Execution Version

STOCK PURCHASE AGREEMENT

by and among

AMERICAN ELECTRIC POWER COMPANY, INC.

AEP TRANSMISSION COMPANY, LLC

and

LIBERTY UTILITIES CO.

Dated as of October 26, 2021

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of October 26, 2021 (the "Effective Date"), is by and among American Electric Power Company, Inc. ("AEP"), a New York corporation, AEP Transmission Company, LLC ("AEP TransCo"), a Delaware limited liability company (AEP and AEP TransCo are each referred to individually as a "Seller," and, collectively, as "Sellers"), and Liberty Utilities Co., a Delaware corporation ("Purchaser"). Sellers and Purchaser are each referred to individually in this Agreement as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, AEP owns, of record and beneficially, all of the outstanding common shares, $50.00 par value (the "Kentucky Power Shares"), of Kentucky Power Company, a Kentucky corporation ("Kentucky Power");

WHEREAS, AEP TransCo owns, of record and beneficially, all of the outstanding common shares, no par value (the "Kentucky TransCo Shares," and, together with the Kentucky Power Shares, the "Shares"), of AEP Kentucky Transmission Company, Inc., a Kentucky corporation ("Kentucky TransCo"; Kentucky TransCo and Kentucky Power are each referred to individually as an "Acquired Company" and, collectively, as the "Acquired Companies"); and

WHEREAS, Sellers desire to sell and transfer, and Purchaser desires to purchase, all of Sellers' right, title and interest in and to the Shares for the Purchase Price, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I

PURCHASE AND SALE

1.1 Purchase and Sale of the Shares. Upon the terms and subject to the conditions set forth in this Agreement, at the closing of the transactions contemplated by this Agreement (the "Closing"), Sellers shall transfer, convey, assign and deliver, or cause to be transferred, conveyed, assigned and delivered, to Purchaser, and Purchaser shall purchase and acquire from Sellers, the Shares, for the Closing Payment Amount, subject to the Post-Closing Adjustment (the "Sale").

1.2 Closing Payment Amount. At the Closing, Purchaser shall deliver or cause to be delivered to Sellers (and/or one or more of Sellers' designees), in immediately available funds, the Closing Payment Amount.

1.3 Closing.

(a) The Closing shall take place (i) at the offices of Morgan, Lewis & Bockius LLP ("Morgan Lewis"), 101 Park Avenue, New York, NY 10178 at 10:00 a.m., Eastern time, on the third Business Day after the date on which all of the conditions set forth in Article VII are fulfilled or waived (other than those conditions that by their nature are to be fulfilled at the Closing, but subject to the satisfaction of such conditions at the Closing) or (ii) at such other place, time or date as may be mutually agreed upon in writing by Sellers and Purchaser (including virtually via the electronic exchange of signature pages). The date on which the Closing occurs is referred to as the "Closing Date." The Closing shall be deemed to occur at 12:01 a.m., Eastern Time, on the Closing Date. All actions to be taken and all documents to be executed and delivered by the Parties at the Closing shall be deemed to have been taken and executed simultaneously.

(b) At or prior to the Closing:

(i) Sellers shall deliver or cause to be delivered to Purchaser:

(A) (1) certificates evidencing all of the Shares represented by certificates, duly endorsed in blank or with stock powers duly executed in proper form for transfer and (2) with respect to all of the Shares not represented by certificates, stock powers or appropriate transfer instruments, duly executed in proper form for transfer;

(B) the certificates required to be delivered pursuant to Section 7.2(c);

(C) certificates of each Seller (or if any Seller is a disregarded entity for U.S. federal income Tax purposes, its regarded owner) satisfying the requirements of Treasury Regulations Section 1.1445-2(b)(2) or IRS Form W-9;

(D) each of the Ancillary Agreements to which any member of the Seller Group is a party, duly executed by the applicable member of the Seller Group;

(E) each of the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement, duly executed by Kentucky Power and Wheeling or Successor Operator, as applicable;

(F) resignations or other evidence of removal (in a form reasonably acceptable to Purchaser), effective as of the Closing Date, of those directors and officers of the Acquired Companies as Purchaser may request not less than three (3) Business Days prior to the Closing;

(G) with respect to each Intercompany Arrangement and outstanding amount or balance due or owing by or to the Acquired Companies, on the one hand, and Sellers or any of their Affiliates (other than the Acquired Companies), on the other hand, in each case, required to be severed, terminated, cancelled, settled or otherwise eliminated pursuant to Section 4.8, instruments or other evidence, in form reasonably acceptable to Purchaser, reflecting such severance, termination, cancellation, settlement or elimination, as applicable; and

(H) with respect to each Closing Indebtedness that is required to be paid at the Closing pursuant to Section 4.16, true and accurate copies of customary payoff letter and other instruments of discharge for such Closing Indebtedness, in each case in a form reasonably acceptable to Purchaser (a "Payoff Letter"), duly executed by each of the applicable holders (or agents thereof) of such Indebtedness and, as customary or appropriate, the other parties thereto.

(ii) Purchaser shall:

(A) pay or cause to be paid to Sellers (and/or one or more of Sellers' designees) by wire transfer, to the account or accounts designated by Sellers (or by such designee) in the notice accompanying the Estimated Closing Statement (as defined below), immediately available funds in an amount equal to the Closing Payment Amount;

(B) pay or cause to be paid the Estimated Transaction Expenses, if any are designated to be paid directly at Closing, to the applicable payees, as set forth in the Estimated Closing Statement;

(C) make any payments required to be paid at Closing pursuant to Section 4.16(a) in respect of the Utility Money Pool Agreement and Section 4.16(b) in respect of the TransCo Intercompany Notes;

(D) make, or cause to be paid, any other payments required to be paid at the Closing by or on behalf of the Acquired Companies pursuant to Section 4.16;

(E) deliver to Sellers the certificate required to be delivered pursuant to Section 7.3(c);

(F) deliver or cause to be delivered to Sellers a copy of the R&W Policy, if any, with such terms as specified in Section 4.15 and paid in full by Purchaser as of the time of delivery; and

(G) deliver to Sellers each of the Ancillary Agreements to which Purchaser or its Affiliate is a party, duly executed by Purchaser or its Affiliate as applicable.

1.4 Closing Payment Adjustment.

(a) Not less than three (3) Business Days prior to the anticipated Closing Date, Sellers shall provide Purchaser with a written statement, setting forth a good-faith estimate in reasonable detail of each of the following: (i) the Estimated Closing Cash, (ii) the Estimated Net Working Capital, (iii) the Estimated Closing Indebtedness, (iv) the Estimated Capital Expenditures Amount and (v) the Estimated Transaction Expenses (the "Estimated Closing Statement"), which shall be accompanied by a notice that sets forth (A) Sellers' determination of each of the Closing Payment Adjustment and the Closing Payment Amount and (B) the account or accounts to which Purchaser shall transfer the Closing Payment Amount, the payments in respect of the Utility Money Pool Agreement and the TransCo Intercompany Notes (if any), and the Estimated Transaction Expenses designated to be paid directly at Closing (if any), in each case pursuant to Section 1.3.

(b) The Estimated Closing Statement shall be prepared in accordance with GAAP and FERC Accounting Requirements, as applicable ("Accounting Principles"), and applied in a manner consistent with the principles, methodologies and adjustments used in connection with the preparation of Appendix II.

1.5 Post-Closing Statement.

(a) Within sixty (60) days after the Closing Date, Purchaser shall prepare in good faith and deliver to Sellers a written statement of (i) the Final Closing Cash, (ii) the Final Net Working Capital, (iii) the Final Closing Indebtedness, (iv) the Final Capital Expenditures Amount and (v) the Final Transaction Expenses (collectively, the "Initial Closing Statement"), together with a notice that sets forth the proposed Post-Closing Adjustment and Purchase Price, as determined by Purchaser. The Initial Closing Statement shall be prepared in accordance with the Accounting Principles, and applied in a manner consistent with the principles, methodologies and adjustments used in connection with the preparation of Appendix II.

(b) Following the Closing through the date that the Final Closing Statement (as defined below) becomes final and binding, Sellers and their Affiliates and Representatives shall be permitted to reasonably access and review, during normal business hours upon reasonable advance notice, the books, records and work papers of the Acquired Companies, and Purchaser shall, and shall cause its Affiliates (including the Acquired Companies) and its and their respective employees, accountants and other Representatives to, cooperate with and assist Sellers and their Affiliates and Representatives in connection with such review, including by providing reasonable access during normal business hours upon reasonable advance notice to such books, records and work papers and making available personnel to the extent reasonably requested.

(c) Purchaser agrees that, following the Closing through the date that the Final Closing Statement becomes final and binding, it shall not take or permit to be taken any actions with respect to any accounting books, records, policies or procedures on which the Acquired Companies' Financial Statements or the Initial Closing Statement are based, or on which the Final Closing Statement are to be based, that are intended to impede or delay the determination of the Final Closing Cash, Final Net Working Capital, Final Closing Indebtedness, the Final Capital Expenditures Amount or the Final Transaction Expenses or the preparation of any Notice of Disagreement or the Final Closing Statement in the manner and utilizing the methods provided by this Agreement.

1.6 Reconciliation of the Post-Closing Statement.

(a) Sellers shall notify Purchaser in writing no later than forty-five (45) days after Sellers' receipt of the Initial Closing Statement if Sellers disagree with the Initial Closing Statement, which notice shall describe the basis for such disagreement (including reasonable supporting detail for such objection, including the dollar amount of any such objection) (the "Notice of Disagreement"). If no Notice of Disagreement is delivered to Purchaser by such time, then the Initial Closing Statement shall become final and binding upon the Parties in accordance with Section 1.6(c).

(b) During the thirty (30) days immediately following the delivery of a Notice of Disagreement (the "Resolution Period"), Sellers and Purchaser shall seek to resolve any differences that they may have with respect to the matters specified in the Notice of Disagreement.

(c) If, at the end of the Resolution Period, Sellers and Purchaser have been unable to resolve any differences that they may have with respect to the matters specified in the Notice of Disagreement, Sellers and Purchaser shall submit all such matters that remain in dispute with respect to the Notice of Disagreement to KPMG LLP or such other independent public accounting firm that is mutually acceptable to Purchaser and Sellers (the "Independent Accounting Firm"). As promptly as practical, but in any event within sixty (60) days after submission of such matters to the Independent Accounting Firm, the Independent Accounting Firm shall make a final determination in accordance with the Accounting Principles and applied in a manner consistent with the principles, methodologies and adjustments used in connection with the preparation of Appendix II, and the terms and definitions of this Agreement and based solely on the written submissions of the Parties, of the appropriate amount of each of the matters that remain in dispute as indicated in the Notice of Disagreement that Sellers and Purchaser have submitted to the Independent Accounting Firm, and such final determination shall be binding on the Parties. With respect to each disputed matter, such determination, if not in accordance with the position of either Sellers or Purchaser, shall not be in excess of the higher, or less than the lower, of the amounts advocated by Sellers in the Notice of Disagreement or by Purchaser in the Initial Closing Statement with respect to such disputed matter. The statements of (i) the Final Closing Cash, (ii) the Final Net Working Capital, (iii) the Final Closing Indebtedness, (iv) the Final Capital Expenditures Amount and (v) the Final Transaction Expenses that are final and binding on the Parties, as determined either through agreement of the Parties pursuant to Section 1.6(a) or Section 1.6(b) or through the findings of the Independent Accounting Firm pursuant to this Section 1.6(c), are referred to as the "Final Closing Statement" and the Closing Payment Amount that would be calculated substituting the Final Closing Cash for the Estimated Closing Cash, the Final Net Working Capital for the Estimated Net Working Capital, the Final Closing Indebtedness for the Estimated Closing Indebtedness, the Final Capital Expenditures Amount for the Estimated Capital Expenditures Amount and the Final Transaction Expenses for the Estimated Transaction Expenses is referred to as the "Final Payment Amount".

(d) All fees and expenses relating to the work, if any, to be performed by the Independent Accounting Firm shall be borne equally by Sellers, on the one hand, and Purchaser, on the other. During the review by the Independent Accounting Firm, each of Purchaser and Sellers shall, and shall cause their respective Affiliates (including, in the case of Purchaser, the Acquired Companies) and their respective employees, accountants and other Representatives to, each make available to the Independent Accounting Firm (during normal business hours upon reasonable advance notice) interviews with such personnel, and such information, books and records and work papers, as may be reasonably requested by the Independent Accounting Firm to fulfill its obligations under Section 1.6(c); provided, that the accountants of Sellers or Purchaser shall not be obligated to make any work papers available to the Independent Accounting Firm except in accordance with such accountants' normal disclosure procedures and then only after such Independent Accounting Firm has signed a customary agreement relating to such access to work papers. In acting under this Agreement, the Independent Accounting Firm shall act as an expert and not an arbitrator.

(e) The process set forth in Section 1.5 and this Section 1.6 shall be the sole and exclusive remedy of any of the Parties and their respective Affiliates for any disputes related to the Closing Payment Adjustment, the Post-Closing Adjustment and the calculations and amounts on which they are based or set forth in the related statements and notices delivered in connection therewith. For the avoidance of doubt, the calculations to be made pursuant to Section 1.5 and this Section 1.6 and the Closing Payment Adjustment and Post-Closing Adjustment are not intended to be used to adjust for errors or omissions that may be found with respect to the Acquired Companies' Financial Statements or any inconsistencies between the Acquired Companies' Financial Statements and GAAP or FERC Accounting Requirements, as applicable. After the determination of the Final Closing Statement for an Acquired Company, none of the Parties shall have the right to make any claim with respect to such Acquired Company based upon the preparation of the Final Closing Statement or the calculation of Final Closing Cash, Final Net Working Capital, Final Closing Indebtedness, Final Capital Expenditures Amount or Final Transaction Expenses as of the Closing (even if subsequent events or subsequently discovered facts would have affected the determination of the Final Closing Statement or the calculations of Final Closing Cash, Final Net Working Capital, Final Closing Indebtedness, Final Capital Expenditures Amount or Final Transaction Expenses had such subsequent events or subsequently discovered facts been known at the time of the determination of the Final Closing Statement).

1.7 Post-Closing Adjustment. The "Post-Closing Adjustment" shall be equal to the difference (which may be a positive or negative amount) of the Final Payment Amount *minus* the Closing Payment Amount. If the Post-Closing Adjustment is a positive amount, then Purchaser shall pay or cause to be paid in cash to Sellers (or one or more of Sellers' designees) the amount of such Post-Closing Adjustment. If the Post-Closing Adjustment is a negative amount, then Sellers shall pay or cause to be paid in cash to Purchaser the absolute value of the amount of such Post-Closing Adjustment. Any such payment pursuant to this Section 1.7 shall be made within ten (10) Business Days after the determination of the Final Closing

Statement by wire transfer of immediately available funds. Any amount paid under this Section 1.7 shall be treated as an adjustment to the Purchase Price for Tax purposes and, except to the extent required by applicable Laws, the Parties agree not to take any position inconsistent with such treatment on any Tax Return.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the disclosure letter delivered to Purchaser in connection with the execution of this Agreement (the "Sellers Disclosure Letter"), Sellers hereby represent and warrant to Purchaser as follows:

2.1 Organization and Qualification; No Subsidiaries. AEP is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of New York, and AEP TransCo is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Acquired Companies are corporations duly incorporated, validly existing and in good standing under the Laws of the State of Kentucky. Each of the Acquired Companies has all requisite corporate power and authority to carry on its respective businesses as now being conducted and to own, lease and operate its properties and assets where such properties or assets are now owned, leased or operated, and is qualified to do business and is in good standing as a foreign corporation or company in each jurisdiction where the conduct of its business or the property or asset owned, leased or operated by it requires such qualification, except for any such failures that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. None of the Acquired Companies own any equity interests in any Person. Sellers have made available to Purchaser correct and complete copies of the Organizational Documents of each of the Acquired Companies (including all amendments thereto), and each such instrument is in full force and effect.

2.2 Capitalization of the Acquired Companies.

(a) The Shares are duly authorized, validly issued, fully paid and nonassessable, and will be transferred, conveyed, assigned and delivered to Purchaser at the Closing, free and clear of all Encumbrances (other than any Encumbrances arising under the Organizational Documents of the Acquired Companies, the Debt Agreements, or applicable securities Laws, in each case, other than as a result of any violation thereof). The Shares were not issued in violation of any Law or any Organizational Document of any of the Acquired Companies, and each of AEP and AEP TransCo has good and valid title to, and ownership, of record and beneficially, of, all of the Kentucky Power Shares and the Kentucky TransCo Shares, respectively. The Shares represent all of the issued and outstanding shares of capital stock and all of the issued and outstanding equity interests of the Acquired Companies. The Kentucky Power Shares are represented by one share certificate and, as of the Effective Date, none of the Kentucky TransCo Shares are represented by any share certificate.

(b) Except for the Shares, there are no shares of common stock, preferred stock or other equity interests of the Acquired Companies issued and outstanding or held in treasury, and there are no preemptive or other outstanding rights, subscriptions, options, warrants, stock appreciation rights, redemption rights, repurchase rights, convertible, exercisable, or exchangeable securities or other agreements, arrangements or commitments of any character relating to the issued or unissued share capital or other equity ownership interest in the Acquired Companies or any other securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of the Acquired Companies, and no securities evidencing such rights are authorized, issued or outstanding. The Acquired Companies have no outstanding bonds, debentures, notes or other obligations, and are not subject to any Contracts, that provide the holders thereof or any other Person the right to vote (or are convertible or exchangeable into or exercisable for securities having the right to vote) with the stockholders or equityholders of either of the Acquired Companies on any matter.

2.3 Authority Relative to this Agreement. Each Seller has, and each member of the Seller Group shall have prior to the Closing, all necessary power and authority to execute, deliver and perform this Agreement and the Ancillary Agreements to which it is or shall at Closing be a party and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is or shall at Closing be a party in accordance with the terms hereof and thereof. The execution, delivery and performance by each Seller and each member of the Seller Group of this Agreement and the Ancillary Agreements to which it is or shall at Closing be a party, and the consummation of the transactions contemplated hereby and thereby, have been, or shall be prior to the Closing, duly and validly authorized by all necessary action on part of such Seller, and no other proceedings on the part of a Seller or any member of the Seller Group are, or shall be as of immediately preceding the Closing, necessary to authorize the execution, delivery and performance, as applicable, of this Agreement or any Ancillary Agreement to which it is or shall at Closing be a party. This Agreement has been duly and validly executed and delivered by each Seller, and, assuming the due authorization, execution and delivery of this Agreement by Purchaser, constitutes, and each Ancillary Agreement to which each Seller or any member of the Seller Group is or shall at Closing be a party, when executed and delivered by the members of the Seller Group party thereto, and, assuming the due authorization, execution and delivery of such Ancillary Agreement by Purchaser or, if applicable, its applicable Affiliate party thereto, shall constitute a valid, legal and binding agreement of the applicable members of the Seller Group, enforceable against each such member in accordance with its terms, subject to the effect of any applicable Laws relating to bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or preferential transfers, or similar Laws relating to or affecting creditors' rights generally, or general principles of equity (collectively, the "Enforceability Exceptions").

2.4 Consents and Approvals; No Violations. No filing with or notice to, and no consent or approval of, any Governmental Entity is required to be obtained or made on the part of Sellers, the Acquired Companies or any member of the Seller Group for the execution, delivery and performance by Sellers or any member of the Seller Group of this Agreement or any Ancillary Agreement to which a Seller or such member of the Seller Group is or shall at Closing be a party or the consummation by Sellers and/or their Affiliates, as applicable, of the transactions contemplated hereby or thereby, other than: (a) the Required Regulatory Approvals, (b) the Mitchell Plant Approvals, (c) the filings, notices or approvals listed on Section 2.4(a) of the Sellers Disclosure Letter (the "Additional Regulatory Filings and Consents"), (d) notice and judicial approval of a modification to the NSR Consent Decree or (e) any permit, declaration, filing, authorization, registration, consent or approval, of which the failure to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Assuming, solely with respect to clauses (ii) and (iii) hereof, compliance with the items described in clauses (a) through (d) of the preceding sentence and except as set forth on Section 2.4(b) of the Sellers Disclosure Letter, neither the execution, delivery or performance by Sellers or any member of the Seller Group of this Agreement or any Ancillary Agreement to which a Seller or any member of the Seller Group is or shall at Closing be a party, nor the consummation by Sellers and/or any member of the Seller Group, as applicable, of the transactions contemplated hereby or thereby shall (i) conflict with or result in any breach or violation of any provision of its Organizational Documents or the Organizational Documents of the Acquired Companies, (ii) result in a breach or violation of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to the creation of any Encumbrance, except for Permitted Encumbrances, or any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any Material Contract or material Permit to which any Acquired Company or any of its assets, rights, properties or business is bound or (iii) violate any Law applicable to, or result in the creation of any

Encumbrance (other than for Permitted Encumbrances) upon, an Acquired Company or any of its rights, properties, business or assets, except, in the case of clauses (ii) or (iii), for breaches, violations, defaults, Encumbrances or rights of termination, amendment, cancellation or acceleration that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.5 Financial Statements.

(a) Section 2.5(a) of the Sellers Disclosure Letter sets forth:

(i) the audited statements of income, comprehensive income, changes in common shareholders' equity, balance sheets and cash flows and the related notes of Kentucky Power as of and for the annual periods ended December 31, 2019 and December 31, 2020 and the unaudited statements of income, comprehensive income changes in common shareholders' equity, balance sheets, and cash flows of Kentucky Power as of and for the six-month period ended June 30, 2021 (collectively, the "Kentucky Power Financial Statements") and

(ii) the audited FERC Form 1 financial statements of Kentucky TransCo as of and for the annual periods ended December 31, 2019 and December 31, 2020, and the unaudited FERC Form 3-Q financial statements of Kentucky TransCo as of and for the six-month period ended June 30, 2021 (collectively, the "Kentucky TransCo Financial Statements", and together with the Kentucky Power Financial Statements, the "Acquired Companies' Financial Statements").

(b) The Kentucky Power Financial Statements (i) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and (ii) fairly present in all material respects the financial position, the stockholders' equity, the results of operations and cash flows of Kentucky Power as of the times and for the periods referred to therein (except as may be indicated in the notes thereto and except that the unaudited quarterly financial statements do not include notes that would be required by GAAP or normal year-end adjustments, which in each case will not be material in nature or amount, taken as a whole). The Kentucky TransCo Financial Statements (x) have been prepared in accordance with FERC Accounting Requirements applied on a consistent basis during the periods involved and (y) fairly present in all material respects the financial position, the stockholders' equity, the results of operations and cash flows of Kentucky TransCo as of the times and for the periods referred to therein.

(c) Except as set forth on Section 2.5(c) of the Sellers Disclosure Letter, the Acquired Companies have no liabilities or obligations that would be required by GAAP or FERC Accounting Requirements, as applicable, to be reflected or reserved against on the balance sheet of each Acquired Company other than (i) liabilities that are reflected or reserved against in the applicable Acquired Company's unaudited balance sheet (or the notes thereto) as of June 30, 2021 ("Balance Sheet Date") included in the Acquired Companies' Financial Statements, (ii) liabilities or obligations that are incurred in the ordinary course of business since the Balance Sheet Date through the Effective Date or (iii) liabilities or obligations incurred in accordance with the terms of this Agreement or any Material Contract (in each case, excluding any breach or violation thereof).

(d) Each Acquired Company has devised and maintained systems of internal accounting controls which are sufficient to provide reasonable assurances that (i) all material transactions are executed in accordance with its management's general or specific authorization, (ii) all material transactions are recorded in the Acquired Companies' respective books and records as necessary to permit the preparation of financial statements in conformity with GAAP (in the case of Kentucky Power) or FERC Accounting Requirements (in the case of Kentucky Transco) and (iii) the recorded accountability for items in the Acquired Companies' respective books and records is compared with the actual levels thereof at reasonable intervals and appropriate action is taken with respect to any variances. The Acquired Companies' Financial Statements were derived from and are consistent with such books and records.

2.6 Absence of Certain Changes or Events. Except as contemplated by this Agreement, since the Balance Sheet Date, (a) the business of each Acquired Company has been conducted in all material respects in the ordinary course of business and (b) there has not occurred any Material Adverse Effect. The Business is the only business operation carried on by the Acquired Companies, and the assets, rights and properties of the Acquired Companies are being and have been for the last three (3) years operated and maintained in accordance with Good Utility Practice.

2.7 Sufficiency of Assets. At Closing, except for (a) Shared Contracts (or replacement arrangements), (b) the assets, rights and properties to which the Acquired Companies have continued access to or use pursuant to the Ancillary Agreements (other than services expressly excluded, or services which Purchaser declines to accept, pursuant to the Transition Services Agreement), the Mitchell Plant O&M Agreement and the Intercompany Arrangements set forth on Section 4.8(a)(ii) of the Sellers Disclosure Letter, and (c) as set forth on Section 2.7(c) of the Sellers Disclosure Letter, the assets, rights and properties of the Acquired Companies constitute all of the material assets, rights and properties required or used to enable each Acquired Company to conduct in all material respects its business as currently being conducted and as conducted in the ordinary course in the preceding twelve (12) months.

2.8 Material Contracts.

(a) Section 2.8(a) of the Sellers Disclosure Letter sets forth a list of the following Contracts to which an Acquired Company is a party or otherwise bound, which shall be deemed to constitute "Material Contracts", true and correct copies of which (including all exhibits, schedules and amendments thereto) have been made available to Purchaser prior to the date hereof:

(i) all Contracts that individually involve expenditures by an Acquired Company in excess of $3,000,000 in any of the three calendar years preceding the date of this Agreement and pursuant to which an Acquired Company has ongoing obligations;

(ii) all Contracts that individually involve the receipt of payments by an Acquired Company in excess of $3,000,000 in any of the three calendar years preceding the date of this Agreement and pursuant to which an Acquired Company has ongoing obligations;

(iii) the Utility Money Pool Agreement, the TransCo Intercompany Notes, the Debt Agreements, the Senior KPCo Notes, the Senior Note Purchase Agreements, and all other Contracts for, or relating to, Indebtedness of an Acquired Company in excess of $3,000,000 in any of the three calendar years preceding the date of this Agreement or under which a security interest has been imposed on any assets, rights or properties of an Acquired Company, which security interest secures outstanding Indebtedness in excess of $3,000,000 in any of the three calendar years preceding the date of this Agreement and pursuant to which an Acquired Company has ongoing obligations;

(iv) all Contracts of guaranty, indemnity or surety by an Acquired Company with outstanding obligations guaranteed or indemnified by such Acquired Company or for which such Acquired Company is a surety in excess of $3,000,000 in any of the three calendar years preceding the date of this Agreement and pursuant to which an Acquired Company has ongoing obligations;

(v) all Intercompany Arrangements involving payments or receipts by or to an Acquired Company in excess of $500,000 in any of the three calendar years preceding the Effective Date or pursuant to which an Acquired Company or any member of the Seller Group has any ongoing obligations or rights with a value allocable to an Acquired Company in excess of $500,000;

(vi) all Contracts granting to any Person any right or option to purchase or otherwise acquire any assets of an Acquired Company involving consideration over the remaining term of any such Contract in excess of $5,000,000, including rights of first option, rights of first refusal, or other preferential purchase rights;

(vii) all Contracts that (x) limit the ability of an Acquired Company to compete in any activity or line of business or in any geographic area or (y) contain any obligation on an Acquired Company, or that would apply to Purchaser or its Affiliates following the Closing, to use or purchase any material good or material service exclusively from one or more Persons;

(viii) all Contracts relating to the issuance, sale, transfer, disposition, registration, liquidity, granting, encumbering, pledging, voting, repurchase or redemption of any of the Shares or any other equity securities of an Acquired Company or rights in connection therewith (other than the Organizational Documents of the Acquired Companies);

(ix) all settlement, conciliation or similar Contracts with any Governmental Entity or third party that impose any continuing monetary or other ongoing material obligations upon any of the Acquired Companies, except for Contracts filed publicly with FERC or the KPSC in connection with the settlement of a Rate Proceeding;

(x) all Master Leases;

(xi) all Shared Contracts involving payments or receipts in excess of $3,000,000 in value allocated to an Acquired Company in any of the three calendar years preceding the Effective Date;

(xii) all Contracts for Continuing Support Obligations;

(xiii) all Contracts for the procurement of power, energy or capacity, including any power purchase agreement or Contracts committing to the development, purchase or construction of new generation, involving payments by an Acquired Company over the term of such Contract in excess of $3,000,000 and pursuant to which any Acquired Company has any ongoing obligations, other than Contracts for purchases and sales on arm's-length terms with a delivery term of less than three (3) months ahead;

(xiv) all Contracts relating to fuel supply or transportation involving payments by an Acquired Company over the term of such Contract in excess of $3,000,000 and pursuant to which any Acquired Company has any ongoing obligations;

(xv) all Commercial Hedges having a current market value attributed or allocated to an Acquired Company or any of its assets or involving aggregate consideration or aggregate payment obligations by an Acquired Company over the term of such Contract in excess of $3,000,000;

(xvi) Contracts related to Intellectual Property owned or used by an Acquired Company involving payments or receipts in excess of $3,000,000 in value allocated to an Acquired

Company in any of the three calendar years preceding the Effective Date (other than non-exclusive licenses (A) for off-the-shelf or otherwise commercially available software or (B) granted by an Acquired Company in the ordinary course of business);

(xvii) all Collective Bargaining Agreements; and

(xviii) all partnership, joint venture and joint ownership Contracts.

(b) (i) Other than any Intercompany Arrangements severed or terminated in accordance with Section 4.8(a), each Material Contract is a legal, valid and binding obligation of the applicable Acquired Company and, to the Knowledge of Sellers, each counterparty, and is in full force and effect, subject to the Enforceability Exceptions, (ii) neither the applicable Acquired Company nor, to the Knowledge of Sellers, any other party thereto is in breach of, or in default under, and no event has occurred which with notice or lapse of time or both would constitute any such breach or default, or permit termination, modification or acceleration by such other parties under, any Material Contract, (iii) no Acquired Company has waived any material right under any Material Contract, and (iv) no party to any Material Contract has notified any Seller or any Acquired Company in writing that it intends to terminate or fail to renew at the end of its term such Material Contract, materially increase rates, costs or fees charged under any Material Contract or materially reduce the level of goods or services provided under any Material Contract, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

2.9 Intellectual Property. All registered trademarks and applications to register trademarks and Internet domain names, patents and patent applications and registered copyrights and applications to register copyrights included in the Owned Intellectual Property are set forth on Section 2.9 of the Sellers Disclosure Letter (collectively, the "Company Registered Intellectual Property"). Each of the Acquired Companies owns all of the Company Registered Intellectual Property indicated as being owned by such entity, as well as all other material Owned Intellectual Property, free and clear of all Encumbrances (other than Permitted Encumbrances). The Owned Intellectual Property, together with the Seller Marks, Licensed Intellectual Property, and the Intellectual Property available to the Acquired Companies pursuant the Transition Services Agreement (other than Intellectual Property embedded in services expressly excluded, or services which Purchaser declines to accept, pursuant to the Transition Services Agreement) or the Mitchell Plant O&M Agreement, constitute all of the Intellectual Property necessary to operate the business of the Acquired Companies as operated as of the Effective Date. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, the operation of the business of the Acquired Companies as of the Effective Date does not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any third parties and to the Knowledge of Sellers no third party is infringing, diluting, misappropriating or otherwise violating the Owned Intellectual Property. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) the Acquired Companies (and Sellers, with respect to the businesses conducted by the Acquired Companies) have taken commercially reasonable measures to ensure the confidentiality and security of all hardware, software, databases, systems, networks, websites, applications and other information technology assets and equipment owned, leased, or controlled by them in connection with their businesses and any information (including personal, personally identifiable, sensitive, regulated and confidential information) stored, transmitted, or otherwise processed thereby ("IT Assets") from unauthorized or improper access or use, (ii) during the last three (3) years, there has been no breach of or other unauthorized or improper access or use of the IT Assets, and (iii) the IT Assets are adequate for the operation of the Acquired Companies and their respective businesses, and have not experienced any malfunctions or failures.

2.10 Legal Proceedings. Except as set forth on Section 2.10 of the Sellers Disclosure Letter, there are no, and during the last three (3) years there have not been any, Actions existing, pending or, to the Knowledge of Sellers, threatened against an Acquired Company or any of its assets, rights or properties, and there are no, and during the last three (3) years there have not been any, Orders outstanding against, or which are applicable to or bind, an Acquired Company or any of its assets, rights or properties, in each case that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or would reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement or any Ancillary Agreement.

2.11 Compliance with Laws; Permits. Each Acquired Company is in compliance with all Laws and Permits applicable to it and its assets, rights, properties or business, except for violations which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither Acquired Company has received any written notice of or been charged with the violation of any Laws, except where such violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

2.12 Real Property; Personal Property.

(a) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Acquired Company has on the Effective Date (and at the Closing shall have) (i) good and valid fee simple title to the Owned Real Property and all improvements thereon and (ii) valid leasehold interests in, or a right to use or occupy, the Leased Real Property and Easements and all improvements thereon (to the extent such improvements are leased by such Acquired Company), both free and clear, in each case, of all Encumbrances except Permitted Encumbrances and the Encumbrances listed on Section 2.12 of the Sellers Disclosure Letter.

(b) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) each material lease, sublease, Easement and other agreement (each, a "Lease") under which an Acquired Company or any of its Subsidiaries uses or occupies or has the right to use or occupy any Leased Real Property or Easement at which the operations of an Acquired Company are conducted as of the date hereof is valid, binding and in full force and effect, subject to the Enforceability Exceptions, (ii) no uncured default beyond any applicable notice and cure period thereunder on the part of any Acquired Company or, to the Knowledge of Sellers, the other party thereto exists with respect to any Lease and (iii) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will, with or without notice, the passage of time, or both, give rise to any default beyond any applicable notice and cure period thereunder under any Lease. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no condemnation proceedings pending or, to the Knowledge of Sellers, threatened with respect to any Real Property. True and correct copies of each material real property lease have been made available to Purchaser prior to the date hereof.

