

Before  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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: In the Matter of the application of :  
AEP OHIO TRANSMISSION COMPANY, INC. : Case No. 15-\_\_\_\_-EL-AIS  
for authority to issue short-term notes and other :  
evidences of indebtedness :  
.....

APPLICATION

Applicant AEP Ohio Transmission Company, Inc. (OHTCo), respectfully requests authority to participate in the AEP System Utility Money Pool, and to make short-term borrowings of up to \$200,000,000 from the Money Pool from time to time, through December 31, 2016. Alternatively, OHTCo requests authority to make short-term borrowings ("Intercompany Borrowings") from American Electric Power Company, Inc. ("AEP"), AEP Transmission Holding Company, LLC ("AEP Holdco") or AEP Transmission Company, LLC ("AEP Transmission"), provided that the aggregate amount of Money Pool borrowings and Intercompany Borrowings will not exceed \$200,000,000.

In support of its Application, OHTCo states as follows:

FIRST: Applicant is an Ohio corporation engaged in the business of supplying electric transmission service to consumers within the state of Ohio, and is a public utility as defined by Sections 4905.03(A)(3) and 4905.02, Ohio Revised Code.

SECOND: Applicant is a subsidiary of AEP Transmission, which is in turn owned by AEP Holdco, a wholly-owned subsidiary of AEP.

THIRD: As of August 31, 2015, Applicant had outstanding \$630,100,000 of long-term debt and \$44,949,115 of short-term Money Pool borrowings, all of which notes were issued pursuant to former orders of your Honorable Commission.

FOURTH: Attached hereto as Exhibit A are unaudited financial statements, including a balance sheet and statements of income and retained earnings of the Applicant as of June 30, 2015.

FIFTH: Applicant hereby requests authorization to continue to participate in the AEP System Utility Money Pool (“Money Pool”)<sup>1</sup> as set forth in this Application and to make short-term borrowings up to \$200,000,000 from the Money Pool from time to time through December 31, 2016. OHTCo also may continue to make short-term Intercompany Borrowings from AEP, AEP Holdco or AEP Transmission, provided that the aggregate amount of Money Pool borrowings and short-term Intercompany Borrowings will not exceed \$200,000,000. Applicant asks that the authority granted by the Commission in this Case supersede the short-term borrowing authority granted by the Commission in Case No. 14-1882-EL-AIS.

*A. Background and Request.*

In Case No. 14-1882-EL-AIS, this Commission authorized Applicant to participate in the Money Pool and to make short-term borrowing up to \$250,000,000 from the Money Pool and make Intercompany Borrowings from time to time through December 31, 2015.

Each Participant, other than AEP, AEP Utilities and AEP Funding, makes unsecured short-term borrowings from the Money Pool and contributes surplus funds to the Money Pool. AEP, AEP Utilities and Utility Funding may only contribute funds to the Money Pool and are

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<sup>1</sup> In addition to Applicant, the following companies participate in the Money Pool: AEP, AEP Appalachian Transmission Company, Inc., AEP Generating Company, AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Oklahoma Transmission Company, Inc., AEP Texas Central Company, AEP Texas North Company, AEP Utilities, Inc. (“AEP Utilities”), AEP Utility Funding, LLC (“Utility Funding”), AEP West Virginia Transmission Company, Inc., American Electric Power Service Corporation (“AEPSC”), Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Public Service Company of Oklahoma, Southwestern Electric Power Company, Wheeling Power Company, Blackhawk Coal Company, Cedar Coal Company, Central Appalachian Coal Company, Central Coal Company, Dolet Hills Lignite Company LLC, Franklin Real Estate Company, Indiana Franklin Realty, Inc. and Southern Appalachian Coal Company (“Participants”).

not authorized to borrow funds from the Money Pool. A copy of the AEP System Utility Money Pool Agreement, as amended, is attached hereto as Exhibit B.

*B. Current Operations.*

All short-term borrowing needs of the Participants are met by funds in the Money Pool to the extent such funds are available. Applicant has the right to borrow from the Money Pool from time to time, subject to the availability of funds; provided, however, that the aggregate amount of all loans requested by Applicant shall not exceed the proposed short-term borrowing limit authorized by the Commission. Applicant is not obligated to borrow from the Money Pool if lower cost funds can be obtained from its own borrowing. While AEP, AEP Utilities and AEP Funding do not borrow funds from the Money Pool or any Participant, AEP, AEP Utilities and AEP Funding do contribute funds to the Money Pool.

AEPSC acts as administrative agent of the Money Pool. Each Participant and AEPSC determine the amount of funds it has available for contribution to the Money Pool. The determination of whether a Participant at any time has surplus funds, or should lend such funds to the Money Pool, is made by such Participant's treasurer, any assistant treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Participant's sole discretion. Each Participant may withdraw any of its funds at any time upon notice to AEPSC.

*C. Sources of Funds.*

The Money Pool includes from time to time funds from the following sources: (i) surplus funds of any of the Participants; (ii) surplus funds of AEP; (iii) short-term borrowings by AEP. All debt issued in connection with the Money Pool is unsecured.

AEPSC administers the Money Pool by matching up, to the extent possible, short-term cash surpluses and loan requirements of the various Participants. Participants' requests for short-term loans are met first from surplus funds of other Participants which are available to the Money Pool.

To the extent that Participant contributions of surplus funds to the Money Pool are insufficient to meet Participant requests for short-term loans, AEP may contribute surplus corporate funds to the extent available or any borrowings it makes from external sources. Funds which are loaned from Participants into the Money Pool which are not required to satisfy borrowing needs of other Participants are invested on the behalf of the Money Pool in one or more short-term instruments.

*D.     Use of Proceeds.*

The Money Pool makes funds available to Participants for the interim financing of their capital expenditure programs and their other working capital needs and to repay previous borrowings incurred for such purposes. External borrowings will not be made unless there are no surplus funds in the treasuries of the Participants sufficient to meet borrowing needs. Each Participant borrows pro rata from each funding source in the same proportion that the amount of funds provided by that funding source bears to the total amount of short-term funds available to the Money Pool.

*E.     Interest Rate.*

The interest rate applicable on any day to then outstanding loans through the Money Pool is the composite weighted average daily effective cost incurred by AEP for short-term borrowings from external sources for the Money Pool. If there are no borrowings outstanding then the rate is the certificate of deposit yield equivalent of the 30-day Federal Reserve "A2/P2" Non Financial Commercial Paper Composite Rate ("Composite"), or if no composite is established for that day then the applicable rate is the Composite for the next preceding day for which the Composite is established. The interest rates of any Intercompany Borrowings, whether from AEP, AEP Holdco, or AEP Transmission, as the case may be, will duplicate the cost of short-term borrowings of the Participants in the Money Pool.

Each Participant receiving a loan must repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than the then-effective expiration date of the authorization for the operation of the Money Pool. All loans made through the Money Pool may be prepaid by the borrower without premium or penalty. If the Money Pool is in an invested position, interest income related to external investments is calculated daily and allocated back to Participants on the basis of their relative contribution to the investment pool funds on that date.

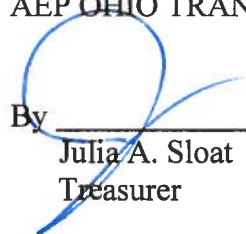
\* \* \*

WHEREFORE: Applicant requests authority to continue to participate in the AEP System Utility Money Pool as set forth in this Application and to make short-term borrowings from the Money Pool from time to time and to make Intercompany Borrowings, provided that the aggregate amount of Money Pool borrowings and Intercompany Borrowings will not exceed \$200,000,000, all as proposed and described in this Application. Applicant further requests all other and further relief necessary and appropriate.

Respectfully submitted this 17<sup>th</sup> day of September, 2015.

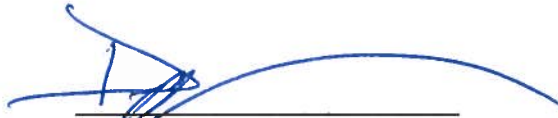
AEP OHIO TRANSMISSION COMPANY, INC.

