Ohio Commercial Activity Tax Refunds were received in 2013, 2016, and 2017. The refunds were the result of amended returns filed for the periods of 4th quarter 2008 through 1st quarter 2012 and 1st quarter 2014. The amended returns and refund requests were filed between 2013 and 2015. The Ohio Department of Revenue conducted a thorough review of our refund requests and eventually issued refunds. The prior period refund received during the test period was correctly excluded from the rate case.

Please see the schedule below for the timing and amount of the refunds. Please note that there were multiple business units involved in these refunds. The total amount received is identified in 3rd and 4th columns, and the portion recorded for Kentucky Power is identified in the 5th and 6th columns. The refund received during the test period for KPCO has been outlined in red. The tax portion of these refunds was recorded to account 4081006XX, and the interest received was recorded to 4190002.

<table>
<thead>
<tr>
<th>Period</th>
<th>Date Received</th>
<th>Total AEP Inc. Tax Refund 4081006XX</th>
<th>Total AEP Inc. Interest Received 4190002</th>
<th>KPCO Portion Tax Refund BU 117 4081006XX</th>
<th>KPCO Portion Interest Received BU 117 4190002</th>
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<tr>
<td>2008Q4</td>
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<td>$226,239</td>
<td>$78,776</td>
<td>$16,022</td>
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</table>

AEP Inc. Total: $8,197,124
KPCO Total: $525,710
**Reason for the Amended Returns**

It was discovered that we were inadvertently paying CAT on certain gross receipts related to hedging that qualified for an exemption from the tax. Additionally, upon review, it was determined that certain receipts were incorrectly sourced to Ohio. The accounting group had temporarily sourced sales to Ohio until they had time to record the “by-state” entries. This was merely an accounting convenience, the accounting group had the sourcing detail just needed more time to record the receipts by state. This resulted in us over-reporting the Ohio taxable gross receipts. Amended returns were filed to correct these issues. The exempt hedging transactions as well as the state sourcing adjustments resulted in a refund for BU 117 in the amount of $78,776 during the test period. The check was received and the refund was booked in November 2016.
CAT REF

Application for
Commercial Activity Tax
Refund

CAT account number
95228963
FEIN/SSN
13-4922640

Use only UPPERCASE letters.

Reporting member's name
AMERICAN ELECTRIC POWER

Street address (number and street)
1 RIVERSIDE PLAZA

City
COLUMBUS

State
OH

ZIP code
43215

Time period covered by the refund request (MM/DD/YY)
10/01/08 to (MM/DD/YY) 12/31/08

Total amount of refund claimed
$173,934

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.

IT WAS DISCOVERED THAT HEDGING ACTIVITY WAS ERRONEOUSLY INCLUDED IN THE GROSS RECEIPTS. HEDGING ACTIVITY IS EXCLUDED FROM CAT TO THE EXTENT THE TRANSACTIONS ARE ENTERED INTO PRIMARILY TO PROTECT A FINANCIAL POSITION. HEDGING ALSO INCLUDES TRANSACTIONS ACCORDED HEDGING TREATMENT UNDER FINANCIAL ACCOUNTING STANDARDS NUMBER 133.

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
Daniel E. Ernst

Date (MM/DD/YY)
02/07/13

Title
MANAGER, TRANSACTIONS

Contact person: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

Your first name
M.I.
Last name

Home address (number and street)

City

State

ZIP code

Telephone

Fax

Title

E-mail

Please send this application to: Ohio Department of Taxation, CAT Division-CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.
CAT account number | FEIN/SSN
---|---
95228963 | 13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER
Street address (number and street)
1 RIVERSIDE PLAZA
City | State | ZIP code
---|---|---
COLUMBUS | OH | 43215

Time period covered by the refund request (MM/DD/YY) | 01/01/09 to (MM/DD/YY) | 03/31/09
Total amount of refund claimed | $86,943

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)
I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature: DANIEL E ERNST
Name: MANAGER - TRANSACTION TAXES
Date (MM/DD/YY): 05/07/13
Title:

Contact person: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (form TBCR 1), which can be found on the department's Web site at tax.ohio.gov.

