

FILE

**PUCO EXHIBIT FILING**

Date of Hearing: 11/1/17

Case No. 16-1852-EL-SSO, 16-1853-EL-AMM

PUCO Case Caption: In the Matter of the Application of Ohio Power  
Company for Authority to Establish a Standard Service Offer  
Pursuant to Section 4928.143, Revised Code, in the form of an  
Electric Security Plan. In the Matter of the Application of  
Ohio Power Company for Approval of Certain Accounting Authority.

**List of exhibits being filed:**

Company Exhibits 2, 4, 5, 6, 7, 8

OCC Exhibit 1

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Reporter's Signature: Karen Sue Gibson

Date Submitted: 11/7/2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :  
Application of Ohio Power :  
Company for Authority to :  
Establish a Standard :  
Service Offer Pursuant to : Case No. 16-1852-EL-SSO  
Section 4928.143, Revised :  
Code, in the Form of an :  
Electric Security Plan. :

In the Matter of the :  
Application of Ohio Power :  
Company for Approval of : Case No. 16-1853-EL-AAM  
Certain Accounting :  
Authority. :

- - -

PROCEEDINGS

before Ms. Greta See and Ms. Sarah Parrot, Attorney  
Examiners, at the Public Utilities Commission of  
Ohio, 180 East Broad Street, Room 11-A, Columbus,  
Ohio, called at 10:00 a.m. on Wednesday, November 1,  
2017.

- - -

VOLUME I

- - -

ARMSTRONG & OKEY, INC.  
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- - -

## **Exhibit DBW-4**

**(updated per the 8-25-17 Stipulation and  
Recommendation)**

**MASTER STANDARD SERVICE OFFER (“SSO”) SUPPLY AGREEMENT**

**BY AND BETWEEN**

**OHIO POWER COMPANY**

**AND**

**EACH SSO SUPPLIER SET FORTH ON ATTACHMENT A HERETO**

\_\_\_\_\_, 201\_

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## **MASTER SSO SUPPLY AGREEMENT**

This Master SSO Supply Agreement ("Agreement"), dated as of \_\_\_\_\_, 201\_\_ ("Effective Date"), is by and between Ohio Power Company, an Ohio corporation with offices at 1 Riverside Plaza, Columbus, Ohio ("AEP Ohio") and each of the suppliers listed on Attachment A severally, but not jointly, (each an "SSO Supplier" and collectively "SSO Suppliers"). AEP Ohio and each SSO Supplier are hereinafter referred to individually as a "Party" or collectively as the "Parties").

### **RECITALS**

**WHEREAS**, AEP Ohio is an Ohio public utility that engages, inter alia, in providing Standard Service Offer supply within its service territory; and

**WHEREAS**, the PUCO found that it would serve the public interest for AEP Ohio to secure SSO Supply through a competitive bidding process; and

**WHEREAS**, each SSO Supplier was one of the winning bidders in a Solicitation for SSO Supply; and

**WHEREAS**, the PUCO has authorized AEP Ohio to contract with winning bidders for SSO Supply to serve SSO Load in accordance with the terms of this Agreement; and

**WHEREAS**, the PUCO subsequently ordered that "PIPP Customers" (as defined herein) be removed from taking service as an "SSO customer" (as defined herein) under this Agreement, so modifications to this Agreement have been made to exclude the PIPP Customers consistent with the PUCO order; and,

**WHEREAS**, AEP Ohio shall be responsible for the provision of any renewable energy resource requirement as set forth in Ohio Rev. Code Ann. Sections 4928.64 and 4928.65 and regulations promulgated in respect thereto; and

**WHEREAS**, each SSO Supplier will satisfy its Capacity obligations under the PJM Agreements associated with its respective SSO Supplier Responsibility Share in accordance with the PJM Agreements, including, without limitation, through participation in the base residual auction and incremental auctions administered by PJM; and



**WHEREAS**, AEP Ohio and the SSO Suppliers desire to enter into this Agreement setting forth their respective obligations concerning the provision of SSO Supply.

**NOW, THEREFORE**, for and in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

## **ARTICLE 1**

### **DEFINITIONS**

The following definitions and any terms defined in this Agreement shall apply hereunder.

“AEP Load Zone” means that set of electrical locations, designated by PJM as Pnode ID number 1269364670, determined pursuant to the applicable PJM Tariff, rules, agreements and procedures, representing the aggregate area of consumption that includes AEP Ohio within PJM and used for the purposes of scheduling, reporting withdrawal volumes, and settling Energy transactions at aggregated load levels, to facilitate Energy market transactions.

“AEP Ohio Indemnified Party” has the meaning set forth in Section 10.1(a).

“Affiliate” means, with respect to any Person, any other Person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

“Ancillary Services” has the meaning set forth in the PJM Agreements.

“Bankrupt” means with respect to any entity, that such entity (i) files a petition or otherwise commences or acquiesces in a proceeding under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it and such petition is not withdrawn or dismissed within thirty (30) days after such filing, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is unable to pay its debts as they fall due.

“Bankruptcy Code” means those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled “Bankruptcy” and found at 11 U.S.C. § 101 et seq.

“Billing Period” means hour ending 0100 on the first day of a calendar month through hour ending 2400 on the last day of the applicable calendar month.

“Billing Statement” has the meaning set forth in Section 6.1(a).

“Business Day” means any day except a Saturday, Sunday or a day PJM declares to be a holiday, as posted on the PJM website. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. prevailing Eastern Time, unless otherwise agreed to by the Parties in writing.

“Capacity” means “Unforced Capacity” as set forth in the PJM Agreements, or any successor measurement of capacity obligation of an LSE as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

“Charge” means any fee, charge, PJM charge, the Energy Share Adjustment if in favor of AEP Ohio, or any other amount that is billable by AEP Ohio to the SSO Supplier under this Agreement.

“Commercial/Industrial Customer” means a Customer taking service under one of AEP Ohio’s non-residential rates (Rate GS-1, Rate GS-2, Rate GS-3, Rate GS-4, Rate GS-TOD, GS1-TOD, GS-2-TOD, Rate COGEN/SPP, Rate EHG, Rate EHS, or Rate SS.)

“Costs” mean, with respect to the Non-Defaulting Party, all reasonable attorney’s fees, brokerage fees, commissions, PJM charges and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace this Agreement; and all reasonable attorney’s fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement as between AEP Ohio and the applicable SSO Supplier.

“Credit Limit” means an amount of credit, based on the creditworthiness of an SSO Supplier or its Guarantor, if applicable, determined pursuant to Section 5.6, granted by AEP Ohio to such SSO Supplier to be applied towards the Total Exposure Amount for such SSO Supplier.

“CRES Supplier” means a Person that is duly certified by the PUCO to offer and to assume the contractual and legal responsibility to provide Standard Service Offer pursuant to retail open access programs approved by the PUCO to Customers who are not SSO Customers of AEP Ohio.

“Cross Default Amount” means an amount equal to five percent (5%) of a Defaulting Party’s or Defaulting Party’s Guarantor’s (as applicable) Tangible Net Worth.

“Customer” means any Person who receives distribution service from AEP Ohio in accordance with the Legal Authorities.

“Default Allocation Assessment” has the meaning set forth in the PJM Agreements.

“Default Damages” means direct damages, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs as a result of an Event of Default by the Defaulting Party. Default Damages may include: (i) the positive difference (if any) between the price of SSO Supply hereunder and the price at which AEP Ohio or the SSO Supplier is able to purchase or sell (as applicable) SSO Supply (or any components of SSO Supply it is able to purchase or sell) from or to third parties including other SSO Suppliers and PJM; (ii) Emergency Energy charges; (iii) additional transmission or congestion charges incurred to purchase or sell SSO Supply; and (iv) Costs.

“Defaulting Party” has the meaning set forth in Section 7.1.

“Delivery Period” means the Original Delivery Period, unless this Agreement is terminated earlier in accordance with the provisions hereof.

“Delivery Point” means the AEP Load Zone as defined within PJM.

“Early Termination” has the meaning set forth in Section 2.3.

“Early Termination Date” means, as between AEP Ohio and the applicable SSO Supplier, the date upon which an Early Termination becomes effective as specified in Section 7.2(b).

“Effective Date” has the meaning set forth in the preamble.

“Emergency” means (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; (ii) a condition that requires implementation of emergency operations procedures; or (iii) any other condition or situation that AEP Ohio, transmission owner(s) or PJM deems imminently likely to endanger life or property or to affect or impair AEP Ohio’s electrical system or the electrical system(s) of other Person(s) to which AEP Ohio’s electrical system is directly or indirectly connected (a “Connected Entity”). Such a condition or situation may include potential overloading of AEP Ohio’s subtransmission or distribution circuits, PJM minimum generation (“light load”) conditions, or unusual operating conditions on either AEP Ohio’s or a Connected Entity’s electrical system, or conditions such that AEP Ohio is unable to accept Energy from the SSO Supplier without jeopardizing AEP Ohio’s electrical system or a Connected Entity’s electrical system.

“Emergency Energy” has the meaning set forth in the PJM Agreements.

“Energy” means electric energy of the character commonly known as three-phase, sixty-hertz electric energy that is delivered at the nominal voltage of the Delivery Point, expressed in MWh.

“Energy Share Adjustment” means for any Billing Period, the monetary amount due to an SSO Supplier or AEP Ohio, as the case may be, in order to reconcile any difference between the Estimated Monthly Energy Share used for the purpose of calculating estimated payments made to such SSO Supplier for a given month and the Final Monthly Energy Share used for calculating the final payments due to the SSO Supplier for such month, as more fully described in Article 6.

“Estimated Monthly Energy Share” means a quantity of Energy expressed in MWh which, for any Billing Period, is the preliminary calculation of the SSO Supplier’s SSO Supplier Responsibility Share.

“Event of Default” has the meaning set forth in Section 7.1.

“Excess Collateral” has the meaning set forth in Section 5.7.

“FERC” means the Federal Energy Regulatory Commission or such succeeding organization.

“Final Monthly Energy Share” means a quantity of Energy expressed in MWh which, for any

Billing Period, is the Estimated Monthly Energy Share adjusted for any billing or metering errors found subsequent to the calculation of the Estimated Monthly Energy Share of which PJM is notified prior to the last date on which PJM issues a settlement statement for a previous operating day for the Billing Period.

“Firm Transmission Service” has the meaning ascribed to “Network Integration Transmission Service” under the PJM Agreements. In the event the PJM Agreements are modified such that “Network Integration Transmission Service” is no longer offered, Firm Transmission Service means the type of transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

“Forward Market Prices” means forward market prices for a specific geographic Market Price Hub, as adjusted by AEP Ohio to reflect impact of load shape.

“Gains” means an amount equal to the present value of the economic benefit to the Non-Defaulting Party, if any, exclusive of Costs, resulting from an Early Termination.

“Governmental Authority” means any federal, state, local, municipal or other governmental entity, authority or agency, department, board, court, tribunal, regulatory commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over a Party to this Agreement.

“Guarantor” means any Person having the authority and agreeing to guarantee an SSO Supplier’s financial obligations under this Agreement, provided that such party meets AEP Ohio’s creditworthiness requirements for SSO Suppliers.

“Guaranty” means the ICT Guaranty or the Total Exposure Amount Guaranty, as applicable.

“ICR Collateral” has the meaning set forth in Section 5.4(d).

“ICRT” has the meaning set forth in Section 5.3.

“ICT Guaranty” means a guaranty, in the form substantially set forth in Attachment D, provided by a Guarantor in favor of AEP Ohio guaranteeing an SSO Supplier’s financial obligations in connection with ICT.

“Indemnification Losses” has the meaning set forth in Section 10.1(a).

“Indemnified Supplier” has the meaning set forth in Section 10.1(b).

“Independent Credit Requirement or ICR” means an amount per Tranche required as security under Section 5.3, to mitigate the risk to AEP Ohio of Energy price movements between the date of an Early Termination caused by an Event of Default by an SSO Supplier and the date the final calculation of Default Damages owing to AEP Ohio under Section 7.2(c) is made.

“Independent Credit Threshold or ICT” means an amount of credit, based on the creditworthiness of an SSO Supplier or its Guarantor, if applicable, determined pursuant to Section 5.4, granted by AEP Ohio to such SSO Supplier to be applied towards the satisfaction of such SSO Supplier’s Independent Credit Requirement.

“Interest Rate” means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate (“Prime Rate”) as may be published from time to time in the Federal Reserve Statistical Release H.15; or (b) the maximum lawful interest rate.

“Kilowatt or kW” means a unit of measurement of useful power equivalent to 1,000 watts.

“Kilowatt-hour or kWh” means one kilowatt of electric power used over a period of one hour.

“Legal Authorities” means, generally, those federal and Ohio statutes and administrative rules and regulations that govern the electric utility industry in Ohio.

“Letter of Credit” means a standby irrevocable letter of credit in the form set forth in Attachment E, or in such other form as AEP Ohio deems acceptable in its sole discretion, and in each case conforming to all of the requirements specifically set forth in Section 5.9(b).

“LIBOR” means the rates published daily as the London Inter-Bank Offered Rates for U.S. dollar deposits. For discounting purposes, the rates will be converted into a series of monthly rates representing the equivalent forward LIBOR rate from the valuation date to the month of delivery.

“Lighting Customer” means a Customer taking service under AEP Ohio’s lighting rates (Ohio Power Rate Zone: Rate AL or Rate SL; Columbus Southern Power Rate Zone: Rate AL or Rate SL).

“Load Serving Entity or LSE” has the meaning set forth in the applicable PJM Agreements.

“Losses” means an amount equal to the present value of the economic loss to the Non-Defaulting Party, if any, exclusive of Costs, resulting from an Early Termination.

“Margin” means, at any time, the amount by which the Total Exposure Amount exceeds the Credit Limit of the SSO Supplier or its Guarantor.

“Margin Call” has the meaning set forth in Section 5.6(e).

“Margin Collateral” has the meaning set forth in Section 5.6(e).

“Margin Interest Rate” means the Federal Funds Effective Rate, defined below, for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website at: <http://federalreserve.gov/releases/h15/update/>, or its successor.

“Mark-to-Market Exposure Amount” means an amount calculated daily for each SSO Supplier reflecting the exposure to AEP Ohio due to fluctuations in market prices for Energy as set forth in Section 5.5.

“Market Price Hub” means a liquid pricing point located within PJM’s geographic footprint.

“Minimum Margin Threshold” means \$100,000.

“Minimum Rating” means a minimum senior unsecured debt rating (or, if unavailable, corporate or issuer rating) as defined in Section 5.4(a).

“MW” means megaWatt.

“MWh” means megaWatt hour.

“NERC” means the North American Electric Reliability Corporation or its successor.

“Non-Defaulting Party” means (i) where an SSO Supplier is the Defaulting Party, AEP Ohio; (ii) where AEP Ohio is the Defaulting Party with respect to an Event of Default, the SSO Supplier to which the applicable obligation was owed.

“Ohio Sales and Use Taxes” has the meaning set forth in Section 12.8.

“Original Delivery Period” has the meaning set forth in Attachment A.

“Other Energy Supply Agreement” has the meaning set forth in Section 7.3(c).

“Party” has the meaning set forth in the preamble to this Agreement, and includes such Party’s successors and permitted assigns.

“Performance Assurance” means collateral in the form of cash, letters of credit, or other security reasonably acceptable to the requesting party.

“Person” means an individual, partnership, joint venture, corporation, limited liability company, trust, association or unincorporated organization, any Governmental Authority, or any other entity.

“PIPP Customers” means Customers that take service under AEP Ohio’s percentage of income payment plan.

“PJM” means PJM Interconnection, L.L.C. or any successor organization thereto.

“PJM Agreements” means the PJM OATT, PJM Operating Agreement, PJM RAA and any other applicable PJM manuals or documents, or any successor, superseding or amended versions thereof that may take effect from time to time.

“PJM E-Account” means an account obtainable through PJM which provides access to web-based PJM scheduling, settlement, accounting, marketing and other informational and economic systems.

“PJM OATT or PJM Tariff” means the Open Access Transmission Tariff of PJM or the successor, superseding or amended versions of the Open Access Transmission Tariff that may take effect from time to time.

“PJM Operating Agreement” means the Amended and Restated Operating Agreement of PJM or the successor, superseding or amended versions of the Amended and Restated Operating Agreement that may take effect from time to time.

“PJM RAA” means the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region or any successor, superseding or amended versions of the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region that may take effect from time to time.

"Price" means, with respect to each SSO Supplier, the price in \$/MWh set forth in Attachment A, resulting from AEP Ohio's Solicitation for the opportunity to provide SSO Supply. The Price is the basis for financial settlement of SSO Supply supplied by an SSO Supplier for SSO Customers under this Agreement.

"PUCO" means the Public Utilities Commission of Ohio, or any successor thereto.

"Residential Customer" means a Customer taking service under AEP Ohio's residential rates (Ohio Power Rate Zone: Rate RS, Rate RS-ES, Rate RS-TOD or Rate RDMS; Columbus Southern Power Rate Zone: Rate R-R, Rate R-R-1, Rate RLM, Rate RS-ES, Rate RS-TOD, Rate RS-TOD2, Rate CPP or Rate RS-RTP).

"Seasonal Billing Factor" means a numerical factor, as set forth in Attachment B, one amount applicable during the summer months of June through September, and one amount applicable during the non-summer months of October through May, applied to the Price in accordance with the provisions of Article 6 and thereby used to adjust AEP Ohio's payments to SSO Suppliers.

"Settlement Amount" means the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which the Non-Defaulting Party incurs as a result of Early Termination, calculated from the Early Termination Date through the end of the Original Delivery Period. For purposes of calculating the Settlement Amount, the quantity of Energy (and other components of SSO Supply) provided for under this Agreement for the period following the Early Termination Date through the remainder of the Original Delivery Period will be determined by the Non-Defaulting Party in a commercially reasonable manner reflecting estimated SSO Load for un-switched customers as of the Early Termination Date based on the then most recent load switching report filed by AEP Ohio with the PUCO as of the Early Termination Date. The calculation of Settlement Amount with respect to an Early Termination shall exclude Default Damages calculated pursuant to Section 7.3(a).

"Solicitation" means the auction by which the counterparty, quantity, pricing and other terms of this Agreement are established.

"Special Contract Customers" means Customers that take retail generation service from AEP Ohio under terms and conditions different than the otherwise applicable tariff.

"Specified Indebtedness" with respect to a Party means as of any date, without duplication, (i) all obligations of such Party for borrowed money, (ii) all indebtedness of such Party for the deferred purchase price of property or services purchased (excluding current accounts payable incurred in the ordinary course of business), (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired, (iv) all indebtedness under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases in respect of which such Party is liable as lessee, (v) the face amount of all outstanding letters of credit issued for the account of such Party (other than letters of credit relating to indebtedness included in indebtedness of such Party pursuant to another clause of this definition) and, without duplication, the unreimbursed amount of all drafts drawn thereunder, (vi) indebtedness secured by any lien on property or assets of such Party, whether or not assumed (but in any event not exceeding the fair market value of the property or asset), (vii) all direct guarantees of indebtedness referred to above of another Party, (viii) all amounts payable in connection with mandatory redemptions or repurchases of preferred stock or member interests or

other preferred or priority equity interests and (ix) any obligations of such Party (in the nature of principal or interest) in respect of acceptances or similar obligations issued or created for the account of such Party.

“SSO Customers” means Residential Customers, Commercial/Industrial Customers, Lighting Customers, Special Contract Customers, and any other Customer taking retail generation service from AEP Ohio, but excluding PIPP Customers.

“SSO Load” means the full electricity requirements for SSO Service of SSO Customers.

“SSO Service” means Standard Service Offer service that is not provided by a CRES Supplier.

“SSO Supplier” has the meaning set forth in the preamble.

“SSO Supplier Responsibility Share” means, for each SSO Supplier, the fixed percentage share of the SSO Load for which the SSO Supplier is responsible as set forth in Attachment A.

“SSO Supply” means unbundled Energy, Capacity and Ancillary Services, including, to the extent not expressly assumed by AEP Ohio pursuant to Section 3.2, all transmission and distribution losses and congestion and imbalance costs associated with the provision of such services, as measured and reported to PJM, and such other services or products that an SSO Supplier may be required to provide, by PJM or other Governmental Authority, in order to meet the requirements of SSO Service.

“Standard Service Offer” means a market-based standard service offer provided by AEP Ohio under PUCO tariffs of all competitive retail electric services necessary to maintain essential electric service to Customers, including Energy, Capacity, Ancillary Services and Firm Transmission Service, including all transmission and distribution losses, congestion and imbalance costs associated with the provision of the foregoing services, other obligations or responsibilities currently imposed or that may be imposed by PJM, and such other services or products that are provided by a CRES Supplier to fulfill its obligations to serve customer load, as required by Section 4928.141 of the Ohio Revised Code.

“Tangible Net Worth” or “TNW” means total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks, each as would be reflected on a balance sheet prepared in accordance with generally accepted accounting principles.

“Taxes” have the meaning set forth in Section 12.8.

“Term” has the meaning set forth in Section 2.1.

“Termination Payment” has the meaning set forth in Section 7.3(c).

“Total Exposure Amount” means an amount calculated daily for each SSO Supplier reflecting the total credit exposure to AEP Ohio and consisting of the sum of: (i) the Mark-to-Market Exposure Amount arising under this Agreement; (ii) any amount(s) designated as the “mark-to-market exposure amount” (or similar designation) under any Other Energy Supply Agreement; and (iii) the amount designated as the “credit exposure” (or similar designation) under any Other Energy



Supply Agreement; less (iv) amounts due to such SSO Supplier pursuant to Section 6.1; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

“Total Exposure Amount Guaranty” means a guaranty, in substantially similar form as set forth in Attachment D, provided by a Guarantor in favor of AEP Ohio guaranteeing an SSO Supplier’s financial obligation with respect to its Total Exposure Amount.

“Tranche” means a fixed percentage share of the SSO Load as determined for the purposes of the Solicitation conducted to procure SSO Supply for the SSO Load.

## **ARTICLE 2**

### **TERM AND TERMINATION**

#### **2.1 Term**

The Term of this Agreement shall begin on the Effective Date and extend through and include the end of May 31, 201\_\_ (“Term”) unless terminated earlier or extended pursuant to the terms of this Agreement; provided, however, that the provision of SSO Supply by SSO Suppliers will commence on the period set forth in the applicable Attachment A as the Original Delivery Period starting at 12:01 a.m. prevailing Eastern Time and ending though the date specified in Attachment A.

#### **2.2 Mutual Termination**

AEP Ohio and any SSO Supplier may terminate this Agreement at any time during the Term on such terms and under such conditions as they mutually agree.

#### **2.3 Early Termination**

This Agreement may be terminated by a Party prior to the end of the Term due to an occurrence of an Event of Default and the declaration of an Early Termination Date by the Non-Defaulting Party pursuant to Section 7.2 (an “Early Termination”).

#### **2.4 Effect of Termination**

The applicable provisions of this Agreement shall continue in effect and survive the termination of this Agreement to the extent necessary to provide for final accounting, billing,

billing adjustments, resolution of any billing disputes, realization of any collateral or other security, set-off, final payments, or payments pertaining to liability and indemnification obligations arising from acts or events that occurred in connection with this Agreement during the Term.

### **ARTICLE 3**

#### **GENERAL TERMS AND CONDITIONS**

##### **3.1 SSO Supplier's Obligations to Provide SSO Supply and Other Obligations**

Each SSO Supplier hereby agrees, severally, but not jointly, as follows:

(a) during the Delivery Period, such SSO Supplier shall sell, deliver and provide SSO Supply on a firm and continuing basis in order to meet its SSO Supplier Responsibility Share, in accordance with this Agreement and the PJM Agreements;

(b) (i) except with respect to Capacity, each SSO Supplier's obligation under Section 3.1(a) will result in physical delivery of SSO Supply and not financial settlement; (ii) the quantity of SSO Supply that such SSO Supplier must deliver will be determined by the requirements of the SSO Load, which may be different than the amount indicated in the Solicitation; and (iii) this Agreement does not provide for an option by such SSO Supplier with respect to the quantity of SSO Supply to be delivered;

(c) in connection with the provision of SSO Supply at the Delivery Point each SSO Supplier shall be responsible for, in proportion to its SSO Supplier Responsibility Share, all costs and expenses in Attachment F, PJM billing statement line items, identified as the responsibility of the SSO Supplier, and any other costs and expenses related to transmission and Ancillary Services, unless otherwise expressly indicated otherwise in this Agreement.

(d) during the Term, each SSO Supplier is responsible, at its sole cost and expense, for any changes in PJM products and pricing required for the delivery of its SSO Supplier Responsibility Share, including all other costs and expenses related to transmission and Ancillary Services in connection with the provision of SSO Supply in proportion to its SSO Supplier Responsibility Share, except for any changes to products or the pricing of such products that are the responsibility of AEP Ohio pursuant to Section 3.2;

(e) each SSO Supplier is responsible for all transmission and distribution losses and congestion and imbalance costs incurred to supply its SSO Supplier Responsibility Share;

(f) each SSO Supplier shall be at all times during the Delivery Period (i) a member in good standing of PJM and (ii) qualified by PJM as a “Market Buyer” and “Market Seller” pursuant to the PJM Agreements, and (iii) qualified as a PJM “Load Serving Entity”;

(g) each SSO Supplier shall be responsible, and be liable, to PJM for the performance of its LSE obligations associated with the provision of SSO Supply under this Agreement;

(h) each SSO Supplier shall have and maintain, throughout the Delivery Period, FERC authorization to make sales of Energy, Capacity, and Ancillary Services at market-based rates within PJM; and

(i) each SSO Supplier shall deliver SSO Supply to the Delivery Point under this Agreement free and clear of any and liens, security interests, claims and encumbrances or any interest therein or thereto by any Person.

### **3.2 AEP Ohio’s Obligation to Take SSO Supply and other Obligations**

AEP Ohio hereby agrees as follows:

(a) during the Delivery Period, AEP Ohio shall purchase and accept SSO Supply provided by an SSO Supplier pursuant to Section 3.1 at the Delivery Point and shall make payment to the SSO Supplier based on the Price; and

(b) during the Delivery Period, AEP Ohio shall be a member in good standing of PJM; and

(c) during the Delivery Period, AEP Ohio shall be responsible for the provision of Firm Transmission Service from the Delivery Point; and

(d) AEP Ohio shall be responsible, at its sole costs and expense, for:

(i) charges and credits assessed under, Schedule 1A (Transmission Owner Scheduling, System Control and Dispatch Services), Schedule 2 (Reactive Supply

and Voltage Control from Generation or Other Sources Services), “Network Integration Transmission Service (NITS)” under the PJM Agreements, and Schedule 12 (Transmission Enhancement Charge) of the PJM Tariff;

(ii) other non-market-based costs, fees or charges imposed on or charged to AEP Ohio by FERC or a regional transmission organization, independent transmission operator, or similar organization approved by FERC; and

(iii) with regard to the foregoing, such services and schedules as they may be modified or superseded from time to time;

(e) AEP Ohio will be responsible for (i) metering, billing and delivery with respect to SSO Customers (and SSO Suppliers will have no responsibility with respect thereto) and (ii) distribution services (and SSO Suppliers will have no responsibility with respect thereto); and

(f) AEP Ohio will be responsible, at its sole cost and expense, for the provision of any renewable energy resource requirement as set forth in Ohio Rev. Code Ann. Sections 4928.64 and 4928.65 and regulations promulgated in respect thereto.

### **3.3 PJM E-Accounts**

Each SSO Supplier and AEP Ohio shall work with PJM to establish any PJM E-Accounts necessary for such SSO Supplier to provide SSO Supply. Each SSO Supplier may manage its PJM E-Accounts in its sole discretion; provided such SSO Supplier acts in accordance with the standards set forth in the PJM Agreements.

### **3.4 Reliability Guidelines**

Each Party agrees to adhere to the applicable operating policies, criteria and guidelines of the NERC, PJM, their successors, and any regional and sub-regional requirements.

### **3.5 Regulatory Authorizations**

(a) AEP Ohio and each SSO Supplier shall obtain and maintain throughout the Delivery Period all regulatory authorizations necessary to perform their respective obligations under this Agreement.

(b) Each SSO Supplier shall cooperate in good faith with AEP Ohio in any regulatory compliance efforts as may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of SSO Supply before the PUCO, FERC or any other Governmental Authority.

### **3.6 PJM Member Default Cost Allocation**

In the event PJM imposes a Default Allocation Assessment upon AEP Ohio relating to a default during the Term, AEP Ohio may, in its sole discretion, invoice each SSO Supplier, based on its SSO Supplier Responsibility Share, for amounts determined, in AEP Ohio's sole discretion, to be properly payable by such SSO Supplier from the Default Allocation Assessment and each SSO Supplier shall pay such amounts within three (3) Business Days after receipt of such invoice, subject to the dispute resolution procedures set forth in Section 11.

### **3.7 Status of SSO Supplier**

In order to meet AEP Ohio's service obligations under Legal Authorities, it is the intent of the Parties that each SSO Supplier shall be deemed a LSE for the duration of the Delivery Period pursuant to the PJM Agreements and Legal Authorities.

### **3.8 Sales for Resale**

All SSO Supply provided by an SSO Supplier to AEP Ohio shall be sales for resale, with AEP Ohio reselling such SSO Supply to SSO Customers.

### **3.9 Declaration of Authority**

As designated or otherwise required by AEP Ohio, AEP Ohio and each SSO Supplier shall execute a Declaration of Authority, a representative form of which is attached hereto as Attachment G.

## **ARTICLE 4**

### **SCHEDULING, FORECASTING AND INFORMATION SHARING**

#### **4.1     Scheduling**

(a) Each SSO Supplier shall schedule SSO Supply and make all necessary arrangements for the delivery of SSO Supply through the PJM Office of Interconnection pursuant to the PJM Agreements.

(b) AEP Ohio will provide to each SSO Supplier and to PJM all information required by PJM for the purpose of calculating each SSO Supplier's SSO Supply obligations, including the magnitude of each SSO Supplier's SSO Supply obligation, as required by the PJM Office of Interconnection.

#### **4.2     Load Forecasting**

AEP Ohio shall not be required to provide to any SSO Supplier any load forecasting services.

#### **4.3     Disconnection and Curtailment by AEP Ohio**

AEP Ohio shall have the right, without incurring any liability to any SSO Supplier, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the SSO Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever AEP Ohio determines in its discretion acting in good faith that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of AEP Ohio's facilities; or due to any other reason affecting the safe and reliable operation of any of AEP Ohio's or a Customer's facilities, including Emergencies, forced outages or potential overloading of any of AEP Ohio's transmission or distribution circuits, potential damage to the Customer's facilities or any risk of injury to persons, or when AEP Ohio is directed by PJM. AEP Ohio shall not show any preference for any Affiliate in connection with any such disconnection, curtailment or reduction.

#### **4.4 Loss of Service to SSO Customers**

The Parties agree and acknowledge that service to SSO Customers may be lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of AEP Ohio affecting the transmission and distribution facilities of AEP Ohio. No Party will have any liability to any other Party for the occurrence of such events. In no event will a loss of service to a Customer affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such loss of service.

#### **4.5 PJM Requirements**

The Parties acknowledge and agree that, as members of PJM, each of them is bound by the PJM Agreements and any other operating instructions, policies and procedures set forth by PJM. Each SSO Supplier acknowledges and agrees that it will cooperate with AEP Ohio and PJM as the applicable balancing authority and reliability coordinator so that AEP Ohio will be in compliance with all PJM emergency operations procedures, which include procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction and full interruption of Customer load by either manual or automatic means.

#### **4.6 Compliance with Governmental Directives**

Each SSO Supplier acknowledges and agrees that AEP Ohio may need to act in response to directives by a Governmental Authority that may affect SSO Supply or SSO Load. Each SSO Supplier agrees to cooperate fully with AEP Ohio in order to comply with such directives.

### **ARTICLE 5**

#### **CREDIT AND PERFORMANCE SECURITY**

##### **5.1 Applicability**

Each SSO Supplier agrees that it will meet the creditworthiness standards of this Article 5 at all times during the Term and will inform AEP Ohio immediately of any changes in its credit rating or financial condition. Without limiting the foregoing, each SSO Supplier shall, upon the written request of AEP Ohio, affirmatively demonstrate to AEP Ohio in a manner satisfactory to

AEP Ohio its compliance with the creditworthiness standards set forth hereunder. AEP Ohio may establish less restrictive creditworthiness standards under this Article 5 in a non-discriminatory manner.

During the Term, each SSO Supplier or its Guarantor, if applicable, that has been granted an Independent Credit Threshold or a Credit Limit agrees to provide as soon as practicable (i) after the end of each fiscal year, complete annual audited financial statements (including footnotes), and (ii) after the end of each fiscal quarter, complete quarterly unaudited financial statements (including footnotes). If such financial statements are readily and timely available from the SSO Supplier's website or other public website such as [www.sec.gov](http://www.sec.gov), then this requirement shall be deemed to be satisfied.

## **5.2 Creditworthiness Determination**

AEP Ohio will determine the creditworthiness of an SSO Supplier or its Guarantor, if applicable, whether organized under the laws of the United States or organized under the laws of a foreign jurisdiction, based on its most recent senior unsecured debt rating (or, if unavailable, its corporate or issuer rating). AEP Ohio will have full discretion, without liability or recourse to such SSO Supplier or its Guarantor, if applicable, to evaluate the evidence of creditworthiness submitted by such SSO Supplier or Guarantor. AEP Ohio may re-evaluate the creditworthiness of an SSO Supplier or Guarantor from time to time, including whenever it becomes aware of an adverse change in such SSO Supplier's or Guarantor's credit standing. In addition, the SSO Supplier may petition AEP Ohio to re-evaluate its creditworthiness whenever an event occurs that the SSO Supplier reasonably believes would improve the determination made by AEP Ohio of its or its Guarantor's creditworthiness. AEP Ohio's credit re-evaluation must be completed as soon as practicable, but in no event longer than thirty (30) days after receiving a fully documented request. AEP Ohio shall provide the rationale for its determination of the Credit Limit and any resulting security requirement and such determination shall be deemed final and conclusive. AEP Ohio shall perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. Each SSO Supplier or its Guarantor shall provide unrestricted access to its audited financial statements; however, if audited financial statements are not available, AEP Ohio may specify other types of financial statements that will be accepted. If AEP Ohio determines in its sole discretion that it is unable to adequately assess an SSO Supplier's or Guarantor's creditworthiness or the



credit rating of an SSO Supplier or its Guarantor is insufficient, such SSO Supplier shall be required to post ICR Collateral in accordance with Section 5.4(d) and Margin Collateral in accordance with Section 5.7.

### **5.3 Independent Credit Requirement**

The Independent Credit Requirement (“ICR”) per Tranche (“ICRT”) that will be required of each SSO Supplier under this Agreement will initially be the sum of the amounts set forth on Attachment C-1 at the inception of the Original Delivery Period for each Tranche and will decline throughout the Term in accordance with the schedule set forth on Attachment C-1.

### **5.4 Independent Credit Threshold**

Each SSO Supplier that qualifies under the following criteria will be granted an Independent Credit Threshold (“ICT”).

(a) For an SSO Supplier or its Guarantor that has been organized under the laws of the United States, the following requirements must be satisfied in order for such SSO Supplier to be granted an ICT:

(i) the SSO Supplier or its Guarantor, as applicable, must (1) be rated by Standard & Poor’s Rating Services (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”), and (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate or issuer rating) of at least “BB” from S&P, “Ba2” from Moody’s, or “BB” from Fitch (a “Minimum Rating”). If the SSO Supplier or its Guarantor is rated by only two rating agencies and the ratings are split, the lower rating will be used. If the SSO Supplier or its Guarantor is rated by three rating agencies and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. If the SSO Supplier and an Affiliate(s) are both winning bidders in the Solicitation for the provision of SSO Supply, then the SSO Supplier or its Guarantor, as applicable, and the Affiliate(s) will proportionally share the maximum level of the ICT using the highest rating as determined for the SSO Supplier or its Guarantor, as applicable, and the Affiliate(s). The maximum

level of the ICT will be determined based on the following table:

Credit Rating of the SSO Supplier or its Guarantor			Maximum Independent Credit Threshold (calculated as the lesser of the percentage of TNW and the applicable Independent Credit Threshold Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Independent Credit Threshold Cap
A- and above	A3 and above	A- and above	16%	Not applicable
BBB+	Baa1	BBB+	10%	Not applicable
BBB	Baa2	BBB	10%	Not applicable
BBB-	Baa3	BBB-	8%	Not applicable
BB+	Ba1	BB+	2%	\$3,000,000
BB	Ba2	BB	1%	\$1,500,000
BB- and below	Ba3 and below	BB- and below	0%	\$0

(ii) for SSO Suppliers having a Guarantor, the maximum level of the ICT that can be granted based on an ICT Guaranty will be determined in accordance with subsection (i) above, with reference to the credit rating of the Guarantor.

The ICT granted to the SSO Supplier will not exceed the amount of the ICT Guaranty. The ICT Guaranty tendered by the SSO Supplier to satisfy the ICT requirement arising under this Section 5.4 shall be a separate guaranty from the Total Exposure Amount Guaranty, if any, tendered by the SSO Supplier to satisfy any requirement for a Credit Limit to cover the Total Exposure Amount arising under Section 5.6; provided, however, that a single Guaranty may be provided if such Guaranty is for an unlimited amount.

(b) For an SSO Supplier or its Guarantor that has not been organized under the laws of the United States, the following requirements must be satisfied in order for such SSO Supplier to be granted an ICT:

(i) the SSO Supplier must supply such evidence of creditworthiness as to provide AEP Ohio with comparable assurances of creditworthiness as applicable above for SSO Suppliers that have been organized under the laws of the United States; or

(ii) the Guarantor of an SSO Supplier must supply such evidence of creditworthiness as to provide AEP Ohio with comparable assurances of creditworthiness as applicable above for Guarantors of SSO Suppliers that have been organized under the laws of the United States. AEP Ohio may reject such Guarantors that do not meet the creditworthiness requirements.

(c) All SSO Suppliers or Guarantors of SSO Suppliers that have not been organized under the laws of the United States must, in addition to all documentation required elsewhere in this Section 5.4, supply the following to AEP Ohio as a condition of being granted an ICT:

(i) for an SSO Supplier: (1) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the SSO Supplier is organized that (A) the SSO Supplier is duly incorporated and existing in such foreign jurisdiction; (B) this Agreement is the binding and enforceable obligation of the SSO Supplier in such foreign jurisdiction and does not violate any local law or the SSO Supplier's organizational or governing documents; and (C) all authorizations, approvals, consents, licenses, exemptions or other requirements of governmental, judicial or public bodies in such foreign jurisdiction have been obtained, and all execution formalities have been duly completed, necessary for the enforcement and validity of this Agreement and the performance by the SSO Supplier of its obligations hereunder; and (2) the sworn certificate of the corporate secretary (or similar officer) of such SSO Supplier that the Person executing this Agreement on behalf of the SSO Supplier has the authority to execute this Agreement and that the governing board of such SSO Supplier has approved the execution of this Agreement. AEP Ohio will have full discretion, without liability or recourse to the SSO Supplier, to evaluate the sufficiency of the documents submitted by the SSO Supplier; or

(ii) for the Guarantor of an SSO Supplier: (1) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is organized that (A) the Guarantor is duly incorporated and existing in such foreign jurisdiction; (B) the ICT Guaranty is the binding and enforceable obligation of the Guarantor in such foreign jurisdiction and does not violate any local law or the Guarantor's organizational or governing documents; and (C) all authorizations, approvals, consents, licenses, exemptions or other requirements of governmental, judicial or public bodies in such foreign jurisdiction have been obtained, and all execution formalities have been duly completed, necessary for the enforcement and validity of the ICT Guaranty and the performance by the Guarantor of its obligations thereunder; and (2) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Person executing the ICT Guaranty on behalf of the Guarantor has the authority to execute the ICT Guaranty and that the governing board of such Guarantor has approved the execution of the ICT Guaranty. AEP Ohio will have full discretion, without liability or recourse to the Guarantor or the SSO Supplier, to evaluate the sufficiency of the documents submitted by such Guarantor.

(d) SSO Suppliers who do not qualify for an ICT or whose ICT plus the amount of any cash or Letter of Credit already posted in accordance with Section 5.9 to satisfy its aggregate ICR under this Agreement and any Other Energy Supply Agreement (the "ICR Collateral") does not meet its aggregate ICR under this Agreement and any Other Energy Supply Agreement, must post ICR Collateral at the time of or prior to the Effective Date to the extent its aggregate ICR under this Agreement and any Other Energy Supply Agreement exceeds its ICT.

(e) Under no circumstances shall the ICT hereunder plus any other independent credit threshold granted to the SSO Supplier or its Guarantor under any Other Energy Supply Agreement exceed the maximum ICT hereunder.

## **5.5 Mark-to-Market Credit Exposure Methodology**

To calculate the Mark-to-Market Exposure Amount for each SSO Supplier, the following mark-to-market credit exposure methodology will be used. A "market value" for each Tranche will be determined at the time the Solicitation is completed based on the then prevailing market prices, as described further in Attachment C-2. At the time the Solicitation is completed, the Mark-to-Market Exposure Amount for each SSO Supplier shall be set equal to zero. Subsequently, the

differences between the prevailing market prices on a valuation date and the market prices in effect on the date the Solicitation is completed will be used to calculate the Mark-to-Market Exposure Amounts for each SSO Supplier, as described further in Attachment C-2. The total Mark-to-Market Exposure Amount will be equal to the sum of the Mark-to-Market Exposure Amounts for each Billing Period, or portion thereof, remaining during the Original Delivery Period. Forward Market Prices will be determined with reference to publicly available market price quotations obtained by AEP Ohio, as adjusted by AEP Ohio to more closely approximate the price impact of serving a slice-of-system product which reflects hourly variations due to customer usage patterns. Such adjustment is further described in Attachment C-2. However, if market price quotations are not publicly available, Forward Market Prices will be determined by AEP Ohio using any method which AEP Ohio deems appropriate and which reasonably reflects forward market pricing conditions in PJM. The Mark-to-Market Exposure Amount will also be adjusted on a monthly basis to reflect changes in expected SSO Load by means of a volume adjustment factor. The Mark-to-Market Exposure Amount will be stated on a present value basis by discounting using the then-prevailing LIBOR rate. The methodology for calculation of the Mark-to-Market Exposure Amount is illustrated in the example (using hypothetical numbers) in Attachment C-2.

## **5.6 Credit Limit**

The following criteria constitute AEP Ohio's creditworthiness requirements for the SSO Suppliers to cover the Total Exposure Amount:

(a) For SSO Suppliers to be granted a Credit Limit without delivering a Total Exposure Amount Guaranty or other Performance Assurance acceptable to AEP Ohio, in the case of an SSO Supplier organized under the laws of the United States, the SSO Supplier must (1) be rated by S&P, Moody's or Fitch, and (2) have a minimum senior unsecured debt rating (or, if unavailable, corporate or issuer rating) equal to the Minimum Rating. If the SSO Supplier is rated by only two rating agencies and the ratings are split, the lower rating will be used. If the SSO Supplier is rated by three rating agencies and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used. If the SSO Supplier and an Affiliate(s) are both winning bidders in the Solicitation for the provision of SSO Supply, then the SSO Supplier or its Guarantor, as applicable, and the Affiliate(s) will proportionally share the maximum level of the Credit Limit using the highest rating as determined for the SSO Supplier or its Guarantor, as applicable, and the Affiliate(s). The

maximum level of the Credit Limit to cover the Total Exposure Amount will be determined based on the following table:

Credit Rating of the SSO Supplier or its Guarantor			Maximum Credit Limit (calculated as the lesser of the percentage of TNW and the applicable Credit Limit Cap below)	
S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap
A- and above	A3 and above	A- and above	16%	\$75,000,000
BBB+	Baa1	BBB+	10%	\$50,000,000
BBB	Baa2	BBB	10%	\$40,000,000
BBB-	Baa3	BBB-	8%	\$30,000,000
BB+	Ba1	BB+	2%	\$10,000,000
BB	Ba2	BB	1%	\$5,000,000
BB- and below	Ba3 and below	BB- and below	0%	\$0

The SSO Supplier will be required to post cash or a Letter of Credit for the Margin due AEP Ohio as set forth in Section 5.7 of this Agreement.

(b) For SSO Suppliers delivering a Total Exposure Amount Guaranty, in the case of a Guarantor organized under the laws of the United States, the maximum level of the Credit Limit to cover the Total Exposure Amount that could be granted based on the Total Exposure Amount Guaranty will be determined in accordance with subsection (a) above, with reference to the credit rating of the Guarantor, except that the Credit Limit granted to the SSO Supplier will not exceed the amount of the Total Exposure Amount Guaranty.

(c) For an SSO Supplier or Guarantor, if applicable, that has not been organized under the laws of the United States, the following standards will apply:

(i) the SSO Supplier must supply such evidence of creditworthiness as to provide AEP Ohio with comparable assurances of creditworthiness as applicable above for SSO Suppliers that have been organized under the laws of the United States; or

(ii) if the SSO Supplier is providing a Total Exposure Amount Guaranty, the Guarantor of an SSO Supplier must supply such evidence of creditworthiness as to provide

AEP Ohio with comparable assurances of creditworthiness as applicable above for Guarantors of SSO Suppliers that have been organized under the laws of the United States. AEP Ohio may reject such Guarantors that do not meet the creditworthiness requirements.

(d) All SSO Suppliers or Guarantors of SSO Suppliers, if applicable, that have not been organized under the laws of the United States must, in addition to all documentation required elsewhere in this Section 5.6, supply the following to AEP Ohio:

(i) For an SSO Supplier: (1) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the SSO Supplier is organized that (A) the SSO Supplier is duly incorporated and existing in such foreign jurisdiction; (B) this Agreement is the binding and enforceable obligation of the SSO Supplier in such foreign jurisdiction and does not violate any local law or the SSO Supplier's organizational or governing documents; and (C) all authorizations, approvals, consents, licenses, exemptions or other requirements of governmental, judicial or public bodies in such foreign jurisdiction have been obtained, and all execution formalities have been duly completed, necessary for the enforcement and validity of this Agreement and the performance by the SSO Supplier of its obligations hereunder; and (2) the sworn certificate of the corporate secretary (or similar officer) of such SSO Supplier that the Person executing this Agreement on behalf of the SSO Supplier has the authority to execute this Agreement and that the governing board of such SSO Supplier has approved the execution of this Agreement. AEP Ohio will have full discretion, without liability or recourse to the SSO Supplier, to evaluate the sufficiency of the documents submitted by the SSO Supplier; or

(ii) For the Guarantor of an SSO Supplier: (1) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is organized that (A) the Guarantor is duly incorporated and existing in such foreign jurisdiction; (B) the Total Exposure Amount Guaranty is the binding and enforceable obligation of the Guarantor in such foreign jurisdiction and does not violate any local law or the Guarantor's organizational or governing documents; and (C) all authorizations, approvals, consents, licenses, exemptions or other requirements of governmental, judicial or public bodies in such foreign jurisdiction have been obtained, and all execution formalities have been duly completed, necessary for the enforcement and validity of the Total Exposure Amount

Guaranty and the performance by the Guarantor of its obligations thereunder; and (2) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Person executing the Total Exposure Amount Guaranty on behalf of the Guarantor has the authority to execute the Total Exposure Amount Guaranty and that the governing board of such Guarantor has approved the execution of the Total Exposure Amount Guaranty. AEP Ohio will have full discretion, without liability or recourse to the Guarantor or the SSO Supplier, to evaluate the sufficiency of the documents submitted by such Guarantor.