By

  
\_\_\_\_\_  
Julia A. Sloat  
Treasurer

STATE OF OHIO                    )  
  ) SS:  
COUNTY OF FRANKLIN        )

Before me, a Notary Public in and for Franklin County in the State of Ohio, personally appeared Julia A. Sloat, Treasurer of AEP Ohio Transmission Company, the Applicant in the foregoing application, and she being duly sworn says that the facts and allegations herein contained are true to the best of her knowledge and belief.

  
\_\_\_\_\_  
Notary Public  
My Commission does not expire

Dated: September 17, 2015



David C. House, Attorney At Law  
NOTARY PUBLIC - STATE OF OHIO  
My commission has no expiration date  
Sec. 147.03 R.C.

**EXHIBIT A**

**Financial Statements of Applicant as of June 30, 2015**

**EXHIBIT B**

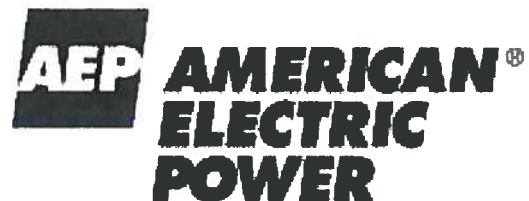
**AEP System Utility Money Pool Agreement**

Exhibit A

# **AEP Transmission Company, LLC and Subsidiaries**

2015 Second Quarter Report

Consolidated Financial Statements







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## GLOSSARY OF TERMS

**When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.**

<b>Term</b>	<b>Meaning</b>
AEP	American Electric Power Company, Inc., an electric utility holding company.
AEP East Transmission Companies	APTCO, IMTCO, KTCO, OHTCO and WVTCo.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEP West Transmission Companies	OKTCO and SWTCO.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns seven wholly-owned transmission companies.
AEPTCo Consolidated	AEPTCo and its consolidated subsidiaries.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
APSC	Arkansas Public Service Commission.
APTCO	AEP Appalachian Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
ASU	Accounting Standards Update.
FASB	Financial Accounting Standards Board.
FERC	Federal Energy Regulatory Commission.
GAAP	Accounting Principles Generally Accepted in the United States of America.
IMTCO	AEP Indiana Michigan Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
IRS	Internal Revenue Service.
KTCO	AEP Kentucky Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
LPSC	Louisiana Public Service Commission.
OHTCO	AEP Ohio Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OKTCO	AEP Oklahoma Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
PJM	Pennsylvania - New Jersey - Maryland regional transmission organization.
SPP	Southwest Power Pool regional transmission organization.
SWTCO	AEP Southwestern Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
Transcos	Wholly-owned AEPTCo transmission subsidiaries; APTCo, IMTCO, KTCO, OHTCO, OKTCO, SWTCO and WVTCo.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
VIE	Variable Interest Entity.
Virginia SCC	Virginia State Corporation Commission.
WVTCo	AEP West Virginia Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.

**AEP TRANSMISSION COMPANY, LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**For the Three and Six Months Ended June 30, 2015 and 2014**  
(in thousands)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>REVENUES</b>				
Transmission Revenues	\$ 21,625	\$ 19,434	\$ 38,788	\$ 28,443
Sales to AEP Affiliates	73,280	35,864	108,665	51,510
Other Revenues	36	—	37	22
<b>TOTAL REVENUES</b>	<b>94,941</b>	<b>55,298</b>	<b>147,490</b>	<b>79,975</b>
<b>EXPENSES</b>				
Other Operation	4,644	1,900	8,611	4,520
Maintenance	1,155	114	2,517	226
Depreciation and Amortization	9,356	5,268	18,417	10,390
Taxes Other Than Income Taxes	16,486	7,544	32,722	14,295
<b>TOTAL EXPENSES</b>	<b>31,641</b>	<b>14,826</b>	<b>62,267</b>	<b>29,431</b>
<b>OPERATING INCOME</b>	<b>63,300</b>	<b>40,472</b>	<b>85,223</b>	<b>50,544</b>
<b>Other Income (Expense):</b>				
Interest Income	29	3	111	6
Allowance for Equity Funds Used During Construction	14,239	11,550	25,958	21,143
Interest Expense	(7,915)	(4,806)	(15,955)	(9,312)
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>69,653</b>	<b>47,219</b>	<b>95,337</b>	<b>62,381</b>
Income Tax Expense	20,433	13,239	25,851	15,573
<b>NET INCOME</b>	<b>\$ 49,220</b>	<b>\$ 33,980</b>	<b>\$ 69,486</b>	<b>\$ 46,808</b>

*See Condensed Notes to Condensed Consolidated Financial Statements beginning on page 7.*

**AEP TRANSMISSION COMPANY, LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**For the Six Months Ended June 30, 2015 and 2014**  
(in thousands)  
(Unaudited)

<b>TOTAL MEMBER'S EQUITY - DECEMBER 31, 2013</b>	<b>\$ 692,215</b>
Capital Contributions from Member	211,000
Net Income	46,808
<b>TOTAL MEMBER'S EQUITY - JUNE 30, 2014</b>	<b><u>\$ 950,023</u></b>
<b>TOTAL MEMBER'S EQUITY - DECEMBER 31, 2014</b>	<b>\$ 1,140,940</b>
Capital Contributions from Member	95,000
Net Income	69,486
<b>TOTAL MEMBER'S EQUITY - JUNE 30, 2015</b>	<b><u>\$ 1,305,426</u></b>

*See Condensed Notes to Condensed Consolidated Financial Statements beginning on page 7.*

**AEP TRANSMISSION COMPANY, LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

**ASSETS**

**June 30, 2015 and December 31, 2014**

**(in thousands)**

**(Unaudited)**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>CURRENT ASSETS</b>		
Advances to Affiliates	\$ 6,655	\$ 161,472
Accounts Receivable:		
Customers	7,795	5,419
Affiliated Companies	52,976	23,527
Miscellaneous	7	74
Total Accounts Receivable	<u>60,778</u>	<u>29,020</u>
Deferred Income Tax Benefits	261	240
Accrued Tax Benefits	14,409	20,515
Prepayments and Other Current Assets	<u>2,118</u>	<u>2,403</u>
<b>TOTAL CURRENT ASSETS</b>	<u><u>84,221</u></u>	<u><u>213,650</u></u>
<b>TRANSMISSION PROPERTY</b>		
Transmission Property	2,067,095	1,811,197
Other Property, Plant and Equipment	10,895	8,291
Construction Work in Progress	<u>1,059,819</u>	<u>800,954</u>
<b>Total Transmission Property</b>	<u>3,137,809</u>	<u>2,620,442</u>
Accumulated Depreciation and Amortization	<u>34,028</u>	<u>24,500</u>
<b>TOTAL TRANSMISSION PROPERTY – NET</b>	<u><u>3,103,781</u></u>	<u><u>2,595,942</u></u>
<b>OTHER NONCURRENT ASSETS</b>		
Regulatory Assets	71,330	56,533
Deferred Property Taxes	33,112	61,214
Deferred Charges and Other Noncurrent Assets	<u>7,651</u>	<u>7,559</u>
<b>TOTAL OTHER NONCURRENT ASSETS</b>	<u><u>112,093</u></u>	<u><u>125,306</u></u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,300,095</u></u>	<u><u>\$ 2,934,898</u></u>

*See Condensed Notes to Condensed Consolidated Financial Statements beginning on page 7.*

**AEP TRANSMISSION COMPANY, LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**LIABILITIES AND MEMBER'S EQUITY**  
**June 30, 2015 and December 31, 2014**  
(in thousands)  
(Unaudited)

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>CURRENT LIABILITIES</b>		
Advances from Affiliates	\$ 40,949	\$ 4,167
Accounts Payable:		
General	145,809	135,776
Affiliated Companies	18,438	30,536
Accrued Taxes	78,328	96,087
Accrued Interest	7,730	7,042
Other Current Liabilities	2,282	4,003
<b>TOTAL CURRENT LIABILITIES</b>	<b>293,536</b>	<b>277,611</b>
<b>NONCURRENT LIABILITIES</b>		
Long-term Debt – Nonaffiliated	1,250,000	1,100,000
Deferred Income Taxes	429,103	401,250
Regulatory Liabilities	21,865	14,998
Deferred Credits and Other Noncurrent Liabilities	165	99
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,701,133</b>	<b>1,516,347</b>
<b>TOTAL LIABILITIES</b>	<b>1,994,669</b>	<b>1,793,958</b>
Rate Matters (Note 3)		
Commitments, Guarantees and Contingencies (Note 4)		
<b>MEMBER'S EQUITY</b>		
Member's Equity	1,305,426	1,140,940
<b>TOTAL MEMBER'S EQUITY</b>	<b>1,305,426</b>	<b>1,140,940</b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 3,300,095</b>	<b>\$ 2,934,898</b>

