

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

Application Not for an Increase in Rates
Pursuant to Section 4909.18 Revised Code

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In the Matter of the Application of)
Ohio Power Company for Approval of)
Line Extension Tariff Modifications)

Case No. 08-2165-EL-ATA

1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

- | | |
|---|---|
| <input type="checkbox"/> New Service | <input type="checkbox"/> Change in Rule or Regulation |
| <input type="checkbox"/> New Classification | <input type="checkbox"/> Reduction in Rates |
| <input type="checkbox"/> Change in Classification | <input type="checkbox"/> Correction of Error |
| <input checked="" type="checkbox"/> Other, not involving increase in rates | |
| <input type="checkbox"/> Various related and unrelated textual revision, without change in intent | |

2. DESCRIPTION OF PROPOSAL:

This application is made pursuant to § 4909.18, Ohio Rev. Code, seeking approval of modifications to Tariffs. The Company proposes to extend the expiration date for charging the basic monthly surcharge fees by one year to December 31, 2008.

3. TARIFFS AFFECTED: (If more than 2, use additional sheets)

Tariff Sheet

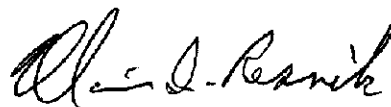
4. Attached hereto and made a part hereof are: (Check applicable Exhibits)

- ☒ Exhibit A - existing schedule sheets (to be superseded) if applicable, with red-line reflecting proposed changes
- ☒ Exhibit B-1 Clean copies of proposed schedule sheets
- ☐ Exhibit C-1
- (a) if new service is proposed, describe:
- (b) if new equipment is involved, describe (preferably with a picture, brochure, etc.) and where appropriate, a statement distinguishing proposed service from existing services;
- (c) If proposal results from customer requests, so state, giving if available, the number and type of customers requesting proposed service.
- ☐ Exhibit C-2 - if a change of classification, rule or regulation is proposed, a statement explaining reason for change
- ☒ Exhibit C-3 - statement explaining reason for any proposal not covered in Exhibits C-1 or C-2

5. This application will not result in an increase in rates, joint rates, tolls, classifications, charges or rental.

~~This is to certify that the above application is an accurate and complete reproduction of a case file document delivered in the regular course of business.~~
Technician Sm Date Processed 1/22/08

6. Applicants respectfully request the Commission to approve the tariff sheets attached hereto, and authorize Ohio Power Company to file same in final form, to become effective on the date, subsequent to filing, to be shown on the proposed schedules which will be filed with the Commission and to be in the form and content shown in Exhibit B.



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Counsel for
Ohio Power Company

EXHIBIT C-3

Statement of Proposal

In Case No. 01-2708-EL-COI, et. al, the Commission approved terms and conditions concerning line extensions for Ohio Power Company (Company). Those schedules provided for, among other provisions, surcharges to be assessed in most cases until the end of the Company's distribution rate freeze. When the Commission's order in that case was issued on November 2, 2002, the Company's rate freeze was scheduled to end at December 31, 2007. The termination of the surcharges applies to all customer categories covered by the line extension provisions except surcharges applicable to single family residences that are not part of a development project. The non-development residential provision includes two different surcharges. The first is the \$8.00 per month surcharge, the same as the surcharge for single family residences in a development. The second is a monthly surcharge of 1.58% times the amount by which the cost of the line extension exceeds \$5,000.00. There is no expiration date for either of those surcharges or the other provisions of the Company's tariff.

Subsequent to the adoption of these provisions, the Company's distribution rate freeze was extended by one year as a result of the Rate Stabilization Plan approved for the Company in Case No. 04-169-EL-UNC. In light of the extension of the Company's distribution rate freeze to December 31, 2008, the Company proposes to apply the basic monthly line extension surcharges to customers taking service at a premise that received a line extension subsequent to the date this tariff change becomes effective. The date through which such monthly charges could be billed to these "new" customers would be through December 31, 2008 under the Company's proposal. Consistent with the current tariff, the Company will continue to apply the collection of line extension monthly surcharges to reduce the amounts on which the carrying charge will be deferred.

Customers whose surcharge expired automatically on December 31, 2007 would not be impacted by the Company's proposal. In addition, the Company proposes to end the \$8.00 per month surcharge for single family residences that are not part of a development at December 31, 2008, rather than have them continue. This aspect of the Company's proposal is conditioned on the Commission's acceptance of the approximate one-year surcharge application for other "new" customers.

Applying these monthly line extension surcharges to December 31, 2008 (and ending the \$8.00 per month surcharge for single family residences not in a development) would again closely align the end of the monthly line extension charge with the end of the Company's distribution rate freeze.