(c) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Acquired Company owns, leases, licenses or has contractual rights to use all material tangible personal property, including all material machinery, equipment and other personal property necessary for the conduct of the Business, free and clear of all Encumbrances except for Permitted Encumbrances.

2.13 Employee Benefits Matters.

(a) Section 2.13(a) of the Sellers Disclosure Letter sets forth a true and complete list of each material Seller Benefit Plan as of the Effective Date.

(b) True and complete copies have been provided or made available to Purchaser of all material Seller Benefit Plans (or, in the case of an unwritten Seller Benefit Plan, a written description thereof), including any trust instruments and insurance Contracts forming a part of any Seller Benefit Plan.

(c) All Seller Benefit Plans have been administered in compliance with their terms and with the requirements of applicable Law, including ERISA and the Code, except as such non-compliance would not reasonably be expected to have a Material Adverse Effect.

(d) The IRS has issued a valid and favorable determination, opinion or advisory letter with respect to each Seller Benefit Plan that is intended to be a "qualified plan" within the meaning of Section 401(a) of the Code (each, a "Qualified Plan") and the related trust that has not been revoked and, to the Knowledge of Sellers, no circumstances exist and no events have occurred that would, individually or in the aggregate, reasonably be expected to cause the loss of the qualified status of any Qualified Plan or the related trust. A copy of the most recent determination or opinion letter received from the IRS with respect to each Qualified Plan has been made available to Purchaser.

(e) From the date hereof and through and after the Closing Date, no circumstances shall exist that could result in any Controlled Group Liability of Sellers or any of their ERISA Affiliates (other than the Acquired Companies) becoming a Liability of the Acquired Companies or of Purchaser or its Affiliates.

(f) Except as set forth on Section 2.13(f) of the Sellers Disclosure Letter, neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement would reasonably be expected to, either alone or in conjunction with any other event (whether contingent or otherwise), (i) result in any payment or benefit becoming due or payable, or required to be provided, to any Acquired Company Employee (other than the payment of accrued benefits under a Seller Benefit Plan as a result of an Acquired Company Employee ceasing to be an active participant under such Seller Benefit Plan), (ii) increase the amount or value of any benefit or compensation otherwise payable or required to be provided to any Acquired Company Employee, (iii) result in the acceleration of the time of payment or vesting of any compensation or benefits to any Acquired Company Employee (other than the payment of accrued benefits that were vested immediately prior to (and not as a result of) the consummation of the transactions contemplated by this Agreement under a Seller Benefit Plan as a result of an Acquired Company Employee ceasing to be an active participant under such Seller Benefit Plan) or (iv) result in any amount failing to be deductible by an Acquired Company by reason of Section 280G of the Code.

(g) Except as set forth on Section 2.13(g) of the Sellers Disclosure Letter, none of the Acquired Companies sponsor or make contributions with respect to any Benefit Plan subject to Title IV of ERISA.

(h) Except as set forth on Section 2.13(h) of the Sellers Disclosure Letter, no Acquired Company has any liability or obligation under any plan which provides medical or other welfare or death benefits with respect to any Acquired Company Employees beyond their termination of employment or service (other than coverage mandated by Law at the sole expense of the applicable participant).

(i) With respect to any Seller Benefit Plan, no Actions (other than routine claims for benefits in the ordinary course) are pending or, to the Knowledge of Sellers, threatened.

(j) No Acquired Company maintains any Seller Benefit Plan outside the jurisdiction of the United States or that cover any Acquired Company Employees residing or working outside of the United States.

(k) This Section 2.13 contains the exclusive representations and warranties of Sellers with respect to employee benefits matters. No other provision of this Agreement shall be construed as constituting a representation or warranty regarding such matters.

2.14 Labor Matters.

(a) Section 2.14(a) of the Sellers Disclosure Letter sets forth a list of the Acquired Company Employees as of the Effective Date, which list shall be amended prior to the Closing to reflect the addition of any employee who is hired by, or transferred to, an Acquired Company following the Effective Date and the removal of any individual whose employment with an Acquired Company is terminated prior to the Closing, and any employee of an Acquired Company whose work relates primarily to Mitchell (the "Mitchell Employees") and whose employment is transferred from an Acquired Company to an Affiliate of the Sellers (other than the Acquired Companies) prior to the Closing Date. Sellers have provided to Purchaser the following information on a confidential basis: each Acquired Company Employee's current base salary or wage rate and target bonus for the 2021 fiscal year (if any), position, date of hire (and, if different, years of recognized service), status as exempt or non-exempt under the Fair Labor Standards Act, and whether such Acquired Company Employee is on leave status, which information shall be updated prior to Closing to reflect changes made consistent with the first sentence of this Section 2.14(a).

(b) Except as set forth on Section 2.14(b) of the Sellers Disclosure Letter, none of Sellers or any Affiliates nor either Acquired Company is a party to or bound by any collective bargaining agreement or similar labor union Contract with respect to any of the Acquired Company Employees, no such agreement is presently being negotiated, and no Acquired Company Employees are, with respect to their employment, represented by a labor union. To the Knowledge of Sellers, since January 1, 2018, (i) there have been no labor union representation election proceedings, other than as set forth in Section 2.14(b) of the Sellers Disclosure Letter, with respect to Acquired Company Employees pending or threatened to be brought or filed with the National Labor Relations Board, and (ii) there have been no pending or threatened labor union organizing campaigns with respect to Acquired Company Employees. Since January 1, 2018, there have been no labor union strikes, slowdowns, work stoppages or lockouts or other material labor disputes pending or threatened against or affecting the Acquired Companies or involving employees of any Acquired Company.

(c) Except as set forth on Section 2.14(c) of the Sellers Disclosure Letter, since January 1, 2018, none of Sellers or their Affiliates (solely as it relates to the business of the Acquired Companies) or the Acquired Companies has closed any site of employment, effectuated any group layoffs of employees or implemented any early retirement, exit incentive, or other group separation program, nor has any such action or program been planned or announced for the future.

(d) Except as set forth on Section 2.14(d) of the Sellers Disclosure Letter, since January 1, 2018, no officer, director or management level employee of Sellers or their Affiliates (solely as it relates to the business of the Acquired Companies) or the Acquired Companies has been the subject of an allegation in the workplace of sexual harassment or sexual assault, nor, to the Knowledge of Seller, has any officer, director or management level employee of Sellers or their Affiliates (solely as it relates to the business of the Acquired Companies) or the Acquired Companies engaged in sexual harassment or sexual assault. None of Sellers or their Affiliates (solely as it relates to the business of the Acquired Companies) or the Acquired Companies has entered into any settlement agreements related to allegations of sexual harassment or misconduct by any employee.

2.15 Taxes. Except as set forth on Section 2.15 of the Sellers Disclosure Letter:

(a) All material Tax Returns required to be filed by, or with respect to, each Acquired Company have been filed (taking into account extensions), and all Tax Returns filed by, or with respect to, each Acquired Company are accurate and complete in all material respects.

(b) All material Taxes required to be paid by, or with respect to, each Acquired Company (whether or not shown on any Tax Return) have been paid.

(c) Neither Acquired Company has received any written notice of any currently pending actions for the assessment or collection of any material Taxes.

(d) There are no Encumbrances for material Taxes against any assets of the Acquired Companies or the Shares, other than Permitted Encumbrances.

(e) No claim that is currently unresolved has been made by any Governmental Entity in a jurisdiction where any Acquired Company does not file Tax Returns that such Acquired Company is subject to taxation by such jurisdiction.

(f) No Tax Proceeding with respect to any material Taxes of any Acquired Company is existing, pending or being threatened in writing.

(g) Each Acquired Company has materially complied with its obligations to deduct, withhold and timely pay to the appropriate Governmental Entity all Taxes required to have been deducted, withheld or paid in connection with amounts owing to any employee, former employee, independent contractor, creditor, stockholder or other third party, and each Acquired Company has materially complied with all reporting and record keeping requirements in respect of Taxes.

(h) No Acquired Company (i) currently has in effect a waiver of any statute of limitations in respect of Taxes or (ii) has agreed to any extension of time with respect to a Tax assessment or deficiency which extension is currently in effect (except for automatic extensions of time to file income Tax Returns obtained in the ordinary course of business).

(i) During the past six years, no Acquired Company (i) has been a member of a Tax group filing a consolidated, combined, unitary or similar Tax Return (other than the Seller Affiliated Tax Group), (ii) is a party to, or has an obligation under, any Tax sharing, Tax indemnification, or Tax allocation agreement or similar contract or arrangement (other than any Tax sharing agreement among the members of the Seller Affiliated Tax Group which, with respect to the Acquired Companies, shall be terminated on or before the Closing Date and any customary commercial contract entered into in the ordinary course of business the principal subject of which is not Taxes) and (iii) has liability for the Taxes of any other Person except for a member of the Seller Affiliated Tax Group under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor, or by contract (other than any Tax sharing agreement among the members of the Seller Affiliated Tax Group which, with respect to the Acquired Companies, shall be terminated on or before the Closing Date and any customary commercial contract entered into in the ordinary course of business the principal subject of which is not Taxes).

(j) No Acquired Company will be required to include any material amounts in income, or exclude any material items of deduction, in a taxable period (or portion thereof) beginning after the Closing Date as a result of (i) a change in (or incorrect method of) accounting occurring prior to the Closing, (ii) an installment sale or open transaction arising in a taxable period (or portion thereof) ending on or before the Closing Date, (iii) a prepaid amount received, or paid, prior to the Closing, (iv) a "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state or local income Tax Law) executed on or prior to the Closing Date, or (v) any intercompany transactions or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state or local income Tax Law). No Acquired Company has made an election under Section 965 of the Code.

(k) No Acquired Company has participated in nor has any liability or obligation with respect to any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4.

(l) During the two-year period ending on the date hereof, no Acquired Company has been a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A).

(m) Each Acquired Company has collected all material sales and use Taxes required to be collected, and has remitted, or will remit on a timely basis, such amounts to the appropriate governmental authorities, or has been furnished properly completed exemption certificates.

2.16 Environmental Matters. Except for such matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

(a) All Environmental Permits that are necessary for the operation of the business of each Acquired Company as it is currently being operated have been obtained or timely applied for and are in full force and effect, and there is no reasonable basis for any revocation, non-issuance, non-renewal or adverse modification of any such Environmental Permit; and each Acquired Company is in compliance with the requirements of all, and since January 1, 2018 has not violated any, applicable Environmental Laws.

(b) Except for matters that have been fully resolved with no further obligation or are set forth on Section 2.16(b) of the Sellers Disclosure Letter, neither Acquired Company is subject to any consent decree, agreement, or Order with any Governmental Entity or any other Person arising under Environmental Laws or regarding any Hazardous Material, and neither Acquired Company has received any written notice from a Governmental Entity regarding any unresolved actual or alleged violation of Environmental Laws.

(c) Except as set forth on Section 2.16(c) of the Sellers Disclosure Letter, there is and has been no Release by any Acquired Company from, in, or on any of the Real Property (except as authorized under Environmental Laws or Environmental Permits) or at any other location for which any Acquired Company may be liable that would reasonably be expected to result in an Environmental Claim against an Acquired Company, require investigation or remediation, or adversely affect the use of any Real Property in a manner consistent with the Acquired Company's use of that property.

(d) Except as set forth on Section 2.16(d) of the Sellers Disclosure Letter, there are no Environmental Claims existing, pending, threatened in writing or, to the Knowledge of Sellers, threatened orally, against an Acquired Company that have not been fully and finally resolved with no further obligation.

(e) Except as set forth on Section 2.16(e) of the Sellers Disclosure Letter, no Acquired Company has assumed or retained as a result of any Contract any liability under any Environmental Law or regarding any Hazardous Materials.

(f) Sellers have made available to Purchaser all material reports of any environmental or health and safety audits performed since January 1, 2018, environmental site assessments, environmental investigations, environmental remediation, environmental impact reviews, or other similar documents containing material information regarding any Acquired Company, the Real Property, or any other location for which any Acquired Company may be liable, to the extent within the possession or control of Sellers or any Acquired Company.

2.17 Brokers. Except for Barclays Capital Inc. and Goldman Sachs & Co. LLC, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of an Acquired Company or Sellers or any of their respective Affiliates.

2.18 Regulatory Matters. Kentucky Power is a "Utility" as defined in Kentucky Revised Statutes KRS Chapter 278.010 and is subject to regulation as a "Utility" pursuant to the rules and regulations promulgated by the KPSC. Each of Kentucky Power and Kentucky TransCo is a "public utility" pursuant to Part II of the FPA and subject to regulation as a "public utility" under the FPA and pursuant to the rules and regulations promulgated by FERC.

2.19 Insurance. Section 2.19 of the Sellers Disclosure Letter sets forth a true and complete list of all insurance policies (other than title insurance policies) covering the Acquired Companies or their assets or operations. True and complete copies of all such policies have been made available to Purchaser or will be made available to Purchaser upon request prior to the Closing Date. Except as would not reasonably be likely, individually or in the aggregate, to have a Material Adverse Effect, (i) each Acquired Company is insured with reputable insurers or is self-insured against such risks and in such amounts as Sellers reasonably have determined to be consistent with Good Utility Practice, and the Sellers and each Acquired Company are in compliance in all material respects with each such insurance policy and are not in default under any such policy, (ii) each such policy is in full force and effect, (iii) all premiums have been paid in full when due, (iv) all matters that are the subject of claims under insurance policies covering the Acquired Companies or their assets or operations have been properly notified, asserted and submitted pursuant to the terms of such policies and no insurer has denied coverage for any such claim and (v) no written notice of cancellation, termination or nonrenewal (other than written notice of nonrenewals issued by insurers in the ordinary course of business that would not reasonably be expected to result in any gap in coverage for the Acquired Companies or their assets or operations) has been received by Sellers or an Acquired Company with respect to any such insurance policy.

2.20 Anti-Corruption; Trade Compliance and Economic Sanctions.

(a) Each Acquired Company and each of their respective directors, managers, officers, and employees (each, an "Acquired Company Representative") is and at all times has been, and to such Persons' knowledge, their agents and other Persons when acting on their behalf pursuant to a legal relationship have been, in compliance in all material respects with the U.S. Foreign Corrupt Practices Act of 1977, as amended, and all other anti-corruption and anti-bribery laws of all jurisdictions in which the Acquired Companies conduct business.

(b) Each Acquired Company and each Acquired Company Representative is and at all times has been in compliance in all material respects with all applicable Laws pertaining to trade and economic sanctions and export controls, including such laws and regulations administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State's Directorate of Defense Trade Controls, and the U.S. Department of Commerce's Bureau of Industry and Security (collectively, "U.S. Trade Controls").

(c) No Acquired Company or any Acquired Company Representative is: (i) located, organized, resident or operating in a country or territory that is currently the target of a comprehensive trade embargo by the U.S. government (currently, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine) (each, a "Sanctioned Country"); (ii) the target of restrictions on trade by reason of U.S. Trade Controls, including being identified on a U.S. Government denied, debarred or otherwise prohibited party list, such as, without limitation, the Specially Designated Nationals ("SDN") and Blocked Persons List, the Entity List, or the Denied Persons List, or is owned 50% or more by any of the foregoing (collectively, a "Prohibited Party"); or (iii) engaged in dealings or transactions in or with a Sanctioned Country or Prohibited Party in violation of U.S. Trade Controls.

2.21 No Other Representations or Warranties. Except for the representations and warranties expressly set forth in this Article II or in the Ancillary Agreements, neither Sellers nor any other Person on behalf of Sellers has made or shall be deemed to have made, and Sellers hereby expressly disclaim and negate, any other express or implied representation or warranty whatsoever (whether at Law (including at common law or by statute) or in equity) with respect to Sellers or the Acquired Companies or any matter relating to any of them, including their respective businesses, affairs, assets, liabilities, financial condition or results of operations, or with respect to the accuracy or completeness of any other information made available to Purchaser or any of its Representatives by or on behalf of Sellers, and any such representations or warranties are expressly disclaimed. Each Seller acknowledges and agrees that, except for the representations and warranties contained in Article III or in the Ancillary Agreements, neither Purchaser nor any other Person on behalf of Purchaser has made or makes, and such Seller has not relied upon, any representation or warranty, whether express or implied, with respect to Purchaser or its Affiliates or any matter relating to any of them, including their respective businesses, affairs, assets, liabilities, financial condition or results of operations, or with respect to the accuracy or completeness of any other information made available to such Seller or any of its Representatives by or on behalf of Purchaser, and that any such representations or warranties and rights or claims relating thereto are expressly disclaimed.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in the disclosure letter delivered to Sellers in connection with the execution of this Agreement (the "Purchaser Disclosure Letter"), Purchaser hereby represents and warrants to each Seller as follows:

3.1 Organization and Qualification. Purchaser is an entity duly organized, validly existing and in good standing under the Laws of Delaware. Purchaser has all requisite corporate power and authority to carry on its businesses as now being conducted and is qualified to do business and is in good standing as a legal entity in each jurisdiction where the conduct of its business requires such qualification, except for any such failures that would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

3.2 Authority Relative to this Agreement. Purchaser has all necessary power and authority to execute, deliver and perform this Agreement and the Ancillary Agreements to which it is or shall at Closing be a party and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is or shall at Closing be a party in accordance with the terms hereof and thereof. The execution, delivery and performance by Purchaser of this Agreement and the Ancillary Agreements to which it is or shall at Closing be a party, and the consummation of the transactions contemplated hereby and thereby, have been, or shall be prior to the Closing, duly and validly authorized by all necessary action on part of Purchaser, and no other proceedings on the part of Purchaser are, or shall be as of immediately preceding the Closing, necessary to authorize the execution, delivery and performance, as applicable, of this Agreement. This Agreement has been duly and validly executed and delivered by Purchaser, and, assuming the due authorization, execution and delivery of this Agreement by Sellers, constitutes, and each Ancillary Agreement to which Purchaser is or shall at Closing be a party, when executed and delivered by Purchaser and/or its applicable Affiliate party thereto, and, assuming the due authorization, execution and delivery of such Ancillary Agreement by the applicable member of the Seller Group, shall constitute, a valid, legal and binding agreement of Purchaser and/or its applicable Affiliates, enforceable against Purchaser and/or such Affiliates in accordance with its terms, subject to the Enforceability Exceptions.

3.3 Consents and Approvals; No Violations. No filing with or notice to, and no consent or approval of, any Governmental Entity is required to be obtained or made on the part of Purchaser or any of its Affiliates for the execution, delivery and performance by Purchaser and/or its Affiliates, as applicable, of this Agreement or any Ancillary Agreement to which such Person is or shall at Closing be a party or the consummation by Purchaser and/or its Affiliates, as applicable, of the transactions contemplated hereby or thereby, other than (a) the Required Regulatory Approvals, (b) the Mitchell Plant Approvals, (c) the Additional Regulatory Filings and Consents, (d) notice and judicial approval of a modification to the NSR Consent Decree, or (e) any permit, declaration, filing, authorization, registration, consent or approval, of which the failure to make or obtain would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect. Assuming compliance with the items described in clauses (a) through (e) of the preceding sentence, neither the execution, delivery or performance by Purchaser and/or their Affiliates, as applicable, of this Agreement or any Ancillary Agreement to which such Person is or shall at Closing be a party, nor the consummation by Purchaser and/or its Affiliates, as applicable, of the transactions contemplated hereby or thereby shall (i) conflict with or result in any breach or violation of any provision of Purchaser's Organizational Documents, (ii) result in a breach or violation of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to the creation of any Encumbrance, except for Permitted Encumbrances, or any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any material Contract or material Permit to which Purchaser or any of its assets, rights, properties or business is bound or (iii) violate any Law applicable to, or result in the creation of any Encumbrance (other than for Permitted Encumbrances) upon, Purchaser or any of its rights, properties, business or assets, except, in the case of clauses (ii) or (iii), for breaches, violations, defaults, Encumbrances or rights of termination, amendment, cancellation or acceleration that would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

3.4 Legal Proceedings. There is no Action existing, pending or, to the Knowledge of Purchaser, threatened in writing, against Purchaser except as would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect. No Order has been imposed on Purchaser except as would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

3.5 Trade Compliance and Economic Sanctions.

(a) Purchaser and its directors, managers, officers, employees, resellers, distributors, and any other Persons acting on behalf thereof, are and at all times have been, in compliance with all applicable Laws pertaining to trade and economic sanctions and export controls, including such laws and regulations administered and enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State Directorate of Defense Trade Controls, and the U.S. Department of Commerce Bureau of Industry and Security (collectively, "U.S. Trade Controls").

(b) Neither Purchaser nor any of its directors, managers, officers, employees, nor any other Person acting on behalf thereof, is: (i) located, organized, resident or operating in a country or territory that is or may, from time to time be, the target of a comprehensive trade embargo by the U.S. government (a "Sanctioned Country"); (ii) the target of restrictions on trade by reason of U.S. Trade Controls, including being identified on a U.S. Government denied, debarred or otherwise prohibited party list, such as, without limitation, Specially Designated Nationals ("SDN") and Blocked Persons List, owned fifty percent or more, in the aggregate, by one or more SDNs, Entity List, Denied Persons List, Nonproliferation Sanctions, Arms Export Control Act Debarred List (collectively, a "Prohibited Party"); or (iii) engaged in dealings or transactions in or with a Sanctioned Country or Prohibited Party in violation of U.S. Trade Controls.

3.6 Brokers. Purchaser or one of its Affiliates shall be solely responsible for the fees and expenses of any broker, finder or investment banker entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser or any of its Affiliates.

3.7 Financial Capability.

(a) Purchaser has available as of the Effective Date (including pursuant to one or more financing commitments), and shall have available on and after the Closing Date, as applicable, funds sufficient to pay the Purchase Price, all expenses and other amounts, payable pursuant to this Agreement and the payments described in Section 4.16, if and when required in accordance with the applicable Debt Agreement, and shall be able to pay all such amounts and otherwise perform the obligations of Purchaser under this Agreement. In no event shall the receipt or availability of any funds or financing by Purchaser or any of its Affiliates or any other financing or other transactions be a condition to any of Purchaser's obligations hereunder.

(b) Purchaser has delivered to Sellers true, correct and complete copies of an executed, binding guaranty by Algonquin Power & Utilities Corp., a corporation organized under the Laws of Canada (the "Guarantor"), in favor of Sellers, dated as of even date herewith, which provides for a guaranty of certain obligations of Purchaser under this Agreement (the "Purchaser Guaranty"). The Purchaser Guaranty is a legal, valid and binding obligation of the Guarantor, is in full force and effect and is enforceable in accordance with the terms thereof against the Guarantor. The Purchaser Guaranty has not been amended or modified (and no waiver of any provision thereof has been granted), and the obligations and commitments contained in the Purchaser Guaranty have not been withdrawn or rescinded in any respect and no event has occurred that would result in any breach of violation of, or constitute a default under, the Purchaser Guaranty. Each Seller is an express beneficiary of the Purchaser Guaranty and is entitled to enforce the Purchaser Guaranty in accordance with its terms against the Guarantor.

(c) Assuming (1) the representations and warranties contained in Article II of this Agreement are true and correct (for these purposes, without giving effect to any "to the Sellers' knowledge, "materiality" or "Material Adverse Effect" qualifications or exceptions therein) as of the date hereof and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties are made on and as of a specified date, in which case assuming the same continue on the

Closing Date to be true and correct as of the specified date), (2) the Acquired Companies and Sellers have, prior to the Closing, complied in all material respects with their respective covenants contained in this Agreement, (3) the satisfaction of the conditions set forth in Article VII and (4) immediately prior to giving effect to the transactions contemplated by this Agreement, the Acquired Companies were able to pay their respective liabilities, including contingent and other liabilities, as they mature, after giving effect to the transactions contemplated by this Agreement, Purchaser and the Acquired Companies will, immediately following the Closing, (i) collectively, be able to pay their debts as such debts become due, (ii) have capital sufficient to carry out their respective businesses as now contemplated and (iii) own assets and properties having a value both at fair market valuation and at fair saleable value in the ordinary course of business greater than the amount required to pay their respective Indebtedness and other obligations as the same mature and become due.

3.8 Investment Decision. Purchaser is acquiring the Shares for investment and not with a view toward or for the resale in connection with any distribution thereof, or with any present intention of distributing or selling such Shares. Purchaser acknowledges that the Shares have not been registered under the Securities Act or any other federal, state, foreign or local securities Law, and agrees that such Shares may not be sold, transferred, offered for sale, pledged, distributed, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act, and in compliance with any other federal, state, foreign or local securities Law, in each case, to the extent applicable. Purchaser is an “accredited investor” within the meaning of Rule 501(a) of the Securities Act, is able to bear the economic risk of holding the Shares for an indefinite period and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment in the Shares.

3.9 Independent Investigation. Purchaser has such knowledge and experience in financial and business matters of this type and in the businesses of the Acquired Companies as is required for evaluating the merits and risks of its purchase of the Shares and is capable of such evaluation. Purchaser acknowledges and agrees that it has conducted its own independent review and analysis, and, based thereon, has formed an independent judgment concerning the businesses, affairs, assets, liabilities, conditions, results of operations and prospects of the Acquired Companies. Purchaser acknowledges that it has conducted due diligence that it deems appropriate, including a review of the documents contained in a data room prepared by or on behalf of Sellers and the Acquired Companies, that Sellers have made available to Purchaser such documents, records and books pertaining to the Acquired Companies that Purchaser or its Representatives have requested, and Purchaser has had the opportunity to visit the Acquired Companies, its facilities, plants, offices and other properties and ask questions and receive answers to Purchaser’s satisfaction concerning the Acquired Companies and the terms and conditions of this Agreement.

3.10 No Other Representations or Warranties; No Reliance. Except for the representations and warranties expressly set forth in this Article III or in the Ancillary Agreements, none of Purchaser or any other Person on behalf of Purchaser has made or shall be deemed to have made, and Purchaser hereby expressly disclaims and negates any other express or implied representation or warranty whatsoever (whether at law (including at common law or by statute) or in equity) with respect to Purchaser, its Affiliates or any matter relating to any of them, including their respective businesses, affairs, assets, liabilities, financial condition or results of operations, or with respect to the accuracy or completeness of any other information provided to Sellers or any of its Representatives by or on behalf of Purchaser, and any such representations or warranties are expressly disclaimed. In connection with the due diligence investigation of the Acquired Companies by Purchaser, Purchaser has received and may continue to receive from the Acquired Companies certain projections, forecasts, estimates or budgets made available to Purchaser or any of their Representatives of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of Sellers or their Affiliates. Purchaser acknowledges and agrees that (a) there are uncertainties inherent in attempting to make such projections and other forecasts and plans, (b) Purchaser is familiar with such uncertainties, (c) Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections and other forecasts and plans so furnished it to it, and (d) except for the representations and warranties contained in Article II or in the Ancillary Agreements, neither Sellers nor any other Person on behalf of Sellers has made or makes, and Purchaser has not relied upon, any representation or warranty, whether express or implied, with respect to the Acquired Companies, Sellers or their Affiliates or any matter relating to any of them, including their respective businesses, affairs, assets, liabilities, financial condition or results of operations, or with respect to the accuracy or completeness of any other information made available to Purchaser or any of its Representatives by or on behalf of Sellers, and that any such representations or warranties and rights or claims relating thereto are expressly disclaimed.

ARTICLE IV

ADDITIONAL AGREEMENTS

4.1 Conduct of Business.

(a) Except (1) as contemplated in this Agreement (including, for the avoidance of doubt, the actions described in Section 4.8 and Section 4.20), as required by applicable Law, or as required by a Governmental Entity (including pursuant to an Order issued by FERC, the KPSC or the WVPSC), (2) actions reasonably necessary under emergency circumstances, including operational emergencies, failures of facilities or outages, or other unforeseen operational emergencies (provided that Sellers shall provide notice to Purchaser of any such event (including by providing reasonable details thereof) and action prior to taking any such action as may be reasonably practicable or, if such prior notice is not reasonably practicable, as soon as may be reasonably practicable thereafter), (3) for any COVID-19 Measures (provided, that Sellers shall notify Purchaser (including by providing reasonable details thereof) prior to taking any such COVID-19 Measure as may be reasonably practicable or, if such prior notice is not practicable, as soon as may be reasonably practicable thereafter), or (4) as otherwise described in Section 4.1(a) of the Sellers Disclosure Letter (provided, that any action taken pursuant to clauses (1) through (3) shall be taken in accordance with Good Utility Practice), during the period from the Effective Date through and including the Closing, Sellers shall, and shall cause each Acquired Company to, (x) operate the businesses of each Acquired Company in accordance with Good Utility Practice and in the ordinary course of business in all material respects consistent with past practice, use commercially reasonable efforts to preserve intact the properties, assets and businesses of each Acquired Company and preserve the goodwill and relationships of each Acquired Company with employees, customers, suppliers, and other parties having business dealings with each Acquired Company and (y) not, without the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) sell, lease (as lessor), license (as licensor), assign, transfer, or otherwise dispose of any of the assets, rights or properties of an Acquired Company, other than (A) the use or sale of inventory in the ordinary course of business, (B) the disposal of obsolete assets or non-exclusive licensing of Intellectual Property, in each case, with immaterial book value in the ordinary course of business, (C) pursuant to obligations under Material Contracts with third parties in effect on the Effective Date, (D) sales of customer and credit card receivables to AEP Credit, Inc. in connection with its receivables financing program in the ordinary course of business, (E) in connection with settlements, compromises, consent decrees or settlement agreements otherwise permitted under this Section 4.1(a), (F) the sale, assignment, transfer or conveyance of the Mitchell Assets to Successor Operator pursuant to Section 4.20 or any sale, assignment, transfer or conveyance of the Mitchell Interest to Wheeling in accordance with the Mitchell Plant Ownership Agreement, (G) the disposal of assets of an Acquired Company, in either case, having an aggregate value of less than $5,000,000 in the ordinary course of business or (H) the transfer, sale or disposal of spare parts to an Affiliate in compliance with applicable Law in the ordinary course of business in an amount not to exceed $5,000,000 in the aggregate;

(ii) acquire (including by merger, consolidation or acquisition of a material amount of stock or assets or any other business combination) any business, division or all or substantially all of the capital stock (or other equity interests), assets, properties or rights of any Person or otherwise make any investments in any Person;

(iii) enter into, assign, materially amend, grant any material waiver or consent under or voluntarily terminate any Material Contract or any Contract that would, if in effect on the Effective Date, be a Material Contract or that would involve expenditures by an Acquired Company or payments to an Acquired Company in excess of $5,000,000 in the aggregate in any 12-month period that is not terminable by the applicable Acquired Company upon less than 180 days' notice without penalty, or terminate, assign, relinquish any material rights under, or amend any of the Material Contracts (other than, except with respect to the "Joint Use Operating Agreement" (as defined in Section 4.20(e) of the Seller Disclosure Letter), (A) with respect to terminations, assignments, relinquishments, amendments, or grants of any material waiver or consent in the ordinary course of business, (B) Intercompany Arrangements to be terminated, severed, withdrawn or replaced prior to the Closing pursuant to Section 4.8(a), (C) Contracts that shall be performed prior to the Closing, (D) Contracts entered into in the ordinary course to replace an existing Contract, in whole or in part, on substantially similar terms as such existing Contract at current market prices, (E) Commercial Hedges with a term of less than 18 months that are entered into in the ordinary course of business, (F) any Contract entered into, assigned or amended to the extent strictly necessary to effect any action otherwise expressly permitted pursuant to the other provisions of this Section 4.1(a)) and (G) the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement in accordance with the terms of this Agreement);

(iv) except as may be required by any Seller Benefit Plan as in effect on the Effective Date or as required by any Collective Bargaining Agreement or as expressly contemplated by Article V, (A) materially increase the compensation or benefits of any Acquired Company Employee (excluding (x) increases in salaries, wages and benefits of, or payments of bonuses or other grants or awards made to, such Acquired Company Employees in the ordinary course of business (including in connection with general merit-based increases) or (y) as expressly contemplated by Article V); (B) hire, terminate or transfer into or out of the Business any Acquired Company Employee at the Vice President level (or its equivalent) or higher or any Acquired Company Employee who performs material services for the Business (other than the Mitchell Employees as contemplated by Section 4.20 or employees set forth on Section 5.2 of the Sellers Disclosure Letter); (C) grant any severance or termination pay to any Acquired Company Employee, other than in the ordinary course of business, or (D) loan or advance any money or any other property to any Acquired Company Employee except pursuant to any Seller Benefit Plan;

(v) [Reserved];

(vi) implement or announce any employment-site closings or reductions-in-workforce involving or relating to the Acquired Companies reasonably expected to result in employment losses among the Acquired Employees sufficient to trigger the notice requirements of the WARN Act;

(vii) (A) amend any Acquired Company's Organizational Documents (except for immaterial or ministerial amendments), (B) adjust, split, reverse split, combine, subdivide, reclassify, redeem, repurchase or otherwise acquire, directly or indirectly, any capital stock or equity interest in an Acquired Company or make any other change with respect to the capital structure of any Acquired

Company, or (C) declare, set aside, make or pay any non-cash dividend or non-cash distribution to any Person with respect to an Acquired Company;

(viii) create, incur, assume or guarantee Indebtedness of an Acquired Company, except for borrowings incurred in the ordinary course of business (A) under an Acquired Company's existing credit facilities up to the current limits thereof, (B) under the Utility Money Pool Agreement, and (C) under the Debt Agreements;

(ix) cancel any third party Indebtedness owed to any Acquired Company or waive any claims or rights with respect to such Indebtedness except in the ordinary course of business in an amount up to $3,000,000 in the aggregate;

(x) issue, sell, grant, encumber, pledge or dispose of, or agree or authorize to issue, sell, grant, encumber, pledge or dispose of, any equity or voting securities or interests, or any options, warrants, securities convertible, exchangeable or exercisable for, or other rights of any kind to acquire, any shares of an Acquired Company's capital stock, including the Shares, or other equity or voting securities or interests or rights of any kind of any Acquired Company or any debt securities which are convertible into or exchangeable for such capital stock or equity securities or interests of any Acquired Company;

(xi) make any material change in financial accounting methods, principles or practices of an Acquired Company, except (A) as required by any change in GAAP or FERC Accounting Requirements, as applicable (or any interpretation thereof) or (B) for any change required to be made under GAAP or FERC Accounting Requirements, as applicable, or applicable Law to the consolidated financial accounting methods, principles or practices of the Seller Group as a whole;

(xii) make any materially adverse change to the security or operations of the IT Assets;

(xiii) except as required by applicable Law, and other than with respect to items reflected on Tax Returns of the Seller Affiliated Tax Group and Taxes for which Sellers are responsible pursuant to the terms of this Agreement, (A) change any Tax accounting period, (B) adopt or change any method of Tax accounting, (C) make, change or revoke any material Tax election, (D) settle or compromise any audit, Action or assessment in respect of a material amount of Taxes, (E) apply for any Tax ruling, (F) amend, in any material respect, any material Tax Return, (G) request or surrender any right to claim a refund of a material amount of Taxes, or (H) consent to any extension or waiver of the limitation period applicable to any Taxes of the Acquired Companies, in each case, if such action would have a material detrimental effect on Purchaser or, after the Closing, an Acquired Company;

(xiv) dissolve, adopt a plan of complete or partial liquidation, or effect a merger, consolidation, restructuring, reorganization or recapitalization, with respect to an Acquired Company;

(xv) (A) settle, discharge or compromise any Action (except for any Action in connection with obtaining the Mitchell Plant Approvals in accordance with this Agreement or involving monetary damages to be paid by an Acquired Company in excess of $3,000,000 in the aggregate without any admission of guilt, injunctive or other equitable relief) or (B) enter into any material Order, consent decree or settlement agreement with any Governmental Entity, in each case of clauses (A) and (B), in any way relating to the business of an Acquired Company, including with respect to any Rate Proceeding;

(xvi) subject any material asset of an Acquired Company to any Encumbrance, other than Permitted Encumbrances or Encumbrances that shall be released at or prior to the Closing;

(xvii) engage in any material new line of business;

(xviii) cancel, terminate, cause to lapse or otherwise fail to maintain any insurance policy as in effect on the date hereof covering an Acquired Company unless such insurance policy is replaced with a commercially reasonable replacement insurance policy consistent with Good Utility Practice with no gap in coverage; or

(xix) agree or commit to do or take any action described in this Section 4.1(a).