*See Condensed Notes to Condensed Consolidated Financial Statements beginning on page 7.*



**AEP TRANSMISSION COMPANY, LLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Six Months Ended June 30, 2015 and 2014**  
(in thousands)  
(Unaudited)

	Six Months Ended June 30,	
	2015	2014
<b>OPERATING ACTIVITIES</b>		
<b>Net Income</b>	\$ 69,486	\$ 46,808
<b>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:</b>		
Depreciation and Amortization	18,417	10,390
Deferred Income Taxes	14,112	37,156
Allowance for Equity Funds Used During Construction	(25,958)	(21,143)
Property Taxes	28,102	14,456
Change in Other Noncurrent Assets	(652)	(3,676)
Change in Other Noncurrent Liabilities	66	20
<b>Changes in Certain Components of Working Capital:</b>		
Accounts Receivable	(31,758)	(21,312)
Accounts Payable	(14,856)	(12,070)
Accrued Taxes, Net	(11,653)	(33,336)
Accrued Interest	688	271
Other Current Assets	286	97
Other Current Liabilities	(13)	76
<b>Net Cash Flows from Operating Activities</b>	<u>46,267</u>	<u>17,737</u>
<b>INVESTING ACTIVITIES</b>		
Construction Expenditures	(484,091)	(326,599)
Change in Advances to Affiliates, Net	154,817	639
Acquisitions of Assets	(257)	(612)
Proceeds from Sales of Assets	217	238
Other Investing Activities	1,871	13,379
<b>Net Cash Flows Used for Investing Activities</b>	<u>(327,443)</u>	<u>(312,955)</u>
<b>FINANCING ACTIVITIES</b>		
Capital Contributions from Member	95,000	211,000
Issuance of Long-term Debt – Nonaffiliated	149,394	29,732
Change in Advances from Affiliates, Net	36,782	54,486
<b>Net Cash Flows from Financing Activities</b>	<u>281,176</u>	<u>295,218</u>
<b>Net Change in Cash and Cash Equivalents</b>	—	—
<b>Cash and Cash Equivalents at Beginning of Period</b>	—	—
<b>Cash and Cash Equivalents at End of Period</b>	<u>\$ —</u>	<u>\$ —</u>
<b>SUPPLEMENTARY INFORMATION</b>		
Cash Paid for Interest, Net of Capitalized Amounts	\$ 14,694	\$ 8,642
Net Cash Paid (Received) for Income Taxes	5,633	(1,192)
Construction Expenditures Included in Current Liabilities as of June 30,	146,180	86,990

*See Condensed Notes to Condensed Consolidated Financial Statements beginning on page 7.*

## INDEX OF CONDENSED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## **1. SIGNIFICANT ACCOUNTING MATTERS**

### ***General***

The unaudited condensed consolidated financial statements and footnotes were prepared in accordance with GAAP for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete annual financial statements.

In the opinion of management, the unaudited condensed consolidated interim financial statements reflect all normal and recurring accruals and adjustments necessary for a fair presentation of the net income, financial position and cash flows for the interim periods. Net income for the three and six months ended June 30, 2015 is not necessarily indicative of results that may be expected for the year ending December 31, 2015. The condensed consolidated financial statements are unaudited and should be read in conjunction with the audited 2014 financial statements and notes thereto, which are included in AEPTCo's 2014 Annual Report.

Management reviewed subsequent events through August 20, 2015, the date that AEPTCo's second quarter 2015 report was available to be issued.

## **2. NEW ACCOUNTING PRONOUNCEMENTS**

Upon issuance of final pronouncements, management reviews the new accounting literature to determine its relevance, if any, to AEPTCo's business. The following final pronouncements will impact the financial statements.

### ***ASU 2014-08 "Presentation of Financial Statements and Property, Plant and Equipment" (ASU 2014-08)***

In April 2014, the FASB issued ASU 2014-08 changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be classified as held for sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. This standard must be prospectively applied to all reporting periods presented in financial reports issued after the effective date.

The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. If applicable, this standard will change the presentation of AEPTCo's financial statements but will not affect the calculation of net income, comprehensive income or earnings per share. Management adopted ASU 2014-08 effective January 1, 2015. There were no events requiring the application of this new accounting guidance.

### ***ASU 2014-09 "Revenue from Contracts with Customers" (ASU 2014-09)***

In May 2014, the FASB issued ASU 2014-09 clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts.

The FASB deferred implementation of ASU 2014-09 under the terms in ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date." The new accounting guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for annual periods beginning after December 15, 2016. As applicable, this standard may change the amount of revenue recognized in the income statements in each reporting period. Management is analyzing the impact of this new standard and, at this time, cannot estimate the impact of adoption on revenue or net income. Management plans to adopt ASU 2014-09 effective January 1, 2018.

### ***ASU 2015-01 "Income Statement -- Extraordinary and Unusual Items" (ASU 2015-01)***

In January 2015, the FASB issued ASU 2015-01 eliminating the concept of extraordinary items for presentation on the face of the income statement. Under the new standard, a material event or transaction that is unusual in nature, infrequent or both shall be reported as a separate component of income from continuing operations. Alternatively, it may be disclosed in the notes to financial statements.

The new accounting guidance is effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted if applied from the beginning of a fiscal year. As applicable, this standard may change the presentation of amounts in the income statements. Management plans to adopt ASU 2015-01 effective January 1, 2016.

***ASU 2015-03 “Simplifying the Presentation of Debt Issuance Costs” (ASU 2015-03)***

In April 2015, the FASB issued ASU 2015-03 to simplify the presentation of debt issuance costs on the balance sheets. Under the new standard, debt issuance costs related to a recognized debt liability will be presented on the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with discounts. Debt issuance costs are included in Deferred Charges and Other Noncurrent Assets on the balance sheets. Debt issuance costs represent less than 1% of total long-term debt.

The new accounting guidance is effective for interim and annual periods beginning after December 15, 2015 with early adoption permitted. Management intends to early adopt ASU 2015-03 for the 2015 Annual Report.

***ASU 2015-05 “Customer's Accounting for Fees Paid in a Cloud Computing Arrangement” (ASU 2015-05)***

In April 2015, the FASB issued ASU 2015-05 to provide guidance to customers about whether a cloud computing arrangement includes a software license. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2015 with early adoption permitted. Management is analyzing the impact of this new standard and, at this time, cannot estimate the impact of adoption on net income. Management plans to adopt ASU 2015-05 effective January 1, 2016.

***ASU 2015-11 “Simplifying the Measurement of Inventory” (ASU 2015-11)***

In July 2015, the FASB issued ASU 2015-11 to simplify the guidance on the subsequent measurement of inventory, excluding inventory measured using last-in, first out or the retail inventory method. Under the new standard, inventory should be at the lower of cost and net realizable value. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016 with early adoption permitted. Management is analyzing the impact of this new standard and, at this time, cannot estimate the impact of adoption on net income. Management plans to adopt ASU 2015-11 effective January 1, 2017.

### 3. RATE MATTERS

As discussed in AEPTCo's 2014 Annual Report, the Transcos are involved in rate and regulatory proceedings at the FERC and their state commissions. The Rate Matters and Effects of Regulation notes within AEPTCo's 2014 Annual Report should be read in conjunction with this report to gain a complete understanding of material rate matters still pending that could impact net income, cash flows and possibly financial condition. The following discusses ratemaking developments in 2015 and updates AEPTCo's 2014 Annual Report.

#### *Arkansas and Louisiana Rate Matters*

In 2011, SWTCo filed with the APSC and the LPSC to seek commission approval, to the extent necessary, of SWTCo's status as a transmission-only public utility in the states of Arkansas and Louisiana, respectively. In 2014, SWTCo filed additional supplemental testimony with the LPSC. In January 2015, the APSC issued an order that denied SWTCo's application to operate as a transmission-only public utility in the state of Arkansas. As a result of the 2015 APSC order, the June 30, 2015 consolidated financial statements reflect a provision for the Arkansas portion of FERC formula revenues. A decision from the LPSC is pending. Management is unable to predict the outcome of this filing.

