46032

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

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

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

Indiana Municipal Power Agency

By: /s/ L Gayle Mayo

Title: Executive Vice President

Date: January 24, 2007

American Electric Power Service Corp.

By: /s/ Dennis W. Bethel

Title: Mng Director – Regulated Tariffs

Date: January 17, 2007

ATTACHMENT 1

METER/DELIVERY POINT MONTHLY METERS RELATED AND LOCAL DISTRIBUTION FACILITIES CHARGE

Delivery Points/ Station Names ¹⁰	Equipment Ownership	Delivery Voltage (kV)	System Losses ¹ Meter Voltage (kV)	Transf/Line Loss Comp Method ²	Metering Cost Actual ⁵ (\$)	Distribution Station Fac Investment ⁵ (\$)	Distribution Line Fac Investment ⁵ (\$)	Monthly Metering Fac Charges ³ (\$)	Telephone Meter Reading Charges ⁴ (\$)	Charges for Meter Data Processing ⁴ (\$)	Net Monthly Charges Metering (\$)	Distribution Station Fac Charges ³ (\$)	Distribution Line Fac Charges ³ (\$)	Total Net Monthly Charges ⁶ (\$)	
City of Andersson															
Meadow Brook ⁷	I&M	34.5	T	34.5	None	81,751	0	0	1,268	41	12	1,321	0	0	1,321
Madison Circuit #1	I&M	34.5	T	34.5	None	28,231	0	0	438	41	12	491	0	0	491
Madison Circuit #2	I&M	34.5	T	34.5	None	28,231	0	0	438	41	12	450	0	0	450
Pendleton	I&M	34.5	T	34.5	None	25,888	0	0	401	41	12	454	0	0	454
South	IMPA	138	T	138	None	0	0	0	0	0	12	12	0	0	12
Anderson/Noblesville															
South Anderson/New Castle	IMPA	138	T	138	None	0	0	0	0	0	12	12	0	0	12
Delco Remy No. 5	I&M	138	T	138	None	81,686	0	0	1,267	41	12	1,320	0	0	1,320
City of Anderson Total						<u>\$245,786</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,812</u>	<u>\$164</u>	<u>\$84</u>	<u>\$4,060</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,060</u>
City of Frankton															
Frankton	I&M	12	D	4	Mtr	<u>4,121</u>	<u>110,424</u>	<u>66,538</u>	<u>64</u>	<u>41</u>	<u>12</u>	<u>117</u>	<u>1,835</u>	<u>1,218</u>	<u>3,169</u>
City of Richmond															
Richmond Substation	I&M	138	T	138	None	41,929	0	0	650	41	12	703	0	0	703
Hodgin Substation	I&M	138	T	138	None	19,560	0	0	303	41	12	356	0	0	356
Richmond/Centerville	IMPA	69	T	69	None	0	0	0	0	0	12	12	0	0	12
Richmond/Roseburg	IMPA	69	T	69	None	0	0	0	0	0	12	12	0	0	12
City of Richmond Total						<u>\$61,489</u>	<u>\$0</u>	<u>\$0</u>	<u>\$954</u>	<u>\$82</u>	<u>\$48</u>	<u>\$1,084</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,084</u>
Columbia City															
Whitley Station ⁸	I&M	34.5	T	34.5	None	<u>13,721</u>	<u>0</u>	<u>0</u>	<u>213</u>	<u>41</u>	<u>12</u>	<u>266</u>	<u>0</u>	<u>0</u>	<u>266</u>
Gas City															
Gas City Station ⁹	I&M	138	T	12	Mtr	<u>57,800</u>	<u>0</u>	<u>0</u>	<u>896</u>	<u>41</u>	<u>12</u>	<u>949</u>	<u>0</u>	<u>0</u>	<u>949</u>
Lawrenceburg Municipal Utilities															
TCELT #1 ¹¹	IMPA	13.8	D	13.8	None	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TCELT #2 ¹¹	IMPA	13.8	D	13.8	None	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Lawrenceburg Municipal Utilities Total						<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total IMPA Local Facilities Monthly Charges						<u>\$382,917</u>	<u>\$110,424</u>	<u>\$66,538</u>	<u>\$5,938</u>	<u>\$369</u>	<u>\$168</u>	<u>\$6,475</u>	<u>\$1,835</u>	<u>\$1,218</u>	<u>\$9,528</u>

Behind-the-Meter Generating Facilities:

IMPA has several generators which operate in the City of Anderson and Richmond behind the AEP meters. The City of Anderson operates 2 Combustion Turbine (CT) Generators @ 40 MW each and 1 CT @ 80 MW. Richmond operates two CT Generators @ 40MW each and 2 Coal Fired base units that are 30 and 60 MW each. The coal fired units are "behind-the-meter", while the CT generators are in "the PJM market". IMPA is responsible for providing meter read data from the generators meters that are behind-the-meters.

1 - T = Transmission and delivery losses per AEP OATT Tariff (presently at 3.3% of amounts received for transmission), or 1/1-0.033 = 1.0341 of energy delivered from the transmission system to the load. D = Distribution primary (station and line losses) may be charged at 3.2% of amount received for transmission, or 1/1-0.032 = 1.033 of energy delivered from primary distribution.

2 - None = Meter is located at the Delivery voltage. Mtr = Transformer/Line loss compensation programmed into and calculated by the meter (meters registration plus transformer and line losses).

3 - The monthly meter charges are based on an levelized annual carrying charge rates of 18.61%. Monthly charges for distr station and line investments are based on a levelized annual carrying charges of 19.94% and 21.96%, respectively for the 12 month ending December 31, 2004.

4 - Meter data service charge includes \$41/month for cost of telephone equipment and air time (where applicable), plus \$12/month for data translation and data storage in MV90 format.

5 - Metering, distribution station and line equipment costs for each delivery point, are based on actual installation equipment costs from AEP accounting records.

6 - [RESERVED]

7 - [RESERVED]

8 - Charges for Columbia City are effective January 1, 2006

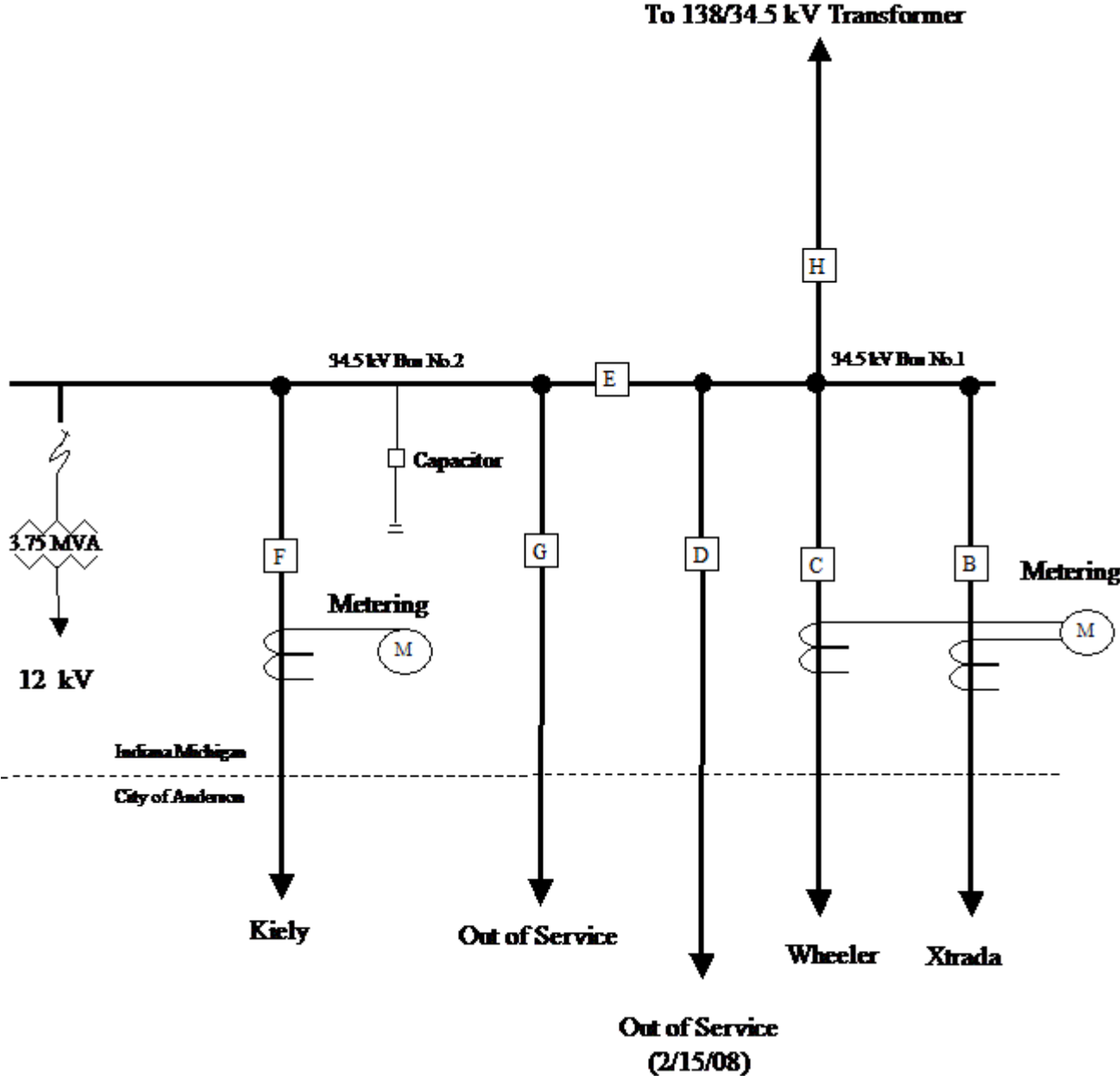
9 - Charges for Gas City will be effective July 1, 2006

10 - Power Factor Penalty Charges (PF) will be calculated monthly pursuant to the ILDSA. Except that for the City of Anderson and Richmond, the PF will be calculated using the conjunctive method.

11 - Lawrenceburg Municipal Utilities' TCELT #1 and TCELT #2 Delivery Points will both be served from the tertiary feed of I&M's 345/138 kV Xfmr #5 and will each be metered by separate metering equipment owned by IMPA.