(b) Nothing contained in this Agreement shall give Purchaser, directly or indirectly, the right to control or direct Sellers' or any of their Affiliates' (including, prior to the Closing, an Acquired Company's) businesses or operations.

(c) Notwithstanding anything herein to the contrary, the Acquired Companies may incur capital expenditures (i) up to the aggregate amount and for the express purposes reflected in the capital plan set forth in Section 4.1(c) of the Sellers Disclosure Letter, plus an amount that is equal to fifteen percent (15%) above such aggregate amount; or (ii) with respect to which the applicable Seller has not received a written objection from Purchaser within ten (10) Business Days after a written request by such Seller for approval of such capital expenditures.

(d) Purchaser acknowledges that certain of the Collective Bargaining Agreements applicable to the Covered Employees may expire prior to the Closing and that such agreements cover employees of companies in the Seller Group in addition to those which are employed by or perform services for the Acquired Companies. Sellers shall keep Purchaser reasonably informed of the status and proposed terms of such negotiations, extensions or renewals, as the case may be (and reasonably consider in good faith Purchaser's comments in respect thereof, to the extent applicable to any Covered Employees). In the event that (i) any amendment, modification, extension or replacement of any Collective Bargaining Agreements that apply to employees of Sellers or their Affiliates (including the Covered Employees) contains terms and conditions that are reasonably likely to have a material disproportionate and adverse effect on the Acquired Companies with respect to the Covered Employees as compared to similarly situated employees of other Affiliates of the Sellers, or (ii) any material amendment, modification, extension or replacement of any Collective Bargaining Agreement that is applicable solely to Covered Employees (as opposed to Collective Bargaining Agreements that apply to other employees of Sellers or their Affiliates, other than the Covered Employees) contains terms and conditions that differ in any material or adverse respect from the existing Collective Bargaining Agreements applicable to the Covered Employees that are in effect on the Effective Date, any such amendment, modification, extension or replacement described in the foregoing clauses (i) or (ii) shall be subject to Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

(e) If the Mitchell Plant Ownership Agreement or the Mitchell Plant O&M Agreement becomes effective prior to Closing, none of Sellers or any of their Affiliates (including any Acquired Company) shall (i) effect or consent to any waiver, amendment or modification thereunder or take any action thereunder that would require the consent of Kentucky Power or the Operating Committee (as defined in the Mitchell Plant Ownership Agreement) and that, in each case, would affect the rights, obligations or operations of Purchaser or its Affiliates (including any Acquired Company) at any time from and after Closing or (ii) adopt or agree to (including in connection with the execution or effectiveness of the Mitchell Plant Ownership Agreement or the Mitchell Plant O&M Agreement) or amend either (A) the Capital Budget, the initial annual operating budget or the initial forecast contemplated by the Mitchell Plant Ownership Agreement or (B) the Budget and Plan contemplated by the Mitchell Plant O&M Agreement, in each case of clauses (i) and (ii), without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) As soon as practicable following the Effective Date and prior to the Closing, the Parties shall negotiate in good faith and take the actions described on Section 4.1(f) of the Sellers Disclosure Letter.

4.2 Access to Information.

(a) Sellers shall, and shall cause the Acquired Companies to, during ordinary business hours and upon reasonable advance written notice (i) give Purchaser and its Representatives reasonable access to the personnel, assets, facilities and books and records of each of the Acquired Companies and (ii) permit Purchaser and its Representatives to make such reasonable inspections thereof as Purchaser may reasonably request; provided, however, that (A) any such inspection shall be conducted in such a manner as not to materially interfere with the operations of the Sellers, the applicable Acquired Company or any other member of the Seller Group, and (B) neither Sellers nor an Acquired Company shall be required to take any action which would constitute or result in a waiver of its attorney-client privilege or violate any Contract or applicable Law; provided, further, that if any event set forth in clauses (A) and (B) in the foregoing proviso would be reasonably likely to occur, the Sellers shall collaborate with Purchaser in good faith to make alternative arrangements to allow for such inspection in a manner that does not result in such event. Purchaser shall indemnify and hold harmless Sellers from and against any Losses incurred by Sellers, their Affiliates or its or their Representatives to the extent resulting from any action of Purchaser or its Representatives while present on any premises to which Purchaser is granted access hereunder. Notwithstanding anything in this Section 4.2(a) to the contrary, (x) Purchaser shall not have access to personnel records if such access could, in the applicable Seller's good-faith judgment, violate applicable Law, including the Health Insurance Portability and Accountability Act of 1996, and (y) any inspection relating to environmental matters by or on behalf of Purchaser shall be strictly limited to visual inspections and site visits commonly included in the scope of "Phase 1" level environmental inspections, and Purchaser shall not have the right to collect any air, soil, surface water or ground water samples or perform any invasive or destructive air sampling on, under, at or from any of the Real Property.

(b) Unless otherwise provided in the Transition Services Agreement, each Seller shall deliver to Purchaser or an Acquired Company the books and records of each Acquired Company in the possession or control of such Seller or any of its Affiliates (and not in the possession of an Acquired Company) as promptly as practicable following the Closing Date (it being agreed that such Seller may retain a copy thereof, at such Seller's sole cost and expense, subject to its confidentiality obligations in accordance with Section 4.3). For a period of seven (7) years after the Closing Date, each Party and its Representatives shall have reasonable access to all of the books and records relating to the Acquired Companies in the possession of the other Parties, and to the employees of the other Parties, to the extent that such access may reasonably be required by such Party in connection with any Action and to the extent permitted under applicable Law. Such access shall be afforded by the applicable Party upon receipt of reasonable advance notice and during normal business hours and shall be conducted in such a manner as not to materially interfere with the operation of the business of any Party or its respective Affiliates. The Party exercising the right of access hereunder shall be solely responsible for any costs or expenses incurred by any Party in connection therewith. Each Party shall retain such books and records for a period of seven (7) years from the Closing Date.

4.3 Confidentiality.

(a) For a period of two (2) years following the Closing, Purchaser shall, and shall cause its Affiliates and Purchaser's Representatives to, hold all of Sellers' Confidential Information in strict confidence and not disclose any of Sellers' Confidential Information to any Person other than its Affiliates and its and their respective Representatives; provided, however, that upon the Closing, the provisions of (i) this Section 4.3 and (ii) the Confidentiality Agreement shall, in each case, expire with respect to any information to the extent related to the Acquired Companies ("Company Confidential Information"); provided, further, that nothing in this Agreement or the Confidentiality Agreement shall limit the disclosure by Purchaser or its Affiliates or its or their respective Representatives of any information or documents (i) to the extent required by Law, judicial process or the rules or policies of any applicable stock exchange, or requested by any Governmental Entity (provided, that if permitted by Law, Purchaser agrees to give Sellers prior written notice of such disclosure in sufficient time to permit Sellers to obtain a protective order should it so determine and Purchaser, its Affiliates and each of their respective Representatives shall cooperate with Sellers in such effort), (ii) in any Claim brought by a Party in pursuit of its rights or in the exercise of its remedies under this Agreement, (iii) to the extent that such documents or information can be shown to have come within the public domain other than as a result of a disclosure by Purchaser or its Affiliates or its or their respective Representatives in violation of this Agreement, (iv) to the extent that such documents or information can be shown to have become available to Purchaser from a source other than Sellers, their Affiliates or their Representatives that such Purchaser reasonably believes is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation (provided, that such documents or information was not in the possession of Purchaser, its Affiliates or its or their respective Representatives prior to the Closing), (v) developed or derived independently by Purchaser without the aid, application or use of such information or documents or (vi) to the extent permitted in accordance with Section 4.7.

(b) If this Agreement is terminated pursuant to Section 8.1, the Confidentiality Agreement shall automatically be deemed to be amended and restated such that the provisions of the Confidentiality Agreement shall remain in full force and effect for a period of two (2) years after such termination, as if the Parties had never entered into this Agreement.

(c) If the Closing occurs, for a period of two (2) years following the Closing, each Seller will hold, and will cause its Affiliates and its and their Representatives to hold, in strict confidence and not disclose any information or documents relating to any Acquired Company and its business; provided, that nothing in this sentence shall limit the disclosure by any Seller or its Affiliates or its or their Representatives of any information or documents (i) to the extent required by Law, judicial process or the rules or policies of any applicable stock exchange, or requested by any Governmental Entity (provided, that if permitted by Law, such Seller agrees to give Purchaser prior written notice of such disclosure in sufficient time to permit Purchaser to obtain a protective order should it so determine and such Seller, its Affiliates and each of their respective Representatives shall cooperate with Purchaser in such effort), (ii) in any Claim brought by a Party in pursuit of its rights or in the exercise of its remedies under this Agreement, (iii) to the extent that such documents or information can be shown to have come within the public domain other than as a result of a disclosure by any Seller or its Affiliates or its or their respective Representatives in violation of this Agreement, (iv) to the extent that such documents or information can be shown to have become available to Sellers following Closing from a source other than Purchaser, its Affiliates or its or their Representatives that such Seller reasonably believes is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation (provided, that such documents or information was not in the possession of any Seller, its Affiliates or its or their respective Representatives prior to the Closing), (v) developed or derived independently by such Seller without the aid, application or use of such information or documents or (vi) to any Tax authorities or Tax advisors to the extent such information or documents relate to the Seller Affiliated Tax Group.

4.4 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, Sellers and Purchaser shall, and shall cause their respective Affiliates to, execute and deliver such other documents and instruments, provide such materials and information and take such other actions as may be reasonably requested by the requesting Party as necessary, proper or advisable, to the extent permitted by Law, to fulfill their obligations under this Agreement any Ancillary Agreement and to cause the Sale and other transactions contemplated hereby and thereby (including those contemplated under the Business Separation Plan) to occur.

4.5 Required Actions.

(a) Sellers and Purchaser shall, and shall cause their respective Affiliates to, cooperate with each other and use reasonable best efforts to (i) submit to the KPSC and the WVPSC all required petitions, declarations and filings within sixty (60) days following the Effective Date in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, (ii) file with the United States Federal Trade Commission and the United States Department of Justice the Notification and Report Form under the HSR Act required in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby within, unless otherwise agreed in writing by Sellers and Purchaser, sixty (60) days of the Effective Date, and as promptly as practicable supply additional information, if any, requested in connection herewith pursuant to the HSR Act, (iii) submit to FERC all filings necessary and required under the FPA pursuant to Section 203 of the FPA within sixty (60) days of the Effective Date in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, (iv) file a joint voluntary notice or declaration in respect of the transactions contemplated by this Agreement pursuant to the DPA within thirty (30) days of the Effective Date, and, after submission of the declaration, if (x) pursuant to 31 C.F.R. 800.407(a)(1), CFIUS requests that the Sellers and Purchaser file a joint voluntary notice or (y) pursuant to 31 C.F.R. 801.407(a)(2), CFIUS informs the Sellers and Purchaser that CFIUS is not able to complete action on the basis of the declaration and, in each case, if the Purchaser in its sole discretion determines to file a joint voluntary notice, then as soon as practicable thereafter but no later than thirty (30) days following the date of such notification from CFIUS, file a joint voluntary notice pursuant to the DPA for the purpose of receiving CFIUS Clearance as soon as practicable, (v) negotiate, prepare and file as promptly as reasonably practicable all other necessary applications, notices, petitions, and filings and execute all agreements and documents, to the extent required by Law in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (including with respect to the Required Regulatory Approvals and the Mitchell Plant Approvals), and (vi) obtain the consents, approvals, and authorizations of all Governmental Entities to the extent required by Law in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement (including the Required Regulatory Approvals and the Mitchell Plant Approvals). Each Party shall, and shall cause its Affiliates to, consult and cooperate with the other Parties as to the appropriate time of all such filings and notifications, furnish to the other Parties such necessary information and reasonable assistance in connection with the preparation of such filings, and respond promptly to any requests for additional information made in connection therewith by any Governmental Entity. To the extent permitted under applicable Law, each of Sellers and Purchaser shall have the right to review in advance all characterizations of the information relating to it or to the transactions contemplated by this Agreement which appear in any filing made by the other Parties or any of their Affiliates in connection with the transactions contemplated hereby.

(b) Purchaser and Sellers, acting reasonably and in good faith, shall coordinate, and Sellers shall cause the Acquired Companies to coordinate, in the preparation and making of any applications and filings (including the content, terms and conditions of such applications and filings) with any

Governmental Entity, the resolution of any investigation or other inquiry of any Governmental Entity, the process for obtaining any consents, registrations, approvals, permits and authorizations of any Governmental Entity (including the Required Regulatory Approvals, the Mitchell Plant Approvals and the Additional Regulatory Filings and Consents), and the making or discussing of any and all proposals relating to any regulatory commitments of Purchaser, Sellers, their respective Affiliates or business, or with any Governmental Entity, its staff, intervenors or customers, in each case, in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby. Purchaser and Sellers, acting reasonably and in good faith, shall coordinate, and Sellers shall cause the Acquired Companies to coordinate, with respect to the scheduling and conduct of all meetings with Governmental Entities in connection with the transactions contemplated by this Agreement (including the Required Regulatory Approvals, the Mitchell Plant Approvals and the Additional Regulatory Filings and Consents); provided, however, to the fullest extent practicable and permitted by Law, in connection with any communications, meetings, or other contacts, oral or written, with any Governmental Entity in connection with the transactions contemplated by this Agreement (including the Required Regulatory Approvals, the Mitchell Plant Approvals and the Additional Regulatory Filings and Consents), each of Sellers and Purchaser shall (and shall cause its Affiliates to): (i) inform the other Parties in advance of any such communication, meeting, or other contact which such Party or any of its Affiliates proposes or intends to make, including the subject matter, contents, intended agenda, and other aspects of any of the foregoing; (ii) consult and cooperate with the other Parties, and take into account the comments of the other Parties in connection with any of the matters covered by Section 4.5(a); (iii) permit Representatives of the other Parties to participate in any such communications, meetings, or other contacts; (iv) notify the other Parties of any oral communications with any Governmental Entity relating to any of the foregoing; and (v) provide the other Parties with copies of all written communications with any Governmental Entity relating to any of the foregoing; provided, however, that any materials exchanged in connection with this Section 4.5 may be (x) redacted or withheld as necessary to address reasonable privilege or confidentiality concerns (including with respect to other businesses of Purchaser or Sellers or, in each case, their Affiliates), and to remove references concerning the valuation or other competitively sensitive material or (y) provided solely to the outside legal counsel of the other Party, to the extent any Party deems this to be advisable and necessary. Nothing in this Section 4.5 shall require Sellers to expend or relinquish financial resources (including any portion of the sale proceeds of the transactions contemplated herein) to obtain any consent, approval or termination of a waiting period contemplated by this Section 4.5. Purchaser shall take the lead on strategy with respect to the Parties' efforts to obtain any necessary or advisable consents, clearances, non-objections, expiration or terminations of any waiting periods, authorizations or approvals of any Governmental Entity or under any Laws (including the Required Regulatory Approvals and the Additional Regulatory Filings and Consents), other than the Mitchell Plant Approvals, as contemplated hereby after considering in good faith all reasonable comments and advice of Sellers (and their counsel), and Sellers shall reasonably cooperate with Purchaser in connection therewith, including taking (and causing its Affiliates, including the Acquired Companies, to take) any actions reasonably requested by Purchaser consistent with this Section 4.5; provided, that, strategy and control with respect to the Mitchell Plant Approvals shall be governed by Section 4.20(d). Subject to and without limiting Section 4.1, Sellers shall take the lead on strategy with respect to any Rate Proceedings after considering and reflecting in good faith all reasonable comments and advice of Purchaser (and its counsel), and Purchaser shall reasonably cooperate with Sellers in connection therewith. With respect to the CFIUS submissions, Purchaser shall coordinate those submissions, but Sellers shall exclusively control information submitted with respect to Sellers, and the Parties shall agree upon any language or representations relating to the transactions contemplated by this Agreement before such information is submitted.

(c) Without limiting the foregoing, Purchaser shall not, and shall cause its Affiliates not to, take any action, including (i) acquiring or agreeing to acquire any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, or other business combination, asset, stock or equity purchase, or otherwise) from any Person (other than from Sellers or their Affiliates) or agree to, solicit, offer, propose or recommend any of the foregoing, (ii) making any filing or (iii) any other action, that, in each case, could reasonably be expected to adversely affect in any material respect obtaining or making, or the timing of obtaining or making, any consent or approval or expiration or termination of a waiting period contemplated by this Section 4.5. In furtherance of and without limiting any of Purchaser's covenants and agreements under this Section 4.5, Purchaser shall, and shall cause its Affiliates to use reasonable best efforts to take, or cause to be taken, any and all steps and to make, or cause to be made, any and all undertakings necessary to avoid or eliminate each and every impediment asserted by any Governmental Entity in connection with obtaining the Required Regulatory Approvals and the Mitchell Plant Approvals, in each case, so as to enable the Closing to occur as promptly as practicable, including (A) agreeing to conditions imposed by, or taking any action required by, any Governmental Entity, (B) defending through litigation on the merits any claim asserted in court by any party in order to avoid entry of, or to have vacated or terminated, any Order (whether temporary, preliminary or permanent) that would prevent the Closing from occurring prior to the Outside Date; provided, however, that such litigation in no way limits the obligation of Purchaser to use its reasonable best efforts, and to take any and all steps necessary, to eliminate each and every impediment and obtain all clearances, consents, approvals (including the Required Regulatory Approvals and the Mitchell Plant Approvals) and waivers under any antitrust, competition or trade regulation Law, the rules and regulations promulgated by the KPSC, the WVPSC, FERC or other Governmental Entity or any other applicable requirement of Law that is asserted by any Governmental Entity or any other party so as to enable the Parties hereto to promptly close the transactions contemplated hereby, and Sellers shall use their reasonable best efforts to support Purchaser in connection therewith, (C) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, (x) the sale, divestiture, licensing or disposition of any assets or businesses of Purchaser or its Affiliates or the Acquired Companies and entering into customary ancillary agreements relating to such sale, divestiture, licensing or disposition, or (y) the termination, relinquishment, modification, or waiver of existing relationships, ventures, contractual rights, obligations or other arrangements of Purchaser or its subsidiaries, as necessary in order to effect the dissolution of any injunction, temporary restraining order or other Order in any suit or proceeding, which would otherwise have the effect of preventing the consummation of the transactions contemplated by this Agreement prior to the date of termination of this Agreement, (D) entering into any relationships, ventures, contractual rights, obligations or other such arrangements, as necessary in order to effect the dissolution of any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing the consummation of the transactions contemplated by this Agreement prior to the date of termination of this Agreement and (E) agreeing to take any other action as may be required by a Governmental Entity in order to effect each of the following: (1) obtaining all Required Regulatory Approvals and Mitchell Plant Approvals as soon as reasonably practicable and in any event before the Outside Date, (2) avoiding the entry of, or having vacated, lifted, dissolved, reversed or overturned, any Order, whether temporary, preliminary or permanent, that is in effect that prohibits, prevents or restricts consummation of, or impedes, interferes with or delays, the Closing and (3) effecting the expiration or termination of any waiting period, which would otherwise have the effect of preventing, prohibiting or restricting consummation of the Closing or impeding, interfering with or delaying the Closing.

(d) Notwithstanding the foregoing or anything else in this Agreement to the contrary, Purchaser shall not be required to, in connection with obtaining the Required Regulatory Approvals, the Mitchell Plant Approvals or the Additional Regulatory Filings and Consents, take any action (including any of the actions listed in Section 4.5(c)) or agree to or accept any orders, actions, consents, clearances, non-objections, expiration or terminations of any waiting periods, authorizations or approvals or conditions of any Governmental Entity containing terms, conditions, liabilities, obligations, commitments or sanctions that would individually or in the aggregate reasonably be expected to have a material adverse effect on the Acquired Companies, taken as a whole (a "Burdensome Condition"); provided, that neither Sellers nor

Purchaser shall be required to, and neither Sellers nor Purchaser shall, in connection with obtaining the Required Regulatory Approvals or the Additional Regulatory Filings and Consents, consent to the taking of any action or the imposition of any terms, conditions, limitations or standards of service the effectiveness or consummation of which is not conditional upon the occurrence of the Closing. Without the prior written consent of Purchaser (which consent, in connection with obtaining the Mitchell Plant Approvals, shall not be unreasonably withheld, conditioned or delayed), Sellers shall not, and shall not permit any of the Acquired Companies, in connection with obtaining any actions or non-actions, clearances, approvals, consents, waivers, registrations, permits, authorizations and other confirmations from any Governmental Entity (including the Required Regulatory Approvals, the Mitchell Plant Approvals and the Additional Regulatory Filings and Consents) in connection with this Agreement or the transactions contemplated herein, offer or agree to any undertaking, term, condition, liability, obligation, commitment or sanction that would reasonably be expected to be material and adverse to Purchaser's ability to obtain the Required Regulatory Approvals, the Mitchell Plant Approvals and the Additional Regulatory Filings and Consents on substantially the terms that Purchaser reasonably expects; provided, that the foregoing limitations on Sellers apply solely to actions taken by Sellers and shall not in any manner impact the obligations of Purchaser pursuant to the remaining provisions of this Section 4.5, including Purchaser's obligation to agree to any such undertaking, term, condition, liability, obligation, commitment or sanction in connection with the Required Regulatory Approvals and the Mitchell Plant Approvals to the extent required under this Section 4.5, subject in all instances to the limitation provided in the first sentence of this Section 4.5(d).

(e) In furtherance, and not in limitation, of Sections 4.5(a), 4.5(b) and 4.5(c), Sellers and Purchaser shall, and shall cause their respective Affiliates to, cooperate with each other and use reasonable best efforts to cause FERC to accept for filing pursuant to Section 205 of the FPA ("Section 205") the items listed as subject to Section 205 on Section 2.4(a) of the Sellers Disclosure Schedule.

(f) Without limiting the other provisions of this Section 4.5, Purchaser hereby recognizes and acknowledges that the Acquired Companies and/or their Affiliates are subject to the jurisdiction and regulatory authority of the KPSC, WVPSC and FERC, as applicable, and that the Acquired Companies' and/or their Affiliates' business operations that are subject to the jurisdictions of the KPSC, WVPSC and FERC are ongoing and are contemplated to continue to be ongoing before and after the Effective Date and regardless of whether or not the Closing occurs. Notwithstanding anything to the contrary in this Section 4.5, nothing in this Section 4.5 is intended to, or has the meaning and purpose of, preventing in any way or degree the Acquired Companies' or their Affiliates' normal and ordinary practices and abilities to meet with or have conversations with the KPSC, WVPSC and FERC, as applicable, concerning the Acquired Companies' or their Affiliates' ongoing operations that are subject to the jurisdiction of the KPSC, WVPSC or FERC, respectively, separate and apart from the Required Regulatory Approvals, Mitchell Plant Approvals or the Additional Regulatory Filings and Consents. Without limiting the other provisions of this Section 4.5, Purchaser hereby recognizes and acknowledges that the Acquired Companies and/or their Affiliates, in the normal and ordinary course and scope of their meetings and conversations with the KPSC, WVPSC, and FERC concerning the Acquired Companies' and/or their Affiliates' ongoing operations, may be asked to discuss the transactions contemplated by this Agreement (including as to the potential effects of such transactions or the transactions contemplated by the Mitchell Plant Approvals on the ongoing operations under discussion) without Purchaser being present or participating in such discussions. In the event of such inquiries by the KPSC, WVPSC or FERC, without Purchaser's participation in such discussions, Sellers promptly thereafter shall reasonably apprise Purchaser of such inquiries and related discussions concerning the transactions under this Agreement or the Mitchell Plant Approvals and coordinate on an appropriate response to the extent applicable. Sellers agree to provide Purchaser with timely updates as to the status of, and issues raised in, any such proceedings and consider and reflect any reasonable comments by Purchaser in responding to any material inquiry with respect thereto.

4.6 Additional Regulatory Filings and Consents. Sellers shall, and shall cause their Affiliates (including the Acquired Companies) to, reasonably cooperate with Purchaser to make or obtain the Additional Regulatory Filings and Consents, respectively, or, if applicable, any consents required from third parties in connection with the consummation of the transactions contemplated by this Agreement under Material Contracts or Permits at or prior to the Closing. Subject to such cooperation but otherwise notwithstanding anything to the contrary contained herein, neither Sellers nor Purchaser, nor any of their respective Affiliates, shall have any obligation to make any payments or incur any material Liability to obtain any consents of third parties contemplated by this Section 4.6. For the purposes of this Section 4.6, Sellers' "reasonable cooperation" shall not include payment of any consideration (monetary or otherwise), the reduction of amounts owed to any such Seller in connection with obtaining any consent required by this Agreement or the concession or provision of any right to, or the amendment or modification in any manner materially adverse to a Seller.

4.7 Public Announcements. Purchaser and Sellers shall consult with each other before issuing, and give each other a reasonable opportunity to review and comment upon, any press release or other written public statements with respect to this Agreement or any of the transactions contemplated hereby, including the Sale, and shall not issue any such press release or make any such written public statement prior to such consultation, except (and notwithstanding anything in the Confidentiality Agreement to the contrary) (a) as such party reasonably concludes (after consultation with outside counsel) to be required by applicable Law (including securities Laws, rules or regulations), court process or by obligations pursuant to any listing agreement with, or other applicable rules or regulations of, any national securities exchange or national securities quotation system (including the Toronto Stock Exchange), or (b) for the avoidance of doubt, for any disclosure by a Party or any of its Affiliates to its and their Representatives. For the avoidance of doubt, nothing contained in this Agreement shall limit a Party's (or its respective Affiliates') rights to disclose the existence of this Agreement and the general nature of the transaction described herein on any earnings call or in similar discussions with financial media or analysts, stockholders and other members of the investment community, provided that such disclosures are consistent in all material respects with disclosures previously made pursuant to this Section 4.7.

4.8 Intercompany Arrangements, Intercompany Accounts and Shared Contracts.

(a) Subject to Section 4.9, Sellers shall, and shall cause their Affiliates to, subject to the receipt of applicable regulatory authorizations set forth on Section 4.8(a)(i) of the Sellers Disclosure Letter, (i) sever and terminate all transactions and Contracts (other than those existing or new Contracts identified on Section 4.8(a)(ii) of the Sellers Disclosure Letter) between any of the Acquired Companies, on the one hand, and each Seller and/or any of its Affiliates (other than the Acquired Companies), on the other hand (collectively, the "Intercompany Arrangements") effective on or prior to the Closing and with no further Liabilities or obligations to the Acquired Companies or any of their Affiliates from and after the Closing, and (ii) provide any consents or other documentation reasonably required from Sellers or any of their Affiliates to effect the severance or termination of such Intercompany Arrangements. To the extent Sellers are unable to obtain any such applicable regulatory authorizations on or prior to the Closing with respect to any such Contract, the Closing shall not be affected, such Contract shall remain in full force and effect and the Parties shall use reasonable best efforts to obtain any applicable regulatory authorizations with respect to such Contract as soon as practicable after the Closing. Sellers actions with respect to Intercompany Arrangements set forth on Section 4.8(a)(ii) of the Sellers Disclosure Letter shall be as specified for those Intercompany Arrangements identified therein.

(b) In furtherance of the actions specified in Section 4.8(a) of the Sellers Disclosure Letter and as described in Section 4.8(b) of the Sellers Disclosure Letter, on and after the Closing, Purchaser shall cause (i) Kentucky Power to maintain itself as a "Load Serving Entity" under the PJM Market Rules until the completion of all remaining "Planning Periods" (as defined in the PJM Market Rules) for which Kentucky Power has committed to jointly participate in a "Fixed Resource Requirement Alternative" (as defined in the PJM Market Rules) with Affiliates of AEP and (ii) for the period specified in clause (i), Kentucky Power's transmission assets to remain included in the "AEP Zone" in accordance with Attachment H-14 of the PJM Tariff.

(c) Except as expressly contemplated in Section 4.16 and Section 4.8(a), Sellers shall be required to terminate, cancel, settle or otherwise eliminate any outstanding amounts or balances due or owing by or to the Acquired Companies, on the one hand, and Sellers or any of their Affiliates (other than the Acquired Companies), on the other hand, and any amounts or balances not terminated in accordance with the exception above and outstanding as of the Closing shall be settled following the Closing in the ordinary course of business consistent with the manner and timing in which such intercompany accounts and balances were paid or settled prior to the Closing, and such outstanding amounts or balances shall be reflected in the calculation of Closing Cash, Closing Indebtedness and Net Working Capital, as applicable. To the extent such amounts or balances remain outstanding for more than ninety (90) days after the Closing, the Parties shall cooperate to enter into one or more arrangements to apply reasonable arms' length third-party terms (including payment terms and timing) to terminate, cancel, settle or otherwise eliminate such amounts or balances.

(d) During the Interim Period and for up to nine (9) months following the Closing, upon the written request of Purchaser, Sellers and Purchaser shall, and shall cause the Acquired Companies and their respective Affiliates to, use reasonable best efforts to replace the Acquired Companies' interest in any Shared Contract with a stand-alone Contract for the Acquired Companies on comparable terms and conditions (taking into account, among other things, the relative sizes of such companies and their respective purchasing power) as applied to Sellers and their Affiliates and the business of the Acquired Companies, respectively, under the Shared Contract prior to Closing. In furtherance of the foregoing covenant, (i) Sellers shall provide Purchaser upon request with a list of vendors that are parties to Shared Contracts, (ii) at Purchaser's request, Sellers shall use reasonable best efforts to assist Purchaser with entering into replacement Contracts with any such vendors and (iii) Sellers and Purchaser shall use reasonable best efforts to cooperate to execute and deliver commercially reasonable instruments and documents that are reasonably necessary to carry out the intent of providing the Acquired Companies with the benefits and burdens associated with such Shared Contracts to the extent relating to the business of the Acquired Companies, while simultaneously retaining the benefits and burdens of the Shared Contract for Sellers and their Affiliates relating to their businesses other than those of the Acquired Companies. For purposes of this Section 4.8(d), reasonable best efforts shall not require the payment of any consideration (monetary or otherwise) to, or the concession or provision of any material right to, or the amendment or modification in any manner materially adverse to Purchaser or its Affiliates (including the Acquired Companies for these purposes) or Sellers and its Affiliates of any Shared Contract, and in no event shall Sellers or any of their Affiliates or Purchaser or any of its Affiliates have any obligation to any third party with respect to any Shared Contract other than as described in this Section 4.8(d) or otherwise in this Agreement or any Ancillary Agreements.