Ohio Power Company's application is consistent with the Commission's July 11, 2007 Finding and Order in Case Nos. 07-548, 549 and 550-EL-ATA. Therefore, the Company is hereby requesting authority to modify its tariff language to reflect the proposed December 31, 2008, expiration date for the monthly line extension surcharges which expired on December 31, 2007 and to reflect a December 31, 2008 expiration date for the \$8.00 per month surcharge for single family residences not in a development.

Exhibit A

P.U.C.O. NO. 18

TERMS AND CONDITIONS OF SERVICE

23. EXTENSION OF LOCAL FACILITIES

- I. The Company's actual cost of extending local facilities ("Local Facilities" are electrical facilities constructed for, and dedicated to, the service of an individual end-use customer or the service for a development as that term is defined below. This includes the installation of new or expanded equipment but does not include the maintenance or repair of existing equipment) to serve new non-residential customers or to serve expanded loads at existing non-residential customers will be recovered in the following manner:

- A. For all customers which will be served pursuant to the Company's GS service schedules other than GS1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 35% of the firm price estimated cost for the basic service plan as a Contribution in Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount. As a matter of clarification for a development project, the upfront cost responsibilities (35% CIAC) are assessed against the developer and the end-use customers. The primary voltage "backbone" electrical facilities are the local facilities for which the developer is responsible. The line extension from this "backbone" system to the end-use customer's point of service delivery are the local facilities for which the end-use customer is responsible.
2. The customer served by the local facilities will pay the Company a monthly line extension surcharge equal to 0.47 percent $([18.97\% + 12] \times .30)$ times the cost of the line extension facilities necessary to serve the customer. Within a multi-metered building, end-use customers will pay a pro-rata share of the surcharge based upon the ratio of the square footage served by their particular meter versus the total building leasable square footage (the "Multi-Tenant Share").

Within a multi-building development project, the total surcharge for end-use customers in a particular building, will be their Multi-Tenant Share of a combination of the surcharge for the building's respective local facilities from the "backbone" to the building's point of service delivery plus the building's pro-rata share of the surcharge associated with the estimated cost of the entire "backbone" system needed to serve the entire development. The building's pro-rata assignment for the backbone for each building will be based upon the ratio of the particular building's land area versus the total development land area. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-18)

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Joseph Hamrock, Kevin E. Walker, President
AEP Ohio

P.U.C.O. NO. 18

TERMS AND CONDITIONS OF SERVICE

3. The Company will defer a carrying charge, at the rate of 18.97%/year calculated as follows:

Actual cost of Local Facilities

Minus: 10 percent of Firm Price Estimated Cost

Minus: Net of tax CIAC Payments (35% of Firm Price Estimated Cost)

Minus: 30 percent of Firm Price Estimated Cost Related to the Monthly Customer Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

B. For facilities which will be served pursuant to the Company's service Schedule GS-1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 25% of the firm price estimated cost of the basic service plan as a Contribution In Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount.
2. The customer served by the local facilities will pay the Company \$8.45/month as a line extension surcharge. A facility that is master metered will pay a single \$8.45/month surcharge. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-19)

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AEP Ohio

P.U.C.O. NO. 18

TERMS AND CONDITIONS OF SERVICE

If a new additional customer, within 4 years of the CIAC having been paid, utilizes the local facilities for which the CIAC had been paid, the party who paid the CIAC will be entitled to a refund which represents a pro-rata portion of the original CIAC calculated to equitably share the CIAC responsibility for those facilities used in service by both the new additional and original customer. In the case of a developer who paid for the backbone/line extension, refunds are available for a period of seven years. Where a customer develops a lot such that it is required to pay for the construction of the backbone to bring electric service to its premises, that customer will be entitled to a refund from other customers who develop along the same backbone/line extension for a period of four years. The refund back to the original developer shall be calculated based on dividing by the number of customers the cost of the portion of the backbone/line extension that is shared by all based on the number of lineal feet of the line extension used by each customer.

In addition, any surcharges associated with non-residential, non GS-1 customers (i.e. those based on project costs) will be adjusted in a similar fashion as the upfront contributions are reconciled when a refund is warranted.