(e) For an SSO Supplier with a Total Exposure Amount Guaranty, the SSO Supplier will be granted a Credit Limit up to the amount of the Total Exposure Amount Guaranty, but not exceeding the Credit Limit shown in the table above. The Total Exposure Amount Guaranty shall be provided to AEP Ohio on or prior to the Effective Date, but may be modified in any amended or substitute Total Exposure Amount Guaranty provided to AEP Ohio during the Term. The SSO Supplier, however, may not increase or substitute its Total Exposure Amount Guaranty for the purpose of increasing its applicable Credit Limit during the time period after AEP Ohio has made a demand of the SSO Supplier to cover Margin (a "Margin Call") but before the SSO Supplier has provided AEP Ohio with cash credited to a deposit account of AEP Ohio or a Letter of Credit in accordance with Section 5.9, in each case in an amount equal to or exceeding the Margin (the "Margin Collateral"). Notwithstanding anything herein to contrary, the SSO Supplier may increase the amount of its Total Exposure Amount Guaranty after satisfying a Margin Call. Upon AEP Ohio's receipt of an amended or substitute Total Exposure Amount Guaranty increasing the amount of the Total Exposure Amount Guaranty, the SSO Supplier may request a return of Margin Collateral in accordance with Section 5.7. The SSO Suppliers will be required to post cash or a Letter of Credit for the Margin due AEP Ohio as set forth in Section 5.7 of this Agreement.

(f) Under no circumstances shall the Credit Limit hereunder plus any other credit limit granted to the SSO Supplier or its Guarantor under any Other Energy Supply Agreement exceed the Credit Limit hereunder.

#### **5.7 Posting Margin Collateral and Return of Excess Collateral**

If at any time and from time to time during the Delivery Period, Margin exists with respect to an SSO Supplier, then AEP Ohio on any Business Day may make a Margin Call of such SSO



Supplier; provided however that AEP Ohio may not make a Margin Call unless the Margin exceeds the Minimum Margin Threshold. Upon receipt of a Margin Call, the applicable SSO Supplier shall provide to AEP Ohio Margin Collateral, which shall comprise of cash or a Letter of Credit. The Margin Collateral shall be in the amount equal to the Margin less the amount of any Margin Collateral already posted by the SSO Supplier in which AEP Ohio has a first priority, perfected security interest to secure the obligations of the SSO Supplier under this Agreement and any Other Energy Supply Agreement. For the avoidance of doubt, any ICR Collateral posted pursuant to Section 5.4 shall not constitute Margin Collateral.

If an SSO Supplier receives a Margin Call from AEP Ohio by 1:00 p.m. prevailing Eastern Time on a Business Day, then such SSO Supplier shall post Margin Collateral the following Business Day if posting cash and the second Business Day following the Margin Call if posting a Letter of Credit, unless in each case AEP Ohio agrees in writing to extend the period to provide Margin Collateral. If the SSO Supplier receives a Margin Call after 1:00 p.m. prevailing Eastern Time on a Business Day, whether posting cash or a Letter of Credit, then the SSO Supplier must post Margin Collateral on the second Business Day following the Margin Call unless AEP Ohio agrees in writing to extend the period to provide Margin Collateral. AEP Ohio will not unreasonably deny a request for a one-day extension of such period.

Margin Collateral being held by AEP Ohio that is not needed to satisfy the Margin ("Excess Collateral"), will be returned to the SSO Supplier upon receipt of a written request from the SSO Supplier; provided, however, that the SSO Supplier may not request Excess Collateral until such Excess Collateral exceeds the Minimum Margin Threshold. If the SSO Supplier posted cash and notice is received by AEP Ohio by 1:00 p.m. prevailing Eastern Time on a Business Day, the Excess Collateral will be returned by the following Business Day and if the SSO Supplier posted cash and notice is received by AEP Ohio after 1:00 p.m. prevailing Eastern Time on a Business Day, the Excess Collateral will be returned by the second Business Day following the date of notice. If the SSO Supplier posted a Letter of Credit, the Excess Collateral shall be returned on the next Business Day following the Business Day on which the amendment to the Letter of Credit is received from the issuing bank, unless in each case the SSO Supplier agrees in writing to extend such period for returning the Excess Collateral. The SSO Supplier will not unreasonably deny a request for a one-day extension of the period for returning the Excess Collateral.

## **5.8 Grant of Security Interest; Remedies**

To secure its obligations under this Agreement, the SSO Supplier hereby grants to AEP Ohio a present and continuing security interest in, and lien on (and right of setoff against), its right, title and interest, whether now owned or hereafter acquired or arising, in (i) all deposit accounts in the name of AEP Ohio or partially in the name of AEP Ohio or held for the benefit of AEP Ohio and all funds credited to any and all of the foregoing, (ii) all securities, instruments (including promissory notes), money (each of the foregoing terms as defined in the UCC), cash and other tangible property delivered to and held by AEP Ohio (or its agents or custodians) and (iii) all proceeds (as defined in the UCC) of any and all of the foregoing. The SSO Supplier agrees to take such action as reasonably required to create and perfect AEP Ohio's first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or at any time after the occurrence or deemed occurrence and during the continuation of an Event of Default where an SSO Supplier is the Defaulting Party or an Early Termination Date (whether or not such SSO Supplier was the Defaulting Party), AEP Ohio may do any one or more of the following in any order: (i) exercise any of the rights and remedies of AEP Ohio, including the right to set-off and liquidation, against any and all ICR Collateral, Margin Collateral or other collateral of such SSO Supplier in the possession of AEP Ohio, whether held in connection with this Agreement or any Other Energy Supply Agreement, including any such rights and remedies under law then in effect, free from any claim or right of any nature whatsoever of such SSO Supplier; and (ii) draw on any outstanding Letter of Credit provided by such SSO Supplier. AEP Ohio will apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce such SSO Supplier's obligations under this Agreement and under any Other Energy Supply Agreement, and such SSO Supplier shall remain liable for any amounts owing to AEP Ohio after such application, subject to AEP Ohio's obligation to return any surplus proceeds remaining after all such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit-related security or deposit transfers shall be sent in accordance with Section 12.2.

## **5.9 Acceptable Forms of Security**

At each SSO Supplier's option, the following are deemed to be acceptable for posting Margin Collateral or ICR Collateral, if required:

(a) Cash credited to a deposit account of AEP Ohio; and

(b) A Letter of Credit, which shall state that such Letter of Credit will renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days' prior written notice from the issuing financial institution. If AEP Ohio receives notice from the issuing financial institution that the Letter of Credit is being cancelled, the SSO Supplier will be required to provide a substitute Letter of Credit from an alternative bank satisfying the requirements in this Section 5.9. The receipt of the substitute Letter of Credit must be effective as of the cancellation date and delivered to AEP Ohio thirty (30) days before the cancellation date of the original Letter of Credit. If the SSO Supplier fails to supply a substitute Letter of Credit as required, then AEP Ohio will have the right to draw on the existing Letter of Credit and to hold the amount as Margin Collateral or ICR Collateral, as applicable.

The Letter of Credit shall be issued by a U.S. commercial bank or by a U.S. branch of a foreign bank with total assets of at least \$5 billion having a general long-term senior unsecured debt rating of A- or higher as rated by S&P or A3 or higher as rated by Moody's and shall permit presentation at a bank located in the United States of America.

If at any time the bank or other financial institution from which an SSO Supplier has obtained a Letter of Credit fails to meet the foregoing conditions, the SSO Supplier will immediately notify AEP Ohio and, within one (1) Business Day of the failure of the financial institution to meet the required conditions, obtain a suitable Letter of Credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by AEP Ohio. For avoidance of doubt, SSO Supplier may elect to substitute a cash deposit for the Letter of Credit within the time frame specified herein.

Notwithstanding anything in this Agreement to the contrary, AEP Ohio may exercise any rights or claims to any collateral posted, delivered or pledged to them under this Agreement, before, after, concurrently with, or to the exclusion of, any other collateral posted, delivered or

pledged prior to applying any cash collateral against, or making a drawing under any letter of credit in respect of, any liabilities of the SSO Supplier hereunder or its Guarantor under the Guaranty to AEP Ohio or any of them.

**5.10 Reporting; Maintenance of Creditworthiness**

(a) Each SSO Supplier must promptly notify AEP Ohio of any change in its or its Guarantor's credit rating or financial condition. The SSO Supplier or Guarantor must also furnish evidence of an acceptable credit rating or financial condition upon the request of AEP Ohio.

(b) If the lowest credit rating (whether corporate or issuer rating or unsecured senior debt rating) used to determine the SSO Supplier's ICT or its Credit Limit adversely changes, AEP Ohio will require ICR Collateral or Margin Collateral from such SSO Supplier in accordance with Sections 5.4, 5.6 and 5.7. The additional security must be in a form acceptable to AEP Ohio, as specified in Section 5.9.

**5.11 Interest on Cash Held by AEP Ohio**

AEP Ohio will pay simple interest calculated at the lower of the Margin Interest Rate or 6% per annum on all cash held by AEP Ohio pursuant to this Agreement. If applicable, after each Billing Period the SSO Supplier will prepare a statement of interest amounts due from AEP Ohio. The statement will be sent to AEP Ohio within three (3) Business Days after the end of the Billing Period via overnight mail or other expeditious means. AEP Ohio will make interest payments on the first Business Day after the fifth (5th) day of each calendar month.

**5.12 No Endorsement of SSO Supplier**

AEP Ohio's determination of an SSO Supplier's creditworthiness pursuant to the process set forth in this Article 5 will not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of such SSO Supplier. AEP Ohio will treat all SSO Suppliers in a non-discriminatory manner and shall provide no preference to any SSO Supplier.

## **ARTICLE 6**

### **BILLING, PAYMENT AND NETTING**

#### **6.1 Invoice Statement**

Subject to Section 6.2, AEP Ohio and each SSO Supplier shall pay all amounts due to each other hereunder in accordance with the following provisions:

(a) For each Billing Period, AEP Ohio will prepare and provide an invoice to each SSO Supplier, which will show (i) amounts due to the SSO Supplier equal to the Price multiplied by the applicable Seasonal Billing Factor multiplied by the Estimated Monthly Energy Share, (ii) the Energy Share Adjustment from any prior Billing Period that have not been invoiced, if any, and (iii) all Charges due to AEP Ohio incurred during the Billing Period (the "Billing Statement").

(b) AEP Ohio will determine the total amount payable by one Party to the other Party by netting the aggregate amounts due and owing to one Party against the aggregate amounts due and owing to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed. For any amounts due and owing AEP Ohio, AEP Ohio will specify in each Billing Statement how the amounts will be allocated among the SSO Suppliers. In the case of the Energy Share Adjustment, the allocation will be based on the respective SSO Loads of AEP Ohio.

(c) The Billing Statement will be sent to each SSO Supplier within six (6) Business Days after the end of the Billing Period.

(d) AEP Ohio or the SSO Supplier, as the case may be, will make payment on or before the twentieth (20th) day of each calendar month. If such day falls on a Saturday, Sunday or any other day which is a legal holiday or a day on which banking institutions are closed, payment will be due the following Business Day. All such payments shall be made by electronic transfer to an account designated in writing by each respective Party.

(e) All payments shall be subject to adjustment for any arithmetic errors, computation errors, or other errors, provided that the errors become known within one (1) year of the earlier of (i) the end of the Term or (ii) the Early Termination Date.

(f) Overdue payments shall accrue interest at the Interest Rate from, and including, the due date, but excluding date of payment.

(g) If a good faith dispute arises between AEP Ohio and the SSO Supplier regarding a Billing Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Billing Statement, if any, no later than the due date and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Billing Statement in dispute. Billing Statement disputes must be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11. Upon resolution of a Billing Statement dispute, any payments made to either Party will include interest at the Interest Rate on the payment payable from the date that notice of a Billing Statement dispute was received by the non-disputing Party.

(h) Notwithstanding anything to the contrary contained in this Section 6.1, the determination of the allocation among SSO Suppliers of amounts due and owing to AEP Ohio, as set forth in a Billing Statement, will be final and binding, absent manifest error.

## **6.2 PJM Billing; Third Party Billing**

(a) AEP Ohio and each SSO Supplier shall direct PJM to invoice AEP Ohio and such SSO Supplier for PJM charges and credits relating to such SSO Supplier's and AEP Ohio's rights and obligations under this Agreement. If PJM is unable to invoice charges or credits in accordance with the foregoing sentence, AEP Ohio shall rectify such PJM invoice discrepancy in the Billing Statement sent pursuant to Section 6.1.

(b) The Parties agree that the PJM invoice may change from time to time. Allocation of any charges that are reflected in a PJM invoice that are not included on or are inconsistent with Attachment F will be determined pursuant to Sections 3.1(c), 3.1(d), 3.1(e), 3.2(d) and 12.6.

(c) AEP Ohio shall have no responsibility for billing between an SSO Supplier and any other third party. AEP Ohio shall be solely responsible for billing SSO Customers for SSO Supply.

**ARTICLE 7**  
**BREACH AND DEFAULT**

**7.1 Events of Default**

An “Event of Default” shall mean with respect to a Party (the “Defaulting Party”) the occurrence of any of the following:

(a) the failure of the Defaulting Party to make, when due, any payment required pursuant to this Agreement (including under Section 6.2) if such failure is not remedied within two (2) Business Days after receipt of written notice of non-payment, and provided the payment is not the subject of a good faith dispute as described in Section 6.1;

(b) any representation or warranty made by the Defaulting Party herein is false or misleading in any material respect when made;

(c) the failure of the Defaulting Party to perform any material obligation set forth in this Agreement (other than events that are otherwise specifically covered in this Article 7 as a separate Event of Default) if such failure is not remedied within two (2) Business Days after written notice;

(d) the Defaulting Party becomes Bankrupt;

(e) with respect to an SSO Supplier, the failure of the Defaulting Party to provide Margin Collateral, or with respect to AEP Ohio, the failure of the Defaulting Party to return Excess Collateral, in each case pursuant to Section 5.7;

(f) failure of the Defaulting Party to comply with its obligations pursuant to Article 5 (except to the extent constituting a separate Event of Default under Section 7.1(e)) if such failure is not remedied within three (3) Business Days after receipt of written notice of such failure;

(g) the failure of the Defaulting Party to comply with the requirements of Sections 3.1(f), 3.1(g), 3.1(h) and 3.5, as applicable, if such failure is not remedied within three (3) Business Days of such failure;

(h) PJM has declared the Defaulting Party to be in default of any provision of any PJM Agreement, which default prevents the Defaulting Party's performance hereunder, if such failure is not remedied within three (3) Business Days after written notice;

(i) PJM holds AEP Ohio responsible for the provision of all or any portion of SSO Supply to meet the Defaulting Party's SSO Supplier Responsibility Share under this Agreement;

(j) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of the Defaulting Party or its Guarantor, if applicable, under one or more agreements or instruments, individually or collectively, relating to Specified Indebtedness in an aggregate amount of not less than the applicable Cross Default Amount, which results in such Specified Indebtedness becoming immediately due and payable; (ii) a default by the Defaulting Party or its Guarantor, if applicable, in making on the due date therefor one or more payments in respect of any obligation under contract or at law, individually or collectively, in an aggregate amount of not less than the applicable Cross Default Amount; or (iii) a default, event of default or other similar condition or event by the Defaulting Party under any Other Energy Supply Agreement or by its Guarantor under any guaranty with respect to any Other Energy Supply Agreement; and

(k) with respect to a Defaulting Party's Guarantor, if any, (i) any representation or warranty made by such Guarantor in connection with this Agreement or any related Guaranty is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated; (ii) the failure of such Guarantor to make any payment required or to perform any other material covenant or obligation in any Guaranty made in connection with this Agreement and such failure is not remedied within three (3) Business Days after written notice; (iii) the failure of such Guarantor's Guaranty to be in full force and effect (other than in accordance with its terms) prior to the satisfaction of all obligations of the Defaulting Party under this Agreement without the written consent of AEP Ohio; (iv) such Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of the Guaranty; or (v) such Guarantor becomes Bankrupt.



## **7.2 Remedies Upon an Event of Default**

If an Event of Default shall have occurred and be continuing, the Non-Defaulting Party shall have the right to:

(a) immediately suspend performance upon written notice to the Defaulting Party; provided, however, that if an SSO Supplier is the Non-Defaulting Party, such SSO Supplier may only suspend performance if the default of the Defaulting Party constitutes an Event of Default under Sections 7.1(a) or (d);

(b) declare an Early Termination and designate by written notice an Early Termination Date which shall be no earlier than the day such designation notice is effective and no later than twenty (20) calendar days after such notice is effective; provided, however, that if an SSO Supplier is the Non-Defaulting Party, such SSO Supplier may only declare an Early Termination if the default of the Defaulting Party constitutes an Event of Default under Section 7.1(a) or (d);

(c) calculate and receive from the Defaulting Party payment for any Default Damages which the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (i) the Early Termination Date (if applicable); (ii) the date the Event of Default has been cured by the Defaulting Party; or (iii) the date the Non-Defaulting Party waives such Event of Default;

(d) withhold any payments due to the Defaulting Party under this Agreement as a set-off against any Default Damages, or Termination Payment, as applicable, the Defaulting Party is entitled to receive;

(e) draw down, liquidate, set-off against, or demand payment under, any Guaranty, ICR Collateral and Margin Collateral; and

(f) exercise any other remedies at law or in equity.

## **7.3 Default Damages; Settlement Amount; Termination Payment**

(a) **Default Damages.** Subject to Section 7.3(e), the Defaulting Party shall pay Default Damages on or before three (3) Business Days after receipt of an invoice therefor. The invoice shall include a written statement explaining in reasonable detail the calculation of such amount.

Neither Party will be liable for Default Damages if this Agreement is terminated by a Governmental Authority.

(b) **Settlement Amount.** If the Non-Defaulting Party has declared an Early Termination Date pursuant to Section 7.2(b), the Non-Defaulting Party shall have the right to (i) accelerate all amounts owing between the Defaulting Party and the Non-Defaulting Party and to liquidate and terminate the undertakings set forth in this Agreement as between the Defaulting Party and the Non-Defaulting Party; and (ii) withhold any payments due to the Defaulting Party under this Agreement pending payment of the Termination Payment. The Non-Defaulting Party will calculate, in a commercially reasonable manner, the Settlement Amount with respect to the Defaulting Party's obligations under the Agreement and shall net the Settlement Amount in the manner provided for in Section 7.3(c).

(c) **Termination Payment.** The Non-Defaulting Party will calculate a single payment (the "Termination Payment") by netting out (i) the sum of the Settlement Amount under this Agreement payable to the Defaulting Party, plus (a) similar settlement amounts payable to the Defaulting Party under any other agreements between AEP Ohio and the applicable SSO Supplier for the provision of SSO Supply, Energy supply or other similar service (each, an "Other Energy Supply Agreement") being terminated due to the event giving rise to the Event of Default plus, (b) at the option of the Non-Defaulting Party, any Performance Assurance then available to the Non-Defaulting Party under this Agreement or Other Energy Supply Agreements and actually received, liquidated and retained by the Non-Defaulting Party, plus (c) any or all other amounts due to the Defaulting Party under this Agreement and, at the option of the Non-Defaulting Party, Other Energy Supply Agreements, and (ii) the sum of the Settlement Amount under this Agreement payable to the Non-Defaulting Party, plus (a) similar settlement amounts payable to the Non-Defaulting Party under any Other Energy Supply Agreement being terminated due to the event giving rise to the Event of Default plus, (b) at the option of the Non-Defaulting Party, any Performance Assurance then available to the Defaulting Party under this Agreement or Other Energy Supply Agreements and actually received, liquidated and retained by the Defaulting Party, plus (c) any or all other amounts due to the Non-Defaulting Party under this Agreement and, at the option of the Non-Defaulting Party, Other Energy Supply Agreements.

The Termination Payment will be due to or due from the Non-Defaulting Party as appropriate; provided, however, that if an SSO Supplier is the Defaulting Party and the Termination Payment is due to such SSO Supplier, AEP Ohio will be entitled to retain a reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as a security for additional amounts that may be determined to be due and owing by such SSO Supplier as Default Damages; and further provided that any previously attached security interest of AEP Ohio in such retained amounts will continue. If the Termination Payment has been retained by AEP Ohio as security for additional amounts that may be determined to be due and owing by the SSO Supplier, and if, upon making a final determination of Default Damages and payment therefor, the Termination Payment, or any portion thereof, is to be made to the SSO Supplier, AEP Ohio will pay interest at the Interest Rate on the Termination Payment amount being made to the SSO Supplier for the period of such retention.

(d) **Notice of Termination Payment.** As soon as practicable after calculation of the Termination Payment, notice must be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. Subject to Section 7.3(e), the Termination Payment must be made by the Party that owes it within three (3) Business Days after such notice is received by the Defaulting Party.

(e) **Disputes With Respect to Default Damages or Termination Payment.** If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Default Damages or Termination Payment, in whole or in part, the Defaulting Party must, within three (3) Business Days of receipt of the Non-Defaulting Party's calculation of the Default Damages or Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute. Any dispute under this Section 7.3(e) shall be subject to the dispute resolution procedures in Article 11; provided, however, that if the Default Damages or Termination Payment is due from the Defaulting Party, the Defaulting Party must first provide Performance Assurance to the Non-Defaulting Party in an amount equal to the Default Damages or Termination Payment, as the case may be.

#### **7.4 Setoff of Payment Obligations of the Non-Defaulting Party**

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any Other Energy Supply Agreement will be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any Other Energy Supply Agreement that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations under this Agreement or any Other Energy Supply Agreement that are unsecured, but which are guaranteed by a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any Other Energy Supply Agreement.

#### **7.5 Preservation of Rights of Non-Defaulting Party**

The rights of the Non-Defaulting Party under this Agreement, including Sections 7.2, 7.3 and 7.4, will be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

### **ARTICLE 8**

#### **REPRESENTATIONS AND WARRANTIES**

##### **8.1 AEP Ohio's Representations and Warranties**

AEP Ohio hereby represents and warrants to the SSO Suppliers as follows:

(a) it is an electric utility corporation duly organized, validly existing and in good standing under the laws of the State of Ohio;

(b) it has all requisite power and authority necessary for it to enter into and to legally perform its obligations under this Agreement and any other documentation relating to this Agreement;

(c) the execution, delivery and performance of this Agreement and any other documentation relating to this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any

contracts to which it is a party or any law, rule, regulation, order or similar provision of any Governmental Authority;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitute its legally valid and binding obligation enforceable against it in accordance with its terms;

(e) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings, including before a Governmental Authority, that could materially adversely affect its ability to perform its obligations under this Agreement or any other document relating to this Agreement;

(f) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any other document relating to this Agreement;

(g) it is acting for its own account, has made its own independent decision to enter into this Agreement, is not relying upon the advice or recommendations of any other party in so doing, and is capable of assessing the merits of and understanding and understands and accepts, the terms, conditions and risks of this Agreement;

(h) at the commencement of the Original Delivery Period, it has obtained all authorizations from any Governmental Authority necessary for it to perform its obligations under this Agreement; and it is not in violation of any law, rules, regulations, ordinances or judgments of any Governmental Authority which could reasonably be expected to adversely affect its ability to perform its obligations under this Agreement.

## **8.2 SSO Supplier's Representations and Warranties**

Each SSO Supplier hereby represents and warrants to AEP Ohio as follows:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and, if organized outside the State of Ohio, is qualified to conduct its business and is in good standing in Ohio;

(b) it has all regulatory authorizations and all requisite power and authority necessary for it to legally perform its obligations under this Agreement and any other documentation relating to this Agreement;

(c) the execution, delivery and performance of this Agreement and any other documentation relating to this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or similar provision of any Governmental Authority;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

(e) it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code;

(f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings, including before a Governmental Authority, that could materially adversely affect its ability to perform its obligations under this Agreement or any other document relating to this Agreement;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any other document relating to this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement, is not relying upon the advice or recommendations of AEP Ohio in so doing, and is capable of assessing the merits of and understanding and understands and accepts, the terms, conditions and risks of this Agreement;

(i) at the commencement of the Original Delivery Period, it (i) has obtained all authorizations from any Governmental Authority necessary for it to perform its obligations under this Agreement; (ii) is a member in good standing with PJM; (iii) is qualified by PJM as a “Market Buyer” and “Market Seller” pursuant to the PJM Agreements; (iv) is qualified as a PJM

“Load Serving Entity;” and (v) has duly obtained all FERC authorization necessary or desirable to make sales of Energy, Capacity, and Ancillary Services at market-based rates within PJM; and

(j) it is not in violation of any law, rules, regulations, ordinances or judgments of any Governmental Authority which could reasonably be expected to adversely affect its ability to perform its obligations under this Agreement.

## **ARTICLE 9**

### **RISK OF LOSS; LIMITATION OF LIABILITY**

#### **9.1 Risk of Loss**

Title and risk of loss with respect to the SSO Supply shall pass from each SSO Supplier to AEP Ohio when the SSO Supply is delivered to the Delivery Point. As between the Parties, each SSO Supplier shall be deemed to be in exclusive control and possession of the SSO Supply prior to and at the Delivery Point, and AEP Ohio shall be deemed to be in exclusive control and possession of the SSO Supply from the Delivery Point. Each SSO Supplier warrants that it will deliver the SSO Supply to AEP Ohio at the Delivery Point free and clear of all liens, claims and encumbrances arising or attaching prior to the Delivery Point.

#### **9.2 Limitation of Liability**

EXCEPT TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, INCLUDING ARTICLE 10, AS BETWEEN AEP OHIO AND EACH SSO SUPPLIER, EACH PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES INCURRED AS A RESULT OF A PARTY'S FAILURE TO COMPLY WITH THIS AGREEMENT. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NO PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, ARISING OUT OF SUCH PARTY'S FAILURE TO COMPLY WITH ITS OBLIGATIONS UNDER THIS AGREEMENT.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NOTHING HEREIN SHALL IMPOSE ANY OBLIGATION OR LIABILITY FROM ONE SSO SUPPLIER TO ANY OTHER SSO SUPPLIER, EXCEPT AS PROVIDED IN ARTICLE 10.

## ARTICLE 10

### INDEMNIFICATION

#### 10.1 Indemnification

(a) Each SSO Supplier shall defend, save harmless and indemnify AEP Ohio and its Affiliates, shareholders, managers, directors, officers, employees and agents (collectively, the “AEP Ohio Indemnified Party”) against and from any and all of the following incurred by the AEP Ohio Indemnified Party solely as a result of a third party claim (including PJM and each other SSO Supplier) against the AEP Ohio Indemnified Party: loss, liability, damage, claim, cost, charge, demand or expense (including reasonable attorneys’ fees) (collectively “Indemnification Losses”) for injury or death to persons and damage to property including a Party’s employees or any third party to the extent (i) caused by any act or omission (or alleged act or omission) of the SSO Suppliers or their respective Affiliates, managers, directors, officers, employees and agents and (ii) such Indemnification Losses arise out of or are in any manner connected with the performance of this Agreement by the SSO Suppliers or for which the SSO Supplier assumed liability under the terms of this Agreement, except to the extent that a court of competent jurisdiction determines that the Indemnification Losses were caused wholly or in part by the gross negligence or willful misconduct of AEP Ohio. AEP Ohio may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(b) AEP Ohio and each SSO Supplier shall defend, save harmless and indemnify each other SSO Supplier and its Affiliates, shareholders, managers, directors, officers, employees and agents (the “Indemnified Supplier”) against and from any and all of the following incurred by the Indemnified Supplier solely as a result of a third party claim (including another SSO Supplier) against the Indemnified Supplier: Indemnification Losses for injury or death to persons and damage to property including a Party’s employees or any third party to the extent (i) caused by any act or omission (or alleged act or omission) of AEP Ohio or such SSO Supplier or their respective Affiliates, managers, directors, officers, employees and agents, and (ii) such



Indemnification Losses arise out of or are in any manner connected with the performance of this Agreement by AEP Ohio or such SSO Supplier or for which the SSO Supplier assumed liability under the terms of this Agreement, except to the extent that a court of competent jurisdiction determines that the Indemnification Losses were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified Supplier. The Indemnified Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(c) Any Party that receives notice of any claim, action, or proceeding for which it may seek indemnification under this Section shall promptly notify the indemnitor in writing; provided, however, that the failure to so notify the indemnitor shall not relieve the indemnitor of liability hereunder except to the extent that the defense of such claim, action, or proceeding is prejudiced by the failure to give the notice. The indemnitee shall cooperate fully with the indemnitor in connection with any such litigation or proceeding the defense of which the indemnitor has assumed. No indemnitee may consent to entry of any judgment or enter into any settlement of any claim, action, or proceeding that would give rise to any liability of the indemnitor hereunder without the indemnitor's prior written consent, which consent may not be unreasonably withheld or delayed. If the indemnitor assumes the defense of the claim, action, or proceeding, no compromise or settlement of such claim, action, or proceeding may be effected by the indemnitor without the indemnitee's consent unless (i) there is no finding or admission of any violation of law or the rights of any Person and no effect on any other claims, actions, or proceedings that may be made against the indemnitee and (ii) the sole relief provided is monetary damages and such damages and the associated costs of suit and attorneys' fees are paid in full by the indemnitor.

## **ARTICLE 11**

### **DISPUTE RESOLUTION**

#### **11.1 Informal Dispute Resolution**

If a dispute arises between the Parties relating to this Agreement, a Party shall give the other Party written notice of a dispute which has not been resolved in the normal course of business. Such notice shall include: (a) a statement of that Party's position and a summary of arguments supporting such position, and (b) the name and title of the executive who will be

representing that Party and of any other person who will accompany the executive. Within five (5) days after delivery of the notice, the receiving Party shall respond with (a) a statement of that Party's position and a summary of arguments supporting such position, and (b) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Within ten (10) days after delivery of the initial notice, the executives of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. If, within twenty (20) days after such meeting, the Parties have not succeeded in negotiating a resolution of the dispute, then either Party may pursue any remedies available at law or in equity as set forth below.

### **11.2 Binding Arbitration**

After the requirements of Section 11.1 have been satisfied, all disputes between the Parties, except where this Agreement requires otherwise, shall be submitted to an Ohio State court of competent jurisdiction or to a federal court of competent jurisdiction situated in the State of Ohio, which courts shall have exclusive jurisdiction to settle disputes arising under or related to this Agreement.

### **11.3 Recourse to Agencies or Courts of Competent Jurisdiction**

Notwithstanding Section 11.2, nothing in this Agreement shall restrict the rights of a Party to file a complaint with the FERC under relevant provisions of the Federal Power Act or with the PUCO under relevant provisions of the Legal Authorities. The Parties' agreement under this Section 11.3 is without prejudice to any Party's right to contest jurisdiction of the FERC or PUCO to which a complaint is brought.

## **ARTICLE 12**

### **MISCELLANEOUS PROVISIONS**

#### **12.1 Assignment**

(a) AEP Ohio may not assign this Agreement or its rights or obligation hereunder without the prior written consent of the applicable SSO Suppliers, which consent may not be unreasonably withheld, conditioned or delayed; provided, however, AEP Ohio may, without the

consent of the SSO Suppliers (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements; (ii) transfer or assign this Agreement to any Person having a Minimum Rating; and (iii) transfer or assign this Agreement to any Person succeeding to all or substantially all of the assets of AEP Ohio. Under (a)(ii) and (a)(iii) above, AEP Ohio shall be relieved of its obligations upon the assignment and assumption of the assignee, except for those obligations which have arisen prior to the date of assignment.

(b) An SSO Supplier may not assign this Agreement or any rights or obligation hereunder without the prior written consent of AEP Ohio, which consent may not be unreasonably withheld, conditioned or delayed; provided, however, an SSO Supplier may, without the consent of AEP Ohio (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements; (ii) transfer or assign this Agreement to any Person having a Minimum Rating; and (iii) transfer or assign this Agreement to any Person succeeding to all or substantially all of the assets of such SSO Supplier. Under (b)(ii) and (b)(iii) above, the assigning SSO Supplier shall be relieved of its obligations upon (x) the assignment and assumption of this Agreement by the assignee and (y) the assignee's satisfaction of the credit requirements set forth in Article 5, except for those obligations which have arisen prior to the date of assignment.

## **12.2 Notices**

All notices, requests, statements or payments shall be made as specified below. Notices required to be in writing shall be delivered by letter, facsimile or other documentary form. Notice by regular mail shall be deemed to have been received by the earlier of actual receipt or three (3) Business Days after it has been sent. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day on which it was transmitted or hand delivered (unless transmitted or hand delivered after close of normal business hours, in which case it shall be deemed to have been received at the close of the next Business Day). Notice by overnight mail or courier shall be deemed to have been received by the earlier of actual receipt or two (2) Business Days after it has been sent. A Party may change its addresses by providing notice of the same in accordance with this Section 12.2.

To AEP Ohio:

**NOTICES & CORRESPONDENCE:**

AEP Ohio  
1 Riverside Plaza  
Columbus, OH 43215  
Attn: Contract Administration Manager

Contract Administration Manager Contact:

Email:

Phone:

Fax:

**INVOICES:**

Attention:

Email:

Fax Number:

Phone Number:

**CREDIT:**

Attention:

Mail Code:

Email:

Fax Number:

Phone Number:

**PAYMENTS:**

Institution:

Account No.:

ABA No:

**SCHEDULING:**

Attention:

Email:

Fax Number:

Phone Number:

**To SSO Supplier:**

Each SSO Supplier's notification information is set forth on Attachment A.

**12.3 General**

This Agreement constitutes the entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes all prior communications and proposals (oral or written). This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). No waiver by a Party of any default by the other Party shall be construed as a waiver of any other default. Any provision declared or rendered unlawful by any applicable Governmental Authority or deemed unlawful

because of a statutory change will not otherwise affect the remaining lawful obligations that arise under this Agreement. The headings used herein are for convenience and reference purposes only.

#### **12.4 Governing Law**

To the extent not subject to the jurisdiction of FERC, this Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the State of Ohio, without regard to principles of conflicts of law.

#### **12.5 Standard of Review**

Except as provided in Section 12.6, this Agreement shall not be amended, modified, terminated, discharged or supplanted nor any provision hereof waived, unless mutually agreed in writing by the Parties. Except as provided in 12.6, the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 and 206 of the Federal Power Act, absent the written agreement of the Parties to change any provisions. Other than as expressly permitted in this Agreement, the standard of review for any changes proposed by a Party, a non-party, or the FERC, acting *sua sponte*, shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the “*Mobile-Sierra*” doctrine), as clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*.

#### **12.6 PJM Agreement Modifications**

(a) If the PJM Agreements are amended or modified so that any term, schedule or section reference herein to such agreement is changed, such term, schedule or section reference herein shall be deemed automatically (and without any further action by the Parties) to refer to the new term, schedule or section of the PJM Agreements.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from

those in effect on the Effective Date, the Parties shall cooperate to make the conforming changes to this Agreement.

#### **12.7 Confidentiality**

(a) The Parties shall hold in confidence any information disclosed by one Party to the other Party in connection with negotiation of or performance under this Agreement unless (i) required, pursuant to any applicable court order, administrative order, statute, regulation or other official order by any government or any agency or department thereof, to disclose; (ii) such information is already in the possession of the receiving party at the time of disclosure, as evidenced by the receiving party's written documentation; (iii) such information becomes subsequently available to the receiving party on a non-confidential basis from a source not known or reasonably suspected by the receiving party to be bound by a confidentiality agreement or secrecy obligation owed to the disclosing party; and (iv) such information is or becomes generally available to the public other than as a result of a breach of this Agreement.

(b) In the event of disclosure pursuant to 12.7(a)(i), AEP Ohio will attempt to notify the SSO Supplier in advance of such disclosure. However, neither AEP Ohio nor its employees, lenders, counsel, accountants, advisors or agents, will be responsible to the SSO Suppliers for any such disclosure and AEP Ohio reserves the right to communicate publicly to third parties any and all information and data submitted as part of this Agreement or Solicitation in any proceedings before FERC, the PUCO and any other regulatory body and the courts, without the prior consent of, or notice to the SSO Suppliers, if AEP Ohio deems such disclosure necessary.

(c) A Party may disclose information and documents provided in connection with this Agreement to its employees, lenders, counsel, accountants, advisors, or utility regulators who have a need to know such information and have agreed to keep such terms confidential.

(d) The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

## **12.8 Taxes**

All present and future federal, state, municipal and other taxes imposed by any taxing authority by reason of the provision of SSO Supply by an SSO Supplier under this Agreement (collectively, the "Taxes") will be the liability of the SSO Supplier, except for Ohio sales and use taxes imposed under Ohio Rev. Code Ann. Tit. 57, Chapters 5739, 5740 and 5741 (the "Ohio Sales and Use Taxes"), if any, which will be AEP Ohio's responsibility. AEP Ohio shall provide the SSO Supplier with a valid Ohio Sales and Use Tax resale exemption certificate or direct pay permit, and an SSO Supplier shall not collect any Ohio Sales and Use Taxes from AEP Ohio nor remit any Ohio Sales and Use Taxes directly to the applicable taxing authority. AEP Ohio will defend and indemnify the SSO Supplier for any Ohio Sales and Use Taxes that the SSO Supplier may be required to remit directly to the applicable taxing authority and will pay to the SSO Supplier all such tax amounts upon demand. Each SSO Supplier shall pay all Taxes (other than Ohio Sales and Use Taxes) to the applicable taxing authority to the extent required or permitted by law. Should AEP Ohio be required to remit any Taxes directly to any applicable taxing authority (other than Ohio Sales and Use Taxes), the SSO Supplier will defend and indemnify AEP Ohio and will pay AEP Ohio all such Tax amounts upon demand.

Each Party shall provide to the other Party all information, data and exemption certificates as such other Party may from time to time reasonably request and otherwise fully cooperate with such other Party in connection with the reporting of (i) any Taxes payable by an SSO Supplier; (ii) any Tax audit; or (iii) any assessment, refund claim or proceeding relating to Taxes. Each Party shall cooperate with the other Party and take any action reasonably requested, which does not cause the Party to incur any material cost or inconvenience, in order to minimize any Taxes payable.

## **12.9 Record Retention**

Each Party will retain for a period of two (2) years following the expiration of the Term necessary records so as to permit the Parties to confirm the accuracy of any statement, charge or computation made pursuant to this Agreement; provided that, if a Party provides notice within two (2) years of the expiration of the Term that it disputes the validity of any payments or

quantity of Energy delivered, the Parties agree that they will retain all records related to such dispute until the dispute is resolved pursuant to Article 11.

Each SSO Supplier will have the right, upon reasonable notice, to inspect (at the sole cost and expense of such SSO Supplier) the books and records retained by AEP Ohio only insofar as they relate to payments due and owing, or owed and paid, to such SSO Supplier. Such inspection must take place during regular business hours. AEP Ohio will have the right, upon reasonable notice, to inspect (at the sole cost and expense of AEP Ohio) the books and records retained by such SSO Supplier only insofar as they relate to Energy delivered by such SSO Supplier. Such inspection must take place during regular business hours.

#### **12.10 Rules as to Usage**

Except as otherwise expressly provided herein, the following rules shall apply to the usage of terms in this Agreement:

(a) The terms defined above have the meanings set forth above for all purposes, and such meanings are equally applicable to both the singular and plural forms of the terms defined.

(b) "Include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

(c) Any law defined or referred to above means such law as from time to time amended, modified or supplemented, including by succession of comparable successor law.

(d) "Hereof," "herein," "hereunder" and comparable terms refer, unless otherwise expressly indicated, to the entire agreement or instrument in which such terms are used and not to any particular article, section or other subdivision thereof or attachment thereto. References in an instrument to "Article," "Section," or another subdivision or to an attachment are, unless the context otherwise requires, to the relevant article, section, subsection or subdivision of or an attachment to such agreement or instrument. If such reference in this Agreement to "Article," "Section," or other subdivision does not specify an agreement or document, such reference refers to an article, section or other subdivision of this Agreement. All references to exhibits or



schedules in any agreement or instrument that is governed by this Agreement are to exhibits or schedules attached to such instrument or agreement.

(e) All titles and headings used herein are for convenience and references purposes only, and shall not be applicable in construing or interpreting obligations under this Agreement.

(f) The word “or” will have the inclusive meaning represented by the phrase “and/or.”

(g) “Shall” and “will” have equal force and effect.

#### **12.11 Counterparts**

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which will constitute one instrument. Any counterpart may be delivered by facsimile transmission or by electronic communication in portable document format (.pdf) or tagged image format (.tif), and the Parties agree that their electronically transmitted signatures shall have the same effect as manually transmitted signatures.

[Signatures appear on next pages]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

OHIO POWER COMPANY

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[SSO SUPPLIER SIGNATURES APPEAR ON SUCCEEDING PAGES]

[SSO SUPPLIER]

By: \_\_\_\_\_

Name:

Title

## ATTACHMENTS

- A SSO Supplier Responsibility Share
- B Seasonal Billing Factor
- C Credit Examples
  - C-1 Independent Credit Requirement Per Tranche
  - C-2 Example Mark-To-Market Exposure Amount Calculation
- D Form of Guaranty
- E Form of SSO Supplier Letter of Credit
- F Sample PJM Invoice
- G Representative Form of PJM Declaration of Authority

ATTACHMENT A

SSO SUPPLIER RESPONSIBILITY SHARE

SSO Supplier	Price (\$MWh)	SSO Supplier Responsibility Share Percentage (%)	No. of Tranches
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_____	_____/MWh	_____%	_____
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Original Delivery Period: \_\_\_\_\_, 201\_ at 12:01 a.m. prevailing Eastern Time through \_\_\_\_\_, 201\_.

Fixed percentage per Tranche: \_\_\_\_\_%

Address for Notice:

1. In the case of all notices except those required under Article 5:

Name:  
Address:  
Telephone:  
Facsimile:  
E-mail:

Copy to:

Name:  
Address:  
Telephone:  
Facsimile:  
E-mail:

2. Article 5 Notices:

Name:  
Address:  
Telephone:  
Facsimile:  
E-mail:

[SSO SUPPLIER]

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

ATTACHMENT B  
SEASONAL BILLING FACTOR

The Seasonal Billing Factors are as follows:

June 1 through September 30 \_\_\_\_\_

October 1 through December 31 and  
January 1 through May 31 \_\_\_\_\_

# ATTACHMENT C-1

## INDEPENDENT CREDIT REQUIREMENT PER TRANCHE

<b>Month of Delivery Period</b>	<b>12-Month Procurement (\$/tranche)</b>	<b>24-Month Procurement (\$/tranche)</b>	<b>36-Month Procurement (\$/tranche)</b>
Inception through Month 1	400,000	800,000	1,200,000
Month 2	400,000	800,000	1,200,000
Month 3	400,000	800,000	1,200,000
Month 4	300,000	700,000	1,100,000
Month 5	300,000	700,000	1,100,000
Month 6	300,000	700,000	1,100,000
Month 7	200,000	600,000	1,000,000
Month 8	200,000	600,000	1,000,000
Month 9	200,000	600,000	1,000,000
Month 10	100,000	500,000	900,000
Month 11	100,000	500,000	900,000
Month 12	100,000	500,000	900,000
Month 13		400,000	800,000
Month 14		400,000	800,000
Month 15		400,000	800,000
Month 16		300,000	700,000
Month 17		300,000	700,000
Month 18		300,000	700,000
Month 19		200,000	600,000
Month 20		200,000	600,000
Month 21		200,000	600,000
Month 22		100,000	500,000
Month 23		100,000	500,000
Month 24		100,000	500,000
Month 25			400,000
Month 26			400,000
Month 27			400,000
Month 28			300,000
Month 29			300,000
Month 30			300,000
Month 31			200,000
Month 32			200,000
Month 33			200,000
Month 34			100,000
Month 35			100,000
Month 36			100,000

## ATTACHMENT C-2

### EXAMPLE MARK-TO-MARKET EXPOSURE AMOUNT CALCULATION

The following is an illustration of the methodology AEP Ohio will use to determine the Mark-to-Market Exposure Amounts for each SSO Supplier.

On the closing day of the Solicitation, the following parameters will be determined by AEP Ohio:

1. The expected On-Peak SSO Load per Tranche;
2. The expected Off-Peak SSO Load per Tranche;
3. Prevailing On-Peak Forward Market Prices for each month during the Original Delivery Period;
4. Prevailing Off-Peak Forward Market Prices for each month during the Original Delivery Period;
5. On-Peak Price Adjustment Factors; and
6. Off-Peak Price Adjustment Factors.

For purposes of the Mark-to-Market Exposure Amount calculation, “On-Peak” means the hours between 7:00 a.m. and 11:00 p.m. prevailing Eastern Time on Monday through Friday, excluding NERC holidays. “Off-Peak” means any hours that are not considered On-Peak.

The SSO Load for each month will be calculated by multiplying (i) the number of customers then being provided generation service by AEP Ohio (the “Un-Switched Customers”) by (ii) the historical monthly average usage per customer derived from data including only the Un-Switched Customers served by AEP Ohio over a recent three-year period (“Historical Actual Usage”). The SSO Load will be calculated separately for each major rate class and then summed to determine the total SSO Load. The total SSO Load will then be separated into On-Peak and Off-Peak components (consistent with the definitions cited above), still on a monthly basis, based on the Historical Actual Usage for all customer classes combined. The SSO Load per Tranche (On-Peak and Off-Peak) will be equal to the fixed percentage, as set forth in Attachment A, of the total



SSO Load calculated for each component. The fixed percentage per Tranche may vary by auction and therefore, the SSO Load per Tranche will be calculated for each component based upon the fixed percentage per Tranche as set forth in Attachment A of the respective SSO Agreement.

To the extent that quoted Forward Market Prices are not available on a monthly basis, monthly Forward Market Prices will be determined by AEP Ohio with reference to available market price data. Notwithstanding the foregoing, if AEP Ohio is unable to obtain publicly available market price data for Forward Market Prices, Forward Market Prices will be determined by AEP Ohio using any method which AEP Ohio deems appropriate and which reasonably reflects forward market pricing conditions in PJM.

A set of monthly On-Peak Price Adjustment Factors and Off-Peak Price Adjustment Factors will be developed using historical PJM day-ahead hourly prices applied to hourly usage derived from Historical Actual Usage on the AEP Ohio system, which factors will be applied to On-Peak Forward Market Prices and Off-Peak Forward Market Prices respectively to yield Adjusted On-Peak Forward Market Prices and Adjusted Off-Peak Forward Market Prices. These Adjusted Forward Market Prices will be used for the purpose of computing the Mark-to-Market Exposure Amounts. The purpose of the Price Adjustment Factors is to restate the quoted Forward Market Prices, which are based on fixed block volumes of MWhs, to more closely approximate the price impact of serving a slice-of-system product which reflects hourly variations due to customer usage patterns. The Price Adjustment Factors are anticipated to be recalculated as of each future auction date and applied to all then existing Master SSO Supply Agreements.

The Adjusted Forward Market Prices prevailing on the closing day of the Solicitation are used to establish a “market value” for each month during the Original Delivery Period. Table 1 contains hypothetical initial Adjusted On-Peak and Off-Peak Forward Market Prices for a 24-month Original Delivery Period from June 2013 through May 2015. Table 1 shows the hypothetical “market value” of a Tranche, which will be established on the day the Solicitation is completed using the Adjusted Forward Market Prices determined as shown in Table 2.

For each calculation of the Mark-to-Market Exposure Amount, AEP Ohio will determine the Adjusted Forward Market Prices for each month during the Original Delivery Period. Table 3 shows the calculation of an updated “market value” using hypothetical Adjusted Forward Market Prices for each month during the Original Delivery Period assumed to be in effect immediately prior to the Delivery Period for the 24-month Original Delivery Period. The initial market value as of the Solicitation completion date is then subtracted from the updated market value to derive a change in market value. The Mark-to-Market Exposure Amount is then calculated on an undiscounted basis by multiplying this change in market value by Volume Adjustment Factors calculated for changes in On-Peak and Off-Peak per tranche loads. The final Mark-to-Market Exposure Amount is determined by stating the values on a present value basis as of the determination date by discounting the calculated values at the then prevailing LIBOR rate (not shown).