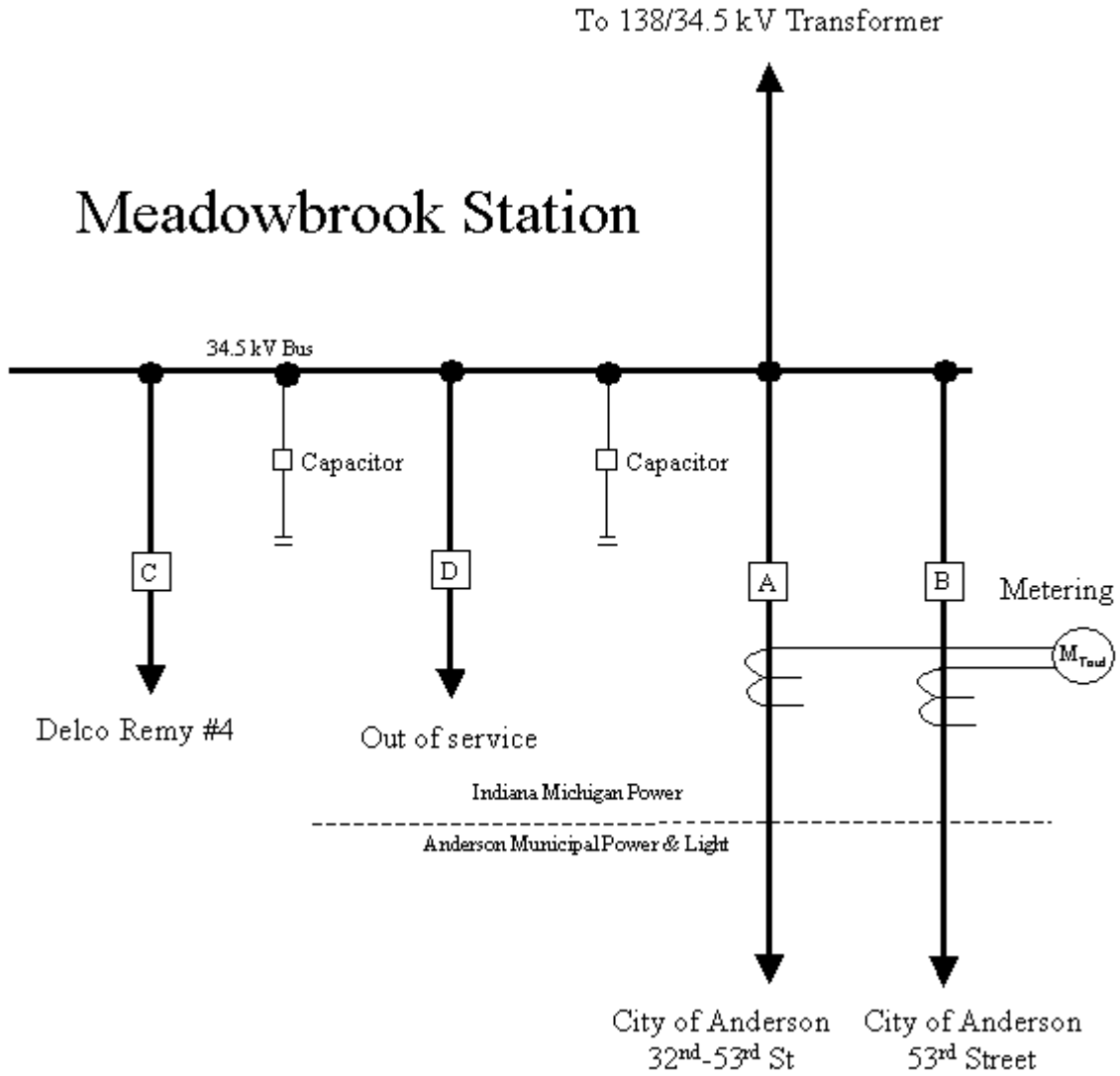
MADISON DELIVERY POINT

City of Anderson



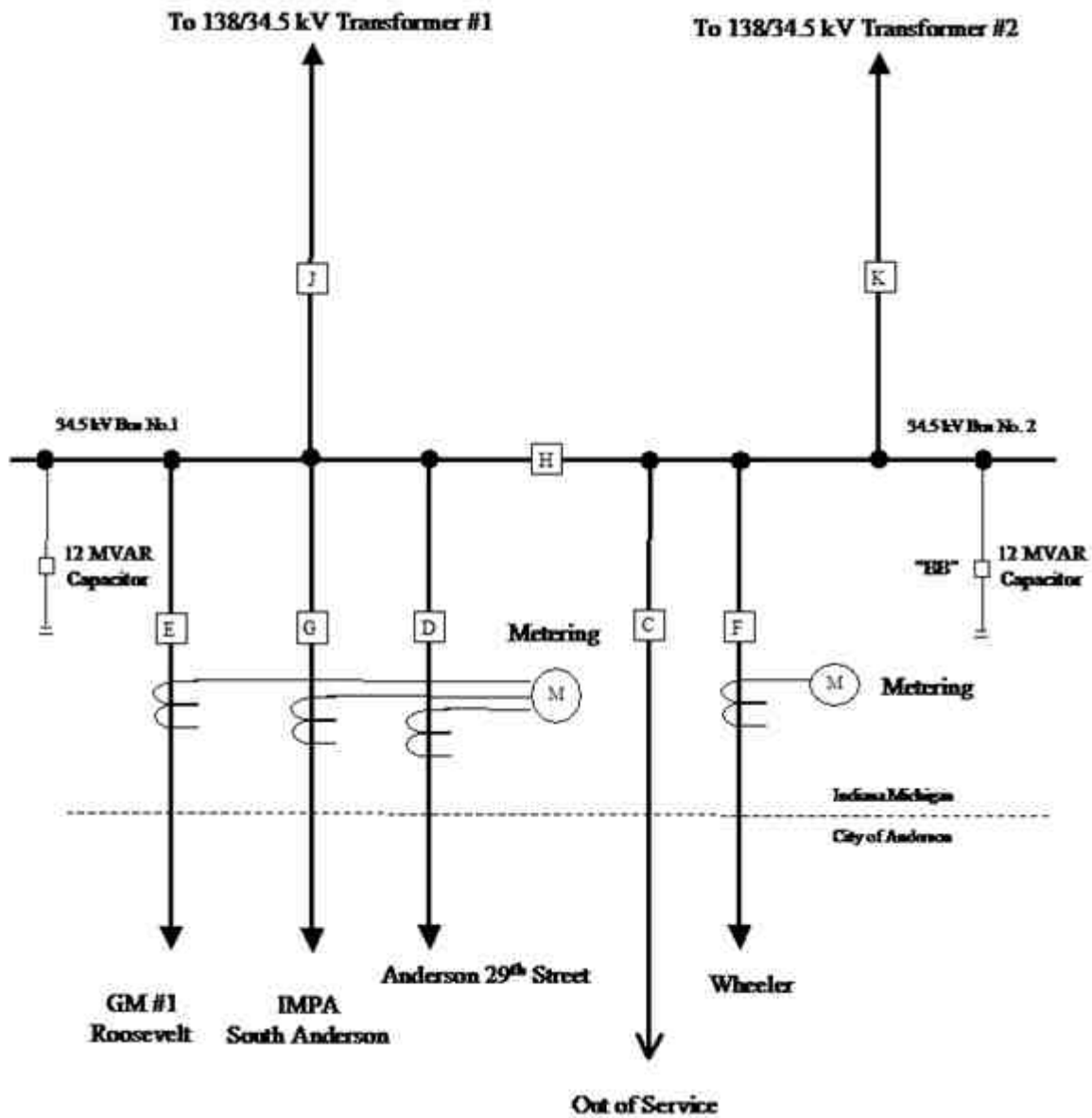
MEADOWBROOK DELIVERY POINT

City of Anderson



PENDLETON DELIVERY POINT

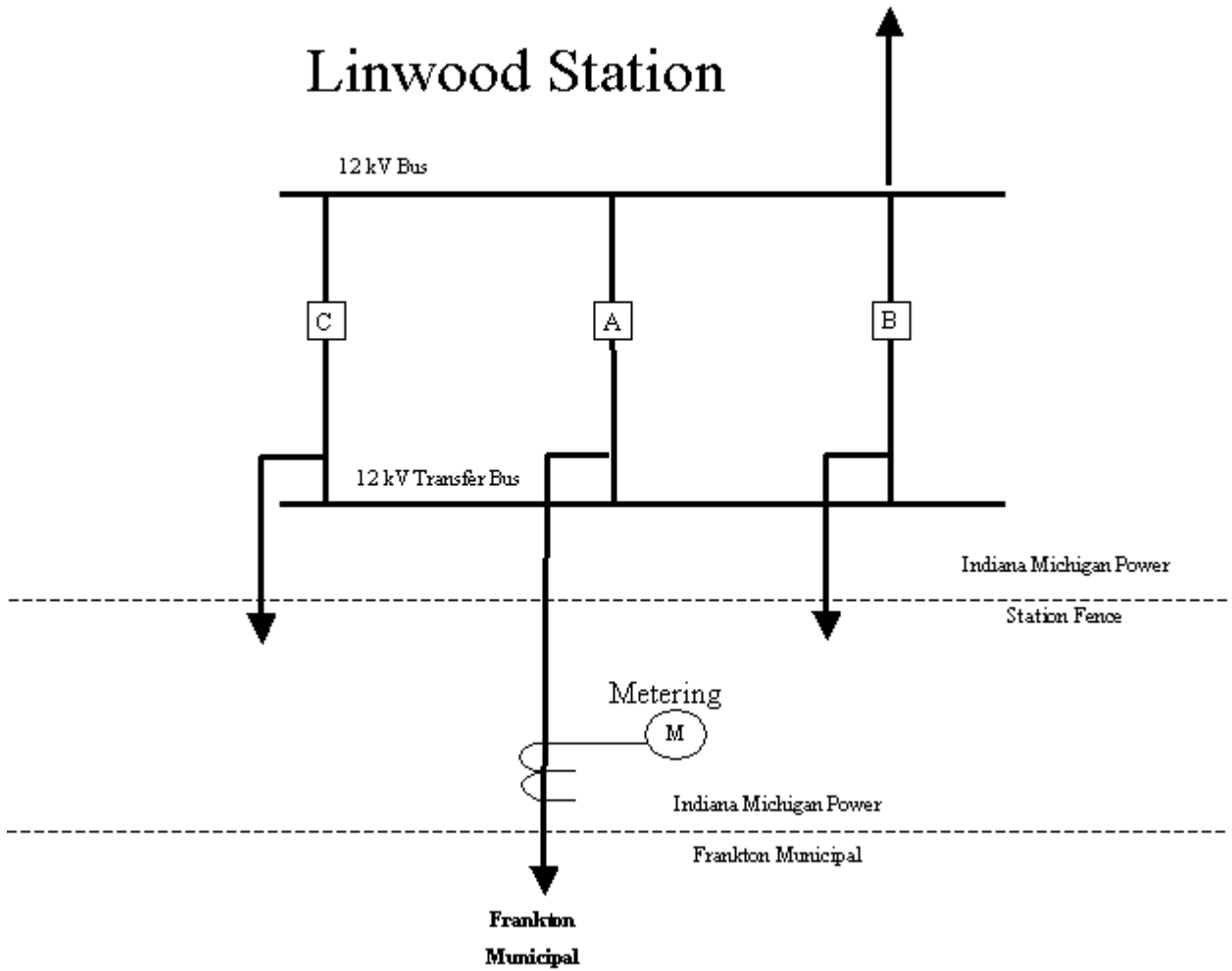
City of Anderson



TOWN OF FRANKTON DELIVERY POINT

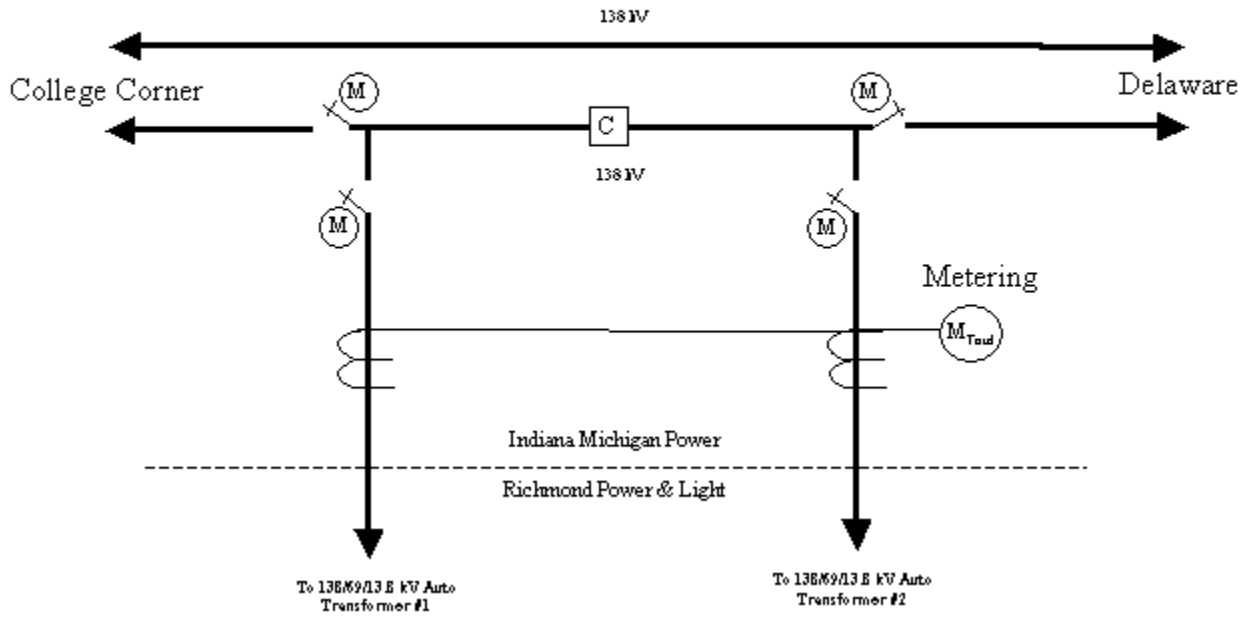
City of Anderson

To 138/12 kV Transformer #1



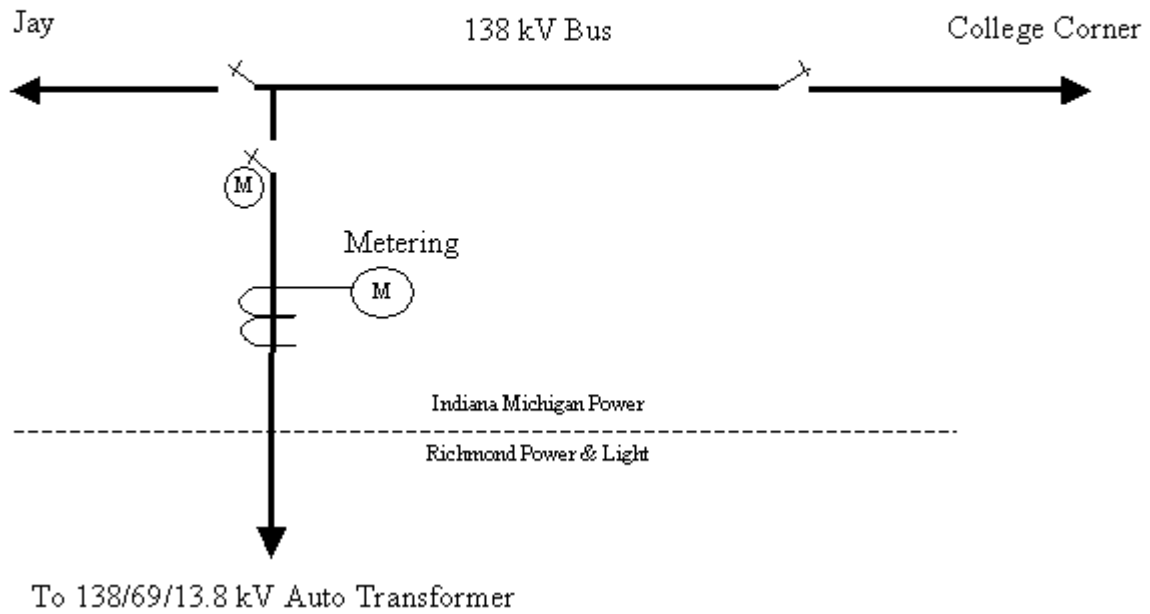
RICHMOND DELIVERY POINT

Richmond Station

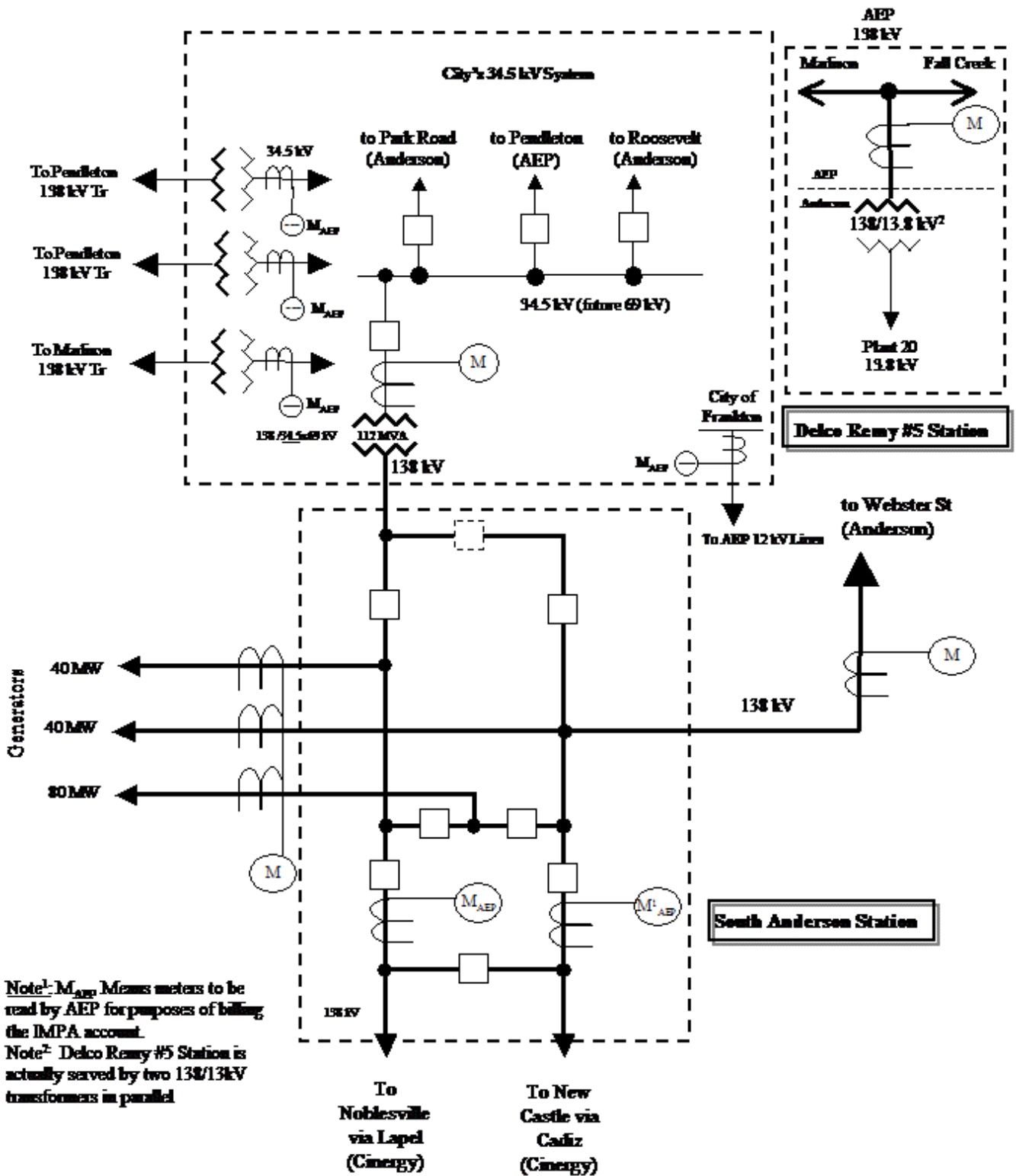


HODGINS DELIVERY POINT

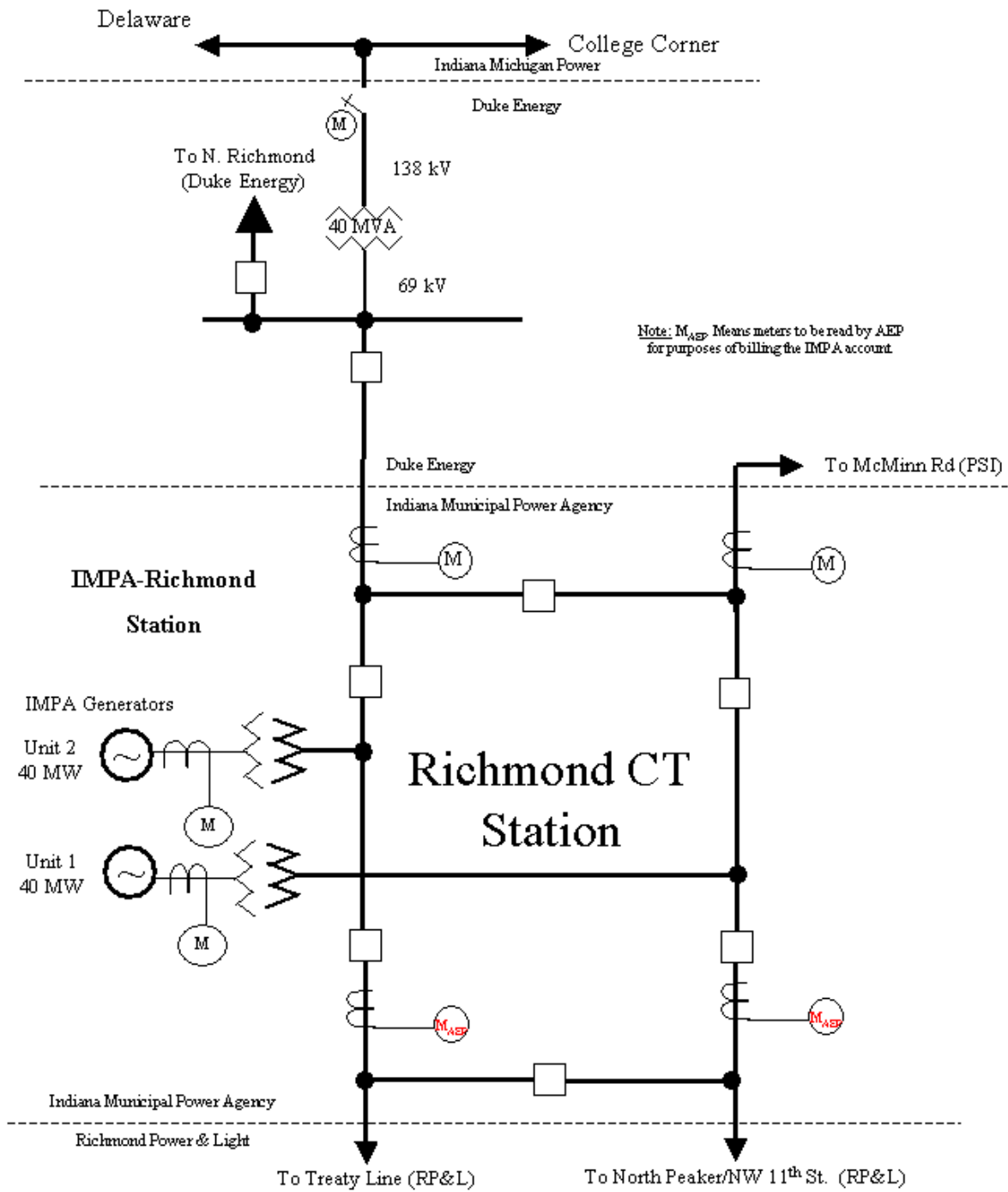
Hodgins Station



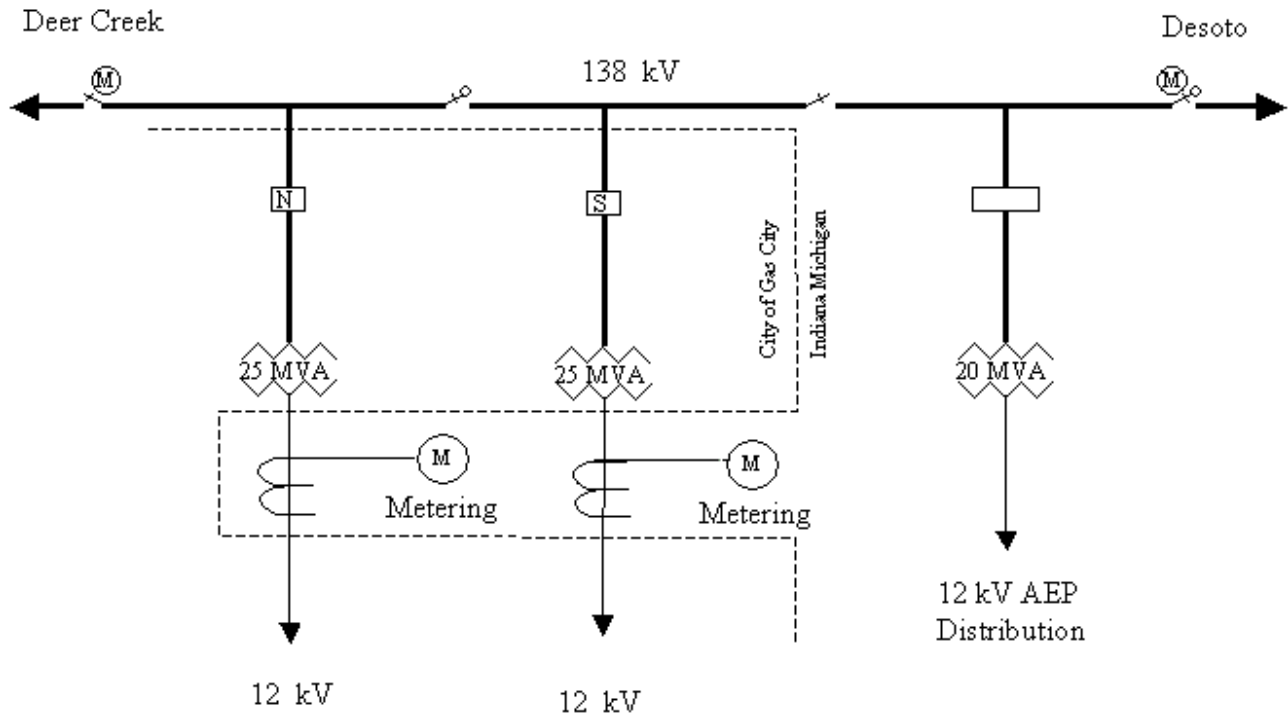