Your first name | M.I. | Last name
---|---|---
Home address (number and street)
City | State | ZIP code

Telephone | Fax

Title | E-mail

Please send this application to: Ohio Department of Taxation.
CAT Division-CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.*
CAT Refund
Application for
Commercial Activity Tax
Refund

CAT account number FEIN/SSN
95228963 13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER
Street address (number and street)
1 RIVERSIDE PLAZA
City COLUMBUS
State OH
ZIP code 43215

Time period covered by the refund request (MM/DD/YY) 04/01/09 to (MM/DD/YY) 06/30/09
Total amount of refund claimed $ 200,154

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)

I declare under penalty of perjury that I am the taxpayer or the taxpayer’s authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature

Date (MM/DD/YY)

DANIEL E ERNST
Name
MANAGER - TRANSACTION TAXES
Title

Contact person: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

Your first name

M.I. Last name

Home address (number and street)

City

State

ZIP code

Telephone

Fax

Title

E-mail

Please send this application to: Ohio Department of Taxation,
CAT Division-CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.06.*
CAT REF
Application for
Commercial Activity Tax
Refund

<table>
<thead>
<tr>
<th>CAT account number</th>
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<tbody>
<tr>
<td>95228963</td>
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</tr>
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</table>

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER
Street address (number and street)
1 RIVERSIDE PLAZA
City                      | State | ZIP code |
----------------------------|-------|----------|
COLUMBUS                    | OH    | 43215    |

Time period covered by the refund request (MM/DD/YY) 07/01/09 to (MM/DD/YY) 09/30/09
Total amount of refund claimed $313,728

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)
I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
DANIEL E ERNST
Name
MANAGER - TRANSACTION TAXES
Title

Contact person: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

Your first name
M.I.
Last name

Home address (number and street)

City    | State | ZIP code |
---------|-------|----------|

Telephone    | Fax   |

Title
E-mail

Please send this application to: Ohio Department of Taxation.
CAT Division-CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.
CAT REF
Application for
Commercial Activity Tax
Refund

CAT account number FEIN/SSN
95228963 13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER

Street address (number and street)
1 RIVERSIDE PLAZA

City State ZIP code
COLUMBUS OH 43215

Time period covered by the refund request (MM/DD/YY)
10/01/09 to (MM/DD/YY) 12/31/09

Total amount of refund claimed $816,624

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)
I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
DANIEL E ERNST

Date (MM/DD/YY)
09/22/13

Name
MANAGER - TRANSACTION TAXES

Title

Contact person: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

Your first name M.I. Last name

Home address (number and street)

City State ZIP code

Telephone Fax

Title E-mail

Please send this application to: Ohio Department of Taxation, CAT Division-CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.
CAT account number | FEIN/SSN
---|---
95228963 | 13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER COMPANY
Street address (number and street)
1 RIVERSIDE PLAZA
City
COLUMBUS
Contact's first name | M.I. | Last name
---|---|---
DANIEL | E | ERNST
Telephone
(330) 438-7063
Fax
(330) 438-7326
Title
MANAGER TRANSACTION TAXES
E-mail
DEERNST@AEP.COM

Time period covered by the refund request (MM/DD/YY) 01/01/10 to (MM/DD/YY) 03/31/10
Total amount of refund claimed 194,923

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.

SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)
I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

---
Signature
DANIEL E. ERNST
Name
MANAGER TRANSACTION TAXES
Title

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

First name | M.I. | Last name
---|---|---

Telephone
Title
E-mail

Please send this application to: Ohio Department of Taxation,
CAT Division – CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08*
### Application for Commercial Activity Tax Refund

**CAT account number**

95228963

**FEIN/SSN**

13-4922640

Use only UPPERCASE letters.