The On-Peak and Off-Peak Volume Adjustment Factors will be determined by recalculating the SSO Load per Tranche reflecting the then current number of Un-Switched Customers and Historical Actual Usage and calculating the On-Peak and Off-Peak ratios of the current SSO Load per Tranche to the initial SSO Load per Tranche. The value for Un-Switched Customers is anticipated to be updated on a monthly basis and the value of Historical Actual Usage is anticipated to be updated in conjunction with each successive auction of SSO Load, but not less than once each calendar year.

Table 1

## Market Valuation on Solicitation Closing Date

[ VALUES ARE FOR ILLUSTRATION ONLY]

	<u>Forward Market at Close</u> <u>of Solicitation (a)</u>		<u>Initial Tranche Volume (b)</u>		Mkt Value
	Adjusted On-Peak Market Price	Adjusted Off-Peak Market Price	On- Peak	Off- Peak	
	\$/MWh	\$/MWh	MWh	MWh	\$000
Jun-13	37.94	26.82	3,386	3,653	226
Jul-13	42.61	27.44	4,078	3,844	279
Aug-13	42.27	28.75	3,986	3,595	272
Sep-13	34.06	24.16	2,900	2,578	161
Oct-13	31.54	24.66	2,367	2,452	135
Nov-13	33.55	24.39	2,799	2,288	150
Dec-13	36.55	29.93	3,480	3,259	225
Jan-14	40.23	34.88	2,749	3,247	224
Feb-14	41.00	34.63	3,133	2,776	225
Mar-14	37.96	30.36	3,095	2,841	204
Apr-14	38.22	27.93	2,440	2,554	165
May-14	37.55	28.33	2,905	2,705	186
Jun-14	42.84	30.55	3,386	3,653	257
Jul-14	48.17	30.97	4,078	3,844	315
Aug-14	48.95	23.45	3,986	3,595	279
Sep-14	39.14	27.46	2,900	2,578	184
Oct-14	35.27	27.60	2,367	2,452	151
Nov-14	37.07	27.23	2,799	2,288	166
Dec-14	38.82	32.97	3,480	3,259	243
Jan-15	43.74	37.11	3,749	3,247	284
Feb-15	44.58	36.85	3,133	2,776	242
Mar-15	41.23	32.43	3,095	2,841	220
Apr-15	40.56	29.85	2,440	2,554	175
May-15	40.59	31.00	2,905	2,705	202

(a): Adjusted On-Peak and Off-Peak Forward Market Prices determined as shown on Table 2.

(b): Expected On-Peak and Off-Peak SSO Load per Tranche derived from Historical Actual Usage and number of Un-Switched Customer as described in Attachment C-2.

Table 2

Adjusted Market Price at Solicitation Closing Date  
[ VALUES ARE FOR ILLUSTRATION ONLY]

	<u>Forward Price at Close of</u> <u>Solicitation (a)</u>		<u>Price Adjustment Factor (b)</u>			
	On-Peak Market Price	Off-Peak Market Price	On- Peak	Off- Peak	Adjusted On-Peak Market Price	Adjusted Off-Peak Market Price
	\$/MWh	\$/MWh			\$/MWh	\$/MWh
Jun-13	36.00	24.40	1.054	1.097	37.94	26.82
Jul-13	41.80	26.80	1.019	1.024	42.61	27.44
Aug-13	40.80	26.80	1.037	1.073	42.27	28.75
Sep-13	33.90	24.10	1.006	1.002	34.06	24.16
Oct-13	32.10	23.90	0.983	1.032	31.54	24.66
Nov-13	33.40	24.90	1.004	0.980	33.55	24.39
Dec-13	36.30	29.50	1.008	1.015	36.55	29.93
Jan-14	40.10	33.50	1.002	1.041	40.23	34.88
Feb-14	40.20	33.50	1.021	1.034	41.00	34.63
Mar-14	37.70	30.10	1.006	1.009	37.96	30.36
Apr-14	37.60	28.40	1.017	0.982	38.22	27.93
May-14	37.60	27.10	0.999	1.046	37.55	28.33
Jun-14	40.60	27.80	1.054	1.097	42.84	30.55
Jul-14	47.30	30.20	1.019	1.024	48.17	30.97
Aug-14	47.20	21.90	1.036	1.073	48.95	23.45
Sep-14	38.90	27.40	1.006	1.002	39.14	27.46
Oct-14	35.90	26.70	0.983	1.032	35.27	27.60
Nov-14	36.90	27.80	1.004	0.980	37.07	27.23
Dec-14	38.50	32.50	1.008	1.015	38.82	32.97
Jan-15	43.70	35.60	1.002	1.041	43.74	37.11
Feb-15	43.70	35.60	1.021	1.034	44.58	36.85
Mar-15	41.00	32.10	1.006	1.009	41.23	32.43
Apr-15	39.90	30.40	1.017	0.982	40.56	29.85
May-15	40.60	29.60	0.999	1.046	40.59	31.00

(a): On-Peak and Off-Peak Forward Market Prices as determined by reference to available market price data at time of Solicitation Close Date.

(b) Price Adjustment Factors as determined by AEP Ohio as described in Attachment C-2.

Table 3  
Market Valuation Immediately Prior to Start of Delivery Period  
[ VALUES ARE FOR ILLUSTRATION ONLY]

	Forward Price (a)		Initial Tranche Volume (b)		Current Mkt	Original Mkt Value on Solicitation Closing Date (c)	Change in Mkt Value	Volume Adjustment Factor		Volume Adjustment Change in Mkt Value
	On-Peak Market Price	Off-Peak Market Price	On-Peak	Off-Peak				On-Peak	Off-Peak	
	\$/MWh	\$/MWh	MWh	MWh	\$000	\$000	\$000			\$000
Jun-13	39.60	26.90	3,386	3,653	232	226	6	0.8810	0.8955	5
Jul-13	45.98	29.48	4,078	3,844	301	279	22	1.0025	1.0054	22
Aug-13	44.88	29.48	3,986	3,595	285	272	13	1.0022	1.0061	14
Sep-13	37.24	26.51	2,900	2,578	176	161	15	1.0060	1.0088	15
Oct-13	35.31	26.29	2,367	2,452	148	135	13	1.0022	1.0039	13
Nov-13	36.74	27.39	2,799	2,288	166	150	16	1.0002	1.0019	16
Dec-13	39.88	32.45	3,480	3,259	245	225	20	1.0000	1.0013	20
Jan-14	49.90	45.44	2,749	3,247	285	264	21	0.9460	0.9415	58
Feb-14	44.17	36.85	3,133	2,776	241	225	16	0.9952	0.9873	16
Mar-14	41.53	33.11	3,095	2,841	223	204	19	0.9581	0.9865	19
Apr-14	41.36	31.30	2,440	2,554	181	165	16	0.9069	0.9120	15
May-14	41.36	29.81	2,905	2,705	201	186	15	0.9293	0.9289	14
Jun-14	44.72	30.64	3,386	3,653	263	257	6	0.8810	0.8955	5
Jul-14	51.98	33.28	4,078	3,844	340	315	25	1.0025	1.0054	25
Aug-14	51.98	33.28	3,986	3,595	327	312	15	1.0022	1.0061	48
Sep-14	42.79	30.14	2,900	2,578	202	184	18	1.0059	1.0088	17
Oct-14	39.49	29.43	2,367	2,452	166	151	15	1.0021	1.0039	14
Nov-14	40.59	30.58	2,799	2,288	184	166	18	1.0002	1.0019	18
Dec-14	42.35	35.75	3,480	3,259	264	243	21	1.0000	1.0014	22
Jan-15	48.02	39.22	3,749	3,247	307	284	23	0.9460	0.9416	22
Feb-15	48.02	39.22	3,133	2,776	259	242	17	0.9952	0.9873	17
Mar-15	45.10	35.37	3,095	2,841	240	220	20	0.9582	0.9865	19
Apr-15	43.89	33.44	2,440	2,554	192	175	17	0.9070	0.9120	15
May-15	44.72	32.62	2,905	2,705	218	202	16	0.9293	0.9289	15
<b>Total Mark to Market Exposure per Tranche(before discounting)(d)</b>										466

(a): Adjusted On-Peak and Off-Peak Forward Market Prices determined as described in Attachments C-2 as of the date immediately prior to start of Delivery Period.

(b) Expected ON-Peak and Off-Peak SSO Load per Tranche determined as of Solicitation Closing Date - see Table 1.

(c):Original Market Value at Solicitation shown on Table 1.

(d) Actual values will be determined by calculating the present value of the Volume Adjusted Change in Market Value.

ATTACHMENT D  
FORM OF GUARANTY

[ICT / TOTAL EXPOSURE AMOUNT] GUARANTY OF  
\_\_\_\_\_ [Guarantor]

This Guaranty, dated as of \_\_\_\_\_, 201\_, is made by \_\_\_\_\_, a \_\_\_\_\_ [corporation] (the "Guarantor"), for the benefit of Ohio Power Company, an Ohio corporation ("AEP Ohio"). Capitalized terms used herein but not defined herein shall have the meaning given such terms in the Agreement (as defined below).

WHEREAS, AEP Ohio has entered into or will be entering into that certain Master SSO Supply Agreement dated \_\_\_\_\_, 201\_ (the "Agreement") with \_\_\_\_\_, a \_\_\_\_\_ [corporation] (the "SSO Supplier"), which may involve the extension of credit by AEP Ohio. Guarantor hereby acknowledges that it will receive a direct or indirect benefit from the business transactions between the SSO Supplier and AEP Ohio and the making of this Guaranty.

NOW, THEREFORE, in consideration of, and as an inducement for, AEP Ohio entering into the Agreement, the Guarantor hereby covenants and agrees as follows:

1. **Guaranty.** The Guarantor hereby unconditionally and absolutely guarantees to AEP Ohio the prompt payment when due, subject to any applicable grace period and upon demand in writing from AEP Ohio, of any and all amounts payable by the SSO Supplier to AEP Ohio arising out of the Agreement in connection with SSO Supplier's [ICR / Total Exposure Amount] (the "Obligations"). Notwithstanding the aggregate amount of the Obligations at any time or from time to time payable by the SSO Supplier to AEP Ohio, the liability of the Guarantor to AEP Ohio shall not exceed \_\_\_\_\_ U.S. Dollars (\$\_\_\_\_\_).

2. **Nature of Guaranty.** The Guarantor hereby agrees that its obligations hereunder shall be unconditional irrespective of the impossibility or illegality of performance by the SSO Supplier under the Agreement; the absence of any action to enforce the Agreement; any waiver or consent by AEP Ohio concerning any provisions of the Agreement; the rendering of any judgment against the SSO Supplier or any action to enforce the same; any failure by AEP Ohio to take any steps necessary to preserve its rights to any security or collateral for the Obligations; the release of all or any portion of any collateral by AEP Ohio; or any failure by AEP Ohio to perfect or to keep perfected its security interest or lien in any portion of any collateral.

This Guaranty is one of payment and not of collection. This Guaranty shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by AEP Ohio upon the insolvency, bankruptcy or reorganization of the SSO Supplier or otherwise, all as though such payment had not been made.

3. **Waivers.** Guarantor's obligation hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such

Obligations covered hereunder, or by any extension, or the acceptance of any sum or sums on account of SSO Supplier, or of any note or draft of SSO Supplier and/or any third party, or security

from SSO Supplier. AEP Ohio shall not be obligated to file any claim relating to the Obligations owing to it in the event that SSO Supplier becomes subject to bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting SSO Supplier (whether voluntary or involuntary), and the failure of AEP Ohio to so file shall not affect Guarantor's obligations hereunder.

4. **Effect of Amendments.** Guarantor agrees that AEP Ohio and SSO Supplier may modify or amend any or all of the Agreement and that AEP Ohio may, according to the Agreement, delay or extend the date on which any performance must be made under the Agreement, or release SSO Supplier from the obligation to so perform or waive any right thereunder, all without notice to or further assent by Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by AEP Ohio.

5. **Termination.** This Guaranty is intended to be and shall be construed to be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect until all Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to AEP Ohio, which termination shall be effective only upon receipt by AEP Ohio of alternative means of security or credit support, as specified in the Agreement and in a form reasonably acceptable to AEP Ohio. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Obligations existing prior to the time the expiration or termination is effective, which Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

6. **Notices.** All notices and other communications about this Guaranty must be in writing, must be given by facsimile, hand delivery or overnight courier service and must be addressed or directed to the respective parties as follows:

If to AEP Ohio, to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Attn.: \_\_\_\_\_

If to the Guarantor, to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Attn.: \_\_\_\_\_



Notices are effective when actually received by the party to which they are given, as evidenced by facsimile transmission report, written acknowledgment or affidavit of hand delivery or courier receipt.

7. **Representations and Warranties.** The Guarantor represents and warrants to AEP Ohio as of the date hereof that:

a) The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guaranty and to perform the provisions of this Guaranty on its part to be performed;

b) The execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation or contractual restriction binding on it or its assets;

c) All consents, authorizations, approvals, registrations and declarations required for the due execution, delivery and performance of this Guaranty have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect, and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such execution, delivery or performance; and

d) This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against it in accordance with its terms, except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

8. **Certification.** The Guarantor hereby certifies that it satisfies the Minimum Rating as defined in the Agreement.

9. **Setoffs and Counterclaims.** Without limiting the Guarantor's own defenses and rights hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which the SSO Supplier is or may be entitled arising from or out of the Agreement, except for defenses arising out of bankruptcy, insolvency, dissolution or liquidation of the SSO Supplier.

10. **Subrogation.** The Guarantor will not exercise any rights that it may acquire by way of subrogation until all Obligations shall have been paid in full. Subject to the foregoing, upon payment of all such Obligations, the Guarantor shall be subrogated to the rights of AEP Ohio against the SSO Supplier, and AEP Ohio agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

11. **Expenses.** The Guarantor hereby agrees to pay on demand all reasonable out-of-pocket expenses (including the reasonable fees and expenses of AEP Ohio's counsel) in any way relating to the enforcement or protection of the rights of AEP Ohio hereunder; provided that the Guarantor shall not be liable for any expenses of AEP Ohio if no payment under this Guaranty is due.

12. **Assignment.** This Guaranty shall be binding upon the Guarantor and upon its permitted successors and assigns, and shall inure to the benefit of AEP Ohio and its permitted successors and assigns and shall apply to all successors and assigns of the SSO Supplier. The Guarantor may not assign this Guaranty nor delegate its duties or rights hereunder without the prior express written consent of AEP Ohio. AEP Ohio may assign this Guaranty in accordance with the terms of the Agreement.

13. **Amendments.** No term or provision of this Guaranty shall be amended, modified, altered, waived, or supplemented except in writing and signed by the parties hereto; provided, however, the Guarantor may increase the aggregate amount of the obligations in this Guaranty without a countersignature.

14. **Choice of Law and Venue.** The Guarantor and AEP Ohio hereby agree that this Guaranty shall be governed by and construed in accordance with the internal laws of the State of Ohio without giving effect to principles of conflicts of law.

15. **Waiver of Jury Trial.** The Guarantor and AEP Ohio, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

16. **Miscellaneous.** This Guaranty is the entire and only agreement between the Guarantor and AEP Ohio with respect to the guarantee of amounts payable by the SSO Supplier to AEP Ohio arising out of the Agreement in connection with SSO Supplier's [ICR / Total Exposure Amount]. All representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth herein, are superseded hereby.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its [corporate] name by its duly authorized representative as of the date first above written.

[GUARANTOR]

By: \_\_\_\_\_

Its: \_\_\_\_\_

ATTACHMENT E

FORM OF SSO SUPPLIER LETTER OF CREDIT

\_\_\_\_\_ (Date)

Letter of Credit No. \_\_\_\_\_

To: Ohio Power Company ("Beneficiary")  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attention: Credit Risk Management

1. We hereby establish in your favor this irrevocable transferable Letter of Credit (this "Letter of Credit") for the account of \_\_\_\_\_ (the "Applicant"), in the aggregate amount of \$\_\_\_\_\_, effective immediately and available to you at sight upon demand at our counters at \_\_\_\_\_ (location) and expiring 364 days from date of issuance or any extension thereof (in the form of Annex 5), unless terminated earlier or automatically extended in accordance with the provisions hereof or otherwise extended.

2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 12 hereof. This Letter of Credit may be drawn:

(a) upon an Event of Default with respect to the Applicant under the Master Standard Service Offer Supply Agreement; or

(b) in the event the Applicant has failed to supply a substitute letter of credit thirty (30) days prior to the expiration of this Letter of Credit as required by the Master Standard Service Offer Supply Agreement.

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (prevailing Eastern Time<sup>1</sup>) on such Business Day to \_\_\_\_\_ (Bank), \_\_\_\_\_ (address), (i) a notice in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary.

4. We may, but shall not be obligated to, accept any request to issue a substitute letter of credit. Such request shall be in an Availability Certificate in the form of Annex 3 hereto by you to us for exchange for a new letter of credit in the amount set forth in an Availability Certificate, which amount shall not exceed the present value of this Letter of Credit. Upon acceptance by us of

<sup>1</sup> If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

any such request to issue a substitute letter of credit for exchange, the new letter of credit shall be issued in the amount as set forth in the Availability Certificate.

5. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. prevailing Eastern Time on the date of such drawing, if delivery of this requisite document is made prior to 11:00 A.M. (prevailing Eastern time) on a Business Day pursuant to Paragraph 3 hereof, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made after 11:00 A.M. (prevailing Eastern time) on any Business Day pursuant to Paragraph 3 hereof.

6. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not later than three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, that in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

7. This Letter of Credit will automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder; (ii) the date we issue a new letter of credit in exchange for this Letter of Credit in accordance with Paragraph 4 hereof; and (iii) the date we receive from you a Certificate of Expiration in the form of Annex 4 hereto. The Letter of Credit will be automatically extended without written amendment for successive additional one (1) year periods from the current or any future extended expiry date, unless at least ninety (90) days prior to such date of expiration, we give written notice to the Beneficiary by registered or certified mail, return receipt requested, or by overnight courier, at the address set forth above, or at such other address of which prior written notice has been provided to us, that we elect not to renew this Letter of Credit for such additional one (1) year period.

8. As used herein:

“Authorized Officer” shall mean President, Treasurer, any Vice President, any Assistant Treasurer or any other person holding an equivalent title.

“Availability Certificate” shall mean a certificate substantially in the form of Annex 3 hereto, appropriately completed and duly signed by an Authorized Officer of the Beneficiary.

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, NY and any day on which payments can be effected on the Fed wire system.

“Master Standard Service Offer Supply Agreement” shall mean that certain Master Standard Service Offer Supply Agreement between the Applicant and the Beneficiary, dated \_\_\_\_\_.

9. This Letter of Credit is assignable and transferable, in accordance with Annex 6, to an entity certified by you to us in the form of Annex 6, and we hereby consent to such assignment or transfer, provided that this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and, except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007 Revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). Any and all banking charges, transfer fees, expenses and costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

10. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 6 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

11. We certify that as of \_\_\_\_\_ (date) we \_\_\_\_\_ (“Bank”) satisfy the minimum long-term senior unsecured debt rating of “A-” from Standard & Poor’s Rating Services or “A3” from Moody’s Investors Service, Inc.

12. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. \_\_\_\_\_. Partial drawings are permitted hereunder. Drafts showing amounts in excess of amounts available under this Letter of Credit are acceptable, however, in no event will payment exceed the amount available to be drawn under this Letter of Credit.

13. Faxed document(s) are acceptable. Presentation by fax must be made to fax number \_\_\_\_\_ confirmed by telephone to \_\_\_\_\_.

14. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

15. This original Letter of Credit has been sent to the Beneficiary located at \_\_\_\_\_ (as per Applicant’s instructions). Any demands or communications in the form of the attached Annexes (except for Annex 5) or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Beneficiary. Acceptance or rejection of any amendments to this Letter of Credit or any extensions pursuant to Annex 5 must be signed by an Authorized Officer of the Beneficiary.

Very truly yours,

(Bank)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Annex 1 to Letter of Credit**

DRAWING UNDER LETTER OF CREDIT NO. \_\_\_\_\_

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

To: (Bank)  
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Letter of Credit.

2. Pursuant to Paragraph 2 of the Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_, the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of \$ \_\_\_\_\_, inasmuch as (choose one of the following by placing an "X" on the line preceding the statement):

\_\_\_\_\_ (a) An Event of Default has occurred with respect to the Applicant under the Master Standard Service Offer Supply Agreement;

\_\_\_\_\_ (b) The Applicant has failed to supply a substitute letter of credit thirty (30) days prior to the expiration of this Letter of Credit as required by the Master Standard Service Offer Supply Agreement.

3. The amount to be received by Ohio Power Company is \$ \_\_\_\_\_.

4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

Ohio Power Company

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

**Annex 2 to Letter of Credit**

DRAWING UNDER LETTER OF CREDIT NO. \_\_\_\_\_

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

ON [Business Day set forth in Paragraph 5]

PAY TO: Ohio Power Company

\$ \_\_\_\_\_

For credit to the account of \_\_\_\_\_.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO.  
\_\_\_\_\_ OF

(Bank)  
(Address)

Ohio Power Company

By: \_\_\_\_\_

Name:

Title:

Date:



**Annex 3 to Letter of Credit**

AVAILABILITY CERTIFICATE  
UNDER LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_, 20\_\_\_\_  
To: (Bank)  
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

Each of the undersigned hereby requests that, in exchange for the above-referenced Letter of Credit, a new letter of credit be issued in the aggregate amount of \$\_\_\_\_\_ (the "New Amount") and to expire on \_\_\_\_\_ (date), but otherwise in the form of the above-referenced Letter of Credit.

Please acknowledge your intention to issue such new letter of credit in the New Amount upon the surrender of the above-referenced Letter of Credit by signing the attached acknowledgment copy hereof and forwarding it to:

[Beneficiary's Address]

Very truly yours,

Ohio Power Company

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

Agreed and Accepted  
(Bank)  
By: \_\_\_\_\_  
Title:  
Date:

APPLICANT NAME  
By:  
Name:  
Title:  
Date:

**Annex 4 to Letter of Credit**

**CERTIFICATE OF EXPIRATION  
OF LETTER OF CREDIT NO. \_\_\_\_\_**

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

To: (Bank)  
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

Ohio Power Company

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

cc: \_\_\_\_\_ (Applicant Name)

**Annex 5 to Letter of Credit**

NOTICE OF EXTENSION  
OF LETTER OF CREDIT NO. \_\_\_\_\_

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

To: Ohio Power Company

Attention: Credit Risk Management

Re: Our Letter of Credit No. \_\_\_\_\_ presently in the aggregate amount of USD \_\_\_\_\_ issued for the account of \_\_\_\_\_ and expiring on \_\_\_\_\_.

On the expiration date of the Letter of Credit No. \_\_\_\_\_, we will issue a new Letter of Credit No. \_\_\_\_\_ to expire on \_\_\_\_\_ (date). This new Letter of Credit No. \_\_\_\_\_ will, aside from the expiration date, be in the amount and form of our Letter of Credit No. \_\_\_\_\_.

Very truly yours,

BANK \_\_\_\_\_

By:  
Name:  
Title:  
Date:

Ohio Power Company

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

cc: \_\_\_\_\_ (Applicant Name)

**Annex 6 to Letter of Credit**

NOTICE OF TRANSFER  
OF LETTER OF CREDIT NO. \_\_\_\_\_

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

To:

[Bank]

[Bank Address]

To Whom It May Concern:

Re: Credit \_\_\_\_\_

Issued by \_\_\_\_\_

Advice No \_\_\_\_\_

For the value received, the undersigned Beneficiary hereby irrevocably transfers to:

\_\_\_\_\_  
(Name of Transferee)

\_\_\_\_\_  
(Address)

all rights of the undersigned Beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned Beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases, extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The advice of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it directly to the transferee with your customary notice of transfer.

Very truly yours,

Ohio Power Company

By: \_\_\_\_\_

Name:

Title:

Date:

The above signature with title as stated conforms to that on file with us and is authorized for the execution of said instruments.

(Name of authenticating party)

\_\_\_\_\_  
(Authorized signature of authenticating party)

Name

Title

## ATTACHMENT F

## SAMPLE PJM INVOICE

PJM Billing Statement Line Items (as of 11.7.13)		
ID #	Resp.	CHARGES
1000	SSO S	Amount Due for Interest on Past Due Charges
1100	EDC	Network Integration Transmission Service
1108	EDC	Transmission Enhancement
1110	SSO S	Direct Assignment Facilities
1119A	SSO S	Michigan-Ontario Interface Phase Angle Regulators
1120	SSO S	Other Supporting Facilities
1130	SSO S	Firm Point-to-Point Transmission Service
1133	SSO S	Firm Point-to-Point Transmission Service Resale
1140	SSO S	Non-Firm Point-to-Point Transmission Service
1143	SSO S	Non-Firm Point-to-Point Transmission Service Resale
1200	SSO S	Day-ahead Spot Market Energy
1205	SSO S	Balancing Spot Market Energy
1210	SSO S	Day-ahead Transmission Congestion
1215	SSO S	Balancing Transmission Congestion
1218	SSO S	Planning Period Congestion Uplift
1220	SSO S	Day-ahead Transmission Losses
1225	SSO S	Balancing Transmission Losses
1230	SSO S	Inadvertent Interchange
1240	SSO S	Day-ahead Economic Load Response
1241	SSO S	Real-time Economic Load Response
1242	SSO S	Day-Ahead Load Response Charge Allocation
1243	SSO S	Real-Time Load Response Charge Allocation
1245	SSO S	Emergency Load Response
1250	SSO S	Meter Error Correction
1260	SSO S	Emergency Energy
1301	SSO S	PJM Scheduling, System Control and Dispatch Service - Control Area Administration
1302	SSO S	PJM Scheduling, System Control and Dispatch Service - FTR Administration
1303	SSO S	PJM Scheduling, System Control and Dispatch Service - Market Support
1304	SSO S	PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration
1305	SSO S	PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.
1306	SSO S	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center
1307	SSO S	PJM Scheduling, System Control and Dispatch Service - Market Support Offset
1308	SSO S	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration
1309	SSO S	PJM Scheduling, System Control and Dispatch Service Refund - FTR Administration
1310	SSO S	PJM Scheduling, System Control and Dispatch Service Refund - Market Support

1311	SSO S	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration
1312	SSO S	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.
1313	SSO S	PJM Settlement, Inc.
1314	SSO S	Market Monitoring Unit (MMU) Funding
1315	SSO S	FERC Annual Recovery
1316	SSO S	Organization of PJM States, Inc. (OPSI) Funding
1317	SSO S	North American Electric Reliability Corporation (NERC)
1318	SSO S	Reliability First Corporation (RFC)
<b>1320</b>	<b>EDC</b>	<b>Transmission Owner Scheduling, System Control and Dispatch Service</b>
<b>1330</b>	<b>EDC</b>	<b>Reactive Supply and Voltage Control from Generation and Other Sources Service</b>
1340	SSO S	Regulation and Frequency Response Service
1350	SSO S	Energy Imbalance Service
1360	SSO S	Synchronized Reserve
1362	SSO S	Non-Synchronized Reserve
1365	SSO S	Day-ahead Scheduling Reserve
1370	SSO S	Day-ahead Operating Reserve
1371	SSO S	Day-ahead Operating Reserve for Load Response
1375	SSO S	Balancing Operating Reserve
1376	SSO S	Balancing Operating Reserve for Load Response
1377	SSO S	Synchronous Condensing
1378	SSO S	Reactive Services
1380	SSO S	Black Start Service
1400	SSO S	Load Reconciliation for Spot Market Energy
1410	SSO S	Load Reconciliation for Transmission Congestion
1420	SSO S	Load Reconciliation for Transmission Losses
1430	SSO S	Load Reconciliation for Inadvertent Interchange
1440	SSO S	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service
1441	SSO S	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund
1442	SSO S	Load Reconciliation for Schedule 9-6 - Advanced Second Control Center
1444	SSO S	Load Reconciliation for Market Monitoring Unit (MMU) Funding
1445	SSO S	Load Reconciliation for FERC Annual Recovery
1446	SSO S	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding
1447	SSO S	Load Reconciliation for North American Electric Reliability Corporation (NERC)
1448	SSO S	Load Reconciliation for Reliability First Corporation (RFC)
<b>1450</b>	<b>EDC</b>	<b>Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service</b>
1460	SSO S	Load Reconciliation for Regulation and Frequency Response Service
1470	SSO S	Load Reconciliation for Synchronized Reserve
1472	SSO S	Load Reconciliation for Non-Synchronized Reserve
1475	SSO S	Load Reconciliation for Day-ahead Scheduling Reserve
1478	SSO S	Load Reconciliation for Balancing Operating Reserve

1480	SSO S	Load Reconciliation for Synchronous Condensing
1490	SSO S	Load Reconciliation for Reactive Services
1500	SSO S	Financial Transmission Rights Auction
1600	SSO S	RPM Auction
1610	SSO S	Locational Reliability
1650	SSO S	Non-Unit Specific Capacity Transaction
1660	SSO S	Demand Resource and ILR Compliance Penalty
1661	SSO S	Capacity Resource Deficiency
1662	SSO S	Generation Resource Rating Test Failure
1663	SSO S	Qualifying Transmission Upgrade Compliance Penalty
1664	SSO S	Peak Season Maintenance Compliance Penalty
1665	SSO S	Peak-Hour Period Availability
1720	SSO S	RTO Start-up Cost Recovery
1730	SSO S	Expansion Cost Recovery
1920	SSO S	Station Power
<b>1930</b>	<b>EDC</b>	<b>Generation Deactivation</b>
1980	SSO S	Miscellaneous Bilateral
1995	SSO S	PJM Annual Membership Fee
1999	SSO S	PJM Customer Payment Default
<b>ID #</b>	<b>Resp.</b>	<b>CREDITS</b>
2100	SSO S	Network Integration Transmission Service
2106	SSO S	Non-Zone Network Integration Transmission Service
2108	SSO S	Transmission Enhancement
2110	SSO S	Direct Assignment Facilities
2120	SSO S	Other Supporting Facilities
<b>2130</b>	<b>EDC</b>	<b>Firm Point-to-Point Transmission Service</b>
2132	SSO S	Internal Firm Point-to-Point Transmission Service
2133	SSO S	Firm Point-to-Point Transmission Service Resale
<b>2140</b>	<b>EDC</b>	<b>Non-Firm Point-to-Point Transmission Service</b>
2142	SSO S	Internal Non-Firm Point-to-Point Transmission Service
2143	SSO S	Non-Firm Point-to-Point Transmission Service Resale
2210	SSO S	Transmission Congestion
2217	SSO S	Planning Period Excess Congestion
2218	SSO S	Planning Period Congestion Uplift
2220	SSO S	Transmission Losses
2240	SSO S	Day-ahead Economic Load Response
2241	SSO S	Real-time Economic Load Response
2245	SSO S	Emergency Load Response
2260	SSO S	Emergency Energy
2320	SSO S	Transmission Owner Scheduling, System Control and Dispatch Service
2330	SSO S	Reactive Supply and Voltage Control from Generation and Other Sources Service
2340	SSO S	Regulation and Frequency Response Service



2350	SSO S	Energy Imbalance Service
2360	SSO S	Synchronized Reserve
2365	SSO S	Day-ahead Scheduling Reserve
2370	SSO S	Day-ahead Operating Reserve
2371	SSO S	Day-ahead Operating Reserve for Load Response
2375	SSO S	Balancing Operating Reserve
2376	SSO S	Balancing Operating Reserve for Load Response
2377	SSO S	Synchronous Condensing
2378	SSO S	Reactive Services
2380	SSO S	Black Start Service
2420	SSO S	Load Reconciliation for Transmission Losses
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2600	SSO S	RPM Auction
2620	SSO S	Interruptible Load for Reliability
2630	SSO S	Capacity Transfer Rights
2640	SSO S	Incremental Capacity Transfer Rights
2650	SSO S	Non-Unit Specific Capacity Transaction
2660	SSO S	Demand Resource and ILR Compliance Penalty
2661	SSO S	Capacity Resource Deficiency
2662	SSO S	Generation Resource Rating Test Failure
2663	SSO S	Qualifying Transmission Upgrade Compliance Penalty
2664	SSO S	Peak Season Maintenance Compliance Penalty
2665	SSO S	Peak-Hour Period Availability
2666	SSO S	Load Management Test Failure
2912	SSO S	CT Lost Opportunity Cost Allocation
2930	SSO S	Generation Deactivation
2980	SSO S	Miscellaneous Bilateral

## ATTACHMENT G

### SAMPLE FORM OF DECLARATION OF AUTHORITY

This Declaration of Authority is made this \_\_\_\_ day of \_\_\_\_, \_\_\_\_ by Ohio Power Company ("PARTY A") and [SSO Supplier] ("PARTY B") for the benefit of PJM Interconnection, L.L.C. ("PJM").

#### RECITALS:

WHEREAS, PJM is a Regional Transmission Organization subject to the jurisdiction of the Federal Energy Regulatory Commission;

WHEREAS, PJM administers centralized markets that clear various electric energy and energy-related products among multiple buyers and sellers;

WHEREAS, PJM additionally exercises operational control over its members' transmission facilities whereby PJM provides control area functions, including economic dispatch, the scheduling of transmission service and emergency response to ensure reliability across an integrated transmission system; and

WHEREAS, in capacities more fully described below, PARTY A and PARTY B seek to participate either directly or indirectly in the markets administered by PJM or engage in operations that use or affect the integrated transmission system operated by PJM.

#### DECLARATION:

NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy and completeness of the statements made below, PARTY A and PARTY B, as indicated below, provide the following declaration:

##### 1. Declaration.

a. PARTY B hereby declares that in all activities with PJM regarding PARTY B's provision of energy, capacity, ancillary services, scheduling and procurement of transmission service, congestion management and all other required products and services necessary to serve the load obligation assumed by PARTY B under the Master SSO Supply Agreement, dated [\_\_\_\_], by and between PARTY A and Party B (the "Agreement"), PARTY B shall be billed and be primarily liable to PJM for all costs associated in its procurement of such products and services (the "Declaration").

##### 2. Reliance On Declarations

a. Each of PARTY A and PARTY B recognizes and accepts that PJM is relying on the truth, accuracy and completeness of the Declaration made in making its

assessments as to creditworthiness and in assuring PJM's own compliance with its tariff, operating agreement, reliability agreement and business practices.

b. Each of PARTY A and PARTY B recognizes and accepts that each has a continuing duty to notify PJM if and when the Declaration made cease to be accurate and complete. Until such time as PJM receives written notification of any changes to such Declaration, signed by both PARTY A and PARTY B, PJM shall be entitled to rely perpetually on this Declaration as governing its relationship with PARTY A and PARTY B as to the subject matter of this Declaration. Any written notice of changes to the Declaration must be provided to PJM at least thirty days in advance of their effectiveness.

c. Each of PARTY A and PARTY B recognize and acknowledge that PJM will receive and rely on individually modeled accounts that contain only zonal-specific Provider of Last Resort load to manually adjust the accounts to move the applicable billing line items' amounts in their entirety from the applicable supplier's account to the applicable buyer's account.

d. PARTY A and PARTY B recognize and acknowledge that they have entered into the Agreement and that the Declaration is not intended in any way to change, revise or redistribute the rights and obligations of PARTY A or PARTY B under the Agreement. If the Declaration is determined to be inconsistent with any provision of the Agreement, with respect to the rights and obligations of PARTY A and PARTY B under the Agreement, the provisions of the Agreement shall be controlling on PARTY A and PARTY B.

### 3. Duration.

a. Each of PARTY A and PARTY B acknowledge and agree that the Declaration shall terminate upon the termination of the Agreement in accordance with its terms. To this end, within thirty (30) days prior to the termination of the Agreement in accordance with its terms or as soon thereafter as is practicable, each of PARTY A and PARTY B will provide written notice to PJM of the termination of the Declaration.

IN WITNESS WHEREOF, PARTY A and PARTY B execute this Declaration to be effective as of the date written above.

**PARTY A**

**PARTY B**

\_\_\_\_\_

\_\_\_\_\_

NAME:

NAME:

TITLE:

TITLE:

## **ELECTRONIC DATA INTERCHANGE STANDARDS**

### **Standards**

Ohio Electric Implementation Guidelines for the Customer Choice Program in the State of Ohio by the ~~OSPO Data Exchange~~ Ohio EDI Working Group ~~Workgroup~~, and their associated data dictionaries (documents may be found at <http://www.puc.state.oh.us/ohioutil/Energy/ERIndustry/erospodata.html>)

Rules Governing Electronic Data Exchange Standards and Uniform Business Practices for the Electric Utility Industry – Case No. 00-813-EL-EDI

Company's Tariffs and Terms and Conditions

The following are the Exceptions to the Ohio ~~Operational Support Data Exchange~~ Workgroup EDI Working Group Electric Implementation Guidelines:

### **Exceptions**

1. The following EDI transaction is not supported by the EDU:

- 650: Meter Site Profile / Maintenance Service Order.

2. The following term as used in the tables below is defined as follows:

a. "SDI" shall mean Service Delivery Identifier Number. The SDI is assigned first to a specific premise (physical location), and second at the tariff level. The relationship of the SDI to the customer account number is a "many to one" relationship. It is possible that multiple SDIs belong to one customer account number. All SDIs associated with the same premise and customer will be billed on one monthly billing when the bill is presented by the EDU. The SDI will be used in lieu of a customer account number for all EDI transactions in Ohio.

The customer can select a different provider for each SDI. The SDI will always stay with the premise location. The SDI does not stay with the customer after moving to another location.

3. The following table lists those processes or transactions, not currently supported by the EDU:

Ref	Position
1.	The EDU does not accept an inbound "814 Enrollment request" for a SDI that is not already known to the EDU.
2.	An inbound request by the CRES for change of customer contact information is not supported.
3.	The EDU uses the SDI instead of the EDU account number as the point at which enrollments and switches occur. EDU account number will be ignored in any incoming messages and will not be passed in any outgoing messages. The REFQ5 segment must be populated with the SDI in all EDU inbound transactions.
4.	If billing data on the 810 transaction is not received by the EDU within the required time window, the EDU will not reject the 810. These charges will be held and presented on the next billing.
5.	The EDU does <del>not currently</del> distinguish between a request for Historical Interval Usage and a request for Historical Cumulative Usage. <u>However, Instead,</u> the meter type dictates the type of data returned. If the requested usage type does not agree with the meter type present, the EDU will not reject it.
6.	<del>Rate Ready Billing is not supported.</del>
7.	CRES Consolidated Billing is not supported.
8.	The EDU does not support initiation of Budget Billing arrangements for the CRES Provider charges. Budget Billing arrangements must be arranged between the CRES Provider and the customer.
9.	The EDU does not support special meter reading requests. Special meter readings must be requested through the <u>Customer Solutions Operations Center</u> .
10.	Switches are effective <del>on the scheduled meter read date</del> within the pending meter read window that consists of 2 days before the scheduled meter read date or up to 3 days after.
11.	Customer Rescission – the customer may object only once within the 7 day customer objection period.
12.	The EDU does not store different customer names for the customer service address and customer billing address. The same name will be used for both addresses.
13.	The EDI transactions define a scheduling coordinator. Scheduling coordinators are only considered on inbound 814 Enrollment Requests, and are not provided in any outbound transactions.
14.	The data element N103/N104, containing the customer identification, is not supported.

4. This following table lists those field level details where the EDU diverges from the published standards:

Ref	Transaction	EDI requirement
1.	814E	An inbound EDI transaction 814 Enrollment Request allows meters on a SDI to be specified. The EDU does not support this and will only accept the request if it contains "ALL".
2.	814E	The EDU only supports "DUAL" as the bill calculation party. (REF PC )
3.	814E	An inbound 814 E – Historical Usage request can ask for a "summary" or "detail" report. The EDU always returns detailed Historical Usage data, regardless of the type requested. Historical usage is provided in kWh only.
4.	814E	An inbound 814 Enrollment – Historical Usage request can ask for a report on a specific meter. The EDU returns usage for all meters at the specified SDI on an individual meter basis.
5.	814ER	The outbound EDI 814 Enrollment Response - accept transaction contains a data element REF*NR (Customer is on budget billing) this data element will always be set to "No budget billing".
6.	867MU	An 867 Monthly Usage requires the estimate type be provided for both start and end meter readings. Usage is considered to be estimated if either of the start OR end reads are estimates.
7.	867	Monthly <del>and historical</del> interval usage data is provided at 15 minute intervals; <u>historical interval usage is provided at 60 minute intervals.</u> <del>not the market interval (1 hour).</del>

5. The following tables clarify the EDU's transaction set headers. The conditions cover all billing arrangements although some conditions may only be applicable to some billing arrangements. Note the distinction between the 820 Payment and the 820 Remittance Details:

5.1 Transaction Set Header
<p>ISA /GS EDI transaction set header for <b><u>all transactions EXCEPT the 820 Payment:</u></b></p> <p><b><u>Inbound transactions to EDU:</u></b></p> <p>The ISA segment of the EDI transaction determines the sender and receiver ID. The Receiver ID for AEP System Operating Companies will be the same for all transactions.</p> <p>The GS segment of the EDI transaction determines a sender and receiver ID. The Receiver ID for AEP System Operating Companies will be unique by AEP operating company. The ID will be the individual operating company's Dun and Bradstreet number.</p> <p>The EDU identifying segment within the transaction (N104 = EDU) will contain a different DUNS number for each operating company which will be the same as the GS Receiver ID.</p> <p><b><u>Outbound transactions from EDU (excluding the 820 Payment transaction for EDU Consolidated Billing):</u></b></p> <p>The ISA segment of the EDI transaction determines the sender and receiver ID. The Sender ID for AEP System Operating Companies will be the same for all transactions, with the exception of the 820 payment transaction.</p> <p>The GS segment of the EDI transaction determines a sender and receiver ID. The Sender ID for AEP System Operating Companies will be unique by AEP operating company. The ID will be the individual operating company's Dun and Bradstreet number.</p> <p>The EDU identifying segment within the transaction (N104 = EDU) will contain a different DUNS number for each operating company which will be the same as the GS Sender ID.</p>

## **5.2 Transaction Set Header**

ISA /GS EDI transaction set header for **the 820 Payment transaction ONLY:**

### **Outbound transactions from EDU (EDU Consolidated Billing):**

The ISA segment of the EDI transaction determines the sender and receiver ID. The Sender ID for AEP Systems Operating Companies is a unique number provided in the partner profile agreement.

The GS segment of the EDI transaction determines a sender and receiver ID. The Sender ID for AEP System Operating Companies will be same for all states served by AEP.

The EDU identifying segment within the transaction (N104 = EDU) will be the same number as the ISA segment Sender ID.



**Third Party Service Providers**

**For the Company:**

None

**For the CRES PROVIDER:**

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**Electronic Mailboxes**

**For the Company:**

None

**For the CRES PROVIDER:**

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OHIO POWER COMPANY

Cancels 1<sup>st</sup> ~~2<sup>nd</sup>~~ <sup>3<sup>rd</sup></sup> Revised Sheet No. 103-1D  
Revised Sheet No. 103-1D

P.U.C.O. NO. 20

TERMS AND CONDITIONS OF  
OPEN ACCESS DISTRIBUTION SERVICE

## 1. CONTENTS

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4	AVAILABLE RATES
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6	CHANGE OF RATES OR REGULATIONS
7	INSPECTIONS
8	LOCATION AND MAINTENANCE OF COMPANY'S EQUIPMENT
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10	EXTENSION OF LOCAL FACILITIES
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32	CODE OF CONDUCT
33	MINIMUM REQUIREMENTS FOR DISTRIBUTION SYSTEM INTERCONNECTION

## 2. APPLICATION FOR SERVICE

These terms and conditions of service apply to service under the Company's open access distribution schedules which provide for distribution service, irrespective of the voltage level at which service is taken, from the Company, as provided for in Sections 4928.15 and 4928.40, Ohio Revised Code.

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Julie A. Sloat Pablo Vegas, President  
AEP Ohio

Company Ex. 5

OHIO POWER COMPANY

3<sup>rd</sup> Revised Sheet No. 103-2D  
Cancels 1<sup>st</sup> - 2<sup>nd</sup> Revised Sheet No. 103-2D

P.U.C.O. NO. 20

TERMS AND CONDITIONS OF  
OPEN ACCESS DISTRIBUTION SERVICE

Distribution service shall be made available to a prospective customer within this Company's area of service upon request or execution of a contract therefore and its acceptance by an officer or authorized representative of the Company.

The character of distribution service and the rates, rules, terms, regulations and conditions shall be in accordance with P.U.C.O. No. 20, the supplements thereto and revisions thereof applying to the particular type of service and locality for which such contract or application is made.

3. CONDITIONS OF SERVICE

Before the Company shall be required to furnish distribution service, the Company may require that the customer submit written specifications of electrical apparatus to be operated by service and to furnish the Company a site plan that shows the address, orientation of the building, the location of the meter on the building, and the square footage of the building. The Company reserves the right to specify the service characteristics, including the point of delivery and metering.

Written agreements will be required prior to providing service if stipulated in the applicable rate schedule or the customer has unusual or special service characteristics. If the customer refuses to sign a written agreement, an agreement will still be effective as if the customer had signed and said customer will be charged under the appropriate schedule. A copy of the written agreement, contained on a form provided by the Company, will be furnished to the customer upon request at any time during the term of the agreement.

When the customer desires delivery of energy at more than one (1) point, each separate point of delivery shall be considered a Contract Location and shall be metered and billed under a separate request or contract for service. Each delivery point will be billed separately under the applicable schedule. Separate written agreements, if required under the above paragraph, will be made for each point of delivery. If the Company requires separate points of delivery, for like service, to meet the customer's electrical requirements at a single Contract location, the metering for two or more points of delivery may be combined for billing under the applicable tariff.

4. AVAILABLE RATES

A copy of these Terms and Conditions of Open Access Distribution Service and the open access distribution schedules applicable to the customer's class of business will be furnished upon request and the customer shall elect upon which applicable schedule the customer desires to be served.

If the customer can meet the requirements of more than one open access distribution schedule, the Company will endeavor to advise the customer as to which open access distribution schedule is the most advantageous for the prospective service. The customer shall then select the open access distribution schedule upon which the contract for distribution service shall be based. The Company under no circumstances guarantees that the rate under which a customer is billed is the most favorable open access distribution rate.

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OHIO POWER COMPANY

Cancels 1<sup>st</sup> - ~~2<sup>nd</sup>~~ <sup>3<sup>rd</sup></sup> Revised Sheet No. 103-3D  
Revised Sheet No. 103-3D

P.U.C.O. NO. 20

TERMS AND CONDITIONS OF  
OPEN ACCESS DISTRIBUTION SERVICE

The customer may change the initial open access distribution schedule selection to another applicable open access distribution schedule at any time by either written notice to the Company and/or by executing a new contract for the open access distribution schedule selected, provided that the application of such subsequent selection shall continue for twelve (12) months before any other selection may be made, except when an existing rate is modified or a new open access distribution schedule is offered.

A customer may not change from one (1) open access distribution schedule to another during the term of contract except with the consent of the Company.

5. COMPANY'S AGENTS NOT EMPOWERED TO CHANGE TARIFFS

No agent or employee of the Company has authority to amend, modify, alter the application, rates, terms, conditions, rules or regulations of the Company on file with the Commission, or to make any promises or representations not contained in P.U.C.O. No. 20 supplements thereto and revisions thereof.

6. CHANGE OF RATES OR REGULATIONS

Rules and Regulations and rates contained herein are subject to cancellation or modification upon order or permission of the Public Utilities Commission of Ohio.

7. INSPECTIONS

It is to the interest of the customer to properly install and maintain the customer's wiring and electrical equipment and the customer shall at all times be responsible for the character and condition thereof. It is the customer's responsibility to assure that all inside wiring is grounded and is otherwise in accordance with the requirements of the National Electrical Code. The Company makes no inspection thereof and in no event shall be responsible therefore.

Where a customer's premises are located in a municipality or other governmental subdivision where inspection laws or ordinances are in effect, the Company may withhold furnishing service to new installations until it has received evidence that the inspection laws or ordinances have been complied with. In addition, if such municipality or other governmental subdivision shall determine that such inspection laws or ordinances are no longer being complied with in respect to an existing installation, the Company may suspend the furnishing of service thereto until it has received evidence of compliance with such laws or ordinances. The Company may disconnect electric distribution service to a premise where unsafe conditions exist.