SOUTH ANDERSON DELIVERY POINT



IMPA/PEAKING UNITS DELIVERY POINT

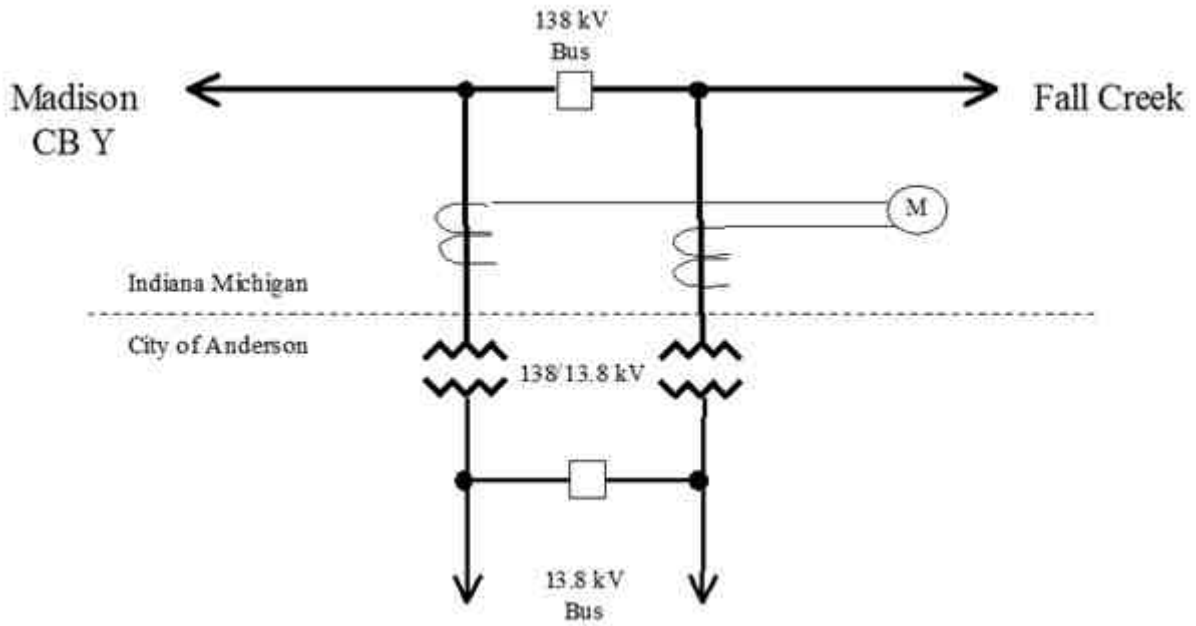


GAS CITY DELIVERY POINT (Mississinewa)

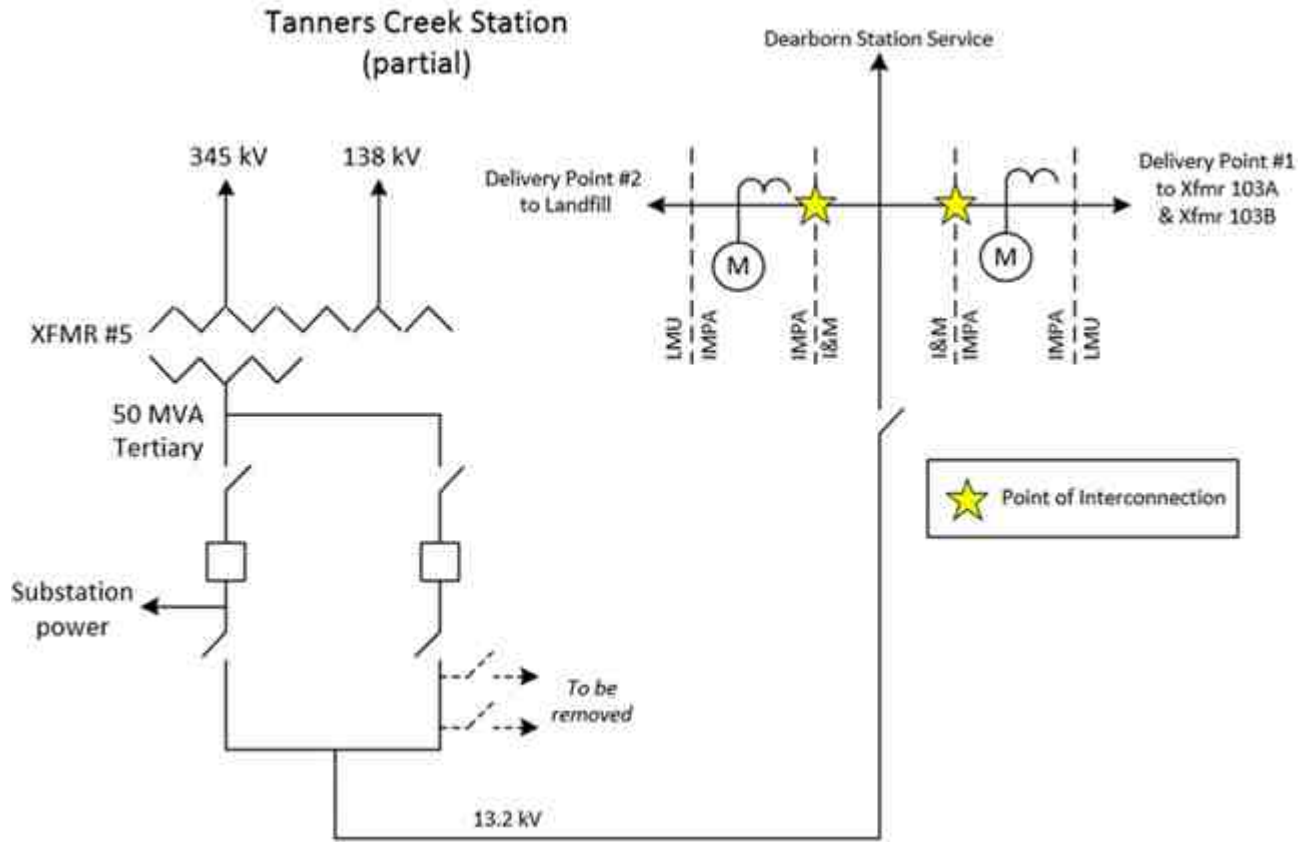


Mississinewa Station

DELCO REMY NO.5 DELIVERY POINT



TANNERS CREEK DELIVERY POINT



The Delivery Point #1 Point of Interconnection is at LMU's primary metering pole on LMU's retail customer's property with I&M owning the conductors up to LMU's primary metering pole.

The Delivery Point #2 Point of Interconnection is at LMU's primary metering pole on LMU's retail customer's property with I&M owning the conductors up to LMU's primary metering pole.