**Reporting member's name**

AMERICAN ELECTRIC POWER COMPANY

**Street address (number and street)**

1 RIVERSIDE PLAZA

**City**

COLUMBUS

**State**

OH

**ZIP code**

43215

**Contact's first name**

DANIEL

**M.I.**

E

**Last name**

ERNST

**Telephone**

(330) 438-7063

**Fax**

(330) 438-7326

**Title**

MANAGER TRANSACTION TAXES

**E-mail**

DEERNST@AEP.COM

**Time period covered by the refund request (MM/DD/YY)**

04/01/10 to (MM/DD/YY) 06/30/10

**Total amount of refund claimed**

412,389

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.

SEE ATTACHED

**Note:** This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

**SIGN HERE (required)**

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

**Signature**

DANIEL E. ERNST

**Date (MM/DD/YY)**

**Name**

MANAGER TRANSACTION TAXES

**Title**

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

**First name**

**M.I.**

**Last name**

**Telephone**

**Title**

**E-mail**

Please send this application to: Ohio Department of Taxation, CAT Division – CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.*
**Application for Commercial Activity Tax Refund**

**CAT REF**

**Item No. 172**

**Attachment3**

---

**CAT account number**

| FEIN/SSN   | 95228963 | 13-4922640 |

**Use only UPPERCASE letters.**

**Reporting member's name**

AMERICAN ELECTRIC POWER COMPANY

**Street address (number and street)**

1 RIVERSIDE PLAZA

<table>
<thead>
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<th>State</th>
<th>ZIP code</th>
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<tbody>
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<td>OH</td>
<td>43215</td>
</tr>
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</table>

**Contact's first name**

DANIEL

**M.I.**

E

**Last name**

ERNST

**Telephone**

(330) 438-7063

**Fax**

(330) 438-7326

**Title**

MANAGER TRANSACTION TAXES

**E-mail**

DEERNST@AEP.COM

**Time period covered by the refund request (MM/DD/YY)**

07/01/10 to 09/30/10

**Total amount of refund claimed**

715,552

**State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.**

SEE ATTACHED

**Note:** This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

---

**SIGN HERE (required)**

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

---

**Signature**

[Signature]

**Date (MM/DD/YY)**

[Date]

**Name**

DANIEL E. ERNST

**Title**

MANAGER TRANSACTION TAXES

**Taxpayer representative:** The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

**First name**

[First Name]

**M.I.**

[Last Name]

**Telephone**

[Telephone]

**Title**

[Title]

**E-mail**

[Email]

---

**Please send this application to:** Ohio Department of Taxation,

CAT Division – CAT REF, P.O. Box 16158 Columbus, OH 43216-6158

---

*This form is created pursuant to R.C. section 5751.06.*
**Application for Commercial Activity Tax Refund**

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</table>

**Use only UPPERCASE letters.**

**Reporting member's name**

**AMERICAN ELECTRIC POWER COMPANY**

**Street address (number and street)**

1 RIVERSIDE PLAZA

**City**

COLUMBUS

**State**

OH

**ZIP code**

43215

**Contact's first name**

DANIEL

**M.I.**

E

**Last name**

ERNST

**Telephone**

(330) 438-7063

**Fax**

(330) 438-7326

**Title**

MANAGER TRANSACTION TAXES

**E-mail**

DEERNST@aep.com

**Time period covered by the refund request (MM/DD/YY)**

10/01/10 to 12/31/10

**Total amount of refund claimed**

1,674,744

**State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation. SEE ATTACHED**

**Note:** This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

**SIGN HERE (required)**

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

**Signature**

DANIEL E. ERNST

**Date (MM/DD/YY)**

**Name**

MANAGER TRANSACTION TAXES

**Title**

**Taxpayer representative:** The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

**First name**

**M.I.**

**Last name**

**Telephone**

**Title**

**E-mail**

---

*This form is created pursuant to R.C. section 5751.08*
CAT REF 172

Application for Commercial Activity Tax Refund

CAT account number FEIN/SSN
95228963 13-4922640

Use only UPPERCASE letters.
Reporting member's name

AMERICAN ELECTRIC POWER COMPANY

Street address (number and street)
1 RIVERSIDE PLAZA

City State ZIP code
COLUMBUS OH 43215

Contact's first name M.I. Last name
DANIEL E. ERNST

Telephone Fax
(330) 438-7063 (330) 438-7326

Title E-mail
MANAGER TRANSACTION TAXES DEERNST@AEP.COM

Time period covered by the refund request (MM/DD/YY) 01/01/11 to (MM/DD/YY) 03/31/11

Total amount of refund claimed $ 800,314

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.

SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
DANIEL E. ERNST

Date (MM/DD/YY)
04/23/15

MANAGER TRANSACTION TAXES

Title

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov

First name M.I. Last name

Telephone Title

E-mail

Please send this application to: Ohio Department of Taxation,
CAT Division – CAT REF: P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08
OHIO Department of Taxation

CAT REF. No. 404
Application for Commercial Activity Tax Refund

KPSC Case No. 2017-00179
AG's First Set of Data Requests
Dated: August 14, 2017
Item No. 172
Attachment3
Page 13 of 24

CAT account number
95228963
FEIN/SSN
13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER COMPANY
Street address (number and street)
1 RIVERSIDE PLAZA
City
COLUMBUS
State
OH
ZIP code
43215
Contact's first name
DANIEL
M.I.
E
Last name
ERNST
Telephone
(330) 438-7063
Fax
(330) 438-7326
Title
VIANAGER TRANSACTION TAXES
E-mail
DEERNST@AEP.COM

Time period covered by the refund request (MM/DD/YY) 04/01/11 to (MM/DD/YY) 05/30/11
Total amount of refund claimed $174,640

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
DANIEL E. ERNST
Date (MM/DD/YY)
04/23/15
Name
MANAGER TRANSACTION TAXES
Title

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

First name
M.I.
Last name

Telephone
Title

E-mail

Please send this application to: Ohio Department of Taxation.
CAT Division – CAT REF. P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.
CAT REF
Application for Commercial Activity Tax Refund

CAT account number FEIN/SSN
95228963 13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER COMPANY
Street address (number and street)
1 RIVERSIDE PLAZA
City
COLUMBUS
Contact's first name M.I. Last name
DANIEL E. ERNST
Telephone Fax
(330) 438-7063 (330) 438-7326
Title E-mail
MANAGER TRANSACTION TAXES DEERNST@AEP.COM

Time period covered by the refund request (MM/DD/YY) 07/01/11 to (MM/DD/YY) 09/30/11
Total amount of refund claimed $ 425,837

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)
I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
DANIEL E. ERNST

Date (MM/DD/YY)
04/23/15

Manager Transaction Taxes
Title

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's website at tax.ohio.gov.

First name M.I. Last name

Telephone Title

E-mail

Please send this application to: Ohio Department of Taxation,
CAT Division - CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08
Ohio Department of Taxation

Application for Commercial Activity Tax Refund

CAT account number
95228963
FEIN/SSN
13-4922840

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER COMPANY
Street address (number and street)
1 RIVERSIDE PLAZA
City
COLUMBUS
Contact's first name
DANIEL
M.I.
E
Last name
ERNST
Telephone
(330) 438-7063
Fax
(330) 438-7326
Title
MANAGER TRANSACTION TAXES
E-mail
DEERNST@AEP.COM

Time period covered by the refund request (MM/DD/YY)
10/01/11 to (MM/DD/YY) 12/31/11
Total amount of refund claimed
$ 602,850

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.

SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)

I declare under penalty of perjury that I am the taxpayer or the taxpayer’s authorized agent having knowledge of the relevant facts in this matter to file this refund application.

[Signature]
DANIEL E. ERNST

Date (MM/DD/YY)
04/30/15

MANAGER TRANSACTION TAXES

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department’s Web site at tax.ohio.gov.