- II. The Company's actual cost of extending local facilities to serve new single family and multi-family residential developments ("Development" is a tract of land which is subdivided into parcels and/or includes more than one end-use customer, and where the developer makes significant infrastructure improvements such as paved streets, curbs, sidewalks and water and sewer systems) will be recovered in the following manner:
- A. For all residential single family housing developments, save for those grandfathered in paragraph 2, below:
1. The developer/builder shall make a one-time flat fee CIAC of \$375 for each single-family lot in a development. This one-time fee paid by the developer/builder shall constitute the total CIAC required of the developer/builder for the installation of all plant, facilities, and equipment needed to provide electric service to new residential customers located in the development. The flat fee will be paid in a lump sum to the Company prior to the Company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon. Assessment of the single-family residential housing development CIAC shall terminate automatically on the date that the distribution rate freeze ends for Ohio Power Company (December 31, 2007).
 2. All projects for single-family residential dwellings tendered to the Company in the year 2000 and all projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be classified as Existing Projects. To address the needs of Existing Projects, the following shall apply:

(Continued on Sheet No. 3-21)

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P.U.C.O. NO. 18

TERMS AND CONDITIONS OF SERVICE

- All projects tendered to the Company in the year 2000 shall be treated under the Company's former application of its line extension policy (prior policy) provided that such projects were ready for installation of electric infrastructure by December 31, 2001. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
 - All projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be subject to the Company's prior policy provided that such projects are ready for installation of electric infrastructure by October 1, 2002. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
3. Consistent with the current policy, developers/builders will continue to pay, beyond the \$375 per single-family lot, the cost differential for underground service laterals.
- B. For all multi-family housing developments, in which each unit is individually metered by the Company, constructed after January 1, 2001:
1. The developer/builder shall make a one-time, flat fee CIAC payment of \$100 for each unit in a multi-family housing development. This one time fee shall be a CIAC paid by the developer/builder for the installation of all plant, facilities, and equipment needed to provide overhead electric service to the new multi-family projects.
 2. The developer/builder will pay 100% of the cost differential associated with any premium services requested, also as a CIAC, and said payment will be grossed up for taxes and the developer/builder will pay the total grossed-up amount.
- For purposes of this tariff a multi-family project shall be any building designed for separate living units, but where the separate living units share at least one common wall and a common roof, regardless of unit ownership.
- The CIAC shall be paid in a lump sum to the Company prior to the company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon.
- C. Customers served by the local facilities in a single family residential development will pay the Company \$8.00/month as a monthly line extension surcharge. Customers served by the local facilities in a multi-family residential development will pay the Company \$4.00/month as a monthly line extension surcharge. For all residential developments having line extension contracts entered into prior to the effective date of this tariff, the assessment of these surcharges shall terminate automatically on the date that the distribution rate freeze ends for Ohio Power Company (December 31, 2007). For all residential developments having line extension contracts entered into on or after the effective date of this tariff, the assessment of these surcharge shall terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-22)

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AEP Ohio

P.U.C.O. NO. 18

TERMS AND CONDITIONS OF SERVICE

D. The Company will defer a carrying charge, at a rate of 18.97%/year, calculated as follows:

Actual cost of Local Facilities
 Minus: Net of Tax CIAC Payments
 Minus: (for single family residential developments) \$506 Per Customer,
 Which is Equivalent to the \$8.00/Month Line Extension
 Surcharge or
 Minus: (for multi-family residential developments) \$253 Per Customer,
 Which is Equivalent to the \$4.00/Month Line Extension
 Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

- E. Multi-Family Residential Housing Developments which are master metered shall not be subject to Multi-Family Residential Housing CIAC fee, but shall be assessed for the cost of extensions and connections in accordance with paragraph 1A or 1B depending upon which GS schedule applies.
- F. The Company shall waive the developer/builder CIAC, the monthly customer surcharge and any deferrals, for any single-family or multi-family residential development where the developer/builder can provide documentation that the residential housing development receives low-income governmental assistance.
- III. The Company's actual cost of extending local facilities to serve new single-family residences not in a development will be recovered in the following manner:
- A. Customers served by the local facilities will pay the Company:
1. An up front payment of \$375, as a Contribution in Aid of Construction, including tax, prior to the Company beginning to extend such facilities;
 2. A monthly line extension surcharge of \$8.00. The assessment of this surcharge shall terminate automatically on December 31, 2008, and

(Continued on Sheet No. 3-23)

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

27. EXTENSION OF LOCAL FACILITIES

- I. The Company's actual cost of extending local facilities ("Local Facilities" are electrical facilities constructed for, and dedicated to, the service of an individual end-use customer or the service for a development as that term is defined below. This includes the installation of new or expanded equipment but does not include the maintenance or repair of existing equipment) to serve new non-residential customers or to serve expanded loads at existing non-residential customers will be recovered in the following manner:

- A. For all customers which will be served pursuant to the Company's GS service schedules other than GS1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 35% of the firm price estimated cost for the basic service plan as a Contribution in Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount. As a matter of clarification for a development project, the upfront cost responsibilities (35% CIAC) are assessed against the developer and the end-use customers. The primary voltage "backbone" electrical facilities are the local facilities for which the developer is responsible. The line extension from this "backbone" system to the end-use customer's point of service delivery are the local facilities for which the end-use customer is responsible.
2. The customer served by the local facilities will pay the Company a monthly line extension surcharge equal to 0.47 percent $((18.97\% + 12) \times .30)$ times the cost of the line extension facilities necessary to serve the customer. Within a multi-metered building, end-use customers will pay a pro-rata share of the surcharge based upon the ratio of the square footage served by their particular meter versus the total building leasable square footage (the "Multi-Tenant Share").