4.9 Support Obligations. Purchaser shall use its reasonable best efforts to cause itself, one of its Affiliates or, in connection with the Closing and to be effective after the Closing, an Acquired Company, to be substituted in all respects for Sellers and any of their Affiliates, and for Sellers and their Affiliates to be unconditionally released, effective as of the Closing, in respect of, or otherwise terminate (and cause Sellers and their Affiliates to be unconditionally released in respect of), all obligations of Sellers and any of their Affiliates under each of the guarantees, indemnities, letters of credit, letters of comfort, commitments, understandings, agreements and other obligations of such Persons related to an Acquired Company that are set forth on Section 4.9 of the Sellers Disclosure Letter (collectively, the "Substituted

Support Obligations"). The Substituted Support Obligations shall include any and all new or replacement credit support obligations or any modification or increase in the Substituted Support Obligations set forth on Section 4.9 of the Sellers Disclosure Letter and all of Purchaser's obligations under this Section 4.9 shall apply with respect thereto, provided that, without Purchaser's prior written consent, neither Seller nor any of its Affiliates may enter into or execute any new credit support obligation if as a result of such new credit support obligation relating to the business of the Acquired Companies, the aggregate amount of Substituted Support Obligations as of the Closing would be increased by more than $25,000,000 as compared to the amount of Substituted Support Obligations as of the date hereof. For any of the guarantees, indemnities, letters of credit, letters of comfort, commitments, understandings, agreements and other obligations of Sellers and any of their Affiliates related to an Acquired Company for which Purchaser or the Acquired Company, as applicable, is not substituted in all respects for Sellers and their Affiliates (or for which Sellers and their Affiliates are not unconditionally released) effective as of the Closing and that cannot otherwise be terminated effective as of the Closing without causing an adverse effect on an Acquired Company (with Sellers and their Affiliates to be unconditionally released in respect thereof), (a) Sellers shall, or shall cause their applicable Affiliates to, keep in place such Substituted Support Obligations ("Continuing Support Obligations"), (b) Purchaser shall continue to use its reasonable best efforts and shall cause each Acquired Company to use its reasonable best efforts to effect such substitution or termination and unconditional release with respect to the Continuing Support Obligations as promptly as practical after the Closing and (c) Purchaser shall reimburse Sellers for all documented amounts paid or incurred by Sellers or their Affiliates (other than the Acquired Companies) to the extent any guarantees, indemnities, letters of credit, letters of comfort, commitments, understandings, agreements and other obligations are called upon and Sellers or any such Affiliates make any payment or are obligated to reimburse the issuing party thereof. In addition, commencing on the date that is six months after the Closing Date, on the last Business Day of each three-month period ending thereafter, until such time as no Continuing Support Obligations remain outstanding, Purchaser shall pay Sellers or their designees a fee in respect of each Continuing Support Obligation equal to the amount of customary and market fees Sellers or its applicable Affiliate would have reasonably incurred if it posted a letter of credit in respect of the amounts covered by such Continuing Support Obligation for such three-month period (or, with respect to any Continuing Support Obligation outstanding for a portion, but not all, of such three-month period, for such portion of such three-month period). Without limiting the foregoing, neither Purchaser nor any of its Affiliates (including after the Closing the Acquired Companies) shall extend or renew any Contract containing or underlying a Continuing Support Obligation unless, prior to or concurrently with such extension or renewal, Purchaser or one of its Affiliates (including the Acquired Companies) is substituted in all respects for Sellers and any of their Affiliates under such Continuing Support Obligation. For purposes of this Section 4.9, "reasonable best efforts" shall include offering to provide to the applicable beneficiary of a Substituted Support Obligation, and providing such beneficiary, such replacement guarantees, indemnities, letters of credit, letters of comfort, commitments, understandings, agreements and other obligations as are substantially similar in form and substance to the Substituted Support Obligations.

4.10 Usage of Seller Marks.

(a) As soon as reasonably practicable following the Closing, and in any case no later than three (3) Business Days following the Closing Date, Purchaser shall cause each Acquired Company to cease to hold itself out as having any affiliation with any Seller or any of its Affiliates. Purchaser shall, and shall cause its Affiliates, the Acquired Companies and their respective Representatives to, within one hundred twenty (120) days after the Closing Date cease using, remove, cover or conceal any name, logo, symbol, trademark, trade name, service mark, or designs incorporating: the words or acronyms "AEP", "American Electric Power" or "Ohio Power", the phrases "Boundless Energy" or "America's Energy Partner", the AEP parallelogram logo or the AEP incomplete parallelogram logo (collectively, the "Seller Marks"), from any public-facing properties or assets in the possession or control of the Acquired Companies and, within ninety (90) days after the Closing Date, dispose of any unused stationery and literature containing the Seller Marks. Any use by Purchaser of any of the Seller Marks as permitted in this Section 4.10 is subject to Purchaser's compliance with the quality control requirements and guidelines as provided to Purchaser in advance in writing, and which are in effect for the Seller Marks as of the Closing Date. Purchaser shall not use the Seller Marks in a manner that would reasonably be expected to reflect negatively on such Seller Mark or on any Seller or its Affiliates.

(b) Each Seller, on behalf of itself and its Affiliates as of the Closing Date (other than the Acquired Companies) (the "Seller Covenant Parties"), hereby covenants to Purchaser that none of the Seller Covenant Parties shall bring any Action against Purchaser or its subsidiaries (including the Acquired Companies, the "Purchaser Covenant Parties") anywhere in the world that alleges that their current and future operation of the business of the Acquired Companies infringes any Intellectual Property (other than Trademarks) ("Inventions") that in each case are (i) owned by the Seller Covenant Parties as of the Closing Date and (ii) were used in the business of the Acquired Companies as of the Closing Date or at any time during the twelve (12) month period prior to the Closing Date. The foregoing covenant extends to the contractors, distributors, retailers and end-users of the Purchaser Covenant Parties with respect to the business of the Purchaser Covenant Parties, as applicable, but not with respect to other products or services of such third parties. The Parties intend and agree that, for purposes of Section 365(n) of the U.S. Bankruptcy Code (and any amendment thereto) and any equivalent Law in any foreign jurisdiction, the foregoing covenant will be treated as a license to intellectual property (as defined in Section 101(35A) of the U.S. Bankruptcy Code). The foregoing covenant is intended to run with the Inventions subject to such covenant. Any Seller Covenant Party may and must transfer its covenant granted to the Purchaser Covenant Parties, in whole or in part, to the successor or acquirer of any Inventions subject thereto, and such successor or acquirer shall assume its obligations in writing or by operation of law. Further, any such successor or acquirer is deemed automatically bound by such covenant, regardless of whether such successor or acquirer executes such written assumption. Each Purchaser Covenant Party may transfer the covenant granted by the Seller Covenant Parties, in whole or in part, in connection with the sale of any business to which the covenant relates, provided that the covenant will not extend to the acquirer's other businesses.

4.11 Release.

(a) Effective as of the Closing and except as otherwise expressly set forth in this Agreement (including Section 4.11(c)) or in any of the Ancillary Agreements or for Fraud, each Seller, on behalf of itself and each of its Affiliates and each of their respective successors and assigns, hereby irrevocably, unconditionally and completely waives and releases and forever discharges Purchaser and each of its respective Affiliates, and each of their respective heirs, executors, administrators, successors and assigns (such released Persons, the "Releasees"), of and from all debts, demands, Actions, causes of action, suits, accounts, covenants, Contracts, damages, claims and other Liabilities whatsoever of every name and nature, both in law and in equity, arising out of or related to the Acquired Companies or their businesses prior to the Closing Date. Each Seller shall not make, and each Seller shall not permit any of its Affiliates or their respective Representatives to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any of Purchaser's or its Affiliates' or any of their Releasees with respect to any Liabilities or other matters released pursuant to this Section 4.11.

(b) Effective as of the Closing and except as otherwise expressly set forth in this Agreement (including Section 4.11(c)) or in any of the Ancillary Agreements or for Fraud, Purchaser, on behalf of themselves and each of their respective Affiliates (including the Acquired Companies following the Closing) and each of their respective successors and assigns, hereby irrevocably, unconditionally and completely waives and releases and forever discharges each Seller and each of their respective Affiliates, and each of their respective Releasees, of and from all debts, demands, Actions, causes of action, accounts, covenants, Contracts, damages and other Liabilities whatsoever of every name and nature, both in law and in equity, arising out of or in connection with any breach by Sellers or any director or officer of an Acquired Company of any fiduciary duty in their capacity as an equity holder, director or officer of such Acquired Company prior to the Closing Date. Purchaser shall not make or permit any of its Affiliates or Representatives to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any of Sellers or their Affiliates or any of their Releasees with respect to any Liabilities or other matters released pursuant to this Section 4.11.

(c) Notwithstanding the foregoing, Section 4.11(a) and Section 4.11(b) shall not constitute a release from, waiver of, or otherwise apply to the terms of (i) this Agreement, or any Ancillary Agreement, the Mitchell Plant Ownership Agreement, the Mitchell Plant O&M Agreement or any Liability or Contract expressly contemplated by this Agreement or any Ancillary Agreement to be in effect after the Closing, or any enforcement thereof or (ii) any other Contract, arrangement or other matter arising between Purchaser and its Affiliates, on the one hand, and Sellers and their Affiliates, on the other hand, in the ordinary course of their respective businesses.

4.12 Indemnification of Directors and Officers.

(a) For a period of six (6) years commencing on the Closing Date, Purchaser shall, and shall cause the Acquired Companies to: (i) indemnify, defend and hold harmless, all of the past and present directors, officers and employees of each Acquired Company (in all of their capacities) (collectively, the "D&O Indemnified Parties") against any and all Losses incurred in respect of acts or omissions occurring at or prior to the Closing to the fullest extent permitted by Law or provided under such Acquired Company's Organizational Documents in effect on the Effective Date, (ii) without limitation of clause (i), to the fullest extent permitted by applicable Law, cause to be maintained in effect the provisions regarding elimination of liability of directors, and indemnification of and advancement of expenses to directors, officers and employees contained in the Organizational Documents of each Acquired Company that are no less advantageous to the intended beneficiaries than the corresponding provisions in such Organizational Documents in existence on the Effective Date and (iii) not settle, compromise or consent to the entry of any judgment in any proceeding or threatened proceeding (and in which indemnification could be sought by a D&O Indemnified Party hereunder), unless such settlement, compromise or consent (A) includes an unconditional release of such D&O Indemnified Party from all liability arising out of such proceeding or (B) provides solely for monetary damages to be paid by Purchaser or an Acquired Company pursuant to this Section 4.12(a), or such D&O Indemnified Party otherwise consents in writing to the entry of such judgment, and cooperates in the defense of such proceeding or threatened proceeding.

(b) The obligations of Purchaser and the Acquired Companies under this Section 4.12 shall not be terminated, amended or modified in any manner so as to adversely affect any D&O Indemnified Party (including their successors, heirs and legal Representatives) to whom this Section 4.12 applies without the written consent of such affected D&O Indemnified Party (it being expressly agreed that the D&O Indemnified Parties to whom this Section 4.12 applies shall be third-party beneficiaries of this Section 4.12, and this Section 4.12 shall be enforceable by such D&O Indemnified Parties and their respective successors, heirs and legal Representatives and shall be binding on all successors and assigns of Purchaser and the Acquired Companies).

(c) If Purchaser or, following the Closing, an Acquired Company, or any of their respective successors or assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of Purchaser, the Acquired Company or any of their respective successors or assigns, as the case may be, shall assume all of the obligations set forth in this Section 4.12.

(d) The rights of the D&O Indemnified Parties under this Section 4.12 shall be in addition to any rights such D&O Indemnified Parties may have under the Organizational Documents of the Acquired Companies, or under any applicable contracts or Laws, and Purchaser shall, and shall cause the Acquired Companies to, honor and perform under all indemnification agreements entered into by the Acquired Companies that are set forth in Section 4.12 of the Seller Disclosure Letter.

4.13 NSR Consent Decree.

(a) Sellers and Purchaser shall use their respective reasonable best efforts to effect an amendment to the NSR Consent Decree as promptly as reasonably practicable after the Effective Date pursuant to paragraphs 192 and 193 of the NSR Consent Decree pursuant to which Purchaser shall assume all obligations under the NSR Consent Decree relating to the Mitchell Interest and Big Sandy, but without (i) allocating in any such amendment any emissions caps under the NSR Consent Decree for Mitchell and Big Sandy separate from the other applicable facilities of Sellers and their applicable Affiliates (in their capacity as “Defendants” under the NSR Consent Decree), or (ii) the release of Sellers and their applicable Affiliates (in their capacity as “Defendants” under the NSR Consent Decree) from joint and several liability with respect to any compliance obligations with respect to Mitchell and Big Sandy. As of the Closing, the Parties shall enter into the Compliance Agreement in the form set forth as Exhibit D.

(b) From and after the Closing, Purchaser shall be responsible for the surrender of any emissions allowances required by the NSR Consent Decree and Compliance Agreement with respect to the Mitchell Interest and Big Sandy in the portion of the calendar year immediately following the Closing and for any periods thereafter.

(c) During the Interim Period, (i) Purchaser and its Representatives shall have the right to consult with Sellers and their applicable Affiliates and, to the extent not prohibited by applicable Law, attend and participate in any substantive meetings, discussions, communications or negotiations with any of the “Plaintiffs” (as defined in the NSR Consent Decree) regarding any modification of or other substantive issue under the NSR Consent Decree with respect to the Mitchell Interest or Big Sandy and related obligations with respect thereto as contemplated under this Section 4.13, and (ii) Sellers shall provide Purchaser and its Representatives with a reasonable opportunity to comment in advance on any material written communication or offer to the Plaintiffs relating to such modification of or other substantive issue with respect to the NSR Consent Decree as contemplated under this Section 4.13 and Sellers shall reasonably consider Purchaser’s comments in submitting such written communications or offers. For the avoidance of doubt, Purchaser shall have no consent right, or right to participate or be consulted, with respect to any amendment, modification or waiver or other obligation under the NSR Consent Decree unrelated to Mitchell or Big Sandy.

4.14 [Reserved].

4.15 R&W Policy; No Subrogation. Concurrently with execution of this Agreement, Purchaser may procure a customary representation and warranty insurance policy, in substantially the form delivered to Sellers prior to the execution of this Agreement with such changes thereto as may be agreed by Purchaser and the insurer(s) thereunder (consistent with this Section 4.15), issued to Purchaser in connection with this Agreement (the “R&W Policy”) and with Purchaser as the named insured and covering the representations and warranties of Sellers under this Agreement. Any R&W Policy shall expressly provide that (a) the insurer under the R&W Policy has no subrogation rights, and will not pursue any claim, against Sellers or any of their respective Affiliates or Representatives, or any of their respective successors and assigns, except in connection with a claim based on Fraud, and (b) Purchaser is not required to pursue remedies against Sellers or any of its respective Affiliates or Representatives, or any of their respective successors and assigns prior to or as a condition to making a claim under the R&W Policy. In furtherance, and not in limitation, of the foregoing, Purchaser shall not, and shall cause its Affiliates not to, grant any right of subrogation or otherwise amend, modify, terminate or waive any terms or conditions of any representation and warranty insurance policy, including the R&W Policy, in a manner that adversely affects a Seller or any of its respective Affiliates or Representatives, or any of their respective successors and assigns, without the prior written consent of Sellers (which may be withheld in their sole discretion). The premium and related costs of the R&W Policy, including any fees, costs, retentions or deductibles associated with the R&W Policy, shall be paid or otherwise borne by Purchaser.

4.16 Existing Debt Agreements; Senior Notes.

(a) Purchaser acknowledges that each of the Acquired Companies is party to the Amended and Restated Utility Money Pool Agreement dated as of December 9, 2004 by and among AEP and certain other affiliates (as amended, the "Utility Money Pool Agreement") pursuant to which, among other things, certain amounts have been, and will continue to be, advanced to the Acquired Companies by Sellers or their Affiliates. At the Closing, Purchaser shall provide the funds necessary to cause the Acquired Companies to repay in full all Closing Indebtedness (including principal, interest, fees, costs and expenses) owed by the Acquired Companies pursuant to the Utility Money Pool Agreement as a result of the removal of the Acquired Companies from the Utility Money Pool Agreement in accordance with Section 4.8(a); provided, that, for the avoidance of doubt, the amount of Estimated Closing Indebtedness and Final Closing Indebtedness shall not be reduced by the amount of such funding by Purchaser necessary to cause the repayment in full of such Indebtedness, which shall be deemed to have taken place on the Closing Date after the Reference Time.

(b) Purchaser acknowledges that Kentucky TransCo has issued the TransCo Intercompany Notes to AEP TransCo. To the extent that all of the TransCo Intercompany Notes are not refinanced with indebtedness provided by unaffiliated third parties during the Interim Period, at the Closing Purchaser shall provide the funds necessary to cause Kentucky TransCo to redeem in full the portion of the Closing Indebtedness (including principal, interest, fees, costs and expenses) represented by the TransCo Intercompany Notes that are outstanding at the Closing; provided, that, for the avoidance of doubt, the amount of Estimated Closing Indebtedness and Final Closing Indebtedness shall not be reduced by the amount of such funding by Purchaser necessary to cause the repayment in full of such Indebtedness, which shall be deemed to have taken place on the Closing Date after the Reference Time. Sellers will cause AEP TransCo to waive any restrictions on redemption prior to the stated maturity date of such TransCo Intercompany Notes.

(c) Purchaser hereby acknowledges that, pursuant to each of the Debt Agreements set forth on Section 4.16 of the Sellers Disclosure Letter, consummation of the transactions contemplated by this Agreement absent the timely receipt of an applicable consent would constitute an event of default by Kentucky Power under each agreement. Unless such consent with respect to such agreements have been obtained at or prior to the Closing, Purchaser shall provide the funds to Kentucky Power that are necessary to cause Kentucky Power to pay all Closing Indebtedness (including principal, interest, costs, fees and expenses) that, as a result of the Closing, are required to be paid with respect to the Debt Agreements as and when such amounts become due and payable; provided, that, for the avoidance of doubt, the amount of Estimated Closing Indebtedness and Final Closing Indebtedness shall not be reduced by the amount of such funding by Purchaser necessary to cause the repayment in full of such Indebtedness, which shall be deemed to have taken place on the Closing Date after the Reference Time.

(d) Pursuant to the Senior Note Purchase Agreements, within five (5) Business Days (as defined in the Senior Note Purchase Agreements) after (i) the date hereof, Kentucky Power must (A) give notice that this Agreement has been executed to the holders of the Senior KPCo Notes and (B) apply to a Rating Agency for a review of the then applicable credit rating in respect of the Senior KPCo Notes; and (ii) the occurrence of any Change in Control Prepayment Event, Kentucky Power must offer to prepay all of the Senior KPCo Notes held by the holders thereof pursuant to the terms and conditions in the Senior Note Purchase Agreements. Purchaser hereby consents for all purposes under this Agreement to Sellers causing Kentucky Power to take any such action required to be taken prior to the Closing pursuant to the Senior Note Purchase Agreements.

(e) Purchaser hereby acknowledges that (i) within five (5) Business Days (as defined in the Senior Note Purchase Agreements) of the occurrence of any Change in Control Prepayment Event, Kentucky Power must offer to prepay all of the Senior KPCo Notes held by the holders thereof and (ii) the purchase price for the Senior KPCo Notes payable to holders thereof which have accepted such prepayment in accordance with the Senior Note Purchase Agreements (the "Accepting Noteholders") is 100% of the principal amount of such Senior KPCo Notes, together with accrued and unpaid interest thereon to the date of prepayment (the "Senior Note Purchase Price"). Purchaser shall provide the funds to Kentucky Power that are necessary to cause Kentucky Power to pay the Senior Note Purchase Price in connection with a Change in Control Prepayment Event occurring after the consummation of the transactions contemplated by this Agreement as and when such amounts become due and payable pursuant to the Senior Note Purchase Agreements; provided, that, for the avoidance of doubt, the amount of Estimated Closing Indebtedness and Final Closing Indebtedness shall not be reduced by the amount of such funding by Purchaser necessary to cause the repayment in full of such Indebtedness, which shall be deemed to have taken place on the Closing Date after the Reference Time.

(f) Notwithstanding anything to the contrary in this Section 4.16, the receipt by Purchaser of any waivers or consents with respect to the Debt Agreements or the absence of the occurrence of a Change in Control Prepayment Event with respect to the Senior KPCo Notes shall not constitute conditions to the obligation of Purchaser to consummate the Closing.

4.17 Business Separation Plan. During the Interim Period, in furtherance of the transactions contemplated by this Agreement, the Parties shall, and shall cause their Affiliates to, cooperate in good faith and use their reasonable best efforts to develop, and, to the extent reasonably practicable, implement prior to the Closing, a mutually acceptable plan for the separation of certain assets, properties and contractual arrangements that are intertwined with the businesses of the Acquired Companies and those of the Sellers and certain of their Affiliates (other than the Acquired Companies) (the "Business Separation Plan"). The Business Separation Plan shall address the matters set forth on Section 4.17 of the Sellers Disclosure Letter as well as any other matters mutually agreed to by the Parties. All such activities subject to this Section 4.17 shall be in compliance with applicable Law. For the avoidance of doubt, each Party shall pay its own legal and other costs and expenses incurred in connection with the activities contemplated by this Section 4.17, except to the extent provided otherwise in Section 4.17 of the Sellers Disclosure Letter. Without limiting the foregoing, during the Interim Period, the Parties shall cooperate in good faith and use their reasonable best efforts to begin to readily transition the Business to Purchaser such that Purchaser and the Acquired Companies can operate the Business on a stand-alone basis in the ordinary course in accordance with Good Utility Practices without disruption or interruption, including so as to minimize the Acquired Companies' reliance post-Closing on the services provided under the Transition Services Agreement. The Parties shall negotiate in good faith during the Interim Period to agree on any appropriate modifications to such services (including the duration thereof, but in no event exceeding 24 months after the Closing Date, and in all cases subject to the provisions of the Transition Services Agreement relating to costs and expenses) to reflect the foregoing or as may otherwise be necessary or advisable to enable Purchaser and the Acquired Companies to operate the Business on a stand-alone basis in the ordinary course in accordance with Good Utility Practices without disruption or interruption, but taking into account the Parties' use of reasonable best efforts to minimize the Acquired Companies' reliance post-Closing on the services provided under the Transition Services Agreement and the duration thereof; provided that none of Sellers or their Affiliates shall be required to provide any services defined as "Excluded Services" under the Transition Services Agreement.

4.18 NERC Registration. Sellers and Purchaser shall, at Purchaser's sole cost and expense, use reasonable best efforts to implement Purchaser's selected North American Electricity Reliability Corporation ("NERC") registration option from the two options set forth in Section 4.18 of the Sellers Disclosure Letter, including certification as a transmission operator, so that Purchaser or an Affiliate of Purchaser is registered with NERC in accordance with 18 C.F.R. § 39.2(c) for all applicable functions for the bulk electric system facilities owned by Kentucky Power and Kentucky Transco in accordance with the NERC Rules of Procedure with a registration effective date of the Closing. Purchaser will notify Seller of its chosen option within thirty (30) days of the Effective Date. Nothing in this Section 4.18 shall constitute a condition to the obligations of either Party to consummate the Closing.

4.19 Master Leases. If a counterparty to one or more of the Shared Contracts described on Section 4.19 of the Sellers Disclosure Letter (the "Master Leases") has not agreed to replace or bifurcate into stand-alone Contracts such Shared Contracts on or before the earlier of (x) the date that is 120 days after the date of this Agreement and (y) the Closing Date, to be effective as of the Closing Date, Sellers shall (and shall cause their Affiliates (including the Acquired Companies) to) use reasonable best efforts to replace the Master Leases with alternative capital lease arrangements from third parties on substantially the same terms or such other terms as are reasonably acceptable to Purchaser. If, despite such reasonable best efforts, Sellers are unable to effect such replacement, Sellers shall cause Kentucky Power to (a) use reasonable best efforts to purchase the property, plant and equipment leased under the applicable Master Lease and used primarily in the business of the Acquired Companies (other than in connection with the operation of Mitchell by Kentucky Power prior to Closing, which property, plant and equipment Sellers and their Affiliates shall use reasonable best efforts to transfer, caused to be leased by or to provide the benefit of to the Successor Operator effective as of the Closing) so that title to such leased property, plant and equipment transfers to Kentucky Power, free and clear of any Encumbrances, other than Permitted Encumbrances and (b) withdraw from, sever, replace or terminate its participation in the applicable Master Lease prior to the Closing; provided, that Purchaser's prior written consent, not to be unreasonably withheld, conditioned or delayed, shall be required for any action referred to in the foregoing clauses (a) and (b) to the extent that the aggregate purchase price payable for all such property, plant and equipment is in excess of $10,000,000.

4.20 Transfer of Mitchell Assets and Mitchell Employees to Successor Operator; Mitchell Plant Approvals.

(a) At or prior to the Closing, Sellers shall cause Kentucky Power to use reasonable best efforts to cause any property, assets, vessels (including the vessel named the W.M. Robinson), Contracts, Permits, Environmental Permits or Claims held by Kentucky Power, in its capacity as the operator of Mitchell, or otherwise to the extent held by Kentucky Power for the benefit of the owners of Mitchell, in each case as set forth in Section 4.20(a) of the Sellers Disclosure Letter (collectively, the "Mitchell Operator Assets" and each, individually, a "Mitchell Operator Asset"), to be assigned, transferred or conveyed to Successor Operator or an Affiliate thereof.

(b) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, this Agreement and the Ancillary Agreements shall not constitute an agreement to transfer or assign any Mitchell Operator Asset if an attempted assignment thereof, without the consent of a third party, would constitute a breach or other contravention under any Contract or Law to which any Acquired Company or any member of the Seller Group is a party or by which it is bound, or would in any way adversely affect the rights of any Acquired Company or such member of the Seller Group relating to such Mitchell Operator Asset or any right related thereto that any member of the Seller Group is entitled to retain. To the extent that Sellers are unable, or in their reasonable judgment determine they are unlikely, to obtain any required consent with respect to a Mitchell Operator Asset that is reasonably necessary to be transferred to the Successor Operator to comply with its obligations under the Mitchell Plant O&M Agreement prior to Closing, Sellers and Purchaser shall cooperate to implement any lawful and commercially reasonable arrangement as Sellers and Purchaser shall agree under which Successor Operator or an Affiliate thereof would, to the extent practicable, obtain the rights and benefits under such Mitchell Operator Asset and assume the burdens and obligations with respect thereto, subject to Kentucky Power and Successor Operator (in such capacity or its capacity as the owner of an undivided interest in Mitchell) each bearing its respective allocated share of costs in accordance with the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement, including by subcontracting, sublicensing, subleasing, delegating or granting a limited power of attorney or similar appointment as agent to Successor Operator or an Affiliate thereof. Sellers and Purchaser shall continue to cooperate on and after the Closing to assign, transfer or convey to Successor Operator or an Affiliate thereof any Mitchell Operator Asset that is reasonably necessary to be transferred to the Successor Operator to comply with its obligations under the Mitchell Plant O&M Agreement that remains held by Kentucky Power and to otherwise arrange for Successor Operator to directly contract with the applicable third party for any renewal Contract upon the expiration or termination of any Contract constituting any such Mitchell Operator Asset.

(c) Sellers shall cause Successor Operator or one or more Affiliates of Sellers (other than the Acquired Companies) to transfer the employment of the Mitchell Employees to such Successor Operator or one or more Affiliates of Seller prior to the Closing Date, to be effective as of the first payroll period in which the Closing Date occurs or, if earlier, the first day of the payroll period following the date that the Mitchell Plant Ownership Agreement and Mitchell Plant O&M Agreement shall become effective after receipt of all applicable regulatory approvals, including the Mitchell Plant Approvals. On or prior to the Closing Date, Successor Operator or such Affiliate shall become the employer of each Mitchell Employee who does not resign their employment in lieu of the transfer prior to the proposed date of the employment transfer.

(d) Sellers shall take the lead on strategy with respect to the Parties' efforts to obtain the Mitchell Plant Approvals after considering and reflecting in good faith all reasonable comments and advice of Purchaser (and its counsel), and Purchaser shall reasonably cooperate with Sellers in connection therewith. Subject to the last sentence of Section 4.5(d), Sellers shall be entitled to cause Kentucky Power and Wheeling to make such modifications to the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement as are reasonably necessary to comply with the Mitchell Plant Approvals, including in respect of any settlement of the proceedings related thereto, in each case entered following the Effective Date, and to cause such parties to execute the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement prior to the Closing, as such agreements shall be so modified, if and to the extent that such agreements have been finalized and the Mitchell Plant Approvals have been obtained and have become Final Orders. For the avoidance of doubt, (i) any change in the form or substance of the forms of the Mitchell Plant Ownership Agreement or Mitchell Plant O&M Agreement, included as Exhibit B and Exhibit C, respectively, to this Agreement, after the Effective Date, to the extent that such change is adverse to the interests of Purchaser or the Acquired Companies and relates to the period on and after the Closing Date and (ii) any other undertaking, term, condition, liability, obligation, commitment or sanction imposed on or agreed to by the Acquired Companies in obtaining the Mitchell Plant Approvals that relates to the period on and after the Closing Date, in each case of clauses (i) and (ii), shall be taken into account for purposes of any determination under this Agreement as to whether a Burdensome Condition shall have occurred.

(e) Concurrently with, and conditioned upon, the closing of any sale, assignment, transfer or conveyance of the Mitchell Interest to Wheeling in accordance with the Mitchell Plant Ownership Agreement, Sellers shall cause AEP Generation Resources Inc. to enter into an indemnity agreement for the benefit of Kentucky Power on the terms described on Section 4.20(e) of the Sellers Disclosure Letter.

4.21 Corporate Offices and Service Centers. For a period of no less than five years from the Closing Date, Purchaser shall cause Kentucky Power to maintain its existing corporate headquarters in Kentucky and, other than in the ordinary course of its business, maintain its existing offices and service centers in Kentucky.

4.22 Insurance. Except as provided herein or in the Ancillary Agreements, Purchaser hereby acknowledges and agrees that effective as of the Closing, each Acquired Company shall cease being covered by, and having the benefit of, any insurance coverage (including any policy issued by any "captive" insurer, together with any insurance-related, self-insurance or similar funds or reserves) for the benefit of any Acquired Companies maintained by Sellers or their Affiliates. Purchaser and its Affiliates shall be solely responsible for providing, or causing to be provided, insurance to each Acquired Company for any claims made after the Closing (subject to the remainder of this Section 4.22 with respect to losses prior to the Closing). For the avoidance of doubt, any amounts recovered prior to the Closing by the Acquired Companies in respect of losses incurred prior to the Closing shall be for the benefit of Sellers, and Purchaser shall promptly remit any such funds received following Closing to the Sellers. If there is any actual or potential loss prior to the Closing which is insured under any insurance policy covering the Acquired Companies or any of their respective assets or liabilities (including any policy issued by any "captive" insurer, together with any insurance-related, self-insurance or similar funds or reserves), Sellers shall use reasonable best efforts to provide notice of such loss to the applicable insurers prior to the Closing, and Sellers shall use reasonable best efforts to ensure the Acquired Companies can file, notice and otherwise continue to pursue such claims and recover proceeds under the terms of such policies (including with respect to any actual or potential loss in respect of the matters set forth on Section 4.22 of the Sellers Disclosure Letter). Sellers shall provide reasonable assistance to the Acquired Companies after the Closing with regard to pursuit of such claims, and Purchaser shall provide reasonable assistance to Seller with regard to investigating, defending and settling such claims. Following the Closing, to the extent that (a) any insurance policies of Sellers or their Affiliates (including any policies issued by any "captive" insurer) cover any loss in respect of any of the Acquired Companies arising out of, relating to or resulting from occurrences prior to the Closing and (b) such policies do not preclude claims from being made thereunder with respect to such losses arising out of, relating to or resulting from occurrences prior to the Closing ("Business Claims"), then, at Purchaser's sole cost and expense, Sellers or their Affiliates shall reasonably cooperate with Purchaser (upon Purchaser's written request) in Purchaser's submission of Business Claims (or Purchaser's pursuit of claims previously made) on behalf of Purchaser or an Acquired Company, as applicable, under any such policy. To the extent any insurance policies in place for the benefit of the Acquired Companies prior to Closing would preclude claims being made thereunder in accordance with clause (b) above following Closing, including any requirement to obtain consent of any issuer of any such policy, Sellers shall use reasonable best efforts to take any actions necessary in order to permit such claims to be made. With respect to Business Claims, Sellers shall take no action to exclude or remove the Acquired Companies with respect to the period prior to Closing from the insurance policies that were in place for the benefit of the Acquired Companies prior to Closing and shall not take any action following Closing that would reasonably be expected to impair any right or ability of the Acquired Companies to file claims for losses incurred prior to Closing consistent with Section 4.22. For purposes of this Agreement, that certain Claim Handling and Funding Agreement, dated May 30, 1996, between AEPSC and Nationwide (as successor to Employers Insurance of Wausau) (the "Claim Handling and Funding Agreement"), and any rights of any Seller or its Affiliates thereunder (including any accruals on behalf of any of the foregoing), shall be deemed to cover losses in respect of any of the Acquired Companies arising out of, relating to or resulting from occurrences prior to Closing and shall be treated as an insurance policy benefiting the Acquired Companies. Without limiting the foregoing, Sellers shall use reasonable best efforts to cause the Acquired Companies to have the same rights and privileges as AEPSC under the Claim Handling and Funding Agreement.

4.23 Misdirected Payments.

(a) Each Seller shall, or shall cause its applicable Affiliate to, promptly pay or deliver to Purchaser (or its designated Affiliates) any monies or checks that have been sent to such Seller or any of its Affiliates after the Closing Date by customers, suppliers or other contracting parties of any Acquired Company or any of its businesses to the extent that they are in respect of the businesses of any Acquired Company or otherwise properly payable to any Acquired Company.

(b) Purchaser shall, or shall cause its applicable Affiliate to, promptly pay or deliver to each Seller (or its designated Affiliates) any monies or checks that have been sent to Purchaser or any of its Affiliates (including the Acquired Companies) after the Closing Date to the extent that they are not in respect of any business of any Acquired Company and not otherwise properly payable to any Acquired Company but rather properly payable to such Seller or its Affiliates.

4.24 Misallocated Assets. If, within twenty four (24) months following the Closing, any right, property or asset exclusively related to a business of either Seller or any Affiliate thereof (other than any Acquired Company) other than the business of any Acquired Company, or exclusively used by any Seller or an Affiliate thereof (other than any Acquired Company) in a manner unrelated to the business of any Acquired Company prior to the Closing is found to have been transferred to Purchaser through its acquisition of the Acquired Companies in error (and not so contemplated in Section 4.8, Section 4.17, Section 4.20 or in the Ancillary Agreements), Purchaser shall cause the Acquired Companies to transfer, for no consideration (but at no cost to Purchaser or any of its Affiliates), such right, property or asset as soon as practicable (including taking into account any required regulatory approvals or third party consents), to such Seller or an Affiliate thereof designated by such Seller. If, following the Closing, any right, property or asset exclusively related to, or exclusively used in, the business of any Acquired Company prior to the Closing or necessary to conduct the business of any Acquired Company in substantially the same manner as conducted prior to the Closing is found to have been retained by any Seller or any Affiliate thereof in error, such Seller shall transfer, or shall cause such Affiliate to transfer, for no consideration, such right, property or asset as soon as practicable (including taking into account any required regulatory approvals or third party consents) to Purchaser or an Affiliate thereof (including any Acquired Company) designated by Purchaser.