First name
M.I.
Last name

Telephone

Title

E-mail

Please send this application to: Ohio Department of Taxation,
CAT Division - CAT REF, P.O. Box 16158 Columbus, OH 43216-6158.

*This form is created pursuant to R.C. section 5751.08.
CAT account number    FEIN/SSN
95228963             13-4922640

Use only UPPERCASE letters.
Reporting member's name
AMERICAN ELECTRIC POWER COMPANY
Street address (number and street)
1 RIVERSIDE PLAZA
City
COLUMBUS

Contact's first name     M.I.     Last name
DANIEL

Telephone
(330) 438-7063
Fax
(330) 438-7326

Title
MANAGER TRANSACTION TAXES

Time period covered by the refund request (MM/DD/YY) 01/01/12 to (MM/DD/YY) 03/31/12
Total amount of refund claimed $532,896

State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.
SEE ATTACHED

Note: This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

SIGN HERE (required)

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

Signature
DANIEL E. ERNST

Date (MM/DD/YY)
04/03/15

Name
MANAGER TRANSACTION TAXES

Taxpayer representative: The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

First name

M.I. Last name

Telephone

Title

E-mail

Please send this application to: Ohio Department of Taxation.
CAT Division – CAT REF. P.O. Box 16158 Columbus. OH 43216-6158.
Claims For Refund:

**Error In State Sourcing**

AEP is entitled to a refund for certain receipts incorrectly sourced to Ohio but which relate to electricity sales in other states.

AEP tax completed a thorough review of its accounts when the CAT was implemented and it reviews new accounts each year for imposition of the CAT. During this year's review, AEP tax realized that a change in an operational practice had incorrectly sourced certain receipts to Ohio. Upon investigation, they learned that the accounting group had temporarily sourced the sales to Ohio until they had time to record the "by-state" entries. This was merely an accounting convenience, the accounting group had the sourcing detail just needed more time to record the receipts by state.

Because these were receipts incorrectly sourced to Ohio versus another state, there are no issues with the rate changes. The sourcing of these receipts follows the electricity sourcing language set forth in the statute. AEP has corrected the issue going forward.

**Exclusion of Hedging Receipts**

AEP is entitled to an exclusion for certain receipts related to the hedging of financial positions.

AEP tax inadvertently included in the CAT base certain receipts related to its hedging activity. Upon discussion with its accounting group, AEP tax obtained information on various receipt accounts and confirmed that these accounts relate to hedging activities that fall within FAS 133.
<table>
<thead>
<tr>
<th>CAT account number</th>
<th>FEIN/SSN</th>
</tr>
</thead>
<tbody>
<tr>
<td>95228963</td>
<td>13-4922640</td>
</tr>
</tbody>
</table>

**Use only UPPERCASE letters.**

**AMERICAN ELECTRIC POWER COMPANY**

**Street address (number and street)**

1 RIVERSIDE PLAZE

**City**

COLUMBUS

**State**

OH

**ZIP code**

43215

**Contact's first name**

DANIEL

**M.I.**

E

**Last name**

ERNST

**Telephone**

(330) 438-7083

**Fax**

(330) 438-7326

**Title**

MANAGER TRANSACTION TAXES

**E-mail**

DEERNST@AEP.COM

**Time period covered by the refund request (MM/DD/YY)** 01/01/14 to (MM/DD/YY) 03/31/14

**Total amount of refund claimed**

789,573

**State full and complete reasons for the above claim. You may attach additional sheets and/or supporting documentation.**

GROSS RECEIPTS RELATED TO THE SALE OR TRANSMISSION OF ELECTRICITY THROUGH THE USE OF AN INTERMEDIARY REGIONAL TRANSMISSION ORGANIZATION APPROVED BY THE FEDERAL ENERGY REGULATORY COMMISSION WERE INCORRECTLY INCLUDED IN TAXABLE GROSS RECEIPTS. THESE GROSS RECEIPTS ARE EXCLUDED FROM TAXABLE GROSS RECEIPTS UNDER ORC 5751.011(C)(2).