#### *Virginia Rate Matters*

Based on a previous ruling by the Virginia SCC, APTCo can seek certification of future projects in its own name but the Virginia SCC will determine whether the project will ultimately be owned by APTCo or APCo. Due to uncertainty surrounding regulatory approval for the construction of transmission projects in Virginia, the June 30, 2015 consolidated financial statements reflect a provision for a portion of FERC formula revenues received through June 30, 2015.

#### *FERC Rate Matters*

##### *2014 Transmission Rate Filings for AEP East Transmission Companies*

In May 2014, AEPSC, on behalf of the AEP East Transmission Companies, filed annual transmission revenue requirements with the FERC and PJM for the period July 2014 through June 2015. This filing established the following projected revenue requirements and prior year under-recovery of revenues, including carrying charges:

<u>Company</u>	<u>Projected Revenue Requirements</u>	<u>Prior Year Under-Recovery of Revenues</u>
	<u>(in thousands)</u>	
APTCO	\$ 179	\$ 71
IMTCO	27,182	4,628
KTCO	276	15
OHTCO	124,095	23,143
WVTCO	8,142	124
<b>Total – PJM Activity</b>	<u><u>\$ 159,874</u></u>	<u><u>\$ 27,981</u></u>

PJM implemented these rates in July 2014, subject to refund and true-up.

*2015 Transmission Rate Filings for AEP East Transmission Companies*

In May 2015, AEPSC, on behalf of the AEP East Transmission Companies, filed annual transmission revenue requirements with the FERC and PJM for the period July 2015 through June 2016. This filing established the following projected revenue requirements and prior year under-recovery of revenues, including carrying charges:

<u>Company</u>	<u>Projected Revenue Requirements</u>	<u>Prior Year Under-Recovery of Revenues</u>
	(in thousands)	
APTCO	\$ 219	\$ 86
IMTCO	43,818	7,940
KTCO	3,318	6
OHTCO	191,022	30,429
WVTCO	34,567	3,432
<b>Total – PJM Activity</b>	<b>\$ 272,944</b>	<b>\$ 41,893</b>

PJM implemented these rates in July 2015, subject to refund and true-up.

*2014 Transmission Rate Filings for AEP West Transmission Companies*

In May 2014, AEPSC, on behalf of the AEP West Transmission Companies, filed annual transmission revenue requirements with the FERC and SPP for the period July 2014 through June 2015. In December 2014, AEPSC filed a true-up schedule with the FERC and SPP updating the prior year under-recovery of revenues. These filings established the following projected revenue requirements and prior year under-recovery of revenues, including carrying charges:

<u>Company</u>	<u>Projected Revenue Requirements</u>	<u>Prior Year Under-Recovery of Revenues</u>
	(in thousands)	
OKTCO	\$ 38,134	\$ 3,055
SWTCO	224	95
<b>Total – SPP Activity</b>	<b>\$ 38,358</b>	<b>\$ 3,150</b>

SPP implemented these rates in July 2014, subject to refund and true-up.

*2015 Transmission Rate Filings for AEP West Transmission Companies*

In May and June 2015, AEPSC, on behalf of the AEP West Transmission Companies, filed annual transmission revenue requirements with the FERC and SPP for the period July 2015 through June 2016. This filing established the following projected revenue requirements and prior year (over)/under recovery of revenues, including carrying charges:

<u>Company</u>	<u>Projected Revenue Requirements</u>	<u>Prior Year (Over)/Under-Recovery of Revenues</u>
	(in thousands)	
OKTCO	\$ 46,664	\$ 535
SWTCO	144	(42)
<b>Total – SPP Activity</b>	<b>\$ 46,808</b>	<b>\$ 493</b>

SPP implemented these rates in July 2015, subject to refund and true-up.

#### **4. COMMITMENTS, GUARANTEES AND CONTINGENCIES**

AEPTCo Consolidated is subject to certain claims and legal actions arising in its ordinary course of business. In addition, business activities of AEPTCo Consolidated are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation cannot be predicted. For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements. The Commitments, Guarantees and Contingencies note within AEPTCo's 2014 Annual Report should be read in conjunction with this report.

##### **GUARANTEES**

Liabilities for guarantees are recorded in accordance with the accounting guidance for "Guarantees." There is no collateral held in relation to any guarantees. In the event any guarantee is drawn, there is no recourse to third parties unless specified below.

##### ***Indemnifications and Other Guarantees***

AEPTCo Consolidated enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. As of June 30, 2015, there were no material liabilities recorded for any indemnifications.



## 5. FAIR VALUE MEASUREMENTS

### *Fair Value Hierarchy and Valuation Techniques*

The accounting guidance for “Fair Value Measurements and Disclosures” establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. When quoted market prices are not available, pricing may be completed using comparable securities, dealer values, operating data and general market conditions to determine fair value. Valuation models utilize various inputs such as commodity, interest rate and, to a lesser degree, volatility and credit that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, market corroborated inputs (i.e. inputs derived principally from, or correlated to, observable market data) and other observable inputs for the asset or liability.

### *Fair Value Measurements of Long-term Debt*

The fair values of Long-term Debt are based on quoted market prices, without credit enhancements, for the same or similar issues and the current interest rates offered for instruments with similar maturities classified as Level 2 measurement inputs. These instruments are not marked-to-market. The estimates presented are not necessarily indicative of the amounts that could be realized in a current market exchange.

The book values and fair values of Long-term Debt as of June 30, 2015 and December 31, 2014 are summarized in the following table:

	<b>June 30, 2015</b>		<b>December 31, 2014</b>	
	<b><u>Book Value</u></b>	<b><u>Fair Value</u></b>	<b><u>Book Value</u></b>	<b><u>Fair Value</u></b>
	<b>(in thousands)</b>			
Long-term Debt	\$ 1,250,000	\$ 1,281,750	\$ 1,100,000	\$ 1,170,823

## **6. INCOME TAXES**

### ***AEP System Tax Allocation Agreement***

AEPTCo Consolidated joins in the filing of a consolidated federal income tax return with its affiliates in the AEP System. The allocation of the AEP System's current consolidated federal income tax to the AEP System companies allocates the benefit of current tax losses to the AEP System companies giving rise to such losses in determining their current tax expense. The tax benefit of the Parent is allocated to its subsidiaries with taxable income. With the exception of the loss of the Parent, the method of allocation reflects a separate return result for each company in the consolidated group.

### ***Federal and State Income Tax Audit Status***

AEPTCo Consolidated and other AEP Subsidiaries are no longer subject to U.S. federal examination for years before 2011. The IRS examination of years 2011, 2012 and 2013 started in April 2014. Although the outcome of tax audits is uncertain, in management's opinion, adequate provisions for federal income taxes have been made for potential liabilities resulting from such matters. In addition, AEPTCo Consolidated accrues interest on these uncertain tax positions. Management is not aware of any issues for open tax years that upon final resolution are expected to materially impact net income.

AEPTCo Consolidated and other AEP subsidiaries file income tax returns in various state and local jurisdictions. These taxing authorities routinely examine their tax returns and AEPTCo Consolidated and other AEP subsidiaries are currently under examination in several state and local jurisdictions. However, it is possible that previously filed tax returns have positions that may be challenged by these tax authorities. Management believes that adequate provisions for income taxes have been made for potential liabilities resulting from such challenges and that the ultimate resolution of these audits will not materially impact net income.

## 7. FINANCING ACTIVITIES

### *Long-term Debt*

Long-term debt issued during the first six months of 2015 is shown in the table below:

<u>Type of Debt</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
	<u>(in thousands)</u>	<u>(%)</u>	
Senior Unsecured Notes	\$ 60,000	4.01	2030
Senior Unsecured Notes	40,000	3.76	2025
Senior Unsecured Notes	50,000	3.66	2025
<b>Total Issuances</b>	<b>150,000</b>	(a)	

(a) Amount indicated on the statement of cash flows is net of issuance costs and premium or discount and will not tie to the issuance amount.