Where the customer's premises are located outside of an area where inspection service is in effect, the Company may require the delivery by the customer to the Company of an agreement duly signed by the owner and tenant of the premises authorizing the connection to the wiring system of the customer and assuming responsibility therefore.

No responsibility shall attach to the Company because of any waiver of these requirements.

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3<sup>rd</sup> Revised Sheet No. 103-4D  
Cancels 1<sup>st</sup>-2<sup>nd</sup> Revised Sheet No. 103-4D

P.U.C.O. NO. 20

TERMS AND CONDITIONS OF  
OPEN ACCESS DISTRIBUTION SERVICE

8. LOCATION AND MAINTENANCE OF COMPANY'S EQUIPMENT

The Company shall have the right to erect and maintain its poles, lines, circuits and other necessary facilities on the customer's property, and to place and maintain its transformers and other apparatus on the property or within the buildings of the customer at convenient locations. The customer shall keep Company equipment clear from obstruction and obstacles including landscaping, structures, etc., and allow the use of suitable space for the installation and maintenance of necessary measuring instruments so that the latter may be protected from damage.

The customer shall provide suitable space and access to same, for the installation, repair and maintenance of necessary measuring instruments and other facilities, so that they may be protected from injury by the elements or through the negligence or deliberate acts of the customer or of any employee of the same, or any other party.

Company owned transformers and appurtenances placed on the property or within the building shall be housed in accordance with the National Electrical Code in a suitable room or vault provided by the customer and, when installed outside upon a mat or slab, shall be protected by an enclosure erected by the customer to guard against loss, damage or injury to persons or property.

9. SERVICE CONNECTIONS

The Company will, when requested to furnish service, designate the location of its service connection. The customer's wiring must, except for those cases listed below, be brought out of the building in an approved manner from the main service disconnect to the outside the building wall nearest the Company's service wires so as to be readily accessible thereto. The point of service drop attachment shall be as high as the construction of the building will permit, but not more than twenty-five (25) feet nor less than twelve (12) feet from the ground (see National Electric Code for vertical clearance requirements of service drop conductors) and shall be located at a point convenient to the Company's lines for making connections thereto, and each of the service wires shall extend at least eighteen (18) inches from weatherhead on end of conduit or cable for making service connections. Service entrance equipment shall be properly grounded and shall be installed so that the disconnecting means is readily accessible. Where customers install service entrance facilities which have capacity and layout specified by the Company and/or install and use certain utilization equipment specified by the Company, the Company may provide or offer to own certain facilities on the customer's side of the point where the service wires attach to the building.

In areas served by an overhead distribution system, an overhead service shall be provided by the Company from the Company's distribution system extending one span (approximately 100 feet) toward the customer's facilities. When a customer desires that energy be delivered at a point or in a manner other than that designated by the Company, the customer shall pay the additional cost of same. Rights-of-way or easements necessary for the installation of said service (including private railway wire crossings permits) shall be provided by the customer.

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OHIO POWER COMPANY

3<sup>rd</sup> Revised Sheet No. 103-5D  
Cancels 1<sup>st</sup> - 2<sup>nd</sup> Revised Sheet No. 103-5D

P.U.C.O. NO. 20

# TERMS AND CONDITIONS OF OPEN ACCESS DISTRIBUTION SERVICE

A non-residential customer desiring an underground service from overhead wires shall, at the customer's expense, install and maintain service wires in an approved manner from the main entrance switch in the building to an available pole (designated by the Company) from which connection is to be made, including the necessary run of wires up the pole. Such underground service shall conform to Company specifications. Where service is supplied from an underground distribution system which has been installed at the Company's expense within the limits of municipal streets, the customer shall make arrangements with the Company to supply and install a continuous run of cable conductors including necessary ducts from the manhole or connection box to the inside of the building wall. The customer shall pay the cost of installing the portion of cable and duct from the curb line to the terminus or cable inside the building and provide the necessary easements to the Company.

Conduit and wires and any equipment, installation and appurtenances furnished, installed and maintained by the customer must conform to the National Electrical Code, as well as applicable governmental requirements.

The Company shall not be required to make any inspection of the wiring, safety switch or other equipment, installation or appurtenances installed and owned by the customer. Any inspection thereof which the Company may make shall be voluntary on its part and for its benefit only, and shall not in any way relieve the customer of any obligations in that respect. The Company has the right to assess a service fee (shown below) when three or more trips are made for service installation and ~~can not~~ cannot be completed due to customer installation issues.

## During Normal Business Hours

Service Fee Multiple Trips	\$28.00
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## Other Than Normal Business Hours

## Off Shift

## Sunday or Holiday

Service Fee Multiple Trips	\$77.00	\$100.00
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## 10. EXTENSION OF LOCAL FACILITIES

The Company shall construct suitable electric transmission and distribution facilities under this line extension policy to serve customer premises when the customer ~~can not~~ cannot be served from existing electrical facilities.

Customers requesting new or expanded electric service shall submit detailed and complete information which may include but not be limited to switch size, requested delivery voltage, total estimated load, listing of connected loads, operating characteristics, site survey plans (showing other utilities or underground infrastructure) and first floor elevations before the Company can develop a plan of service and prepare a construction cost estimate.

The Company will determine the modifications to the Company's transmission and/or distribution facilities required to provide for a basic service plan to serve the customer's load. The

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OHIO POWER COMPANY

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P.U.C.O. NO. 20

TERMS AND CONDITIONS OF  
OPEN ACCESS DISTRIBUTION SERVICE

Company will design, construct, own, operate and maintain the line extension and all other equipment installed to serve the customer's load up to the point of service for each customer.

Upon receipt of the necessary information from the customer, the Company will comply with Chapter 4901:1-9-07 of the Ohio Administrative Code and exercise its best efforts to expedite the entire process for developing a service plan and preparing a cost estimate.

The Company shall have no obligation to extend, expand or rearrange its facilities if it determines that the existing facilities are adequate to serve the customer's electrical load.

Definitions Used in This Section

1. "Basic service plan" means the least cost line extension design using sound engineering practices which meet and/or exceed the National Electrical Safety Code and the Company's construction standards.
2. "Contribution in aid of construction or CIAC" means any amount of money or property contributed to the Company to the extent that the purpose of the contribution is to provide for line extensions for new or expanded customer loads.
3. "Cost estimate" means the detailed projected expenditure, including material costs and overhead, equipment costs and overhead, labor costs and overhead, and all taxes associated with each major material and service component, required for a line extension. It shall also separately identify any incremental costs associated with providing premium services. The Company may, for the purpose of standardization, establish standard construction cost estimates, for basic or premium service plans, which shall not exceed, in any event, the average cost of constructing such line extensions in the area involved, in which case the term "cost estimate" as used in this section will be understood to mean the standard estimate thus established.
4. "Line extension" means the provision of facilities (including, but not limited to, poles, fixtures, wires, and appurtenances) necessary for delivering electrical energy from the point of origin to one or more of the customer's points of delivery. Facilities provided by the Company to maintain, protect, upgrade, or improve its overall distribution system (even if necessary due to a customer's load addition) are not considered part of a line extension.
5. "Multifamily installation" means any line extension to a new residential dwelling that will have two or more dwelling units, where each unit has a separate account for electric service.
6. "Permanent" means a) a structure that has a permanently installed pressurized domestic water system and septic/sewer system which complies with local codes/regulations and is approved for use by the respective sanitation jurisdictional authority, or b) a structure that is approved for installation on a foundational support that is either a mortared masonry pier/column configuration, a poured concrete slab, or a poured concrete footer and mortared masonry walls on the perimeter of the structure.
7. "Point of origin" means the point where a line extension under this rule connects with and receives energy from any existing transmission or distribution equipment. The point of origin shall

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be the nearest practical point to the customers to be served by the line extension at which the appropriate voltage level is available.

8. "Premium service" includes, but is not limited to, customer-requested oversizing of facilities, underground construction, three-phase residential service, seasonal operations, and any customer request that is in excess of standard construction and requirements necessary to provide electric service to the customer.

Line extensions

1. For line extensions to residential single family homes, both individual homes and homes in a development, unless noted otherwise, the following shall apply:

- a. The Company shall be responsible for all costs, excluding the incremental costs of premium services (the sum of the Company's cost to provide the premium installation minus the Company's cost of a standard, single-phase installation), up to five thousand dollars.
- b. The customer shall be responsible for the incremental costs of premium services prior to the start of construction.
- c. The customer shall make arrangements with the Company for the payment of the non-premium line extension costs that exceed five thousand dollars. The Company shall afford the nondeveloper, individual homeowner the option of paying those costs, plus carrying costs, on a prorated monthly basis for up to fifty months.

2. For line extensions to residential, non-master-metered, multifamily installations (two or more units) the following shall apply:

- a. The Company shall be responsible for all costs, excluding the incremental costs of premium services (the sum of the Company's cost to provide the premium installation minus the Company's cost of a standard, single-phase installation), up to twenty-five hundred dollars per unit.
- b. The customer shall be responsible for the incremental costs of premium services prior to the start of construction.
- c. The customer shall make arrangements with the Company for the payment of the non-premium line extension costs that exceed twenty-five hundred dollars per unit.

3. For line extensions to non-residential customers the following shall apply:

- a. The Company shall be responsible for sixty percent of the total cost of the line extension, excluding the incremental costs of premium services (the sum of the Company's cost to provide the premium installation minus the Company's cost to install, in accordance with good utility practice, a standard line extension to the project).
- b. The customer shall be responsible for forty percent of the total cost of the line extension plus the incremental costs of premium services prior to the start of construction.
- c. If a substation is required as part of the line extension project to a customer, the customer shall be given the option of building (pursuant to all applicable electrical standards), owning, and maintaining such substation.

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4. The payment for premium services and for the cost of residential construction in excess of the limits of five thousand dollars for single-family residences and twenty-five hundred dollars per unit for multifamily residences shall be considered as contribution in aid of construction (CIAC) and shall be grossed-up by the effect of applicable taxes.
5. Costs attributed to land clearance activity, trenching, and backfilling required for the installation of line extension facilities on the customer's property are the responsibility of the customer.
6. All line extensions shall be the property of and shall be operated and maintained by the Company.
7. The Company shall have the right to use any line extension in furnishing service to any applicant located adjacent to such line extension and the further right to construct other extensions from the distribution facilities so constructed.
8. Any customer who paid to the Company a CIAC, other than for premium services, may be entitled to a refund of a portion of the CIAC paid in accordance with the following:
  - a. If any new customer, within fifty months of the completion of a line extension project for which an existing customer has paid to the Company a CIAC, utilizes all or part of the facilities for which the CIAC has been paid, the existing customer who paid the CIAC may 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 and original customer.
  - b. If any new additional customer, within fifty months of the completion of the line extension project for which existing customers have paid to the Company a CIAC, utilizes all or part of the facilities for which a CIAC has been paid, any existing customers who paid the CIAC may also be entitled to a refund.
  - c. Any refunds made under a. or b., above shall be after payment has been received from the new customer.

The Company recognizes and makes available the rural line extension plan specified in Chapter 4901:1-9-07 - Rules, Regulations and Practices for the construction of Electric Line Extensions in Rural Territory, of the Ohio Administrative Code as amended from time to time.

11. TEMPORARY AND SPECIAL SERVICE

The Company will supply temporary distribution service when it has available unsold capacity in its lines and transformers. Customers who have seasonal operations at permanent locations, or who have other sources of energy supply not requiring distribution service from the Company and desire distribution service for standby or breakdown purposes, must contract for permanent distribution service under an open access distribution schedule applicable to the customer's class of business and will be subject to the terms of that schedule including the minimum bill and term of contract provisions.

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The customer will purchase temporary distribution service under any schedule applicable to the customer's class of business and will, in addition, pay to the Company, in advance, the Company's estimated total cost of installing and removing its facilities necessary for the temporary service. The total cost will include all material, labor and overheads, with appropriate credits being given to salvageable material and to facilities to be used in subsequent permanent service. Charges for the following categories of temporary service are fixed as follows:

Service requiring only reading-in and reading-out an existing meter - \$57.00.

Single-phase 120/240 volt service from existing source with adequate capacity, up to 200 Ampere; \$237.00 overhead and \$134.00 underground. All others charged based on facilities installed.

The Company shall not be required to construct general distribution lines underground unless the cost of such special construction for general distribution lines and/or the cost of any change of existing overhead general distribution lines to underground which is required or specified by a municipality or other public authority (to the extent that such cost exceeds the cost of construction of the Company's standard facilities) shall be paid for by that municipality or public authority. The "cost of any change" as used herein, shall be the cost to the Company of such change. The "cost of special construction" as used herein, shall be the actual cost to the Company in excess of the cost of standard construction. When a charge is to be based on the excess cost, the Company and municipality or other public authority shall negotiate the amount thereof.

Temporary distribution service supplied for a period less than one (1) full month will be billed on the basis of a full month's schedule billing under the applicable open access distribution schedule, including the minimum charge if applicable.

12. WORK PERFORMED ON COMPANY'S FACILITIES AT CUSTOMER'S REQUEST

Whenever, at the request of a customer and solely to suit the convenience of the customer, work is performed on the Company's facilities or the Company's facilities are relocated, the customer shall pay to the Company, in advance, the estimated total cost of such work. This cost shall be itemized by major categories and shall include the Company's standard overheads and be credited with the net value of any salvageable material. The actual costs for the work performed will be determined after its completion and the appropriate additional charge or refund will be made to the customer.

13. NOMINAL VOLTAGE LEVELS

The Company has established nominal service voltages of 60 cycle alternating current of which at least one of the following characteristics shall be made available to a customer, the particular voltage and service characteristics to be at the option of the Company:

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Secondary Distribution System – nominal regulated voltages of 120, 120/208, 120/240, or 240/480 volts, single phase and 120/208, 120/240, 240, 240/480, 277/480 and 480 volts, 3 phase.

Primary Distribution System -nominal regulated voltages of 2,400, 2,400/4,160, 4,160, 7,200, 7,200/12,470, 7,620/13,200, 7,970/13,800 and 19,900/34,500 volts.

Subtransmission -nominal, unregulated voltages of 23,000, 34,500, 40,000, and 69,000 volts, 3 phase.

Transmission - nominal, unregulated voltages of 138,000, 345,000, and 765,000 volts, 3 phase.

The Company shall design and operate its system so that under normal operating conditions the voltage delivered at the customer's service entrance, for the regulated voltages listed above, is maintained within the range of plus or minus 5% of the nominal voltage. Wherever voltages shall be known to exist outside of such range, the Company will take steps to promptly initiate corrective action to restore the voltage level to within such range.

14. METER REGISTRATION AND TESTING

The Company will own, furnish, install and maintain the meter or meters unless the customer elects metering service from a qualified Meter Service Provider (MSP). The customer is required to supply, install and maintain the mounting or meter enclosures or sockets. The Company or MSP may specify whether the meter or meters are to be installed on the inside or outside the customer's premise and may change such location at its option. When an inside meter installation is made, the customer shall furnish, at the customer's sole expense, a suitable meter panel in a convenient and suitable location and so placed that the meter installation will not be more than five (5) feet nor less than three (3) feet from the floor, and pay the additional expense of providing an electronic means to obtain an automated reading. In addition, the customer may be required to install and maintain a dedicated communications line. If any location provided by the customer causes the meter to register incorrectly, the Company or MSP may require the customer to provide a new meter location acceptable to the Company and to pay the expense of relocation. All costs incident to the relocation of an outside meter made upon the customer's request, or required to be made because of customer's use of premises, shall be paid by the customer.

The authorized agents or employees of the Company shall have free access at all reasonable hours to the premises of the customer for the purpose of installing, reading, testing and removing meters or other appliances, belonging to the Company.

The Company will test its meters at its discretion or at the request of the customer. Any kilowatt-hour meter found by test to be registering within the range of plus or minus two percent (+/- 2%) will be considered as registering accurately. Any integrating block interval demand meter or thermal demand meter registering within the range of plus or minus four percent (+/- 4%) will be considered to be registering correctly. For each subsequent test conducted within thirty-six (36) months of the last previous test, if the meter is found to be registering correctly, the customer shall pay to the Company a \$64.00 fee for a single phase meter test and a \$85.00 fee for all other meter tests. The customer shall be told the amount of such charge when the customer requests the meter test within such thirty-six (36) month period. Such test, witnessed by the customer if so desired, will be conducted using a properly calibrated meter standard.

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The Company will replace at its expense any Company-owned meter registering incorrectly and will make billing corrections in accordance with the following section for any services billed by the Company.

When service has been obtained through tampering practices, the customer will be charged a minimum fee of \$49.00 for the Company to investigate and to inspect the premises. The customer will pay additional charges for any and all costs of disconnection as well as the costs of repairing or replacing damaged equipment based on the customer's individual situation.

15. METERING AND LOAD PROFILING

All customers with maximum monthly billing demands of 200 kW or greater for the most recent twelve (12) months shall be interval metered. The customer or the customer's Competitive Retail Electric Service (CRES) Provider may request an interval meter for customers with maximum monthly billing demands less than 200 kW.

The cost and repair of any interval metering facilities installed by the Company to comply with this requirement or as a result of such request shall be paid by the customer. The customer shall make a one-time payment for the metering facilities at the time of installation of the required facilities, or at the customer's option, up to twenty-four (24) consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company shall require an initial payment equal to twenty-five percent (25%) of the total cost of the metering facilities. Any necessary replacement of the meter where repair is not possible will be performed at cost, based upon premise installation and load requirements.

In addition, the customer shall pay a net charge to cover the incremental cost of operation and maintenance and meter data management associated with such interval metering as follows:

Charges are for service performed on a Company installed standard interval meter. The customer is responsible for providing the telephone line and cost associated with telephone communications for purposes of reading the meter.

Service Performed During Normal Business Hours	Charge (\$)
Connect phone line to meter at a time other than the initial interval meter installation	57.00
Perform manual meter reading	43.00
Check phone line and perform manual meter reading due to communication loss	47.00
Replace surge protector	119.00
Replace interval board	121.00
Replace modem board	210.00
Replace interval and modem boards	260.00

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The customer or the customer's CRES Provider may select a meter from the Company's approved standard equipment list. If a customer selects any meter other than those shown on the approved standard list, the customer accepts responsibility for any incremental cost which the meter may require to upkeep, maintain, or replace the meter due to failure. The customer or the customer's CRES Provider may communicate with the meter for the purpose of obtaining usage data, subject to the Company's communication protocol.

A customer that is required to have interval metering must approve a work order for interval meter installation before a CRES Provider may serve such customer. During the period between when the customer has requested an interval meter and the time that the Company is able to install such a meter, a Company load profile will be used for settlement purposes and consumption meter readings will be used for billing.

All load profiling shall be performed by the Company. Sample data and customer specific interval metering, when available, will be used in the development of the total load profile for which a CRES Provider is responsible for providing generation and possibly transmission services. Such data shall be provided to the Billing Agent (BA) or other entities as required for monthly billing.

16. USE OF ENERGY BY CUSTOMER

The schedules for open access distribution service given herein are classified by the character of use of such service and are not available for service except as provided therein.

It shall be understood that upon the expiration of a contract the customer may elect to renew the distribution service contract upon the same or another open access distribution schedule published by the Company and applicable to the customer's requirements, except that in no case shall the Company be required to maintain transmission, switching or transformation equipment (either for voltage or form of current change) different from or in addition to that generally furnished to other customers receiving distribution service under the terms of the open access distribution schedule elected by the customer.

The customer shall install only motors, apparatus, or appliances which are suitable for operation with the character of the service supplied by the Company, and which shall not be detrimental to same, and the electric power must not be used in such a manner as to cause unprovided for voltage fluctuations or disturbances in the Company's transmission or distribution system. The Company shall be the sole judge as to the suitability of apparatus or appliances, and also as to whether the operation of such apparatus or appliances is or will be detrimental to its general service.

All apparatus used by the customer shall be of such type as to secure the highest practical commercial efficiency, power factor and the proper load balancing of phases. Motors which are frequently started or motors arranged for automatic control, must be of a type to give maximum starting torque with minimum current flow, and must be of a type, and equipped with controlling devices, approved by the Company.

The operation of certain electrical equipment can result in disturbances (e.g. voltage fluctuations, harmonics, etc.) on the transmission and distribution systems which can adversely impact the operation of equipment for other customers. Non-residential customers are expected to abide by industry standards, such as those contained in ANSI/IEEE 141, 519 and 1453, IEC 61000 or the IEEE/GE voltage flicker criteria, when

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operating such equipment. In accordance with the Electric Service and Safety Standards, Chapter 4901:1-10-15 (D) of the Ohio Administrative Code, the Company may refuse or disconnect service to non-residential customers for using electricity or equipment which adversely affects distribution service to other customers. Copies of the applicable criteria will be provided upon request.

The service connections, transformers, meters and appliances supplied by the Company for each customer have a definite capacity. The customer agrees to promptly notify the Company prior to any increase or decrease in the customer's connected load, or power factor which could impact the capacity requirements of the Company's local facilities. No additions to the equipment or load connected thereto shall be made until after the consent of the Company has been obtained. The customer shall notify the Company promptly of any defect in service or any trouble or accident to the electrical supply.

No attachment of any kind whatsoever may be made to the Company's lines, poles, crossarms, structures, or other facilities without the express written consent of the Company.

The Company will not supply distribution service to customers who have other cogeneration, small power production or other sources of on-site energy supply except under schedules which specifically provide for same.

The customer shall not be permitted to operate the customer's own generating equipment in parallel with the Company's service except on written permission of the Company.

17. RESALE OF ENERGY

Electric service will not be delivered to any party contracting with the Company for distribution service (hereinafter in this Section called "customer") except for use exclusively by (i) the customer at the premises specified in the service request or contract between the Company and the customer under which service is supplied and (ii) the occupants and tenants of such premises.

18. CUSTOMER'S LIABILITY

In the event the customer is unable to receive distribution service in the full amount contemplated by the customer's regular distribution service arrangements for a period in excess of fifteen (15) full days as a result of fire, riot, explosion, flood, accident, breakdown or acts of God or the public enemy, said customer shall not be liable to the Company for minimum demand or billing charges for which the customer normally would be liable pursuant to the open access distribution schedule and/or contract during the period of distribution service decrease of electricity usage, provided:

1. The customer notifies the Company in writing of the customer's inability to receive distribution service as a result of one or more of the above specified event(s); and
2. Said notice includes (in addition to any other pertinent information):

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- a. Extent (or magnitude) of the distribution service decrease
  - b. Date of the event
  - c. Cause of the event
  - d. Probable duration of the distribution service decrease; and
3. The customer is prompt and diligent in removing the cause of the service decrease; and
  4. The customer submits a report to the Company at least every thirty days following the event explaining the customer's progress toward removing the cause of the distribution service decrease; and
  5. The customer pays, pursuant to the customer's open access distribution schedule and/or contract, for all distribution service rendered prior to the service decrease.

In no event, however, shall this provision affect open access distribution minimum demand or billing charges in any billing period prior to the date on which the Company receives the customer notice required above unless that notice is received within fifteen (15) days of the above specified events.

During the period that the terms of this provision shall be in effect, the customer shall pay for all distribution service received, the charges for such service being determined pursuant to the open access distribution schedule under which the customer had been served prior to the event except for the minimum demand or billing charges which were waived as a consequence of this provision. Under no circumstance shall the waiver of the minimum demand or billing charges extend beyond the time the cause of the distribution service decrease has been removed. On the date that the cause of the customer's inability to receive distribution service has been removed, billing shall resume pursuant to the customer's open access distribution schedule and/or contract.

Any contract, which has been affected by the application of this provision, shall have its term extended for a period of time equal in length to the duration of distribution service decrease.

If the event causing the distribution service decrease is of such severity that the customer decides not to continue in business at the affected location, and so notifies the Company in writing, the above provision will not be applied. Under such circumstances, the customer will pay to the Company (1) a sum equal to the value of the Company's estimated original plant in service including the cost of the transmission and distribution voltage lines and other equipment erected or reserved specifically for that customer's use, less accumulated depreciation and less the net salvage value of that equipment, or (2) any remaining demand or minimum bill charges due under the contract or any extension thereof resulting from application of this provision.

In the event of loss of or injury to the property or equipment of the Company through misuse or negligence of the customer or the customer's employees or invitees, the cost of any necessary repairs or replacement shall be repaid to the Company by the customer. The customer will be held responsible for any tampering or interfering with or breaking the seals of meters or other equipment of the Company installed on the customer's premises and will be held liable for the same according to law.

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The customer hereby agrees that no one except the employees of the Company, or the Company's agents, shall be allowed to make any internal or external adjustments of any meter or any other piece of equipment which is the property of the Company.

Customers will also be responsible for tampering with, interfering with, or breaking of seals of meters installed by an MSP or other related apparatus, regardless of ownership. No one except the employees of the Company, MSP, or their agents, shall be allowed to make any internal or external adjustments of any such meter, regardless of ownership.

At the request of any customer served on a schedule containing a separate demand charge, the Company shall provide a demand signal to the customer. The customer shall pay to the Company the cost for providing the signal. The Company shall not be liable for a loss of signal, and in such event the customer shall pay for the demand and energy as actually metered by the Company.

*Suspension of service for any of the above reasons shall not terminate the contract for service.* The authorized agents or employees of the Company shall have free and safe access at all reasonable hours and in emergencies to enter the premises of the customer for the purpose of installing, reading, removing, testing, replacing, or otherwise disposing of its apparatus and property, and the right of entire removal of the Company's property in the event of the termination of the contract for any cause. The customer will keep the area where the Company's apparatus and property are located free from obstruction, danger and/or safety hazards. The Company's agent will, upon request, show credentials and state the reasons for requiring access.

No responsibility of any kind shall attach to the Company for or on account of any loss, injury or damage caused by or resulting from defects in or inadequacy of the wires, switches, equipment, or appurtenances of the customer, or from the installation, maintenance or use thereof.

19. COMPANY'S LIABILITY

The Company will use reasonable diligence in delivering a regular and uninterrupted supply of energy to the customer, but does not guarantee uninterrupted service. The Company shall not be liable for damages in case such supply should be interrupted or fail by reason of an act of God, the public enemy, accidents, labor disputes, orders or acts of civil or military authority, breakdowns or injury to the machinery, transmission lines, distribution lines or other facilities of the Company, extraordinary repairs, or any act of the Company, including the interruption of service to any customer, taken to prevent or limit the extent or duration of interruption, instability or disturbance on the electric system of the Company or any electric system interconnected, directly or indirectly, with the Company's system, whenever such act is necessary or indicated in the sole judgment of the Company.

The Company shall not be liable for damages in case such service should be interrupted or by failure of the customer's CRES Provider to provide appropriate energy to the Company for delivery to the customer.

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The Company shall not be liable for any loss, injury, or damage resulting from the customer's use of the customer's equipment or occasioned by the energy furnished by the Company beyond the delivery point. Unless otherwise provided in a contract between the Company and customer, the point at which service is delivered by the Company to the customer, to be known as "delivery point", shall be the point at which the customer's facilities are connected to the Company's facilities. The metering device is the property of the Company; however, the meter base and all internal parts inside the meter base are customer owned and are the responsibility of the customer to install and maintain. The Company shall not be liable for any loss, injury, or damage caused by equipment which is not owned, installed and maintained by the Company.

The customer shall provide and maintain suitable protective devices on the customer's equipment to prevent any loss, injury, or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury, or damage resulting from a single phasing condition or any other fluctuation or irregularity in the delivery of energy which could have been prevented by the use of such protective devices. The Company shall not be liable for any damages, whether direct or consequential, including, without limitations, loss of profits, loss of revenue, or loss of production capacity occasioned by interruptions, fluctuations or irregularity in the supply of energy.

The Company is not responsible for loss or damage caused by the disconnection or reconnection of its facilities. The Company is not responsible for loss or damages caused by the theft or destruction of Company facilities by a third party.

Except as otherwise provided in this Section, the Company shall be liable to the customer for damage directly resulting from interruptions, irregularities, delays, or failures of distribution service, caused by the negligence of the Company or its employees or agents, but any such liability shall not exceed the cost of repairing, or actual cash value, whichever is less, of equipment, appliances, and perishable food stored in a customer's residence damaged as a direct result of such negligence. The customer must notify the Company of any claim based on such negligence within thirty days after the interruption, irregularity, delay or failure begins. The Company shall not be liable for consequential damages of any kind. This limitation shall not relieve the Company from liability which might otherwise be imposed by law with respect to any claims for personal injuries to the customer.

The Company will provide and maintain the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), and other apparatus which may be required for the protection to its service. All such apparatus shall be and remain the property of the Company and the Company shall be granted ready access to the same. The Company or MSP will provide and maintain the necessary meters and other apparatus which may be required for the proper measurement of the Company service. All such apparatus shall be and remain the property of either the Company or MSP and the Company or MSP shall be granted ready access to the same, except to read inside meters. Such access to inside meters shall be granted upon reasonable request to residential customers during regular business hours.

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Approval of the above schedule language by the Commission does not constitute a determination by the Commission that the limitation of liability imposed by the Company should be upheld in a court of law. Approval by the Commission merely recognizes that since it is a court's responsibility to adjudicate negligence and consequent damage claims, it is also the court's responsibility to determine the validity of the exculpatory clause.

20. RESIDENTIAL SERVICE

The Residential Customer is a customer whose domestic needs for distribution service are limited to their primary single family residence, single occupancy apartment and/or condominium, mobile housing unit, or any other single family residential unit. Individual residences shall be served individually under a residential open access distribution schedule. Customer may not take distribution service for two (2) or more separate residences through a single meter under any schedule, irrespective of common ownership of the several residences, except that in the case of an apartment house with a number of individual apartments the landlord shall have the choice of providing separate wiring for each apartment so that the Company may provide delivery to each apartment separately under the residential open access distribution schedule, or of purchasing the entire distribution service through a single meter under the appropriate general service open access distribution schedule.

Where a single-family house is converted to include separate living quarters or dwelling units for more than one family, or where two (2) or more families occupy a single-family house with separate cooking facilities, the owner may, instead of providing separate wiring for each dwelling unit, take service through a single meter under the residential open access distribution schedule. In such case, there will be a single customer charge, but the quantity of kilowatt-hours in each block will be multiplied by the number of dwelling units or families occupying the building.

The residential open access distribution schedule shall cease to apply to that portion of a residence which becomes primarily used for business, professional, institutional or gainful purposes. Under these circumstances, the customer shall have the choice: (1) of separating the wiring so that the residential portion of the premises is served through a separate meter under the residential open access distribution schedule and the other uses as enumerated above are served through a separate meter or meters under the appropriate general service open access distribution schedule; or (2) of taking the entire service under the appropriate general service open access distribution schedule. Motors of ten (10) HP or less may be served under the appropriate residential open access distribution schedule. Larger motors may be served where, in the Company's sole judgment, the existing facilities of the Company are adequate.

Detached building or buildings, actually appurtenant to the residence, such as a garage, stable or barn, may be served by an extension of the customer's residence wiring through the residence meter provided no business activities are transacted in the detached buildings.

In the event a detached garage or other facility on a residential customer's property is separately served and metered, such facility shall be metered and billed according to the appropriate general service open access distribution schedule.

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The Company's rules for the establishment of credit for residential utility service is governed by Chapter 4901:1-10-14 of the Ohio Administrative Code, and the Company's disconnect and reconnect procedures for residential customers is governed by Chapter 4901:1-18 of the Ohio Administrative Code.

21. DEPOSITS

Security for the payment of bills for distribution service will be governed, as specified in Chapter 4901:1-10-14 of the Ohio Administrative Code, which is herein incorporated by reference as it is from time to time amended.

The Company will be entitled to pursue adequate assurance of payment for distribution service if a customer files for protection under provisions of the United States Bankruptcy Code.

The Company may require a deposit by the customer not exceeding the amount of the estimated monthly average cost of the annual consumption by such customer plus thirty percent. The Company will pay interest on deposits, at a rate of not less than three percent per annum, so made in accordance with legal requirements, provided such deposit be left with the Company for at least six (6) consecutive months. Retention by the Company, prior to final settlement, of any deposit or guarantee is not a payment or part payment of any bill for service.

22. BILLING AND BILLS PAYABLE

The customer will be held responsible for all charges for distribution service. Bills for distribution service will be rendered by the Company to the customer approximately thirty (30) days apart in accordance with the open access distribution schedule applicable to the customer's distribution service with the following exception:

Year-round residential and not-for-profit open access distribution general service schedule customers shall have the option of paying bills for distribution service under the Company's equal payment plan (Budget Plan), whereby the cost of distribution service for the succeeding 12-month period is estimated in advance, and bills are rendered monthly on the basis of one-twelfth of the 12-month estimate. The Company may at any time during the 12-month period adjust the estimate so made, and the bills rendered in accordance with such estimate, to conform more nearly with the actual use of service being experienced. The normal equal payment period will be twelve (12) months, commencing in any month selected by the Company, but in those cases where billing is commenced during a month which leaves less than twelve (12) months until the beginning of the next normal equal payment period to which the customer is assigned, payments shall be calculated on the basis of the months in such period.

In case the actual distribution charges during any equal payment period exceed the bills as rendered on the equal payment plan, the amount of such excess shall be paid on or before the due date of the bill covering the last month of the equal payment period in which such excess appears, or such excess may be added to the estimated use for the next normal equal payment period of twelve (12) months, and shall be payable in equal monthly payments over such period, except that if the customer discontinues service with the Company under the equal payment plan, any such excess not yet paid shall become payable immediately. In case the actual distribution charges during the equal payment period are less than the amount paid under the equal payment plan during such period, the amount of such overpayment shall, at the

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option of the Company, either be refunded to the customer or credited on the customer's last bill for the period.

*If a customer fails to pay bills as rendered on the equal payment plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable open access distribution schedules, in addition to any other rights which the Company may have under such schedules and terms and conditions of service in case of arrearage in payment of bills.*

The customer will be held responsible for all charges for electric energy delivered at the customer's premises. Bills will be rendered for each month's use by the Company to the customer. All bills from the Company are due and payable in full by mail, checkless payment plan, electronic payment plan, or at an authorized payment agent of the Company within the time limits specified in the schedule. For the purpose of this section, the United States Postal Service is not an authorized payment agent, and payments received through the Postal Service are considered paid when received at the Company's business offices. Failure to receive a bill will not entitle the customer to any discount or to the remission of any charge for nonpayment within the time specified. For purposes of this Section, the word "month" as used herein and in the open access distribution schedules is hereby defined to be the elapsed time between two successive meter readings approximately thirty (30) days apart.

If the customer fails to pay in full any final bill for distribution service rendered and said customer receives like service at another location, the Company may transfer the unpaid balance of the final bill to the customer's like service account for any such other location. Like service refers to an end use within the following broad categories: residential, commercial, or industrial. Such amount shall be designated as a past-due amount on the account at such location and subject to collection and disconnection action in accordance with Chapter 4901:1-18 of the Ohio Administrative Code and the Company's filed tariffs, terms and conditions of service, provided that such transfer of a final bill shall not be used to disconnect service to a residential customer who is not responsible for such bill.

If the amount of energy consumed is not properly registered by a meter for any reason, or is not properly charged to the customer's account, the entity providing billing services, either the Company or a BA, will, for the period of time that incorrect billings can be established, adjust the meter readings and billings to reflect all available information concerning the actual use by the customer. Any resulting overpayment will be paid or credited to the customer by the appropriate billing entity. Unless the customer and the Company agree otherwise, the Company will bill non-residential accounts any undercharged amount in compliance with Chapter 4901: 1-10 of the Ohio Administrative Code, as amended from time to time. The Company shall bill uncharged amounts for residential customers in compliance with section 4933.28 of the Revised Code, as amended from time to time. Should the amount of the adjustment for distribution charges be under dispute, the Company will continue to supply distribution service and the customer shall continue to pay the amounts billed until a final determination is made.

A customer shall be charged \$9.00 for any dishonored check received in payment for a bill rendered by the Company, unless the customer shows that the bank was in error.

At the Company's discretion, any customer receiving Company consolidated billing with a CRES Provider billing arrearage of more than 60 days may be switched back to the Company's Standard Offer Service and will not be permitted to select a new CRES Provider until the arrearage is paid.

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23. CHANGE OF ADDRESS BY CUSTOMER

It is the responsibility of an existing customer to notify the Company when distribution service is to be discontinued, and to provide a mailing address for the final bill.

When the Company receives notice from an existing customer that distribution service is to be discontinued, or from a prospective customer that an existing distribution service is to be transferred into the prospective customer's name, the Company will, within three (3) business days, determine the meter reading for the final distribution bill to the existing customer. Such determination shall be made either by estimation or, upon customer request, by an actual meter reading. The existing customer will be responsible for all service supplied to the premises until such meter reading and discontinuance or transfer is made. Transfer of service to a qualified prospective customer will not be delayed or denied because of nonpayment of the final distribution bill by the former customer, unless the former customer continues to be a consumer of electric service at that premise.

24. DENIAL OR DISCONTINUATION OF SERVICE

The Company reserves the right to refuse any applicant for service if the applicant is indebted to the Company for any service theretofore rendered at any location, provided the Company shall advise applicant to such effect, and provided that indebtedness for one (1) class of service shall not cause the refusal of service to a different class of service. The Company reserves the right to discontinue service to any customer without notice for safety reasons, and with notice as required by Rule 4901:1-10-20 of the O.A.C., for fraud against the company. Service will not be restored until the customer has given satisfactory assurance that such fraudulent or damaging practice will be discontinued and has paid to the Company an amount estimated by the Company to be reasonable compensation for services fraudulently obtained and for any damage to property of the Company.

Subject to the further provisions for residential customers contained in Chapter 4901:1-18 of the Ohio Administrative Code which is herein incorporated by reference as it is from time to time amended, and in accordance with the provision for non-residential customers contained in Chapter 4901:1-10-17, the Company also reserves the right after at least five (5) days notice in writing to discontinue to serve any customer (1) who is indebted to the Company for any service theretofore rendered at any location (on other than equal payment plan accounts having a credit balance), and provided that indebtedness for one (1) class of service shall not cause the disconnection of service to a different class of service (2) for failure to provide and maintain adequate security for the payment of bills as requested by the Company, or (3) for failure to comply with these Terms and Conditions. Any discontinuance of service shall not terminate the contract between the Company and the customer nor shall it abrogate any minimum charge which may be effective.

When a Company employee is dispatched to a customer's premises for the purpose of performing disconnection activities due to the customer's delinquency, the customer will be charged a collection trip charge of \$16.00 if the disconnection activity is not performed as the result of extenuating circumstances.

The Company will bill only "one (1)" trip charge per month to comply with Rule 4901:1-18-07 (C) of the O.A.C.

If a customer has been disconnected, upon payment or proof of payment of the delinquent amount plus a reconnection fee as specified below, which represents the cost to the Company of disconnecting and

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reconnecting a customer during the Company's normal working hours, the Company will reconnect the electric service on this same day, if such payment or proof of payment is made at the Company's authorized payment agent by 12:30 p.m., and otherwise as soon as possible but not later than the close of the Company's next regular working day. When such payment is made after 12:30 p.m. and the Company's employees cannot reconnect the service prior to the end of their normal workday, and the customer prefers to be reconnected prior to the beginning of the next regular workday, the disconnection and reconnection charge payable prior to reconnection will be the overtime rate specified below, an amount which recognizes the Company's average additional cost of reconnecting a customer outside of normal working hours. No reconnect for nonpayment will be made after 9:00 PM from April 15 through October 31 or after 7:00 PM November 1 through April 14.

Reconnection Service Charges

When service has been terminated for nonpayment, the following charges shall apply for reconnection of service.

During Normal Business Hours

Reconnect at Meter	\$53.00
Reconnect at Pole	\$154.00
Install Locking Device and Reconnect	\$73.00

Other Than Normal Business Hours   Off-Shift   Sunday or Holiday

Reconnect at Meter	\$98.00	\$119.00
Reconnect at Pole	\$192.00	\$221.00

When service has been terminated at the pole, per the customer's request, for non-credit related reasons, the customer will be assessed a \$153.00 disconnection/reconnection charge for the subsequent reconnection at the same location.

25. DISCONNECT PROVISIONS – NON-RESIDENTIAL

The company may refuse or disconnect service to non-residential customers for any of the following reasons:

- (A) When the customer violates or fails to comply with the contract or tariffs;
- (B) When service to a customer or consumer violates any law of this state or any political subdivision thereof, or any federal law or regulation;
- (C) When a customer or consumer tampers with company property or engages in a fraudulent practice to obtain service, as set forth in rule 4901:1-10-20 of the Ohio Administrative Code;
- (D) For using electricity or equipment which adversely affects service to other customers or consumers, e.g., voltage fluctuations, power surges, and interruptions of service;
- (E) When a safety hazard to consumers or their premises, the public, or to the Company personnel or facilities exists;

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- (F) When the customer, landlord of the tenant/customer, or tenant leasing the landlord/customer's premises refuses access to Company's facilities or equipment on the customer's property or property leased by the customer;
- (G) For nonpayment of bills and any tariff charges, including security deposits and amounts not in bona fide dispute. Where the customer has registered a complaint with the Commission's public interest center or filed a formal complaint with the Commission which reasonably asserts a bona fide dispute, the Company shall not disconnect service if the customer pays either the undisputed portion of the bill or the amount paid for the same billing period in the previous year;
- (H) When the customer vacates the premises;
- (I) For repairs, provided that the Company has notified consumers prior to scheduled maintenance interruptions in excess of six hours;
- (J) Upon the customer's request;
- (K) A former customer, whose account with that is in arrears for service furnished at the premises, resides at, or has requested service for, such premises;
- (L) When an emergency may threaten the health or safety of a person, a surrounding area, or the operation of the Company's electrical system; and
- (M) For other good cause shown.

Suspension of service for any of the above reasons shall not terminate the contract for service. The authorized agents or employees of the Company shall have free access at all reasonable hours to the premises of the customer for purposes of disconnecting and reconnecting service.

26. CHANGING COMPETITIVE SERVICE PROVIDERS

Standard Offer Service will be provided under the Company's standard schedules.

Customers may change Competitive Service Providers (CSPs) no more than once during any month subject to the provisions below.

Requests to change a customer's Competitive Retail Electric Service (CRES) Provider must be received by the Company from the new CRES Provider. If the Company receives such a request to change a customer's CRES Provider, the customer shall be notified by the Company concerning the requested change within two business days. If the customer challenges the requested change, the change will not be initiated.

Residential and General Service-1 customers have seven (7) days from the postmark date on the notice to contact the Company to rescind the enrollment request or notify the Company that the change of CRES Provider was not requested by the customer. General Service-2, 3, and 4 customers must contact the CRES Provider directly to stop the switch. Within two business days after receiving a customer request to rescind enrollment with a CRES Provider, the Company shall initiate such rescission and mail the customer confirmation that such action has been taken.

Any request for initial service under the Company's open access distribution schedules or subsequent changes to a customer's MSP, MDMA and/or BA must be provided by the CRES Provider that provides energy services to the customer and arranges for such MSP, MDMA and/or BA services on behalf of the customer. The CRES Provider must obtain, and maintain documentation of, authorization from the customer for any changes in MSP, MDMA and/or BA.

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The customer shall pay a charge of \$405.00 will be assessed to the CRES Provider to the Company for each transaction in which a customer authorizes a change in one or more CSPs. However, this switching charge shall not apply in the following specific circumstances: (a) the customer's initial change to service under the Company's open access distribution schedules and service from an CRES Provider, (b) the customer's CRES Provider is changed involuntarily, (c) the customer returns to service from the customer's former CRES Provider following an involuntary change in CRES Provider, or (d) the customer's former CRES Provider's services have been permanently terminated and the customer must choose another CRES Provider. This charge shall be reduced to \$5.00 after December 31, 2013 and will be billable to either the customer or the CRES Provider.

In the event that a CSP's services are permanently terminated, and the CSP has not provided for service to the effected-affected customers, the CSP shall send timely notification to the Company and the effected-affected customers regarding the termination of such services. Such notification shall describe the process for selecting a new CSP and note that service will be provided by the Company under the Company's Standard Offer Service if a new CSP is not selected.

A customer's return to the Company's Standard Offer Service may be a result of customer choice, CRES Provider default, termination of a CRES Provider contract, opt out or termination of a governmental aggregation program, or CRES Provider withdrawal. A customer will be returned to Standard Offer Service only after the customer fails to choose an alternative CRES Provider.

A customer may contact the Company and request to return to the Company's Standard Offer Service. The return to Standard Offer Service shall be conducted under the same terms and conditions applicable to an enrollment with a CRES Provider. The customer will have a seven (7) calendar day rescission period after requesting the Company's Standard Offer Service.

Provided the customer has observed the applicable notification requirements and the Company has effectuated the request to return to Standard Offer Service at least twelve (12) calendar days prior to the next regularly scheduled meter reading date, the customer will be returned to Standard Offer Service on the next regularly scheduled meter reading date.

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27. CUSTOMER CHOICE OF COMPETITIVE SERVICE PROVIDER

Customers may elect energy services from a qualified CRES Provider, metering services from a qualified Meter Service Provider (MSP), meter data management services from a qualified Meter Data Management Agent (MDMA) and/or billing services from a qualified Billing Agent (BA). Any MSP, MDMA and/or BA services provided to the customer must be arranged through the CRES Provider who provides energy services to the customer.

Qualifications and other eligibility criteria for such entities are specified in the Supplier Terms and Conditions of Service. CRES Providers, MSPs, MDMAs and BAs are also subject to the rules and certification criteria established by the Commission for such entities as also incorporated in the Supplier Terms and Conditions of Service. CRES Providers, MSPs, MDMAs and BAs are collectively referred to as Competitive Service Providers (CSPs).

Any customer who desires service from a CSP must first contract with a CRES Provider who will arrange for the provision of such services. The CRES Provider shall then notify the Company at least twelve (12) calendar days prior to the customer's regularly scheduled meter reading date after which the customer will receive service from the CSP. All changes in CRES Providers shall occur at the end of the customer's regularly scheduled meter reading date. Any request to change a customer's CRES Provider received after twelve (12) calendar days prior to the customer's regularly scheduled meter reading date shall become effective the subsequent billing month.

A customer is not permitted to have partial Competitive Retail Electric Service. The CRES Provider(s) shall be responsible for providing the total energy consumed by the customer during any given billing month.

Upon request, customers will be sent an information package containing a summary of the Customer Choice program and a current list of CRES Providers.

The list of CRES Providers will be provided to any customer upon request, all new customers, any customer who is dropped for nonpayment by a CRES Provider, and any customer who returns to the Company's Standard Offer Service due to default by a CRES Provider.

The list of CRES Providers will be posted on the Company's website. The list of CRES Providers will contain the names of those CRES Providers currently registered to enroll and actively seeking residential customers in the Company's service territory.

The Company will offer to CRES Providers the Pre-Enrollment Customer Information List with updates available ~~quarterly~~ monthly. Customers have the option to remove all of their information (including name, address and historical usage data) from the Customer Information List. Customers may also reinstate their information to the Customer Information List. Customers will be notified of such options quarterly.

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## 28. LOSSES

Either the CRES Provider or the Transmission Provider may provide both transmission and distribution losses as required to serve customers at various delivery voltages. If a CRES Provider arranges to provide transmission losses under the provisions of the applicable Open Access Transmission Tariff, then the CRES Provider must also arrange for the appropriate distribution losses. Customers served at transmission and subtransmission voltages require no additional losses other than the losses specified in the applicable Open Access Transmission Tariff. Customers served at primary distribution voltage require 2.0% additional average losses of amounts received by the Company for delivery to the customer. Customers served at secondary distribution voltage require 5.4% additional average losses of amounts received by the Company for delivery to the customer.