Within a multi-building development project, the total surcharge for end-use customers in a particular building, will be their Multi-Tenant Share of a combination of the surcharge for the building's respective local facilities from the "backbone" to the building's point of service delivery plus the building's pro-rata share of the surcharge associated with the estimated cost of the entire "backbone" system needed to serve the entire development. The building's pro-rata assignment for the backbone for each building will be based upon the ratio of the particular building's land area versus the total development land area. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-21D)

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

3. The Company will defer a carrying charge, at the rate of 18.97%/year calculated as follows:

Actual cost of Local Facilities

Minus: 10 percent of Firm Price Estimated Cost
Minus: Net of tax CIAC Payments (35% of Firm Price Estimated Cost)
Minus: 30 percent of Firm Price Estimated Cost Related to the Monthly Customer Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

B. For facilities which will be served pursuant to the Company's service Schedule GS-1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 25% of the firm price estimated cost of the basic service plan as a Contribution In Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount.
2. The customer served by the local facilities will pay the Company \$8.45/month as a line extension surcharge. A facility that is master metered will pay a single \$8.45/month surcharge. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-22D)

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AEP Ohio

TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

If a new additional customer, within 4 years of the CIAC having been paid, utilizes the local facilities for which the CIAC had been paid, the party who paid the CIAC will be entitled to a refund which represents a pro-rata portion of the original CIAC calculated to equitably share the CIAC responsibility for those facilities used in service by both the new additional and original customer. In the case of a developer who paid for the backbone/line extension, refunds are available for a period of seven years. Where a customer develops a lot such that it is required to pay for the construction of the backbone to bring electric service to its premises, that customer will be entitled to a refund from other customers who develop along the same backbone/line extension for a period of four years. The refund back to the original developer shall be calculated based on dividing by the number of customers the cost of the portion of the backbone/line extension that is shared by all based on the number of lineal feet of the line extension used by each customer.

In addition, any surcharges associated with non-residential, non GS-1 customers (i.e. those based on project costs) will be adjusted in a similar fashion as the upfront contributions are reconciled when a refund is warranted.

- II. The Company's actual cost of extending local facilities to serve new single family and multi-family residential developments ("Development" is a tract of land which is subdivided into parcels and/or includes more than one end-use customer, and where the developer makes significant infrastructure improvements such as paved streets, curbs, sidewalks and water and sewer systems) will be recovered in the following manner:

- A. For all residential single family housing developments, save for those grandfathered in paragraph 2, below:

1. The developer/builder shall make a one-time flat fee CIAC of \$375 for each single-family lot in a development. This one-time fee paid by the developer/builder shall constitute the total CIAC required of the developer/builder for the installation of all plant, facilities, and equipment needed to provide electric service to new residential customers located in the development. The flat fee will be paid in a lump sum to the Company prior to the Company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon. Assessment of the single-family residential housing development CIAC shall terminate automatically on the date that the distribution rate freeze ends for Ohio Power Company (December 31, 2007).
2. All projects for single-family residential dwellings tendered to the Company in the year 2000 and all projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be classified as Existing Projects. To address the needs of Existing Projects, the following shall apply:

(Continued on Sheet No. 3-24D)

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

- All projects tendered to the Company in the year 2000 shall be treated under the Company's former application of its line extension policy (prior policy) provided that such projects were ready for installation of electric infrastructure by December 31, 2001. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
 - All projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be subject to the Company's prior policy provided that such projects are ready for installation of electric infrastructure by October 1, 2002. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
3. Consistent with the current policy, developers/builders will continue to pay, beyond the \$375 per single-family lot, the cost differential for underground service laterals.
- B. For all multi-family housing developments, in which each unit is individually metered by the Company, constructed after January 1, 2001:
1. The developer/builder shall make a one-time, flat fee CIAC payment of \$100 for each unit in a multi-family housing development. This one time fee shall be a CIAC paid by the developer/builder for the installation of all plant, facilities, and equipment needed to provide overhead electric service to the new multi-family projects.
 2. The developer/builder will pay 100% of the cost differential associated with any premium services requested, also as a CIAC, and said payment will be grossed up for taxes and the developer/builder will pay the total grossed-up amount.
- For purposes of this tariff a multi-family project shall be any building designed for separate living units, but where the separate living units share at least one common wall and a common roof, regardless of unit ownership.
- The CIAC shall be paid in a lump sum to the Company prior to the company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon.
- C. Customers served by the local facilities in a single family residential development will pay the Company \$8.00/month as a monthly line extension surcharge. Customers served by the local facilities in a multi-family residential development will pay the Company \$4.00/month as a monthly line extension surcharge. For all residential developments having line extension contracts entered into prior to the effective date of this tariff, the assessment of these surcharges shall terminate automatically on the date that the distribution rate freeze ends for Ohio Power Company (December 31, 2007). For all residential developments having line extension contracts entered into on or after the effective date of this tariff, the assessment of these surcharge shall terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-25D)