### *Short-term Funding*

AEP has a direct financing relationship with AEPTCo and SWTCo to meet their short-term borrowing needs. APTCo, IMTCo, KTCO, OHTCo, OKTCO and WVTCo have been approved to participate in the Utility Money Pool to finance their short-term borrowing needs. The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC. SWTCo is awaiting regulatory approval from the LPSC to begin participating in AEP's Utility Money Pool.

Amounts of outstanding loans to (borrowings from) AEP as of June 30, 2015 and December 31, 2014 are included in Advances to Affiliates and Advances from Affiliates, respectively, on the balance sheet. AEPTCo Consolidated's direct borrowing and lending activity with AEP for the six months ended June 30, 2015 is described in the following table:

<u>Maximum Borrowings from AEP</u>	<u>Maximum Loans to AEP</u>	<u>Average Borrowings from AEP</u>	<u>Average Loans to AEP</u>	<u>Borrowings from AEP as of June 30, 2015</u>	<u>Loans to AEP as of June 30, 2015</u>
<u>(in thousands)</u>					
\$ 903	\$ 25,551	\$ 877	\$ 13,880	\$ 877	\$ 6,265

Maximum, minimum and average interest rates for funds either borrowed from or loaned to AEP for the six months ended June 30, 2015 and 2014 are summarized in the following table for AEPTCo Consolidated:

<u>Six Months Ended June 30,</u>	<u>Maximum Interest Rate for Funds Borrowed from AEP</u>	<u>Minimum Interest Rate for Funds Borrowed from AEP</u>	<u>Maximum Interest Rate for Funds Loaned to AEP</u>	<u>Minimum Interest Rate for Funds Loaned to AEP</u>	<u>Average Interest Rate for Funds Borrowed from AEP</u>	<u>Average Interest Rate for Funds Loaned to AEP</u>
2015	0.59%	0.39%	0.59%	0.39%	0.47%	0.46%
2014	0.33%	0.24%	0.33%	0.24%	0.28%	0.28%

Amounts of outstanding loans to (borrowings from) the Utility Money Pool as of June 30, 2015 and December 31, 2014 are included in Advances to Affiliates and Advances from Affiliates, respectively, on the balance sheet. AEPTCo Consolidated's money pool activity for the six months ended June 30, 2015 is described in the following table:

<b>Maximum Borrowings from the Utility Money Pool</b>	<b>Maximum Loans to the Utility Money Pool</b>	<b>Average Borrowings from the Utility Money Pool</b>	<b>Average Loans to the Utility Money Pool</b>	<b>Borrowings from the Utility Money Pool as of June 30, 2015</b>	<b>Loans to the Utility Money Pool as of June 30, 2015</b>
(in thousands)					
\$ 119,810	\$ 148,498	\$ 41,198	\$ 34,591	\$ 40,072	\$ 390

Maximum, minimum and average interest rates for funds either borrowed from or loaned to the Utility Money Pool for the six months ended June 30, 2015 and 2014 are summarized in the following table:

<b>Six Months Ended June 30,</b>	<b>Maximum Interest Rate for Funds Borrowed from the Utility Money Pool</b>	<b>Minimum Interest Rate for Funds Borrowed from the Utility Money Pool</b>	<b>Maximum Interest Rate for Funds Loaned to the Utility Money Pool</b>	<b>Minimum Interest Rate for Funds Loaned to the Utility Money Pool</b>	<b>Average Interest Rate for Funds Borrowed from the Utility Money Pool</b>	<b>Average Interest Rate for Funds Loaned to the Utility Money Pool</b>
2015	0.59%	0.39%	0.59%	0.39%	0.46%	0.48%
2014	0.33%	0.24%	0.32%	0.25%	0.28%	0.29%

### **Debt Covenants**

AEPTCo's note purchase agreements contain certain covenants and require them to maintain percentage of debt to total capitalization at a level that does not exceed 67.5%. The method for calculating outstanding debt and capitalization is contractually defined in the note purchase agreements. As of June 30, 2015, this contractually-defined percentage was 49.6%.

Covenants in AEPTCo's note purchase agreements also limit the amount of contractually-defined priority debt (which includes a further sub-limit of \$50 million of secured debt) to 10% of consolidated tangible net assets. The following table provides detail used in the calculation of AEPTCo's priority debt covenants as of June 30, 2015:

<b>Company</b>	<b>Advances from Affiliates</b>	<b>Advances to Affiliates</b>	<b>Secured Debt</b>	<b>Priority Debt</b>
(in thousands)				
AEPTCo	\$ —	\$ 6,265	\$ —	\$ —
APTCO	1,385	—	—	1,385
IMTCO	12,537	—	—	12,537
KTCO	2,570	—	—	2,570
OHTCO	11,814	—	—	11,814
OKTCO	—	390	—	—
SWTCO	877	—	—	877
WVTCO	11,766	—	—	11,766
<b>Total</b>	<b>\$ 40,949</b>	<b>\$ 6,655</b>	<b>\$ —</b>	<b>\$ 40,949</b>

Nonperformance under these covenants could result in an event of default under these note purchase agreements. For the six months ended June 30, 2015, AEPTCo Consolidated complied with all of the covenants contained in these note purchase agreements.

### **Capital Contribution**

In July 2015, AEP Transmission Holdco made a \$40 million capital contribution to AEPTCo. Consequently, AEPTCo made capital contributions of \$15 million to WVTCO, \$13 million to IMTCO, \$11 million to OHTCO and \$1 million to KTCO.

## **8. VARIABLE INTEREST ENTITIES**

### ***Variable Interest Entities***

The accounting guidance for “Variable Interest Entities” is a consolidation model that considers if a company has a controlling financial interest in a VIE. A controlling financial interest will have both (a) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Entities are required to consolidate a VIE when it is determined that they have a controlling financial interest in a VIE and therefore, are the primary beneficiary of that VIE, as defined by the accounting guidance for “Variable Interest Entities.” In determining whether AEPTCo and its subsidiaries are the primary beneficiary of a VIE, management considers factors such as equity at risk, the amount of the VIE’s variability AEPTCo and its subsidiaries absorb, guarantees of indebtedness, voting rights including kick-out rights, the power to direct the VIE, variable interests held by related parties and other factors. Management believes that significant assumptions and judgments were applied consistently. AEPTCo and its subsidiaries are not the primary beneficiaries of any VIE and have not provided financial or other support to any VIE that was not previously contractually required.

AEPSC provides certain managerial and professional services to AEP’s subsidiaries. AEP is the sole equity owner of AEPSC. AEP management controls the activities of AEPSC. The costs of the services are based on a direct charge or on a prorated basis and billed to the AEP subsidiary companies at AEPSC’s cost. AEP subsidiaries have not provided financial or other support outside of the reimbursement of costs for services rendered. AEPSC finances its operations through cost reimbursement from other AEP subsidiaries. There are no other terms or arrangements between AEPSC and any of the AEP subsidiaries that could require additional financial support from an AEP subsidiary or expose them to losses outside of the normal course of business. AEPSC and its billings are subject to regulation by the FERC. AEP subsidiaries are exposed to losses to the extent they cannot recover the costs of AEPSC through their normal business operations. AEP subsidiaries are considered to have a significant interest in AEPSC due to their activity in AEPSC’s cost reimbursement structure. However, AEP subsidiaries do not have control over AEPSC. AEPSC is consolidated by AEP. In the event AEPSC would require financing or other support outside the cost reimbursement billings, this financing would be provided by AEP. AEPTCo Consolidated's total billings from AEPSC for the three months ended June 30, 2015 and 2014 were \$25 million and \$20 million, respectively, and for the six months ended June 30, 2015 and 2014 were \$48 million and \$40 million, respectively. The carrying amount of liabilities associated with AEPSC as of June 30, 2015 and December 31, 2014 was \$9 million and \$11 million, respectively. Management estimates the maximum exposure of loss to be equal to the amount of such liability.