4.25 Financing Cooperation.

(a) Prior to Closing (or the earlier termination of this Agreement pursuant to Section 8.1), subject to the limitations set forth in this Section 4.25, and unless otherwise agreed by Purchaser, Sellers will, at Purchaser's cost and expense (as provided in clause (d) below), use commercially reasonable efforts to (and will use commercially reasonable efforts to cause the Acquired Companies and their Affiliates and Representatives to) cooperate with Purchaser as may be reasonably requested by Purchaser in connection with Purchaser's or its Affiliates' arrangement, syndication and obtaining financing in connection with the acquisition of the Acquired Companies (the "Financing"). Such cooperation will include using commercially reasonable efforts to:

(i) cooperate with the marketing efforts of Purchaser in connection with the Financing, including making appropriate senior officers reasonably available, with appropriate advance notice, for participation in a reasonable number of lender or investor meetings, due diligence sessions, meetings with ratings agencies and road shows, and providing reasonable assistance in the preparation of rating agency presentations, confidential information memoranda, private placement memoranda, offering memoranda, prospectuses, registration statements, filings with the SEC and Canadian securities regulators, lender and investor presentations and similar documents as may be reasonably requested by Purchaser, in each case, with respect to information relating to the Acquired Companies in connection with such marketing efforts;

(ii) prepare and furnish Purchaser and the lenders, underwriters, agents, banks or other financing sources ("Financing Sources"), on a confidential basis, as promptly as reasonably practicable all information with respect to the Acquired Companies as is reasonably requested by Purchaser and is customarily (A) required for the marketing, arrangement and syndication of financings or (B) used in the preparation of customary offering or information documents or rating agency, lender presentations or road shows relating to any financing, provided that such information shall be limited to information and data derived from the Acquired Companies' historical books and records;

(iii) furnish all documentation and other information required by a Governmental Entity or any Financing Source under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT ACT (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and anti-bribery and anti-corruption rules and regulations to the extent reasonably requested by Purchaser;

(iv) providing reasonable assistance to Purchaser to produce financial statements (including pro forma and audited financial statements of the Acquired Companies) required to be delivered pursuant to any securities laws or any financing arrangements and assisting Purchaser in the preparation of such financial statements; provided, that neither the Sellers nor their Representatives shall be required to provide any such assistance with respect to financial information or statements relating to (A) the determination of the proposed aggregate amount of the Financing, the interest rates thereunder or the fees and expenses relating thereto; (B) the determination of any post-Closing or pro forma cost savings, synergies, capitalization, ownership or other pro forma adjustments desired to be incorporated into any information used in connection with the Financing; or (C) any adjustments that are not directly related to the acquisition of the Acquired Companies; provided further that (x) such assistance shall be limited solely with respect to information and data derived from the Seller's historical books and records and (y) neither Sellers nor their Representatives shall be required to certify or attest to any such pro forma financial statements or other forecasted information; and

(v) assist with the Financing Sources' requests for due diligence to the extent customary and reasonable.

provided, further, that (A) nothing in this Section 4.25 shall require Sellers to cause the delivery of legal opinions or reliance letters or any certificate as to solvency or any other certificate necessary for the Financing; and (B) Sellers will use reasonable best efforts to (and will use reasonable best efforts to cause the Acquired Companies and their Affiliates and Representatives to), reasonably promptly update any information in respect of Sellers and the Acquired Companies to be included in any document filed with the SEC or Canadian securities regulators so that such information does not contain, as of the time provided, any untrue statement of material fact or omit to state any material fact necessary in order to make the statements contained therein not misleading.

(b) Sellers agree to use reasonable best efforts to (and will use reasonable best efforts to cause their Affiliates and Representatives to) provide, reasonable assistance to Purchaser for a period of three months following Closing to produce the financial statements (including pro forma and audited financial statements of the Acquired Companies) required to be delivered pursuant to any securities laws and assisting Purchaser in the preparation of financial statements; provided, that neither the Sellers nor their Representatives shall be required to provide any such assistance with respect to financial information or statements relating to (A) the determination of the proposed aggregate amount of the Financing, the interest rates thereunder or the fees and expenses relating thereto; (B) the determination of any post-Closing or pro forma cost savings, synergies, capitalization, ownership or other pro forma adjustments desired to be incorporated into any information used in connection with the Financing; or (C) any adjustments that are not directly related to the acquisition of the Acquired Companies; provided further that (x) such assistance shall be limited solely with respect to information and data derived from each Seller's historical books and records and (y) neither Sellers nor their Representatives shall be required to certify or attest to any such pro forma financial statements or other forecasted information.

(c) Purchaser shall indemnify and hold harmless Sellers and their Affiliates and their respective directors, officers and employees from and against any and all Losses suffered or incurred by them in connection with the arrangement and completion of any Financing or related transactions by Purchaser in connection with financing the transactions contemplated hereby and any information utilized in connection therewith. This Section 4.25(c) shall survive the consummation of the Closing and any termination of this Agreement, and is intended to benefit, and may be enforced by, the officers and directors of the Sellers and their Affiliates and their respective heirs, executors, estates and personal representatives who are each third party beneficiaries of this Section 4.25(c).

(d) Nothing in this Section 4.25 shall require any such cooperation to the extent that it would require any Seller or the Acquired Companies to: (i) waive or amend any terms of this Agreement or agree to pay any fees or reimburse any expenses for which it has not received prior reimbursement or is not otherwise indemnified by or on behalf of Purchaser; (ii) enter into any definitive agreement; (iii) give any indemnities in connection with the Financing; (iv) take any action that, in the good faith determination of the Sellers, would unreasonably interfere with the conduct of the business of the Sellers and their Affiliates or create an unreasonable risk of damage or destruction to any property or assets of the Sellers or any of their Affiliates; (v) adopt resolutions (whether by the board of directors of the Sellers or otherwise) approving the agreements, documents and instruments pursuant to which the Financing is obtained, other than those effective on the Closing Date; (vi) provide any assistance or cooperation that (A) would cause any representation or warranty in this Agreement made by any Seller to be breached, or (B) cause any conditions to Closing set forth in this Agreement to fail to be satisfied by the Outside Date or otherwise result in a breach of this Agreement by Sellers that would provide Purchaser the right to terminate this Agreement (unless waived by Purchaser); or (v) cooperate to the extent it would require the disclosure of information which the Sellers or the Acquired Companies reasonably determine would reasonably be expected to jeopardize the attorney-client or other similar privilege of the Sellers or any of the Acquired Companies or violate any Applicable Law to which the Sellers or any of the Acquired Companies is a party.

(e) Purchaser shall promptly upon request by Sellers, reimburse Sellers for all of their reasonable and documented out-of-pocket fees and expenses (including reasonable fees and expenses of counsel and accountants) incurred by Sellers and the Acquired Companies, any of its or their representatives in connection with any cooperation contemplated by this Section 4.25.

ARTICLE V

EMPLOYEE, LABOR AND BENEFITS MATTERS COVENANTS

5.1 Seller Benefit Plans. Effective as of the Closing Date, the Continuing Employees shall cease to accrue further benefits and shall cease to be active participants under any Seller Benefit Plans except as provided by the terms of such plans or applicable Law. As of the Closing Date, all Continuing Employees shall become vested on a prorated basis under the terms of any Restricted Stock Unit Award Agreement issued to such Continuing Employee under the terms of the American Electric Power System Long-Term Incentive Plan as if such employees termination of employment with the Acquired Company had involved a Severance Date (as defined in such agreement).

5.2 Non-Covered Employees. All Non-Covered Employees who are employees of an Acquired Company, if still employed by an Acquired Company immediately prior to the Closing Date, shall continue to be employees of such Acquired Company on the Closing Date (such persons, the "Continuing Non-Covered Employees"). Purchaser acknowledges that those employees set forth on Section 5.2 of the Sellers Disclosure Letter will not be employees of the Acquired Company on the Closing Date.

5.3 Covered Employees Offers and Post-Closing Employment and Benefits.

(a) All Covered Employees who are employees of an Acquired Company, if still employed by an Acquired Company immediately prior to the Closing Date, shall continue to be employees of such Acquired Company on the Closing Date and shall be deemed a "Continuing Covered Employee."

(b) Purchaser acknowledges that any Collective Bargaining Agreement applicable to Continuing Covered Employees and to which an Acquired Company is a party shall continue in effect according to its terms after the Closing.

5.4 Post-Closing Employment and Benefits for Non-Covered Employees. Purchaser shall provide, or shall cause one of its Affiliates to provide, to each Continuing Non-Covered Employee during the period from the Closing Date through the second anniversary of the Effective Date (or if shorter, the period during which the Continuing Non-Covered Employee is employed by Purchaser or one of its Affiliates) (the "Continuation Period"):

(a) base salary/wage rate at a rate at least equal to the base salary/wage rate provided to the Non-Covered Employee immediately prior to the Closing, and annual bonus opportunities (including target and maximum payouts, but excluding long-term and equity-based compensation opportunities), which, together with base salary/wage rate, are at least equal, in the aggregate, to the base salary/wage rate and such annual bonus opportunities provided to the Non-Covered Employee immediately prior to Closing;

(b) vacation, sick pay and other paid time off accrued but unused as of the Closing on terms and conditions not less favorable than the terms and conditions in effect immediately prior to the Closing; and

(c) other employee benefits (other than severance benefits, which shall be as provided as set forth in Section 5.6), including any benefits in substitution or replacement for any existing long-term and equity-based compensation opportunities (including, without limitation, cash payments or increased base salary/wage rate) of a Continuing Non-Covered Employee, which are no less favorable in the aggregate to the employee benefits (other than severance benefits) provided to the Non-Covered Employee immediately prior to Closing. Without limiting the generality of the foregoing, Continuing Non-Covered

Employees who, as of the Closing Date, would have become eligible for retiree medical coverage under any Seller Benefit Plan within two (2) years following the Closing Date had they remained eligible for coverage under the Seller Benefit Plans, shall remain able to become eligible for such retiree medical benefits under substantially similarly terms and conditions under plans maintained by Purchaser or its Affiliates following the Closing.

5.5 Welfare Plans. Purchaser or an Affiliate of Purchaser shall cause each Continuing Employee and his or her eligible dependents (including all such employee's dependents covered immediately prior to the Closing Date by a Seller Benefit Plan that is a welfare benefit plan) coverage under a welfare benefit plan maintained by Purchaser or one of its Affiliates that (A) ensures that no waiting periods, exclusions or limitations with respect to any pre-existing conditions, evidence of insurability or good health or actively-at-work exclusions are applicable to any Continuing Employee or their dependents or beneficiaries under any welfare benefit plans in which such employees may be eligible to participate and (B) credits such Continuing Employee, for the plan year during which the Closing occurs, with any deductibles, co-payments and amounts credited toward out-of-pocket maximums incurred under a Seller Benefit Plan toward satisfying any deductible, co-payment and out-of-pocket maximum requirements under the medical plan of Purchaser or any of its Affiliates in which the Continuing Employee participates during the plan year in which the Closing occurs.

5.6 Severance. Purchaser shall, or shall cause one of its Affiliates to, pay to each Continuing Employee who is terminated during the Continuation Period for any reason other than cause or the Continuing Employee's death or disability (a "Severed Continuing Employee"), subject to the Continuing Employee's timely executing and not revoking a release of claims, a lump sum payment in cash equal to two weeks' base pay for each year of service or portion thereof (taking into account, for this purpose, service as a Continuing Employee as well as service that would be credited to the Severed Continuing Employee under Section 5.7), with a minimum of eight (8) weeks' base pay, with the base pay determined at the then applicable rate. For this purpose, (a) the resignation by a Continuing Employee in lieu of a requirement that such employee transfer to a main work location that is more than 50 miles from his or her main work location as of the Closing Date, and (b) the termination of a Continuing Employee's employment by reason of such employee's declining a request for such a transfer shall be considered termination for a reason other than cause. In addition, to the extent a Severed Continuing Employee elects COBRA Continuation Coverage, the amount payable by such Severed Continuing Employee in respect of COBRA premiums during the months that such COBRA Continuation Coverage remains in effect (but only up to the first eighteen (18) months) shall be no more than the active employee premiums payable for the same medical and/or dental coverage covering the Severed Continuing Employee and the Severed Continuing Employee's spouse and eligible dependents. Notwithstanding the foregoing, if any Continuing Employee is entitled to severance benefits under an individual severance, employment or similar agreement, the terms of such agreement and not this Section 5.6 shall govern, and Continuing Covered Employees shall be entitled to severance benefits only to the extent provided in a Collective Bargaining Agreement or otherwise agreed by the applicable union.

5.7 COBRA. Purchaser shall provide, or shall cause one of its Affiliates to provide, continuation health care coverage to Continuing Employees and their qualified beneficiaries who incur a qualifying event, in accordance with the continuation health care coverage requirements of Section 4980B of the Code and Title I, Subtitle B, Part 6 of ERISA ("COBRA") or any similar provisions of state Law, after the Closing Date. Sellers and their Affiliates shall be solely responsible for any obligations under COBRA with respect to all "M&A qualified beneficiaries" as defined in Treasury Regulation Section 54.4980B-9.

5.8 Service Credit. Purchaser shall, or shall cause one of its Affiliates to, provide full service credit for all purposes including eligibility to participate, vesting and benefit accrual (other than for benefit accrual purposes under any defined benefit pension plan) under all employee benefit plans, policies and arrangements (other than equity or equity-based plans, policies and arrangements) made available to Continuing Employees by Purchaser or any of its Affiliates after the Closing to the same extent such Continuing Employee's service was recognized under the corresponding Seller Benefit Plans in which such Continuing Employee participated immediately prior to the Closing Date.

5.9 Savings Plans. Effective as of the Closing Date, Purchaser or one of its Affiliates shall establish or maintain a defined contribution 401(k) plan (or plans) and trust (or trusts) intended to qualify under Sections 401(a) and 501(a) of the Code in which all Continuing Non-Covered Employees shall be eligible to participate ("Purchaser Savings Plan") and in which Covered Employees shall be eligible to participate ("Purchaser Union Savings Plan") following the Closing Date. Continuing Employees shall be eligible to effect a direct rollover (as described in Section 401(a)(31) of the Code) from any Seller Benefit Plans which is a defined contribution 401(k) plan, to the Purchaser Savings Plan and the Purchaser Union Savings Plan, as applicable, and Purchaser or one of its Affiliates shall cause the Purchaser Savings Plan or Purchaser Union Savings Plan, as applicable, to accept such direct rollovers.

5.10 Incentive Awards. Purchaser shall, and shall cause its Affiliates, as applicable, to maintain the bonus opportunities provided for under any Seller Benefit Plan that is an annual bonus plan through the end of the fiscal year in which the Closing occurs and will pay any bonuses earned thereunder at such time as Sellers and their Affiliates has historically paid such bonuses. Each Continuing Employee's bonus in respect of the fiscal year in which the Closing occurs shall be bifurcated as follows: (i) such bonus shall not be less than such Continuing Employee's target bonus in respect of such fiscal year prior to the Closing under the applicable Seller Benefit Plan and (ii) such bonus shall be based on the actual performance of Purchaser in respect of such fiscal year following the Closing.

5.11 Pre-Closing Date Claims under Seller Benefit Plans. To the extent that an Acquired Company Employee was a participant in a Seller Benefit Plan, the Seller Benefit Plans shall be responsible for providing benefits (including medical, hospital, dental, accidental death and dismemberment, life, disability and other similar benefits) to any participating Acquired Company Employees for all Claims incurred prior to the Closing under and subject to the generally applicable terms and conditions of such plans. For purposes of this Section 5.11, a Claim is incurred with respect to (i) accidental death and dismemberment, disability, life and other similar benefits when the event giving rise to such Claim occurred and (ii) medical, hospital, dental and other similar benefits when the services with respect to such Claim are rendered, and in any event as defined by the underlying terms of the Seller Benefit Plans. Purchaser shall, or shall cause one of its Affiliates to, assume and honor all accrued and unused vacation and paid time off balances of the Continuing Employees in accordance with the applicable Seller Benefit Plan in effect at the Closing Date, except to the extent any such balances are paid to such Continuing Employee in connection with the Closing in accordance with any applicable Laws.

5.12 [Reserved]

5.13 Workers Compensation. Sellers and their Affiliates shall be responsible for and administer all claims for workers compensation benefits that are incurred prior to the Closing by Continuing Employees. Purchaser and its Affiliates shall be responsible for and shall administer all claims for workers compensation benefits that are incurred from and after the Closing by Continuing Employees. A claim for workers compensation benefits shall be deemed to be incurred when the claim for workers compensation benefits is filed by the Continuing Employee with the applicable governmental authority (the "Workers Compensation Event").

5.14 WARN Act. From the Effective Date until the Closing Date, Sellers shall not, and shall cause their Affiliates not to, terminate the employment of Acquired Company Employees such that a “plant closing” or “mass layoff” (as those terms are defined in the WARN Act) occurs prior to or as of the Closing, except pursuant to Section 4.1(a)(v). Purchaser agrees that the Acquired Companies shall be responsible for providing any notice required under (or otherwise satisfying the requirements of) the WARN Act with respect to any “plant closing” or “mass layoff” affecting Continuing Employees that may occur after the Closing Date. Sellers shall be responsible for providing any notice required under (or otherwise satisfying the requirements of) the WARN Act with respect to any “plant closing” or “mass layoff” affecting any employees of Seller or any of its Affiliates (other than the Acquired Companies) who do not become Continuing Employees.

5.15 Employee Communications. Sellers shall use reasonable best efforts to cooperate with Purchaser and its Affiliates in communications with Acquired Companies Employees with respect to employment and employee benefit plan matters arising in connection with the transactions contemplated by this Agreement.

5.16 No Third-Party Beneficiary Rights. Nothing in this Article V, expressed or implied, shall confer upon any Person (including the Acquired Companies Employees, Continuing Employees or any other employees of Sellers, Purchaser, or any of their respective Affiliates or any of their dependents, beneficiaries or alternate payees) other than the Parties any rights or remedies (including any third-party beneficiary rights, any right to employment or continued employment, or any right to any particular terms of conditions of employment or compensation or benefits for any period) of any nature or kind whatsoever, under or by reason of this Agreement or otherwise, and nothing in this Article V shall (i) affect the right of each of Sellers, Purchaser or their respective Affiliates to terminate the employment of any Person for any or no reason at any time, (ii) require Sellers or any of their Affiliates to continue any Seller Benefit Plan or other employee benefit plans or arrangements, (iii) prevent Sellers or any of their Affiliates from amending, modifying or terminating any Seller Benefit Plan or other employee benefit plans or arrangements, (iv) be construed as prohibiting or limiting the ability of Purchaser or any of its Affiliates to amend, modify or terminate any benefit or compensation plan, program, policy, Contract, agreement or arrangement at any time assumed, established, sponsored or maintained by any of them, or (v) be construed as an establishment of, amendment to or termination of any benefit or compensation plan, program, policy, Contract, agreement or arrangement. In addition, the provisions of this Section 5.16 are for the sole benefit of the Parties and are not for the benefit of any other Person, including any Acquired Company Employee, Continuing Employee, any other employee of any Sellers, Purchaser or any of their respective Affiliates (including any beneficiary or dependent thereof), or any other third party.

5.17 Non-Solicitation of Business Employees. In the event that this Agreement is terminated prior to the Closing pursuant to the terms of this Agreement, until the date that is one (1) year from and after the date of such termination, (i) Purchaser shall not employ, and shall cause its Affiliates not to employ, any Acquired Company Employees or any Mitchell Employees to whom Purchaser or its Representatives had been directly or indirectly introduced or otherwise had contact with as a result of its consideration of the transactions contemplated hereby without Sellers’ prior written consent and (ii) Purchaser shall not, and shall cause its Affiliates not to, directly or indirectly, solicit for hire or employment any officer or employee of Sellers or any of their Affiliates to whom Purchaser or its Representatives had been directly or indirectly introduced or otherwise had contact with as a result of its consideration of the transactions contemplated hereby. From and after Closing, until the date that is one (1) year after the Closing Date, (A) Sellers shall not employ, and shall cause their Affiliates not to employ, any Continuing Employees without Purchaser’s prior written consent and (B) Sellers shall not, and shall cause their Affiliates not to, directly or indirectly, solicit for hire or employment any officer or employee of Purchaser or any of its Affiliates to whom Sellers or their Representatives had been directly or indirectly introduced or otherwise had contact with as a result of its consideration of the transactions contemplated hereby. Notwithstanding anything to the contrary in this Section 5.17, the terms of this Section 5.17 shall not apply to (x) any solicitation that consists of a general advertisement or solicitation by Purchaser or Sellers or their Affiliates through the use of media advertisements, the Internet (including Sellers' or their Affiliates' internal career websites), or professional search firms that is not targeted at employees of Sellers, Purchaser or their Affiliates, as applicable, or (y) any solicitation (or any hiring as a result of any solicitation) of any person who for a period of at least six (6) months prior to such solicitation (and hiring) has no longer been employed by Sellers, Purchaser or their Affiliates, as applicable, other than as a result of any solicitation otherwise prohibited by this Section 5.17.

5.18 Code Section 409A. Contingent upon and effective as of the Closing Date, pursuant to 26 CFR §1.409A-3(j)(4)(ix), the Parties acknowledge and agree that the following Seller Benefit Plans (the "Seller Nonqualified Plans") shall be considered terminated with respect to each participant that experiences a change in control of the Acquired Companies by reason of the transactions effectuated under this Agreement (the "Affected Participants," being those plan participants who continue employment with the Acquired Companies (or other affiliates of the Purchaser) immediately after the Closing Date: (i) American Electric Power System Excess Benefit Plan; (ii) Central and South West System Special Executive Retirement Plan; (iii) American Electric Power System Supplemental Retirement Savings Plan; and (iv) American Electric Power System Incentive Compensation Deferral Plan. The Parties acknowledge and agree that contingent upon and effective as of the Closing Date, all of the Affected Participants shall receive all amounts deferred under the Affected Plans within 12 months of the Closing Date.

5.19 Transfer of Certain Employees. Sellers and Purchaser shall cooperate to cause an Acquired Company, at least 30 days prior to the reasonably expected Closing Date, to make an offer of employment to each of the Covered Support Employees, which offer shall be based on the terms of the applicable Collective Bargaining Agreement and conditioned upon the occurrence of the Closing and effective as of the Closing Date. Sellers and Purchaser shall cooperate to cause an Acquired Company, at least 30 days prior to the reasonably expected Closing Date, to make a Qualifying Offer of employment to each of the Non-Covered Support Employees, which Qualifying Offer shall be conditioned upon the occurrence of the Closing and effective as of the Closing Date, except in the case of Support Employees who are not actively at work as of the Closing Date due to long-term disability or other approved continuous leave of absence (excluding, without limitation, paid-time off, short-term disability or intermittent leave) ("Delayed Transfer Employees"), in which case such offers (or reemployment) shall be made as of the date, if any, each such Support Employee has been cleared for and returns to active employment within 12 months following the Closing Date or such later date as required by Law and effective immediately following acceptance. At least 30 days prior to the reasonably expected Closing Date, Sellers shall provide Purchaser a list of Delayed Transfer Employees, which list shall be updated as necessary prior to Closing. A "Qualifying Offer" means an offer of employment in a position comparable to that which such Support Employee had immediately prior to the Closing (or, in the case of a Delayed Transfer Employee, commencement of his or her absence from active employment). Sellers shall retain and be solely responsible for all Liabilities arising from or relating to Sellers' or any of its Affiliates' identification of Support Employees (or the omission of any person from that list). At least 21 days prior to the reasonably expected Closing Date, Purchaser shall add Section 5.19 to the Purchaser Disclosure Letter to confirm that Purchaser has made a Qualifying Offer of employment to each of the Support Employees as set forth in this section (other than any Delayed Transfer Employees who has not then returned to active employment) and to indicate each Support Employees who has accepted such offer of employment. Sellers shall cause each of such accepting Support Employee to become an employee of Kentucky Power prior to the Closing Date. Any Delayed Transfer Employee who accepts a Qualifying Offer that will not become effective until after the Closing Date pursuant to this Section 5.19 shall become an employee of Purchaser (or an Affiliate of Purchaser effective immediately upon acceptance.

ARTICLE VI

TAX MATTERS

6.1 Withholding. Unless required by a change in Law after the date hereof, Purchaser, its Affiliates, and any of their agents, shall not deduct and withhold from any amount otherwise payable pursuant to this Agreement other than with respect to amounts (a) as a result of a failure to deliver the certificate or applicable tax form described in Section 1.3(b)(i)(C) or (b) which are treated as wages for U.S. federal income tax purposes. If any of Purchaser or its Affiliates or agents proposes to withhold any amounts, such Person shall use its reasonable best efforts to notify Sellers at least five business days in advance of making any such withholding or deduction and use its reasonable best efforts to cooperate with Sellers in reducing or eliminating any such proposed withholding or deduction. If any amount is so withheld, such amount shall be (i) properly and timely paid over to the applicable Governmental Entity and (ii) treated for all purposes of this Agreement as having been paid to the Person with respect to which such deduction or withholding was imposed.

6.2 Tax Year End. Purchaser shall cause the Acquired Companies to join Purchaser's "consolidated group" (as defined in Treasury Regulations Section 1.1502-1(h)) effective on the day after the Closing Date. Following the Closing, Purchaser shall not, and shall cause the Acquired Companies to not, take any action, or permit any action to be taken, that may prevent the taxable year of the Acquired Companies from ending for U.S. federal and (to the extent permitted under applicable Law) state, local or non-U.S. Income Tax purposes at the end of the day on which the Closing occurs and shall, to the extent permitted by applicable Law, elect with the relevant taxing authority to treat for all Income Tax purposes the Closing Date as the last day for which the Acquired Companies are included in the Seller Affiliated Tax Group. For the avoidance of doubt, Sellers shall prepare, or cause to be prepared, and file, or cause to be filed, all Tax Returns of or with respect to the Acquired Companies for Tax periods ending on and before the Closing Date.

6.3 Tax Proceedings. Notwithstanding anything in this Agreement to the contrary, Sellers shall have the exclusive right to control in all respects, and neither Purchaser nor any of its Affiliates shall be entitled to participate in, any Tax Proceeding with respect to any Tax Return filed by or with respect to, or Tax matters relating to, the Seller Affiliated Tax Group.

6.4 Cooperation with Respect to Taxes.

(a) Each Party shall, and shall cause its Affiliates to, provide to the other Parties such cooperation, documentation and information as either of them reasonably may request in (i) preparing and filing any Tax Return, amended Tax Return or claim for refund, (ii) determining a liability for Taxes or a right to refund of Taxes or (iii) conducting any Tax Proceeding. Such cooperation, documentation and information shall include providing necessary powers of attorney, copies of all relevant portions of relevant Tax Returns, together with all relevant portions of relevant accompanying schedules and relevant work papers, relevant documents relating to rulings or other determinations by taxing authorities and relevant records concerning the ownership and Tax basis of property and other relevant information that any such Party may possess. Each Party shall make its employees reasonably available on a mutually convenient basis at its own cost to provide an explanation of any documents or information so provided.

(b) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall be construed to require any Seller (or any of its Affiliates) (i) to provide cooperation, documentation or information with respect to Taxes or Tax Returns of the Seller Affiliated Tax Group or (ii) to provide Purchaser (or any of its Affiliates, including the Acquired Companies) with access to any such documentation, information or records, provided that, in each case, Seller and its Affiliates shall use commercially reasonable efforts to provide Purchaser with reasonable cooperation, documentation, information or records that are in Seller's possession and that are redacted or are pro forma and relate exclusively to the Acquired Companies.

6.5 Tax Sharing Agreements. On or before the Closing Date, the rights and obligations of the Acquired Companies pursuant to all Tax sharing agreements or arrangements (other than this Agreement), if any, to which any Acquired Company, on the one hand, and any member of the Seller Affiliated Tax Group, on the other hand, are parties, shall terminate, and neither any member of the Seller Affiliated Tax Group, on the one hand, nor such Acquired Company, on the other hand, shall have any rights or obligations to each other after the Closing in respect of such agreements or arrangements.

6.6 Transfer Taxes. Notwithstanding anything to the contrary in this Agreement, Purchaser and Seller shall split equally any sales, use, transfer, real property transfer, registration, documentary, stamp, value added or similar Taxes imposed on or payable in connection with the transactions contemplated by this Agreement ("Transfer Taxes"). The Party required by applicable Law to do so shall prepare and file, or cause to be prepared and filed, any Tax Return with respect to such Transfer Taxes.

6.7 Post-Closing Matters.

(a) None of Purchaser or any of its Affiliates (including, after the Closing, the Acquired Companies) shall take any of the following actions, without the prior written consent of Sellers (which consent shall not be unreasonably withheld, conditioned or delayed): (i) make any Tax election, or change in Tax accounting period or method, that would have an effective date on or prior to the Closing Date or affect Taxes for any Seller or the Seller Affiliated Tax Group, (ii) amend any Tax Return for a Pre-Closing Tax Period, (iii) initiate or execute any voluntary disclosure agreement or similar agreement with any Tax authority with respect to a Pre-Closing Tax Period, (iv) extend the statute of limitations with respect to any Tax Return filed with respect to the Acquired Companies for any Pre-Closing Tax Period, or (v) engage in any action or transaction that is not in the ordinary course of business on the Closing Date but after the Closing.

(b) Notwithstanding any other provision of this Agreement, Purchaser shall report any transaction in which any Acquired Company engages that is not in the ordinary course of business and occurs on the Closing Date, but after the Closing, on Purchaser's U.S. federal income Tax Return to the extent permitted by Treasury Regulations Section 1.1502-76(b)(1)(ii)(B).

(c) At Sellers' request, Purchaser shall cause the Acquired Companies to make and/or join with the Seller Affiliated Tax Group in making any Tax election related to the Seller Affiliated Tax Group; provided, that the making of such election does not have an adverse effect in any material respect on Purchaser or the Acquired Companies for any Tax period beginning on or after the Closing.

(d) The Parties agree that no elections pursuant to Code Sections 336(e), 338(g) or 338(h)(10) shall be made by any Seller, any Affiliate of any Seller, Purchaser, any Affiliate of Purchaser, or the Acquired Companies, with respect to the Sale.

ARTICLE VII

CONDITIONS TO CLOSING

7.1 Conditions to Each Party's Closing Obligations. The respective obligations of each Party to effect the transactions contemplated hereby are subject to the fulfillment or, to the extent permitted by applicable Law, joint waiver, by the Parties at or prior to the Closing of each of the following conditions:

(a) No Injunctions. No Governmental Entity of competent authority and jurisdiction shall have issued an Order or enacted a Law that remains in effect that prohibits or makes illegal the consummation of the transactions contemplated hereby (collectively, the "Legal Restraints").

(b) Regulatory Approvals. The Required Regulatory Approvals shall have been duly obtained, and such approvals shall have become Final Orders or, if applicable, any mandatory waiting period prescribed by Law before the transactions contemplated hereby may be consummated shall have expired or been terminated.

(c) NSR Consent Decree. The amended NSR Consent Decree contemplated by Section 4.13 shall have been duly executed and delivered by all parties thereto, approved and entered by the United States District Court for the Southern District of Ohio and in full force and effect.

(d) Mitchell Plant Approvals. The Mitchell Plant Approvals shall have been duly obtained, and such approvals shall have become Final Orders.

7.2 Conditions to Purchaser's Closing Obligations. Purchaser's obligations to effect the transactions contemplated hereby are subject to the fulfillment or, to the extent permitted by applicable Law, waiver by Purchaser, at or prior to the Closing of each of the following additional conditions:

(a) Representations and Warranties. (i) The representations and warranties of Sellers set forth in Section 2.1, Section 2.2, Section 2.3, Section 2.4(i) and Section 2.17 shall be true and correct (other than in *de minimis* respects) as of the Closing, as if made at and as of the Closing (or, if expressly made as of a specific date, as of such date), (ii) the representation and warranty of Sellers set forth in Section 2.6(b) shall be true and correct as of the Closing, as if made at and as of the Closing and (iii) each of the other representations and warranties of Sellers contained in Article II (disregarding all qualifications as to materiality or Material Adverse Effect contained therein) shall be true and correct as of the Closing as if made at and as of the Closing (or, if expressly made as of a specific date, as of such date), except in the case of this clause (iii), where the failure of such representations and warranties to be true and correct would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Covenants and Agreements. The covenants and agreements of Sellers to be performed at or before the Closing in accordance with this Agreement shall have been performed in all material respects.

(c) Officer's Certificates. Purchaser shall have received a certificate from each Seller, signed on its behalf by an executive officer of such Seller and dated the Closing Date, to the effect that the conditions set forth in Section 7.2(a) and Section 7.2(b) have been fulfilled.

(d) Absence of Material Adverse Effect. Since the Effective Date, no Material Adverse Effect shall have occurred.

(e) Execution and Delivery of Ancillary Documents. Sellers or their applicable Affiliates shall have executed and delivered to Purchaser each of the Ancillary Documents to which they are a party, each of which shall be in full force and effect as of Closing.

(f) Burdensome Condition. No Required Regulatory Approval, Mitchell Plant Approval, Additional Regulatory Filing and Consent, amendment of the NSR Consent Decree contemplated by Section 4.13 shall, individually or in the aggregate, impose, be conditioned upon or contain terms, conditions, liabilities, obligations, commitments or sanctions resulting in, or otherwise create or have created, any Burdensome Condition.

7.3 Conditions to Sellers' Closing Obligation. Sellers' obligations to effect the transactions contemplated hereby are subject to the fulfillment or, to the extent permitted by applicable Law, waiver by Sellers, at or prior to the Closing of each of the following additional conditions:

(a) Representations and Warranties. (i) The representations and warranties of Purchaser set forth in Section 3.1 and Section 3.2 shall be true and correct (other than *de minimis* respects) as of the Closing as if made at and as of the Closing (or, if expressly made as of a specific date, as of such date) and (ii) each of the other representations and warranties of Purchaser contained in Article III (disregarding all qualifications as to materiality or Purchaser Material Adverse Effect contained therein) shall be true and correct as of the Closing as if made at and as of the Closing (or, if expressly made as of a specific date, as of such date), except in the case of this clause (ii), where the failure of such representations and warranties to be true and correct would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(b) Covenants and Agreements. The covenants and agreements of Purchaser to be performed at or before the Closing in accordance with this Agreement shall have been performed in all material respects.