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AEP Ohio

TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

D. The Company will defer a carrying charge, at a rate of 18.97%/year, calculated as follows:

Actual cost of Local Facilities
Minus: Net of Tax CIAC Payments
Minus: (for single family residential developments) \$506 Per Customer,
Which is Equivalent to the \$8.00/Month Line Extension
Surcharge or
Minus: (for multi-family residential developments) \$253 Per Customer,
Which is Equivalent to the \$4.00/Month Line Extension
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Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

- E. Multi-Family Residential Housing Developments which are master metered shall not be subject to Multi-Family Residential Housing CIAC fee, but shall be assessed for the cost of extensions and connections in accordance with paragraph 1A or 1B depending upon which GS schedule applies.
- F. The Company shall waive the developer/builder CIAC, the monthly customer surcharge and any deferrals, for any single-family or multi-family residential development where the developer/builder can provide documentation that the residential housing development receives low-income governmental assistance.
- III. The Company's actual cost of extending local facilities to serve new single-family residences not in a development will be recovered in the following manner:
- A. Customers served by the local facilities will pay the Company:
1. An up front payment of \$375, as a Contribution in Aid of Construction, including tax, prior to the Company beginning to extend such facilities;
 2. A monthly line extension surcharge of \$8.00. The assessment of this surcharge shall terminate automatically on December 31, 2008, and

(Continued on Sheet No. 3-26D)

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Joseph Hamrock, Kevin E. Walker, President
AEP Ohio

Exhibit B

P.U.C.O. NO. 18

TERMS AND CONDITIONS OF SERVICE

23. EXTENSION OF LOCAL FACILITIES

- I. The Company's actual cost of extending local facilities ("Local Facilities" are electrical facilities constructed for, and dedicated to, the service of an individual end-use customer or the service for a development as that term is defined below. This includes the installation of new or expanded equipment but does not include the maintenance or repair of existing equipment) to serve new non-residential customers or to serve expanded loads at existing non-residential customers will be recovered in the following manner:

- A. For all customers which will be served pursuant to the Company's GS service schedules other than GS1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 35% of the firm price estimated cost for the basic service plan as a Contribution in Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount. As a matter of clarification for a development project, the upfront cost responsibilities (35% CIAC) are assessed against the developer and the end-use customers. The primary voltage "backbone" electrical facilities are the local facilities for which the developer is responsible. The line extension from this "backbone" system to the end-use customer's point of service delivery are the local facilities for which the end-use customer is responsible.
2. The customer served by the local facilities will pay the Company a monthly line extension surcharge equal to 0.47 percent $([18.97\% + 12] \times .30)$ times the cost of the line extension facilities necessary to serve the customer. Within a multi-metered building, end-use customers will pay a pro-rata share of the surcharge based upon the ratio of the square footage served by their particular meter versus the total building leasable square footage (the "Multi-Tenant Share").

Within a multi-building development project, the total surcharge for end-use customers in a particular building, will be their Multi-Tenant Share of a combination of the surcharge for the building's respective local facilities from the "backbone" to the building's point of service delivery plus the building's pro-rata share of the surcharge associated with the estimated cost of the entire "backbone" system needed to serve the entire development. The building's pro-rata assignment for the backbone for each building will be based upon the ratio of the particular building's land area versus the total development land area. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

(Continued on Sheet No. 3-18)

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TERMS AND CONDITIONS OF SERVICE

3. The Company will defer a carrying charge, at the rate of 18.97%/year calculated as follows:

Actual cost of Local Facilities

Minus: 10 percent of Firm Price Estimated Cost
Minus: Net of tax CIAC Payments (35% of Firm Price Estimated Cost)
Minus: 30 percent of Firm Price Estimated Cost Related to the Monthly
Customer Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

B. For facilities which will be served pursuant to the Company's service Schedule GS-1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 25% of the firm price estimated cost of the basic service plan as a Contribution In Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount.
2. The customer served by the local facilities will pay the Company \$8.45/month as a line extension surcharge. A facility that is master metered will pay a single \$8.45/month surcharge. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