Facilities, Operation, Maintenance and Repair Services

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

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

1. This Operation and Maintenance and Repair Agreement shall cover the delivery and/or switching facilities currently listed on Exhibit A, attached hereto and made a part hereof, and any other delivery and/or switching facilities that are brought hereunder in accordance with the procedure hereinafter provided.
2. Subject to the terms and conditions contained herein, AEP agrees to test, maintain and repair the facilities in Exhibit A so as to assure the satisfactory and reliable operation of said facilities, all in accordance with good industry standards and practice. AEP further agrees to perform any additional testing, maintenance, repairs and/or replacements requested from time to time by Customer.
3. AEP agrees to furnish all supervision, labor, tools conveyances and equipment necessary for carrying out the work covered for facilities described in Exhibit A and further agrees to furnish all materials required to do the work except those materials that Customer feels are in its best interests to furnish.
4. All work shall be performed during the standard 40-hour work week, but, in the event that operating or emergency conditions warrant, overtime work can be authorized either in writing or verbally (in the case of emergency work) by Customer’s representative.
5. AEP will render invoices to Customer, on forms acceptable, at suitable intervals to be mutually agreed upon by the parties.
6. Customer agrees to promptly pay AEP the actual costs of any and all testing, maintenance, repairs and/or replacements performed pursuant to the terms and conditions of this Services Agreement, including the costs associated with labor, materials, equipment, overheads, taxes and other services incurred by AEP in performing the work, when presented with satisfactory evidence of the cost of such work.
7. The facilities covered in this Agreement may be extended or otherwise modified by attaching one or more numbered supplemental Facility Requests (attached herewith as Exhibit A No.1), which show the additional facilities or changed equipment to be thereafter covered by this Contract. Such supplements shall be effective as of the date of final execution thereof and shall be attached to all executed copies of this Agreement.

Pro-forma Exhibit A

FACILITY REQUEST(S)

No. _____

Date _____

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

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

CUSTOMER understands and agrees that said facilities are to be constructed, installed, owned, operated, tested and/or maintained in the manner and under the conditions set forth in the attached agreement, which was entered into by CUSTOMER and AEP on _____, 2007.

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

Indiana Municipal Power Agency

By: _____

Title: _____

Date: _____

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

By: _____

Title: Manager, Transmission and Interconnection Services

Date: _____

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

General

The formula rate contained in this document applies when construction, operation and/or maintenance activities are performed for non-AEP Parties, under circumstances precluding the charging of a profit margin. The American Electric Power Companies¹ (AEP) will recover costs for such operation and maintenance activities through bills which reflect the cost AEP has incurred in six categories, namely: 1) materials, 2) labor, 3) equipment, 4) outside services, 5) engineering and administration, and 6) taxes.

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

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

Operation and Maintenance - Transmission Operation and Maintenance Expenses

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

Construction - Transmission Plant Costs

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

All Activities - Administrative, General and Other Expenses

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

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

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

1. Materials

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

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

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

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

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

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

2. Labor

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

plan expenses are recovered through labor loading rates (llr) which are developed by dividing fringe labor costs by earned payroll. The labor loading rates are reviewed monthly and adjusted, as needed, to clear fringe labor costs yearly.

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

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

3. Equipment

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

In symbolic format, equipment charges are calculated as follows:

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

4. Outside Services

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

5. Engineering and Administration

Engineering and administrative overhead loading rates are used to allocate engineering, supervision, and administrative overhead costs not assigned to specific project work orders. AEP uses separate loading rates for AEP Service Corporation engineering ($SCE_{t\&d}$) and operating company construction overhead costs (CCO). A complete description of the costs recovered through the loading rates is provided in Note 1 to page 218 of each AEP Company's FERC Form-1 Report. A copy of that note is included as the last page in this Attachment 4.

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

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

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

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

6. Taxes

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

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

Summary of Charges

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

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

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

General Description of Construction overhead Procedure:

- 1A. Engineering and Supervision (American Electric Power Service Corporation)
- (a) Overheads “Engineering, Technical and Drafting Services” are engineering services performed by the Engineering Department of American Electric Power Service Corporation (AEPSC).
 - (b) In accordance with provisions of a service agreement between American Electric Power Service Corporation (AEPSC) and the respondent, approved by the Securities and Exchange Commission February 19, 1981, salaries, expenses and overheads of AEPSC personnel directly relating to construction activities are collected by means of a work order system and billed to the respondent as:
 - (1) Identifiable costs, generally relating to major construction projects, for which timekeeping and other specific cost identification is economically feasible, and
 - (2) Non-identifiable costs, generally relating to numerous small construction projects, for which timekeeping and other specific cost identification are not economically feasible.
 - (c) Charges billed by AEPSC as (b)(1) above are charged directly by respondent to the applicable specific construction projects. Charges billed by AEPSC as (b)(2) above are allocated to all applicable construction projects proportionate to the direct costs charged to such projects.
 - (d) A uniform rate is applied to all subject construction expenditures.
 - (e) See (d) above.
 - (f) See (c) above.
- 1B. Company Construction Overheads in its own Operating Division, Engineering Department and System Office Departments
- (a) Charges representing cost of Company's Engineering Supervision and related drafting and technical work.
 - (b) On basis of time and work studies.
 - (c) Spread to accounts in proportion to dollar value on construction for those classes of construction accounts to which these overheads are considered to be applicable.
 - (d) For each class of overheads the same percentage is used for all types of construction.
 - (e) Not applicable. See (d) above.
 - (f) Shown on page 217.
- 1C. Company Construction Overheads in Administrative and General Departments
- (a) Proportion of Administrative and General Expenses representing salaries and expenses of General Office and Managerial employees applicable to construction.
 - (b) Partly on basis of time and work studies.
 - (c) Spread to accounts in proportion to dollar value of construction for those classes of construction accounts to which these overheads are considered to be applicable.
 - (d) For each class of overheads the same percentage is used for all types of construction.
 - (e) Not applicable. See (d) above.
 - (f) See note (c) above

Attachment B

Marked Second Revised Service Agreement No. 1436

Service Agreement for
Interconnection and Local Delivery Service Agreement
between
American Electric Power Service Corporation
and
Indiana Municipal Power Agency

March 21, 2017

Interconnection and Local Delivery Service Agreement

This Agreement is entered into this 24 day of January 2007, by and between Indiana Municipal Power Agency (“IMPA” or “Customer”), and American Electric Power Service Corporation, as Designated Agent for the AEP Operating Companies¹ (“AEP”), being sometimes herein referred to collectively as the “Parties” or singularly as a “Party”. In consideration of the mutual covenants and agreements herein, it is agreed as follows:

WITNESSETH:

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

WHEREAS, IMPA, is an association of municipal electric utilities, engaged in the generation and sale for resale of electric power and energy in the State of Indiana on behalf of its members; and

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

WHEREAS, the Parties wish to establish the terms and conditions of the local delivery services, as defined under this Interconnection and Local Delivery Service Agreement (“ILDSA”), that AEP will provide to Customer in coordination with, but separate from, the transmission service that will be provided by the PJM RTO;

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

Article 1. Applicable Tariffs

1.1 Applicability of Tariffs: During the term of this Agreement, as it may be amended from time to time, AEP agrees to provide Interconnection and Local Delivery Services for the Customer, and the Customer agrees to pay for such services the charges identified in Attachment 1 hereto and such other charges as shall be applicable hereunder, in accordance with this Agreement. In addition, the applicable

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

provisions of the Open Access Transmission Tariff of the AEP System (“AEP Tariff”), and, as to certain provisions referenced herein, the Open Access Transmission Tariff of the PJM RTO (“PJM Tariff”), as each tariff shall at any time during the term of this Agreement be on-file and accepted by the Federal Energy Regulatory Commission (“Commission”), including any applicable Schedules and Attachments appended to such tariffs. Interconnection and Local Delivery Services means services described herein which are subject to the jurisdiction of the Commission but not provided by the PJM RTO under the PJM Tariff. AEP shall not provide any services or make any charges hereunder that are provided or charged by the PJM RTO under the PJM Tariff.

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

Article 2. Delivery Points

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

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

2.1.1 Interruption or Reduction of Service at the Delivery Points: The continuity of service at any Delivery Point provided under this Agreement may be interrupted or reduced, (a) by operation of automatic equipment installed for power system protection, (b) after consultation with the affected party, at any time that a party deems it desirable for installation, maintenance, inspection, repairs, or replacement of equipment, (c) at any time that in the judgment of the interrupting party such action is necessary to protect personnel or the public, preserve the integrity of, or to prevent or limit any instability on, or to avoid a burden on, their respective system or prevent damage to equipment.

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

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

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

2.2.2 System Impact Study (SIS): Unless otherwise mutually agreed, AEP shall respond within five (5) business days of receipt of such a request and provide a System Impact Study Agreement and a list of any additional information that AEP would require from the Customer to proceed with such study. The study agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit equal to the estimated study cost or \$25,000, which ever is less. The Customer shall execute and deliver executed SIS Agreement within thirty (30) calendar days following its receipt and required deposit. Upon receipt of the executed study agreement, study data and the required deposit, AEP shall carry out the SIS. In the SIS, AEP shall assess the feasibility of modifying an existing Delivery Point or establishing the new Delivery Point using power flow and short circuit analyses and any other analyses that may be appropriate.

If the Customer fails to return an executed SIS Agreement within thirty (30) calendar days of receipt or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

Upon completion of the SIS, the Customer shall reimburse AEP for the unpaid cost of the SIS if the cost of the study exceeds the deposit. AEP shall refund the Customer, with interest, any portion of the deposit that exceeds the cost of the SIS. Or, at the written request of the Customer, AEP shall apply the remaining balance to the Facilities Study. The interest rate will be computed in accordance with 18 C.F.R. § 35.19a(a)(2).

2.2.3 Facilities Study (FS): Following the completion of the SIS, AEP shall provide to the Customer a Facilities Study (FS) Agreement. The Facilities Study Agreement shall provide that the Customer shall compensate AEP for the actual cost of the Facilities Study. The Customer shall execute the Facilities Study Agreement and deliver the executed Facilities Study Agreement to AEP within thirty (30) calendar days following its receipt, together with the required technical data and deposit in an amount equal to the estimated cost of the FS or \$25,000, whichever is less. The FS shall determine the details and estimated cost of facilities necessary for establishing the requested Delivery Point and any system additions/upgrades needed to address any problems identified in the SIS. AEP shall complete the study and issue a Facilities Study report to the Customer within ninety (90) calendar days after receipt of an executed Facilities Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

If the Customer fails to return an executed FS Agreement within thirty (30) calendar days of receipt or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP.

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

2.2.4 Expedited System Study: If AEP determines that minimum efforts are needed to carry out the requested Delivery Point modifications/additions, AEP shall, upon request by the Customer, offer a single agreement covering the System Impact Study and Facilities Study, the "System Study Agreement." The Study Agreement shall commit the Customer to pay AEP the actual cost to complete the study and to make an advance deposit equal to the estimated study cost or \$25,000, whichever is less.

If the Customer fails to return an executed System Study Agreement within thirty (30) calendar days of receipt along with the required deposit, or at a later date as the Parties mutually agree, AEP shall deem the study request to be withdrawn. The Customer may withdraw its study request at any time by written notice of such withdrawal to AEP. AEP shall complete the study and issue an Expedited System Study report to the Customer within sixty (60) calendar days after receipt of an executed Expedited Study Agreement, deposit and necessary data, or at a later date as the Parties may mutually agree.

2.2.5 Modifications to Study Request: During the course of a System Impact Study, Facilities Study, or System Study, either the Customer or AEP may identify desirable changes in the planned facilities that may improve the costs and/or benefits (including reliability) of the planned facilities. To the extent the revised plan, and study schedule, are acceptable to

both AEP and the Customer, such acceptance not to be unreasonably withheld; AEP shall proceed with any necessary restudy. Any additional studies resulting from such modification shall be done at the Customer's cost.

2.3 Engineering, Design and Construction of New Facilities: If pursuant to a request by the Customer, AEP agrees to provide engineering, design and construction of facilities described in the final study report, a facilities agreement (“Facilities Agreement”) shall be signed by the Customer and AEP specifying the terms and conditions. Each such Facilities Agreement will be incorporated in this agreement, initially as an attachment hereto, and after project completion through inclusion in Attachment 1 and Attachment 2. Following the signing of the Facilities Agreement, the receipt of any outstanding technical information, deposit or instrument or showing that Customer meets the financial creditworthiness requirements of the AEP Tariff, Section 11 (“Creditworthiness”), AEP will proceed with the engineering, design and procurement activities to construct, reconfigure, upgrade, replace or retire such local delivery or other facilities. All Facilities Agreements for Delivery Points existing as of the date of this Agreement and described in Attachment 1 shall remain in full force and effect in accordance with their terms.

2.4 Cost Recovery Protection: Pursuant to this Agreement, AEP and Customer will cooperate regarding the planning, provision and utilization of transmission and local delivery facilities needed to reliably deliver power and energy to Customer’s loads connected to AEP’s facilities. As such, AEP may be required to construct or otherwise expand transmission and local delivery facilities, predicated upon Customer’s planned use of such facilities, including the Customer's planned use of external and internal generating capacity. If the Customer alters its use of the transmission and/or local delivery service facilities, through the transfer of load to the system of another service provider, AEP shall be entitled to compensation for “Stranded Costs” to the extent such load transfer causes AEP’s revenues to be reduced. Any such claim for Stranded Costs by AEP shall be net of the present value of any incremental transmission revenue that AEP will receive by providing transmission or local delivery service to other customers using the transmission or local delivery capacity freed up by the Customer's load change. To the extent practicable, AEP will make efforts to find customers to take the available transmission service to minimize the stranded cost recovery on a case-by-case basis. AEP will make a Section 205 filing under part 35 of Commission’s regulations to seek Commission’s authorization for any Stranded Cost recovery, identifying the facilities and voltages and recovery support for the cost and duration of the recovery period.

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

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

Article 3. Local Delivery Services

3.1 Measurement of Load At Each Delivery Point: The Customer's load, kW, kWh and kVAR at each Delivery Point shall be measured at least on an hourly integrated basis, by suitable

revenue grade metering equipment. The measurements taken and required metering equipment shall be as needed for all settlement purposes under this Agreement, the AEP Tariff and the PJM Tariff and in accordance with the AEP standards and practices as contained in the Connection Guide. At points where power may flow to and from the Customer, separate measurements shall be obtained for each direction of flow. Any necessary metered data shall be made available with such frequency and at such times as may be required by AEP or PJM in suitable electronic format. If AEP, IMPA, or PJM requires real-time load or facility status information from any Delivery Point, the other Party shall cooperate, to the extent necessary, in order that such monitoring and telecommunications equipment, as shall be needed for such purpose may be installed and maintained during normal business hours common to AEP and IMPA. AEP shall provide to IMPA, on a monthly basis by the fifth business day after the end of the prior month, the hourly kW, kWh and kVAR load data. Such data, along with the master MV90 file format and 15-minute interval data for kWh and kVAhr for each Delivery Point, shall be supplied in MV90 translatable format and by e-mail. IMPA shall compensate AEP for metering and meter data processing services as specified in Attachment 1 of this Agreement.