(c) Officer's Certificate. Sellers shall have received a certificate from Purchaser, signed on Purchaser's behalf by an executive officer of Purchaser, stating that the conditions specified in Section 7.3(a) and Section 7.3(b) have been fulfilled.

(d) Execution and Delivery of Ancillary Documents. Purchaser or its applicable Affiliate shall have executed and delivered to Sellers each of the Ancillary Documents to which it is a party, each of which shall be in full force and effect as of Closing.

7.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in Section 7.1 or Section 7.3, as the case may be, either as a basis for not consummating the Sale or any of the other transactions contemplated by this Agreement, or as a basis for terminating this Agreement, if such failure was caused by such Person's or its Affiliates' failure to act in good faith or to use the efforts to cause the Closing to occur that are required by this Agreement.

ARTICLE VIII

TERMINATION

8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Sellers and Purchaser; or

(b) by either Sellers or Purchaser, if:

(i) the Closing shall not have occurred on or before the date that is twelve (12) months after the date of this Agreement (the "Outside Date"); provided, that the right to terminate this Agreement under this clause (i) shall not be available to (x) any Party whose failure to perform in any material respect any of its covenants or agreements contained in this Agreement has been the cause of, or has resulted in, the failure of the Closing to occur on or before such date or (y) a Party if another Party has filed (and is then pursuing) an Action seeking specific performance as permitted by Section 10.13; provided, further, that if, as of the end of the day on the date that is twelve (12) months after the date of this Agreement, the conditions to the Closing set forth in Section 7.1 have not been fulfilled but all other conditions to the Closing have been fulfilled or are capable of being fulfilled at the Closing, then the Outside Date shall be the date that is eighteen (18) months after the date of this Agreement;

(ii) Sellers (in the case of a termination by Purchaser) or Purchaser (in the case of a termination by Sellers) shall have breached or failed to perform in any material respect any of their respective representations, warranties, covenants or other agreements contained in this Agreement, and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 7.2(a) or 7.2(b) (in the case of termination by Purchaser) or Section 7.3(a) or 7.3(b) (in the case of termination by Sellers), and (B) (1) is incapable of being cured prior to the Outside Date or (2) if capable of being cured prior to the Outside Date, has not been cured prior to the earlier of (x) sixty (60) days after the date on which Sellers or Purchaser, as applicable, receives written notice of such alleged breach or failure to perform from the party seeking termination, stating such party's intention to terminate this agreement pursuant to this Section 8.1(b)(ii) and the basis for such termination and (y) the Outside Date; provided, that the right to terminate this Agreement under this Section 8.1(b)(ii) shall not be available to any Party if such Party is then in breach of any of its respective representations, warranties, covenants or other agreements contained in this Agreement in a manner such that the conditions to the Closing set forth in Section 7.2(a) or Section 7.2(b) (with respect to a breach by any Seller) or Section 7.3(a) or Section 7.3(b) (with respect to a breach by Purchaser), as applicable, would not be satisfied;

(iii) the condition in Section 7.1(a) is not satisfied and the Legal Restraint giving rise to the non-satisfaction shall have become final and non-appealable; provided, that the right to terminate this Agreement under this Section 8.1(b)(iii) shall not be available to any Party whose failure to fulfill any of its covenants or other agreements contained in this Agreement shall have been the primary cause of such Legal Restraint; or

(iv) any Governmental Entity that must grant a Required Regulatory Approval or a Mitchell Plant Approval shall have denied such grant, and such denial shall have become final and non-appealable; provided, that the right to terminate this Agreement under this Section 8.1(b)(iv) shall not be available to any Party whose failure to fulfill any of its covenants or other agreements contained in this Agreement shall have been the primary cause of such denial.

(c) by Sellers, by written notice to Purchaser, if (i) the conditions set forth in Section 7.1 and Section 7.2 are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but which are capable of being satisfied at the Closing if the Closing were to occur when required pursuant to Section 1.3(a)), (ii) Sellers deliver to Purchaser an irrevocable written notice on or after the date that the Closing is required to occur pursuant to Section 1.3(a) that all conditions set forth in Section 7.3 have been satisfied or waived as of such time (other than those conditions that by their nature are to be satisfied at the Closing but which are capable of being satisfied at the Closing if the Closing were to occur) and each Seller is ready, willing and able to consummate the Closing, and (iii) within two (2) Business Days after the delivery of such notice to Purchaser, Purchaser has failed to fulfill its obligation to pay the Closing Payment Amount in accordance with Section 1.2.

8.2 Notice of Termination. In the event of termination of this Agreement pursuant to Section 8.1, written notice of such termination shall be given by the terminating Party (or Parties) to the other Parties.

8.3 Termination Fee.

(a) In the event that each of: (i) this Agreement is terminated pursuant to (A) Section 8.1(b)(i) at a time when only the conditions (other than those conditions that by their nature are to be satisfied at the Closing, but which conditions would be capable of being satisfied if the Closing Date were the date of such termination) in Section 7.1(a) (but only if the applicable Legal Restraint relates to a Required Regulatory Approval) or Section 7.1(b) have not been satisfied, (B) Section 8.1(b)(iii) (but only if the applicable Legal Restraint relates to a Required Regulatory Approval), (C) Section 8.1(b)(iv) (but only due to a denial of a Required Regulatory Approval) or (D) Section 8.1(c), (ii) the conditions in Section 7.1(a) or 7.1(b) failed to be satisfied other than as a result of Sellers' failure to perform in any material respect their obligations under Section 4.5 or otherwise under this Agreement, and (iii) at the time of such termination, all conditions set forth in Section 7.2(a) through Section 7.2 (e) (inclusive) shall have been satisfied or waived (except for (A) those conditions that by their nature are to be satisfied at the Closing, but which conditions would be capable of being satisfied if the Closing Date were the date of such termination or (B) those conditions that have not been satisfied as a result of a breach of this Agreement by Purchaser), then, subject to Section 8.3(b), Purchaser shall, by way of compensation, pay or cause to be paid to Sellers an aggregate amount equal to $65,000,000 (the "Termination Fee"). If the Termination Fee becomes due and payable in accordance with this Section 8.3(a), then such fee shall be paid in each case by wire transfer (to an account designated by Sellers) of immediately available funds (I) prior to or concurrently with such termination in the event of a termination by Purchaser or (II) no later than three (3) Business Days following such termination in the event of a termination by Sellers. In no event shall Purchaser be required to pay the Termination Fee other than in the circumstances described in this Section 8.3(a). In addition, Purchaser shall not be required to pay the Termination Fee on more than one occasion. The Parties acknowledge that the Termination Fee shall not constitute a penalty but is liquidated damages, in a reasonable amount that shall compensate Sellers for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement, which amount would otherwise be impossible to calculate with precision. The Parties further acknowledge that the right of Sellers to receive the Termination Fee shall not limit or otherwise affect Sellers' right to seek specific performance of Purchaser prior to the termination of this Agreement as provided in Section 10.13, or their rights as otherwise set forth in this Article VIII, and that Sellers may pursue both a grant of specific performance under Section 10.13 prior to the termination of this Agreement and the payment of the Termination Fee under this Section 8.3(a) and, solely with respect to a Willful Breach by Purchaser, any other remedies available at law or in equity; provided, however, that under no circumstances shall Sellers (whether acting together or separately and whether in one Action or separate Actions) be entitled to receive more than one of (x) a grant of specific performance that results in a Closing, (y) the Termination Fee or (z) receipt of monetary damages relating to any breach of this Agreement prior to the Closing or the termination of this Agreement without achieving the Closing (which in no event shall exceed the Base Purchase Price). Except in the case of Willful Breach and subject to Section 9.2, in any circumstance in which Sellers receive the Termination Fee, as the case may be, pursuant to this Section 8.3(a), together with any applicable costs and expenses described in Section 8.3(b), receipt of such fee and costs shall be the sole and exclusive remedy of Sellers and their Affiliates and their respective Representatives against Purchaser and its Affiliates and Representatives for any loss suffered as a result of any breach of any representation, warranty, covenant or agreement in this Agreement or in connection with the transactions contemplated hereby, and upon receipt of the Termination Fee, together with the costs and expenses described in Section 8.3(b), none of the foregoing Persons shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated hereby, whether in equity or at Law, in contract, in tort or otherwise; provided, further, that if at any time any payment of the Termination Fee is rescinded or must otherwise be returned by Sellers upon the insolvency, bankruptcy or reorganization of Purchaser or Guarantor or otherwise, the Termination Fee shall be treated as having not been paid.

(b) In the event Sellers commence a proceeding in order to obtain (i) payment hereunder that results in a judgment against Purchaser for the amounts set forth in Section 8.3(a), or (ii) specific performance or other equitable relief that results in a judgment against Purchaser pursuant to Section 10.13, then in either case Purchaser shall also pay to Sellers their costs and expenses (including reasonable attorneys' fees and expenses) in connection with such proceeding, together with interest on the amounts due pursuant to Section 8.3(a) from the date such payment was required to be made until the date of payment at the prime lending rate as published in *The Wall Street Journal* in effect on the date such payment was required to be made.

8.4 Effect of Termination. In the event of termination of this Agreement by any Seller or Purchaser pursuant to Section 8.1, this Agreement shall terminate and become void and have no effect, and there shall be no liability on the part of any Party, except as set forth in Section 8.3 and the Confidentiality Agreement; provided, that termination of this Agreement shall not relieve any Party from liability for Willful Breach or Fraud (subject to Section 9.1). For purposes hereof, "Willful Breach" shall mean a breach that is a consequence of a deliberate act or deliberate failure to act undertaken by the breaching Party with the knowledge that the taking of, or failure to take, such act would cause the failure of the transactions contemplated by this Agreement to be consummated; provided that, without limiting the meaning of Willful Breach, the Parties acknowledge and agree that any failure by any Party to consummate the Sale after the applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, and which conditions would be capable of being satisfied at the time of such failure to consummate the Sale) shall constitute a Willful Breach of this Agreement by such Party. For the avoidance of doubt, (a) in the event that all applicable conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, and which conditions would be capable of being satisfied at the time of such failure to consummate the Sale), but Purchaser or any Seller fails to close for any reason, such failure to close shall be considered a Willful Breach by Purchaser or Sellers, as applicable, and (b) Purchaser acknowledges that the availability or unavailability of financing for the transactions contemplated by this Agreement shall have no effect on Purchaser's obligations hereunder. Notwithstanding anything to the contrary contained herein, the provisions of Section 2.21, Section 3.10, Section 4.3(b), Section 4.7, Section 8.3, Article IX, Article X, and this Section 8.4 shall survive any termination of this Agreement.

8.5 Extension; Waiver. At any time prior to the Closing, either Sellers or Purchaser may (but shall not be required to) (a) extend the time for performance of any of the obligations or other acts of the other Party, (b) waive any inaccuracies in the representations and warranties of another Party contained in this Agreement or in any document delivered by another Party pursuant to this Agreement or (c) subject to applicable Law, waive compliance with any of the agreements or conditions of another Party contained in this Agreement. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party granting such extension or waiver sent in accordance with Section 10.3 and referencing this Section of the Agreement.

ARTICLE IX

SURVIVAL AND REMEDIES

9.1 Survival of Representations, Warranties, Covenants and Agreements. The Parties hereto, intending to modify any applicable statute of limitations, agree that (a) subject to Section 9.2(a)(iv), representations and warranties in this Agreement and in any certificate delivered pursuant hereto shall terminate effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability, except for Fraud, on the part of, nor shall any claim be made by, any Party or any of their respective Affiliates in respect thereof, and (b) after the Closing, there shall be no liability on the part of, nor shall any claim be made by, any Party or any of its respective Affiliates in respect of any covenant or agreement to be performed prior to the Closing. The rights provided under the R&W Policy will be Purchaser's sole recourse (even in the event the R&W Policy is never issued by an insurer, the R&W Policy is revoked, cancelled or modified in any manner after issuance for any reason, a claim is denied in whole or in part by any insurer under the R&W Policy for any reason, including due to exclusions from coverage thereunder) for any breach of any representation or warranty of any Seller contained in this Agreement, and Sellers shall have no liability for any breach of any representation or warranty contained in this Agreement. Sellers' aggregate liability arising out of or relating to any covenant or agreement in this Agreement shall not exceed an amount equal to the Base Purchase Price, and Purchaser's aggregate liability arising out of or relating to any covenant or agreement in this Agreement shall not exceed the amount of the Base Purchase Price, provided, that the foregoing shall not limit any liability of Sellers or Purchaser under Section 9.2.

9.2 Indemnification.

(a) Subject to the provisions of this Article IX, effective as of and after the Closing, each Seller shall, jointly and not severally, indemnify, defend and hold harmless Purchaser and its Affiliates, and their respective officers, directors, employees, agents, successors and assigns (collectively, the "Purchaser Indemnified Parties"), from and against any and all Losses incurred or suffered by any of the Purchaser Indemnified Parties, arising out of or resulting from any Liabilities of any Seller or any of its current, former or future Affiliates (i) to the extent, and solely to the extent, unrelated to the Business or the Acquired Companies, other than Liabilities to the extent relating to or arising in connection with any Contract between Sellers or any of their current, former or future Affiliates, on the one hand, and any Purchaser Indemnified Party, on the other hand, that is in effect at any time following the Closing, (ii) for any Taxes of any Seller or of any other Person for which the Acquired Companies are liable, including pursuant to Treasury Regulation Section 1.1502-6 or any similar provision of state, local or non-U.S. Law, as a result of having been, prior to the Closing, a member of a consolidated, combined, unitary or similar group to the extent such Taxes relate to an event or transaction occurring before the Closing, (iii) relating to any Seller Benefit Plan or other employee benefit plan of the Seller or any of its Affiliates (other than employee benefit plans sponsored, maintained and contributed to exclusively by the Acquired Companies) and any Liabilities relating to or arising with respect to any pension or other employee benefit plan subject to Title IV of ERISA, (iv) for any failure of the representations and warranties in Section 2.8 to be true and correct in all respects as of the date of this Agreement and as of Closing solely to the extent with respect to the "Joint Use Operating Agreement" (as defined in Section 4.20(e) of the Seller Disclosure Letter), which shall be deemed to be a Material Contract hereunder (and such representations and warranties (solely to the extent with respect to such Joint Use Operating Agreement) shall be deemed to survive the Closing indefinitely) or any failure to comply with Section 4.1(a)(iii) (disregarding the word "materially" therein for these purposes) solely to the extent with respect to such Joint Use Agreement or (v) for any of the matters set forth on Section 9.2(a) of the Sellers Disclosure Letter.

(b) Subject to the other terms of this Agreement (including the provisions of this Article IX) and of the Ancillary Agreements, effective as of and after the Closing, Purchaser shall indemnify, defend and hold harmless each Seller and their Affiliates (which, for the avoidance of doubt, excludes the Acquired Companies and their respective subsidiaries), and their respective officers, directors, employees, agents, successors and assigns (collectively, the "Seller Indemnified Parties"), from and against any and all Losses incurred or suffered by any of the Seller Indemnified Parties, to the extent arising out of or resulting from any Liabilities of Purchaser or any of its Affiliates (including the Acquired Companies) to the extent, and solely to the extent, exclusively related to the Business (other than Liabilities to the extent relating to or arising in connection with (i) any criminal act of any Seller Indemnified Party, (ii) any criminal act of any Acquired Company or any of its officers, directors, employees, agents, successors or assigns that occurred prior to the Closing, (iii) any Contract between Purchaser or any of the Acquired Companies, on the one hand, and any Seller Indemnified Party, on the other hand, that is in effect at any time following the Closing or (iv) any Person, assets or Liabilities other than an Acquired Company or as otherwise expressly transferred to Purchaser pursuant to this Agreement).

(c) Procedures.

(i) A Person that may be entitled to be indemnified under this Agreement (the "Indemnified Party") shall promptly notify the Party or Parties liable for such indemnification (the "Indemnifying Party") in writing of any pending or threatened claim or demand that the Indemnified Party has determined has given or would reasonably be expected to give rise to such right of indemnification (including a pending or threatened claim or demand asserted by a third party against the Indemnified Party, such claim being a "Third Party Claim"), describing in reasonable detail (taking into account the information then available to the Indemnified Party) the facts and circumstances with respect to the subject matter of such claim or demand; provided, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under Section 4.12(a) and this Section 9.2 except to the extent that the Indemnifying Party is materially prejudiced by such failure (as determined by a court of competent jurisdiction), it being agreed that notices for claims in respect of a breach of a covenant or agreement must be delivered prior to the expiration of any applicable survival period specified in Section 9.1 for such covenant or agreement.

(ii) Upon receipt of a notice of a Third Party Claim for indemnity from an Indemnified Party pursuant to Section 4.12(a) and this Section 9.2, the Indemnifying Party will be entitled, by notice to the Indemnified Party delivered within twenty (20) Business Days of the receipt of notice of such Third Party Claim, to assume the defense and control of such Third Party Claim (at the expense of such Indemnifying Party); provided, that the Indemnifying Party shall not be entitled to assume the defense and control of such Third Party Claim, if (i) the Third Party Claim relates to or arises in connection with any criminal Action, (ii) the Third Party Claim seeks an injunction or equitable relief against the Indemnified Party or any of its Affiliates, or (iii) defense of the Third Party Claim would reasonably be expected to harm the Indemnified Party's reputation or business relationships,; provided, further, that if the Indemnifying Party assumes the defense and control of such Third Party Claim, the Indemnifying Party shall allow the Indemnified Party a reasonable opportunity to participate in the defense of such Third Party Claim with its own counsel and at its own expense except that the Indemnifying Party shall pay the reasonable and documented fees and expenses of such external separate counsel if representation of both the Indemnifying Party and the Indemnified Party by the same counsel would create a conflict of interest. If the Indemnifying Party does not assume the defense and control of any Third Party Claim pursuant to this Section 9.2(c)(ii), the Indemnified Party shall be entitled to assume and control such defense and the Indemnifying Party shall pay the reasonable and documented fees and expenses of external counsel retained by the Indemnified Party, but the Indemnifying Party may nonetheless participate in the defense of such Third Party Claim with its own counsel and at its own expense. Purchaser or Sellers, as the case may be, shall, and shall cause each of their respective Affiliates and Representatives to, reasonably cooperate with the Indemnifying Party in the defense of any Third Party Claim, including by furnishing books and records, personnel and witnesses, as appropriate for any defense of such Third Party Claim. If the Indemnifying Party has assumed the defense and control of a Third Party Claim, it shall be authorized to consent to a settlement or compromise of, or the entry of any judgment arising from, any Third Party Claim, in its sole discretion and without the consent of any Indemnified Party; provided, that such settlement or judgment does not involve any injunctive or other equitable relief or finding or admission of any violation of Law or admission of any wrongdoing by any Indemnified Party or any of its Affiliates and expressly unconditionally releases the Indemnified Party and its Affiliates from all Liabilities with respect to such Third Party Claim. No Indemnified Party will consent to the entry of any judgment or enter into any settlement or compromise with respect to a Third Party Claim without the prior written consent of the Indemnifying Party.

(d) Each of the parties hereto agrees to use its reasonable best efforts to mitigate its respective Losses to the extent required by applicable Law upon and after becoming aware of any event or condition that would reasonably be expected to give rise to any Losses that are indemnifiable hereunder and calculated after giving effect to any amounts covered by third parties, including insurance proceeds.

9.3 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement or any document or instrument delivered in connection herewith, by its acceptance of the benefits of this Agreement, each Party covenants, agrees and acknowledges that neither Party, its Affiliates nor any of its Representatives have any right of recovery under this Agreement, or any claim based on any liabilities, obligations, commitments created or arising in connection with this Agreement against any Person who is not a party to this Agreement or an Ancillary Agreement, as applicable, including the former, current or future equity holders, controlling persons, directors, officers, employees, agents, Affiliates, members, managers or general or limited partners of any other party to this Agreement or any Ancillary Agreement, as applicable, or any former, current or future stockholder, controlling person, director, officer, employee, general or limited partner, member, manager, Affiliate or agent of any of the foregoing (each, a "Non-Recourse Party"), whether by or through a claim by or on behalf of such Party against any Non-Recourse Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute, regulation or Law, or otherwise; provided, that nothing herein shall limit a Party's recourse or liability with regard to Fraud or limit Purchaser's right to enforce each Seller's obligations under Section 1.4.

9.4 Limitation on Consequential Damages. Notwithstanding anything contained in this Agreement or any Ancillary Agreement to the contrary, except with respect to Fraud, no Party shall have any liability pursuant to this Agreement or any Ancillary Agreement for (a) special, punitive, exemplary, incidental, consequential or indirect damages, (b) lost profits or lost business, loss of enterprise value, diminution in value, damage to reputation or loss of goodwill or (c) damages calculated based on a multiple of profits, revenue or any other financial metric hereunder, except, in each case of the foregoing clauses (a) and (b) if such damages, other than punitive or exemplary damages, were the reasonably foreseeable and probable consequence of such breach of this Agreement as of the time of such breach.

ARTICLE X

GENERAL PROVISIONS

10.1 Amendment. This Agreement may be amended, modified, or supplemented only by written agreement of Sellers and Purchaser.

10.2 Waivers and Consents. Except as otherwise provided in this Agreement, any failure of Sellers or Purchaser to comply with any obligation, covenant, agreement or condition herein may be waived by the Person entitled to the benefits thereof only by a written instrument signed by such Person granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. All remedies, either under this Agreement or by Law or otherwise afforded, shall be cumulative and not alternative.

10.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (a) when received, if delivered personally, (b) when sent, if sent by electronic mail or (c) when received, if mailed by overnight courier or certified mail (return receipt requested), postage prepaid, in each case, to the Party being notified at such Party's address indicated below (or at such other address for a Party as is specified by like notice):

(a) If to Sellers:

American Electric Power Company, Inc.
1 Riverside Plaza
Columbus, OH 43215
Attention: Charles E. Zebula
Email: cezebula@aep.com

AEP Transmission Company, LLC
1 Riverside Plaza
Columbus, OH 43215
Attention: Stephan T. Haynes
Email: sthaynes@aep.com

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
Attn: John G. Klauberg
Michael E. Espinoza
101 Park Ave.
New York, NY 10178-0060
Email: john.klauberg@morganlewis.com
michael.espinoza@morganlewis.com

(b) If to Purchaser:

Liberty Utilities Co.
c/o Algonquin Power & Utilities Corp.

354 Davis Road, Suite 100
Oakville, Ontario, Canada L6J 2X1
Attention: Chief Legal Officer
Email: Jennifer.Tindale@APUCorp.com
notices@APUCorp.com
with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP 425 Lexington Avenue
New York, NY 10017
Attention: Eli Hunt
Email: Eli.Hunt@stblaw.com

10.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of Sellers and Purchaser and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder may be assigned by Sellers or Purchaser, without the prior written consent of Sellers (in the case of an assignment by Purchaser) or of Purchaser (in the case of assignment by Sellers); provided, that Purchaser may assign its rights and obligations hereunder to its lenders for collateral security purposes or, prior to the date any filings or notices are made to Governmental Entities with respect to any Required Regulatory Approval or any Mitchell Plant Approval pursuant to Section 4.5(a) (or otherwise to the extent such assignment would not adversely affect or materially delay any such Required Regulatory Approval or Mitchell Plant Approval), to an Affiliate without the prior written consent of Sellers, but such assignment shall not release Purchaser from its obligations hereunder.

10.5 No Third-Party Beneficiaries. Except for Sections 4.11 and 4.13 in each case which are intended to benefit, and to be enforceable by, the parties specified therein, this Agreement, together with the Ancillary Agreements and the Exhibits and Schedules hereto, are not intended to confer in or on behalf of any Person not a Party (and their successors and assigns) any rights, benefits, causes of action or remedies with respect to the subject matter or any provision hereof.

10.6 Expenses. Purchaser shall bear sole responsibility for all filing fees incurred in connection with any filings or submissions for obtaining the Required Regulatory Approvals or Additional Regulatory Filings and Consents and Sellers shall bear sole responsibility for all filing fees incurred in connection with any filings or submissions for obtaining the Mitchell Plant Approvals. Except as otherwise set forth in this Agreement, whether the transactions contemplated by this Agreement are consummated or not, all legal and other costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the Party incurring such costs and expenses described in the immediately preceding sentence unless expressly otherwise contemplated in this Agreement. Any of the foregoing costs and expenses incurred by any Acquired Company prior to the Closing Date shall be a cost and expense of Sellers and, to the extent not paid prior to the Closing, shall be included in the Transaction Expenses.

10.7 Governing Law. This Agreement (as well as any claim or controversy arising out of or relating to this Agreement or the transactions contemplated hereby) shall be governed by and construed in accordance with the Laws of the State of New York.

10.8 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

10.9 Entire Agreement. This Agreement shall be a valid and binding agreement of the Parties only if and when it is fully executed and delivered by Sellers and Purchaser, and until such execution and delivery no legal obligation shall be created by virtue hereof. This Agreement, the Confidentiality Agreement and the Ancillary Agreements, together with the Exhibits and Schedules hereto and thereto and the certificates and instruments delivered hereunder or in accordance herewith, embodies the entire agreement and understanding of Sellers and Purchaser in respect of the transactions contemplated by this Agreement. This Agreement, the Confidentiality Agreement and any currently effective Ancillary

Agreements supersede all prior agreements and understandings between Sellers, on the one hand, and Purchaser, on the other hand, with respect to the matters contemplated hereby. Neither this Agreement, the Confidentiality Agreement nor any Ancillary Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of Sellers or Purchaser with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder.

10.10 Delivery. This Agreement, and any certificates and instruments delivered hereunder or in accordance herewith, may be executed in multiple counterparts (each of which shall be deemed an original, but all of which together shall constitute one and the same instrument). Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall have the same effect as physical delivery of the paper document bearing the original signature.

10.11 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS SECTION 10.11.

10.12 Submission to Jurisdiction. Sellers and Purchaser irrevocably agree that any Action arising out of or relating to this Agreement brought by a Party (or any of their respective successors or assigns) shall be brought and determined in any state or federal court sitting in the State of New York, within the Borough of Manhattan, City of New York, and Sellers and Purchaser hereby irrevocably submit to the exclusive jurisdiction of the aforesaid courts for themselves and with respect to their property, generally and unconditionally, with regard to any such Action arising out of or relating to this Agreement and the transactions contemplated hereby. Sellers and Purchaser agree not to commence any Action relating thereto except in the courts described above in New York, other than Actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in New York as described herein. Sellers and Purchaser further agree that notice as provided herein shall constitute sufficient service of process and Sellers and Purchaser further waive any argument that such service is insufficient. Sellers and Purchaser hereby irrevocably and unconditionally waive, and agree not to assert, by way of motion or as a defense, counterclaim or otherwise, in any Action arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in New York as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the Action in any such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

10.13 Specific Performance. Sellers and Purchaser agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, Sellers and Purchaser shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any state or federal court sitting in the State of New York, this being in addition to any other remedy to which they are entitled at law or in equity. Sellers and Purchaser hereby further waive (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to post security as a prerequisite to obtaining equitable relief.

10.14 Disclosure Generally. Notwithstanding anything to the contrary contained in the Sellers Disclosure Letter or in this Agreement, the information and disclosures contained in any Sellers Disclosure Letter shall be deemed to be disclosed and incorporated by reference with respect to any other representation or warranty of Sellers if the applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Sellers Disclosure Letter shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement. The fact that any item of information is disclosed in any Sellers Disclosure Letter shall not be construed to constitute an admission of any liability or obligation of any party to any third party, nor an admission to any third party against the interests of any or all of the parties.

10.15 Provision Respecting Legal Representation. Notwithstanding that Morgan Lewis has acted as legal counsel to the Acquired Companies prior to the Closing in connection with this Agreement and the transactions contemplated by this Agreement (the "Pre-Closing Engagement"), and recognizing that Morgan Lewis intends to act as legal counsel to Sellers and their respective Affiliates after the Closing, Purchaser hereby waives, on its own behalf, and agrees to cause its Affiliates (including the Acquired Companies after the Closing) to waive, any conflicts that may arise in connection with Morgan Lewis representing Sellers or any of their respective Affiliates after the Closing, as such representation may conflict with the Pre-Closing Engagement. In addition, all communications relating to the Pre-Closing Engagement and involving attorney-client confidences between Sellers, their respective Affiliates or the Acquired Companies and Morgan Lewis shall be deemed to be attorney-client confidences that belong solely to Sellers and their respective Affiliates (and not the Acquired Companies). Accordingly, the Acquired Companies shall not, without the Sellers' consent, have access to the files of Morgan Lewis relating to the Pre-Closing Engagement. Without limiting the generality of the foregoing, upon and after the Closing, (a) Sellers and their respective Affiliates (and not the Acquired Companies) shall be the sole holders of the attorney-client privilege with respect to the Pre-Closing Engagement, and none of the Acquired Companies shall be a holder thereof, (b) to the extent that files of Morgan Lewis in respect of the Pre-Closing Engagement constitute property of the client, only Sellers and their respective Affiliates (and not the Acquired Companies) shall hold such property rights and (c) Morgan Lewis have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Acquired Companies by reason of any attorney-client relationship between Morgan Lewis and the Acquired Companies or otherwise.

10.16 Privilege. Purchaser, for itself and its Affiliates, and its and its Affiliates' respective successors and assigns, hereby irrevocably and unconditionally acknowledges and agrees that all attorney-client privileged communications between Sellers, the Acquired Companies and their respective current or former Affiliates or Representatives and their counsel, including Morgan Lewis, made before the consummation of the Closing to the extent relating to the negotiation, preparation, execution, delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby which, immediately before the Closing, would be deemed to be privileged communications and would not be subject to disclosure to Purchaser (or would otherwise not be disclosable to Purchaser without losing any such right of privilege) in connection with any Action arising out of or relating to this Agreement or otherwise, shall continue after the Closing to be privileged communications with such counsel and neither Purchaser nor any of its Affiliates (including after the Closing, the Acquired Companies) shall seek to obtain the same by any process on the grounds that the privilege attaching to such communications belongs to Purchaser or the Acquired Companies or on any other grounds.

10.17 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN OR IN THE ANCILLARY AGREEMENTS, SELLERS EXPRESSLY DISCLAIM ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE ASSETS OR OPERATIONS OF THE ACQUIRED COMPANIES OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE ACQUIRED COMPANIES AND SELLERS SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR AS TO THE CONDITION OF, OR THE RIGHTS OF THE ACQUIRED COMPANIES IN, OR ITS TITLE TO, ANY OF ITS ASSETS, OR ANY PART THEREOF. EXCEPT AS EXPRESSLY PROVIDED HEREIN OR IN THE RELATED AGREEMENTS, NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY SELLERS OR THE ACQUIRED COMPANIES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES SHALL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF SUCH ASSETS.

10.18 Definitions. For purposes of this Agreement, each capitalized term has the meaning given to it, or specified, in Appendix I.

10.19 Other Interpretive Matters. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation apply.

(a) Appendices, Exhibits and Schedules. Unless otherwise expressly indicated, any reference in this Agreement to an "Exhibit" or "Schedule" refers to an Exhibit or Schedule to this Agreement. The Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof as if set forth in full herein and are an integral part of this Agreement. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein are defined as set forth in this Agreement. In the event of conflict or inconsistency, this Agreement shall prevail over any Exhibit or Schedule.

(b) Time Periods. When calculating the period of time before which, within which, following or after which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(c) Gender and Number. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter, and the singular includes the plural, and the plural includes the singular.

(d) Certain Terms. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement (including the Exhibits and Schedules to this Agreement) as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The word "including" or any variation thereof means "including, without limitation" and does not limit any general statement that it follows to the specific or similar items or matters immediately following it. The words "to the extent" when used in reference to a liability or other matter, means that the liability or other matter referred to is included in part or excluded in part, with the portion included or excluded determined based on the portion of such liability or other matter exclusively related to the subject or period. The word "or" shall be disjunctive but not exclusive. A reference to any Party or to any party to any other agreement or document shall include such party's successors and permitted assigns. A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or reenactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto (provided, that for purposes of any representations and warranties contained in this Agreement that are made as of a specific date, references to any statute shall be deemed to refer to such statute and any rules or regulations promulgated thereunder as amended through such specific date). The phrase "ordinary course of business" refers to the ordinary course of business of the Acquired Companies and not of Sellers and their Affiliates generally. References to "$" shall mean U.S. dollars and references to "written" or "in writing" include in electronic form. Any reference to "days" shall mean calendar days unless Business Days are expressly specified. Any reference to information "made available" or "provided" to Purchaser by Sellers or the Acquired Companies means that such information has been provided to Purchaser, its counsel or other Representatives through access to the "Project Nickel" online data room maintained by Sellers and hosted by Donnelly Financial Solutions in connection with the transactions contemplated by this Agreement, with such information and access provided at least three (3) Business Days prior to the date hereof.

(e) Headings. The division of this Agreement into Articles, Sections, and other subdivisions, and the insertion of headings are for convenience of reference only and do not affect, and shall not be utilized in construing or interpreting, this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

(f) Joint Participation. Each Party acknowledges that it and its attorney have been given an equal opportunity to negotiate the terms and conditions of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party or any similar rule operating against the drafter of an agreement shall not be applicable to the construction or interpretation of this Agreement.

(g) Accounting Terms. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP or FERC Accounting Requirements, as applicable.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been signed by or on behalf of Sellers and Purchaser as of the date first set forth above.

AMERICAN ELECTRIC POWER COMPANY, INC.

By: Charles E. Zebula

Name: Charles E. Zebula
Title: Executive Vice President – Portfolio Optimization

AEP TRANSMISSION COMPANY, LLC

By: Charles E. Zebula

Name: Charles E. Zebula
Title: Vice President

LIBERTY UTILITIES CO.

By: Jody J Allison
Name: Jody Allison
Title: President

By: ____________________
Name: Todd Wiley
Title: Treasurer and Secretary

LIBERTY UTILITIES CO.