**Note:** This application must be filed within four years from the date of the erroneous payment of the tax. Refund applications may only be submitted by primary registrants; members may not submit refund requests.

**SIGN HERE (required)**

I declare under penalty of perjury that I am the taxpayer or the taxpayer's authorized agent having knowledge of the relevant facts in this matter to file this refund application.

**Signature**

DANIEL E. ERNST

**Date (MM/DD/YY)**

07/23/14

**Name**

MANAGER TRANSACTION TAXES

**Title**

**Taxpayer representative:** The taxpayer will be represented in the matter by the following individual. Please attach a Declaration of Tax Representative (Ohio form TBOR 1), which can be found on the department's Web site at tax.ohio.gov.

**First name**

**M.I.**

**Last name**

**Telephone**

**Title**

**E-mail**
October 17, 2016

American Electric Power Company
Dan Ernst, Manager Transaction Taxes
1 Riverside Plaza
Columbus, OH 43215

Re: Ohio Commercial Activity Tax ID Number: 95228963
    Audit Period from 07/01/2009 – 12/31/2009
    Application for Refund Number: 900006336
    Requested Refund Amount: $1,130,352
    Proposed Refund Amount: $1,094,325

Dear Mr. Ernst,

We have completed our examination and review of the above referenced application for refund and have enclosed the final proposed audit results. The final proposed audit results indicate that the refund amount be denied in part. Applicable interest will be calculated in accordance with Ohio Revised Code (R.C.) section 5751.06(G). The final proposed audit results have been made for the following reasons:

**Issue 1: Properly situs taxable gross receipts (TGR) to Ohio.**

**Facts:**
Taxpayer is claiming that a change in an operational practice had incorrectly sourced certain receipts to Ohio. Upon further investigation, the taxpayer learned that the accounting group had temporarily sourced the sales to Ohio until they had time to record the “by-state” entries. This was an accounting convenience in order to allow more time for the accounting group to properly source the receipts by the appropriate state. It is the claim by the taxpayer that this issue has been corrected going forward.

**Department Position:**
The trial balance accounts in question are 4470002, 4470006, 4470028 and 4470170. The auditors questioned these accounts and obtained sufficient documentation to warrant the adjustment based on state by state apportionments of these accounts.

Total reduction to TGR of 221,279,812 or the audit period.

**Issue 2: Review and substantiate taxpayer claim of excludable hedging activities.**

**Facts:**
The taxpayer is claiming that receipts associated with hedging, through the use of financial instruments, were originally included in their CAT TGR base.
R.C. 5751.01(F)(2)(c) states:

(c) Receipts from the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset. Notwithstanding section 1221 of the Internal Revenue Code, receipts from hedging transactions also are excluded to the extent the transactions are entered into primarily to protect a financial position, such as managing the risk of exposure to (i) foreign currency fluctuations that affect assets, liabilities, profits, losses, equity, or investments in foreign operations; (ii) interest rate fluctuations; or (iii) commodity price fluctuations. As used in division (F)(2)(c) of this section, "hedging transaction" has the same meaning as used in section 1221 of the Internal Revenue Code and also includes transactions accorded hedge accounting treatment under statement of financial accounting standards number 133 of the financial accounting standards board. For the purposes of division (F)(2)(c) of this section, the actual transfer of title of real or tangible personal property to another entity is not a hedging transaction.

Department Position:
Auditors reviewed the M3 schedule of the Federal 1120 associated with the calculation and reporting of hedging transactions. Substantial detail was provided to support the two trial balance accounts associated with the hedging transactions, which are account 4470082 and 4470143. The total of these two accounts tie over to the Federal M3 schedule, which ties over to the refund claim when you sort the spreadsheet by months to obtain each quarterly period. Since the taxpayer included the everywhere amount in the Ohio CAT return, a state by state breakdown was not needed. Auditors have accepted the taxpayer’s claim of hedging.

Total reduction to TGR of 213,470,963 for the audit period.

Issue 3: Inclusion of additional accounts of interest found during the trial balance review of the AEP and its affiliates.