## 29. TRANSMISSION SERVICE

Transmission service shall be made available under the terms and conditions contained within the applicable Open Access Transmission Tariff as filed with and accepted by the Federal Energy Regulatory Commission. CRES Providers may contract with the Transmission Provider for transmission service under the applicable Open Access Transmission Tariff. The Transmission Provider is the applicable regional transmission entity. PJM Interconnection LLC is currently the applicable regional transmission entity. All CRES Providers must complete all required actions relative to membership with the Transmission Provider and be authorized by the Transmission Provider to transact business with regard to transmission service. The contracting entity or its designee is responsible for scheduling under the tariff. Unless other arrangements have been made, the scheduling entity will be billed by the Transmission Provider for transmission services.

The contracting entity must also purchase or provide ancillary services as specified under the applicable Open Access Transmission Tariff.

Billing and payment shall be performed as specified in the applicable Open Access Transmission Tariff.

Provisions for scheduling and imbalance are contained within the applicable Open Access Transmission Tariff.

The Company will bill all customers for the following transmission services:

PJM LINE	CHARGES / CREDITS
1100	Network Integration Transmission Service
1108	Transmission Enhancement
1320	Transmission Owner Scheduling, System Control and Dispatch Service
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service
1930	Generation Deactivation
2130	Firm Point-to-Point Transmission Service
2140	Non-Firm Point-to-Point Transmission Service

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~~All CRES Providers shall execute a PJM Declaration of Authority. Upon notification by the Company, all CRES Providers shall approve the Company's prepared Billing Line Item Transfers through PJM's Billing Line Item Transfer Tool to allow charges and credits for the above transmission services to be assigned to the Company. All other transmission service charges and credits shall be the responsibility of the CRES Provider.~~

## 30. RESERVED MINIMUM STAY REQUIREMENTS

~~Large commercial and industrial customers returning to Standard Offer Service must remain on Standard Offer Service for a period of not less than twelve (12) consecutive months. This requirement shall not apply after December 31, 2013.~~

~~Customers served under residential and small commercial (GS-1) rate schedules returning to the Company's Standard Offer Service must remain on the Company's Standard Offer Service through April 15 of the following year if that customer received the Company's Standard Offer Service at any time during the period from May 16 to September 15. This requirement shall not apply after December 31, 2013.~~

~~A customer returning to the Company's Standard Offer Service as a result of opting out of a governmental aggregation program or as a result of a CRES Provider default as described in Sections 4928.20(D) and 4928.35(D), Ohio Revised Code, will not be subject to the above minimum stay requirements.~~

~~Customers of a governmental aggregation where the legislative authority that formed such governmental aggregation has filed written notice with the Commission pursuant to Section 4928.20 (J), Ohio Revised Code, that it has elected not to receive default service from the Company at standard service offer rates may not return to the Company's standard service offer. Such customers shall pay for service at the prevailing market price of power plus costs of the Company's compliance with the alternative energy resource provisions of section 4928.64, Ohio Revised Code.~~

~~Any residential or small commercial customer returning to the Company's Standard Offer Service and subject to the minimum stay provision will be given appropriate notice by the Company. The customer will be given at least 14 days notice that the customer will be returned to the Company's Standard Offer Service subject to the minimum stay period provision above if the customer fails to choose another alternative.~~

~~Such notice will clearly specify (1) the date by which the customer must choose another CRES Provider or alternative and that the customer will return to the Company's Standard Offer Service if the customer fails to make such choice; (2) the minimum stay period during which the customer will be ineligible to choose another CRES Provider; and (3) any alternatives available to the customer to avoid the minimum stay period.~~

## 31. SUPPLIER TERMS AND CONDITIONS OF SERVICE

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31.3	Customer Choice of Competitive Service Provider
31.4	Changing Competitive Service Providers

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<del>31.212322</del>	<del>Meter Accuracy and Tests</del>
<del>31.2223</del>	<del>Billing Services</del>
<del>31.2324</del>	<del>Customer Payment Processing and Collections for Consolidated Billing Corrections</del>
<del>31.2425</del>	<del>CRES Provider Billing Terms and Conditions</del>
<del>31.252526</del>	<del>Default, Suspension, and Termination of a CRES Provider</del>
<del>31.2627</del>	<del>Voluntary Withdrawal by a CRES Provider</del>
<del>31.2728</del>	<del>Dispute Resolution</del>

## 31.2 APPLICATION

These Supplier Terms and Conditions of Service apply to any person, firm, copartnership, voluntary association, joint-stock association, company or corporation, wherever organized or incorporated, that is engaged in the business of supplying electricity to customers that take distribution service from the Company. These Supplier Terms and Conditions of Service also apply to any such entity that is engaged in the business of providing metering, meter data management and billing services to customers that take distribution service from the Company.

A copy of the Supplier Terms and Conditions of Service under which service is to be rendered will be furnished upon request.

## 31.3 CUSTOMER CHOICE OF COMPETITIVE SERVICE PROVIDER

Customers taking service under the Company's Terms and Conditions of Open Access Distribution Service may elect energy services from a qualified CRES Provider, metering services from a qualified Meter Service Provider (MSP), meter data management services from a qualified Meter Data Management Agent

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(MDMA) and/or billing services from a qualified Billing Agent (BA). Any MSP, MDMA and/or BA services provided to the customer must be arranged through the CRES Provider who provides energy services to the customer.

Qualifications and other eligibility criteria for such entities are specified herein. CRES Providers, MSPs, MDMA and BAs are also subject to the rules and certification criteria established by the Commission for such entities as incorporated herein. CRES Providers, MSPs, MDMA and BAs are collectively referred to as Competitive Service Providers (CSPs).

Any customer who desires service from a CSP must first contract with a CRES Provider who will arrange for the provision of such services. The CRES Provider shall then notify the Company at least twelve (12) calendar days prior to the customer's regularly scheduled ~~actual~~ meter reading or bill date after which the customer will receive service from the CSP. All changes in CRES Provider shall occur at the end of the customer's regularly scheduled meter reading date. Any request to change a customer's CRES Provider received after twelve (12) calendar days prior to the customer's regularly scheduled meter reading date shall become effective the subsequent billing month.

Upon request, customers will be sent an information package containing a summary of the Customer Choice program and a current list of CRES Providers.

The list of CRES Providers will be provided to any customer upon request, all new customers, any customer who is dropped for nonpayment by a CRES Provider, and any customer who returns to the Company's Standard Offer Service due to default by a CRES Provider.

The list of CRES Providers will be posted on the Company's website. The list of CRES Providers will contain the names of those CRES Providers currently registered to enroll and actively seeking residential customers in the Company's service territory.

#### 31.4 CHANGING COMPETITIVE SERVICE PROVIDERS

Standard Offer Service will be provided under the Company's standard schedules.

Customers may change CSPs no more than once during any month subject to the provisions below.

Requests to change a customer's CRES Provider must be received by the Company from the new CRES Provider. If the Company receives such a request to change a customer's CRES Provider, the customer shall be notified by the Company concerning the requested change within two (2) business days. If the customer challenges the requested change, the change will not be initiated. Residential and General Service ~~4~~ (excluding Mercantile) customers have seven (7) calendar days from the postmark date on the notice to contact the Company to rescind the enrollment request or notify the Company that the change of CRES Provider was not requested by the customer. General Service ~~2, 3, and 4~~ Mercantile customers must contact the CRES Provider directly to stop the switch. Within two (2) business days after receiving a customer request to rescind enrollment with a CRES Provider, the Company shall initiate such rescission and mail the customer confirmation that such action has been taken.

Any request for initial service for a customer under the Company's open access distribution schedules or subsequent changes to a customer's MSP, MDMA and/or BA must be provided by the CRES

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Provider that provides energy services to the customer and arranges for such MSP, MDMA and/or BA services on behalf of the customer. The CRES Provider must obtain, and maintain documentation of, authorization from the customer for any changes in MSP, MDMA and/or BA.

~~The customer shall pay a charge of \$40.05.00 will be assessed to the Company CRES Provider for~~ each transaction in which a customer authorizes a change in one or more CSPs. However, this switching charge shall not apply in the following specific circumstances: (a) the customer's initial change to service under the Company's open access distribution schedules and service from a CRES Provider, (b) the customer's CRES Provider is changed involuntarily, (c) the customer returns to service from the customer's former CRES Provider following an involuntary change in CRES Provider, or (d) the customer's former CRES Provider's services have been permanently terminated and the customer must choose another CRES Provider.

In the event that a CSP's services are permanently terminated, and the CSP has not provided for service to the ~~effected~~-affected customers, the CSP shall send timely notification to the Company and the ~~effected~~-affected customers regarding the termination of such services. Such notification shall describe the process for selecting a new CSP and note that service will be provided by the Company under the Company's Standard Offer Service if a new CSP is not selected.

A customer's return to the Company's Standard Offer Service may be a result of customer choice, CRES Provider default, termination of a CRES Provider contract, opt out or termination of a governmental aggregation program, or CRES Provider withdrawal. A customer will be returned to Standard Offer Service only after the customer fails to choose an alternative CRES Provider.

A customer may contact the Company and request to return to the Company's Standard Offer Service. The return to Standard Offer Service ~~or the applicable Market Based Service schedule~~ shall be conducted under the same terms and conditions applicable to an enrollment with a CRES Provider. The customer will have a seven (7) calendar day rescission period after requesting the Company's Standard Offer Service. Provided the customer has observed the applicable notification requirements and the Company has effectuated the request to return to Standard Offer Service at least twelve (12) calendar days prior to the next regularly scheduled meter reading date, the customer will be returned to Standard Offer Service on the next regularly scheduled meter reading date.

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~~31.5~~ MINIMUM STAY REQUIREMENTS

~~31.6~~

~~31.7~~ Large commercial and industrial customers returning to Standard Offer Service must remain on Standard Offer Service for a period of not less than twelve (12) consecutive months. This requirement shall not apply after December 31, 2014.

~~31.8~~

~~31.9~~ Customers served under residential and small commercial (GS 1) rate schedules returning to the Company's Standard Offer Service must remain on the Company's Standard Offer Service through April 15 of the following year if that customer received the Company's Standard Offer Service at any time during the period from May 16 to September 15. This requirement shall not apply after December 31, 2014.

~~31.10~~

~~31.11~~ A customer returning to the Company's Standard Offer Service as a result of opting out of a governmental aggregation program or as a result of a CRES Provider default as described in Sections 4928.20(D) and 4928.35(D), Ohio Revised Code, will not be subject to the above minimum stay requirements.

~~31.12~~

~~31.13~~ Customers of a governmental aggregation where the legislative authority that formed such governmental aggregation has filed written notice with the Commission pursuant to Section 4928.20 (J), Ohio Revised Code, that it has elected not to receive default service from the Company at standard service offer rates may not return to the Company's standard service offer. Such customers shall pay for service at the prevailing market price of power plus costs of the Company's compliance with the alternative energy resource provisions of section 4928.64, Ohio Revised Code.

~~31.14~~

~~31.15~~ Any residential or small commercial customer returning to the Company's Standard Offer Service and subject to the minimum stay provision will be given appropriate notice by the Company. The customer will be given at least fourteen (14) days notice that the customer will be returned to the Company's Standard Offer Service subject to the minimum stay period provision above if the customer fails to choose another alternative. Such notice will clearly specify (1) the date by which the customer must choose another CRES Provider or alternative and that the customer will return to the Company's Standard Offer Service if the customer fails to make such choice; (2) the minimum stay period during which the customer will be ineligible to choose another CRES Provider; and (3) any alternatives available to the customer to avoid the minimum stay period.

~~31.16~~

~~31.17~~ 31.5 GENERAL PROVISIONS FOR COMPETITIVE SERVICE PROVIDERS

A CSP must comply with all rules and requirements established by the Commission pertaining, but not limited to, general business practices, information disclosure, customer contract rescission, dispute resolution, customer authorization for switching suppliers, termination of customer contracts, information exchange and supply obligations. A CSP must also agree to comply with all applicable provisions of the Company's open access distribution service schedules, Supplier Terms and Conditions of Service, Terms and Conditions of Open Access Distribution Service, and the applicable Open Access Transmission Tariff. A CSP must also comply with the National Electrical Safety Code if applicable to the service provided by the CSP.

A customer is not permitted to have partial Competitive Retail Electric Service. The CRES Provider(s) shall be responsible for providing the total energy consumed by the customer during any given billing month. In the event the CRES Provider fails to supply sufficient energy to serve its customers, the CRES Provider

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shall be responsible for payment for such energy as provided in Section 7b31.9 of these Supplier Terms and Conditions of Service.

31.6 TRANSMISSION SERVICE RTO SETTLEMENTS, AND RELIABILITY REQUIREMENTS

a. Transmission Service

Transmission service shall be made available under the terms and conditions contained within the applicable Open Access Transmission Tariff as filed with and accepted by the Federal Energy Regulatory Commission. CRES Providers may contract with the Transmission Provider for transmission service under the applicable Open Access Transmission Tariff. The Transmission Provider is the applicable regional transmission entity operator (RTO). PJM Interconnection LLC L.L.C. (PJM) is currently the applicable regional transmission entity (RTO). All CRES Providers must complete all required actions relative to membership with the Transmission Provider and be authorized by the Transmission Provider to transact business with regard to transmission service.

The contracting entity or its designee is responsible for scheduling under the tariff the applicable Open Access Transmission Tariff. Unless other arrangements have been made, the scheduling entity will be billed by the Transmission Provider for transmission services. The contracting entity must also purchase or provide ancillary services as specified under the applicable Open Access Transmission Tariff.

Billing and payment shall be performed as specified in the applicable Open Access Transmission Tariff.

Failure to obtain sufficient transmission service and ancillary services will result in a suspension of the CRES Provider's registration until resumption of such services by the CRES Provider occurs.

b. RTO Settlements

PJM performs settlements for transmission, capacity and energy obligations for CRES provider market participation on predefined intervals using metered customer load obligations and daily CRES Provider customer enrollment obligation data provided by AEP Ohio. AEP Ohio will make a best effort providing accurate load and customer obligation data. Energy is initially settled by PJM day-after load for CRES Providers, called "Settlement A." After final readings are available to AEP Ohio, supplier load obligation variances are reported to PJM, and PJM performs a final 60-Day energy settlement for the market, called "Settlement B." Until such time PJM establishes processes outside of the 60-day final settlement process, any errors identified outside of this 60-day process are considered closed and no corrected billing shall be performed by the CRES Provider, or on behalf of the CRES Provider by AEP Ohio for their assigned customers.

The Company will make available on its website (<http://www.aepohio.com>) current settlement policies and calculation procedures including but not limited to CRES Provider capacity and energy obligations related to initial PJM "Settlement A", final 60-Day energy "Settlement B."

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c. Reliability Requirements

~~Provisions for scheduling and imbalance are contained within the applicable Open Access Transmission Tariff.~~

A CRES Provider shall satisfy those applicable reliability requirements issued by the Commission, Transmission Provider, or any other governmental agency or North American Electric Reliability Corporation (NERC) or regional reliability council or their successor who has authority over the CRES Provider.

The Company will bill all customers for the following transmission services:

PJM LINE	CHARGES / CREDITS
1100	Network Integration Transmission Service
1108	Transmission Enhancement
1320	Transmission Owner Scheduling, System Control and Dispatch Service
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service
1930	Generation Deactivation
2130	Firm Point-to-Point Transmission Service
2140	Non-Firm Point-to-Point Transmission Service

~~Upon notification by the Company, a~~ All CRES Providers shall ~~approve execute a PJM~~ the Company's prepared ~~Declaration of Authority~~ Billing Line-Item Transfer (BLIT) through PJM's Billing Line Item Transfer Tool to allow charges and credits for the above transmission services to be assigned to the Company. All other transmission service charges and credits shall be the responsibility of the CRES Provider.

8.31.7 SUPPLIER CERTIFICATION WITH THE COMMISSION

Suppliers desiring to become CRES Providers must first be certified by the Commission and shall be subject to any certification criteria adopted by the Commission according to Section 4928.08, Ohio Revised Code.

9.31.8 CRES PROVIDER REGISTRATION WITH THE COMPANY

~~CRS (CRES)~~ Providers desiring to provide Competitive Retail Electric Service to customers located within the Company's Service Territory must ~~also~~ register with the Company. The following information requirements must be completed by the CRES Provider provided to the Company in order to register with the Company:

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- a. Proof of certification by the Commission, including any information provided to the Commission as part of the certification process. The registration process may be initiated upon receipt by the Company of an application for certification by the Commission. However, the Company will not complete the registration process until proof of certification by the Commission has been provided.
- b. A completed copy of the Company's CRES Provider Registration Application for the State of Ohio, along with a non-refundable \$100.00 registration fee payable to the Company.
- c. After the first year, a \$100.00 annual registration fee payable to the Company, which shall be due July 1/October 31 of the first calendar year following the year of the initial registration and each calendar year thereafter.
- d. Credit information and security requirements that satisfy Section 31.9 CRES Provider Credit Requirements. An appropriate financial instrument to be held by the Company against CRES Provider defaults and a description of the CRES Provider's plan to procure sufficient electric energy and transmission services to meet the requirements of its firm service customers.
- e. The name of the CRES Provider, business and mailing addresses, and the names, telephone numbers and e-mail addresses of appropriate contact persons, including the 24-hour emergency contact telephone number and emergency contact person(s).
- f. Details of the CRES Provider's dispute resolution process for customer complaints.
- g. ~~A signed statement by the officer(s) of the CRES Provider committing it to adhere to the Company's Open Access Distribution Schedules, Terms and Conditions of Open Access~~
- h.g. An executed Electric Distribution Company/Competitive Retail Electric Service Provider Agreement including a signed statement by the officer(s) of the CRES Provider committing it to adhere to the Company's Open Access Distribution Schedules, Terms and Conditions of Open Access Distribution Service, Supplier Terms and Conditions of Service and any additional requirements stated in any agreement between the CRES Provider and the Company regarding services provided by either party.
- i.h. Submission of necessary forms for, and successful completion of EDI certification testing for applicable transaction sets necessary to commence service, performed quarterly by the Company. An executed Electric Distribution Company/Competitive Retail Electric Service Provider Agreement including An Executed EDI Trading Partner executed Electric Distribution Utility/Competitive Retail Electric Service Provider Agreement and completion of EDI certification testing for applicable transaction sets necessary to commence service, performed quarterly by the Company. shall perform EDI testing 1 quarterly flights and include the CRES Provider in the next available flight.
- i. Submission of the necessary form to authorize the Company to remit payment to CRES Provider's bank account upon receipt of customer payment of consolidated energy charges
- j. Submission of the CRES Provider's IRS Form W-9.

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k. For evidence of PJM membership, submission of a copy of executed Schedule 4 of the PJM Operating Agreement between the CRES Provider and PJM.

l. Confirmation that the PJM account information submitted on the registration application above is specific to AEP Ohio load only.

j.m. The Company shall approve or disapprove the CRES Provider's registration within thirty (30) calendar days of receipt of complete registration information from the CRES Provider. The thirty (30) day time period may be extended for up to thirty (30) days for good cause shown, or until such other time as is mutually agreed to by the CRES Provider and the Company.

The Company will notify the CRES Provider of incomplete registration information within ten (10) calendar days of receipt. The notice to the CRES Provider shall include a description of the missing or incomplete information.

The Company may reject a CRES registration for any of the following reasons:

a. The CRES Provider has been rejected identified by the Company as not being creditworthy satisfying the CRES Provider Credit Information and security requirements.

b. The Company has provided written notice to the CRES Provider that a registration is incomplete and the CRES Provider has failed to submit a completed registration within thirty (30) calendar days of the notification.

cd. The CRES Provider has failed to comply with payment and billing requirements as specified in these Supplier Terms and Conditions of Service.

de. The CRES Provider has failed to comply with all applicable requirements of the Transmission Provider Open Access Transmission Tariff for its registration to be accepted as complete.

ef. The CRES Provider has failed to execute an Electric Distribution Utility/Competitive Retail Electric Service Provider Agreement, and/or has not successfully completed EDI testing for applicable transaction sets necessary for the commencement of service.

The Company shall not be required to provide services to a CRES Provider unless the CRES Provider is current in its payment of all charges owed under these Supplier Terms and Conditions of Service, Terms and Conditions of Open Access Distribution Service.

CRES Providers shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement Competitive Retail Electric Service consistent with all applicable laws, Commission requirements, Transmission Provider Open Access Transmission Tariff and these Supplier Terms and Conditions of Service. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

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Nothing in these Supplier Terms and Conditions of Service is intended to prevent a CRES Provider and a customer from agreeing to reallocate between them any charges that these Supplier Terms and Conditions of Service impose on the CRES Providers, provided that any such agreement shall not change in any way the CRES Provider's obligation to pay such charges to the Company, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the CRES Provider's Customer for any charges owed to the Company by the CRES Providers

Alternative dispute resolution under the provisions of Chapter 4901:1-26 of the Ohio Administrative Code shall be available to CRES Providers and the Company to address disputes and differences between the parties.

Customers of a CRES Providers remain bound by the rules and requirements of the applicable Company Tariff under which they receive service from the Company.

31.9 CRES PROVIDER CREDIT REQUIREMENTS

Definitions Used in This Section

"Letter of Credit" means a standby irrevocable letter of credit acceptable to the Company issued by a U.S. bank or financial institution with a minimum "A" senior unsecured debt rating (or, if unavailable, corporate issuer rating) from S&P or a minimum "A3" senior unsecured debt rating (or, if unavailable, corporate issuer rating) from Moody's, in a form acceptable to the Company.

"Moody's" means Moody's Investors Service, Inc.

"S&P" means Standard and Poor's Rating Services.

a. Credit Application

AEP Ohio will review the credit information supplied in ~~All CRES Providers must complete the~~ CRES Provider Registration Application for the State of Ohio to be considered for participation in the Company's Choice Program. As part of the CRES Provider Registration Application, the CRES Provider must provide the Company, with its or its proposed guarantor's most recent independently-audited financial statements, or Form 10K (if applicable), for the last three fiscal years, and its or its proposed guarantor's most recent quarterly unaudited financial statements or Form 10-Q (if applicable) and other financial and other pertinent credit information.

b. Security Requirements.

The amount of the security required must be and remain commensurate with the financial risks placed on the Company by that CRES Provider, including recognition of that CRES Provider's performance. The Company will provide an initial estimate of the CRES Provider's security requirements, and on a forward/ongoing basis, the Company will calculate the amount of the CRES Provider's security requirements and provide notifications, from time to time, as to the amount of security required of the CRES Provider. CRES Provider will meet and satisfy any requests for security required no later than the third business day after the Company's request. Upon request, information regarding the calculation of security requirements will be provided by the Company.~~Determination of Creditworthiness~~

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The Company will apply, on a non-discriminatory and consistent basis, reasonable financial standards to assess and examine a CRES Provider's ability to meet the security requirements creditworthiness. These standards will take into consideration the scope of operations of each CRES Provider, financial and other pertinent credit information and the level of risk to the Company. This determination will be aided by appropriate data concerning the CRES Provider, including load data or reasonable estimates thereof, where applicable.

~~In considering a CRES Provider's creditworthiness, the Company will review and determine if whether the CRES Provider has, and maintains, stable, or better, minimum investment grade senior unsecured (un-enhanced) long-term debt ratings from any two of the following three rating agencies:~~ provided, however, that the Company may limit the amount of unsecured credit to be granted to such Certified Supplier CRES Provider if the Company reasonably determines that such limitation is necessary to protect the Company from an unacceptable level of risk. If the CRES Provider or its guarantor is rated by only two rating agencies and the ratings are split, the lower rating will be used. If the CRES Provider or its guarantor is rated by three rating agencies and the ratings are split, the lower of the two highest ratings will be used; provided that, in the event that the two highest ratings are common, such common rating will be used.

AGENCY	SENIOR UNSECURED LONG-TERM DEBT RATINGS
Standard & Poor's <u>Rating Services</u>	BBB- or higher
Moody's <u>Investors' Services, Inc.</u>	Baa3 or higher
Fitch <u>Ratings</u>	BBB- or higher

~~The CRES Provider also will provide the Company, for its creditworthiness determination, with its or its parent's most recent independently audited financial statements, or Form 10K (if applicable), for the last three fiscal years, and its or its parent's most recent quarterly unaudited financial statements or Form 10 Q (if applicable).~~

The Company shall make reasonable alternative credit arrangements with a CRES Provider that is unable to meet the minimum investment grade rating requirements set forth above to satisfy the security requirements establish its creditworthiness, or with those CRES Providers whose credit security requirements exceed their allowed unsecured credit limit. The CRES Provider may choose from any of the following credit arrangements, which must be in an acceptable format ~~and from an acceptable issuer to the Company:~~ (i) a guarantee of payment on behalf of CRES Provider from an related U.S. entity - acceptable a Guarantor who meets the minimum investment grade the above debt rating requirements in the Company's prescribed guaranty format; (ii) an irrevocable Letter of Credit (as further defined below); (iii) a Prepayment Account cash deposit from the CRES Provider in U.S. Dollars, provided, further if a third party is providing such cash deposit for and on behalf of the CRES Provider, the Company may accept such deposit from a third party if it otherwise meets AEP Ohio's security requirements, established with the Company; a Surety Bond surety bond, including the Company as a beneficiary; or other mutually agreeable security or arrangement. The alternate credit arrangements may be provided by a party other than the CRES Provider, including one or more ultimate customers. The fact that a guarantee of payment, irrevocable Letter of Credit, Prepayment Account, or Surety Bond is provided by a party other than the CRES Provider shall not be a factor in the

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determination of the reasonableness of any alternative credit arrangement, as long as such party and the related credit arrangements meet the Company's standard credit requirements. The amount and type of the security required must be and remain commensurate with the financial risks placed on the Company by that CRES Provider, including recognition of that CRES Provider's performance. "Letter of Credit" means a standby irrevocable letter of credit acceptable to the Company issued by a U.S. bank or financial institution with a minimum "A-" senior unsecured debt rating (or, if unavailable, corporate issuer rating) from S&P or a minimum "A3" senior unsecured debt rating (or, if unavailable, corporate issuer rating) from Moody's, in a format acceptable to and approved by the Company. An acceptable and approved Letter of Credit format is available at the Company's website.

Initial Credit Calculation

~~Initially, the Company will calculate the amount of the CRES Provider's collateral requirement by multiplying thirty (15) days of CRES Provider's maximum anticipated peak summer energy usage times the price set at the next July forward index price, as established by a generally accepted industry price index for wholesale power delivered to the Company's load zone within the RTO, and subtracting therefrom the amount of the CRES Provider's allowed unsecured credit limit. The initial collateral requirement shall be compared against actual usage and the greater of the estimate or actual usage shall applied until twelve (12) month's history is established. The collateral requirement shall be rounded up to the nearest integral multiple of \$1,000.~~

Ongoing Credit Calculation:

~~Ongoing, the Company will calculate the amount of the CRES Provider's collateral requirement by multiplying fifteen (15) days of the CRES Provider's actual highest monthly peak and off peak energy usage over a rolling twelve (12) month period times the peak and off peak prices set at the next July forward index prices, as established by a generally accepted industry price index for wholesale power delivered to the Company's load zone within the RTO, and subtracting therefrom the amount of the CRES Provider's allowed unsecured credit limit. The collateral requirement shall be rounded up to the nearest integral multiple of \$1,000. Collateral requirements and credit exposure shall be monitored monthly by the Company. Any CRES Provider whose credit exposure exceeds its credit limit will be required to provide additional collateral within three (3) business days of Company's request.~~

c. Interest on Cash Deposits

The Company will allow simple interest on cash deposits calculated at the Federal Funds Rate over the time period the cash is on deposit. In cases of discontinuance or termination of services, cash deposits will be returned with accrued interest upon payment of all Charges, guarantees and with deduction of unpaid accounts.

d. On-going Security MaintenanceCredit Evaluation

The Company reserves the right to review each CRES Provider's creditworthinesssecurity requirements at any time. The CRES Provider must provide current financial and credit information. In addition, the CRES Provider may request re-evaluation at any time. It is anticipated that demand, unanticipated market movements and economic reasons will result in exposures security requirements Filed pursuant to Order dated February 25, 2015 in Case No. 13-2385-EL-SSO

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~~nearing or exceeding the prescribed credit limits or collateral originally in place~~ amount of security. It is also noted that additional security ~~collateral~~ may be required due to a degradation of the amount or form of security held, ~~credit rating~~ or repayment ability of a CRES Provider. Any subsequent review or re-evaluation of a CRES Provider's creditworthiness may result in the CRES Provider being required to post ~~collateral~~ security not previously requested. The new, additional or change in ~~collateral~~ the security requirement will be necessary to enhance, restore or maintain the Company's credit protection from financial risks placed on the Company. In the alternative, the Company may limit a CRES Provider's level of participation or remove the CRES Provider from further participation in the Company's Choice Program.

e. Grant of Security Interest in Collateral

To secure the CRES Provider's obligations under this Tariff and to the extent the CRES Provider delivers collateral to the Company ("Secured Party") in the form of cash or cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of or for the benefit of, such Secured Party, and the CRES Provider agrees to take such action as the Company reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and rights of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all collateral, including any of the rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the CRES Provider in the possession of the Company or Company's agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all collateral then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the CRES Provider. As a Secured Party, the Company shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the CRES Provider's obligations under the Agreement, with the CRES Provider remaining liable for any amounts owing to the Company after such application.

~~Financial Obligation~~ Dispute Resolution

~~If the CRES Provider disputes the calculation of the amount due, as calculated by the Company, the CRES Provider shall notify the Company not later than the close of business on the business day following the due date. The parties will consult each other in good faith in an attempt to resolve the dispute. If the parties fail to resolve the dispute by the close of business on the business day following the notification of the dispute by the CRES Provider, the CRES Provider shall comply with the Company's request for payment. The CRES Provider may appeal the Company's determination of credit requirements to the Commission or seek Staff mediation as to any dispute.~~

The Company will make available its credit requirements upon request. A CRES Provider may appeal the Company's determination of credit requirements to the Commission or seek Staff mediation as to any dispute.

~~If it is determined that the payment shall be less than the amount requested by the Company, the Company shall refund the excess payment plus simple interest calculated at the Federal Funds Rate over~~

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Cancels 1<sup>st</sup> - ~~2<sup>nd</sup>~~ <sup>3<sup>rd</sup></sup> Revised Sheet No. 103-39D  
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~~the time period the cash is on deposit to the Certified Supplier by the close of business on the business day following receipt of the Commission's or Staff's determination.~~

~~41.31.10~~ CUSTOMER ENROLLMENT PROCESS

a. Pre-Enrollment Customer Information List

Upon request, the Company will electronically provide to any CRES Provider certified by the Commission the most recent Customer Information List. The Company may request the CRES Provider to pay a one-time fee of \$150.00 per Company rate zone list provided.

The Company will offer the Customer Information List with updates available ~~quarterly~~ monthly. Once the list has been updated, a CRES Provider ~~may not must~~ use ~~a~~ the most current Customer Information List ~~from a prior quarter~~ to contact customers, but CRES Providers shall not be required to purchase subsequent lists.

The Company will provide customers the option to have all the customer's information listed in the section below removed from the Customer Information List. At the same time, the Company will also provide customers with the option to have all information listed below reinstated on the Customer Information List. Customers will be notified of such options quarterly.

The following information will be provided on the Customer Information List for each customer who has not requested that all information be removed from this list:

Customer name  
Service address  
Service city  
Service state and zip code  
Mailing address  
Mailing city  
Mailing state and zip code  
Rate schedule under which service  
is rendered  
Rider (if applicable)  
Customer Load profile reference category  
Switched Status  
Meter type (if readily available)  
Whether the service address is set to  
Net Metering status  
Mercantile Customer Indicator  
Interval meter data indicator (if readily  
available)  
Budget bill / PIPP indicator  
Meter reading cycle

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Most recent twelve (12) months of historical consumption data  
(actual energy usage and demand, current and future Peak Load  
Contribution and Network Service Peak Load, if available) (provided in  
values of four or more digits)  
Total premise loss factor value

The Company will provide the Customer Information List ~~by either a compact disc or~~ electronically or on a designated website. The information will be prepared and distributed in a uniform and useable format that allows for data sorting. Customers participating in the percentage of income payment plan (PIPP) program will be coordinated exclusively through the PIPP program administered by the Ohio Department of Development.

b. CRES Provider Requests for Customer Information

CRES Providers certified by the Commission may request historical interval meter data through an ~~Direct Access Service Request (DASR)~~ Electronic Data Interchange transaction ("EDI Transaction") after receiving the appropriate customer authorization. The interval meter data will be transferred in a standardized ~~electronic EDI transaction~~. The CRES Provider will be responsible for the incremental costs incurred to ~~prepare and send such data~~.

c. ~~Direct Access Service~~ CRES Provider Enrollment Requests

Enrollment of a customer is done through a ~~DASR~~ an Electronic Data Interchange enrollment ("EDI Enrollment"), which may be submitted only by a CRES Provider.

~~DASRs~~ EDI Enrollments will be effective at the end of the customer's next regularly scheduled meter reading date provided that the EDI Enrollment ~~DASR~~ is received by the Company at least twelve (12) calendar days before the next meter reading date.

All EDI Enrollments ~~DASRs~~ will be submitted to the Company no more than thirty (30) calendar days prior to the scheduled meter reading date when the CRES Provider desires the switch to occur, unless otherwise agreed upon by the parties. The Company will process all valid EDI Enrollments ~~DASRs~~ and send the confirmation notice to the customer within two (2) business days. Simultaneous with the sending of the confirmation notice to the customer, the Company will electronically advise the CRES Provider of acceptance. Notice of rejection of the EDI Enrollment ~~DASR~~ to the CRES Provider shall be sent within one business day, if possible, but in no event later than four (4) calendar days, and include the reasons for the rejection. The customer has seven (7) calendar days from the confirmation notice to cancel the contract without penalty. If the customer cancels the contract, the Company shall send a drop notice to the CRES Provider and the previous CRES Provider will continue to serve the customer under the terms and conditions in effect prior to submission of the new EDI Enrollment ~~DASR~~.

~~DASRs~~ EDI Enrollments will be processed on a "first in" priority basis based on the received date, and using contract date as the tie-breaker. Any subsequent EDI Enrollments ~~DASRs~~ received within the same billing cycle will be rejected and returned to the CRES Provider who submitted the EDI Enrollment ~~DASR~~.

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To receive service from a CRES Provider, a customer must have an active service account with the Company. After the service account is active, a CRES Provider may submit an EDI Enrollment ~~DASR~~ as described herein.

d. Government Aggregation Customer Information List

Upon request, the Company will provide to any governmental aggregator certified by the Commission a Government Aggregation Customer Information List. The Company will provide the Government Aggregation Customer Information List by ~~compact disc or other~~ an electronic medium that the Company deems appropriate. The information will be prepared and distributed in a uniform and useable format that allows for data sorting. ~~The governmental aggregator will pay the Company \$500.00 per list provided.~~

The list will include information for all customers residing within the governmental aggregator's boundaries based upon the Company's records, including an identification of customers who are currently in contract with a CRES provider or in a special contract with the Company. The list will also include those customers that elect to have their information removed from the Pre-Enrollment Customer Information List. The Company cannot guarantee that the list will include all of the customers residing within the aggregator's boundaries, nor can the Company guarantee that all the customers shown on the list reside within the aggregator's boundaries. In addition to all information included on the Pre-Enrollment Customer Information List, the Government Aggregation Customer Information List shall also include the customer's Service Delivery Identifier (SDI).

The Company will notify CRES Providers in advance of any proposed changes to the actual format or file containing its Government Aggregation Customer Information List.

~~12-31.11~~ CONFIDENTIALITY OF INFORMATION

All confidential or proprietary information made available by one party to the other in connection with the registration of a CRES Provider with the Company and/or the subsequent provision and receipt of service under these Supplier Terms and Conditions of Service, including but not limited to load data, and information regarding the business processes of a party and the computer and communication systems owned or leased by a party, shall be used only for purposes of registration with the Company, receiving or providing service under these Supplier Terms and Conditions of Service and/or providing Competitive Retail Electric Service to customers in the Company's service territory. Other than disclosures to representatives of the Company or the CRES Provider for the purposes of enabling that party to fulfill its obligations under these Supplier Terms and Conditions of Service or for the CRES Provider to provide Competitive Retail Electric Service to customers in the Company's service territory, a party may not disclose confidential or proprietary information without the prior authorization and/or consent of the other party.

The CRES Provider shall keep all customer-specific information supplied by the Company confidential unless the CRES Provider has the customer's written authorization to do otherwise.

31.12 ~~43-~~ LOSSES

~~Either the CRES Provider or the The Transmission Provider may provide both transmission and distribution losses as required to serve customers at various delivery voltages. If a CRES Provider arranges to provide transmission losses under the provisions of the applicable Open Access Transmission Tariff, then~~

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~~the CRES Provider must also arrange for the appropriate distribution losses.~~ Customers served at transmission and subtransmission voltages require no additional losses other than the losses specified in the applicable Open Access Transmission Tariff. Customers served at primary distribution voltage require 2.0% additional average losses of amounts received by the Company for delivery to the customer. Customers served at secondary distribution voltage require 5.4% additional average losses of amounts received by the Company for delivery to the customer.

31.13 14. METER SERVICE PROVIDERS (MSPs)

Meters shall be provided and maintained by the Company unless the customer selects a MSP to provide metering services. Unless otherwise specified, such meters shall be and remain the property of the Company. MSPs desiring to provide service to customers in the Company's Service Territory must submit a written application to the Company in order to provide metering services for ownership, installation, inspection and auditing. Such application shall include the following:

- a. A \$500.00 initial registration fee payable to the Company and a \$100.00 annual registration fee thereafter.
- b. Proof of creditworthiness to the Company, including an appropriate financial instrument to be held by the Company and used in the event of damages as a result of the MSP's actions.
- c. The name of the MSP, business and mailing addresses, and the names, telephone numbers and e-mail addresses of appropriate contact persons, including the 24-hour emergency contact telephone number and emergency contact person(s).
- d. Details of the MSP's dispute resolution process for customer complaints.
- e. A signed statement by the officer(s) of the MSP committing it to adhere to the Company's open access distribution schedules, Terms and Conditions of Open Access Distribution Service, Supplier Terms and Conditions of Service and any additional requirements stated in any agreement between the MSP and the Company regarding services provided by either party.
- f. Proof of an electrical subcontractor's license issued by the Ohio Department of Commerce, including the name of the person or entity to which the license has been issued, license number and expiration date. Certification may require an employee to be a licensed electrician in the service area where work is performed.
- g. Description of the (a) applicant's electric meter installation, maintenance, repair and removal experience, (b) applicant's training and experience regarding electrical safety and (c) educational and training requirements in electrical work and safety that the MSP will require from its employees before they are permitted to install, maintain, repair or remove electric meters or metering devices.

The MSP must also agree to the following standards for metering services:

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- a. The Company must approve the type of any and all metering equipment to be installed. Such metering and practices must conform with the Company's metering service guides and standards and must comply with the Meter Testing provision of the Company's Terms and Conditions of Open Access Distribution Service. A written agreement between the Company and the MSP shall specify those categories or types of meters for which the MSP is certified to install/remove or test/maintain.
- b. The MSP shall allow the Company to disconnect the MSP's meter, or promptly perform a disconnection as notified by the Company where a customer's service is subject to disconnection due to non-payment of distribution charges. The Company shall be permitted to audit the meter accuracy of MSP meters and to disconnect or remove a MSP's meter when necessary to maintain the safe and reliable delivery of electrical service. The MSP is responsible to acquire the right of ingress and egress from the customer to perform its functions. When necessary, the MSP must also seek written approval and secure from the customer any keys necessary to access locked premises.
- c. The MSP is responsible for detecting and immediately notifying the Company of hazardous conditions noted at the customer's electrical service and meter installation.
- d. The MSP is responsible for recording and notifying the Company of conditions detected on the customer's premises which present potential for injury.
- e. The MSP shall be responsible for conforming to Company standards for sealing and resealing meters as well as properly resetting and sealing demand measurement devices.

31.14 45. METER DATA MANAGEMENT AGENTS (MDMAs)

MDMAs desiring to provide service to customers in the Company's Service Territory must submit a written application to the Company in order to provide any meter reading or data management services. Such application shall include the following:

- a. A \$100.00 annual registration fee payable to the Company.
- b. Proof of creditworthiness to the Company, including an appropriate financial instrument to be held by the Company and used in the event of damages as a result of the MDMA's actions.
- c. The name of the MDMA, business and mailing addresses, and the names, telephone numbers and e-mail addresses of appropriate contact persons, including the 24-hour emergency contact telephone number and emergency contact person(s).
- d. Details of the MDMA's dispute resolution process for customer complaints.
- e. A signed statement by the officer(s) of the MDMA committing it to adhere to the Company's Open Access Distribution Schedules, Terms and Conditions of Open Access Distribution Service,

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Supplier Terms and Conditions of Service and any additional requirements stated in any agreement between the MDMA and the Company regarding services provided by either party.

- f. Description of the (a) applicant's experience in meter reading, data validation, editing and estimation, and other data management activities and (b) educational and training requirements that the MDMA will require from its employees before they are permitted to perform such meter reading, data validation, editing and estimating and other data management activities.

The MDMA must also agree to the following standards for meter data management services:

- a. All billing meters shall be read each month, unless otherwise mutually agreed to by the MDMA and the Company.
- b. Meter data shall be read, validated, edited and transferred pursuant to Commission and Company approved standards. The Company and the MDMA must agree to common data formats for the exchange of validated data.
- c. The Company shall have reasonable access to the MDMA data server.
- d. The MDMA shall provide to the appropriate entities reasonable and timely access to meter data as required for billing, settlement, scheduling, forecasting and other functions.
- e. The MDMA shall retain the most recent twelve (12) months of data for any customer who elects the MDMA to perform meter reading and data management services. Such data must be retained for a minimum period of 36 months and must be released upon request to either the customer or an entity authorized by the customer.
- f. Within five (5) business days after the installation of a meter, the MDMA must confirm with the Company that the meter and meter reading system are working properly and that the billing data is valid.
- g. No more than 10% of the individual meters read by the MDMA shall contain estimated data, with no single account being estimated more than two consecutive months. Estimated data must be based on historical data and load profile data as provided by the Company.
- h. The MDMA shall comply with the Company's time requirements for the posting of validated meter reading data on the MDMA server.
- i. The MDMA is responsible for acquiring the right of ingress and egress from the customer to perform its functions. When necessary, the MDMA must also seek written approval and secure from the customer any keys necessary to access locked premises.
- j. The MDMA is responsible for identifying suspected cases of the unauthorized use of energy and shall report such concerns to the customer's CRES Provider, Transmission Provider and the Company. The CRES Provider shall resolve such concerns and pursue the appropriate legal response and all necessary parties shall support this action. The customer's supplier of meter services (MSP or the Company) shall make the necessary meter corrections and/or repairs, and

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then notify the MDMA who shall correct the previous meter usage data and provide to the appropriate entities such data as required for billing, settlement, scheduling, forecasting and other functions. Any billing corrections shall be consistent with the provisions of the Company's Terms and Conditions of Service for Open Access Distribution Service.

- k. The MDMA is responsible for detecting and immediately notifying the Company of hazardous conditions noted at the customer's electrical service and meter installation.
- l. The MDMA is responsible for recording and notifying the Company of conditions detected on the customer's premises which present potential for injury.
- m. The MDMA shall be responsible for conforming to Company standards for sealing and resealing meters as well as properly resetting and sealing demand measurement devices.

If no entity satisfies the above criteria, the Company shall act as the MDMA. As long as the Company is acting as the MDMA, the Company shall read the meters of the CRES Provider's customers in accordance with the Company's meter reading cycles, which the Company intends to have posted to its website at <http://www.aepohio.com>. Within three (3) business days of the meter read date, the Company shall electronically transmit the usage information for the CRES Provider's customers to the CRES Provider.

The Company may conduct periodic workshops with CRES Providers to solicit input regarding additional data elements that may be appropriate for inclusion in the electronic system used to transmit usage information.

31.15 CONSOLIDATED BILLING BY A BILLING AGENT (BA)

BAs desiring to provide service to customers in the Company's Service Territory must submit a written application to the Company in order to provide consolidated billing related services to customers. Such application shall include the following:

- a. A \$100.00 annual registration fee payable to the Company.
- b. Proof of creditworthiness to the Company, including an appropriate financial instrument to be held by the Company and used in the event of damages as a result of the BA's actions.
- c. The name of the BA, business and mailing addresses, and the names, telephone numbers and e-mail addresses of appropriate contact persons, including the 24-hour emergency contact telephone number and emergency contact person(s).
- d. Details of the BA's dispute resolution process for customer complaints.
- e. A signed statement by the officer(s) of the BA committing it to adhere to the open access distribution schedules, Terms and Conditions of Open Access Distribution Service, Supplier Terms and Conditions of Service and any additional requirements stated in any agreement between the BA and the Company regarding services provided by either party.

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- f. Description of the (a) applicant's training and experience in billing collections, payment services and billing inquiries and (b) educational and training requirements for BA employees regarding such services.
- g. The Company and the BA must agree to common data formats for the exchange of billing data.

A written agreement between the Company and the BA shall specify the bill format regarding transmission and distribution related services. Regardless of such format, each customer's bill rendered by the BA shall show charges for generation, transmission, distribution and other services covered under the particular bill and also indicate the provider of each service.

The BA must agree to be subject to the same provisions as the Company, including requirements as specified in the Company's Open Access Distribution Schedules, Terms and Conditions of Open Access Distribution, Ohio Revised Code, and all other legislative and regulatory mandates regarding billing. The BA is responsible for electronically transmitting funds received from the customer for charges from Company for distribution service, together with the associated customer account data, on the same day as receiving said funds. The BA assumes responsibility for outstanding distribution service charges from the Company and is responsible for providing payment in full of all charges for distribution service from the Company by the due date in accordance with terms of the applicable open access distribution schedule. Failure of the BA to transmit such funds by the due date will result in late charges applied to the affected customer's account according to the provisions of the customer's open access distribution schedule. If the BA fails to provide payment to the Company by the due date of the next bill, the Company will thereafter directly bill the customer for distribution service from the Company. In addition, the financial instrument will be forfeited to the extent necessary to cover bills due and payable to the Company.

31.16 CONSOLIDATED BILLING BY THE COMPANY

Upon request, pursuant to Section 2331.22 of these Supplier Term and Conditions of Service, the Company will offer rate-ready or bill-ready Company-issued consolidated bills to customers receiving service from a CRES Provider upon execution of an appropriate agreement between the CRES Provider and the Company upon designation of the rate-ready or bill-ready option, as applicable, in the Electric Distribution Utility/ Competitive Retail Electric Service Provide Agreement. Company-issued consolidated billing will include budget billing as an option. The CRES Provider must electronically provide all information in a bill-ready format.

~~At the Company's discretion, any customer receiving Company consolidated billing with a CRES Provider billing arrearage of more than 60 days may be switched back to the Company's Standard Offer Service and will not be permitted to select a new CRES Provider until the arrearage is paid.~~

~~If the customer's CRES Provider defaults, the Company reserves the right to retain payments collected from the customer and to apply such payments to the Company's charges.~~

31.17 METERING AND LOAD PROFILING

All customers with a maximum monthly billing demands demand of 200 kW or greater for the most recent twelve (12) months shall install a dedicated phone line, or the other mechanism deemed to be sufficient by the Company to enable interval metering and be interval metered. The customer or the

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customer's CRES Provider may request an interval meter for customers with maximum monthly billing demands less than 200 kW.

The cost and repair of any interval metering facilities installed by the Company to comply with this requirement or as a result of such request shall be paid by the customer. The customer shall make a one-time payment for the metering facilities at the time of installation of the required facilities, or at the customer's option, up to 24 consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company shall require an initial payment equal to 25% of the total cost of the metering facilities. Any necessary replacement of the meter where repair is not possible will be performed at cost, based upon premise installation and load requirements.

In addition, the customer shall pay a net charge to cover the incremental cost of operation and maintenance and meter data management associated with such interval metering as follows: Charges are for service performed on a Company installed standard interval meter.