By: ______________________________
Name: Jody Allison
Title: President

By: ______________________________
Name: Todd Wiley
Title: Treasurer and Secretary

[Signature Page to Stock Purchase Agreement]

APPENDIX I

DEFINITIONS

1. Defined Terms. For the purposes of this Agreement, the following terms shall have the following meanings:

"Acquired Company Employees" shall mean (a) all employees of an Acquired Company as of the Effective Date who are included on the list of Acquired Company Employees set forth on Section 2.14(a) of the Sellers Disclosure Letter (b) any current employee of AEPSC or Appalachian Power Company in the positions set forth on Section 5.19 of the Sellers Disclosure Letter (a "Support Employee") who shall become an employee of Kentucky Power prior to the Closing Date as contemplated by Section 5.19 and (c) any other employee who is hired by, or transferred to, an Acquired Company prior to the Closing Date; provided, however, that "Acquired Company Employees" shall not include any Mitchell Employee.

"Action" shall mean any claim, notice of claim, notice of violation, action, audit, demand, suit, prosecution, arbitration, litigation, proceeding, case, hearing or investigation (including any state regulatory proceeding) by or before any Governmental Entity, whether civil, criminal, administrative, regulatory or otherwise, and whether at law or in equity.

"AEPSC" shall mean American Electric Power Service Corporation, a New York corporation and an Affiliate of Sellers.

"Affiliate" shall mean, with respect to any Person, any other Person that directly or indirectly, controls, is controlled by, or is under common control with such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise; provided that, from and after the Closing, (a) neither of the Acquired Companies shall be considered an Affiliate of Sellers or any of Sellers' Affiliates and (b) none of Sellers nor any of Sellers' Affiliates shall be considered an Affiliate of either of the Acquired Companies.

"Ancillary Agreements" shall mean the Transition Services Agreement, Purchaser Guaranty, and the Compliance Agreement.

"Base Purchase Price" shall mean $2,846,000,000.

"Benefit Plan" shall mean each "employee benefit plan" as defined in Section 3(3) of ERISA, and all other retirement, pension, deferred compensation, bonus, incentive, severance, stock purchase, stock option, phantom stock, equity, employment, profit sharing, retention, stay bonus, change of control and other benefit plans, programs, agreements or arrangements.

"Big Sandy" shall mean the Big Sandy Power Plant, a natural gas fired power plant, located in Louisa, Kentucky.

"Business" means the business and operations of the Acquired Companies as currently conducted.

"Business Day" shall mean any day other than Saturday, Sunday, or any other day on which the Federal Reserve Bank of New York or banking institutions in Toronto, Ontario are closed.

"Capital Expenditures Amount" shall mean the total amount of all capital expenditures (including external and internal capitalized costs) both paid or payable (and if payable, reflected in Net Working Capital) and incurred by the Acquired Companies during the period beginning on July 1, 2021 and ending as of the Reference Time that are properly characterized as capital expenditures and made in accordance with Good Utility Practice, calculated in accordance with the Accounting Principles, applied in a manner consistent with the principles, methodologies and adjustments used in connection with the preparation of Appendix II. Notwithstanding anything to the contrary in this Agreement, amounts paid or payable or incurred by any Acquired Company to purchase any leased property, plant or equipment, including amounts used to purchase property, plant or equipment under any Master Lease, shall not be deemed a "Capital Expenditures Amount"; provided that any purchase amounts actually paid by Kentucky Power prior to the Reference Time pursuant to Section 4.19 shall be considered capital expenditures for purposes of calculating the "Capital Expenditures Amount."

"CFIUS" means the Committee on Foreign Investment in the United States.

"CFIUS Clearance" means that that: (a) (i) Purchaser has received written notice from CFIUS that the review period, or, if applicable, investigation period pursuant to the DPA of the transactions contemplated by this Agreement has been concluded, and (ii) CFIUS has determined that there are no unresolved national security concerns with respect to the transactions contemplated by this Agreement and advised that action pursuant to the DPA, and any investigation related thereto, has been concluded with respect to such transactions; (b) Purchaser has received written notice from CFIUS that CFIUS has concluded that the transactions contemplated by this Agreement are not "covered transactions" pursuant to the DPA and not subject to review under applicable Law; (c) CFIUS has sent a report to the President of the United States requesting the President's decision on the CFIUS notice submitted by the Parties and either (x) the period pursuant to the DPA during which the President may announce his decision to take action to suspend, prohibit or place any limitations on the transactions contemplated hereby has expired without any such action being threatened, announced or taken or (y) the President of the United States has announced a decision not to take any action to suspend, prohibit or place any limitations on the transactions contemplated hereby; or (d) after submission of a declaration by the Parties with respect to the transactions contemplated by this Agreement pursuant to the DPA, that CFIUS, pursuant to 31 C.F.R. § 801.407(a)(2), informs the Parties that CFIUS is not able to complete action on the basis of the declaration and that the Purchaser in its sole discretion may file a written notice to seek written notification from CFIUS that CFIUS has concluded all action under the CFIUS Regulations with respect to the transactions contemplated by this Agreement.

"Change in Control Prepayment Event" shall have the meaning ascribed to it in the Senior Note Purchase Agreements.

"Claim" shall mean any demand, claim, action, legal proceeding (whether at law or in equity), investigation, arbitration, hearing, audit or similar proceeding.

"Closing Cash" shall mean the amount of cash and cash equivalents (including marketable securities) of the Acquired Companies, excluding any restricted cash and any insurance or third party indemnification or similar proceeds held as cash to the extent not yet applied to restore (or reimburse for the restoration) prior to the Reference Time of damage, condemnation, liability or casualty in respect of any asset or liability of the Acquired Companies that would not be included in Net Working Capital, in each case, as of the Reference Time, determined in accordance with the Accounting Principles. For the avoidance of doubt, Closing Cash will be calculated net of issued but uncleared checks and drafts and will include checks, other wire transfers and drafts deposited or available for deposit for the account of the Acquired Companies once cleared.

"Closing Indebtedness" shall mean the aggregate amount of Indebtedness of the Acquired Companies (without duplication), and all accrued and unpaid interest thereon, as of the Reference Time, determined in accordance with the Accounting Principles, excluding trade accounts payable or other liabilities included in Net Working Capital or Transaction Expenses.

"Closing Payment Amount" shall mean the Base Purchase Price *plus* (a) the amount of the Estimated Closing Cash *plus* (b) the amount, if any, by which the Estimated Net Working Capital exceeds the Target Net Working Capital *minus* (c) the amount, if any, by which the Estimated Net Working Capital is less than the Target Net Working Capital *minus* (d) the amount of the Estimated Closing Indebtedness *plus* (e) the amount, if any, by which the Estimated Capital Expenditures Amount exceeds the Forecasted Capital Expenditures Amount *minus* (f) the amount, if any, by which the Estimated Capital Expenditures Amount is less than the Forecasted Capital Expenditures Amount *minus* (g) the amount of the Estimated Transaction Expenses (the amounts described in (a) through (g) the "Closing Payment Adjustment").

"COBRA Continuation Coverage" shall mean the continuation of group health plan coverage required under Sections 601 through 608 of ERISA, and Section 4980B of the Code and any comparable continuation of group health plan coverage required by applicable state or local Law.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Collective Bargaining Agreements" shall mean each collective bargaining agreement with any labor union representing Acquired Company Employees as set forth on Section 2.14(b) of the Sellers Disclosure Letter.

"Commercial Hedge" means any forward, futures, swap, collar, put, call, floor, cap, option, financial transmission right or other Contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in the price of commodities, including electric power, in any form, including energy, capacity or any ancillary services, gas, coal, oil or other commodities, in each case, which are intended to be settled financially.

"Compliance Agreement" means the compliance agreement to be executed by AEP, Kentucky Power, Successor Operator and Purchaser and dated as of the Closing Date, substantially in the form attached hereto as Exhibit D.

"Confidentiality Agreement" shall mean the Confidentiality and Non-Disclosure Agreement, dated April 26, 2021, by and between AEP and Purchaser.

"Confidential Information" shall have the meaning ascribed to such term in the Confidentiality and Non-Disclosure Agreement.

"Continuing Employees" shall mean Continuing Non-Covered Employee and Continuing Covered Employees.

"Contract" shall mean any written contract, lease, license, evidence of Indebtedness, mortgage, indenture, purchase order, binding bid, letter of credit, security agreement or other written, legally binding agreement.

"Controlled Group Liability" means any and all Liabilities (a) under Title IV of ERISA, (b) under Sections 206(g), 302 or 303 of ERISA, (c) under Sections 412, 430, 431, 436 or 4971 of the Code, and (d) as a result of the failure to comply with the continuation of coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code.

"Covered Employees" shall mean each Acquired Company Employee who is covered under a Collective Bargaining Agreement.

"COVID-19 Measures" means any reasonable actions or measures taken to comply with any applicable Laws, recommendations, guidelines and directives issued by any applicable Governmental Entity in response to the COVID-19 Pandemic.

"COVID-19 Pandemic" means the epidemic, pandemic or disease outbreak associated with the COVID-19 or SARS-CoV-2 virus (or any mutation or variation thereof).

"Debt Agreements" means the (a) Bond Purchase and Continuing Covenants Agreement between Kentucky Power and Key Government Finance, Inc., dated as of June 1, 2017, (b) Amended and Restated Credit Agreement among Kentucky Power, the lenders party thereto and Fifth Third Bank, dated as of October 26, 2018, (c) Credit Agreement among Kentucky Power, the lenders party thereto and Key Bank National Association, dated as of March 6, 2020, (d) Credit Agreement among Kentucky Power, the lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch, dated as of June 17, 2021, (e) Senior Note Purchase Agreements and Senior KPCo Notes, (f) Utility Money Pool Agreement and (g) TransCo Intercompany Notes.

"Defendants" shall mean the defendants as defined in the NSR Consent Decree.

"DPA" means Section 721 of the Defense Production Act of 1950, as amended (50 U.S.C. §4565), and all rules and regulations thereunder, including those codified at 31 C.F.R. Parts 800 and 802.

"Easements" shall mean all easements, railroad crossing rights, rights-of-way, leases for rights-of-way, and similar use and access rights.

"Encumbrances" shall mean any mortgages, deeds of trust, liens, pledges, claims, charges, encumbrances, easements, servitudes, security interests or limitations on receipt of income.

"Environment" shall mean all or any of the following media: soil, land surface and subsurface strata, surface waters (including navigable waters, streams, ponds, drainage basins, and wetlands), groundwater, drinking water supply, stream sediments, ambient air (including the air within buildings), plant and animal life, and any other natural resource.

"Environmental Claims" shall mean any and all Actions arising under or pursuant to any Environmental Laws or Environmental Permits, or arising from the presence, Release, or threatened Release into the Environment of any Hazardous Materials, including any and all claims by any Governmental Entity or by any Person for enforcement, cleanup, remediation, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation, or injunctive relief pursuant to any Environmental Law.

"Environmental Laws" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. § 5101 et seq.; and all other Laws (including implementing regulations) of any Governmental Entity addressing pollution or protection of the environment, or of human health or safety (as affected by any harmful or deleterious substances).

"Environmental Permits" shall mean all permits, registrations, certifications, licenses, franchises, exemptions, approvals, consents, waivers, water rights or other authorizations of Governmental Entities under applicable Environmental Laws.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" shall mean any Person, entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 400l(b)(l) of ERISA that includes any Seller, or that is a member of the same "controlled group" as a Seller pursuant to Section 4001(a), or that, together with any Seller would be treated as a single employer under Section 414 of the Code.

"Estimated Capital Expenditures Amount" shall mean the Capital Expenditures Amount reflected on the Estimated Closing Statement prepared in accordance with Section 1.4(b).

"Estimated Closing Cash" shall mean the Closing Cash reflected on the Estimated Closing Statement prepared in accordance with Section 1.4(b).

"Estimated Closing Indebtedness" shall mean the Closing Indebtedness reflected on the Estimated Closing Statement prepared in accordance with Section 1.4(b).

"Estimated Net Working Capital" shall mean an amount, which may be positive or negative, equal to the amount of Net Working Capital set forth in the Estimated Closing Statement prepared in accordance with Section 1.4(b).

"Estimated Transaction Expenses" shall mean the Transaction Expenses reflected on the Estimated Closing Statement prepared in accordance with Section 1.4(b).

"Existing Mitchell Plant Operating Agreement" shall mean that certain operating agreement for the Mitchell Plant, dated as of December 31, 2014, as amended, among Kentucky Power, Wheeling, and AEPSC, as agent.

"FERC" means the Federal Energy Regulatory Commission.

"FERC Accounting Requirements" means the accounting requirements of FERC, including with respect to the Uniform System of Accounts, established by FERC under the FPA.

"Final Capital Expenditures Amount" shall mean the Capital Expenditures Amount, if any, as set forth in the Final Closing Statement as prepared and finalized in accordance with Sections 1.5 and 1.6.

"Final Closing Cash" shall mean, the Closing Cash, if any, as set forth in the Final Closing Statement as prepared and finalized in accordance with Sections 1.5 and 1.6.

"Final Closing Indebtedness" shall mean the Closing Indebtedness, if any, as set forth in the Final Closing Statement as prepared and finalized in accordance with Sections 1.5 and 1.6.

"Final Net Working Capital" shall mean the amount of Net Working Capital, which may be positive or negative, as set forth in the Final Closing Statement as prepared and finalized in accordance with Sections 1.5 and 1.6.

"Final Order" shall mean an Order by the relevant Governmental Entity that (a) has not been reversed, stayed, enjoined, set aside, annulled or suspended and is in full force and effect, (b) with respect to which, if applicable, any mandatory waiting period prescribed by Law before the transactions contemplated hereby may be consummated has expired or been terminated and (c) as to which all conditions to the consummation of the transactions contemplated hereby prescribed by Law have been satisfied.

"Final Transaction Expenses" shall mean the Transaction Expenses, if any, as set forth in the Final Closing Statement as prepared and finalized in accordance with Sections 1.5 and 1.6.

"Forecasted Capital Expenditures Amount" shall mean the total amount of all forecasted capital expenditures for the Acquired Companies, as set forth on Appendix III, during the period beginning on July 1, 2021 and ending as of the Reference Time taking the sum of the total consolidated amounts forecast for each month during such period set forth on Appendix III (with the forecasted amount for the month in which the Closing Date occurs being prorated based on the number of days in such month prior to and including the date that includes the Reference Time divided by the number of days in such month).

"FPA" means the Federal Power Act.

"Fraud" shall mean intentional fraud in the making of a representation or warranty contained in Article II or Article III and requires that: (a) the party to be charged with such fraud made a false representation of material fact in Article II or Article III (including any "bringdown" or other confirmation with respect to any such representation or warranty); (b) such party had actual knowledge that such representation was false when made and acted with scienter; (c) the false representation caused the party to whom it was made, in reasonable reliance upon such false representation and with ignorance as to the falsity of such representation, to take or refrain from taking action; and (d) the party to whom the false representation was made suffered any Loss by reason of such reliance. "Fraud" expressly excludes any other claim of fraud that does not include the elements set forth in this definition, including equitable fraud, promissory fraud, unfair dealings fraud, negligent or reckless misrepresentation or any similar theory.

"GAAP" shall mean generally accepted accounting principles in the United States, consistently applied throughout the periods involved.

"Good Utility Practice" shall mean the practices, methods and acts (a) engaged in or approved by a significant portion of the electric generating, transmission or distribution industries in the United States during the relevant time period or (b) that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, are reasonably expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, environmental protection, economy and expedition; provided that Good Utility Practice is not intended to be limited to optimum practices, methods or acts to the exclusion of all others but rather is intended to include a spectrum of acceptable practices, methods or acts generally accepted in the geographic location of the performance of such practice, method or act during the relevant period in light of the circumstances.

"Governmental Entity" shall mean any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, Canada or any state, provincial, county, city or other political subdivision or similar governing entity, and including any governmental, quasi-governmental or non-governmental entity administering, regulating or having general oversight over coal, gas or power markets.

"Hazardous Material" shall mean: any chemicals, materials, derivatives, compounds, substances, or wastes which are now or hereafter defined or regulated as, or included in the definition of, a "hazardous substance," "hazardous material," "hazardous waste," "solid waste," "toxic substance," "extremely hazardous substance," "pollutant," "contaminant," or any other words of similar import under applicable Environmental Laws or any other words of similar meaning, and including any petroleum or petroleum product, asbestos or asbestos containing material, radon, polychlorinated biphenyls, per- and polyfluoroalkyl substances and 1,4-dioxane.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"Income Taxes" shall mean any federal, state, local or non-U.S. tax based on or measured by reference to net income.

"Indebtedness" shall mean, with respect to a Person, without duplication: (a) any indebtedness for borrowed money, whether current, short-term or long-term, secured or unsecured, or other Liabilities evidenced by a note, bond, debenture or similar instruments; (b) any Liabilities in respect of commodity, price, currency or interest rate hedging arrangements, or other financial hedging or derivative contracts; (c) any reimbursement Liabilities in respect of letters of credit, performance bonds, bank guarantees, bankers' acceptances, surety or other similar instruments, that have been drawn; (d) any obligations issued or assumed as the deferred purchase price of any property or services (other than trade credit incurred in the ordinary course of business); (e) any Tax Liability Amount; (f) any dividends declared but not yet paid; (g) any unpaid Liabilities with respect to severance compensation; (h) any Liabilities not incurred in the ordinary course that are secured by any Encumbrance (other than any Permitted Encumbrance); (i) use tax reserves and any additional use tax liability in connection with, and limited to, the sales and use tax audit in Kentucky that is ongoing as of the Effective Date; (k) any accrued interest, premiums (including make-whole premiums), penalties, termination fees or breakage fees or similar Liabilities in respect of any Liabilities of the types described in the foregoing clauses (a) through (i); and (m) any guarantee by such Person of any Liabilities of another Person of the types described in the foregoing clauses (a) through (l).

"Intellectual Property" shall mean any and all of the following in any jurisdiction throughout the United States: (a) trademarks, trade names, service marks and the goodwill connected with the use of any symbolized by the foregoing; (b) patents; (c) copyrights and works of authorship, including rights in software; (d) trade secrets and confidential know-how; (e) rights in databases and compilations of data; (f) all other intellectual and industrial property rights and assets of a similar nature; and (g) any registrations or applications for registration of any of the foregoing.

"Interim Period" shall mean the period beginning on the Effective Date and ending on the Closing Date.

"IRS" shall mean the U.S. Internal Revenue Service.

"Knowledge of Purchaser" shall mean the actual knowledge of the Persons set forth on Section A(i) of the Sellers Disclosure Letter.

"Knowledge of Sellers" shall mean the actual knowledge of the following Persons set forth on Section A(ii) of the Sellers Disclosure Letter.

"KPSC" shall mean the Kentucky Public Service Commission or any subdivision, panel, instrumentality, official or staff member acting on behalf thereof.

"Law" shall mean all laws (including common law), statutes, rules, regulations, ordinances, Orders, Permits and other pronouncements having the effect of law of any Governmental Entity.

"Liability" shall mean all Indebtedness, obligations and other liabilities of any nature, whether absolute, accrued, matured, contingent (or based upon any contingency), known or unknown, fixed or otherwise, or whether due or to become due.

"Licensed Intellectual Property Rights" means all Intellectual Property that is owned by a third Person and that the Acquired Companies use or hold for use pursuant to a Contract set forth on Section 2.8(a)(xvi) of the Sellers Disclosure Letter, whether or not used by the Acquired Companies as of the Closing Date.

"Loss" shall mean any and all Liabilities, damages, claims, fines, penalties, deficiencies, losses and expenses (including court costs, reasonable fees of attorneys, accountants and other experts or other reasonable expenses of litigation or other proceedings or any claim, default or assessment), to the extent not subject to recovery in customer rates.

"Material Adverse Effect" shall mean any fact, circumstance, effect, change, event or development (each an "Effect" and, collectively, "Effects") that, individually or in the aggregate with other Effects, has, or would reasonably be expected to have, a material adverse effect on (a) the business, assets, results or financial condition of the Acquired Companies, taken as a whole or (b) the ability of the Sellers to perform their obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis; provided, however, that in the case of clause (a), none of the following Effects occurring after the date hereof shall be taken into account, individually or in the aggregate, in determining whether there has been a Material Adverse Effect: (i) the announcement or pendency of this Agreement and the transactions contemplated hereby (provided that the exception in this clause (i) shall not be deemed to apply to references to "Material Adverse Effect" in Section 2.4); (ii) any action taken by Purchaser, Sellers or the Acquired Companies in accordance with this Agreement to obtain any Required Regulatory Approval, Mitchell Plant Approval or Additional Regulatory Filing and Consent and the results of such action, including any Effect resulting from any term or condition in any Required Regulatory Approval, Mitchell Plant Approval or Additional Regulatory Filing and Consent or any assertion by a Governmental Entity that any approval (other than the Required Regulatory Approvals and the Mitchell Plant Approvals) is required from such Governmental Entity; (iii) any failure in itself to meet any financial projections or forecasts or estimates of revenues, earnings or other financial metrics for any period, including forecasted electricity demand (provided that the underlying causes for such failure may be taken into account); (iv) any changes, circumstances or effects resulting from or relating to changes or developments in the international, national or regional economies, financial markets, capital markets or commodities markets, including changes in interest rates or exchange rates, or supply markets, including electric power or fuel and water, as applicable, used in connection with the business of the Acquired Companies; (v) any change in international, national, regional or local regulatory, political or legislative conditions generally, including the outbreak or escalation of hostilities or any acts of war, sabotage or terrorism; (vi) any hurricane, tornado, tsunami, flood, earthquake or other natural or manmade disaster or weather-related event, circumstance or development or acts of God; (vii) any epidemic, pandemic or disease outbreak (including the COVID-19 Pandemic); (viii) any change after the Effective Date in applicable Law, regulation or GAAP or FERC Accounting Requirements (or authoritative interpretation thereof); (ix) any Effect arising after the Effective Date generally affecting the electric generating, transmission or distribution industries (including, in each case, any general changes in the operations thereof) or the international, national or regional wholesale or retail markets for electric power, which do not have a disproportionate effect (relative to other industry participants) on the Acquired Companies; and (x) any new power plant entrants and their effect on pricing or transmission; provided, further, that with respect to clauses (iv) through (x), such Event shall not be excluded to the extent it disproportionately affects the Acquired Companies, taken as a whole, as compared to other participants in the electric generating, transmission or distribution industries.

"Mitchell" shall mean the Mitchell Power Generation Facility, a coal fired power plant located in Moundsville, West Virginia, consisting of two (2) coal-fired generating units, each having a nominal nameplate capacity of 800MW, and associated plant, equipment, vehicles, vessels and real estate, and including all electrical or thermal devices, and related structures and connections or common facilities that are located at the plant site and used for the production of power and the transportation and handling of fuel for the benefit of the Owners.

"Mitchell Interest" shall mean the fifty percent (50%) undivided interest in Mitchell owned by Kentucky Power.

"Mitchell Plant Approvals" shall mean the approvals set forth on Section A(iv) of the Sellers Disclosure Letter.

"Mitchell Plant O&M Agreement" shall mean the operations and maintenance agreement to be executed by Kentucky Power and Successor Operator and dated as of or prior to the Closing Date, in the form consistent with the Mitchell Plant Approvals, the proposed form of which to be filed with the applications for the Mitchell Plant Approvals is attached hereto as Exhibit C.

"Mitchell Plant Ownership Agreement" shall mean the ownership agreement to be executed by Kentucky Power, Wheeling and AEPSC and dated as of or prior to the Closing Date, in the form consistent with the Mitchell Plant Approvals, the proposed form of which to be filed with the applications for the Mitchell Plant Approvals is attached hereto as Exhibit B.

"Net Working Capital" shall mean the net working capital of the Acquired Companies as of the Reference Time calculated on a consolidated basis in accordance with the methodologies, principles and adjustments as set forth in the illustrative example in Appendix II. For the avoidance of doubt, (i) the Net Working Capital shall be decreased by the aggregate amount of Transaction Expenses, (ii) no Income Tax assets or Income Tax liabilities or deferred Tax liabilities or deferred Tax assets shall be included in the calculation of Net Working Capital and (iii) no item to the extent included in Indebtedness shall be included in the calculation of Net Working Capital.

"Non-Covered Employees" shall mean each Acquired Company Employee that is not a Covered Employee.

"NSR Consent Decree" shall mean the Consent Decree entered in United States, et al. v. American Electric Power Service Corp., et al., Civil Action Nos. C2-99-1182 and C2-99-1250 and United States, et al. v. American Electric Power Service Corp., et al., Civil Action Nos. C2-04-1098 and C2-05-360, and all amendments or modifications thereto.

"Order" shall mean any charge, decree, ruling, determination, directive, award, order, judgment, writ, injunction or stipulation of a Governmental Entity.

"Organizational Documents" shall mean, with respect to any Person, (a) the articles or certificate of formation, incorporation or organization (or the equivalent organizational documents) of such Person and (b) the bylaws or limited liability company agreement (or the equivalent governing documents) of such Person.

"Owned Intellectual Property" shall mean Intellectual Property owned or purported to be owned by the Acquired Companies.

"Permits" shall mean all licenses, permits, franchises, certificates, approvals, registrations, authorizations, consents or Orders of, obtained from, or issued by any Governmental Entity (other than the Required Regulatory Approvals, the Mitchell Plant Approvals and Environmental Permits).

"Permitted Encumbrances" shall mean (a) statutory Encumbrances of landlords' and mechanics', carriers', workmen's, repairmen's, warehousemen's, materialmen's or other like Encumbrances arising or incurred in the ordinary course of business, (b) Encumbrances arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business, (c) Encumbrances for Taxes, assessments or other governmental charges or levies that are not due or payable or that are being contested by appropriate Actions by one or both Sellers or that may thereafter be paid without material penalty and for which adequate reserves have been established, (d) Encumbrances disclosed on or reflected in the Acquired Companies' Financial Statements, (e) with respect to real property, defects or imperfections of title not materially interfering with the ordinary conduct of the business of the Acquired Companies, as a whole, (f) restrictions under the leases, subleases, Easements and similar agreements with respect to the Real Property, none of which materially interferes with the use or value of the underlying property or are violated in any material respect by the current use of the real property, as a whole, (g) any Easements, covenants, rights-of-way, restrictions of record and other similar charges not materially interfering with the ordinary conduct of the business of the Acquired Companies, taken as a whole, (h) any conditions or Encumbrances that would be shown by a current, accurate survey or physical inspection of any Real Property, (i) zoning, entitlement, land use, environmental, building and other similar restrictions, none of which materially interferes with the ordinary conduct of the business of the Acquired Companies or are violated in any material respect, as a whole, (j) Encumbrances that have been placed by any developer, landlord or other third party on property owned by third parties over which an Acquired Company has easement rights and subordination or similar agreements relating thereto, not materially interfering with the ordinary conduct of the business of the Acquired Companies, as a whole, (k) Encumbrances incurred or deposits made in connection with workers' compensation, unemployment insurance or other types of social security, (l) all rights of any Person under condemnation, eminent domain or similar proceedings, which are pending or threatened prior to Closing, (m) all Encumbrances arising under approvals obtained by an Acquired Company and related to the business of an Acquired Company that have been issued by any Governmental Entities, (n) Encumbrances arising under any lease or sublease for Leased Real Property, (o) nonexclusive licenses to Intellectual Property granted in the ordinary course of business, (p) recorded Encumbrances of record affecting real property, (q) the rights of the Parties pursuant to this Agreement and any other instruments to be delivered hereunder, (r) all rights of customers, suppliers, subcontractors and other parties to, or third party beneficiaries under, any Contract to which an Acquired Company is a party, in the ordinary course of business under the terms of any such Contract or under general principles of commercial or government contract Law that do not result from a breach, default or violation by such Acquired Company of or under any such Contract, (s) Encumbrances arising under the Debt Agreements, (t) Encumbrances that would not have a Material Adverse Effect, and (u) the matters identified on Section A(iii) of the Sellers Disclosure Letter.

"Person" shall mean an individual, partnership (general or limited), corporation, limited liability company, joint venture, association or other form of business organization (whether or not regarded as a legal entity under applicable Law), trust or other entity or organization, including a Governmental Entity.

"PJM Market Rules" shall have the meaning ascribed to that term in the PJM Tariff.

"PJM Tariff" shall mean that certain PJM Open Access Transmission Tariff relating to PJM Interconnection, L.L.C., including any schedules, appendices or exhibits attached thereto, on file with FERC and as amended from time to time.

"Pre-Closing Tax Period" shall mean any taxable period or portion thereof ending on or prior to the Closing Date.

"Purchase Price" shall mean the Closing Payment Amount, as it may be adjusted by the Post-Closing Adjustment.

"Purchaser Material Adverse Effect" shall mean any Effect that, individually or in the aggregate with other Effects, has, or would reasonably be expected to have, a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis.

"Rate Proceeding" means any rate case, rate update, rate rider or other rate or regulatory accounting proceeding relating to any Acquired Company.

"Rating Agency" shall have the meaning ascribed to it in the Senior Note Purchase Agreements.

"Real Property" shall mean the fee interests in real property held by an Acquired Company including all buildings, structures, pipelines, other improvements, and fixtures located thereon and all appurtenances thereto (the "Owned Real Property"), the leasehold and subleasehold interests under the leases and subleases of real property held by an Acquired Company (the "Leased Real Property"), and the Easements in favor of an Acquired Company, including buildings, structures, pipelines, other improvements and fixtures located thereon.

"Reference Time" shall mean 12:01 a.m., Eastern time, on the Closing Date; provided, that for purposes of any determination as of the Reference Time, such determination shall be deemed to occur after giving effect to any subsequent payments, dividends or distributions made or payable to Sellers or any of their Affiliates (other than the Acquired Companies) and any Indebtedness, or non-ordinary course Liabilities, subsequently incurred by any of the Acquired Companies in each case, on or prior to the actual consummation of Closing (but excluding, for the avoidance of doubt, any incurrence of Indebtedness or Liabilities in respect of any Financing of Purchaser, or any receipt or use of the proceeds thereof).

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of Hazardous Materials into the Environment.

"Representative" shall mean with respect to a Person, any affiliate, manager, director, officer, member, partner, agent, employee, advisor, consultant, attorney, accountant, banker, financial advisor, rating agency, actual or potential debt or equity financing source, insurance provider, or other representative of such Person.

"Required Regulatory Approvals" shall mean the approvals set forth on Section A(v) of the Sellers Disclosure Letter.

"Sarbanes-Oxley Act" shall mean the Sarbanes-Oxley Act of 2002.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Securities Act" shall mean the U.S. Securities Act of 1933.

"Seller Affiliated Tax Group" shall mean the affiliated group within the meaning of Section 1504(a) of the Code (or any similar group defined under a similar or comparable provision of state, local or non-U.S. Law) of which the direct or indirect parent of the Acquired Companies is the common parent for any period during which the Acquired Companies are or were members.

"Seller Benefit Plan" shall mean each Benefit Plan that is sponsored, maintained, contributed to or required to be maintained or contributed to by a Seller or any of its Affiliates, in each case providing benefits to any Acquired Company Employee.

"Seller Group" shall mean Sellers and their Affiliates.

"Senior KPCo Notes" means, collectively, the following notes issued by Kentucky Power: (a) $120,000,000 4.18% Senior Notes, Series A, due September 30, 2026, (b) $80,000,000 4.33% Senior Notes, Series B, due December 30, 2026, (c) $65,000,000 3.13% Senior Notes, Series F, due September 12, 2024, (d) $40,000,000 3.35% Senior Notes, Series G, due September 12, 2027, (e) $165,000,000 3.45% Senior Notes, Series H, due September 12, 2029, and (f) $55,000,000 4.12% Senior Notes, Series I, due September 12, 2047.

"Senior Note Purchase Agreements" shall mean, collectively, the note purchase agreements governing the Senior KPCo Notes.

"Shared Contracts" shall mean those Contracts to which a Seller or any of its Affiliates (other than an Acquired Company) is a party pursuant to which the counterparty thereto is expected to provide in the twelve month period after the Closing Date, in an individual release or order under the Contract, more than $250,000 of products, services or Intellectual Property to any of the Acquired Companies); provided, that the definition of "Shared Contract" shall exclude any corporate-level services provided (or expressly excluded or services which Purchaser or the Acquired Companies decline to accept) under the Transition Services Agreement.

"Subsidiary" shall mean, with respect to any Person, any other Person, whether incorporated or unincorporated, of which (a) such first Person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions or (b) such first Person is a general partner or managing member.

"Successor Operator" shall mean Wheeling Power Company, a West Virginia corporation and an Affiliate of Sellers, in its capacity as operator of the Mitchell Plant.

"Target Net Working Capital" shall mean negative thirty-eight million one hundred five thousand U.S. dollars (-$38,105,000).

"Tax" shall mean any tax of any kind, including any federal, state, local or foreign income, profits, license, severance, occupation, windfall profits, capital gains, capital stock, transfer, registration, social security (or similar), production, franchise, gross receipts, payroll, sales, employment, use, property, excise, value added, estimated, stamp, alternative or add-on minimum, environmental or withholding tax, and any other duty, assessment or governmental charge, in each case in the nature of a tax, imposed by any Governmental Entity, together with all interest, penalties and additional amounts imposed with respect to such amounts.

"Tax Liability Amount" shall mean an amount, equal to the sum of (a) the liability for Income Taxes of the Acquired Companies with respect to any Pre-Closing Tax Period in jurisdictions in which the Acquired Companies are currently filing Income Tax Returns on a separate-company basis that is unpaid as of the Closing Date and (b) any payroll, social security, employment or similar Taxes deferred under the CARES Act or similar Law by the Acquired Companies with respect to any wages or compensation paid prior to the Closing; provided that (i) except as otherwise provided herein, such liability for Income Taxes shall be calculated in accordance with the past practice (including reporting positions, jurisdictions, elections and accounting methods) of the Acquired Companies in preparing Tax Returns for Income Taxes, (ii) all deductions of the Acquired Companies relating to Transaction Expenses, and without duplication, amounts included in Indebtedness or Net Working Capital or otherwise taken into account to determine the Purchase Price shall be taken into account to the extent "more likely than not" deductible (or at a higher level of confidence) in the Pre-Closing Tax Period and applying the seventy percent safe-harbor election under Revenue Procedure 2011-29 to any "success based fees," (iii) any financing or refinancing arrangements entered into at any time by or at the direction of Purchaser or any of its Affiliates or any other transactions entered into by or at the direction of Purchaser or any of its Affiliates in connection with the transactions contemplated hereby shall not be taken into account, (iv) any Income Taxes attributable to transactions outside the ordinary course of business on the Closing Date after the time of the Closing shall be excluded, (v) any liabilities for accruals or reserves established or required to be established under GAAP or FERC Accounting Requirements, as applicable, methodologies that require the accrual for contingent Income Taxes or with respect to uncertain Tax positions and any liabilities arising from any change in accounting methods shall be excluded, (vi) all deferred tax liabilities established for GAAP or FERC Accounting Requirements, as applicable, purposes shall be excluded, (vii) any overpayments of Income Taxes with respect to Pre-Closing Tax Period shall be taken into account as reductions of the liability for Income Taxes (but not below zero) for the tax period (or portion thereof) ending on the Closing Date only to the extent applicable against a Tax liability in the jurisdiction to which the overpayment relates, and (viii) such liability for Income Taxes shall be calculated by including in taxable income on the Closing Date in the Pre-Closing Tax Period the amount of any taxable income associated with deferred revenue, prepaid amounts, or adjustments pursuant to Section 481 of the Code that would otherwise be includable in taxable income after the Closing Date.