Facts:
Auditors reviewed the consolidated trial balances in detail in relation to the as filed returns and the trial balances reported on those returns. There were several accounts that required additional information.

Department Position:
Auditors put together detailed workbooks of all of the revenue accounts associated with the members of the Ohio CAT group that report TGR activity. Auditors then reached out to the taxpayer regarding certain revenue items for further clarification. Taxpayer was able to provide a response and it was determined that accounts 4118003, 4118004, and 4560050 had TGR for the year in accordance with R.C.5751.033(C). In order to properly allocate the TGR to each quarter, the auditors divided the total yearly totals for each respective BU by 4 to obtain the quarterly figures.

Total increase to TGR of 13,856,577 for the audit period.
We have initiated the process to issue the proposed refund amount plus interest and a check will be mailed to the taxpayer within three to four weeks. If you do not agree with this final proposal, you may request further review by sending me a letter that either (i) includes additional information for this Department to consider, and/or (ii) requests a hearing with our Tax Appeals Division. If **within 60 days** of this letter’s date, you do **not** send me a letter, either providing this additional information and/or requesting a hearing, the application for refund will be considered completed and the results are final.

If you have any questions regarding this matter, please contact me.

Sincerely,

Josh Oty, Tax Auditor
Audit Division, South Central Region
(614) 387-2052
Fx (206) 350-6996
Josh.Oty@tax.state.oh.us
Settlement Agreement

The parties to this settlement agreement ("Agreement") are American Electric Power Company, Inc. and its affiliated companies (hereinafter "AEP") and the Tax Commissioner of the State of Ohio (hereinafter "Commissioner"). The parties agree that there exists a controversy between them that they desire to resolve without the need to resort to further administrative or judicial proceedings. This controversy concerns the Commercial Activity Tax filings that AEP has made and various overpayments related to these tax filings. For purposes of the Agreement these tax filings are limited to the Commercial Activity Tax.

In consideration of the following, the parties agree to fully resolve this matter:

1. For the purposes of this Agreement, AEP agrees to accept the sum of $6,323,748 inclusive of all applicable interest in satisfaction of all potential Commercial Activity Tax refunds as shown on Exhibit A.

2. AEP agrees to not file any additional Commercial Activity Tax Refunds for the return periods covered by these refunds.

3. For the purposes of this Agreement, the Commissioner agrees to not assess any additional Commercial Activity Tax against AEP for any of the periods through March 31, 2014.

4. The Commissioner agrees to close the audits opened against AEP for the tax periods at issue as covered in this Agreement and consistent with the terms of this Agreement.

Based upon these adjustments and determinations, the Commissioner will refund $6,323,748 to AEP, inclusive of all tax and interest due, no later than March 31, 2017 in full satisfaction of these matters.

AEP will submit two signed original copies of this Agreement, to:

Ohio Department of Taxation
Audit Division
Attn: Alvin Moore
4485 Northland Ridge Blvd.
Columbus, OH 43229
This Agreement shall finalize the above mentioned tax refund of AEP for the above mentioned periods. No further assessments or refund claims shall be made or filed for these tax periods.

This Agreement is intended to bind both parties, and their successors and assigns, for the tax periods at issue in the absence of fraud, malfeasance, concealment or misrepresentation of material facts. It is for settlement purposes only and is not binding on either party for future tax periods, nor does it represent a concession by either party regarding any issues or controversies covered by this Agreement. Both AEP and the Commissioner agree that this Agreement is confidential and may not be disclosed, except as required by law.

The individual signing below for AEP does so with the authority to legally bind AEP to the terms of this Agreement.

This Agreement shall be null and void if the Department of Taxation does not receive the signed Agreement, by March 1, 2017.

Accepted by AEP

Mark A. Pyle, Vice President – Tax
Printed Name and Title

2/20/2017
Date

Accepted by Tax Commissioner

Joseph W. Testa
Tax Commissioner of Ohio

3/03/2017
Date
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<td>$789,573</td>
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