Service Performed During Normal Business Hours	Charge (\$)
Connect phone line to meter at a time other than the initial interval meter installation	57.00
Perform manual <del>and non analog</del> meter reading	43.00
Check phone line and perform manual meter reading due to communication loss	47.00
Replace surge protector	119.00
<del>Replace interval board</del>	<del>121.00</del>
Replace modem board	210.00
<del>Replace interval and modem boards</del>	<del>260.00</del>

The customer or the customer's CRES Provider may select a meter from the Company's approved equipment list. The customer or the customer's CRES Provider may communicate with the meter for the purpose of obtaining usage data, subject to the Company's communication protocol. The customer is responsible for providing a dedicated analog telephone line phone line, or other mechanism deemed to be sufficient by the Company, for purposes of reading the meter.

~~A customer that is required to have interval metering and provide a dedicated analog telephone line must have both the interval meter and dedicated analog telephone line installed and operational before a CRES Provider may serve such customer. Any DASR submitted by a CRES Provider will be rejected if this requirement is not met. If an interval meter is required, the Customer must approve a work order for an interval meter installation before the Company will accept an enrollment DASREDI transaction. For Customers that will have an interval meter installed for the requested service, service may begin, assuming the Company has an approved work order for the interval meter installation. A Company load profile will be used for settlement. Consumption -meter reads will continue to be used for billing. This will be the approach during the period between the Customer's request for an interval meter and the Company's installation of such a meter.~~

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All load profiling shall be performed by the Company. Sample data and customer specific interval metering, when available, will be used in the development of the total load profile for which a CRES Provider is responsible for providing generation and possibly arranging transmission services. Such data shall be provided to the BA or other entities as required for monthly billing.

The Company, acting as a designated agent for the CRES Provider, will supply hourly load data to Transmission Provider, for the CRES Provider. The Company will provide this data in accordance with the Transmission Provider Open Access Transmission Tariff, including estimates when necessary. The Company will be held harmless for any actions taken while performing agent responsibilities. Meter data collected by the Company shall be used to calculate the quantity of energy actually consumed by a CRES Provider's end-use customers for a particular period. Such collection shall occur at the time of an end-use customer's monthly meter read. Thus, in order to measure the energy consumed by all end-use customers on a particular day, at least one month is required for data collection. It is the responsibility of the CRES Provider to understand this process.

Data from monthly-metered end-use customers is collected in subsets corresponding to end-use customer billing cycles, which close on different days of the month. The Company shall convert such meter data, including estimates, for end-use customers to the equivalent hourly usage. Metered usage will be applied to customer segment load curves to derive an estimate for the hour-by-hour usage.

Data from interval-metered end-use customers will also be collected at least monthly by the Company on a billing cycle basis.

31.18 DEPOSITS

Security for the payment of bills for service from a CRES Provider will be governed, as specified in Chapter 4901:1-21-07 of the Ohio Administrative Code, which is herein incorporated by reference as it is from time to time amended.

31.19 PAYMENTS LIABILITY AND INDEMNIFICATION

a. General Limitation on Liability

~~Partial payment from a customer shall be applied to the various portions of the customer's total bill in the following order: (a) past due distribution, Standard Offer Service generation and transmission charges, (b) past due CRES Provider charges, (c) current CRES Provider charges, (d) current distribution, Standard Offer Service generation and transmission charges, and (e) other past due and current non-regulated charges~~

The Company shall have no duty or liability with respect to Competitive Retail Electric Service before it is delivered by a CRES Provider to an interconnection point with the AEP Rate Zone. After its receipt of Competitive Retail Electric Service at the point of delivery, the Company shall have the same duty and liability for transmission and distribution service to customers receiving Competitive Retail Electric Service as to those customers receiving electric energy and capacity from the Company. The Company shall have no liability to a CRES Provider for any consequential, indirect, incidental, special, ancillary, punitive, exemplary, or other damages.

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including lost profits, lost revenues, or other monetary losses arising out of any errors or omissions.

a.b. Limitation on Liability for Service Interruptions and Variations

COMPANY'S LIABILITY

In addition to the Company's liability as set forth in the Company's Terms and Conditions of Open Access Distribution Service, the following shall apply. The Company shall use reasonable diligence in delivering. The company does not guarantee continuous regular and uninterrupted supply of energy to the customer, but does not guarantee continuous, regular and uninterrupted service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company's control.

The Company shall not be liable for damages in case such service should be interrupted or fail by reason of failure of the customer's CRES Provider to provide appropriate energy to the Company for delivery to the customer. The Company shall not be liable for any damages, financial or otherwise, to any of the customer's CSPs resulting from an interruption of service.

c. Additional Limitations On Liability In Connection With Direct Access.

Except as provided in the Company's Supplier Terms and Conditions of Service, the Company shall have no duty or liability to a CRES Provider providing Competitive Retail Electric Services arising out of or related to a contract or other relationship between a CRES Provider and a customer of the CRES Provider. The Company shall implement customer selection of a CRES Provider consistent with applicable rules of the Commission and shall have no liability to a CRES Provider providing Competitive Retail Electric Services arising out of or related to switching CRES Provider, unless and to the extent that the Company is negligent in switching or failing to switch a customer.

d. Commission Approval of Limitations on Liability.

The Commission approval of the above language in respect to the limitation of liability arising from the Company's negligence does not constitute a determination that such limitation language should be upheld in a court of law. Approval by the Commission merely recognizes that since it is a court's responsibility to adjudicate negligence and consequential damage claims, it should also be the court's responsibility to determine the validity of the exculpatory clause.

e. Indemnification.

To the fullest extent permitted by law, the CRES Provider shall defend, indemnify and hold harmless the Company from and against any and all claims and/or liabilities for losses, expenses, damage to property, injury to or death of any person, including the Company's employees or any third parties, or any other liability incurred by the Company, including reasonable attorneys' fees, relating to performance under these Supplier Terms and Conditions of Service, except to the extent that a court of competent jurisdiction determines that the losses, expenses or damage were caused wholly or in part by any grossly negligent or willful act of omission of the Company.

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~~Meters shall be provided and maintained by the Company unless the customer selects a MSP to provide metering services. Unless otherwise specified, such meters shall be and remain the property of the Company.~~

The CRES Provider's obligation to defend, indemnify and hold harmless under this Article shall survive termination of the Electric Distribution Utility/Competitive Retail Electric Service Provider Agreement, and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the CRES Provider under any statutory scheme, including any workers compensation acts, disability benefit acts or other employee benefit acts.

31.20 COMPETITIVE SERVICE PROVIDER'S LIABILITY

In the event of loss or injury to the Company's property through misuse by, or negligence of, the CRES Provider, MSP, MDMA or BA, or the CSP's agents and employees, the CSP shall be obligated and shall pay to the Company the full cost of repairing or replacing such property.

Unless authorized by the Company to do so, a CSP and its agents and employees shall not tamper with, interfere with or break the seals of meters or other equipment of the Company installed on the customer's premises, and, under any circumstances, the CSP assumes all liability for the consequences thereof. The CSP agrees that no one, except agents and employees of the Company, shall be allowed to make any internal or external adjustments to any meter or other piece of apparatus which belongs to the Company.

31.21 METER ACCURACY AND TESTS

A MSP's meter performance levels, testing methods and test schedules must comply with all standards specified by the Company. Such details shall be specified in the agreement between the Company and the MSP.

When metering is provided by an MSP, the Company may, at its discretion, direct meter-related inquiries from the customer to the MSP for response, or the Company may send notification to the MSP to perform a test of the accuracy of its meter. At the MSP's request, or should the MSP fail to perform a customer-requested test in a timely manner, the Company, at its discretion, may agree to test the accuracy of a meter supplied by the MSP. Regardless of the test results, the MSP shall pay to the Company a flat amount equal to the Company's current average cost of performing such meter tests. Such test will be conducted using a properly calibrated meter standard.

The Company, at its discretion, may perform a test of the accuracy of a meter supplied by the MSP at any time. If the meter fails to perform at the accuracy standards set forth in the Company's Terms and Conditions of Open Access Distribution Service, the MSP will be responsible to remedy the accuracy of the meter, and to pay to the Company a flat amount equal to the Company's current average cost of performing such meter tests.

31.22 BILLING CORRECTIONS SERVICES

a. Billing Options

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A CRES Provider must select a billing option for each of its customer accounts. The billing options are limited to the following: (1) separate billing by the Company and the CRES Provider, (2) Company Consolidated Rate-Ready Billing, or (3) Company Consolidated Bill-Ready Billing. Nothing in these Supplier Terms and Conditions of Service shall require the Company to bill customers manually. Thus, if the CRES Provider is offering price plans that are not considered by the Company as standard rates, the Company will provide the CRES Provider with sufficient meter data on a timely basis so that the CRES Provider can bill the customer directly under the separate billing method or can opt for Company Consolidated Bill-Ready Billing or Company Consolidated Rate-Ready billing. The billing option must be selected by the time the CRES Provider completes EDI testing. If the Company inaccurately applies the usage information to the rates approved by the CRES Provider for Company Consolidated Rate-Ready Billing, the CRES Provider shall notify the Company immediately and the Company shall make a correction in a succeeding billing period. The CRES Provider is responsible for receiving and resolving all customer rate disputes involving charges for services received from the CRES Provider. The Company may provide input to customer rate dispute processes to the extent necessary. From and after the date of termination of Company Consolidated Rate-Ready Billing or Company Consolidated Bill-Ready Billing, the Company shall have no further obligation beyond presenting the CRES Provider's charges for services rendered and to collect and remit payments to the CRES Providers on charges presented to the customer prior to such date of termination.

b. Billing Cycle

Current Company practice is to render bills regularly at monthly intervals, but bills may be rendered more or less frequently at the Company's option. Rate values stated for direct application to regular monthly billing periods will be adjusted when the time elapsed between billings is substantially greater or less than a month.

c. Generation Resource Mix.

CRES Providers are responsible for providing a Generation Resource Mix statement to their own customers in accordance with Commission requirements.

d. Setting Up Certified Suppliers' CRES Provider Rates.

CRES Providers using the Consolidated and Rate-Ready Billing option must furnish specific rate information to the Company in a format acceptable for the Company's billing system. The CRES Providers using the Consolidated and Rate-Ready Billing option must furnish specific rate information to the Company in a format acceptable for the Company's billing system.

The CRES

1. The Company will provide all Commission certified and Company enrolled CRES Providers with system requirements and record layouts needed to perform this function.

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2. The CRES Provider will be responsible for creating and verifying the rate information that the Company will use to calculate and bill the CRES Provider's charges.
3. The approved rate information must be in production within the Company's billing system before any customers may be enrolled under that rate. In production means installed in and approved by the Company's billing system and the CRES Provider. New rates must be entered at least six days prior to the effective date, and the new rate must be in effect for the entire bill period.

e. Timetable for Setting up ~~Certified Suppliers'~~ CRES Provider Rates.

1. The Company defines standard rates as falling into one of the following rate types:
  - a) a percentage discount from Price To Compare (PTC)
  - b) a fixed dollar amount
  - c) a monthly customer charge
  - d) a fixed rate per KWH
  - e) a fixed rate per KW
  - f) a flat/fixed monthly other than a customer choice
  - g) a configurable stepped rate with KWH usage ranges
  - h) a seasonal rate.
2. The Company will have five calendar days to set up and system test any -standard rates other than those under the Percentage-off Rate option and fifteen days to set up standard rates under the Percentage-off Rate option.
3. Within three (3) business days after the Company receives the approval of- rates from the CRES Provider, the rates will be placed in production in the Company's billing system and will be available for billing.
4. When the rates are in the Company's billing system and are available for billing, the CRES Provider may register on the EDI customer accounts it wants to be billed on the new rate.
5. All customer enrollments received before the rate is in production will be rejected.

f. Electronic Transmission of Customer Billing Data.

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1. If the CRES Provider chooses to have the Company bill for the customer's electric commodity usage under the Company Consolidated and Rate-Ready Billing option, the Company will provide usage and charges in standard electronic format.

2. If the CRES Provider chooses the Company Consolidated and Bill-Ready Billing option, the Company will provide usage in a standard electronic format and the CRES Provider will provide the Company with the Certified Supplier's charges in a standard electronic format.

g. Company Consolidated and Rate-Ready Billing.

The following business rules will apply to the Company's Consolidated and Rate-Ready- Billing Options:

1. The Company shall calculate and present charges on the next bill generated for the customer for Competitive Retail Electric Services. The CRES Provider assumes the responsibility for the rate supplied for each customer as validated from the Rate Management Portal.
2. Within three (3) business days of the meter read date, the Company shall electronically transmit the usage and billing information for the CRES Provider's customers to the CRES Provider.
3. The Company shall present charges on the next bill generated for the customer unless one or more of the following conditions apply: 1) the CRES Provider and the customer was terminated over 60 days before; 2) the Company no longer presents a bill to the customer because of a change in CRES Provider and billing option. If none of these exemptions apply, the Company will present the CRES Provider's charges on the next two consecutive scheduled billings after the relationship between the CRES Provider and the customer terminates.
4. In the event any CRES Provider's charges are not included on a Company Consolidated Rate-Ready Billing for any reason, the only obligation the Company shall have is to include those charges on the next monthly bill unless one or more of the exempting conditions exists as described in the above paragraph. The Company shall not cancel/rebill any billing in which the CRES Provider submitted an incorrect rate code or validated an incorrect rate on the Rate Management Business Partner Portal.
5. The Company will charge hourly for administrative and technical support to institute program modifications associated with the implementation of consolidated billing on non-standard rates requested by the CRES Provider and reviewed and approved by the Company. A high level estimate of the work shall be provided and agreed upon in advance. The fixed rate for program modifications necessitated by a request for Consolidated and Rate-Ready Billing shall be \$95 per hour.

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6. Customer payments for CRES Provider charges will be remitted by the Company to the appropriate CRES Provider, subject to the payment provisions in Section 31.23 of these Supplier Terms and Conditions of Service.
7. The Company shall reimburse the CRES Provider for all charges collected on behalf of the CRES Provider within three (3) business days following receipt of the customer's payment, when possible, but at least every two weeks. The Company will continue to bill for previous balances due the CRES Provider on the bill as long as the relationship between the CRES Provider and the customer exists, and for the two scheduled billing periods after the relationship terminates. If no payments are received from the customer after the Company has presented charges for these two scheduled billing periods, all unpaid balances, regardless of age, due the CRES Provider, will be electronically transmitted by the Company via an EDI 248 write off transaction to the CRES Provider. No payments will be forwarded to the CRES Provider after the acknowledgement of the receipt of such a transaction.

h. Company Consolidated and Bill-Ready Billing.

The following business rules will apply to the Company's Consolidated and Bill-Ready Billing Option:

1. Within three (3) business days of receiving usage information for an account in a standard electronic format from the Company, the CRES Provider will provide the Company, in bill-ready format, the CRES Provider's charges for the account in a standard electronic format for presentation on the Company's current invoice to the customer.
- 1-2. The Company shall present charges on the next bill generated for the customer unless one or more of the following conditions apply: (1) the CRES Provider and the customer was terminated over 60 days before; (2) the Company no longer presents a bill to the customer because of a change in CRES Provider and billing option. If none of these exemptions apply, the Company will present the CRES Provider's charges on the next two consecutive scheduled billings after the relationship between the CRES Provider and the customer terminates.
3. The charges received from the CRES Provider by the Company in standard electronic format for each account will contain no more than twenty charge amounts with twenty associated charge descriptions.
4. Charge descriptions will be no longer than eighty characters each (including punctuation and spaces), and charge amounts will not exceed twelve characters each (including spaces, dollar sign, decimal, and, if applicable, negative sign).
5. If a CRES Provider submits a charge description(s) longer than fifty characters, the Company will wrap the charge description(s) to the next character line on its

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invoice. The corresponding charge amounts will appear in a column to the right of where each charge description ends.

6. If wrapping causes charge descriptions to exceed available lines, each charge description will be truncated and will be printed on the Company's current invoice with the corresponding charge amount appearing in a column to the right of each charge description.
- 2-7. If a CRES Provider submits more than twenty charge amounts for an account, the Company will reject the entire submission for the account via a standard electronic format.
8. The Company will allow up to eight lines on its invoice to display the details of the CRES Provider's charges as follows:
  - a. The Company will display the CRES Provider's name and phone number.
  - b. The charge descriptions and charge amounts submitted by the CRES Provider will be displayed.
  - c. The Company will sum the charge amounts submitted by the CRES Provider and display the total on the line following the last charge description submitted by the CRES Provider.
  - d. In situations where the CRES Provider receives revised usage information for an account from the Company in a standard electronic format, the Company will provide an additional line on its invoice for the total amount of each month of cancelled charges it receives from the CRES Provider in a standard electronic format. The Company will display the dollar amount of the cancelled charges, provided that the twelve character charge amount limit is not exceeded, on an additional line for each month of cancelled charges. The CRES Provider's corrected charges, submitted to the Company in a standard electronic format, will be displayed on the Company's invoice as described in parts i) through iv) above for each month of corrected charges. CRES Providers will not include cancelled charges within the same standard electronic transaction where corrected charges are submitted to the Company.
9. Customer payments for CRES Provider charges will be remitted by the Company to the appropriate CRES Provider, subject to the payment provisions in Section 31.23 of these Supplier Terms and Conditions of Service. The Company will continue to bill for previous balances due the CRES Provider on the bill as long as the relationship between the CRES Provider and the customer exists, and for the two scheduled billing periods after the relationship terminates. If no payments are received from the customer after the Company has presented charges for these two scheduled billing periods, all unpaid balances, regardless of age, due the CRES Provider, will be electronically transmitted by the Company via an EDI 248 write off transaction to the CRES

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Provider. No payments will be forwarded to the CRES Provider after the acknowledgement of the receipt of such transaction

10. Within two (2) business days of any date on which the CRES Provider electronically transmits bill-ready charges to the Company, the Company shall transmit to the CRES Provider, via an EDI transaction 824, notice of rejected charges showing, by SDI, those CRES Provider charges that could not be posted to the specific customer's SDI for bill presentment and explaining why those charges could not be so posted by the Company. The CRES Provider shall correct or modify the charges and resubmit them to the Company and such charges will appear on the next Company consolidated bill presented to the customer. In the event any CRES Provider's charges are not included on a Company consolidated billing, for any reason, the only obligation the Company shall have is to include those charges on the next monthly bill unless one or more of the exempting conditions exist as described paragraph 2 of this subsection.

i. Special Messages.

Rule 4901:1-24-11 of the Ohio Administrative Code mandates that a CRES Provider must provide notice of abandonment on each billing statement rendered to its end-use customers beginning at least ninety days prior to the effective date of the abandonment and continue to provide notice on all subsequent billing statements until the service is abandoned. Where the Company is performing billing services for a CRES Provider, the Company must provide this notice on the billing statement. The Company is not offering bill message services for CRES Provider in any other instance.

The Company is not required to send bill inserts or add special attachments to the bill format for CRES Providers to communicate to customers. Any other special messages either required by the Commission or elected are the responsibility of the CRES Provider.

i. Financial Obligation – Dispute Resolution.

If the CRES Provider disputes the calculation of the amount due, as calculated by the Company, the CRES Provider shall notify the Company not later than the close of business on the business day following the due date. The parties will consult each other in good faith in an attempt to resolve the dispute. If the parties fail to resolve the dispute by the close of business on the business day following the notification of the dispute by the CRES Provider, the CRES Provider shall comply with the Company's request for payment. The CRES Provider may appeal the Company's determination of credit requirements to the Commission or seek Commission Staff mediation as to any dispute.

If it is determined that the payment shall be less than the amount requested by the Company, the Company shall refund the excess payment plus interest calculated at the lower of the average of the Federal Reserve Lending Rate over the time period the cash is

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on deposit or 4.5% annually to the CRES Provider by the close of business on the business day following receipt of the Commission's or Commission Staff's determination.

k. Billing Corrections

Any correction of bills due to a meter registration error must be coordinated with the other entities utilizing the billing data which is in error. Any entity which detects an error in billing data shall promptly notify the MDMA or the Company if it is performing the function of the MDMA. The MDMA shall then correct any necessary data and provide to the appropriate entities such data as required for billing, settlement, scheduling, forecasting and other functions. Any billing corrections under this paragraph shall be consistent with the provisions of the Company's Terms and Conditions of Open Access Distribution Service.

l. CRES Provider Billing Investigations

Billing investigations shall be limited to the most recent thirty-six (36) months.

m. Customer Load Reports

Requests from the CRES Provider to the Company for customer load data will be submitted to the Company and provided back to the CRES Provider using standard electronic format. Requests for manually prepared interval load data reports will be provided at a charge of \$50 to the CRES Provider.

31.23 CUSTOMER PAYMENT PROCESSING AND COLLECTIONS FOR CONSOLIDATED BILLING

Where the Company acts as the billing agent for the CRES Provider, the Company shall reimburse the CRES Provider for all charges collected on behalf of the CRES Provider within three (3) business days following receipt of the customer's payment, when possible, but at least every two (2) weeks. The Company will continue to bill for previous balances due the CRES Provider on the bill as long as the relationship between the CRES Provider and the customer exists, and for the two (2) scheduled billing periods after the relationship terminates. If no payments are received from the customer after the Company has presented charges for these two (2) scheduled billing periods, all unpaid balances, regardless of age, due the CRES Provider, will be electronically transmitted by the Company via an EDI 248-write off transaction to the CRES Provider in accordance with the Electric Distribution Utility/Competitive Retail Electric Service Provider Agreement. No payments CRES Provider charges will be presented to the customer and no payment will be forwarded to the CRES Provider after the acknowledgement of the receipt of this transaction.

If the customer's CRES Provider defaults, the Company reserves the right to retain payments collected from the customer and to apply such payments to the Company's charges.

Partial payment from a customer shall be applied to the various portions of the customer's total bill in the following order: (a) past due CRES Provider payment arrangement charges (CPA); (b) past due Company Extended Payment Arrangements (EPA) charges and deposit payment

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~~agreement (DPA) charges; past due distribution, Standard Offer Service generation and transmission charges; (c) past due CRES Provider charges; (d) past due Company charges; (e) current Company charges; current CRES provider charges; (f) current CRES provider charges; -current distribution, Standard Offer Service generation and transmission charges; (d) current CRES Provider charges; and (eg) other past due and current non-regulated charges.~~

31.24 ~~25~~ CRES PROVIDER BILLING TERMS AND CONDITIONS

Current Company practice is to render bills to the CRES Provider regularly at monthly intervals, but bills may be rendered more or less frequently at the Company's option. Rate values stated for direct application to regular monthly billing periods will be adjusted when the time elapsed between billings is substantially greater or less than a month.

A CRES Provider shall make payment for charges incurred on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be less than three (3) business days from the date of transmittal of the bill.

31.2231.25 ~~26~~ DEAFULT SUSPENSION AND TERMINATION OR SUSPENSION OF A CRES PROVIDER

31.23

a. Default.

A CRES Provider is in default of its obligations under the Company's Customer Choice Program if any one or more of the following occurs:

1. The CRES Provider fails to perform any material obligation under these Supplier Terms and Conditions of Service;
2. The CRES Provider fails to fully pay an invoice from the Company within three (3) business days following the due date of the invoice.
3. The CRES Provider's credit exposure exceeds the unsecured credit limit or the Company's current collateral enhancement requirement by 5% or more and the CRES Provider has failed to comply with the Company's request for adequate security or adequate assurance of payment within three (3) business days of the Company's request.
4. The Commission has decertified the CRES Provider or otherwise declared it ineligible to participate in the Ohio Customer Choice Program or the Company's Customer Choice Program.
5. The CRES Provider's action or inaction has or will jeopardize the operational integrity, safety, or reliability of the Company's transmission or distribution system.

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6. The CRES Provider or the performing services on behalf of the CRES Provider, through actions or inactions, becomes in default of any agreement with or requirement of PJM.

7. The CRES Provider misuses the Company Consolidated and Bill-Ready Billing option by incorrectly using the name of the Company or the name of one of the Company's affiliates in a charge description or otherwise using this billing option in a misleading or defamatory manner.

8. The CRES Provider voluntarily withdraws from the Company's Customer Choice Program without providing at least ninety calendar days' notice to the Company.

9. The CRES Provider files a voluntary petition in bankruptcy; has an involuntary petition in bankruptcy filed against it; is insolvent; has a receiver, liquidator or trustee appointed to take charge of its affairs; has liabilities that exceed its assets; or is otherwise unable to pay its debts as they become due.

b. Notice of Suspension or Termination.

Notwithstanding any other provision of this Tariff these Supplier terms and conditions of Service or any agreement between the Company and the CRES Provider, the Electric Distribution Utility/Competitive Retail Electric Service Provider Agreement, in the event of a default by the CRES Provider, the Company shall serve written a notice of such default in reasonable providing reasonable detail and with a proposed remedy to the on the CRES Provider and with a copy contemporaneously provided to the Commission. On, or after, the date the default notice has been served, the Company may file with the Commission a written request for authorization to terminate or suspend the service agreement between the Company and to the CRES Provider. Except for default due to non-delivery to failure by the CRES Provider to deliver Competitive Retail Electric Service, if the Commission does not act within ten (10) business days upon after receipt of the request, the Company's request to terminate or suspend shall be deemed authorized on the eleventh (11<sup>th</sup>) business day after receipt of the request by the Commission. If the default is due to non-delivery, and if failure by the CRES provider to deliver Competitive Retail electric Service and the Commission does not act within five (5) business days upon after receipt of the request, the Company's request to terminate or suspend shall be deemed authorized on the sixth (6<sup>th</sup>) business day. Termination or suspension after receipt of the request by the Commission. Terminations or suspensions shall require authorization from the Commission.

c. Notices.

The Company shall send notices pursuant to this section by e-mail, fax, overnight mail, or hand delivery to the Commission and Staff at the Commission's offices. The Company shall notify all Commissioners, the Chief of Staff, the Director of the Consumer Services Department, the Director of the Utilities Department, the Director of the Legal Department, and the Chief of the Attorney General's Public Utilities Section. The Company shall send the notice to the address and fax number provided by the CRES Provider in its service agreement with the Company.

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AEP Ohio

OHIO POWER COMPANY

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d. Effect of Suspension

In the event of suspension, the CRES Provider shall not be permitted to enroll any new End-use customers in the Company's Customer Choice Program. During the period of suspension, the CRES Provider shall continue to serve its existing end-use customers.

e. Effect of Termination on CRES Provider's End-use Customers

In the event of termination, the CRES Provider's end-use customers shall be returned to the Company's Standard Offer Rate effective on each end-use customer's next Meter Read Date after the date of termination.

f. Effect of Termination on CRES Provider

The CRES Provider shall not be permitted to enroll any new end-use customers in the Company's Customer Choice Program unless it re-registers in the Company's Customer Choice Program, pursuant to the requirements of Section 931.8 of these Supplier Terms and Conditions of Service.

31.26 VOLUNTARY WITHDRAWAL BY A CRES PROVIDER

A CRES Provider that withdraws from Competitive Retail Electric Service and fails to provide at least ninety (90) days electronic notice of said withdrawal shall reimburse the Company for any of the following costs associated with the withdrawal:

- a. mailings by the Company to the CRES Provider's customers to inform them of the withdrawal and their options;
- b. non-standard/manual bill calculation and production performed by the Company;
- c. CRES Provider data transfer responsibilities that must be performed by the Company;
- d. charges, costs, or penalties imposed on the Company by other parties resulting from CRES Provider's non-performance; and
- e. Any and all other out-of-pocket expenses incurred by the Company as a result of the withdrawal.

31.27 DISPUTE RESOLUTION

Alternative dispute resolution shall be offered to both CRES Providers and the Company as a means to address disputes and differences between CRES Providers and the Company. Alternative Dispute Resolution shall be conducted in accordance with the provisions of Chapter 4901:1-26 of the Ohio Administrative Code. To the extent the dispute involves terms and conditions under the Transmission Provider Open Access Transmission Tariff, dispute resolution procedures provided in the Transmission Provider Open Access Transmission Tariff shall apply.

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~~31.2431.28~~ 32. CODE OF CONDUCT

1. The Company shall not release any proprietary customer information (e.g., individual customer load profiles or billing histories) to an affiliate, or otherwise, without the prior authorization of the customer, except as required by a regulatory agency or court of law.
2. The Company shall make customer lists, which include name, address and telephone number, available on a nondiscriminatory basis to all nonaffiliated and affiliated certified retail electric competitors transacting business in its service territory, unless otherwise directed by the customer. This provision does not apply to customer-specific information, obtained with proper authorization, necessary to fulfill the terms of a contract, or information relating to the provision of general and administrative support services.
3. Employees of the Company's affiliates shall not have access to any information about the Company's transmission or distribution systems (e.g., system operations, capability, price, curtailments, and ancillary services), that is not contemporaneously and in the same form and manner available to a nonaffiliated competitor of retail electric service.
4. The Company shall treat as confidential all information obtained from a competitive supplier of retail electric service, both affiliated and nonaffiliated, and shall not release such information unless a competitive supplier provides authorization to do so, or unless the information was or thereafter becomes available to the public other than as a result of disclosure by the company.
5. The Company shall not tie (nor allow an affiliate to tie) or otherwise condition the provision of the Company's regulated services, discounts, rebates, fee waivers, or any other waivers of the Company's ordinary terms and conditions of service, including but not limited to tariff provisions, to the taking of any goods and/or services from the Company's affiliates.
6. The Company shall not engage in joint advertising or marketing of any kind with its affiliates or directly promote or market any product or service offered by any affiliate. The Company shall also not give the appearance that the Company speaks on behalf of its affiliates or that the customer will receive preferential treatment as a consequence of conducting business with the affiliates.
7. The Company, upon request from a customer, shall provide a complete list of all suppliers operating on the system, but shall not endorse any suppliers nor indicate that any supplier will receive preference because of an affiliate relationship.
8. The Company shall not trade upon, promote or advertise its affiliate relationship nor allow the Company name or logo to be used by the affiliate in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first point where the utility name or logo is mentioned, that:
  - a. The affiliate is not the same company as the Company;
  - b. The affiliate is not regulated by the Commission; and

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- c. The customer does not have to buy the affiliate's products in order to continue to receive quality, regulated service from the Company.

*The application of the name/logo disclaimer is limited to the use of the name or logo in Ohio.*

9. The Company shall provide comparable access to products and services related to tariffed products and services and specifically comply with the following:

(a) The Company shall be prohibited from unduly discriminating in the offering of its products and/or services;

(b) The Company shall apply all tariff provisions in the same manner to the same or similarly situated entities, regardless of any affiliation or nonaffiliation;

(c) The Company shall not, through a tariff provision, a contract, or otherwise, give its affiliates preference over nonaffiliated competitors of retail electric service or their customers in matters relating to any product and/or service;

(d) The Company shall strictly follow all tariff provisions;

(e) Except to the extent allowed by state law, the Company shall not be permitted to provide discounts, rebates, or fee waivers for any state regulated monopoly service; and

(f) Violations of the provisions of this rule shall be enforced and subject to the disciplinary actions described in divisions (C) and (D) of Section 4928.18, Ohio Revised Code.

10. Notwithstanding any provision of this Code of Conduct, in a declared emergency situation, the Company may take actions necessary to ensure public safety and system reliability. The Company shall maintain a log of all such actions that do not comply with this Code of Conduct, which log shall be review by the Commission.

11. The Company shall establish a complaint procedure for the issues concerning compliance with this rule. All complaints, whether written or verbal, shall be referred to the general counsel of the Company or their designee. The legal counsel shall orally acknowledge the complaint within five (5) business days of its receipt. The legal counsel shall prepare a written statement of the complaint that shall contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and the specific claim. The legal counsel shall communicate the results of the preliminary investigation to the complainant in writing within thirty (30) days after the complaint was received, including a description of any course of action that was taken. The legal counsel shall keep a file in the Cost Allocation Manual, of all such complaint statements for a period of not less than three (3) years. This complaint procedure shall not in any way limit the rights if a party to file a complaint with the Commission.

32.33. MINIMUM REQUIREMENTS FOR DISTRIBUTION SYSTEM INTERCONNECTION

Applicability

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This schedule is applicable to any customer with cogeneration, small power production facilities, and/or other on-site facilities producing electrical energy who wishes to operate such facilities in parallel with the Company's distribution system at voltages up to 35 kV. For customers with voltages above 35 kV, Interconnection must comply with all appropriate Federal Energy Regulatory Commission and Regional Transmission Organization requirements. This schedule is not applicable to the interconnection and parallel operation of facilities which the Federal Energy Regulatory Commission has determined to be subject to its jurisdiction. A customer who has a facility that does not qualify for simplified interconnection pursuant to the PUCO's distribution interconnection rules (O.A.C. § 4901:1-22) (Commission Rules) and the Company's technical requirements for interconnection (Technical Requirements), incorporated herein by reference, may negotiate a separate interconnection agreement with the Company and the terms and conditions of this schedule shall apply to such customers to the extent that the negotiated interconnection agreement does not conflict with this schedule.

Purpose

The purpose of this schedule is to implement Ohio Revised Code Section 4928.11, which calls for uniform interconnection standards that are not unduly burdensome or expensive and also ensure safety and reliability, to the extent governing authority is not preempted by federal law. This schedule states the terms and conditions that govern the interconnection and parallel operation of a customer's facility with the Company's distribution system.

Customer Request For Interconnection

Any customer seeking to physically connect facilities to the Company's distribution system, which facilities may be used in parallel operation with the Company's distribution system, shall file an interconnection application and sign an interconnection agreement with the Company. For facilities for which the referenced Technical Requirements are applicable, the customer and Company shall execute a simplified interconnection agreement. For all other facilities, the customer and the Company shall execute an interconnection agreement which may be different from the simplified agreement, but which shall conform with the provisions of this schedule, to the extent applicable. Copies of all applicable forms and the Company's Technical Requirements are available upon request.

To the extent possible, interconnection to the Company's distribution system shall take place within the following time frames:

1. Where no construction is required by the Company and the facility qualifies for simplified interconnection pursuant to the review procedure contained in the Commission Rules, interconnection shall be permitted within four weeks of the Company's receipt of a completed interconnection application in compliance with the terms and conditions of this schedule. Prior to actual interconnection, the customer must execute the interconnection agreement.
2. Where construction or system upgrades of the Company's distribution system are required, the Company shall provide the customer, in a timely fashion, an estimate of the schedule and the customer's cost for the construction or upgrades. If the customer desires to proceed with the construction or upgrades, the customer and the Company shall enter into a contract. The contract

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shall contain a construction schedule listing target commencement and completion dates, and an estimate of the customer's costs for construction or upgrades. Assuming the customer is ready, the interconnection shall take place no later than two weeks following the completion of such construction or upgrades. The Company shall employ best reasonable efforts to complete such system construction or upgrades in the shortest time reasonably practical.

3. All interconnection applications shall be processed by the Company in a nondiscriminatory manner. The Company shall promptly provide the customer a written notice of the Company's receipt of the application. The Company will endeavor to place such notice in the U.S. Mail or respond by Email within three business days after the application has been received by the Company's personnel designated on the application form. The Company shall provide the customer with a copy of the review process and a target date for processing the application. If the application is viewed as incomplete, the Company must provide a written notice within 10 days of receipt of the application by the Company's personnel designated on the application form that the application is not complete together with a description of the information needed to complete the application and a statement that processing of the application cannot begin until the information is received. The Company's target date shall permit interconnection in a timely manner pursuant to the requirements of the Commission Rules. Interconnection applications will be processed in the order that they are received. It is recognized that certain interconnection applications may require minor modifications while they are being reviewed by the Company. Such minor modifications to a pending application shall not require that it be considered incomplete and treated as a new or separate application. Minor modifications would not include at least the following: changes in facility size or location; any change requiring a new impact study; or any other substantive change.
4. If the Company determines that it cannot connect the customer's facility within the time frames required by the Commission Rules, the Company will notify the customer in writing of that fact as soon as possible. The notification will identify the reason or reasons the interconnection could not be completed within the time frames stated, and provide an estimated date for completion. This section shall not limit the rights of a customer for relief under Ohio Revised Code Chapter 4905.

Technical Requirements

The Company shall maintain a copy of the Technical Requirements at its business office such that the Technical Requirements are readily available to the public. The Company shall provide the Commission Staff with a copy of the Technical Requirements. Standards adopted by IEEE shall supersede the applicable provisions of the Company's Technical Requirements effective the date that IEEE adopts such standards. However, any interconnection made or initiated prior to the adoption of any national standard promulgated by IEEE shall not be subject to that standard. Regarding any IEEE minimum standard, or any guideline that the IEEE may promulgate, the Company may amend the Technical Requirements to the minimum extent required to address unique local conditions, and shall provide such amendments to the Staff and make such amendments available to customers. All Technical Requirements, including superseding standards adopted by IEEE, are incorporated herein by reference.

Metering

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Any metering installation, testing, or recalibration required by the installation of the customer's generation facilities shall be provided consistent with the Electric Service and Safety Standards pursuant to Ohio Revised Code Chapter 4928, and specifically O.A.C. § 4901:1-10-05 (Metering) and, as applicable, § 4901:1-10-28 (C) (Net Metering).

Liability Insurance

Prior to interconnection with the Company, the customer must provide the Company with proof of insurance or other suitable financial instrument sufficient to meet its construction, operating and liability responsibilities pursuant to this schedule. At no time shall the Company require that the applicant negotiate any policy or renew any policy covering any liability through a particular insurance company, agent, solicitor, or broker. The Company's receipt of evidence of liability insurance does not imply an endorsement of the terms and conditions of the coverage.

System Impact and Facilities Studies

For those facilities that do not qualify for simplified interconnection pursuant to the review procedure included in the Commission Rules, the Company may require a supplemental review, service study, coordination study, facilities study or Company system impact study prior to interconnection. In instances where such studies are required, the scope of such studies shall be based on the characteristics of the particular generation facility to be interconnected and the Company's system at the specific proposed location. By agreement between the Company and the customer, studies related to interconnection of the generation facility may be conducted by a qualified third party. The cost of an impact facilities study performed by the Company shall be included in the costs set forth in the Interconnection Fees section of this schedule. The Company shall provide the customer with a target date for completion of any required system impact or facilities study. Any such study conducted by the Company shall be shared with the customer.

Interconnection Fees

The Company shall not charge any fees for interconnection other than those authorized by this schedule. Fees contained herein apply to each installation at the Company's distribution voltages up to 35 kV.

The Company shall charge each customer that applies for interconnection service an application fee as set forth in the Commission Rules. Fees for customer applications for interconnection that meet the qualifications for level 1, level 1.1 or level 1.2 simplified review procedures will be based on the actual costs per one-tenth of an hour of time spent by Company personnel on the simplified review. Customer applications for interconnection that meet the qualifications for level 2 expedited review will be subject to an application fee of \$50.00, plus one dollar per kilowatt of the applicant's system nameplate capacity rating. Interconnection customers whose facilities qualify for level 3 standard review procedures shall pay an application fee of \$100.00, plus two dollars per kilowatt of the applicant's system nameplate capacity rating.

Level 2 and level 3 interconnection review processes may require that one or more interconnection studies be performed to determine the feasibility, system impact, and cost of safely connecting the customer's generation facilities to the Company's distribution system. As specified in

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the Commission Rules, the cost of engineering work done as part of any feasibility, system impact or facilities study shall be billed to the customer at the Company's actual cost of performing such study.

Additional Fees

The customer is responsible for all equipment and installation costs of the customer's facility.

The customer shall pay any additional charges, as determined by the Company, for equipment, labor, metering, testing or inspections requested by the customer.

Construction or Upgrade Fees

If the interconnection requires construction or an upgrade of the Company's system which, save for the generation facility would not be required, the Company will assess the customer the actual cost including applicable taxes of such construction or upgrade. Payment terms for such construction or upgrade will be agreed to and specified in the construction contract. The Company and the customer may negotiate for alternatives in order to reduce any costs or taxes applicable thereto.

Resolution of Disputes

The Company or the customer who is a non-mercantile, non-residential customer may seek resolution of any disputes which may arise out of this schedule, including the interconnection and the referenced Technical Requirements in accordance with the Commission Rules.

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Special Terms and Conditions of Service

This schedule is subject to the Company's Terms and Conditions of Open Access Distribution Service and all provisions of the OAD service schedule under which the customer takes service. If applicable, the customer shall also take the appropriate service under the provisions of the applicable Residential or General Service Schedule and/or Schedule OAD-NEMS.

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## EXHIBIT DBW-5

**Bidding Rules for the Auctions  
Under the Competitive Bidding Process  
of Ohio Power Company**

**NERA**  
ECONOMIC CONSULTING

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## **ARTICLE I. Introduction**

### **I.1. Background**

- I.1.1.** On March 30, 2012, Ohio Power Company (“AEP Ohio”) filed an Electric Security Plan (“ESP II”) that proposed a competitive bidding process (“CBP”) for energy-only auctions that would transition AEP Ohio to procuring 100% of the energy needs of its Standard Service Offer (“SSO”) customers with delivery beginning June 1, 2015 (Case No. 11-346-EL-SSO and Case No. 11-348-EL-SSO). SSO customers are customers who take retail generation service from AEP Ohio.
- I.1.2.** The Public Utilities Commission of Ohio (“Commission”) issued an Opinion and Order regarding AEP Ohio’s ESP II on August 8, 2012 (“ESP II Order”). The Commission in its ESP II Order mandated that AEP Ohio hold energy and capacity auctions for SSO customers beginning June 1, 2015.
- I.1.3.** On December 20, 2013, AEP Ohio filed an Electric Security Plan (“ESP III”) that proposed a CBP for full requirements supply (Case No. 13-2385-EL-SSO). AEP Ohio’s ESP III addressed the Commission’s mandate in the ESP II Order to hold energy and capacity auctions for SSO customers for delivery beginning June 1, 2015. Through a February 25, 2015 Opinion and a May 28, 2016 Second Entry on Rehearing in Case No.13-2385-EL-SSO and Case No. 13-2386-EL-AAM, the Commission approved a modified ESP III to be in effect from June 2015 through May 2018.
- I.1.4.** As a result of the Commission’s Order in Case No. 16-247-EL-UNC issued on March 2, 2016, AEP Ohio removed the load of Percentage of Income Payment Plan customers (“PIPP Customers”) from the SSO auction product starting with the fourth auction of AEP Ohio’s CBP under ESP III.
- I.1.5.** AEP Ohio is seeking approval of an amended Electric Security Plan (“Amended ESP III”) that would, among other modifications, extend the existing term until May 31, 2024. These bidding rules form an integral part of AEP Ohio’s application and describe the requirements for participation in the full requirements auctions to be held under the CBP over that period. AEP Ohio has made specific proposals to address the output from the Ohio Valley Electric Corporation (“OVEC”).
- I.1.6.** AEP Ohio has retained NERA Economic Consulting to serve as Auction Manager. The Auction Manager can be contacted by email to [AEP-CBP@nera.com](mailto:AEP-CBP@nera.com).

### **I.2. Overview**

- I.2.1.** These Bidding Rules for the Auctions Under the Competitive Bidding Process of Ohio Power Company (“CBP Rules”) describe the process and requirements for participation in the full requirements auctions to be held under the CBP as proposed as part of AEP Ohio’s Amended ESP III. Bidders also need to be familiar with other documents for the auctions including the Master SSO Supply Agreement, the Part 1 Application, and the Part 2 Application. The “CBP website”, [www.AEPOhioCBP.com](http://www.AEPOhioCBP.com), is the main source of information for bidders in the auctions as well as for other stakeholders.
- I.2.2.** AEP Ohio will seek to procure full requirements supply for its SSO customers for 12-month, 24-month, and 36-month contracts through descending clock auctions held twice

## Introduction

per year. The specific contract terms to be solicited in particular auctions are specified in more detail in the schedule posted to the CBP website. The delivery period for each contract is scheduled to start on the 1<sup>st</sup> of the month of June immediately following the auction.

- I.2.3. SSO Load is divided in a number of “tranches”, each representing a fixed percentage of SSO Load. Prior to each auction, the Auction Manager announces to bidders the number of tranches, the fixed percentage assigned to each tranche (the “tranche size”), as well as a figure in MW, the “MW-measure” assigned to each tranche. The Auction Manager, in consultation with Commission Staff may increase the tranche size over the course of the CBP if necessary to foster bidder interest.
- I.2.4. In the Part 1 Application, an interested party applies to become a Qualified Bidder. To become a Qualified Bidder an interested party must be a Market Buyer, a Market Seller, and a PJM Load Serving Entity (“LSE”). If the interested party cannot make this certification, it must instead certify that it has no impediments to become a Market Buyer, a Market Seller, and a PJM LSE by the start of the delivery period and that it undertakes to do so if it becomes an SSO Supplier.
- I.2.5. In the Part 2 Application, a Qualified Bidder makes a number of certifications, submits an indicative offer, and posts pre-bid security to become a Registered Bidder.
- I.2.6. The term “bidder” is used generically to refer to a prospective bidder, a Qualified Bidder, or a Registered Bidder.
- I.2.7. Each auction is conducted as a descending clock auction. A clock auction proceeds in a series of rounds. In the bidding phase of a round, each bidder states the number of tranches that it wants to supply at the price announced by the Auction Manager for each product available in an auction. The price will be in dollars per megawatt-hour. If there are more tranches bid for a product than there are tranches available in a round, the Auction Manager reduces the price for that product. The Auction Manager then announces the new price for each product available in the auction before the bidding phase of the next round opens. The auction continues and the prices tick down until the number of tranches bid for all products falls to the point where it equals the number of tranches available. When the auction ends, the bidders holding tranches in the final round are the winners. All winners receive the same price for a product.
- I.2.8. Bidders that win at an auction for which results are accepted by the Commission become “SSO Suppliers”. SSO Suppliers will assume all responsibilities of an LSE and are responsible for providing full requirements service to SSO customers of AEP Ohio and to bear all costs that are associated with this responsibility. Full requirements service includes, without limitation, energy, capacity, ancillary services, certain transmission services, as well as any other service as may be required by PJM. AEP Ohio will provide distribution services and will be responsible for Network Integration Transmission Service (“NITS”) charges and for other non-market-based FERC-approved transmission charges. Full requirements service and the LSE obligations of SSO Suppliers are defined in the Master SSO Supply Agreement.
- I.2.9. Payments to SSO Suppliers for each MWh of SSO Supply delivered of a product (SSO Supply is defined in Paragraph III.1.1) will be the auction clearing price for that product times a seasonal factor (auction clearing price is defined in Sections VI.4 and VII.4).