Exhibit B

**AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT**

This AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 9<sup>th</sup> day of December, 2004 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), both registered holding companies under the Public Utility Holding Company Act of 1935, as amended (the "Act"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company Of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Colomet, Inc.  
Conesville Coal Preparation Company  
Dolet Hills Lignite Company, LLC

Franklin Real Estate Company  
Indiana Franklin Reality, Inc.  
Simco, Inc.  
Southern Appalachian Coal Company

WHEREAS, the Participants from time to time have need to borrow funds on a short-term basis; and

WHEREAS, some of the Parties from time to time are expected to have funds available to loan on a short-term basis; and

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool; and

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

## ARTICLE I CONTRIBUTIONS AND BORROWINGS

### Section 1.1. Contributions to the Utility Money Pool.

American Electric Power Service Corporation ("AEPSC") shall act as administrative agent of the Utility Money Pool. Each Participant, AEP, AEP Utilities, and AEPUF will determine on a daily basis, the amount of funds it has available for contribution to the Utility Money Pool. The determination of whether a Party at any time has surplus funds, or shall lend such funds to the Utility Money Pool, will be made by such Party's treasurer, any assistant treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion. Each Party may withdraw any of its funds at any time upon notice to AEPSC.

### Section 1.2 Rights to Borrow.

(a) Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the Participants may be met by funds in the Utility Money Pool to the extent such funds are available. Each Participant shall have the right to borrow from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC") and other regulatory authorities. Each Participant may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Participant hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such Board of

Directors, such Party's governing corporate documents, and agreements binding upon such Party. No Participant shall be obligated to borrow from the Utility Money Pool if lower cost funds can be obtained from its own external borrowing.

(b) Neither AEP, AEP Utilities nor AEPUF will borrow funds from the Utility Money Pool or any Participant. Participants in the Utility Money Pool will not engage in lending and borrowing transactions with participants in the Nonutility Money Pool. The Utility Money Pool will not borrow from the Nonutility Money Pool.

### Section 1.3 Source of Funds.

- (a) AEPSC administers the Utility Money Pool by matching up, to the extent possible, short-term cash surpluses and loan requirements of the various Participants. Participants' requests for short-term loans are met first from surplus funds of other Participants which are available to the Utility Money Pool. To the extent the Participant contributions of surplus funds to the Utility Money Pool are insufficient to meet Participant requests for short-term loans, AEP or AEP Utilities may contribute corporate funds to the extent available or borrowings may be made from external sources. Funds will be made available from such sources in such other order as AEPSC, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.
- (b) External borrowings may be made by AEP, AEP Utilities, Inc., or AEPUF, each individually, a Lending Party, collectively Lending Parties, from the sale of commercial paper notes and/or other instruments authorized by the SEC, and/or bank borrowings ("External Funds"), the proceeds of which would be added to the Utility Money Pool, in each case to the extent permitted by applicable laws and regulatory orders. All debt issued in connection with the Utility Money Pool will be unsecured. External borrowings by AEP, AEP Utilities, or AEPUF will not be made unless there are no surplus funds in the treasuries of the Participants sufficient to meet borrowing needs. If it is determined that AEP can borrow money at a cheaper rate than AEPUF can, then AEP will fund the Utility Money Pool directly.
- (c) Each borrowing Participant will borrow pro rata from each fund source in the same proportion that the amount of funds provided from that fund source bears to the total amount of short-term funds available to the Utility Money Pool. On any day, when more than one fund source (e.g., surplus treasury funds of AEP, AEP Utilities or other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.



#### Section 1.4 Authorization.

(a) The determination of whether a Participant or a Lending Party has at any time surplus funds to lend to the Utility Money Pool will be made by its treasurer, any assistant treasurer, or by a designee thereof.

(b) Any loan from the Utility Money Pool to a Participant shall be authorized by the borrowing Participant's treasurer, any assistant treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Participant determines that it can (and is authorized to) effect such borrowing at lower cost through the sale of its own commercial paper or other instruments, or borrowing directly from banks.

#### Section 1.5 Investment of Investment Pool Funds.

Funds which are loaned from Participants into the Utility Money Pool which are not required to satisfy borrowing needs of other Participants ("Investment Pool") will be invested on the behalf of the Lending Parties in one or more short-term instruments ("External Investments"), including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than "A" by a nationally recognized rating agency; (iv) commercial paper rated not less than "A-1" or "P-1" or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit, (vii) Eurodollar funds; (viii) short-term debt securities rated AA or above by Standard & Poor's, Aa or above by Moody's Investors Service, or AA or above by Fitch Ratings; (ix) short-term debt securities issued or guaranteed by an entity rated AA or above by Standard & Poor's, Aa or above by Moody's Investors Service, or AA or above by Fitch Ratings; and (x) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

No funds from the Utility Money Pool will be invested in EWG's or FUCO's.

#### Section 1.6 Utility Money Pool Interest.

The interest rate applicable on any day to then outstanding loans through the Utility Money Pool, whether or not evidenced by a promissory demand note, will be the composite weighted average daily effective cost incurred by the Lending Parties for External Funds outstanding on that date. If there are no External Funds outstanding on that date, then the rate would be the certificate of deposit yield equivalent of the 30-day Federal Reserve "A2/P2" Non-Financial Commercial Paper Composite Rate (the "Composite"), or if no Composite is established for that day, then the applicable rate will be the Composite for the next preceding day for which a composite is established.

If the Composite shall cease to exist, then the rate would be the composite which then most closely resembles the Composite and/or most closely mirrors the pricing the Lending Parties would expect if it had External Funds.

### Section 1.7 Investment Pool Interest.

Interest income related to External Investments will be calculated daily and allocated back to Participants on the basis of their relative contribution to the Investment Pool funds on that date.

### Section 1.8 Repayment.

Each Participant receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than the expiration date of SEC authorization for the operation of the Utility Money Pool. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

### Section 1.9 Form of Loans to Participants.

Loans to the Participants through the Utility Money Pool will be made pursuant to open-account advances, although any AEPUF or Participant would at all times be entitled to receive upon request a promissory note evidencing the transaction. Any such note shall: (a) be substantially in the form attached herewith as Exhibit A; (b) be dated as of the date of the initial borrowing; (c) mature on demand or on a date mutually agreed to by the Parties to the transaction, but in any event not later than the expiration date of the SEC authorization for the operation of the Utility Money Pool; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

## **ARTICLE II OPERATION OF THE UTILITY MONEY POOL**

### Section 2.1 Operation.

Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by AEPSC under the authority of the treasurer or any assistant treasurer of AEP and/or AEPSC. AEPSC shall be responsible for the determination of all applicable interest rates and charges to be applied to any loans from the Utility Money Pool and earnings to be applied to any loans to the Utility Money Pool and/or Investment Pool outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the Parties. Services rendered by AEPSC will be "at cost" in accordance with rules of the SEC.

### Section 2.2 Certain Costs.

The cost of fees and/or compensating balances paid to banks to maintain credit lines will be allocated to the Participants on the basis of relative maximum non-coincidental borrowings of the Participants.

### Section 2.3 Event of Default.

If any Participant shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Participant seeking to adjudicate it a bankrupt or insolvent, then AEPSC, on behalf of the Utility Money Pool, may, by notice to the Participant, terminate the Utility Money Pool's commitment to the Participant and/or declare the unpaid principal amount of any loans to such Participant, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Participant.

## **ARTICLE III AEP UTILITIES FUNDING LLC**

### Section 3.1 AEPUF.

AEPUF is a special purpose financing conduit, formed to fund the Utility Money Pool. AEPUF may obtain funds from external sources or from AEP or AEP Utilities. AEP, AEP Utilities and the Operating Companies are also authorized to fund the Utility Money Pool through the issuance of short-term debt. AEPUF will have a separate bank account for all Utility Money Pool funds. AEPUF may issue commercial paper or other short-term debt for the benefit of the Utility Money Pool participants and will lend cash proceeds of the issuance of commercial paper to each Participant as said Participant's needs are identified. When AEPUF directly issues commercial paper to dealers to fund the Utility Money Pool, each Operating Company that borrows from AEPUF must maintain comparable debt ratings equal to or greater than AEPUF and maintain requisite backup facilities with one or more financial institutions.

### Section 3.2 Loans.

AEPUF shall provide the cash proceeds of each issuance of commercial paper or other short-term debt to the Utility Money Pool. The proceeds of borrowings by AEPUF will not be loaned to AEP or AEP Utilities. The proceeds of the borrowings of AEPUF will be used to repay AEPUF's borrowings or be invested to continue funding the Utility Money Pool.