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

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

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

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

3.4 Losses: The Customer's load shall be adjusted, for settlement purposes, to include AEP East Zone transmission and distribution losses, as applicable. Presently, the FERC approved transmission loss factor for the AEP East Zone is 3.3% of energy received by AEP for transmission to the Customer's Delivery Points ($1/(1-0.033) = 3.413\%$ of delivered energy). Distribution losses shall be assessed, where applicable, at the rates as specified in Attachment 1. To the extent Customer's load at any Delivery Point is supplied from behind the meter generation, losses shall be assessed only for the net load delivered to such Delivery Points by AEP.

3.5 Maintenance of Local Delivery Point Facilities: If Pursuant to a request by Customer, AEP constructs facilities and is reimbursed by Customer at cost, such cost will be calculated pursuant to the AEP Formula Rate for Facility, Construction, Operation, and Maintenance charges, attached hereto as Attachment 4, unless the Parties otherwise agree. When AEP provides operation and maintenance (O&M) services for any Delivery Point and/or distribution facilities owned by the Customer, or its members if applicable, such service will be made pursuant to any repair and maintenance agreement ("O&M Agreement") that may exist between Customer and AEP, or to Attachment 3 of this Agreement

3.6 Operational Access and Control: Unless otherwise specifically agreed, AEP shall have the sole right to enter upon, test, operate and control the facilities covered by this Agreement that are owned by Customer when such facilities can directly affect the safety, reliability and/or continuity of service to other customers. The right to test, operate and control said facilities includes but is not limited to the power to direct the opening and closing of switches for construction, operation, testing, maintenance and other relevant purposes.

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

3.7 Administrative Committee: AEP and Customer shall each appoint a member and at least one alternate to an Administrative Committee, and so notify the other party of such appointment(s) in writing. Such appointment(s) may be changed at any time by similar notice. Each member and alternate shall be a responsible person familiar with the day-to-day operations of their respective system. Generally, this would mean that the Administrative Committee representative(s) will be

employees AEP and the Customer, or entities represented by the Customer; however, the representative(s) may be accompanied by other experts, appropriate to the matters to be considered

The Administrative Committee shall represent AEP and Customer in all matters arising under this Agreement and which may be delegated to it by mutual agreement of the parties hereto.

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

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

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

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

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

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

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

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

If the basis used by PJM to receive hourly energy assignments for the LSE, or to calculate each LSE's capacity obligation for each hour for the next day, is changed by PJM, AEP shall cooperate with PJM and the Customer to the extent necessary and appropriate to make available such data as needed.

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

4.4.1 Generators that do not participate in the PJM Markets: The generating party shall comply with the PJM generator data requirements for generators that do not participate in the PJM Markets.

4.4.2 Generators that do participate in the PJM Markets: The generating party shall comply with the PJM interconnected generator data requirements for the generators that participate in the PJM Markets.

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

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

Article 5. General

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

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

5.2 Taxes on Contributions in Aid of Construction: When the Customer funds the construction of AEP-owned facilities pursuant to a contribution in-aid of construction ("CIAC"), the

Customer also shall reimburse AEP for the tax effect of such CIAC (a “Tax Effect Recovery Factor” or “TERF”), where such payment is considered taxable income and subject to income tax under the Internal Revenue Service (IRS) and/or a state department of revenue (State) requirements. The TERF shall be computed consistent with the methodology set forth in Ozark Gas Transmission Corp., 56 F.E.R.C ¶ 61,349 as reflected in the following formula: $TERF = (Current\ Tax\ Rate \times (Gross\ Income\ Amount - Present\ Value\ of\ Tax\ Depreciation)) / (1 - Current\ Tax\ Rate)$. The Present Value Depreciation Amount shall be computed by discounting AEP’s anticipated tax depreciation deductions with respect to the constructed property by AEP’s current weighted average cost of capital. If, based on current law, AEP determines such contribution by the Customer shall not be taxable, AEP will not charge a TERF; however, in the event that such contribution is later determined by the IRS or state tax authority to be taxable, the Customer shall reimburse AEP, the amount of the TERF, including any interest and penalty charged to AEP by the IRS and/or state. Such reimbursement is due within thirty (30) calendar days of the date upon which AEP notifies the Customer of such determination.

At Customer's request and expense, AEP shall file with the IRS a request for a private letter ruling as to whether any CIAC paid, or to be paid, by Customer to AEP is subject to federal income taxation. Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Customer's knowledge. AEP and Customer shall cooperate in good faith with respect to the submission of such request. AEP shall keep Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS that authorizes Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. AEP shall allow Customer to attend all meetings with IRS officials about the request and shall permit Customer to prepare the initial drafts of any follow-up letters in connection with the request.

If customer shall have reimbursed AEP for the TERF, upon request by Customer and at Customer’s expense, AEP shall contest the taxability of such CIAC; provided, however, that AEP shall not be required to contest such taxability if AEP waives the payment by Customer of any amount that might otherwise be payable by Customer under this Agreement in respect of such determination.

5.3 Indemnity: To the extent permitted by law, each Party shall indemnify and save harmless the other Party and its directors, trustees, officers, employees, and agents from and against any loss, liability, cost, expenses, suits, actions, claims, and all other obligations arising out of injuries or death to persons or damage to property caused by or in any way attributable to the Delivery Point(s) and/or distribution facilities covered by this Agreement, except that a Party’s obligation to indemnify the other Party and its directors, trustees, officers, employees, and agents shall not apply to any liabilities arising solely from the other Party’s or its directors’, trustees’, officers’, employees’, or agents’ negligence, recklessness or intentional misconduct or that portion of any liabilities that arise out of the other Party’s or its directors’, trustees’, officers’, employees’, or agents’ contributing negligent, reckless or intentional acts or omissions. .

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

(a) AEP and IMPA each shall have caused this Agreement to be executed by their duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof or IMPA requested AEP to file an unexecuted service agreement within thirty (30) calendar days of Customer's request for such a filing.

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

(c) The initial term of this Agreement shall continue for one year after the date the Agreement becomes effective. Thereafter, this Agreement shall automatically renew for successive terms of one year each unless either Party elects to terminate the Agreement by providing written notice of termination to the other Party at least ninety (90) calendar days prior to the start of any renewal term.

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

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

Article 6. Notices

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

If to the AEP:

American Electric Power Service Corporation
Managing Director, Regulated Tariffs

1 Riverside Plaza
Columbus, Ohio 43215-2373

If to Customer:

Indiana Municipal Power Agency
Attn: Gayle Mayo
Executive Vice President and COO
11610 North College Avenue
Carmel, Indiana 46032

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

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

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

| Indiana Municipal Power Agency

By: /s/ L Gayle Mayo

| Title: Executive Vice President

| Date: January 24, 2007

| American Electric Power Service Corp.

By: /s/ Dennis W. Bethel

| Title: Mng Director – Regulated Tariffs

| Date: January 17, 2007

**Meter Related and Local Distribution Facilities Charges For
Indiana Municipal Power Agency (IMPA) under
the Interconnection and Local Delivery Service Agreement (ILDSA)**

METER/DELIVERY POINT						MONTHLY METERS RELATED AND LOCAL DISTRIBUTION FACILITIES CHARGES										
Delivery Points/ Station Names ¹⁰	Equipment Ownership	Delivery Voltage (kV)	System Losses ¹	Meter Voltage (kV)	Trans/Line Loss Comp Method ²	Metering Cost Actual ⁵ (\$)	Distribution Station Fac Investment ⁵ (\$)	Distribution Line Fac Investment ⁵ (\$)	Monthly Metering Fac Charges ³ (\$)	Telephone Meter Reading Charges ¹ (\$)	Charges for Meter Data Processing ⁴ (\$)	Net Monthly Charges Metering (\$)	Distribution Station Fac Charges ³ (\$)	Distribution Line Fac Charges ³ (\$)	Total Net Monthly Charges ⁶ (\$)	
City of Anderson																
Meadow Brook ⁷	I&M	34.5	T	34.5	None	81,751	0	0	1,268	41	12	1,321	0	0	1,321	
Madison Circuit #1	I&M	34.5	T	34.5	None	28,231	0	0	438	41	12	491	0	0	491	
Madison Circuit #2	I&M	34.5	T	34.5	None	28,231	0	0	438		12	450	0	0	450	
Pendleton	I&M	34.5	T	34.5	None	25,888	0	0	401	41	12	454	0	0	454	
South Anderson/Noblesville	IMPA	138	T	138	None	0	0	0	0	0	12	12	0	0	12	
South Anderson/New Castle	IMPA	138	T	138	None	0	0	0	0	0	12	12	0	0	12	
Delco Remy No. 5	I&M	138	T	138	None	81,686	0	0	1,267	41	12	1,320	0	0	1,320	
City of Anderson Total						\$245,786	\$0	\$0	\$3,812	\$164	\$84	\$4,060	\$0	\$0	\$4,060	
City of Frankton																
Frankton	I&M	12	D	4	Mtr	4,121	110,424	66,538	64	41	12	117	1,835	1,218	3,169	
City of Richmond																
Richmond Substation	I&M	138	T	138	None	41,929	0	0	650	41	12	703	0	0	703	
Hodgin Substation	I&M	138	T	138	None	19,560	0	0	303	41	12	356	0	0	356	
Richmond/Centerville	IMPA	69	T	69	None	0	0	0	0	0	12	12	0	0	12	
Richmond/Roseburg	IMPA	69	T	69	None	0	0	0	0	0	12	12	0	0	12	
City of Richmond Total						\$61,489	\$0	\$0	\$954	\$82	\$48	\$1,084	\$0	\$0	\$1,084	
Total IMPA Local Facilities Monthly Charges as of January 1, 2005						229,710	110,424	66,538	3,562	246	132	3,940	1,835	1,218	\$6,993	
Less: Adjustment due to Failure of AEP Meadow Brook Transformer as of August 3, 2005									1,268	41	12	1,321			1,321	
Total IMPA Local Facilities Monthly Charges, Excluding Meadow Brook's Monthly Charges, as of August 3, 2005⁷									2,295	205	120	2,620	1,835	1,218	\$5,672	
Columbia City																
Whitley Station ⁸	I&M	34.5	T	34.5	None	13,721	0	0	213	41	12	266	0	0	266	
Gas City																
Gas City Station ⁹	I&M	138	T	12	Mtr	57,800	0	0	896	41	12	949	0	0	949	
Lawrenceburg Municipal Utilities																
TCELT #1 ¹¹	IMPA	13.8	D	13.8	None	0	0	0	0	0	0	0	0	0	0	
TCELT #2 ¹¹	IMPA	13.8	D	13.8	None	0	0	0	0	0	0	0	0	0	0	
Lawrenceburg Municipal Utilities Total						\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total IMPA Local Facilities Monthly Charges Including Columbia City, as of January 1, 2006						\$243,431	\$110,424	\$66,538	\$3,775	\$287	\$144	\$4,206	\$1,835	\$1,218	\$5,938	
Total IMPA Local Facilities Monthly Charges Including Gas City as of July 1, 2006						\$301,231	\$110,424	\$66,538	\$4,672	\$328	\$156	\$5,156	\$1,835	\$1,218	\$6,887	
Total IMPA Local Facilities Monthly Charges Including the City of Anderson's new Delco Remy #5 delivery point as of Jan. 1, 2006						\$382,917	\$110,424	\$66,538	\$5,938	\$369	\$168	\$6,475	\$1,835	\$1,218	\$9,528	
LESS: Total AEP Local Facilities Monthly Charges +															0	

Behind-the-Meter Generating Facilities:

IMPA has several generators which operate in the City of Anderson and Richmond behind the AEP meters. The City of Anderson operates 2 Combustion Turbine (CT) Generators @ 40 MW each and 1 CT @ 80 MW. Richmond operates two CT Generators @ 40MW each and 2 Coal Fired base units that are 30 and 60 MW each. The coal fired units are "behind-the-meter", while the CT generators are in "the PJM market". IMPA is responsible for providing meter read data from the generators meters that are behind-the-meters.

Notes: -Send Dale Woodruff a copy of the PF and Back billing agreements to be signed by IMPA

1 - T = Transmission and delivery losses per AEP OATT Tariff (presently at 3.3% of amounts received for transmission), or 1/1-0.033 = 1.0341 of energy delivered from the transmission system to the load. D = Distribution primary (station and line losses) may be charged at 3.2% of amount received for transmission, or 1/1-0.032 = 1.033 of energy delivered from primary distribution.

2 - None = Meter is located at the Delivery voltage. Mtr = Transformer/Line loss compensation programmed into and calculated by the meter (meters registration plus transformer and line losses).

3 - The monthly meter charges are based on an leveled annual carrying charge rates of 18.61%. Monthly charges for distr station and line investments are based on a leveled annual carrying charges of 19.94% and 21.96%, respectively for the 12 month ending December 31, 2004.

4 - Meter data service charge includes \$41/month for cost of telephone equipment and air time (where applicable), plus \$12/month for data translation and data storage in MV90 format.

5 - Metering, distribution station and line equipment costs for each delivery point, are based on actual installation equipment costs from AEP accounting records.