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- I.2.10. Commission Staff will oversee the conduct of the auctions and may also retain an advisor ("Commission Consultant") for this purpose. The Commission has a two (2) business day window from the conclusion of the auction for review of the results. The Commission may reject the results of the auction, through an Order filed within the review window, if specific criteria are met. The Commission may accept the results of the auction. If the Commission does not act within the review window, the results of the auction are deemed accepted by the Commission at the expiration of the review window. Winning bidders at the auction will execute the Master SSO Supply Agreement within three (3) days of acceptance of the results.**

## Information to Bidders

**ARTICLE II. Information to Bidders****II.1 Information Provided to Bidders**

- II.1.1.** Prospective bidders and other stakeholders can visit the CBP website, [www.AEPOhioCBP.com](http://www.AEPOhioCBP.com), to obtain information and documents related to the auctions under AEP Ohio's CBP.
- II.1.2.** The CBP website consists of the following sections:
- A 'home' page that provides general information about the CBP.
  - A 'background' page with links to AEP Ohio's filings with the Commission as well as Commission Orders related to the CBP.
  - An 'information' page that includes all documents and forms needed to participate in the auction, frequently asked questions, and data.
  - A 'data room' that provides historical data for bidders to use in preparing their bids;
  - A 'results' page that provides information regarding the results of previous auctions held under the CBP.
  - A 'calendar' page that provides the timeline for the main events in the auction and the schedule of auction products during the course of the ESP.
  - A 'contact us' page with the Auction Manager's contact information, a web form for participants to register for email updates, and a web form to ask a question to the Auction Manager. The Auction Manager answers each questioner individually via email. The question and answer are then posted to the FAQ portion of the information page.
- II.1.3.** The data portion of the CBP website will be updated monthly. AEP Ohio will provide historical data for bidders to use in preparing their bids. The data will be provided in useable electronic format such as Excel or CSV. The data is expected to include:
- Historical hourly load by groups (residential, small commercial and industrial, as well as large commercial and industrial);
  - Customer counts;
  - Switching statistics; and
  - Information on municipal aggregation.
- II.1.4.** No later than eight (8) days prior to the "Part 1 Date", which is the date when Part 1 Applications are due,, the Auction Manager will announce:
- A minimum starting price and a maximum starting price for the products in the auction. The "minimum and maximum starting prices" establish the range for the round 1 prices in the auction;
  - The "tranche target" for each product, which is the number of tranches procured for each product in the auction;
  - The "volume", which is the total number of tranches to be procured in the auction;

**AEP Ohio – CBP Rules**

## Information to Bidders

- The tranche size as a percentage of SSO Load; and
  - The estimated MW-measure of each tranche.
- II.1.5. No later than four (4) days prior to the “Part 2 Date”, which is the date when Part 2 Applications are due, the Auction Manager will update the estimated MW-measure of the tranches in the auction. At that time, the Auction Manager will also update or confirm the seasonal factors that will be applicable to the products in the auction.
- II.1.6. The Auction Manager will provide additional information to Qualified Bidders and Registered Bidders on a confidential basis, as further explained below.
- II.2. Generic schedule**
- II.2.1. Unless noted otherwise, a “day” is a business day and all times refer to eastern prevailing time.
- II.2.2. A generic schedule for events for one auction of the CBP is provided below. The provisional dates for each auction over the course of the CBP are provided in Appendix 1 to these CBP Rules.

**Table 1. Generic Schedule.**

Event	Date
Alternate guaranty process begins (if applicable)	Day -16
Bidder Information Session	Day -10
Auction Manager announces tranche targets, tranche size, MW-measure, minimum and maximum starting prices	Day -10
Alternate guaranty process ends (if applicable)	Day -5
Part 1 Window opens	Day 0
Part 1 Applications are due	Day 8
Part 1 Notification Date	Day 12
Part 2 Window opens	Day 13
Auction Manager announces any update to the MW-measure and announces seasonal factors	Day 13
Part 2 Applications are due	Day 22
Part 2 Notification Date	Day 27
Bidder User Manual Distributed	Day 27
Trial Auction for Registered Bidders	Day 28
Auction Manager informs Registered Bidders of round 1 prices	Day 29
Auction begins	Day 32
Auction Manager notifies AEP Ohio and the Commission of results	On day of auction close

**AEP Ohio – CBP Rules**

## Information to Bidders

<b>Event</b>	<b>Date</b>
End of Commission review period	Within two days of the auction close
Master SSO Supply Agreements Signed	Within three days of end of Commission review
Power Flow	TBD

- II.2.3.** The generic schedule is illustrative only and the timing of events for a particular auction may be different from the generic schedule. The actual schedule for each auction will be posted to the calendar page of the CBP website. The Auction Manager, in consultation with AEP Ohio and Commission Staff, may make changes to the schedule as circumstances warrant. Any such change will be announced to bidders and posted to the CBP website.

## Products and Auctions

**ARTICLE III. Products and Auctions**

This section summarizes the key elements of the products. The Master SSO Supply Agreement provides details on the products and the supplier obligations. The CBP website provides details about the products to be procured in a specific auction.

**III.1. SSO Supply and Supplier Obligations**

- III.1.1.** Bidders participate in the CBP to provide full requirements service for AEP Ohio's SSO customers ("SSO Supply"). SSO Supply is defined in more detail in the Master SSO Supply Agreement.
- III.1.2.** "SSO customers" are customers who take retail generation service from AEP Ohio. SSO customers include customers that have reasonable arrangements under Section 4905.31, Revised Code<sup>1</sup> to the extent that such customers are not taking service from a Competitive Retail Electric Supplier. SSO customers do not include Percentage of Payment Income Plan Customers.
- III.1.3.** The "Master SSO Supply Agreement" defines the specific obligations associated with providing SSO Supply.
- III.1.4.** The auctions are designed to procure all elements of full requirements service for AEP Ohio's SSO customers. Each winning bidder will be responsible for fulfilling all the requirements of an LSE for the portion of AEP Ohio's SSO supply that it serves, including, without limitation, energy, capacity, ancillary services, market-based transmission service (excluding NITS), and any other service as required by PJM. AEP Ohio will provide distribution services and will be responsible for NITS charges and for other non-market-based FERC approved transmission charges. Full requirements service and the LSE obligations of SSO Suppliers are defined in the Master SSO Supply Agreement.
- III.1.5.** The hourly energy requirements of the SSO supply, as measured or profiled by AEP Ohio and settled by PJM, will include distribution losses, transmission losses, and unaccounted for energy, and will be de-rated for transmission losses in accordance with PJM's settlement methodology and implementation of marginal transmission losses.

**III.2. Auctions and Tranches**

- III.2.1.** SSO Supply will be divided into a number of tranches and each tranche will represent a fixed percentage of SSO Supply.
- III.2.2.** The Auction Manager may increase the tranche size to foster bidder interest. Such an increase in the tranche size would be determined by the Auction Manager in consultation with Commission Staff and announced to bidders no later than eight (8) days prior to the opening of the Part 1 Window.

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<sup>1</sup> These customers are sometimes referred to as Special Contract customers.

**Products and Auctions**

- III.2.3. A “product” is defined as SSO Supply for a given delivery period. The number of tranches to be procured for each product in an auction is called the tranche target and the total number of tranches to be procured in the auction is the volume.**
- III.2.4. A “load cap” is a maximum number of tranches that a bidder can bid and win in an auction. The “load cap percentage” is the maximum percentage of SSO Load that a bidder can bid and win in an auction.**
- III.2.5. AEP Ohio will seek to procure SSO Supply for its SSO customers through descending clock auctions for one or more of the following products: a 12-month product, a 24-month product, and a 36-month product in accordance with the schedule for the Amended ESP III posted to the “calendar” page of the CBP website. The delivery period for each contract for these products is scheduled to start on the 1<sup>st</sup> of the month of June immediately following the auction.**



## Pre-Auction Processes

**ARTICLE IV. Pre-Auction Processes**

There are two (2) parts to the application process. In the "Part 1 Application", interested parties apply to become Qualified Bidders. In the "Part 2 Application", each Qualified Bidder makes certifications, provides an indicative offer, and posts pre-bid security to become a Registered Bidder. The Auction Manager communicates by email during the review of the Part 1 and Part 2 Applications unless specifically instructed otherwise by a bidder.

**IV.1. Part 1 Application****IV.1.1. In the Part 1 Application, a bidder must:**

- Submit an application from an individual with the power to bind the bidder;
- Agree to comply with all rules of the auction;
- Agree that if the bidder wins at the auction, the bidder will execute the Master SSO Supply Agreement with AEP Ohio and comply with the creditworthiness requirements set forth in the Master SSO Supply Agreement within three (3) days of acceptance of the auction results by the Commission;
- Show that the bidder is qualified by PJM as a Market Buyer, a Market Seller, and a PJM LSE (or, if not, certify that there exist no impediments to fulfilling these requirements by the start of the delivery period and undertake to do so if the bidder becomes an SSO Supplier);
- Certify that if the bidder becomes a Qualified Bidder, it will not disclose information regarding the list of Qualified Bidders or confidential information that may be obtained during the bidding process about Qualified Bidders;
- Provide financial statements and credit ratings; and
- Certify that if the bidder becomes a Qualified Bidder, it will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as a Qualified Bidder to another entity.

**IV.1.2. The financial information provided in the Part 1 Application will be used to determine the bidder's (or the bidder's guarantor) credit-based tranche cap according to the table below. If the bidder or its guarantor is rated by only one (1) rating agency, that rating will be used. If the bidder or its guarantor is rated by at least two (2) rating agencies, the lower of the two (2) highest ratings will be used. The credit-based tranche cap is an overall cap in effect across all products of a given auction. The credit-based tranche cap is in effect only during the bidding process. After the Master SSO Supply Agreement has been executed by a winning bidder, the credit-based tranche cap will no longer be in effect and the SSO Supplier will be required to meet the credit terms in accordance with Article 5: Credit and Performance Security in the Master SSO Supply Agreement.**

## Pre-Auction Processes

Table 2. Credit-Based Tranche Cap.

Credit Rating for Bidder or Guarantor			Credit-Based Tranche Cap
S&P	Moody's	Fitch	
BB and above	Ba2 and above	BB and above	No Cap
BB-	Ba3	BB-	10
Below BB-	Below Ba3	Below BB-	5
If not rated by any of these rating agencies			5

- IV.1.3. A single credit-based tranche cap is granted to affiliated bidders.
- IV.1.4. The parameters in the table above may vary over time at AEP Ohio's sole discretion.
- IV.1.5. *A foreign bidder or a bidder desiring to rely on the creditworthiness of a foreign entity must, as a condition of being able to rely on the financial standing of such entity, provide drafts of additional documents required under the Master SSO Supply Agreement, such as an opinion from foreign counsel and a draft sworn certificate of the corporate secretary for evaluation by AEP Ohio.*
- IV.1.6. The Part 1 Date is the last day of the "Part 1 Window", which is the period during which Part 1 Applications are processed. Part 1 Applications must be submitted to the Auction Manager no later than 12 PM (noon) on the Part 1 Date. The Auction Manager notifies bidders no later than four (4) days after the Part 1 Date whether they have met all the requirements to become a Qualified Bidder (the "Part 1 Notification Date"). The Auction Manager sends the "Part 1 Notification" to bidders that have met all the requirements to become a Qualified Bidder. The Part 1 Notification includes a summary of the pre-bid security that the Qualified Bidder must post as one of the requirements to become a Registered Bidder.
- IV.1.7. Bidders that have qualified in a prior auction under this CBP for AEP Ohio will be able to participate in an abbreviated process.
- IV.1.8. With the Part 1 Notification, the Auction Manager will send to each Qualified Bidder a list of Qualified Bidders. Further, the Auction Manager will send the list of Qualified Bidders to AEP Ohio, Commission Staff, and the Commission Consultant. All parties receiving a list of Qualified Bidders, or any information that is not publicly released, will be subject to the confidentiality requirements as specified below.
- IV.2. Part 2 Application**
- IV.2.1. A Qualified Bidder must successfully complete the Part 2 Application process in order to become a Registered Bidder that can bid in the auction. Only Qualified Bidders may submit a Part 2 Application.
- IV.2.2. A Qualified Bidder is "associated with" another Qualified Bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other. The competitiveness of the auction and the ability of the auction to produce competitive prices may be harmed by the coordinated or collusive

## Pre-Auction Processes

behavior that associations facilitate. As the Auction Manager relies on a number of factors to assess and promote competitive bidding, including the number of independent competitors, providing inaccurate information or insufficient disclosure of associations in the Part 2 Application is prohibited.

- IV.2.3. In the Part 2 Application, each Qualified Bidder will make a number of certifications regarding associations to ensure that the bidder is participating independently of other Qualified Bidders and to ensure the confidentiality of information regarding the auction. These certifications are provided below in Article X. Qualified Bidders that are unable to make all these certifications may be required to make additional undertakings and may be subject to specific rules regarding the load caps, as specified more fully in the Rules and Protocols for Participation by Associated Bidders.
- IV.2.4. In the Part 2 Application, each Qualified Bidder must also:
- Submit an indicative offer;
  - Submit a preliminary interest in each product when there are several products in the auction; and
  - Post pre-bid security sufficient to support its indicative offer at the maximum starting price.
- IV.2.5. A Qualified Bidder's "indicative offer" specifies two (2) numbers of tranches. The first number represents the number of tranches that the Qualified Bidder is willing to supply at the minimum starting price for all products in the auction and the second number represents the number of tranches that the Qualified Bidder is willing to supply at the maximum starting price for all products in the auction.
- IV.2.6. The indicative offer must be such that:
- The number of tranches specified in the indicative offer at the minimum starting price does not exceed the number of tranches specified at the maximum starting price;
  - The number of tranches at the maximum starting price does not exceed the load cap, which is set at 80% of the volume;
  - The number of tranches at the maximum starting price, together with the number of tranches won in previous auctions that overlap the delivery period of the products in the auction, do not exceed the credit-based tranche cap.
- IV.2.7. A Qualified Bidder's "preliminary interest" for a product specifies two (2) numbers of tranches. The first number represents the number of tranches that the Qualified Bidder is willing to bid for that product at the maximum starting price and the second number represents the number of tranches that the Qualified Bidder is willing to bid for that product at the minimum starting price. The preliminary interest at a given price (the minimum starting price or the maximum starting price) must not exceed the indicative offer at that price. However, the sum of the preliminary interests across all products at a given price may exceed the indicative offer at that price.
- IV.2.8. The indicative offer is important in two (2) respects. First, the Auction Manager may use the indicative offers and preliminary interests to inform the setting of the round 1 prices. Second, the indicative offer at the maximum starting price determines the bidder's "initial

## Pre-Auction Processes

eligibility”, which is the maximum number of tranches that a bidder can bid in the first round of the auction.

**IV.2.9. Each Qualified Bidder must post pre-bid security sufficient to support its indicative offer at the maximum starting price.**

- Each bidder must post a pre-bid letter of credit or cash in an amount of \$500,000 per tranche of the bidder's indicative offer at the maximum starting price;
- Each bidder that relies on the financial standing of a guarantor must, in addition to a pre-bid letter of credit or cash, provide a “letter of intent to provide a guaranty”, which is a document executed by an authorized representative of the guarantor. A bidder may also be required to submit a “letter of reference”, which is a document from a financial institution in support of the bidder's indicative offer;
- If a bidder is advised that a letter of intent to provide a guaranty and/or a letter of reference is required for a given amount, a bidder may elect instead to increase its pre-bid letter of credit or cash by that amount.
- A foreign bidder or a bidder desiring to rely on the creditworthiness of a foreign entity must, as a condition of being able to rely on the financial standing of such entity, provide the executed additional documents required under the Master SSO Supply Agreement, such as an opinion from foreign counsel and a draft sworn certificate of the corporate secretary for evaluation by AEP Ohio, incorporating all changes required by AEP Ohio upon review of the draft documents submitted with the Part 1 Application. A bidder that does not satisfy this requirement will be subject to the credit-based tranche cap and will be required to provide the pre-bid security required when such bidder may not rely on the financial standing of such entity.

Each Qualified Bidder will be advised of the pre-bid security that it must post with its Part 2 Application in its Part 1 Notification. The maximum amount of pre-bid security required per tranche is determined on the basis of the Independent Credit Requirement per Tranche (“ICRT”) due at the time of execution of the Master SSO Supply Agreement and will be announced prior to each auction.

**IV.2.10. A Bidder that posts cash must request wire instructions from the Auction Manager and must acknowledge the conditions under which such cash may be drawn.**

**IV.2.11. The standard form of the pre-bid letter of credit and other credit documents that are acceptable to AEP Ohio will be posted to the CBP website.**

**IV.2.12. Pre-bid security will remain in full force, at a minimum, until the tenth (10<sup>th</sup>) day after the start of the auction. Subsequently, a bidder's pre-bid letter of credit or cash will be returned: (a) as soon as practicable after the Commission's decision on the auction results if the bidder has won no tranches, and (b) as soon as practicable after the bidder has signed the Master SSO Supply Agreement and has complied with all creditworthiness requirements of the Master SSO Supply Agreement for the tranches that it has won.**

**IV.2.13. AEP Ohio can collect on the pre-bid letter of credit or AEP Ohio can draw upon cash posted if a bidder wins tranches but fails to sign the Master SSO Supply Agreement or fails to comply with the creditworthiness requirements within three (3) days of acceptance of the auction results by the Commission.**

## Pre-Auction Processes

- IV.2.14.** Bidders will have an opportunity to request modifications to the standard credit instruments in advance of qualification. All modifications accepted to these credit instruments for the benefit of a single bidder will be made available to all bidders on an optional basis. The prospective bidder, in its Part 2 Application, must provide the required executed credit documents that either use the standard form or incorporate only those modifications to the standard form that are acceptable to AEP Ohio.
- IV.2.15.** Bidders will have the opportunity once a year to participate in an Alternate Guaranty Process in advance of qualification. AEP Ohio and the Auction Manager will consider only an alternate form of guaranty if it has been used by the guarantor in its normal course of business. The Alternate Guaranty Process, including specific criteria for approval, is described in the Alternate Guaranty Process document. In particular, the alternate form of guaranty must provide credit protections to AEP Ohio and its customers that are substantially similar to the credit protections provided to AEP Ohio by the standard form of guaranty. A supplier unable to use the standard form of guaranty provided as Attachment D to the Master SSO Supply Agreement may submit an alternate form of guaranty for consideration by AEP Ohio including any required modifications, revisions, and other documents identified as necessary for acceptability by AEP Ohio.
- IV.2.16.** Part 2 Applications must be submitted to the Auction Manager no later than 12 PM (noon) on the Part 2 Date. Qualified Bidders will be notified by the Auction Manager whether they have met all the requirements to become a Registered Bidder no later than five (5) days after the Part 2 Date (the "Part 2 Notification Date"). The Auction Manager sends the "Part 2 Notification" to bidders that have met all the requirements to become a Registered Bidder. With the Part 2 Notification, the Auction Manager will send to each Registered Bidder its initial eligibility, the list of Registered Bidders, and the total initial eligibility in the auction across all Registered Bidders. The "total initial eligibility" is the sum across all Registered Bidders of the indicative offers at the maximum starting price. Qualified Bidders, in their Part 2 Applications, will have undertaken to maintain the confidentiality of the list of Registered Bidders and the total initial eligibility, and to destroy documents including electronic files with this information provided by the Auction Manager within five (5) days of the Commission decision on the auction results.
- IV.2.17.** No later than three (3) days before the auction, the Auction Manager will inform all Registered Bidders of the round 1 prices in the auction. The round 1 prices will be no higher than the maximum starting price and no lower than the minimum starting price. The Auction Manager will set the round 1 prices.
- IV.2.18.** The Auction Manager may reduce the volume prior to the auction if indications of interest are such that doing so is required to promote more competitive bidding. The reduction in volume would be effected by reducing the number of tranches to be procured from each product in proportion to its initial tranche target. The Auction Manager will advise bidders of this fact.
- IV.2.19.** The Auction Manager will also provide to AEP Ohio, Commission Staff and Commission Consultant the list of Registered Bidders and the total initial eligibility in the auction.

## Pre-Auction Processes

**IV.3. Sanctions for Failing to Comply with the Part 1 and Part 2 Applications**

- IV.3.1. Sanctions can be imposed on a bidder for failing to disclose information relevant to determining associations, for coordinating with another bidder, or for failing to abide by any of the certifications that it will have made in its Part 1 and Part 2 Applications.
- IV.3.2. Such sanctions can include, but are not limited to, termination of the Master SSO Supply Agreement, loss of all rights to provide SSO supply for AEP Ohio to serve any load won by such bidder, forfeiture of financial guarantees and other fees posted or paid, prosecution under applicable state and federal laws, debarment from participation in future competitive bidding processes, and other sanctions that may be appropriate.
- IV.3.3. The Auction Manager, in its report submitted to the Commission at the conclusion of the auction, will make a recommendation on a possible sanction for any bidder that violates any of its undertakings under the Part 1 or the Part 2 Application process or that fails to disclose information required by the Part 1 or the Part 2 Application process.

**IV.4. Application Processing**

- IV.4.1. The Auction Manager, for the purposes of the auction, provides all notifications to the Representative by email unless specifically instructed otherwise by a bidder. Any notification or other written communication from the Auction Manager to a bidder that is sent by email will be sent to the email addresses provided for the Representative and the Representative's Nominee(s) as defined in Paragraph IV.4.5. Any such notification or communication will be deemed received by the bidder at the time of delivery or transmission, provided that when delivery or transmission occurs after 6 PM on a business day or occurs on a day that is not a business day, receipt will be deemed to occur at 9 AM on the following business day.
- IV.4.2. Bidders submit to a two-step application process. Part 1 Applications are submitted during the Part 1 Window. The last day of the Part 1 Window is the Part 1 Date. All materials for the Part 1 Applications must be received by 12 PM (noon) on the Part 1 Date.
- IV.4.3. The Part 1 Application consists of the online Part 1 Form and attachments that are uploaded to the "application website". Bidders will be provided logon credentials for the application website upon submitting an expression of interest to the Auction Manager.
- IV.4.4. The Auction Manager reviews a Part 1 Application on the day of receipt and provides the bidder with an assessment of whether or not the Part 1 Application is complete and consistent with the requirements. If a bidder receives a notice from the Auction Manager that the Part 1 Application is deficient or requires clarification, and if the bidder does not respond by the time required in the notice, the bidder will not be qualified. A bidder provides any additional information that is required exclusively through the online Part 1 Form or through upload of attachments to the application website. Any communication from the bidder to the Auction Manager by email, for example to advise the Auction Manager that the online Part 1 Form has been updated, should be addressed to AEP-CBP@nera.com.

## Pre-Auction Processes

- IV.4.5. Appendix B to the Part 1 Form may be used at any time by the Representative to provide contact information for up to four (4) individuals to be included in electronic communications from the Auction Manager (the Representative himself or herself, as well as three "Nominees").
- IV.4.6. A bidder is qualified pursuant to a successful Part 1 Application if its Part 1 Application is received on or before 12 PM (noon) on the Part 1 Date and if its Part 1 Application is complete and consistent with all requirements. All bidders that are qualified pursuant to a successful Part 1 Application are "Qualified Bidders". The Auction Manager will notify each bidder regarding its status by the Part 1 Notification Date. Along with the Part 1 Notification, the Auction Manager will also send to each Qualified Bidder a list of all Qualified Bidders and a creditworthiness assessment that details the pre-bid security to be provided with the Part 2 Application.
- IV.4.7. Qualified Bidders that wish to participate in the auction must also submit a Part 2 Application to the Auction Manager. Only Qualified Bidders may submit Part 2 Applications. Part 2 Applications are processed during a specific timeframe, the "Part 2 Window". The last day of the Part 2 Window is the Part 2 Date. All materials for the Part 2 Applications must be received by 12 PM (noon) on the Part 2 Date.
- IV.4.8. The Part 2 Application consists of the online Part 2 Form and pre-bid security. The Part 2 Application requires the submission of an indicative offer as well as an executed pre-bid letter of credit or cash. A bidder may also be required to submit a letter of intent to provide a guaranty, proposed guaranty, supplemental documents (i.e. legal opinion(s) of guarantor's counsel) and/or a letter of reference from a financial institution. For auctions with several products, bidders must also submit preliminary interest in each product. The pre-bid security instruments must be provided in a form acceptable to AEP Ohio and must be sufficient to support the indicative offer at the maximum starting price.
- IV.4.9. The Auction Manager reviews a Part 2 Application on the day of receipt and provides the bidder with an assessment of whether or not the Part 2 Application is complete and consistent with the requirements. If a bidder receives a notice from the Auction Manager that the Part 2 Application is deficient or requires clarification, and if the bidder does not respond by the time required in the notice, the bidder will not be registered. A bidder provides any additional information that is required exclusively through the online Part 2 Form or through sending pre-bid security in the manner appropriate to the specific pre-bid security instrument. Any communication from the bidder to the Auction Manager by email, for example to advise the Auction Manager that the online Part 2 Form has been updated, should be addressed to AEP-CBP@nera.com.
- IV.4.10. A bidder is registered pursuant to a successful Part 2 Application if its Part 2 Application is received on or before 12 PM (noon) on the Part 2 Date and if its Part 2 Application is complete and consistent with the requirements. All bidders that are registered pursuant to a successful Part 2 Application are "Registered Bidders". The Auction Manager will notify each bidder regarding its status by the Part 2 Notification Date. Along with the Part 2 Notification, the Auction Manager will also send to each Registered Bidder a list of all Registered Bidders, the total initial eligibility in the auction, as well as the Bidder User Manual. Neither the list of Registered Bidders nor the total initial eligibility in the auction will be released publicly.

Pre-Auction Processes

**IV.5. Extraordinary Events**

- IV.5.1.** An extraordinary event must be agreed to by AEP Ohio and the Auction Manager. Such events could include, but are not limited to, the advent of war, the disruption of a major supply source, or other events that could affect significantly the cost of supply.
- IV.5.2.** This section is applicable to a situation where AEP Ohio and the Auction Manager agree that an extraordinary event has occurred between the time at which the minimum starting price and the maximum starting price are announced and the day on which bidding starts.
- IV.5.3.** The Auction Manager may determine that, due to extraordinary events, the minimum starting price and the maximum starting price require revision. The Auction Manager will determine the revised minimum starting price and revised maximum starting price. The Auction Manager may also revise the schedule for the auction. The Auction Manager will announce to bidders any revision to the maximum starting price, to the minimum starting price, or to the schedule.
- IV.5.4.** If the indicative offers and preliminary interests have already been received, the Auction Manager will require new indicative offers and preliminary interests from bidders based on the revised minimum starting price and revised maximum starting price. The Auction Manager will establish a schedule that affords bidders sufficient time to revise their indicative offers, preliminary interests, and pre-bid security.



## General Bidding Provisions

**ARTICLE V. General Bidding Provisions****V.1. Rounds**

- V.1.1. The auction format is a multiple-round descending-price clock auction.
- V.1.2. Each round of the auction is divided into three (3) phases: a bidding phase, a calculating phase, and a reporting phase.
- V.1.3. In the “bidding phase” of the round, bidders place bids. A bidder can modify its bid as long as the bidding phase of the round is open. The valid bid is the last received bid that is submitted and verified during the bidding phase and processed by the Auction Software. A valid bid is a firm commitment to supply the number of tranches indicated at the price of the round and a valid bid cannot be rescinded. A bidder with positive eligibility must submit a bid in every round (even when the bidder’s bid does not change).
- V.1.4. The “calculating phase” immediately follows the bidding phase. In the calculating phase of the round, the Auction Manager tabulates the results of that round’s bidding phase and calculates the prices for the next round. During this phase, bidders cannot submit bids and bidders do not yet have access to the results from that round’s bidding phase.
- V.1.5. The “reporting phase” immediately follows the calculating phase. In the reporting phase of the round, the Auction Manager informs the bidders of the results of that round’s bidding phase. Each bidder privately receives the results of its own bid from that round. All bidders are informed of the going prices for the next round’s bidding phase and are provided with a range of total excess supply in the auction. The “going prices” in a round are the prices at which the Auction Manager is soliciting bids in that round.
- V.1.6. The Auction Manager provides the times of the start and end of each phase of the rounds to the bidders with the Bidder User Manual. The schedule is subject to change at the Auction Manager’s discretion and bidders will be advised of any changes in the schedule through the Auction Software.

**V.2. Decrements**

- V.2.1. The percentage decrease of the going price for a product from one round to the next is called a “decrement”. The Auction Manager will define a relationship whereby the decrement for a product will be positively related to the difference between the number of tranches bid and the tranche target for that product. This relationship may differ by product.
- V.2.2. The decrement relationships, in the form of an equation or a table, will be provided to bidders in the Bidder User Manual.
- V.2.3. The Auction Manager has the discretion in any round to override the decrement relationship for any product. The Auction Manager would advise bidders when it uses such discretion.
- V.2.4. Prices will be rounded off to the nearest cent.

## General Bidding Provisions

**V.3. Miscellaneous Provisions**

- V.3.1.** The Auction Manager can call a time-out to the auction at any time during a round. A “time-out” will suspend activity in the auction. It is intended that a “time-out” will last a period generally less than one hour; however, the Auction Manager retains the discretion to suspend activity for a longer period if necessary. Whenever a time-out is called, the Auction Manager reports to all bidders how long the time-out is expected to last.
- V.3.2.** If there is insufficient supply for the tranches to ensure competitive bidding, the Auction Manager will reduce the volume. The reduction in volume would be effected by reducing the number of tranches to be procured from each product in proportion to its initial tranche target. The Auction Manager will advise bidders of such reductions. The criteria that could lead to such a reduction will be determined prior to the auction but will not be announced to bidders. Once certain pre-specified criteria have been met, the discretion to reduce the volume will be eliminated and there will be no reduction in volume. Thus, any exercise of this discretion would be more likely in the earlier rounds of the auction.
- V.3.3.** A bidder with zero eligibility will lose its ability to view the auction results through the Auction Software within three (3) rounds.

**V.4. Bidding Procedures**

- V.4.1.** The primary bidding method for the auction is the electronic submission of bids through the Auction Software. The Auction Manager will hold a trial auction for the purposes of bidder training. Participation at the trial auction is optional.
- V.4.2.** The secondary bidding method for the auction is by phone. If a bidder is experiencing technical difficulty and cannot submit a bid using the Auction Software, the bidder calls a technical assistant who enters the bidder's bid on the bidder's behalf.
- V.4.3.** It is the bidder's sole and entire responsibility to submit a bid on time whether using the primary or secondary bidding method.

## Bidding Rules for Single Product Auctions

**ARTICLE VI. Bidding Rules for Single Product Auctions****VI.1. Round 1 of the Auction**

- VI.1.1. The round 1 price is announced to Registered Bidders no later than three (3) days prior to the start of the auction.
- VI.1.2. A “bid” consists of the number of tranches that the bidder wants to supply at the going price of the round (for round 1, this is the round 1 price).
- VI.1.3. A bid in round 1 must satisfy the following condition: the number of tranches bid cannot exceed the bidder’s initial eligibility. The bidder’s initial eligibility is the number of tranches in the bidder’s indicative offer at the maximum starting price. Because the number of tranches in the indicative offer at the maximum starting price cannot exceed the load cap, the number of tranches bid in round 1 will also be at or below the load cap.
- VI.1.4. A bidder is not required to bid in round 1 the same number of tranches as in the bidder’s indicative offer at the maximum starting price. A bidder may bid fewer tranches than the bidder’s initial eligibility (including bidding zero tranches).
- VI.1.5. If the number of tranches bid by all bidders exceeds the number of tranches available, the auction proceeds to round 2. During the reporting phase of round 1, the Auction Manager informs all bidders of the going price for round 2 as well as a range of total excess supply. The going price for round 2 is lower than the round 1 price. The “total excess supply” is the greater of: (i) zero; or (ii) the number of tranches bid less the tranche target. The possible ranges of total excess supply will be provided to bidders in the Bidder User Manual.
- VI.1.6. During the reporting phase of round 1, the Auction Manager informs each bidder individually of the result of its bid. In particular, the Auction Manager informs each bidder of its “eligibility” for round 2, which is the maximum number of tranches that the bidder can bid in round 2. The eligibility of a bidder for round 2 is the number of tranches that the bidder bid in round 1.

**VI.2. Round 2 and Subsequent Rounds**

- VI.2.1. A bid specifies the number of tranches that the bidder wants to supply at the going price for the round.
- VI.2.2. In round 2 and in any subsequent round, a bid must satisfy the following condition: the number of tranches bid cannot exceed the bidder’s eligibility for that round. A bidder’s eligibility in a round is the number of tranches the bidder bid in the previous round.
- VI.2.3. A bidder can either select to bid the same number of tranches as it bid in the previous round or it can select to bid fewer tranches. A bidder cannot increase the number of tranches bid from the previous round. As stated in Paragraph VI.1.3., the number of tranches bid in round 1 is at or below the load cap. Thus, the number of tranches bid by a bidder is at or below the load cap for the entire auction.

## Bidding Rules for Single Product Auctions

- VI.2.4. If a bidder selects to bid fewer tranches than in the previous round, the bidder “withdraws” tranches from the auction. The bidder is required to specify an exit price for the tranches that the bidder is withdrawing. An “exit price” is a last and best offer for the tranches withdrawn. An exit price must be less than or equal to the going price in the previous round and must be greater than the going price in the current round. A bidder that withdraws tranches loses the eligibility associated with these tranches and forfeits the right to bid these tranches for the remainder of the auction.
- VI.2.5. If there are more tranches bid than are available in a round, the auction proceeds to the next round. In the reporting phase of the current round, the Auction Manager informs all bidders of the going price for the next round as well as a range of total excess supply for the current round.
- VI.2.6. In the reporting phase, the Auction Manager also reports privately to each bidder the bidder’s eligibility for the next round. The eligibility of a bidder for the next round is the bidder’s eligibility for the current round less the number of tranches withdrawn in the current round.
- VI.2.7. A bidder that bids zero (0) tranches can no longer win at the auction if the auction proceeds to the next round. Such a bidder loses its access to the Auction Software no earlier than the round in which the bidder bids zero (0) tranches. Such a bidder loses its access to the Auction Software no later than three (3) rounds after it has no remaining obligation.
- VI.2.8. If it is not the case that the number of tranches bid by all bidders exceeds the number of tranches available, the auction ends in the reporting phase of the round. The Auction Manager informs bidders of the auction clearing price. The Auction Manager informs each bidder of the number of tranches it has won at the auction clearing price.
- VI.3. Failure to Submit a Bid**
  - VI.3.1. It is the bidder’s sole and entire responsibility to submit a bid on time whether using the primary or secondary bidding method. If a bidder with positive eligibility does not submit a bid in a round, the bidder is assigned a “default bid”. A default bid is a bid placed on behalf of the bidder that consists of the minimum number of tranches that the bidder could have bid.
  - VI.3.2. The default bid in round 1 is zero tranches for all products and the bidder cannot be a winner at the auction.
  - VI.3.3. The default bid in round 2 and all subsequent round is zero tranches. The exit price is equal to the going price in the previous round.
- VI.4. End of Auction**
  - VI.4.1. If the number of tranches bid by all bidders in the final round exactly equals the number of tranches that are available, the auction clearing price is the going price in the final round.
  - VI.4.2. If the number of tranches bid by all bidders in the final round falls short of the number of tranches available, the Auction Manager first accepts all bids at the going price of the

**Bidding Rules for Single Product Auctions**

final round. The Auction Manager then ranks the withdrawn tranches in ascending order of their exit price. The Auction Manager accepts enough tranches to award all available tranches, in order, starting with the lowest exit price. The auction clearing price is the exit price associated with the last awarded tranche and is the lowest price at which sufficient supply is bid for the tranches available.

- VI.4.3.** If the Auction Manager must award some but not all of the tranches from two (2) or more bidders that named the same exit price, the Auction Manager chooses at random, for each tranche, the bidder that will be awarded the tranche. For the first tranche needed at the tied exit price, the probability that a bidder is chosen is the number of tranches that the bidder has withdrawn at the exit price divided by the total number of tranches withdrawn at the exit price. If a second tranche is needed at the tied exit price, the Auction Manager again will choose at random the bidder whose tranche will be retained. The probability that any one bidder is chosen is the number of tranches that the bidder has withdrawn at the exit price and that have not yet been awarded divided by the total number of tranches withdrawn at the exit price and that have not yet been awarded. The Auction Manager repeats this procedure until all tranches available are awarded.
- VI.4.4.** The Auction Manager selects withdrawn tranches that are a result of default bids only if all bids at the going price and all tranches withdrawn by bidders (and not by default) are not sufficient to meet the number of tranches available. If the Auction Manager must award withdrawn tranches that are the result of default bids and two (2) or more bidders have default bids, the Auction Manager chooses at random, for each tranche, the bidder that will be awarded the tranche, in a procedure analogous to that described in the preceding paragraph.

## Bidding Rules for Multiple Product Auctions

**ARTICLE VII. Bidding Rules for Multiple Product Auctions****VII.1 Round 1**

- VII.1.1.** The round 1 prices are announced to Registered Bidders no later than three (3) days prior to the start of the auction.
- VII.1.2.** A “bid” consists of the number of tranches that the bidder wants to supply of each product at the going prices of the round (for round 1, these are the round 1 prices).
- VII.1.3.** A bid in round 1 must satisfy the following condition: the total number of tranches bid across all products cannot exceed the bidder's initial eligibility. The bidder's initial eligibility is the number of tranches in the bidder's indicative offer at the maximum starting price. Because the number of tranches in the indicative offer at the maximum starting price cannot exceed the load cap, the number of tranches bid in round 1 will also be at or below the load cap.
- VII.1.4.** A bidder is not required to bid in round 1 the same total number of tranches across all products as the number of tranches in the bidder's indicative offer at the maximum starting price. A bidder may bid fewer tranches than the bidder's initial eligibility (including bidding zero tranches).
- VII.1.5.** If the number of tranches bid by all bidders exceeds the number of tranches available for at least one product, the auction proceeds to round 2. During the reporting phase of round 1, the Auction Manager informs all bidders of the going prices for round 2 as well as a range of total excess supply. The “excess supply” for a product is the number of tranches bid less the tranche target. The “total excess supply” is the sum across all products of the greater of: (i) zero; or (ii) the excess supply for the product; plus any free eligibility, as defined below in Paragraph VII.2.17. The going price for round 2 for a product is lower than the round 1 price if and only if the number of tranches bid for that product was greater than the tranche target for that product. The possible ranges of total excess supply will be provided to bidders in the Bidder User Manual.
- VII.1.6.** During the reporting phase of round 1, the Auction Manager informs each bidder individually of the result of its bid. In particular, the Auction Manager informs each bidder of its “eligibility” for round 2, which is the maximum number of tranches that the bidder can bid in round 2. The eligibility of a bidder for round 2 is the total number of tranches that the bidder bid in round 1.

**VII.2 Round 2 and Subsequent Rounds**

- VII.2.1.** A bid specifies the number of tranches that the bidder wants to bid of each product at the going prices of the round.
- VII.2.2.** In round 2 and in any subsequent round, a bid must satisfy the following condition: the total number of tranches bid across all products cannot exceed the bidder's eligibility for that round. A bidder's eligibility in round 2 is the number of tranches the bidder bid in round 1. A bidder's eligibility in round 3 and any subsequent round is the bidder's

## Bidding Rules for Multiple Product Auctions

eligibility in the immediately preceding round less any tranches withdrawn in the immediately preceding round, as further defined below.

- VII.2.3. A bidder can either select to bid the same total number of tranches as it bid in the previous round or it can select to bid fewer tranches. A bidder cannot increase the total number of tranches bid from the previous round. As stated in Paragraph VII.1.3, the total number of tranches bid in round 1 is at or below the load cap. Thus, the total number of tranches bid by a bidder is at or below the load cap for the entire auction.
- VII.2.4. If a bidder selects to bid fewer tranches across all products than in the previous round, the bidder is requesting to “withdraw” tranches from the auction for at least one product. A bidder can only withdraw tranches from a product when the price for that product has ticked down from the previous round. The bidder is required to specify an exit price for the tranches that the bidder is withdrawing from a product. An “exit price” is a last and best offer for the tranches withdrawn from a product. An exit price for a product must be less than or equal to the going price in the previous round for that product and must be greater than the going price in the current round for that product. The exit price is the same for all tranches withdrawn from a product but exit prices for different products need not be the same. A bidder that withdraws tranches loses the eligibility associated with these tranches and forfeits the right to bid these tranches for the remainder of the auction. A bidder that requests to withdraw tranches from a product may see its request refused, as explained further below.
- VII.2.5. If a bidder selects to bid the same number of tranches across all products as in the previous round, the bidder may request a “switch”, which means that the bidder decreases the number of tranches bid for one or more products and increases the number of tranches bid for one or more products while leaving the total number of tranches bid unchanged. As is the case when a bidder is reducing the number of tranches bid on a product because the bidder is requesting to withdraw tranches, a bidder can reduce the number of tranches bid on a product through a switch only if the price for that product has ticked down from the previous round. A bidder may increase the number of tranches bid on a product whether or not the price for that product has ticked down. A bidder that requests a switch may be required to provide switch priorities, as defined further below. A bidder that requests a switch may see its request refused, as explained further below.
- VII.2.6. A bidder may both withdraw and switch tranches, which means that the bidder bids on fewer tranches than in the previous round in total but that the bidder increases the number of tranches bid on at least one product. If a bidder is both switching and withdrawing, a bidder can reduce tranches on a particular product only if the going price for that product has decreased from the previous round.
- VII.2.7. The Auction Manager fills the tranche target of a product in price order. First, the Auction Manager uses tranches bid at the going price, then the Auction Manager denies requests to withdraw and retains tranches starting with those bid at the lowest exit prices, and as necessary, the Auction Manager denies requests to switch and retains tranches at the last price at which these tranches were freely bid.
- VII.2.8. The Auction Manager relies on exit prices when the number of tranches bid on a product at the going price falls short of that product’s tranche target due to reductions from withdrawals or due to reductions from withdrawals and switches. The Auction Manager

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will then refuse some or all requests to withdraw, as needed to fill the tranche target of the product. The tranches with lower exit prices are “retained” first, and they are retained at the exit price that the bidder has named. A bidder loses the eligibility corresponding to the withdrawn tranches even if the withdrawn tranches from the product are retained. Any withdrawn tranches that are retained in a round will be released (and the request to withdraw will be accepted at that later point) if new tranches for the product are bid at the going price and serve to fill the tranche target for that product in place of the withdrawn tranches.

- VII.2.9. If two or more bidders are tied at an exit price, and if the Auction Manager must retain some but not all the tranches from these tied bidders to fill the tranche target of a product, then the Auction Manager, for each tranche to be retained, will choose at random the bidder whose tranche is retained. For the first tranche needed at the tied exit price, the probability that a bidder is chosen is the number of tranches that the bidder has bid at the exit price divided by the total number of tranches bid at the exit price. If a second tranche is needed at the exit price, the Auction Manager again will choose the bidder whose tranche will be retained at random. The probability that any one bidder is chosen is the number of tranches that the bidder has bid at the exit price and that have not yet been retained divided by the total number of tranches bid at the exit price and that have not yet been retained. The Auction Manager repeats this procedure until the tranche target for the product is filled.
- VII.2.10. When there are three (3) or more products in the auction, a bidder may increase the number of tranches bid on more than one product. In that case, the bidder must assign a unique switch priority to each of the products for which the bidder is increasing the number of tranches bid. A switch priority of ‘1’ is the highest priority and it is assigned to only one product; the next highest priority is ‘2’ and it is assigned to a different and unique product, etc. A “switch priority” indicates that, if the request to switch is partially but not completely accepted, the bidder prefers that the tranches of the product with the highest priority be increased first (followed by the product with the next highest priority, etc.).
- VII.2.11. The Auction Manager will deny requests to switch only when, to keep the tranche target of a product filled, the Auction Manager must retain all tranches that were withdrawn out of that product (if any) and must deny some, or all, reductions from that product that come from switches. A “denied switch” is a tranche that the Auction Manager retains in this manner. The denied switches are retained at the price at which they were last freely bid. When there are three (3) or more products in the auction, the Auction Manager will use the switch priorities provided by a bidder when, to keep the tranche target for a product filled, the Auction Manager must deny some, but not all, reductions from that product that come from that single bidder's switch. The Auction Manager will fill the needed number of tranches for that product by denying the lowest priority (1 is the highest priority) switch first, and then successively denying higher priority switches until the tranche target is met.
- VII.2.12. If there are several bidders that requested switches, and some, but not all switches must be denied, for each tranche of the tranche target that must be filled by denying a reduction from a switch, the Auction Manager chooses at random the bidder whose switch is denied. For the first switch that must be denied, the probability that the Auction Manager chooses a tranche bid by a bidder requesting a switch is the number of tranches by which the bidder's bid on the product is reduced by the switch and that could be denied, divided by the total number of tranches by which the number of tranches bid on the product is reduced by switches from all bidders and that could be denied. If a second



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switch must be denied, the Auction Manager again chooses at random the bidder whose switch will be denied. The probability that the Auction Manager chooses a tranche bid by a bidder requesting a switch is the number of tranches by which the bidder's bid on the product is reduced by the switch and that could have but have not yet been denied, divided by the total number of tranches by which the number of tranches bid on the product is reduced by all switches from bidders and that could have been but have not yet been denied. The Auction Manager repeats this procedure until the tranche target for the product is filled.

- VII.2.13.** When there are three (3) or more products in the auction, a bidder that is both switching and withdrawing can reduce the number of tranches bid for more than one product, and increase the number of tranches bid for at least one product. In that case, the bidder will be asked to specify which tranches are withdrawn and which tranches are switched. The tranche or tranches that the bidder specifies to be withdrawn are the tranche(s) for which the bidder will name an exit price. The bidder may also be required to specify switch priorities if the bidder is increasing the number of tranches bid on more than one product.
- VII.2.14.** If total excess supply is strictly positive in a round, that is, there are more tranches bid than are available for at least one product or there is free eligibility as defined below in Paragraph VII.2.17, the auction proceeds to the next round. In the reporting phase of the current round, the Auction Manager informs all bidders of the going prices for the next round. The Auction Manager provides to all bidders a range for the total excess supply for the round that has just been completed.
- VII.2.15.** In the reporting phase, the Auction Manager also reports privately to each bidder the bidder's eligibility for the next round and the result of the bidder's own bid.
- If a bidder requested withdrawals or switches, and if all requests are accepted, the Auction Manager reports the bid made.
  - If the bidder requested to withdraw tranches from a product and some or all of these tranches are retained, the Auction Manager informs the bidder of the number of withdrawn tranches that are being retained and the exit price at which these tranches are retained. While eligibility to bid these tranches in the auction is lost for the remainder of the auction, these tranches still remain as binding offers by the bidder until the request to withdraw is granted (which may or may not occur). If these tranches are retained until the end of the auction, the bidder wins the tranches.
  - If a bidder requested a switch, and if some or all of these are denied, the Auction Manager informs the bidder of the number of tranches for which the switch is denied and the prices at which these tranches are retained, which is the last price at which the tranches were freely bid.
  - If a bidder had one or more tranches retained from a requested withdrawal in a prior round, these tranches may be released and the withdrawal granted in the current round as new tranches bid at the going price replace the tranches retained from withdrawals in filling the tranche target. In that case, the Auction Manager reports privately to a bidder if a tranche (that had been withdrawn from a product and that had been retained) is now being released and thereby irrevocably removed from the auction.
  - If a bidder had denied switches in a prior round, the Auction Manager continues to report in the current round that some or all of these switches are being denied in subsequent rounds as long as they are still needed to fill the product's tranche target.

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These tranches may be “outbid” as new tranches bid at the going price replace the denied switches in filling the tranche target.

- VII.2.16.** If switches from more than one bidder are retained, and if not all denied switches are outbid, the Auction Manager chooses at random, for each denied switch that will be outbid, the bidder whose switch will be outbid. For the first denied switch that is outbid, the probability that the Auction Manager chooses a bidder's denied switch is the bidder's number of denied switches divided by the total number of denied switches for that product. If a second denied switch must be outbid, the Auction Manager again will choose at random the bidder whose denied switch will be outbid. The probability that the Auction Manager chooses a bidder's denied switch is the bidder's number of denied switches that have not yet been outbid divided by the total number of denied switches that have not yet been outbid. The Auction Manager repeats this procedure until the required number of denied switches has been outbid.
- VII.2.17.** A tranche from a denied switch for a bidder that is outbid by another bidder becomes “free eligibility” in the next round. A tranche of free eligibility must be bid on a product in the round in which it becomes available or the eligibility for that tranche will be lost. A tranche of free eligibility can be bid on any product. If a tranche of free eligibility is not bid and thus not used to increase the number of tranches bid on a product, then the tranche of free eligibility is considered to be withdrawn. When a tranche of free eligibility is withdrawn, the bidder does not name an exit price and the tranche will not be retained.
- VII.2.18.** A tranche from a denied switch for a bidder that is outbid by that same bidder becomes a tranche bid at the going price. If a bidder has retained tranches on a product from a denied switch and if this bidder bids new tranches for this same product at the going price, the bidder will be deemed to have bid all tranches at the going price for that product. Tranches from the denied switch become tranches that are bid at the going price.
- VII.2.19.** If withdrawn tranches from more than one bidder had been retained at the same exit price, and if not all retained tranches at that exit price are being released, the Auction Manager chooses at random the bidder or bidders whose tranches are released and thereby irrevocably removed from the auction. For the first retained tranche that should be released, the probability that a bidder is chosen is the bidder's number of retained tranches for the product at the tied exit price divided by the total number of retained tranches at that exit price for that product. If a second retained tranche needs to be released, the Auction Manager again will choose at random the bidder whose retained tranche will be released, and the probability that any one bidder is chosen is the bidder's number of retained tranches at the tied exit price that have not yet been released divided by the total number of retained tranches at the tied exit price that have not yet been released. The Auction Manager repeats this procedure until the required number of tranches has been released.
- VII.2.20.** A bidder has no remaining obligation when the bidder has zero eligibility and has no retained withdrawals. A bidder that has no remaining obligation can no longer win at the auction. Such a bidder loses its access to the Auction Software no earlier than the round after the bidder has been first informed that it has no remaining obligation. Such a bidder loses its access to the Auction Software no later than three (3) rounds after it has no remaining obligation.