### Section 3.3 Several Liability.

It is expressly agreed that the obligations of each Participant to AEPUF are several and not joint and, subject to paragraph 3.4 below, that each Participant shall not be responsible to AEPUF or any assignee or creditor of AEPUF for any payment in excess of payments due under any Participant's outstanding note and its pro rata share of other expenses and administrative costs of AEPUF in connection with its funding of the Utility Money Pool. No Participant will be liable for the borrowings of any other affiliate under the Utility Money Pool.

### Section 3.4 Placement Agents.

(a) As a condition precedent to each commercial paper dealer and placement agent (each, a "Placement Agent") entering into a dealer or placement agreement with AEPUF (each such agreement, a "Placement Agreement"), each Participant agrees: (i) to pay all costs, expenses, liabilities, losses and damages, including liabilities in respect of the AEPUF's indemnification obligations under the Placement Agreements (collectively, the "Liabilities") which it may incur relating to the offer and sale of AEPUF's commercial paper, the proceeds of which were used to make any loan to such Participant under this agreement, and (ii) to pay its Pro Rata Share of all other Liabilities which AEPUF may incur other than any such Liability which relates to the offer and sale of AEPUF's commercial paper the proceeds of which were used to make any loan to any other participant in the Utility Money Pool in respect of which such other affiliate is obligated to pay the full amount of such Liability. As used herein the term "Pro Rata Share" of any Liability shall mean an amount equal to the product of such Liability and a fraction expressed as a percentage (x) the numerator of which is the average outstanding loans made to the Participant during the period from the date which is three years prior to the date such Liability is due and payable to the date such Liability is due and payable (the "Determination Period"), and (y) the denominator of which is the average aggregate outstanding loans made during the Determination Period to the Participant and all other Participants which received loans from AEPUF and which are obligated to pay such Liability in accordance with this provision.

(b) Each Participant and AEPUF hereby acknowledge and agree that each Placement Agent is a third-party beneficiary of this Article III and is entitled to the benefits of the obligations of each separate Participant contained in this Article III and is entitled to bring any action to enforce such obligations directly against the separate Participant. In the case of any specific Liability arising out of or in connection with the Placement Agreement, each Participant shall pay the amount of such Participant's Liability directly to such Placement Agent or as the Placement Agent directs.

(c) This Article III shall not be amended or modified without the prior written consent of each Placement Agent. The agreements and obligations of each of the Participants set forth in this Article III shall survive the termination of this Agreement.

## **ARTICLE IV MISCELLANEOUS**

### Section 4.1 Amendments.

No amendment to this Agreement shall be effective unless the same be in writing and signed by all Parties thereto.

Section 4.2 Legal Responsibility.

Nothing herein contained shall render AEP or any Party liable for the obligations of any other Party(ies) hereunder and the rights, obligations and liabilities of AEP and the Parties are several in accordance with their respective obligations, and not joint.

Section 4.3 Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**AMERICAN ELECTRIC POWER COMPANY, INC.**

**and**

**AEP UTILITIES, INC.**

**AEP UTILITY FUNDING LLC**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION, as**

**Agent and Participant**

**Participants:**

**AEP GENERATING COMPANY**

**AEP TEXAS CENTRAL COMPANY**

**AEP TEXAS NORTH COMPANY**

**APPALACHIAN POWER COMPANY**

**COLUMBUS SOUTHERN POWER COMPANY**

**INDIANA MICHIGAN POWER COMPANY**

**KENTUCKY POWER COMPANY**

**KINGSPORT POWER COMPANY**

**OHIO POWER COMPANY**

**PUBLIC SERVICE COMPANY OF OKLAHOMA**

**SOUTHWESTERN ELECTRIC POWER COMPANY**

**WHEELING POWER COMPANY**

**BLACKHAWK COAL COMPANY**

**CEDAR COAL COMPANY**

**CENTRAL APPALACHIAN COAL COMPANY**

**CENTRAL COAL COMPANY**

**COLOMET, INC.**

**CONESVILLE COAL PREPARATION COMPANY**

**DOLET HILLS LIGNITE COMPANY, LLC**

**FRANKLIN REAL ESTATE COMPANY**

**INDIANA FRANKLIN REALTY, INC.**

**SIMCO, INC.**

**SOUTHERN APPALACHIAN COAL COMPANY**

By: Wendy A. Hargus

Assistant Treasurer of each  
of the above-listed companies.

**FORM OF UTILITY MONEY POOL NOTE  
TO BE EXECUTED BY BORROWING PARTIES  
TO AEP OR OTHER PARTIES**

\_\_\_\_\_, 20\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (the "Borrower"), hereby promises to pay to the order of \_\_\_\_\_ (the "Lender") at its principal office in \_\_\_\_\_, on demand or on \_\_\_\_\_, 20\_\_, or at the option of the Borrower, whichever first occurs, but in any event not later than the expiration date of the SEC authorization for the operation of the Utility Money Pool, the principal sum set forth on the attachment hereto as "Principal Amount Outstanding." This note may be paid in full at any time or in part from time to time without premium or penalty. The Principal Amount Outstanding shall bear interest at the composite weighted average daily effective cost incurred by the Lending Parties for External Funds outstanding on that date. If there are no External Funds outstanding on that date, then the rate would be the CD yield equivalent of the 30-day Federal Reserve "A2/P2" Non-Financial Commercial Paper Composite Rate (the "Composite"), or if no Composite is established for that day, then the applicable rate will be the Composite for the next preceding day for which a Composite is established.

This Note shall be governed by, and construed and interpreted in accordance with, the Laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, pursuant to due authorization, has caused this Note to be executed in its name and on its behalf by its duly authorized officer.

\_\_\_\_\_  
(Name of Borrower)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





**AMENDMENT NO. 1  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT**

This Amendment No. 1 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 6<sup>th</sup> day of May, 2011 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), both registered holding companies, American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Conesville Coal Preparation Company  
Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company

Indiana Franklin Reality, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entities are indirect subsidiaries of AEP and will own, operate, manage and control facilities in their respective states for the transmission of electricity at wholesale to its customers (collectively, the "Transcos"):

AEP Ohio Transmission Company, Inc., an Ohio corporation, and  
AEP Oklahoma Transmission Company, Inc., an Oklahoma corporation;

WHEREAS, each of the Transcos, has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commissions in the states where they operate and therefore are deemed "public utilities" for purposes of inclusion in the Agreement;

WHEREAS, each of the Transcos desires to become a party to the Agreement; and

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

1. The Agreement is hereby amended to provide that each of the Transcos listed below is hereby accepted as a Participant in the Agreement.

2. Each of the following Transcos hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**AMERICAN ELECTRIC POWER COMPANY, INC.**

**and**

**AEP UTILITIES, INC.**

**AEP UTILITY FUNDING LLC**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION, as  
Agent and Participant**

**Current Participants:**

AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY

BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SOUTHERN APPALACHIAN COAL COMPANY

By: Charles E. Zibule  
Treasurer of each  
of the above-listed companies.

**Newly Added Participants:**

**AEP OHIO TRANSMISSION COMPANY, INC.  
AEP OKLAHOMA TRANSMISSION COMPANY, INC.**

By: Charles E. Zebule  
Treasurer of each  
of the above-listed companies.

**AMENDMENT NO. 2  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT**

This Amendment No. 2 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 14<sup>th</sup> day of November, 2011 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.  
American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Conesville Coal Preparation Company

Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company  
Indiana Franklin Reality, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entity is an indirect subsidiary of AEP and will own, operate, manage and control facilities in its respective state for the transmission of electricity at wholesale to its customers (the "Transco"):

AEP Indiana Michigan Transmission Company, Inc., an Indiana corporation;

WHEREAS, the Transco has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commission in the state where it operates and therefore is deemed a "public utility" for purposes of inclusion in the Agreement;

WHEREAS, the Transco desires to become a party to the Agreement; and

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

1. The Agreement is hereby amended to provide that the Transco listed below is hereby accepted as a Participant in the Agreement.

2. The following Transco hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Indiana Michigan Transmission Company, Inc.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**AMERICAN ELECTRIC POWER COMPANY, INC.**

**and**

**AEP UTILITIES, INC.**

**AEP UTILITY FUNDING LLC**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION, as  
Agent and Participant**

**Current Participants:**

AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
COLUMBUS SOUTHERN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY

AEP OHIO TRANSMISSION COMPANY, INC.  
AEP OKLAHOMA TRANSMISSION COMPANY, INC.  
BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SOUTHERN APPALACHIAN COAL COMPANY

By: Charles E Zebals  
Treasurer of each  
of the above-listed companies.