6 - Except for Columbia City and Gas City charges, the other Monthly charges will be applied retroactively to January 1, 2005 pursuant to the terms and conditions agreed to by the Parties in the executed NITS Agreement which became effective 9/1/04. As a result, beginning with January 1, 2005, until the end of the month on which this ILDSA becomes effective, a credit of \$2,752 per month will be given to the customer, against the new monthly charges indicated above, for each month on which the customer paid the monthly facilities charges established in the NITS Agreement. [RESERVED]

7 - The Meadow Brook 138/34.5 kV transformer failed August 3, 2005 and has been out of service since that date. Therefore, the monthly meter charges for Meadow Brook will be in effect from January 1, 2005 through August 2, 2005. The Meadow Brook monthly charges will be reinstated effective when the transformer is placed back in service by AEP. Note: AEP started the Meadow Brook transformer repair on 1/1/06. [RESERVED]

8 - Charges for Columbia City are effective January 1, 2006

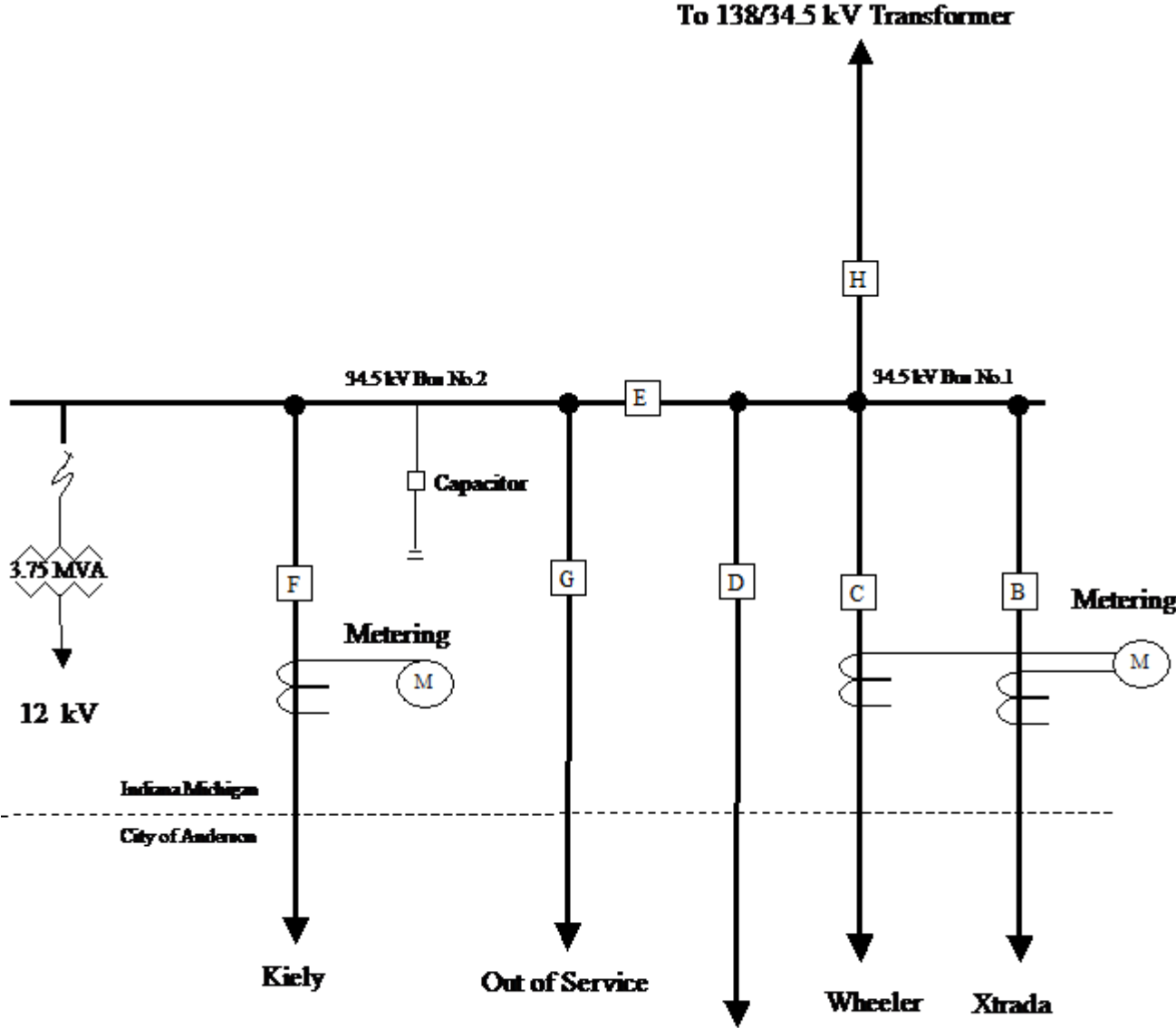
9 - Charges for Gas City will be effective July 1, 2006

10 - Power Factor Penalty Charges (PF) will be calculated monthly pursuant to the ILDSA. Except that for the City of Anderson and Richmond, the PF will be calculated using the conjunctive method.

11 - Lawrenceburg Municipal Utilities' TCELT #1 and TCELT #2 Delivery Points will both be served from the tertiary feed of I&M's 345/138 kV Xfmr #5 and will each be metered by separate metering equipment owned by IMPA.