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TERMS AND CONDITIONS OF SERVICE

If a new additional customer, within 4 years of the CIAC having been paid, utilizes the local facilities for which the CIAC had been paid, the party who paid the CIAC will be entitled to a refund which represents a pro-rata portion of the original CIAC calculated to equitably share the CIAC responsibility for those facilities used in service by both the new additional and original customer. In the case of a developer who paid for the backbone/line extension, refunds are available for a period of seven years. Where a customer develops a lot such that it is required to pay for the construction of the backbone to bring electric service to its premises, that customer will be entitled to a refund from other customers who develop along the same backbone/line extension for a period of four years. The refund back to the original developer shall be calculated based on dividing by the number of customers the cost of the portion of the backbone/line extension that is shared by all based on the number of lineal feet of the line extension used by each customer.

In addition, any surcharges associated with non-residential, non GS-1 customers (i.e. those based on project costs) will be adjusted in a similar fashion as the upfront contributions are reconciled when a refund is warranted.

- II. The Company's actual cost of extending local facilities to serve new single family and multi-family residential developments ("Development" is a tract of land which is subdivided into parcels and/or includes more than one end-use customer, and where the developer makes significant infrastructure improvements such as paved streets, curbs, sidewalks and water and sewer systems) will be recovered in the following manner:

A. For all residential single family housing developments, save for those grandfathered in paragraph 2, below:

1. The developer/builder shall make a one-time flat fee CIAC of \$375 for each single-family lot in a development. This one-time fee paid by the developer/builder shall constitute the total CIAC required of the developer/builder for the installation of all plant, facilities, and equipment needed to provide electric service to new residential customers located in the development. The flat fee will be paid in a lump sum to the Company prior to the Company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon. Assessment of the single-family residential housing development CIAC shall terminate automatically on December 31, 2007.
2. All projects for single-family residential dwellings tendered to the Company in the year 2000 and all projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be classified as Existing Projects. To address the needs of Existing Projects, the following shall apply:

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TERMS AND CONDITIONS OF SERVICE

- All projects tendered to the Company in the year 2000 shall be treated under the Company's former application of its line extension policy (prior policy) provided that such projects were ready for installation of electric infrastructure by December 31, 2001. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
 - All projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be subject to the Company's prior policy provided that such projects are ready for installation of electric infrastructure by October 1, 2002. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
3. Consistent with the current policy, developers/builders will continue to pay, beyond the \$375 per single-family lot, the cost differential for underground service laterals.
- B. For all multi-family housing developments, in which each unit is individually metered by the Company, constructed after January 1, 2001:
1. The developer/builder shall make a one-time, flat fee CIAC payment of \$100 for each unit in a multi-family housing development. This one time fee shall be a CIAC paid by the developer/builder for the installation of all plant, facilities, and equipment needed to provide overhead electric service to the new multi-family projects.
 2. The developer/builder will pay 100% of the cost differential associated with any premium services requested, also as a CIAC, and said payment will be grossed up for taxes and the developer/builder will pay the total grossed-up amount.
- For purposes of this tariff a multi-family project shall be any building designed for separate living units, but where the separate living units share at least one common wall and a common roof, regardless of unit ownership.
- The CIAC shall be paid in a lump sum to the Company prior to the company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon.
- C. Customers served by the local facilities in a single family residential development will pay the Company \$8.00/month as a monthly line extension surcharge. Customers served by the local facilities in a multi-family residential development will pay the Company \$4.00/month as a monthly line extension surcharge. For all residential developments having line extension contracts entered into prior to the effective date of this tariff, the assessment of these surcharges shall terminate automatically on December 31, 2007. For all residential developments having line extension contracts entered into on or after the effective date of this tariff, the assessment of these surcharge shall terminate automatically on December 31, 2008.

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TERMS AND CONDITIONS OF SERVICE

D. The Company will defer a carrying charge, at a rate of 18.97%/year, calculated as follows:

	Actual cost of Local Facilities
Minus:	Net of Tax CIAC Payments
Minus:	(for single family residential developments) \$506 Per Customer, Which is Equivalent to the \$8.00/Month Line Extension Surcharge or
Minus:	(for multi-family residential developments) \$253 Per Customer, Which is Equivalent to the \$4.00/Month Line Extension Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