**Newly Added Participant:**

AEP Indiana Michigan Transmission Company, Inc.

By: Charles E Zebals  
Treasurer of the above-listed company

**AMENDMENT NO. 3  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT**

This Amendment No. 3 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 20<sup>th</sup> day of March, 2013 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

AEP Indiana Michigan Transmission Company, Inc.  
AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.  
American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Conesville Coal Preparation Company



Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company  
Indiana Franklin Reality, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entities are indirect subsidiaries of AEP and will own, operate, manage and control facilities in their respective states for the transmission of electricity at wholesale to their customers (collectively, the "Transcos"):

AEP Appalachian Transmission Company, Inc., a Virginia corporation;  
AEP West Virginia Transmission Company, Inc., a West Virginia corporation;

WHEREAS, each of the Transcos has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commission in the state where each operates and therefore is deemed a "public utility" for purposes of inclusion in the Agreement; and

WHEREAS, the Transcos desire to become a party to the Agreement;

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

1. The Agreement is hereby amended to provide that each of the Transcos listed below is hereby accepted as a Participant in the Agreement.

2. Each of the following Transcos hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Appalachian Transmission Company, Inc.<sup>1</sup>  
AEP West Virginia Transmission Company, Inc.

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<sup>1</sup> The participation of AEP Appalachian Transmission Company, Inc. in the Utility Money Pool is subject to the terms of the orders of the Virginia State Corporation Commission entered February 27, 2012, and May 3, 2012, in Case No. PUE-2011-00125.

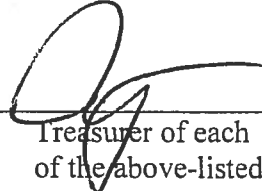
IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**AMERICAN ELECTRIC POWER COMPANY, INC.  
and  
AEP UTILITIES, INC.  
AEP UTILITY FUNDING LLC  
AMERICAN ELECTRIC POWER SERVICE CORPORATION, as  
Agent and Participant**

**Current Participants:**

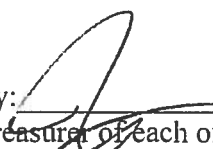
**AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY**

**AEP INDIANA MICHIGAN TRANSMISSION COMPANY, INC.  
AEP OHIO TRANSMISSION COMPANY, INC.  
AEP OKLAHOMA TRANSMISSION COMPANY, INC.  
BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SOUTHERN APPALACHIAN COAL COMPANY**

By:  \_\_\_\_\_  
Treasurer of each  
of the above-listed companies.

**Newly Added Participants:**

**AEP Appalachian Transmission Company, Inc.  
AEP West Virginia Transmission Company, Inc.**

By:   
Treasurer of each of the above-listed  
companies

**AMENDMENT NO. 4  
TO  
AEP SYSTEM AMENDED AND RESTATED  
UTILITY MONEY POOL AGREEMENT**

This Amendment No. 4 to the AMENDED AND RESTATED UTILITY MONEY POOL AGREEMENT ("Agreement") is made and entered into this 14<sup>th</sup> day of November, 2013 by and among American Electric Power Company, Inc., a New York corporation ("AEP"), AEP Utilities Inc., a Delaware corporation ("AEP Utilities"), American Electric Power Service Corporation ("AEPSC"), a New York corporation and a nonutility subsidiary of AEP (in its role as administrative agent and as a participant in the Utility Money Pool), AEP Utility Funding LLC, a Delaware limited liability company ("AEPUF"), and certain of the direct or indirect subsidiaries of AEP, each of which are signatories hereto and participants in the AEP Utility Money Pool ("Participants"), or which subsequently become signatories hereto and agree to abide by the terms herein. (All of the above are referred to as a Party or Parties to this Agreement).

WHEREAS, the following entities are each a direct or indirect subsidiary of AEP, and a Participant in the AEP Utility Money Pool (collectively referred to herein as "Operating Companies"):

AEP Generating Company  
AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Indiana Michigan Power Company  
Kentucky Power Company  
Kingsport Power Company  
Ohio Power Company  
Public Service Company of Oklahoma  
Southwestern Electric Power Company  
Wheeling Power Company

And

WHEREAS, in addition to the Operating Companies, the following are Participants in the AEP Utility Money Pool:

AEP Appalachian Transmission Company, Inc.  
AEP Indiana Michigan Transmission Company, Inc.  
AEP Ohio Transmission Company, Inc.  
AEP Oklahoma Transmission Company, Inc.  
AEP West Virginia Transmission Company, Inc.  
American Electric Power Service Corporation  
Blackhawk Coal Company  
Cedar Coal Company  
Central Appalachian Coal Company

Central Coal Company  
Conesville Coal Preparation Company  
Dolet Hills Lignite Company, LLC  
Franklin Real Estate Company  
Indiana Franklin Reality, Inc.  
Southern Appalachian Coal Company

WHEREAS, AEP and the Parties have established a pool (the "Utility Money Pool") to coordinate and provide for certain of the Participants' short-term cash requirements;

WHEREAS, AEPUF has been formed to fund the Utility Money Pool;

WHEREAS, the following entity is an indirect subsidiary of AEP and will own, operate, manage and control facilities in its respective state for the transmission of electricity at wholesale to its customers (the "Transco"):

AEP Kentucky Transmission Company, Inc., a Kentucky corporation;

WHEREAS, the Transco has been deemed a "public utility" for FERC purposes and will be regulated by the state utility commission in the state where it operates and therefore is deemed a "public utility" for purposes of inclusion in the Agreement; and

WHEREAS, the Transco desires to become a party to the Agreement;

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

1. The Agreement is hereby amended to provide that the Transco listed below is hereby accepted as a Participant in the Agreement.

2. The following Transco hereby elects to become a Participant in the AEP System Utility Money Pool and hereby agrees to be bound by the terms and conditions of the Agreement:

AEP Kentucky Transmission Company, Inc.

IN WITNESS WHEREOF, the undersigned Parties have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

**AMERICAN ELECTRIC POWER COMPANY, INC.**

**and**

**AEP UTILITIES, INC.**

**AEP UTILITY FUNDING LLC**

**AMERICAN ELECTRIC POWER SERVICE CORPORATION, as**

**Agent and Participant**

**Current Participants:**

**AEP GENERATING COMPANY  
AEP TEXAS CENTRAL COMPANY  
AEP TEXAS NORTH COMPANY  
APPALACHIAN POWER COMPANY  
INDIANA MICHIGAN POWER COMPANY  
KENTUCKY POWER COMPANY  
KINGSPORT POWER COMPANY  
OHIO POWER COMPANY  
PUBLIC SERVICE COMPANY OF OKLAHOMA  
SOUTHWESTERN ELECTRIC POWER COMPANY  
WHEELING POWER COMPANY**

**AEP APPALACHIAN TRANSMISSION COMPANY, INC  
AEP INDIANA MICHIGAN TRANSMISSION COMPANY, INC.  
AEP OHIO TRANSMISSION COMPANY, INC.  
AEP OKLAHOMA TRANSMISSION COMPANY, INC.  
AEP WEST VIRGINIA TRANSMISSION COMPANY, INC  
BLACKHAWK COAL COMPANY  
CEDAR COAL COMPANY  
CENTRAL APPALACHIAN COAL COMPANY  
CENTRAL COAL COMPANY  
CONESVILLE COAL PREPARATION COMPANY  
DOLET HILLS LIGNITE COMPANY, LLC  
FRANKLIN REAL ESTATE COMPANY  
INDIANA FRANKLIN REALTY, INC.  
SOUTHERN APPALACHIAN COAL COMPANY**

By: 

Treasurer of each  
of the above-listed companies.

**Newly Added Participants:**

**AEP Kentucky Transmission Company, Inc.**

By: 

Treasurer

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**9/17/2015 2:49:51 PM**

**in**

**Case No(s). 15-1635-EL-AIS**

Summary: Application To Securitize 2016 Short Term Debt Financing electronically filed by Molly Miller Behre on behalf of AEP Ohio Transmission Company, Inc.