MADISON DELIVERY POINT

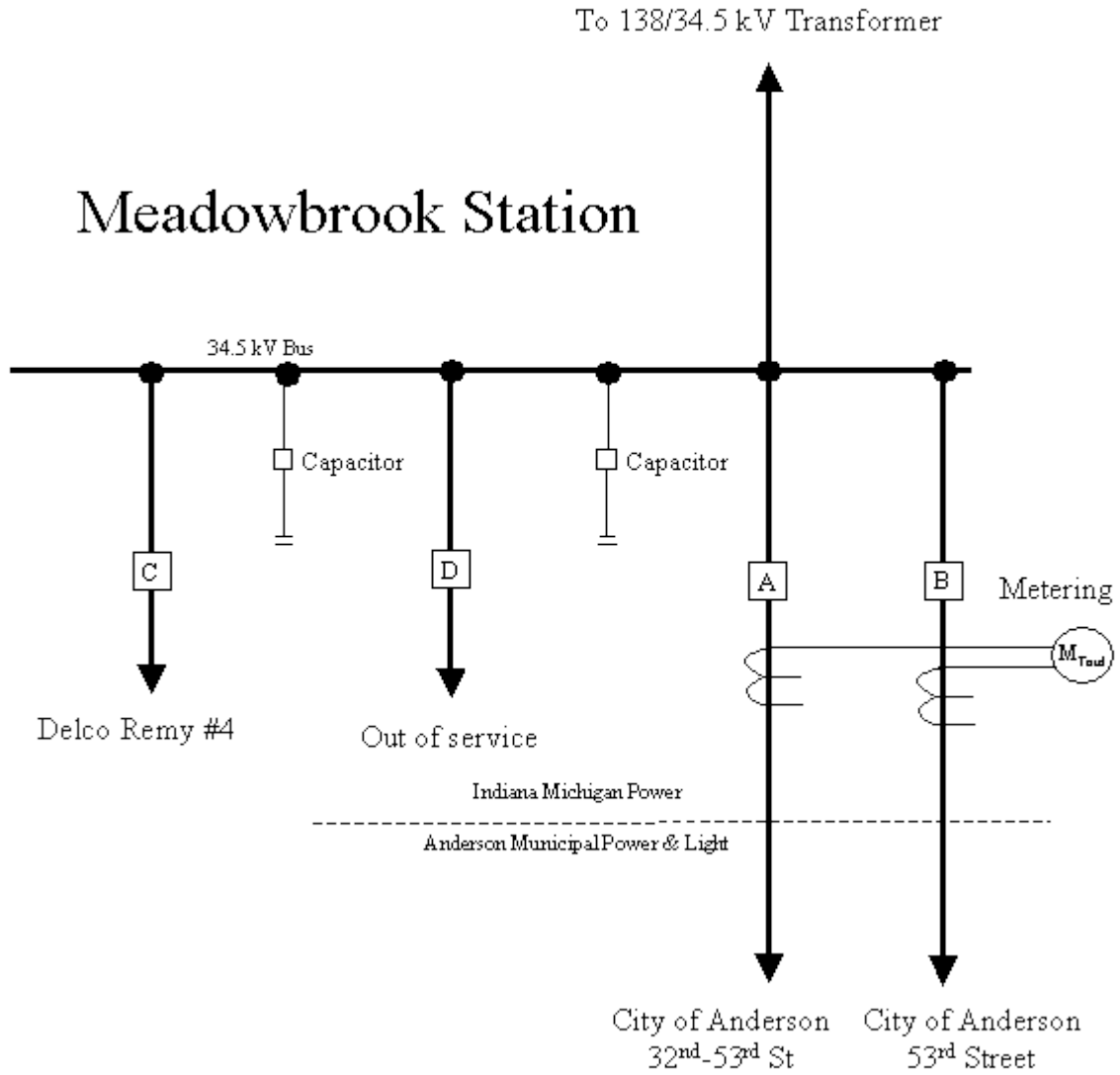
City of Anderson



**Out of Service
(2/15/08)**

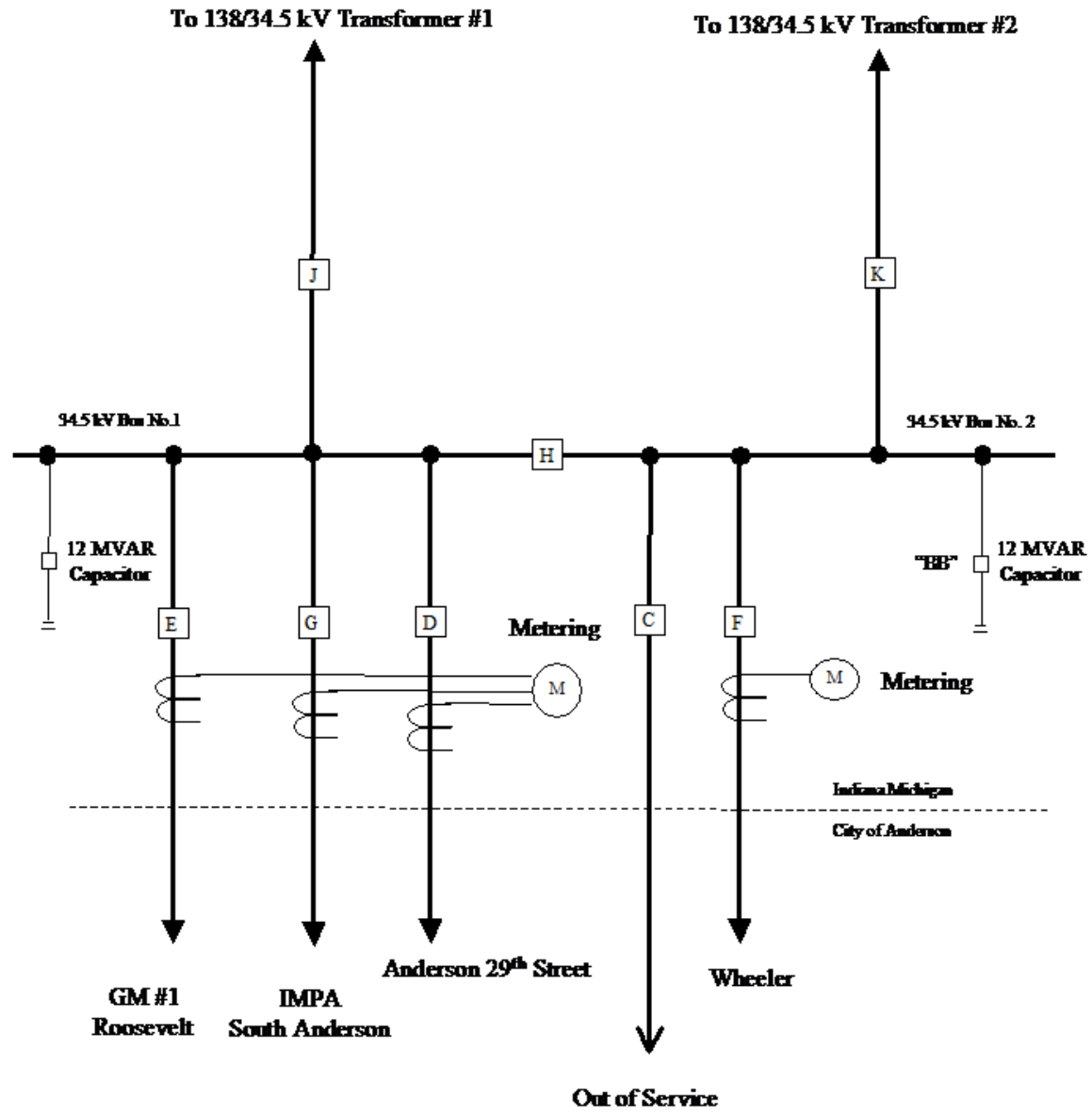
MEADOWBROOK DELIVERY POINT

City of Anderson



PENDLETON DELIVERY POINT

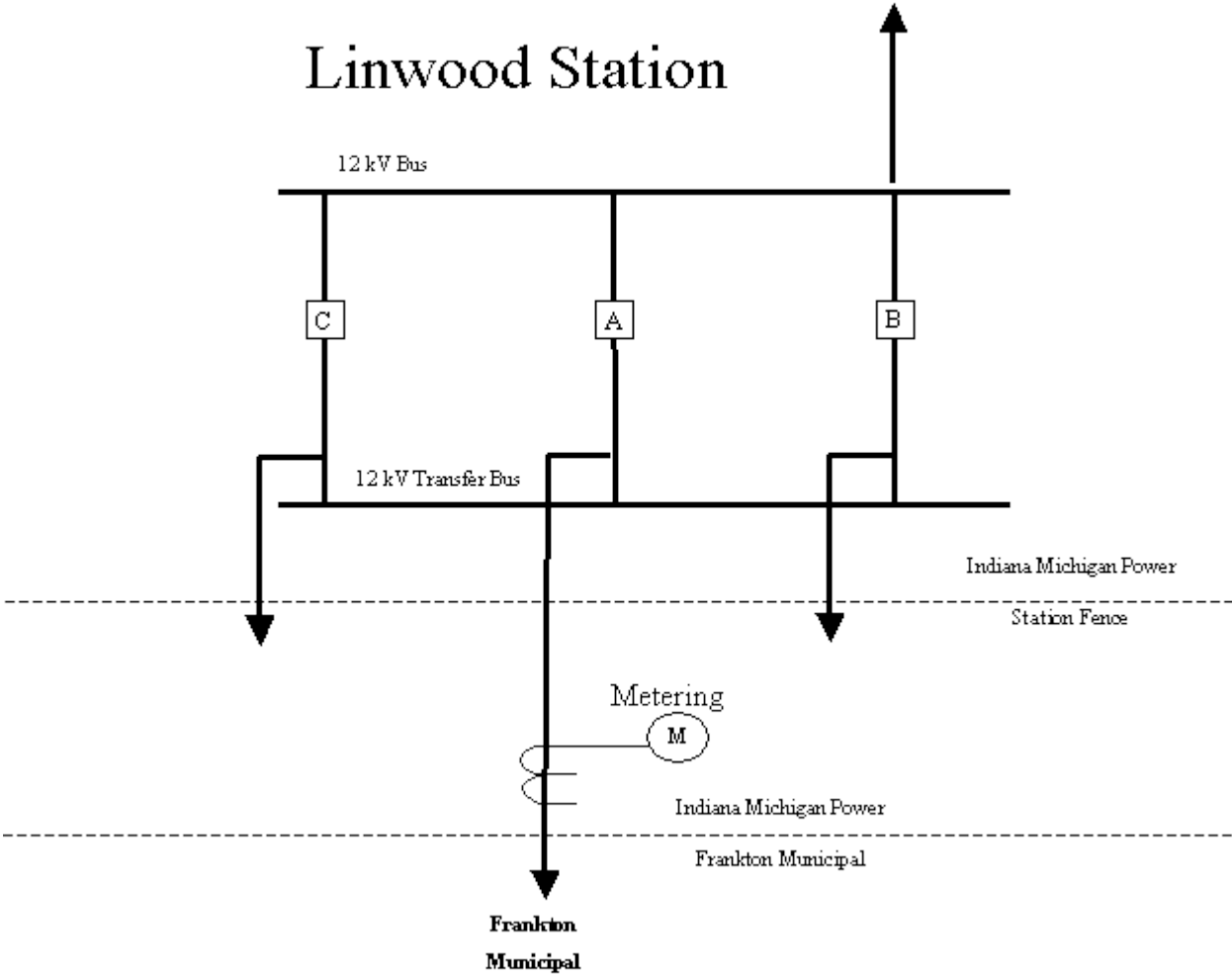
City of Anderson



TOWN OF FRANKTON DELIVERY POINT

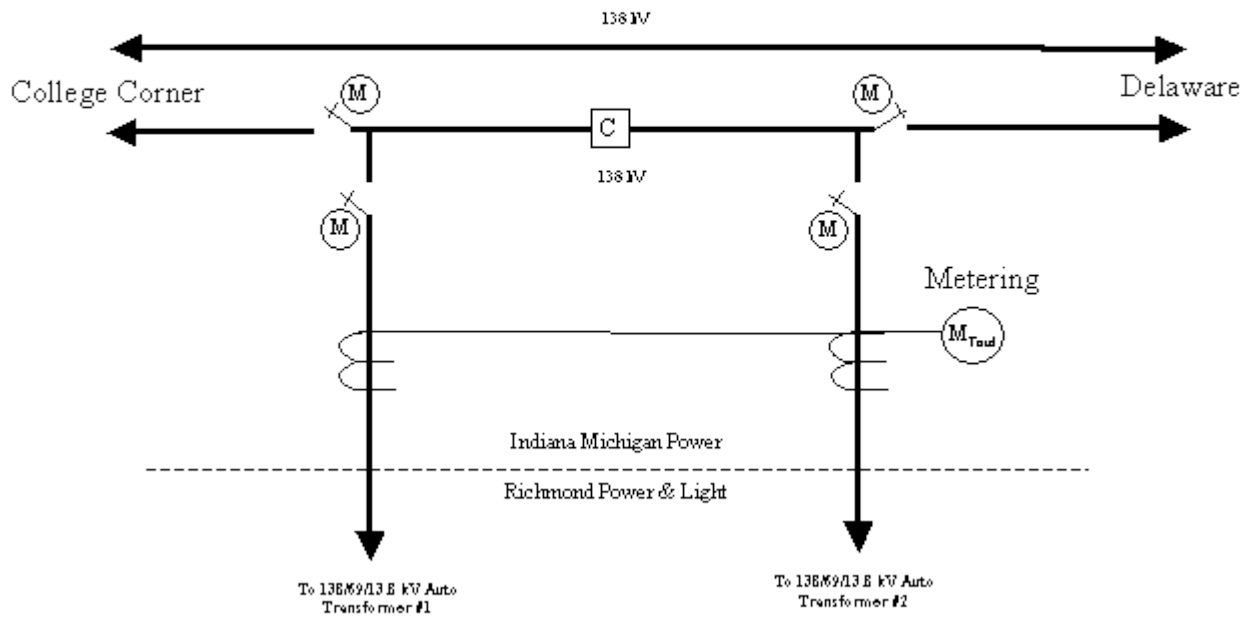
City of Anderson

To 138/12 kV Transformer #1



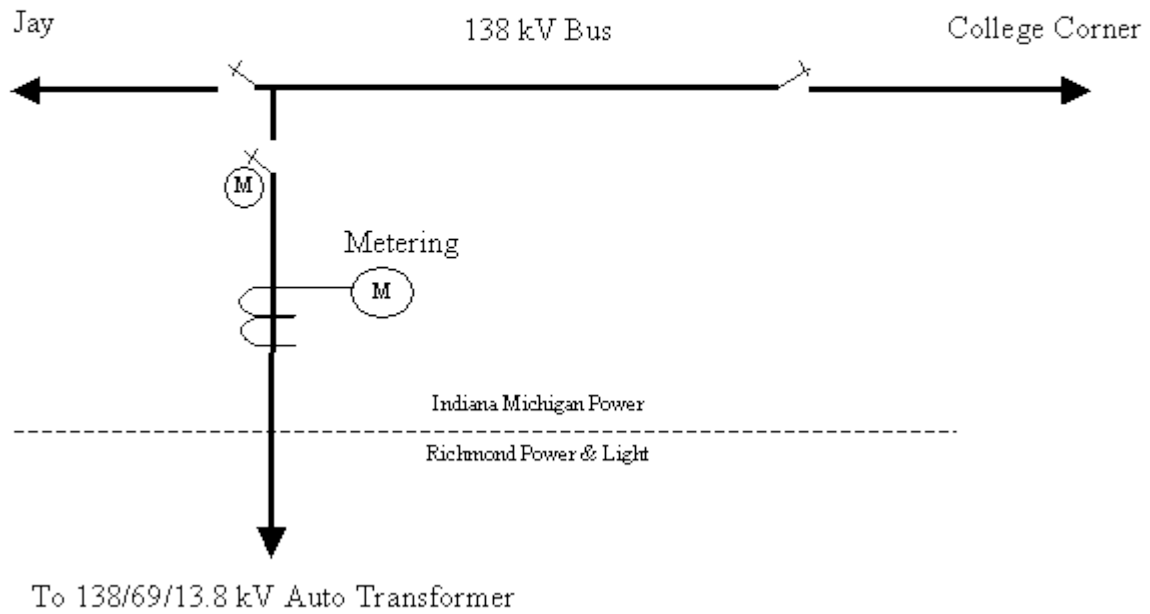
RICHMOND DELIVERY POINT

Richmond Station

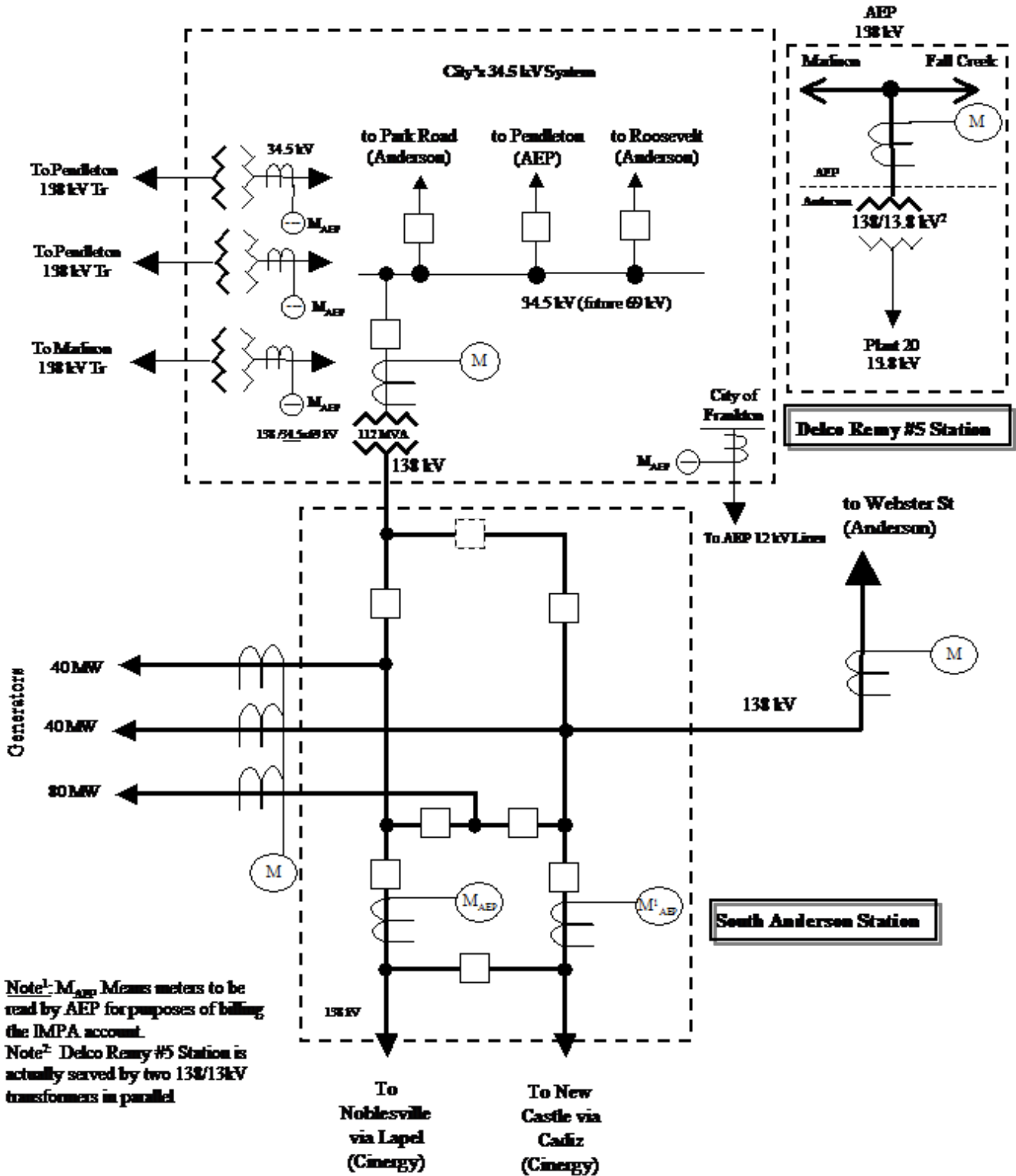


HODGINS DELIVERY POINT

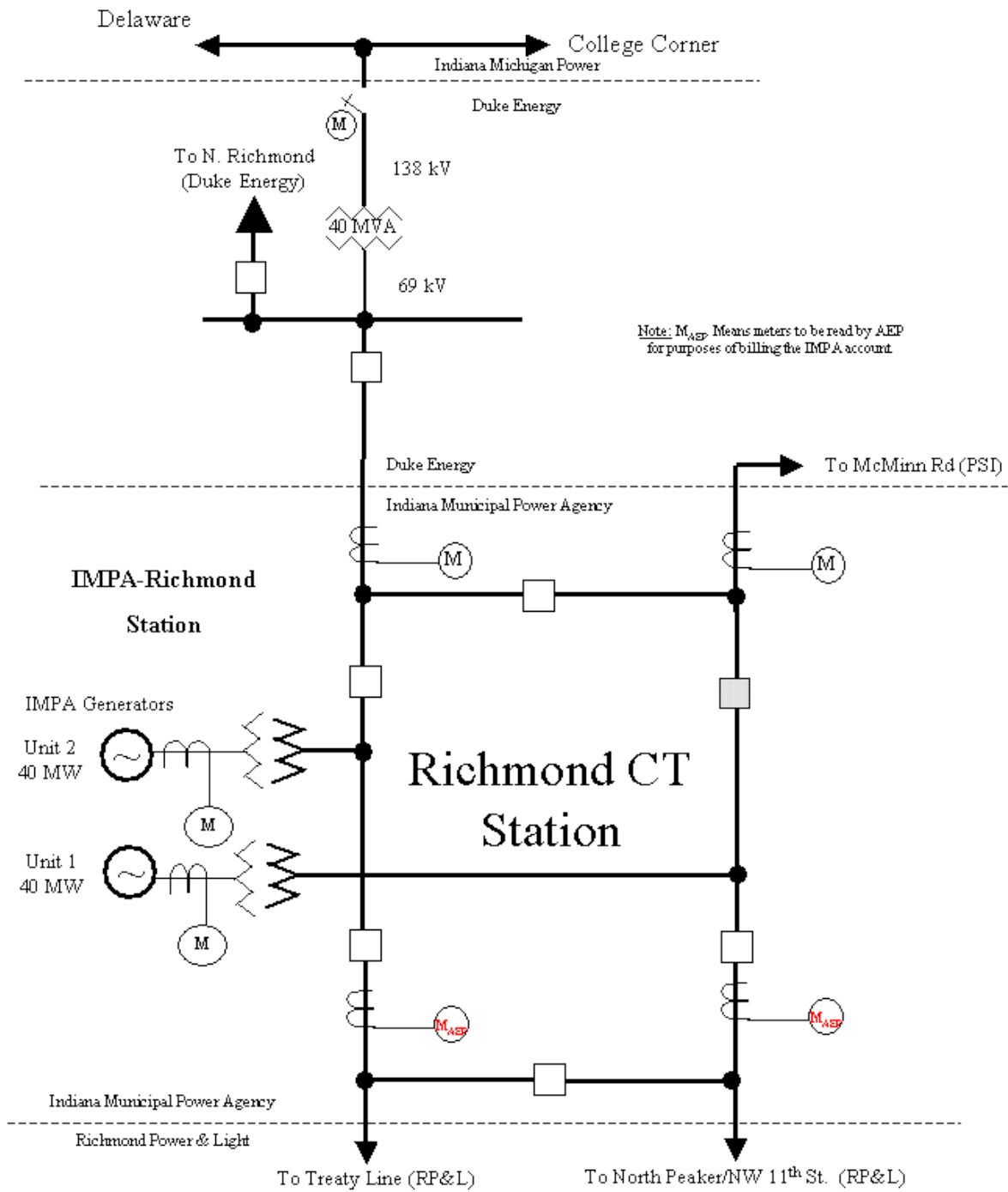
Hodgins Station



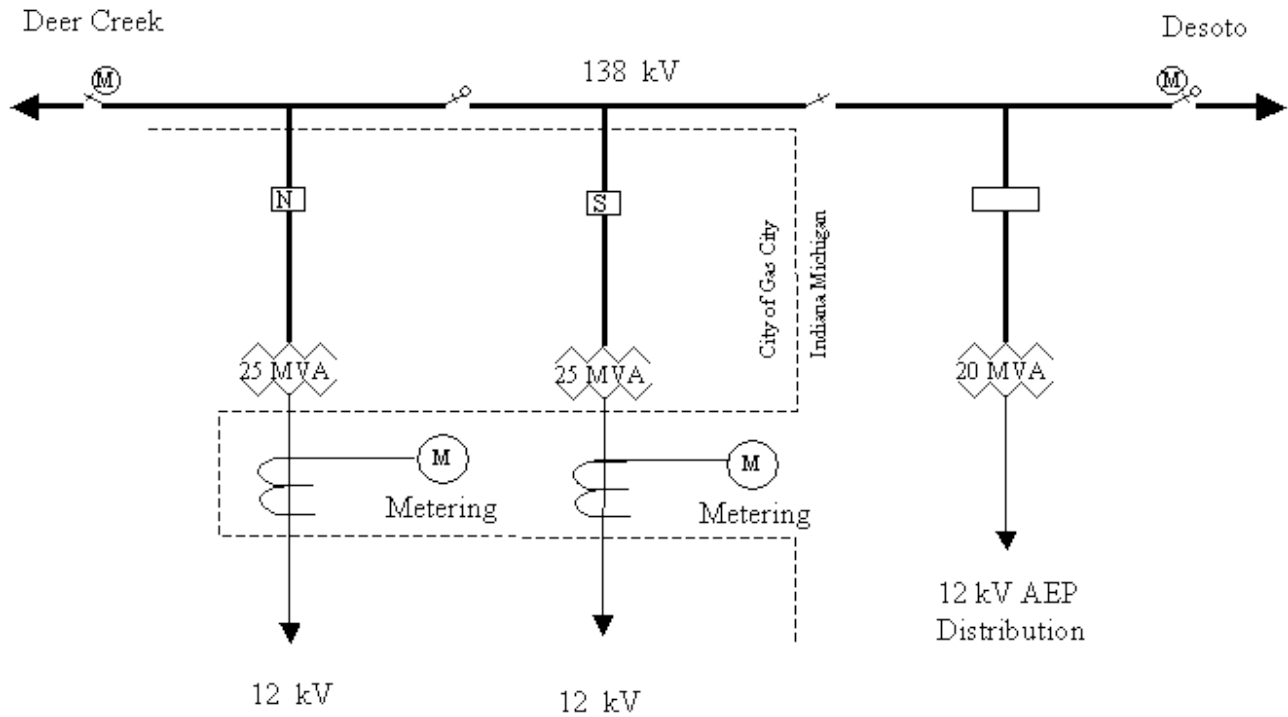
SOUTH ANDERSON DELIVERY POINT



IMPA/PEAKING UNITS DELIVERY POINT

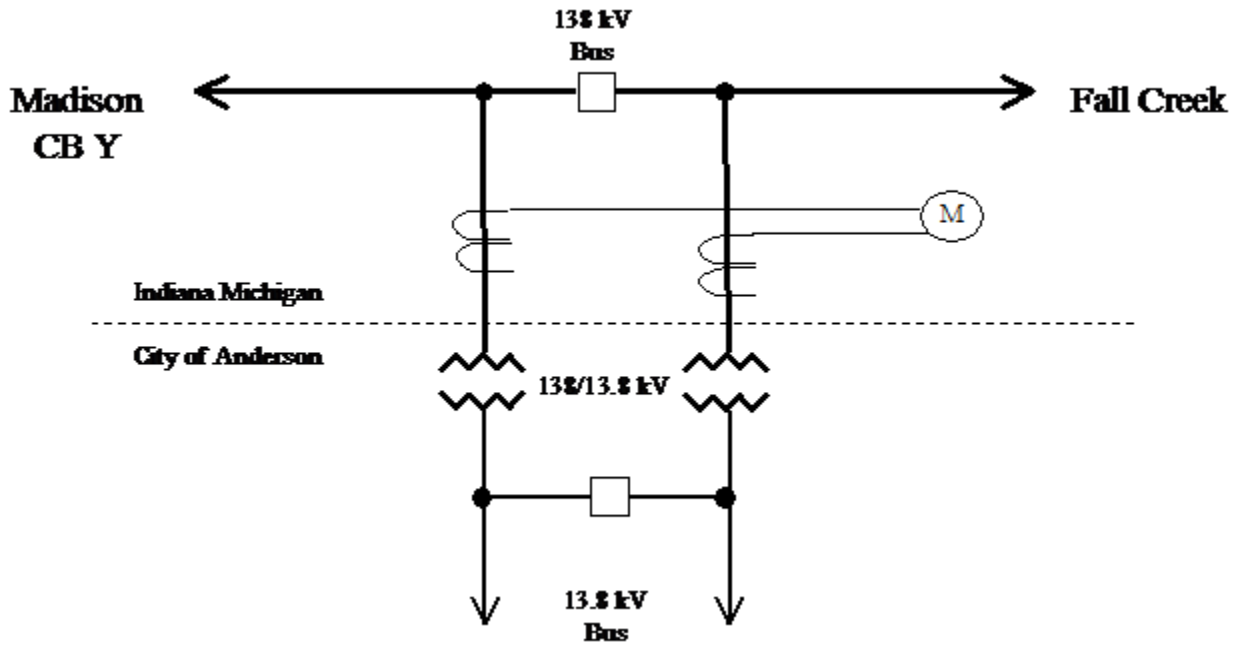


GAS CITY DELIVERY POINT (Mississinewa)

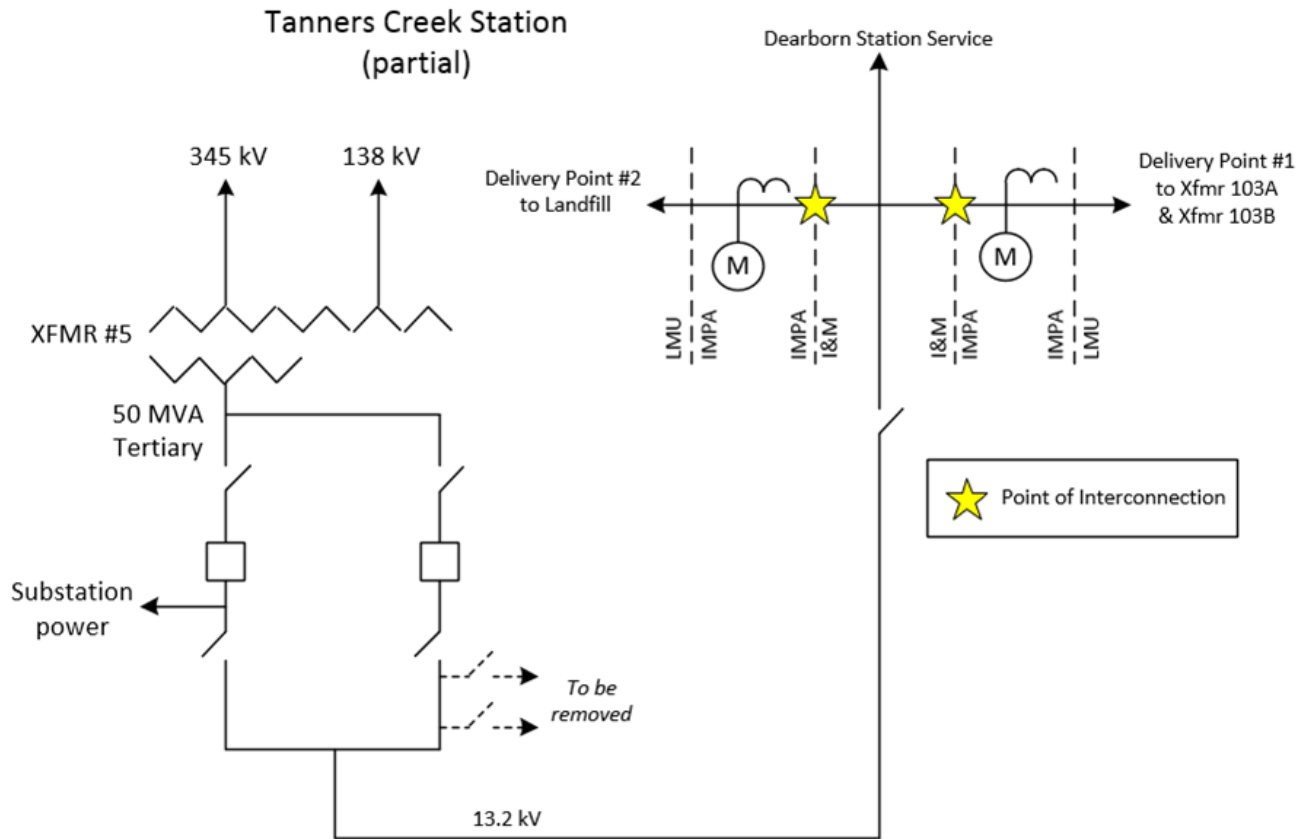


Mississinewa Station

DELCO REMY NO.5 DELIVERY POINT



TANNERS CREEK DELIVERY POINT



The Delivery Point #1 Point of Interconnection is at LMU's primary metering pole on LMU's retail customer's property with I&M owning the conductors up to LMU's primary metering pole.

The Delivery Point #2 Point of Interconnection is at LMU's primary metering pole on LMU's retail customer's property with I&M owning the conductors up to LMU's primary metering pole.

Facilities, Operation, Maintenance and Repair Services

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

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

1. This Operation and Maintenance and Repair Agreement shall cover the delivery and/or switching facilities currently listed on Exhibit A, attached hereto and made a part hereof, and any other delivery and/or switching facilities that are brought hereunder in accordance with the procedure hereinafter provided.
2. Subject to the terms and conditions contained herein, AEP agrees to test, maintain and repair the facilities in Exhibit A so as to assure the satisfactory and reliable operation of said facilities, all in accordance with good industry standards and practice. AEP further agrees to perform any additional testing, maintenance, repairs and/or replacements requested from time to time by Customer.
3. AEP agrees to furnish all supervision, labor, tools conveyances and equipment necessary for carrying out the work covered for facilities described in Exhibit A and further agrees to furnish all materials required to do the work except those materials that Customer feels are in its best interests to furnish.
4. All work shall be performed during the standard 40-hour work week, but, in the event that operating or emergency conditions warrant, overtime work can be authorized either in writing or verbally (in the case of emergency work) by Customer’s representative.
5. AEP will render invoices to Customer, on forms acceptable, at suitable intervals to be mutually agreed upon by the parties.
6. Customer agrees to promptly pay AEP the actual costs of any and all testing, maintenance, repairs and/or replacements performed pursuant to the terms and conditions of this Services Agreement, including the costs associated with labor, materials, equipment, overheads, taxes and other services incurred by AEP in performing the work, when presented with satisfactory evidence of the cost of such work.
7. The facilities covered in this Agreement may be extended or otherwise modified by attaching one or more numbered supplemental Facility Requests (attached herewith as Exhibit A No.1), which show the additional facilities or changed equipment to be thereafter covered by this Contract. Such supplements shall be effective as of the date of final execution thereof and shall be attached to all executed copies of this Agreement.

Pro-forma Exhibit A

FACILITY REQUEST(S)

No. _____

Date _____

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

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

CUSTOMER understands and agrees that said facilities are to be constructed, installed, owned, operated, tested and/or maintained in the manner and under the conditions set forth in the attached agreement, which was entered into by CUSTOMER and AEP on _____, 2007.

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

Indiana Municipal Power Agency

By: _____

Title: _____

Date: _____

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

By: _____

Title: Manager, Transmission and Interconnection Services

Date: _____

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

General

The formula rate contained in this document applies when construction, operation and/or maintenance activities are performed for non-AEP Parties, under circumstances precluding the charging of a profit margin. The American Electric Power Companies¹ (AEP) will recover costs for such operation and maintenance activities through bills which reflect the cost AEP has incurred in six categories, namely: 1) materials, 2) labor, 3) equipment, 4) outside services, 5) engineering and administration, and 6) taxes.

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

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

Operation and Maintenance - Transmission Operation and Maintenance Expenses

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