- E. Multi-Family Residential Housing Developments which are master metered shall not be subject to Multi-Family Residential Housing CIAC fee, but shall be assessed for the cost of extensions and connections in accordance with paragraph 1A or 1B depending upon which GS schedule applies.
- F. The Company shall waive the developer/builder CIAC, the monthly customer surcharge and any deferrals, for any single-family or multi-family residential development where the developer/builder can provide documentation that the residential housing development receives low-income governmental assistance.
- III. The Company's actual cost of extending local facilities to serve new single-family residences not in a development will be recovered in the following manner:
- A. Customers served by the local facilities will pay the Company:
1. An up front payment of \$375, as a Contribution in Aid of Construction, including tax, prior to the Company beginning to extend such facilities;
 2. A monthly line extension surcharge of \$8.00. The assessment of this surcharge shall terminate automatically on December 31, 2008, and

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

27. EXTENSION OF LOCAL FACILITIES

- I. The Company's actual cost of extending local facilities ("Local Facilities" are electrical facilities constructed for, and dedicated to, the service of an individual end-use customer or the service for a development as that term is defined below. This includes the installation of new or expanded equipment but does not include the maintenance or repair of existing equipment) to serve new non-residential customers or to serve expanded loads at existing non-residential customers will be recovered in the following manner:

- A. For all customers which will be served pursuant to the Company's GS service schedules other than GS1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 35% of the firm price estimated cost for the basic service plan as a Contribution in Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount. As a matter of clarification for a development project, the upfront cost responsibilities (35% CIAC) are assessed against the developer and the end-use customers. The primary voltage "backbone" electrical facilities are the local facilities for which the developer is responsible. The line extension from this "backbone" system to the end-use customer's point of service delivery are the local facilities for which the end-use customer is responsible.
2. The customer served by the local facilities will pay the Company a monthly line extension surcharge equal to 0.47 percent $([18.97\% + 12] \times .30)$ times the cost of the line extension facilities necessary to serve the customer. Within a multi-metered building, end-use customers will pay a pro-rata share of the surcharge based upon the ratio of the square footage served by their particular meter versus the total building leasable square footage (the "Multi-Tenant Share").

Within a multi-building development project, the total surcharge for end-use customers in a particular building, will be their Multi-Tenant Share of a combination of the surcharge for the building's respective local facilities from the "backbone" to the building's point of service delivery plus the building's pro-rata share of the surcharge associated with the estimated cost of the entire "backbone" system needed to serve the entire development. The building's pro-rata assignment for the backbone for each building will be based upon the ratio of the particular building's land area versus the total development land area. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

3. The Company will defer a carrying charge, at the rate of 18.97%/year calculated as follows:

Actual cost of Local Facilities

Minus: 10 percent of Firm Price Estimated Cost

Minus: Net of tax CIAC Payments (35% of Firm Price Estimated Cost)

Minus: 30 percent of Firm Price Estimated Cost Related to the Monthly
Customer Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

B. For facilities which will be served pursuant to the Company's service Schedule GS-1.

1. The party requesting the extension of local facilities will pay, prior to the Company beginning to extend such facilities, 25% of the firm price estimated cost of the basic service plan as a Contribution In Aid of Construction (CIAC). In addition, the party requesting the extension will pay 100% of the cost differential associated with any premium services requested, also as a CIAC. All CIAC payment amounts will be grossed-up for taxes and the party requesting the extension will pay the total, grossed-up amount.
2. The customer served by the local facilities will pay the Company \$8.45/month as a line extension surcharge. A facility that is master metered will pay a single \$8.45/month surcharge. For all line extension contracts entered into prior to the effective date of this tariff, such surcharge will terminate automatically at the end of the distribution rate freeze agreed to by the Company in Paragraph V of the Stipulation and Recommendation in Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP (December 31, 2007). For all line extension contracts entered into on or after the effective date of this tariff, such surcharge will terminate automatically on December 31, 2008.

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

If a new additional customer, within 4 years of the CIAC having been paid, utilizes the local facilities for which the CIAC had been paid, the party who paid the CIAC will be entitled to a refund which represents a pro-rata portion of the original CIAC calculated to equitably share the CIAC responsibility for those facilities used in service by both the new additional and original customer. In the case of a developer who paid for the backbone/line extension, refunds are available for a period of seven years. Where a customer develops a lot such that it is required to pay for the construction of the backbone to bring electric service to its premises, that customer will be entitled to a refund from other customers who develop along the same backbone/line extension for a period of four years. The refund back to the original developer shall be calculated based on dividing by the number of customers the cost of the portion of the backbone/line extension that is shared by all based on the number of lineal feet of the line extension used by each customer.

In addition, any surcharges associated with non-residential, non GS-1 customers (i.e. those based on project costs) will be adjusted in a similar fashion as the upfront contributions are reconciled when a refund is warranted.