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**VII.2.21.** If the total excess supply is zero in a round, the auction ends in the reporting phase of the round. The auction ends for all products at the same time. The Auction Manager informs bidders of the auction clearing price for each product. The Auction Manager informs each bidder of the number of tranches it has won of each product at that product's auction clearing price.

### **VII.3. Failure to Submit a Bid**

**VII.3.1.** It is the bidder's sole and entire responsibility to submit a bid on time whether using the primary or secondary bidding method. If a bidder with positive eligibility does not submit a bid in a round, the bidder is assigned a "default bid". A default bid is a bid placed on behalf of the bidder that consists of the minimum number of tranches that the bidder could have bid for each product.

**VII.3.2.** The default bid in round 1 is zero tranches for all products and the bidder cannot be a winner at the auction.

**VII.3.3.** The default bid in round 2 and all subsequent rounds is described in this paragraph.

- If the bidder had some tranches of free eligibility, these tranches are deemed to be withdrawn and are irrevocably removed.
- If, in the previous round, a bidder did not bid any tranches on a product at the going price and, in the reporting phase of that round, the Auction Manager reported that the bidder did not have any retained withdrawals or denied switches for that product, then the bidder is assigned zero tranches for that product.
- If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product at the going price for the previous round, and if the product's price ticked down from the previous round to the current round, then the bidder is deemed to have withdrawn all tranches at the highest exit price, namely the price from the previous round. All tranches with a lower exit price are retained first, followed by tranches with the same exit price named by bidders that have submitted a bid in the current round, followed by tranches withdrawn by bidders with a default bid.
- If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product at the going price for that round, and/or retained withdrawals, and/or denied switches; if the product's price did not tick down from the previous round to the current round; and if there is excess supply for the product in the current round, so that the price will tick down in the next round, then: (i) all withdrawals that were previously retained are released and the bidder has no remaining obligation from those tranches; (ii) all switches that had previously been denied are outbid and the bidder is assigned free eligibility for those tranches; (iii) all tranches previously bid at the going price are bid again on the product at the going price. If the bidder does not bid in the next round these tranches will be withdrawn and assigned the highest exit price.
- If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product bid at the going price, and/or retained withdrawals, and/or denied switches; if the product's price did not tick down from that round to the current round; and if there is no excess supply for the product in the current round so that the price will not tick down in the next round, then: (i) any tranches bid at the going price continue to be bid at the going price; (ii) if any new tranches were bid on the product

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at the going price in the current round, the denied switches (if any) of bidders that have been assigned default bids are outbid first, before the denied switches of bidders that have submitted a bid in the current round are outbid. If more than one bidder has been assigned a default bid, and if some but not all denied switches from such bidders are outbid, then for each denied switch that must be outbid, the Auction Manager chooses at random among the default bidders the bidder whose switch is outbid, in a procedure analogous to that used for bidders that submitted a bid; (ii) if any new tranches were bid on the product at the going price in the current round, and if all denied switches from default bidders and from bidders that submitted a bid are outbid, retained withdrawals are released, starting with the highest named exit price. For a given exit price, tranches from bidders that have been assigned default bids (if any) are released first, before the retained withdrawals of bidders that have submitted a bid in the current round. If more than one bidder has been assigned a default bid, and if some but not all of the retained withdrawals from such bidders must be released at a given exit price, then for each retained withdrawal that must be released, the Auction Manager chooses at random among the default bidders the bidder whose withdrawn tranche is released, in a procedure analogous to that used for bidders that submitted a bid.

#### **VII.4. End of Auction**

- VII.4.1. If, the tranche target for a product in the final round is completely filled with tranches bid at the going price from the final round, the winners are those that submitted bids at the going price in the final round. The auction clearing price for that product is the going price from the final round.
- VII.4.2. If, to fill the tranche target for a product in the final round, withdrawn tranches must be retained, but no switches were denied, then the winners are the bidders that submitted bids at the going price from the final round and the bidders that submitted the lowest of the exit prices. If, to fill the tranche target of a product in the final round, the Auction Manager must use some but not all the tranches from two or more bidders tied at the same exit price, then the Auction Manager, for each tranche, will choose at random the bidder whose tranche is retained. The auction clearing price given to all winners is the last exit price that was accepted to fill the tranche target.
- VII.4.3. If, to fill the tranche target for a product in the final round the Auction Manager must deny requests to switch, then the winners are the bidders that submitted bids at the going price from the final round, the bidders that withdrew tranches (if any), and the bidders whose requests to switch (by reducing the number of tranches of that product) were denied. The auction clearing price received by all winners is the price at which the denied switches were last freely bid.

## Post-Auction Process

**ARTICLE VIII. Post-Auction Process****VIII.1. Notification of Results**

**VIII.1.1.** At the conclusion of the auction, the Auction Manager prepares a report on the auction results, which will:

- Include a determination of whether the competitive bidding process rules were followed and if not, whether the violation was such as to invalidate the results of the auction;
- Recommend a possible sanction for any bidder that violates any of its undertakings under the Part 1 or the Part 2 Application process or that fails to disclose information required by the Part 1 or the Part 2 Application process;
- Identify for each product the winning bidders, the number of tranches won by each winning bidder, and the auction clearing price;
- Report any issues with the conduct of the auction; and
- Include an assessment of whether the bidding process was competitive.

**VIII.1.2.** The Auction Manager transmits its report to the Commission and the Commission Consultant. The Auction Manager advises the winning bidders in the auction when the report has been transmitted to the Commission.

**VIII.1.3.** The Commission has a two (2) business day window from the conclusion of the auction for review of the results. The Commission may reject the results of the auction, through an Order filed within the review window, based upon a report from the Auction Manager or the Commission Consultant that the auction violates a specific CBP rule in such a manner so as to invalidate the auction or if the Commission determines that one or more of the following criteria were not met:

- The auction was oversubscribed on the basis of the indicative offers received in the Part 2 Application;
- There were four or more bidders;
- No bidder won more than 80% of the tranches available at the start of the auction.

Otherwise, the Commission shall accept the auction results.

**VIII.1.4.** The Commission may announce its acceptance of the results of the auction. If the Commission does not act within the review window, the results of the auction are deemed accepted by the Commission at the expiration of the review window.

**VIII.1.5.** Upon acceptance of the auction results by the Commission:

- The Auction Manager will notify AEP Ohio of the identity of the winning bidders and the number of tranches won by each winning bidder for each product. The Auction Manager will confirm the auction clearing price for each product. The Auction Manager will also provide contact information for the winning bidders so as to enable AEP Ohio to contact the winning bidders to execute necessary documents.

## Post-Auction Process

- The Auction Manager will notify each winning bidder of how many tranches the bidder has won for each product and the Auction Manager will confirm the auction clearing price for each product.
- The Auction Manager also will notify the unsuccessful bidders that they have not won any tranches.

VIII.1.6. The names of the winning bidders, the number of tranches won by each bidder for each product, and the auction clearing price for each product will remain confidential until released publicly by the Commission or as required by law.

## **VIII.2. Execution of Master SSO Supply Agreement**

VIII.2.1. Each winning bidder and AEP Ohio will execute the Master SSO Supply Agreement within three (3) days of acceptance of the auction results by the Commission.

VIII.2.2. Each winning bidder must demonstrate compliance with the creditworthiness requirements set forth in the Master SSO Supply Agreement within three (3) days of acceptance of the auction results by the Commission.

VIII.2.3. *AEP Ohio can collect on the pre-bid letter of credit or AEP Ohio can draw upon cash posted if a winning bidder does not execute the Master SSO Supply Agreement within three (3) days of acceptance of the auction results by the Commission, if it fails to demonstrate compliance with the creditworthiness requirements set forth in the Master SSO Supply Agreement, or if it fails to agree to any of the terms of the Master SSO Supply Agreement. If AEP Ohio exercises its right to collect on the pre-bid letter of credit or to draw upon cash posted, then any contractual rights or other entitlements of the winning bidder will terminate immediately without further notice by AEP Ohio. In addition, the winning bidder will be liable for damages incurred by AEP Ohio, which will be determined in accordance with the terms of the Master SSO Supply Agreement as though the winning bidder were a defaulting party to the Master SSO Supply Agreement.*

VIII.2.4. The payment to SSO Suppliers for tranches won of a product will be the auction clearing price for that product times a seasonal factor. The seasonal factor for the summer, paid to the winning bidder from June 1 through September 30, will be higher than one (1). The seasonal factor for the winter, paid to the winning bidder in the remaining months, will be less than one (1). AEP Ohio will calculate the seasonal factors in advance of each auction in response to changing market conditions. The seasonal factors will be provided to bidders no later than four (4) days prior to the Part 2 Date and will be constant during the duration of the Master SSO Supply Agreement.

## Contingency Plans

**ARTICLE IX. Contingency Plans**

- IX.1.1.** *In certain circumstances purchases may be made under the Contingency Plans implemented through Paragraphs IX.1.2, IX.1.3, IX.1.4 and IX.1.5 or that are otherwise approved by the Commission. Costs of Contingency Plans will be deemed prudent and passed through AEP Ohio's retail rates.*
- IX.1.2.** If an auction fails to procure all needed SSO Supply, the unfilled tranches will be offered in the next auction under the CBP. If the delivery period for the unfilled tranches starts prior to the next scheduled auction under the CBP, AEP Ohio will procure SSO Supply in PJM-administered markets. In that case, AEP Ohio will procure such SSO Supply from the start of the delivery period until the last day of the month after the month during which the auction in which the unfilled tranches are offered is held.
- IX.1.3.** If unfilled tranches are re-bid in an auction, and they remain unfilled after being offered at auction a second time, AEP Ohio will procure SSO Supply in PJM-administered markets for the remainder of the delivery period of the unfilled tranches.
- IX.1.4.** If an SSO Supplier defaults, the defaulted tranches will be offered in the next auction under the CBP, as long as the default occurs prior to the Auction Manager's announcement of the products available at auction and as long as the delivery period of the defaulted tranches is at least six months. The delivery period of the defaulted tranches would start on the first day of the second month after the month during which the auction in which the defaulted tranches are offered is held. If necessary, AEP Ohio will procure SSO Supply in PJM-administered markets for the defaulted tranches until an SSO Supplier wins such tranches at the auction or for the remainder of the delivery period as the case may be.
- IX.1.5.** If defaulted tranches are offered at auction but are not filled, they become unfilled tranches, and they will be offered in the next auction under the CBP. If such unfilled tranches are re-bid in an auction, and they remain unfilled after being offered at auction a second time, AEP Ohio will procure SSO Supply in PJM-administered markets for the remainder of the delivery period of the defaulted tranches.
- IX.1.6.** All costs incurred by AEP Ohio in connection with a supplier default and with any Contingency Plan will be deemed prudent and passed through AEP Ohio's retail rates. The costs of purchases and/or sales made under the Contingency Plan associated with a defaulting supplier will be offset by amounts recovered from the supplier, liquid security or guarantees; however, the pass-through of any excess costs will not be limited to the amount of any such recovery. In some cases, such as when the termination costs incurred by AEP Ohio pursuant to the Master SSO Supply Agreement as a result of the supplier default are less than the costs that would have been incurred absent the default, payments may be due to the defaulting supplier. Such payments to the defaulting supplier will be deemed prudent costs associated with procuring supply for SSO Load and will be passed through AEP Ohio's retail rates.
- IX.1.7.** Any changes that the Commission may require concerning the timing and nature of replacement purchases may affect the costs of replacement supply for SSO Load in the event that not all available tranches are procured in any auction or a winning supplier defaults. The consequences of such changes will be borne by defaulting suppliers or passed through AEP Ohio's retail rates to the extent that they affect replacement costs.

## Associations and Handling of Confidential Information

**ARTICLE X. Associations and Handling of Confidential Information****X.1. Process for Reporting Associations, Identifying Concerns and Remedies**

- X.1.1.** A prospective bidder applying to qualify to bid will be required to disclose in its Part 1 Application any bidding agreement or arrangement in which it may have entered. A prospective bidder will be required to certify in its Part 1 Application that, should it qualify to participate, it will not disclose information regarding the list of Qualified Bidders. A prospective bidder also will be required to certify that it accepts the terms of the Master SSO Supply Agreement and, should it win tranches, it will sign the applicable Master SSO Supply Agreement and comply with all creditworthiness requirements by the stated deadline.
- X.1.2.** Once entities are qualified to bid, each Qualified Bidder will be asked in its Part 2 Application to make a number of certifications, each detailed in Section X.4 below, and each bidder may be required to provide additional information to the Auction Manager if a certification cannot be made. Each Qualified Bidder will be asked to certify that it will undertake to appropriately restrict its disclosure of Confidential Information Relative to Bidding Strategy and Confidential Information Regarding the Auction, as defined below. A Qualified Bidder also will be asked to certify that it has not and will not come to any agreement with another Qualified Bidder with respect to bidding in the auction, except as disclosed and approved by the Auction Manager in its Part 1 Application.
- X.1.3.** If a bidder cannot make all the certifications required, the Auction Manager will decide within five (5) days following the deadline to submit the Part 2 Application on a course of action on a case-by-case basis. To decide on this course of action, the Auction Manager may make additional inquiries to understand the reason for the inability of the bidder to make the certification. The Rules and Protocols for Participation by Associated Bidders provide specific procedures that will be followed when bidders that are associated with one another submit the Part 1 and Part 2 Applications to participate in an auction.
- X.1.4.** If Qualified Bidders do not comply with additional information requests by the Auction Manager regarding certifications required in the Part 2 Application, the Auction Manager may reject the application.
- X.1.5.** Sanctions may be imposed on bidders for failing to properly disclose information relevant to determining associations, for coordinating with another bidder without disclosing this fact, for releasing Confidential Information or disclosing information during the auction (aside from only the specific exceptions provided above with respect to entities explicitly named in the Part 1 Application as entities that are part of a bidding agreement or other arrangement, to an Advisor; or bidders with which it is associated). Such sanctions can include, but are not limited to, any one or more of the following: termination of the Master SSO Supply Agreement; the loss of all rights to serve any tranches won by such bidder; the forfeiture of letters of credit and other fees posted or paid; action (including prosecution) under applicable state and/or federal laws; attorneys' fees and court costs incurred in any litigation that arises out of the bidder's improper disclosure; debarment from participation in future competitive bidding processes; and/or other sanctions that may be appropriate. In such an event, the Auction Manager, in its report submitted to the Commission at the conclusion of the auction, will make a recommendation on a possible sanction.



## Associations and Handling of Confidential Information

**X.2. Confidential Information**

- X.2.1.** “Confidential Information Relative to Bidding Strategy” means information relating to a bidder’s bids, whether in writing or verbally, which if it were to be made public likely would have an effect on any of the bids that another bidder would be willing to submit. Confidential Information Relative to Bidding Strategy includes (but is not limited to): a bidder’s strategy; a bidder’s indicative offer; a bidder’s preference to bid on one product rather than another; the quantities that a bidder wishes to supply; the bidder’s estimation of the value of a tranche of one or more products; the bidder’s estimation of the risks associated with providing SSO Supply; and a bidder’s contractual arrangements for purchasing power to provide SSO Supply were the bidder to win tranches in the auction.
- X.2.2.** “Confidential Information Regarding the Auction” means information that is not released publicly by the Commission, AEP Ohio, or the Auction Manager and that a bidder acquires as a result of participating in the auction, whether in writing or verbally, which if it were to be made public could impair the integrity of current or future auctions, impair the ability of AEP Ohio to hold future competitive bidding processes, or harm consumers, or injure bidders or applicants. Confidential Information Regarding the Auction includes (but is not limited to): the list of Qualified Bidders, the list of Registered Bidders, the initial eligibility, the status of a bidder’s participation, and all non-public reports of results and announcements made by the Auction Manager to any or all bidders during the auction.
- X.2.3.** Absolute protection from public disclosure of the bidders’ data and information submitted as part of the CBP cannot be provided. By participating in the auction, each bidder acknowledges and agrees to the confidentiality provisions set forth herein, as well as any limitations thereto.
- X.2.4.** In addition, the bidder agrees the bidder’s data and information submitted as part of the CBP will be disclosed if required by any federal, state or local agency (including, without limitation, the Commission) or by a court of competent jurisdiction. However, AEP Ohio will endeavor to notify the bidder in advance of such disclosure. In any event, neither AEP Ohio nor the Auction Manager, nor any of their employees or agents, will be responsible to the bidders or any other party, or liable for any disclosure of such designated materials before, during or subsequent to the auction. Notwithstanding the above, AEP Ohio and the Auction Manager reserve the right to use and communicate publicly and/or to third parties any and all information/data submitted as part of the CBP in any proceedings before FERC, the Commission, and any other regulatory body and the courts, if necessary, without the prior consent/approval of, or notice to, any such bidder.

**X.3. Certifications and Disclosures – Part 1 Application**

- X.3.1.** Each bidder must disclose any bidding agreement or any other arrangement in which the prospective bidder may have entered and that is related to its participation in the auction. A prospective bidder that has entered into such an agreement or arrangement must name the entities with which the prospective bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the auction, or a bidding consortium, or any other arrangement pertaining to participating in the auction. A bidding consortium is a group of separate businesses or business people joining together to submit joint bids in the auction.

### Associations and Handling of Confidential Information

- X.3.2. Each bidder must certify that if the bidder qualifies to participate in the auction, the bidder will not disclose at any time information regarding the list of Qualified Bidders, including but not limited to the number of Qualified Bidders, the identity of any one of the Qualified Bidders (including the bidder itself), or the fact that an entity has not qualified for participation in the auction. A bidder unable to make this certification must identify the entity receiving such information and must explain the reasons for such disclosure.
- X.3.3. Each bidder must certify that it agrees to destroy any document distributed by the Auction Manager that lists the Qualified Bidders within five (5) days of the decision on auction results by the Commission, or earlier if so instructed by the Auction Manager.
- X.3.4. Each bidder must certify not to disclose any Confidential Information Relative to Bidding Strategy to any party that may have an effect on the participation of another bidder, prospective bidder, or on any of the bids that another bidder would be willing to submit. This certification must hold until the Commission's decision on auction results. A bidder unable to make this certification must identify the entity receiving such information and must explain the reasons for such disclosure.
- X.3.5. Each bidder must certify that, to the extent Confidential Information Relative to Bidding Strategy is disclosed within the bidder's organization or to a third party, the bidder will ensure that sufficient precautions are taken to ensure that such Confidential Information is not made public or made available to another bidder. Such precautions include, but are not limited to confidentiality agreements, non-disclosure agreements, firewalls, and other contractual or structural protections that would maintain the confidential nature of a bidder's bidding strategy. If unable to make this certification, the bidder is required to identify and explain any instances where such precautions were not taken and any breach of confidentiality that may have occurred as a result.

### **X.4. Certifications and Disclosures – Part 2 Application**

- X.4.1. A Qualified Bidder is associated with another Qualified Bidder if the two bidders have ties that could allow them to act in concert or that could prevent them from competing actively against each other. The competitiveness of the auction and the ability of the auction to produce competitive prices may be harmed by the coordinated or collusive behavior that associations facilitate. As the Auction Manager relies on a number of factors to assess and promote competitive bidding, including the number of independent bidders, providing inaccurate information or insufficient disclosure of associations in the Part 2 Application is prohibited.
- X.4.2. Each bidder will consult the list of Qualified Bidders provided with the Part 1 Notification in order to determine whether it can make the certifications. Unless noted otherwise, the certifications apply from the time of qualification of bidders until three days after the decision on auction results by the Commission.
- X.4.3. Each bidder must certify that it is not associated with another Qualified Bidder. A bidder that is unable to make this certification must identify the Qualified Bidder(s) with which it is associated and the nature of the association.
- X.4.4. Each bidder must certify that, other than parties explicitly named in the Part 1 Application as parties with whom it has entered into a bidding agreement, joint venture for the

## Associations and Handling of Confidential Information

purpose of bidding in the auction, bidding consortium or other arrangement pertaining to bidding in the auction, the bidder has not entered into any agreement with another Qualified Bidder, directly or indirectly, regarding bids in the auction, including, but not limited to, the amount to bid at certain prices, when or at what prices bids are to be withdrawn, or the amount of exit prices.

- X.4.5.** An Advisor is an entity or person(s) that will be advising or assisting a bidder with bidding strategy in the auction, with estimation of the value of tranches, or with the estimation of the risks associated with providing SSO supply. Each bidder must certify to one of the following: (i) the bidder has not retained an Advisor; or (ii) the bidder has retained an Advisor, the Advisor will not provide any similar advice or assistance to any other Qualified Bidder, and the Advisor will not be privy to Confidential Information relative to another Qualified Bidder's bidding strategy; or (iii) the bidder has retained an Advisor that will provide similar advice or assistance to another Qualified Bidder, or that will be privy to Confidential Information Relative to another Qualified Bidder's Bidding Strategy, but appropriate protections have been put into place to ensure that the Advisor does not serve as a conduit of information between, or as a coordinator of the bidding strategies of, multiple bidders. A bidder that is unable to make this certification must name the Advisor and the Qualified Bidder(s) concerned.
- X.4.6.** Each bidder must certify that it is not a party to any contract for the purchase of power that might be used as a source for SSO supply, and that (i) would require the disclosure of any Confidential Information (Confidential Information Relative to Bidding Strategy or Confidential Information Regarding the Auction) to the counterparty under such a contract; or (ii) that would require the disclosure of any Confidential Information (Confidential Information Relative to Bidding Strategy or Confidential Information Regarding the Auction) to any other party; or (iii) that would provide instructions, direct financial incentives, or other inducements for the bidder to act in a way determined by the counterparty in the agreement and/or in concert with any other bidder in the auction. Notwithstanding the above, a bidder may, during negotiations prior to the auction for contractual arrangements as a source for SSO supply were the bidder to be a winner at the auction, discuss with the counterparty to such arrangements the nature of the standard products to be purchased, the volume, and the price at which the bidder is willing to buy these products, so long as such arrangements do not result in violation of (i), (ii) or (iii) above. A bidder that is unable to make this certification must disclose the contractual terms that prevent the bidder from making the certification, identify the counterparty, and if applicable, the party to whom information disclosure must be made under the terms of the contract.
- X.4.7.** Each bidder must certify that it does not have any knowledge of Confidential Information relative to the bidding strategy of any other Qualified Bidder. A bidder that is unable to make this certification must name the other Qualified Bidder(s) and the nature of the Confidential Information.
- X.4.8.** Each bidder must certify that it will not disclose Confidential Information Relative to its Bidding Strategy except to: (i) bidders that were explicitly named in the Part 1 Application as parties with which it has entered into a bidding agreement, joint venture for the purpose of bidding in the auction, bidding consortium, or other arrangement pertaining to bidding in the auction; (ii) bidders with which it is associated as disclosed in the Part 2 Application; (iii) its Advisors; and (iv) its financial institution. A bidder that is unable to

### Associations and Handling of Confidential Information

make this certification must identify the entity receiving such information and must explain the reasons for such disclosure.

- X.4.9.** Each bidder must certify that, other than entities with which it is affiliated and other than bidders with which it has entered into a bidding agreement, or joint venture for purposes of the auction, bidding consortium, or other arrangement pertaining to the auction, no party has agreed to defray any of the costs of participating in the auction, including the cost of preparing the bid, the cost of any financial guarantees, or any other participation cost. A bidder that is unable to make this certification must identify the party defraying the participation cost and the bidder must provide an explanation.
  
- X.4.10.** Each bidder must agree that the submission of any bid in the auction creates a binding and irrevocable offer to provide SSO Supply under the terms set forth in the Master SSO Supply Agreement and that a binding and enforceable contract to provide SSO Supply with respect to the number of tranches that the bidder wins in the auction shall arise under the Master SSO Supply Agreement. The bidder is reminded that AEP Ohio can collect on the pre-bid letter of credit or AEP Ohio can draw upon cash posted upon failure to execute the Master SSO Supply Agreement within three (3) days of the acceptance of the auction results by the Commission.
  
- X.4.11.** The certifications in the following paragraphs apply from the date on which the certifications are made.
  
- X.4.12.** Each bidder must certify that if the bidder is registered to participate in the auction, the bidder will not disclose at any time information regarding the initial eligibility across all bidders in the auction or the list of Registered Bidders, including but not limited to the number of Registered Bidders, the identity of any one of the Registered Bidders (including the bidder itself), or the fact that an entity has not been registered for participation in the auction. A bidder that is unable to make this certification must identify the party receiving such information and must explain the reasons for such disclosure.
  
- X.4.13.** Each bidder must certify that the bidder will not disclose any Confidential Information regarding the auction to any party except to its Advisors and to bidders with which the bidder is associated as disclosed in the Part 2 Application. A bidder that is unable to make this certification must identify the entity receiving such information and must explain the reasons for such disclosure.
  
- X.4.14.** Each bidder must certify that the bidder will destroy all documents, written or electronic, provided by the Auction Manager that contain Confidential Information Regarding the Auction within five (5) days of the decision on auction results by the Commission, or earlier if so instructed by the Auction Manager. A bidder that is unable to make this certification must provide an explanation.

### **X.5. Miscellaneous**

- X.5.1.** The Commission may publicly release the auction clearing price for each product and the names of the winning bidders in the auction. The Commission may choose to release additional information.

**Associations and Handling of Confidential Information**

- X.5.2.** After acceptance of the results, a winning bidder itself may release information regarding the number of tranches it has won, and a non-winning bidder itself may release information only regarding the fact that it participated in the auction. The winning bidders and the non-winning bidders otherwise continue to be bound by their certifications as described previously. In particular, no winning bidder and no non-winning bidder itself can reveal the auction clearing prior to release of such information by the Commission.

**ARTICLE XI. Miscellaneous****XI.1. Warranty on Information**

- XI.1.1.** The information provided for the auction, including but not limited to information provided on the CBP website, has been prepared to assist bidders in evaluating the auction process. It does not purport to contain all the information that may be relevant to a bidder in satisfying its due diligence efforts. Neither AEP Ohio nor the Auction Manager make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and shall not, either individually or as a corporation, be liable for any representation expressed or implied in the auction process or any omissions from the auction process, or any information provided to a bidder by any other source. A bidder should check the CBP website frequently to ensure it has the latest documentation and information. Neither AEP Ohio, nor the Auction Manager, nor any of their representatives, shall be liable to a bidder or any of its representatives for any consequences relating to or arising from the bidder's use of information.

**XI.2. Hold Harmless**

- XI.2.1.** Bidder shall hold AEP Ohio and the Auction Manager harmless of and from all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise in connection with the auction process or the award of a bid pursuant to the auction process.

**XI.3. Bid Submissions Become AEP Ohio's Property**

- XI.3.1.** All bids submitted by bidders participating in the auction will become the exclusive property of AEP Ohio upon conclusion of the auction.

**XI.4. Bidder's Acceptance**

- XI.4.1.** Through its participation in the auction process, a bidder acknowledges and accepts all the terms, conditions and requirements of the auction process and the Master SSO Supply Agreement.

**XI.5. Permits, Licenses, Compliance with the Law and Regulatory Approvals**

- XI.5.1.** Bidders shall obtain all licenses and permits and status that may be required by any governmental body, agency or organization necessary to conduct business or to perform hereunder. Bidders' subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements.

## Demand Rate Design

1 Total Revenue Requirement	\$458,682,527	
2 Less: Customer Revenues	<u>\$126,497,511</u>	
3		\$332,185,016
4 Total CSP SNCP	45,998,639	
5 Total OP SNCP	<u>43,438,375</u>	
6 Total AEP Ohio SNCP		<u>89,437,014 kW</u>
7 Demand Rate		<u><u>\$3.71 /kW</u></u>
1 Total Revenue Requirement from Class Cost of Service in Case No. 11-351-EL-AIR		
2 Customer Bill Counts from Case No. 11-351-EL-AIR times current customer charge		
3 Line 1 Minus Line 2		
4 Columbus Southern Power Residential Peak from Case No. 11-351-EL-AIR		
5 Ohio Power Residential Peak from Case No. 11-351-EL-AIR		
6 Line 4 Plus Line 5		
7 Line 3 Divided by Line 14		

**OHIO POWER COMPANY'S RESPONSE TO  
THE PUBLIC UTILITIES COMMISSION OF OHIO'S  
DATA REQUEST  
PUCO CASE NO. 16-1852-EL-SSO et al.  
TWELFTH SET**

**DATA REQUEST**

Staff-DR-12-RDR05 Please explain why the demand rate is calculated using the Residential Class COSS Revenue Requirement as opposed to the actual residential distribution revenue requirement approved in that case.

**RESPONSE**

The demand rate should have been calculated using the actual residential revenue requirement from case No. 11-351-EL-AIR. See Staff-DR-12-RDR05 Attachment 1 for a revised calculation which computes the demand rate at \$3.17/kW. The Company will present this update during the hearing in this case.

Prepared by: Andrea E. Moore

*Company Ex. 8*



### Demand Rate Design

1 Total Revenue Requirement	\$410,198,104	
2 Less: Customer Revenues	<u>\$126,497,511</u>	
3		\$283,700,593

4 Total CSP SNCP	45,998,639	
5 Total OP SNCP	<u>43,438,375</u>	
6 Total AEP Ohio SNCP		<u>89,437,014 kW</u>

7 Demand Rate		<u><u>\$3.17 /kW</u></u>
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- 1 Total Revenue Requirement from Case No. 11-351-EL-AIR
- 2 Customer Bill Counts from Case No. 11-351-EL-AIR times current customer charge
- 3 Line 1 Minus Line 2
- 4 Columbus Southern Power Residential Peak from Case No. 11-351-EL-AIR
- 5 Ohio Power Residential Peak from Case No. 11-351-EL-AIR
- 6 Line 4 Plus Line 5
- 7 Line 3 Divided by Line 14

Load Data from 2011 Distribution Base Case - 11-351-EL-AIR and 11-352-EL-AIR

	CSP - Residential Sample			CSP - Residential Class			OP - Residential Sample			OP - Residential Class		
	kWh	SNCP		On-Peak	Off-Peak	Total	kWh	SNCP		On-Peak	Off-Peak	Total
September	756.04	5.41		3,683,301	3,566,139	3,961,563	791.45	5.51		3,389,377	3,451,127	3,780,459
October	773.74	5.16		2,771,056	2,836,327	3,061,809	830.85	5.27		2,537,970	2,389,580	2,696,593
November	832.03	5.50		3,018,823	3,134,230	3,340,750	922.00	5.58		2,825,369	2,922,011	3,172,145
December	1,165.08	6.09		3,636,778	3,688,272	3,919,996	1,325.24	6.23		3,468,957	3,415,035	3,732,573
January	1,137.68	6.07		3,885,681	4,007,782	4,359,720	1,309.09	6.07		3,847,610	3,980,286	4,238,656
February	990.80	5.79		3,876,606	3,905,754	4,219,088	1,151.83	6.01		3,419,660	3,539,538	3,791,911
March	861.90	5.38		3,710,768	3,628,968	4,000,788	987.20	5.75		3,744,215	3,744,215	4,085,244
April	679.55	5.05		3,165,357	3,256,195	3,528,709	727.81	5.23		3,140,644	3,339,073	3,578,556
May	823.03	6.05		2,881,591	3,201,768	3,398,367	852.63	5.97		2,955,254	2,933,800	3,201,972
June	1,121.39	6.35		3,513,539	3,587,121	3,893,713	1,071.41	6.11		3,028,794	3,177,752	3,370,844
July	1,277.49	6.27		3,780,047	3,760,393	4,107,607	1,316.11	6.31		3,520,326	3,580,709	3,810,164
August	1,180.77	6.12		3,883,478	3,835,364	4,206,529	1,202.20	6.20		3,658,350	3,684,023	3,979,258
Total				41,807,025	42,408,313	45,998,639				39,536,526	40,157,149	43,438,375
Average				3,483,919	3,534,026	3,833,220				3,294,711	3,346,429	3,619,865
Maximum				3,885,681	4,007,782	4,359,720				3,847,610	3,980,286	4,238,656

Residential Revenue Requirement in 11-351-EL-AIR & 11-352-EL-AIR

<u>Rate Zone</u>	<u>Tariff Class</u>	<u>Customer Revenue</u>	<u>Energy Revenues</u>	<u>Current Base Revenues</u>
OP	RS	\$27,531,813	\$159,977,384	\$187,509,197
OP	RS-TOD	\$37,451	\$131,761	\$169,213
OP	Total Residential			<u>\$187,678,410</u>
CSP	R-R	\$25,436,002	\$163,142,111	\$188,578,113
CSP	R-R-1	\$10,025,848	\$23,841,736	\$33,867,584
CSP	RLM	\$6,032	\$65,637	\$71,669
CSP	RS-ES	\$171	\$419	\$590
CSP	RS-TOD	\$542	\$1,195	\$1,737
CSP	Total Residential			<u>\$222,519,694</u>
AEP Ohio	Total Residential			<u><u>\$410,198,104</u></u>

# Development of Customer Charge Revenues

Rate Zone	Tariff Class	11-351 & 11-352 Bill Counts	Current Customer Charge	Customer Revenues
OP	RS	7,207,281	\$8.40	\$60,541,160
OP	RS-TOD	4,902	\$9.25	\$45,344
OP	Total Residential	7,212,183		\$60,586,504
CSP	R-R	5,627,434	\$8.40	\$47,270,446
CSP	R-R-1	2,218,108	\$8.40	\$18,632,107
CSP	RLM	846	\$8.90	\$7,529
CSP	RS-ES	24	\$9.25	\$222
CSP	RS-TOD	76	\$9.25	\$703
CSP	Total Residential	7,846,488		\$65,911,007
AEP Ohio	Total Residential	15,058,671		\$126,497,511

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THIRD SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-3-074    Describe the contents of the proposed placeholder PEV Tariff and identify when such tariff will be proposed with language to reflect any Smart City Rider information.

**RESPONSE**

There are no specific contents for the PEV tariff at this time. The tariff is a placeholder that could allow for a future filing with the information requested included for Commission consideration and approval.

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THIRD SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-3-072      If there are competing proposals from "critical facilities," how will AEP Ohio determine the winners for the microgrid program funding?

**RESPONSE**

The specific selection criteria are not fully determined. See page 13 of the Stipulation. AEP Ohio will work with the PUCO Staff and Smart Columbus for the type, location, etc.

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THIRD SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-3-071      Referring to Allen's testimony, define the term "critical facilities" as used to describe the hosts for the proposed microgrids funded by this Stipulation. In your response, identify any analysis done by AEP Ohio to determine the geographic locations and capabilities of any of the entities mentioned as examples of critical facilities in Allen's testimony at 9:3-5.

**RESPONSE**

Critical facilities are described on page 9, lines 2-5 of Mr. Allen's testimony.

The Company has not yet identified all of the criteria that will be used.

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**INTERROGATORY**

STIP-OCC-INT-3-070      Referring to Allen's testimony at 9:12; 22-23, define the term "smart controls". In your response, identify the criteria that AEP Ohio will use to implement this requirement for microgrids funded by the Stipulation.

**RESPONSE**

As stated in Company witness Allen's testimony in support of the Stipulation, smart controls allow the microgrid to connect to the wider distribution system and also island from the wider distribution system when experiencing an outage.

All criteria has yet to be determined.

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**INTERROGATORY**

STIP-OCC-INT-3-069    Referring to Allen's testimony at 9:20, will any of the microgrids funded through the Stipulation be required to install "small scale generation"? If so, define the criteria that will be required to be met to be funded under this provision of the Stipulation.

**RESPONSE**

See the Stipulation testimony of Company witness Allen at page 8 line 13 through page 9 line 8. All criteria has yet to be defined.

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THIRD SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-3-068    Will any of the microgrids funded through the Stipulation be required to have battery storage? If so, please describe any of the design criteria and technologies that will be required to install an approved battery storage facility on the host property.

**RESPONSE**

The Company has not yet identified all of the criteria that will be used. But the Company does anticipate that a preferred potential microgrid project will include a battery component.

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**INTERROGATORY**

STIP-OCC-INT-3-067     Referring to Allen's testimony at 9:10-16, and with regard to the description of a microgrid, its critical components, and the potential to include "small scale generation.....that can supplement the energy and capacity provided by battery storage systems during islanding," please identify where in the Stipulation there are any criteria or descriptions of the microgrid designs and capacities that reflect this statement.

**RESPONSE**

The Company has not yet identified all of the criteria that will be used. But the Company does anticipate that a preferred potential microgrid project will include one or more small scale renewable generation components.

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**INTERROGATORY**

STIP-OCC-INT-3-066     Referring to Allen's testimony at 9:1, please state if the microgrids that will be funded through the Smart City Rider will rely in part or entirely on "renewable generation resources." In your answer, please identify the criteria that AEP Ohio will use to define whether the generation resources are "renewable" and any provision of the Stipulation that describes the criteria that will be relied upon to impact the design of the microgrid facilities with respect to "renewable generation resources."

**RESPONSE**

The Company has not yet identified all of the criteria that will be used.

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**OHIO POWER COMPANY'S RESPONSE TO  
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THIRD SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-3-065 Referring to Allen's testimony at 8:4, and with regard to the Smart City Rider and associated programs, how will these programs "help to support the Smart Columbus initiative"? In your response, please state if the programs described in the Stipulation that will be funded through the Smart City Rider will be located in the geographic area served by the Smart Columbus initiative funded by the U.S. Department of Transportation. If not, please identify the location of the projects and programs identified in the Stipulation (microgrids and EV charging stations).

**RESPONSE**

These programs will help to support the Smart City goals by promoting electric vehicle adoption, responding to climate change through both electric vehicle adoption and microgrid use of renewable technologies, connect and create opportunities for underserved communities and keeping travelers and the public safe. The exact location of the technologies has yet to be determined but some of the equipment will be deployed within the Smart City project area.

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**OHIO POWER COMPANY'S RESPONSE TO  
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SECOND SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-2-063    If the response to STIP-INT-2-062 is positive, what amount of the 2016 costs for the PPA Rider have been recovered by AEP Ohio broken down by month?

**RESPONSE**

The costs billed to customers by month for the 2016 costs based on the most recent PPA rider filings are:

January 2017 - 1,807,536

February 2017 - 1,746,416

March 2017 - 1,634,340

April 2017 - 1,413,343

May 2017 - 1,416,537

June 2017 - 1,683,587

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**OHIO POWER COMPANY'S RESPONSE TO  
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SECOND SET-STIPULATION**

**INTERROGATORY**

STIP-OCC-INT-2-062      Has AEP Ohio recovered any 2016 costs for the Purchase Power Agreement (PPA) Rider?

**RESPONSE**

Yes

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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-037      Referring to the Settlement section III. H (1) (c), with regard to the provision, "AEP Ohio will conduct research and development needed to develop and maintain the Smart City program for the 4-year term, with up to \$200,000 of cost eligible, subject to a prudence review, to flow through the Smart City rider," please explain the specific "research and development" activities that AEP will conduct up to a cost of \$200,000.

**RESPONSE**

The Company has not yet determined the specifics of those activities.

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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-  
032

Please explain how the customer funding for EV charging stations included in this Stipulation promotes the EV charging market on a "competitively neutral basis." In your response, project the number of EV charging stations that would occur without ratepayer funding as reflected in this Stipulation based on current trends for EV ownership and installation of EV charging stations by public or private entities.

**RESPONSE**

The rebate program is competitively neutral because it provides the same level of incentive for all qualified EV charging station providers. The Company has not performed an analysis to project the number of EV charging stations that would occur without ratepayer funding.

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**OHIO POWER COMPANY'S RESPONSE TO  
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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-029      What criteria will be used to determine the winning bids for the Microgrid projects?

**RESPONSE**

The Company has not determined the specific criteria for the winning proposals.

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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-028      Identify the estimated costs for the Microgrid projects that will be incurred by the project proponent.

**RESPONSE**

Until specific microgrid projects are identified the costs to be incurred by the project proponent (customer) cannot be estimated.

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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-  
027

Provide the criteria that will be used to determine the value of the Microgrid demonstration projects to customers. In your response, distinguish the measureable criteria that will be used to identify the quantifiable benefits to the project participants and the quantifiable benefits for customer generally.

**RESPONSE**

The Company has not determined the criteria that will be used to determine the value of the microgrid demonstration.

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**OHIO POWER COMPANY’S RESPONSE TO  
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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-  
025

With regard to the proposed Microgrid “demonstration” projects, please identify the design features of any Microgrid projects that AEP may seek to fund pursuant to the Smart City Rider. In your response, identify the features that will be required to ensure integration of distributed generation resources, traditional back-up generation facilities, battery back-up criteria, or other features that will reflect the “demonstration” nature of the projects and that are not the subject of publicly available information about similar microgrid projects funded by other utilities.

**RESPONSE**

The Company has not yet identified all of the criteria that will be used.

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**OHIO POWER COMPANY'S RESPONSE TO  
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**DATA REQUEST**

STIP-OCC-INT-1-023

According to the Settlement section III.G (1), "The demonstration micro grid project(s) will be funded through the Smart City Rider, except that the related distribution grid investments will be recovered through the DIR."

- a. What is meant by "related distribution grid investments" in this sentence?
- b. Identify the estimated "related distribution grid investments" that are referred to in this sentence by type of expenditure and dollar amount over the 4 year Smart City Rider.
- c. Does this provision mean that costs incurred to implement the Smart City Rider may exceed \$21.1 million? If so, please identify the total budget expected to be incurred and recovered from customers for all the projects included in the Smart City Rider and any incremental expenditures that will be incurred by AEP Ohio and recovered through other riders or rate mechanisms.

**RESPONSE**

- a. Any distribution investment necessary to get delivery of Power to the new technology. In order to be recovered through the DIR the investment would have to be included in a FERC distribution accounts.
- b. The Company has not identified certain costs or investments that may be necessary to put the new technology in service.
- c. The collection through the Smart City Rider is limited to \$21.1 million. If additional costs are incurred to connect certain distribution assets to the new technologies and meet the criteria for recovery through the DIR, those costs will be recovered through the DIR at the Stipulated caps.

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**OHIO POWER COMPANY'S RESPONSE TO  
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**DATA REQUEST**

STIP-OCC-INT-1-022      Please identify any other incremental costs that AEP estimates it may incur to implement the Smart City Rider projects that will be recovered outside the Smart City Rider.

**RESPONSE**

The Company has not specifically identified any additional costs it may incur to be recovered outside of the Smart City Rider. However, if the deployment of the charging stations or microgrids require additional distribution investment in order to get the site ready for delivery, those costs could be capitalized and recovered through the DIR, however the impact to customers would continue to be addressed by the annual DIR caps..

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**OHIO POWER COMPANY'S RESPONSE TO  
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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-021      With regard to the recovery of the Smart City Rider costs on a per customer basis, please provide an estimate of the residential customer bill impact for the \$21.1 million expenditures authorized by this Stipulation for each year that the Rider is in effect.

**RESPONSE**

It is estimated that residential customers will pay 21 cents per month for the Smart City Rider levelized over the 4 year period.

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**OHIO POWER COMPANY'S RESPONSE TO  
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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-018      What is the purpose of authorizing the Power Forward Rider for an unknown purpose and unknown cost at this time?

**RESPONSE**

It is reasonable for the Power Forward Rider to be included for potential future costs in order for AEP Ohio to comply with any directives or findings that may come out of the Power Forward Initiative.

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**OHIO POWER COMPANY'S RESPONSE TO  
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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-  
017

With regard to the Smart City Rider authorized in Section III.F, please describe the nature of the “annual audit” that is authorized for expenditures under this Rider.

- a. Who will conduct this audit?
- b. What will be the purpose of the audit? In your response, identify the criteria that will be relied upon to determine the “prudence” of the expenditures.
- c. Will this audit include an evaluation of the specific projects authorized for recovery of costs for this Rider? If so, what criteria will be used to determine whether the projects have achieved or will achieve their intended purpose? If not, why not?
- d. Will cost benefit studies be performed for each of the specific projects? If not, why not?
- ? e. When will each of the audits be undertaken and when will the audit results be available to the parties and the public? In your response, link the production schedule for the audit with the recovery of costs in the Rider.

**RESPONSE**

The Company anticipates an annual audit by the PUCO staff for the Smart City Rider in accordance with the other annual rider audits they conduct for AEP Ohio's rider filings.

- a. Staff or its designee.
- b. See page 11 of the stipulation. The annual audit will be a prudence review
- c. The Company cannot determine the criteria that will be used by the Staff
- d. The Company does not intend to perform a cost benefit analysis. The purpose of the pilot is to gather and share data as it relates to these new technologies. The information gathered may aid in future cost/benefit analysis if this type of technology continues within the AEP Ohio service territory.
- e. The specific schedule has not yet been identified.

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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1- 010	How was the SSOCR estimate in Section J.12 of the Stipulation calculated?
------------------------	--

**RESPONSE**

The SSOCR estimate was calculated by multiplying the CIR by forecasted SSO load and dividing that amount by forecasted shopping load.

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OCC  
Ex. 1

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**DATA REQUEST**

STIP-OCC-INT-1-009      How was the Competition Incentive Rider amount in Section J.12 of the Stipulation calculated?

**RESPONSE**

The Competition incentive Rider was a mutually agreed upon amount for stipulation.

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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-  
008

As a result of the BTCR Pilot Program have PJM Interconnection costs been reduced?

- a. If yes, what are the bill reductions?
- b. If no, why?

**RESPONSE**

The Company has not performed that calculation. Reductions in the Company's peaks is expected to reduce PJM Interconnection costs.

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**OHIO POWER COMPANY'S RESPONSE TO  
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FIRST SET-STIPULATION**

**DATA REQUEST**

STIP-OCC-INT-1-001      What is the total amount collected through the PPA Rider through August 2017?  
a. How much has been charged to residential customers?

**RESPONSE**

The total amount billed for the PPA Rider through August 2017 was \$40,545,295.19. Of that, the total billed to residential customers was \$17,303,016.59.

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**DATA REQUEST**

STIP-OCC-INT-1-  
017

With regard to the Smart City Rider authorized in Section III.F, please describe the nature of the "annual audit" that is authorized for expenditures under this Rider.

- a. Who will conduct this audit?
- b. What will be the purpose of the audit? In your response, identify the criteria that will be relied upon to determine the "prudence" of the expenditures.
- c. Will this audit include an evaluation of the specific projects authorized for recovery of costs for this Rider? If so, what criteria will be used to determine whether the projects have achieved or will achieve their intended purpose? If not, why not?
- d. Will cost benefit studies be performed for each of the specific projects? If not, why not?
- ? e. When will each of the audits be undertaken and when will the audit results be available to the parties and the public? In your response, link the production schedule for the audit with the recovery of costs in the Rider.

**RESPONSE**

The Company anticipates an annual audit by the PUCO staff for the Smart City Rider in accordance with the other annual rider audits they conduct for AEP Ohio's rider filings.

- a. Staff or its designee.
- b. See page 11 of the stipulation. The annual audit will be a prudence review
- c. The Company cannot determine the criteria that will be used by the Staff
- d. The Company does not intend to perform a cost benefit analysis. The purpose of the pilot is to gather and share data as it relates to these new technologies. The information gathered may aid in future cost/benefit analysis if this type of technology continues within the AEP Ohio service territory.
- e. The specific schedule has not yet been identified.

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OCC 1