Construction - Transmission Plant Costs

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

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

All Activities - Administrative, General and Other Expenses

920 - Administrative and General Salaries

408 - Taxes Other Than Income Taxes

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

1. Materials

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

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

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

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

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

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

2. Labor

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

away, plus payroll taxes, insurance, workers' compensation, pension, and savings plan expenses are recovered through labor loading rates (llr) which are developed by dividing fringe labor costs by earned payroll. The labor loading rates are reviewed monthly and adjusted, as needed, to clear fringe labor costs yearly.

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

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

3. Equipment

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

In symbolic format, equipment charges are calculated as follows:

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

4. Outside Services

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

5. Engineering and Administration

Engineering and administrative overhead loading rates are used to allocate engineering, supervision, and administrative overhead costs not assigned to specific project work orders. AEP uses separate loading rates for AEP Service Corporation engineering ($SCE_{t\&d}$) and operating company construction overhead costs (CCO). A complete description of the costs recovered through the loading rates is provided in Note 1 to page 218 of each AEP Company's FERC Form-1 Report. A copy of that note is included as the last page in this Attachment 4.

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

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

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

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

6. Taxes

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

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

Summary of Charges

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

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

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

General Description of Construction overhead Procedure:

- 1A. Engineering and Supervision (American Electric Power Service Corporation)
- (a) Overheads "Engineering, Technical and Drafting Services" are engineering services performed by the Engineering Department of American Electric Power Service Corporation (AEPSC).
 - (b) In accordance with provisions of a service agreement between American Electric Power Service Corporation (AEPSC) and the respondent, approved by the Securities and Exchange Commission February 19, 1981, salaries, expenses and overheads of AEPSC personnel directly relating to construction activities are collected by means of a work order system and billed to the respondent as:
 - (1) Identifiable costs, generally relating to major construction projects, for which timekeeping and other specific cost identification is economically feasible, and
 - (2) Non-identifiable costs, generally relating to numerous small construction projects, for which timekeeping and other specific cost identification are not economically feasible.
 - (c) Charges billed by AEPSC as (b)(1) above are charged directly by respondent to the applicable specific construction projects. Charges billed by AEPSC as (b)(2) above are allocated to all applicable construction projects proportionate to the direct costs charged to such projects.
 - (d) A uniform rate is applied to all subject construction expenditures.
 - (e) See (d) above.
 - (f) See (c) above.
- 1B. Company Construction Overheads in its own Operating Division, Engineering Department and System Office Departments
- (a) Charges representing cost of Company's Engineering Supervision and related drafting and technical work.
 - (b) On basis of time and work studies.
 - (c) Spread to accounts in proportion to dollar value on construction for those classes of construction accounts to which these overheads are considered to be applicable.
 - (d) For each class of overheads the same percentage is used for all types of construction.
 - (e) Not applicable. See (d) above.
 - (f) Shown on page 217.
- 1C. Company Construction Overheads in Administrative and General Departments
- (a) Proportion of Administrative and General Expenses representing salaries and expenses of General Office and Managerial employees applicable to construction.
 - (b) Partly on basis of time and work studies.
 - (c) Spread to accounts in proportion to dollar value of construction for those classes of construction accounts to which these overheads are considered to be applicable.
 - (d) For each class of overheads the same percentage is used for all types of construction.
 - (e) Not applicable. See (d) above.
 - (f) See note (c) above