- II. The Company's actual cost of extending local facilities to serve new single family and multi-family residential developments ("Development" is a tract of land which is subdivided into parcels and/or includes more than one end-use customer, and where the developer makes significant infrastructure improvements such as paved streets, curbs, sidewalks and water and sewer systems) will be recovered in the following manner:
- A. For all residential single family housing developments, save for those grandfathered in paragraph 2, below:
1. The developer/builder shall make a one-time flat fee CIAC of \$375 for each single-family lot in a development. This one-time fee paid by the developer/builder shall constitute the total CIAC required of the developer/builder for the installation of all plant, facilities, and equipment needed to provide electric service to new residential customers located in the development. The flat fee will be paid in a lump sum to the Company prior to the Company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon. Assessment of the single-family residential housing development CIAC shall terminate automatically on December 31, 2007.
 2. All projects for single-family residential dwellings tendered to the Company in the year 2000 and all projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be classified as Existing Projects. To address the needs of Existing Projects, the following shall apply:

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

- All projects tendered to the Company in the year 2000 shall be treated under the Company's former application of its line extension policy (prior policy) provided that such projects were ready for installation of electric infrastructure by December 31, 2001. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
 - All projects tendered to the Company from January 1, 2001 through June 1, 2001 shall be subject to the Company's prior policy provided that such projects are ready for installation of electric infrastructure by October 1, 2002. Projects not eligible for treatment under the prior policy shall be subject to the line extension policy that applies to other than Existing Projects.
3. Consistent with the current policy, developers/builders will continue to pay, beyond the \$375 per single-family lot, the cost differential for underground service laterals.
- B. For all multi-family housing developments, in which each unit is individually metered by the Company, constructed after January 1, 2001:
1. The developer/builder shall make a one-time, flat fee CIAC payment of \$100 for each unit in a multi-family housing development. This one time fee shall be a CIAC paid by the developer/builder for the installation of all plant, facilities, and equipment needed to provide overhead electric service to the new multi-family projects.
 2. The developer/builder will pay 100% of the cost differential associated with any premium services requested, also as a CIAC, and said payment will be grossed up for taxes and the developer/builder will pay the total grossed-up amount.
- For purposes of this tariff a multi-family project shall be any building designed for separate living units, but where the separate living units share at least one common wall and a common roof, regardless of unit ownership.
- The CIAC shall be paid in a lump sum to the Company prior to the company's construction for any phase of a development, and shall not be subject to repayment. Upon payment of the flat fee, installation of the electric infrastructure shall occur promptly by the Company or by the developer/builder if the alternative construction option is mutually agreed upon.
- C. Customers served by the local facilities in a single family residential development will pay the Company \$8.00/month as a monthly line extension surcharge. Customers served by the local facilities in a multi-family residential development will pay the Company \$4.00/month as a monthly line extension surcharge. For all residential developments having line extension contracts entered into prior to the effective date of this tariff, the assessment of these surcharges shall terminate automatically on December 31, 2007. For all residential developments having line extension contracts entered into on or after the effective date of this tariff, the assessment of these surcharge shall terminate automatically on December 31, 2008.

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TERMS AND CONDITIONS OF
OPEN ACCESS DISTRIBUTION SERVICE

D. The Company will defer a carrying charge, at a rate of 18.97%/year, calculated as follows:

	Actual cost of Local Facilities
Minus:	Net of Tax CIAC Payments
Minus:	(for single family residential developments) \$506 Per Customer, Which is Equivalent to the \$8.00/Month Line Extension Surcharge or
Minus:	(for multi-family residential developments) \$253 Per Customer, Which is Equivalent to the \$4.00/Month Line Extension Surcharge

Equals: Amount to Which Carrying Charge is Applied

The deferred carrying charges will be recorded as a regulatory asset for recovery in cost of service in future distribution rates in accordance with traditional ratemaking. Determination of the amount of the deferred carrying charges will be subject to review by the Commission. The amount on which the carrying charge will be deferred will be increased to the extent the Company does not collect the line extension monthly customer surcharge.

- E. Multi-Family Residential Housing Developments which are master metered shall not be subject to Multi-Family Residential Housing CIAC fee, but shall be assessed for the cost of extensions and connections in accordance with paragraph 1A or 1B depending upon which GS schedule applies.
- F. The Company shall waive the developer/builder CIAC, the monthly customer surcharge and any deferrals, for any single-family or multi-family residential development where the developer/builder can provide documentation that the residential housing development receives low-income governmental assistance.
- III. The Company's actual cost of extending local facilities to serve new single-family residences not in a development will be recovered in the following manner:
- A. Customers served by the local facilities will pay the Company:
1. An up front payment of \$375, as a Contribution in Aid of Construction, including tax, prior to the Company beginning to extend such facilities;
 2. A monthly line extension surcharge of \$8.00. The assessment of this surcharge shall terminate automatically on December 31, 2008, and

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