"Tax Proceeding" shall mean any audit, examination, contest, litigation or other Action relating to Taxes.

"Tax Return" shall mean any return, declaration, report, election, claim for refund or information return or statement filed or required or permitted to be filed with any taxing authority relating to Taxes, including any schedule or attachment thereto or any amendment thereof.

"Transaction Expenses" means all fees, costs and expenses, solely to the extent that any Acquired Company has or will have any Liability in respect thereof, in each case, to the extent (a) incurred or payable in connection with the negotiation, preparation and execution of this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby on or prior to Closing and (b) not paid prior to the Reference Time, including, for the avoidance of doubt, (i) amounts payable to legal counsel, accountants, advisors, investment banks, brokers and other Persons advising any Seller or the Acquired Companies in connection with the transactions contemplated hereby or by any Ancillary Agreement, (ii) all bonuses and change in control payments payable in connection with the execution of this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or by any Ancillary Agreement and (iii) the amount of the employer portion of any payroll, social security, Medicare, unemployment or similar or related Taxes payable with respect to the amounts set forth in the immediately preceding clause (ii).

"TransCo Intercompany Notes" shall mean, collectively, the following notes issued by Kentucky TransCo: (a) $4,000,000 4.05% Senior Notes, Series C, Tranche H, due November 14, 2034; (b) $5,000,000 3.66% Senior Notes, Series C, Tranche D, due March 16, 2025; (c) $2,000,000 $3.76% Senior Notes, Series C, Tranche E, due June 15, 2025; (d) $3,000,000 4.01% Senior Notes, Series C, Tranche G, due June 15, 2030; (e) $21,000,000 3.65% Senior Notes, Series M, due April, 2050; (f) $4,000,000 3.10% Senior Notes, Series D, due December 1, 2026; (g) $12,000,000 4.00% Senior Notes, Series E, due December 1, 2026; (h) $3,000,000 3.10% Senior Notes, Series D, due December 1, 2026 and (i) $10,000,000 3.75% Senior Notes, Series H, due December 1, 2047.

"Transition Services Agreement" shall mean the transition services agreement to be executed by AEPSC and the Acquired Companies and dated as of the Closing Date, substantially in the form attached hereto as Exhibit A.

"United States" or "U.S." shall mean the United States of America and its territories and possessions.

"WARN Act" shall mean the federal Worker Adjustment Retraining and Notification Act of 1988 and similar state or local Laws related to plant closing, relocations and mass layoffs.

"Wheeling" shall mean Wheeling Power Company, a West Virginia corporation and an Affiliate of Sellers, in its capacity as an owner of an undivided co-tenancy interest in the Mitchell Plant.

"WVPSC" shall mean the Public Service Commission of West Virginia or any subdivision, panel, instrumentality, official or staff member acting on behalf thereof.

2. Other Definitions. The following terms shall have the meanings defined in the Section indicated:

Term	**Section**
Accepting Noteholders	4.16(e)
Accounting Principles	1.4(b)
Acquired Companies' Financial Statements	2.5(a)
Acquired Company or Acquired Companies	Recitals
Additional Regulatory Filings and Consents	2.4
AEP	Preamble
AEP TransCo	Preamble
Agreement	Preamble
Business Claims	4.22
Balance Sheet Date	2.5(c)
Burdensome Condition	4.5(d)
Business Separation Plan	4.16(f)
Claim Handling and Funding Agreement	4.22
Closing	1.1
Closing Date	1.3(a)
Closing Payment Adjustment	Definition of Closing Payment Amount
COBRA	5.7
Company Confidential Information	4.3(a)
Company Registered Intellectual Property	2.9
Continuation Period	5.4
Continuing Covered Employees	5.3(a)
Continuing Non-Covered Employees	5.4
Continuing Support Obligations	4.9
D&O Indemnified Parties	4.12(a)
Delayed Transfer Employee	5.19
Effect	Definition of Material Adverse Effect
Effective Date	Preamble
Enforceability Exceptions	2.3
Estimated Closing Statement	1.4(a)
Final Closing Statement	1.6(c)
Guarantor	3.7(b)
Independent Accounting Firm	1.6(c)
Initial Closing Statement	1.5(a)

Intercompany Arrangements	4.8(a)
Kentucky Power	Recitals
Kentucky Power Financial Statements	2.5(a)
Kentucky Power Shares	Recitals
Kentucky TransCo	Recitals
Kentucky TransCo Financial Statements	2.5(a)
Kentucky TransCo Shares	Recitals
Leased Real Property	Definition of Real Property
Legal Restraints	7.1(a)
Master Leases	4.19
Material Contracts	2.8(a)
Mitchell Operator Asset	4.20(a)
Mitchell Employees	2.14(a)
Morgan Lewis	1.3(a)
NERC	4.18
Non-Recourse Party	9.2
Notice of Disagreement	1.6(a)
Outside Date	8.1(b)(i)
Owned Real Property	Definition of Real Property
Parties	Preamble
Party	Preamble
Post-Closing Adjustment	1.7
Pre-Closing Engagement	10.15
Prohibited Party	3.5(b)
Purchaser	Preamble
Purchaser Disclosure Letter	Article III
Purchaser Indemnified Parties	9.1(a)
Purchaser Guaranty	3.7(b)
Purchaser Savings Plan	5.9
Purchaser Union Savings Plan	5.9
Qualified Plan	2.13(d)
Qualifying Offer	5.19
Releasees	4.11(a)
Resolution Period	1.6(b)
R&W Policy	4.15
Sale	1.1
Sanctioned Country	3.5(b)
SDN	3.5(b)
Section 205	4.5(e)
Seller	Preamble
Seller Indemnified Parties	9.2(b)
Seller Marks	4.10
Sellers' Disclosure Letter	Article II
Senior Note Purchase Price	4.16(e)
Severed Continuing Employee	5.6
Shares	Recitals
Substituted Support Obligations	4.9
Support Employee	Definition of Acquired Company Employee

Termination Fee	8.3(a)
Transfer Taxes	6.6
U.S. Trade Controls	3.5(a)
Utility Money Pool Agreement	4.16(a)
Willful Breach	8.4
Workers Compensation Event	5.13

APPENDIX II

CALCULATION OF NET WORKING CAPITAL

See attached.

Net Working Capital [10][11]
Balance as at 6/30/2021
$ in thousands

	Kentucky Power	Kentucky TransCo	Total	Notes
Current Assets	101,642	1,474	103,116	[1]
Current Liabilities	315,481	3,878	319,359	[1]
	(213,839)	(2,404)	(216,243)	
Adjustments:				
Cash & Cash Equivalents	(1,055)	-	(1,055)	[2]
Affiliated Companies A/R	(22,589)	(1,211)	(23,800)	[3]
Affiliated Companies A/P	33,681	472	34,153	[3]
Nonaffiliated Debt Current	125,000	-	125,000	[4]
Factoring	45,863	-	45,863	[3] [5]
Advances from Affiliates	10,616	313	10,929	[3][4] [6]
Income Taxes - Federal	(1,574)	(218)	(1,792)	[7]
Income Taxes - State	(1,269)	129	(1,140)	[7]
Income Taxes - Local	(49)	-	(49)	[7]
Prepaid Insurance	(137)	-	(137)	[8]
Prepaid Insurance - EIS	(277)	-	(277)	[8]
Prepaid Carry Cost-Factored AR	(66)	-	(66)	[3] [5]
Risk Management Contracts	(6,452)	-	(6,452)	[9]
Risk Management Liabilities	285	-	285	[9]
Net Working Capital	(31,864)	(2,919)	(34,783)	

[1] As set forth on the balance sheets of the Acquired Companies prepared in accordance with the Accounting Principles, as modified by this Annex II.

[2] Net Working Capital shall exclude cash, cash equivalents, marketable securities and restricted cash.

[3] Affiliated Companies A/R and A/P eliminated for illustrative purposes. To the extent any intercompany amounts or balances remain outstanding as of the Closing in accordance with Section 4.8 of the Agreement, such amounts or balances shall not be eliminated from Net Working Capital, but all other intercomany amounts and balances shall be excluded.

[4] Net Working Capital shall exclude Indebtedness.

[5] Kentucky Power intends to terminate its sale of receivables to AEP Credit, Inc. in advance of the Closing. Valid customer receivables not sold to AEP Credit, Inc. will be reflected as accounts receivable in Current Assets.

[6] Advances in respect of the Utility Money Pool Agreements and the TransCo Intercompany Notes to be repaid at Closing.

[7] Net Working Capital shall exclude Income Tax assets, Income Tax liabilities, deferred Tax liabilities and deferred Tax assets.

[8] Prepaid insurance eliminated on assumption that the Acquired Companies will be removed from coverage under the applicable AEP policies upon Closing and thereafter Buyer will be responsible for maintaining insurance coverage.

[9] An adjustment shall be made for any MTM gains or losses associated with Risk Management Contracts and Liabilities to exclude them from the calculation.

[10] Estimated Net Working Capital calculation to exclude regulatory assets and liabilities (other than over/under recovered fuel balances), even if they would be considered current under GAAP accounting at closing.

[11] Net Working Capital and Closing Cash to exclude any insurance or other proceeds or receivables related to loss, damage, condemnation, liability or casualty in respect of any asset or liability that would not be included in Net Working Capital.

APPENDIX III

FORECASTED CAPITAL EXPENDITURES AMOUNT

See attached.

KPCo Capex

Capital Expenditures ($ in thousands)

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Capital Expenditures																					
Non-Renewable Generation	$ 221	$ 115	$ 1,307	$ 1,456	$ 348	$(102)	$ 1,059	$ 1,342	$ 5,216	$ 6,027	$ 3,469	$ 1,767	$ 5,315	$ 4,554	$ 6,311	$ 6,709	$ 5,366	$ 2,856	$ 3,469	$ 3,469	$ 3,469
Transmission	4,961	5,462	6,110	7,174	8,309	8,116	5,795	6,111	5,934	5,860	6,148	7,027	7,254	7,074	9,072	9,188	8,211	7,798	9,050	9,050	9,050
Distribution	6,148	7,114	7,377	7,320	6,404	6,467	6,039	6,262	6,829	6,207	6,224	6,255	6,215	6,532	6,283	6,291	7,248	7,417	6,456	6,456	6,456
General	779	765	762	763	774	773	66	66	66	66	66	65	65	65	64	64	64	65	65	65	65
Intangible	1,125	1,087	1,109	1,096	1,124	1,148	1,196	1,197	1,220	1,215	1,207	1,218	1,209	1,204	1,215	1,210	1,201	1,212	1,248	1,248	1,248
Renewables	-	-	-	-	-	-	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	13,957	13,957	13,957
Total Capital Expenditures	**$ 13,234**	**$ 14,542**	**$ 16,665**	**$ 17,810**	**$ 16,959**	**$ 16,403**	**$ 21,141**	**$ 21,964**	**$ 26,251**	**$ 26,362**	**$ 24,101**	**$ 23,318**	**$ 27,044**	**$ 26,415**	**$ 29,930**	**$ 30,449**	**$ 29,076**	**$ 26,335**	**$ 34,244**	**$ 34,244**	**$ 34,244**

TransCo Capex

Capital Expenditures ($ in thousands)

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Capital Expenditures																					
Transmission	$ 2,397	$ 2,444	$ 2,410	$ 2,852	$ 2,376	$ 3,371	$ 827	$ 1,075	$ 1,116	$ 944	$ 1,029	$ 913	$ 1,094	$ 1,025	$ 853	$ 1,044	$ 805	$ 1,297	$ 973	$ 973	$ 973
Intangible	11	11	11	11	11	11	14	13	13	14	14	14	13	14	14	14	14	13	15	15	15
Total Capital Expenditures	**$ 2,408**	**$ 2,455**	**$ 2,421**	**$ 2,863**	**$ 2,387**	**$ 3,382**	**$ 842**	**$ 1,089**	**$ 1,129**	**$ 958**	**$ 1,043**	**$ 927**	**$ 1,107**	**$ 1,039**	**$ 867**	**$ 1,058**	**$ 819**	**$ 1,310**	**$ 988**	**$ 988**	**$ 988**

Consolidated KY Operations Capex

Capital Expenditures ($ in thousands)

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Capital Expenditures																					
Non-Renewable Generation	$ 221	$ 115	$ 1,307	$ 1,456	$ 348	$(102)	$ 1,059	$ 1,342	$ 5,216	$ 6,027	$ 3,469	$ 1,767	$ 5,315	$ 4,554	$ 6,311	$ 6,709	$ 5,366	$ 2,856	$ 3,469	$ 3,469	$ 3,469
Transmission	7,358	7,906	8,520	10,026	10,685	11,487	6,623	7,187	7,050	6,804	7,178	7,940	8,347	8,099	9,925	10,233	9,016	9,095	10,022	10,022	10,022
Distribution	6,148	7,114	7,377	7,320	6,404	6,467	6,039	6,262	6,829	6,207	6,224	6,255	6,215	6,532	6,283	6,291	7,248	7,417	6,456	6,456	6,456
General	779	765	762	763	774	773	66	66	66	66	66	65	65	65	64	64	64	65	65	65	65
Intangible	1,136	1,098	1,120	1,107	1,135	1,159	1,210	1,211	1,234	1,229	1,221	1,232	1,223	1,218	1,229	1,223	1,215	1,226	1,263	1,263	1,263
Renewables	0	0	0	0	0	0	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	6,986	13,957	13,957	13,957
Total Capital Expenditures	**$ 15,642**	**$ 16,998**	**$ 19,086**	**$ 20,673**	**$ 19,346**	**$ 19,784**	**$ 21,983**	**$ 23,053**	**$ 27,380**	**$ 27,319**	**$ 25,144**	**$ 24,245**	**$ 28,151**	**$ 27,453**	**$ 30,798**	**$ 31,506**	**$ 29,895**	**$ 27,645**	**$ 35,232**	**$ 35,232**	**$ 35,232**

Exhibit A
[Final Form]

TRANSITION SERVICES AGREEMENT
by and among

American Electric Power Service Corporation,

as agent for American Electric Power Company, Inc. and AEP Transmission Company, LLC

as Service Provider

and

Kentucky Power Company and AEP Kentucky Transmission Company, Inc.

as Service Recipients

dated as of [____________], 2021

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement"), dated as of [______], 2021 (the "Effective Date"), is entered into by and among Kentucky Power Company, a Kentucky corporation ("Kentucky Power") and AEP Kentucky Transmission Company, Inc., a Kentucky corporation ("Kentucky Transco", and together with Kentucky Power, each a "Service Recipient", and collectively, "Service Recipients") and American Electric Power Service Corporation ("Service Provider") as agent for American Electric Power Company, Inc., a New York corporation ("AEP"), and AEP Transmission Company, LLC, a Delaware limited liability company ("AEP Transco"). Service Recipients and Service Provider are referred to individually in this Agreement as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, AEP and AEP Transco have entered into a stock purchase agreement for the sale of Service Recipients to Liberty Utilities Co. (the "Purchase Agreement"), which provides, among other things, upon the terms and subject to the conditions thereof, for the execution and delivery of this Agreement;

WHEREAS, Service Provider is an affiliate of AEP and AEP Transco and has provided certain services with respect to Service Recipients;

WHEREAS, in furtherance of the transactions contemplated by the Purchase Agreement, the Parties desire that Service Provider provide or cause to be provided to Service Recipients certain services and other assistance on a transitional basis and in accordance with the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Service Recipients and Service Provider agree as follows.

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. Capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to such terms in the Purchase Agreement. As used in this Agreement, the following terms have the meanings specified in this Section 1.1:

"Additional Service" has the meaning set forth in Section 2.1(b).

"AEP" has the meaning set forth in the Preamble.

"AEP Transco" has the meaning set forth in the Preamble.

"Agreement" has the meaning set forth in the Preamble.

"Breaching Party" has the meaning set forth in Section 4.2.

"Business" means the business and operations of Service Recipients as conducted during the twelve-month period immediately prior to the date of this Agreement.

"Claim Notice" has the meaning set forth in Section 5.2(c).

"Compelled Party" has the meaning set forth in Section 6.12(d).

"Costs" has the meaning set forth in Section 4.8.

"Damages" means any and all claims, demands, fines, penalties, deficiencies, judgments, injuries, lawsuits, liabilities, losses, damages, costs and expenses, including the reasonable fees and disbursements of counsel and experts (including reasonable fees of attorneys) and fines and penalties issued by a Governmental Entity. For all purposes in this Agreement, the term "Damages" does not include any Non-Reimbursable Damages.

"Dollar" or "$" means the lawful currency of the United States of America.

"Effective Date" has the meaning set forth in the Preamble.

"Employee-Related Expenses" means, with respect to employees of Service Provider and its Affiliates performing and/or supporting any Services, the actual cost (salaries and wages, plus a portion of budgeted bonus accrued) of such employees, and the costs of incentives for such employees (other than cash bonuses), benefits and allowances, vacation and holiday pay, sick leave, employer's portion of such employees' insurance, social security retirement and medical benefits, withholding (including social security), employment and unemployment taxes, worker's compensation and employer's liability insurance, any other insurance premiums measured by such costs, and other employee contributions and benefits from time to time imposed by applicable Law or otherwise provided by Service Provider or its Affiliates.

"Force Majeure Events" has the meaning set forth in Section 4.6(a).

"Indemnified Entity" has the meaning set forth in Section 5.2(c).

"Indemnifying Party" has the meaning set forth in Section 5.2(c).

"IT Assets" has the meaning set forth in Section 2.13(a).

"KPSC" has the meaning set forth in Section 2.13(a).

"Kentucky Power" has the meaning set forth in the Preamble.

"Kentucky Transco" has the meaning set forth in the Preamble.

"NERC" means North American Electric Reliability Corporation or its successor.

"NERC Reliability Standards" means the reliability standards approved by the Federal Energy Regulatory Commission under Section 215 of the Federal Power Act and enforced by NERC, and its regional entities.

"Non-Breaching Party" has the meaning set forth in Section 4.2.

"Non-Reimbursable Damages" has the meaning set forth in Section 5.1(b).

"Operations Services" has the meaning set forth in Section 2.14(a).

"Parties" has the meaning set forth in the Preamble.

"Personal Data" has the meaning set forth in Section 2.13(b).

"PJM" means PJM Interconnection, L.L.C. or its successor.

"Processing" has the meaning set forth in Section 2.13(a).

"Purchase Agreement" has the meaning set forth in the Recitals.

"Reimbursable Costs" means, without duplication, those actual and documented reasonable out-of-pocket costs, expenses, expenditures or other payments of any kind (other than a loan or payments of any amounts in respect thereof) to the extent reasonably attributable to, and incurred by Service Provider (whether paid or accrued) in, the provision of Services hereunder, including for labor, materials, parts, supplies, transportation, equipment rentals, temporary facilities, vehicles, consumables, fuel, hand tools, safety supplies, computers, phones, import duties, Taxes (other than income or franchise taxes), Permits, licenses, bonds, amounts paid under third-party subcontracts, purchase orders and agreements, insurance, and Employee-Related Expenses; provided that the Employee-Related Expenses shall be reimbursed in accordance with Exhibit B; and provided further, that the Reimbursable Cost for the Service described in each of (i) IT-1 of Exhibit A with respect to providing transition Internet services to each site location utilizing such connection and (ii) TR-1 of Exhibit A, as specified in Appendix A to Exhibit E, with respect to providing the Operations Services Monthly Charge, in each case shall be the fee set forth therein.

"Reimbursable Costs Invoice" has the meaning set forth in Section 3.1(b).

"Security Breach" has the meaning set forth in Section 2.13(c).

"Service Provider" has the meaning set forth in the Preamble.

"Service Provider Confidential Information" means the terms and conditions of this Agreement and, from and after the date hereof, any and all information, whether in written or any other form, that has been provided by or on behalf of Service Provider pursuant to this Agreement to Service Recipients or their Affiliates (or their Representatives) in confidence in connection with the provision of Services which relates to Service Provider or any of its Affiliates, or that by its nature ought to be regarded as confidential, or which is marked confidential.

"Service Provider Indemnified Party" has the meaning set forth in Section 5.1(a).

"Service Provider Permits" has the meaning set forth in Section 2.10.

"Service Recipient" or "Service Recipients" has the meaning set forth in the Preamble.

"Service Recipient Caused Event" has the meaning set forth in Section 4.6(b).

"Service Recipient Confidential Information" means the terms and conditions of this Agreement and, from and after the date hereof, any and all information, whether in written or any other form, that has been provided by or on behalf of Service Recipients pursuant to this Agreement to Service Provider or its Affiliates (or their Representatives) in confidence in connection with the provision of Services which relates to Service Recipients or any of their Affiliates, or that by its nature ought to be regarded as confidential, or which is marked confidential.

"Service Recipients' Facilities" has the meaning set forth in Section 2.14(a).

"Service Recipient Indemnified Party" has the meaning set forth in Section 5.2(b).

"Service Recipient Permits" has the meaning set forth in Section 2.10.

"Services" has the meaning set forth in Section 2.1(a).

"Termination Payment" has the meaning set forth in Section 4.8.

"Third Party" has the meaning set forth in Section 5.2(c).

"Third Party Consents" has the meaning set forth in Section 2.12(a).

"TSA Consent Fees" has the meaning set forth in Section 2.12(b).

ARTICLE 2
SERVICES

Section 2.1 Provision of Services; Term.

(a) Services. Subject to the conditions and upon the terms hereof, Service Provider agrees to provide (including through its Affiliates and/or third parties) Service Recipients and their subsidiaries with the services set forth in Exhibit A attached hereto (the "Services") until the termination date for each Service set forth therein (unless terminated earlier in accordance with this Agreement). For any Service with a duration of six (6) months or greater (as set forth in Exhibit A on the Effective Date), any Service Recipient may, upon written notice given at least thirty (30) days before the original expiration date for a Service set forth in Exhibit A, extend the term of any such Service (or part thereof) for up to two (2) successive three (3)-month periods or as otherwise mutually agreed among the Parties; provided that no individual Service shall extend beyond a two (2) year term. For any Service with a duration of longer than twelve (12) months, beginning on the first day of the month following the one (1)-year anniversary of the Effective Date through the end of the Term for such Service, Service Recipients shall be charged the Reimbursable Costs for such Service plus an additional five percent (5%) surcharge for each successive six (6)-month period, if applicable (for example, (i) from months 13 through 18, Service Recipients shall be charged Reimbursable Costs plus 5%; and (ii) from months 19 through 24, Service Recipients shall be charged Reimbursable Costs plus 10%). Each Party acknowledges and agrees that, except as may be expressly set forth herein as a Service, Service Provider shall not be obligated under this Agreement to provide, or cause to be provided, any service or goods to Service Recipients or any other Person. Service Provider may refuse to take any action requested by Service Recipients if it is not an action required to be taken under this Agreement. Subject to Section 2.1(b), Service Recipients shall reimburse Service Provider for all Reimbursable Costs incurred in providing any services provided beyond the scope of the Services as the Parties hereto may mutually agree upon from time to time.

(b) Additional Services. In addition to the Services set forth in Exhibit A on the date hereof to be provided pursuant to Section 2.1(a) hereof, Service Recipients or Service Provider may, from time to time, request in writing additional services to be provided by Service Provider as are reasonably necessary (i) for Service Recipients to operate the Business in the ordinary course, which Service Recipients may require to be provided by Service Provider or (ii) to maintain compliance with the Sarbanes-Oxley Act of 2002 where required for internal controls over financial reporting of Service Recipients or any of its Affiliates (which additional services shall not include any Excluded Services) (each, an "Additional Service") if, and solely to the extent that, with respect to clause (i) above, (A) such Additional Services are the same or substantially similar to services provided by Service Provider to Service Recipients during the twelve-month period prior to the Effective Date, (B) the relevant personnel, assets, equipment, facilities or systems that are required for the performance of such services have not been transferred to Service Recipient or its Affiliates and (C) Service Provider has not ceased providing such services for the benefit of itself or its Affiliates (unless Service Provider provided such services primarily to the Service Recipients prior to the Effective Date). Upon receipt of such written request for an Additional Service, Service Provider will use commercially reasonable efforts to provide such Additional Service as promptly as practicable after Service Recipient's written request. The costs, the commencement date, the termination date and other terms and conditions applicable to any Additional Service shall be mutually agreed in good faith and reflected in writing by Service Recipients and Service Provider upon such terms as are generally consistent with this Agreement and the other Services. Such Additional Services will be deemed to be Services for purposes of this Agreement; *provided*, that such Additional Services shall not include any excluded services expressly set out in Exhibit C ("Excluded Services"). Notwithstanding anything to the contrary herein, if the provision of any Additional Service shall require the receipt of any regulatory approvals and Third Party Consents in connection therewith, the Parties shall work together in good faith to obtain such approvals or Third Party Consents and pending receipt thereof agree upon a commercially reasonable alternative arrangement to obtain substantially similar services as such affected Additional Service.

(c) Transition of Services to Service Recipients. The Parties acknowledge the transitional nature of the Services and agree that, except as expressly set forth in the next sentence, Service Recipients may determine from time to time that they do not require any or all of the Services or that they do not require such Services for the entire period set forth in Exhibit A for a given Service. Accordingly, Service Recipients may terminate any such Service upon sixty (60) days' prior written notice to Service Provider; *provided* that Service Recipients shall reimburse Service Provider for any Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) incurred by it or its Affiliates prior to such earlier termination of one or more Services.

(d) Terminated Services. Upon the termination of any Services in accordance with this Agreement, Service Provider shall have no further obligation to provide the applicable terminated Services (and, subject to the proviso in Section 2.1(c) above, no further right to payment in respect thereof).

Section 2.2 Third-Party Services.

(a) Service Provider shall have the right, whenever it deems necessary or advisable, to hire third-party subcontractors to provide all or part of any Services hereunder; *provided, however*, that in the event such subcontracting is materially inconsistent with Service Provider's then-current practices in rendering such services for its own utility Affiliates' operations, Service Provider must obtain the prior written consent of Service Recipients before hiring such subcontractor (such consent not to be unreasonably withheld, conditioned or delayed, and which consent may be provided by email) if the hiring of such subcontractor would adversely affect in any material respect, or increase the cost of receiving, the existing Services provided pursuant to the terms and conditions of this Agreement in any material respect. The cost of such Services provided by such third-party subcontractors in accordance with the foregoing sentence shall be billed to and paid for by Service Recipients in the manner set forth in ARTICLE III; *provided, however*, that the Parties shall use commercially reasonable efforts to provide for, as soon as is reasonably practicable, direct billing, payment and contracting arrangements between a Service Recipient and such third party and, upon entry into such arrangements between such Service Recipient and such third party, the Services provided by such third party shall be deemed terminated and shall no longer constitute Services under this Agreement.

(b) Except as expressly set forth in ARTICLE V, the Parties hereby acknowledge and agree that Service Provider and its Affiliates (i) shall not have any responsibility or liability for the non-performance, inadequate performance, faulty performance or other failure or breach by a third-party subcontractor validly hired hereunder to perform Services to the extent Service Recipient and such subcontractor enter into a direct contracting arrangement pursuant to which such subcontractor agrees to assume such responsibilities and liabilities of Service Provider with respect to such Services and (ii) shall be responsible, liable or deemed in breach of this Agreement for any delay or failure in the performance of its obligations under or in connection with this Agreement to the extent such delay or failure is due to the non-performance, inadequate performance, faulty performance or other failure or breach by any third-party provider to the extent such third party provider does not so enter into any direct contracting arrangement described in clause (i). Service Provider shall transfer or otherwise pass through to Service Recipient the benefit of any warranties or remedies available under Services Provider's contracts with such third-party providers in a manner that is equitable given the value of services, goods, inventory or equipment received by Service Recipient. Service Provider shall negotiate such contracts with such third-party providers using the same degree of care and skill as it utilizes in negotiating similar contracts for its own utility Affiliates' operations, including with respect to the negotiation of available warranties and remedies.

Section 2.3 Standard of Service.

(a) Service Provider shall perform (or cause to be performed by its Affiliates) the Services such that the standard of care that Service Provider shall provide (or cause to be provided by its Affiliates) in delivering a Service shall be substantially the same as the standard of care that Service Provider historically provided to its Affiliates with respect to substantially similar Services. Services must be provided with substantially the same level of quality, priority, frequency, volume and amount as was provided during the 18-month period prior to the Effective Date.

(b) Upon reasonable prior written notice to the extent reasonably practicable, which notice may be by email, to Service Recipients, Service Provider or its Affiliates will have the right to temporarily interrupt the provision of the Services to be provided by Service Provider for routine maintenance purposes to the extent dependent on the operation of the facilities or systems of Service Provider or such Affiliates providing any Services whenever, in the commercially reasonable judgment of Service Provider or such Affiliates, such action is reasonably necessary; provided, that, Service Recipient shall be treated on a non-discriminatory basis as compared to Service Provider's utility Affiliates with respect to any such temporary interruptions. If maintenance is nonscheduled and reasonably necessary, Service Provider shall notify Service Recipients as far in advance as reasonably practicable under the circumstances that maintenance is required. With respect to Services provided by any third party, Service Provider shall forward on a reasonably prompt basis to Service Recipients any notice received from any such third party regarding any material interruption of Services. Service Provider or such relevant third party will be relieved of its obligations to provide the Services that require the use of such facilities or systems only for the period of time that the relevant facilities or systems are so temporarily shut down but shall also use commercially reasonable efforts to minimize each period of temporary shutdown for such purpose and to schedule, to the extent reasonably practicable under the circumstances, such period of temporary shutdown so as to not materially interrupt the conduct of the Business. Service Provider shall consult with Service Recipients prior to temporary shutdowns to the extent reasonably practicable or, if not reasonably practicable, promptly thereafter. To the extent commercially reasonable, subject to any Third-Party Consents, Service Provider or its Affiliates will afford Service Recipients the benefit of any arrangements for substitute services during such interruption that Service Provider makes on behalf of its utility Affiliates.

Section 2.4 Warranties. The Parties agree that, except as expressly set forth in this Agreement, the Services are being performed and provided "as is, where is" by Service Provider without any representation, guarantee or warranty of any kind, and all other representations, guarantees and warranties, express or implied, including for performance, merchantability, fitness for a particular purpose or otherwise are specifically disclaimed. Service Recipients acknowledge and agree that this Agreement does not create a fiduciary relationship, partnership, joint venture or relationship of trust or agency between Service Provider and Service Recipients and that all Services are provided by Service Provider as an independent contractor. The Parties acknowledge that Service Provider is not in the business of providing the Services to unaffiliated third parties and that it is providing the Services as an accommodation to Service Recipients following the consummation of the transactions contemplated in the Purchase Agreement.

Section 2.5 Service Provider Personnel. Service Provider shall, in its discretion, assign those personnel it deems necessary for performance of the Services in accordance with the standard of performance set forth above in Section 2.3. Subject to the other terms of this Agreement, in providing the Services, Service Provider shall not be obligated to: (a) hire any additional employees, (b) maintain the employment of any specific employee(s), or (c) purchase, lease, or license any additional equipment (including computer equipment, furniture, furnishings, fixtures, machinery, vehicles, tools and other tangible personal property), software or other assets, rights or properties or materials. All working hours, rates of compensation and all other matters relating to labor shall be determined by Service Provider in its reasonable judgment and in accordance with its past practices in the ordinary course of its business. Nothing in this Agreement shall affect the right of Service Provider to transfer or terminate the employment of any personnel for any reason or at any time. For such time as any employees or subcontractors of Service Provider are providing the Services to Service Recipients under this Agreement, (i) such employees will remain employees of Service Provider and such employees and the subcontractors shall not be deemed to be employees of Service Recipients for any purpose, and (ii) Service Provider shall be solely responsible for the payment and provision of all wages, bonuses and commissions, employee benefits, including severance and worker's compensation, and the withholding and payment of applicable Taxes relating to such employment or subcontractor service, as applicable. With respect to Service Recipients' employees, (x) such employees will remain employees of Service Recipients and shall not be deemed to be employees of Service Provider for any purpose, and (y) Service Recipients shall be solely responsible for the payment and provision of all wages, bonuses and commissions, employee benefits, including severance and worker's compensation, and the withholding and payment of applicable Taxes relating to such employment.

Section 2.6 Administration. [______] shall administer this Agreement on behalf of Service Provider. [______] shall administer this Agreement on behalf of Service Recipients. Each of Service Provider and Service Recipients shall promptly notify the other in writing if any other person will subsequently administer this Agreement on its behalf. Each of the persons named in this Section 2.6 and any subsequent persons named to administer the Agreement on behalf of each Party will be responsible for coordinating between Service Provider and Service Recipients with respect to the performance of the Services. Each Party shall use commercially reasonable efforts to cause its designated administrator to be available on reasonable notice during normal business hours for purposes of such coordination.

Section 2.7 Items to be Furnished by Service Recipients. Service Recipients shall furnish to Service Provider, at Service Recipients' expense, all such information and documentation in Service Recipients' possession in a form consistent with the form in which Service Recipient provided such information and documentation immediately prior to the Effective Date, as Service Provider may reasonably request to the extent reasonably necessary for Service Provider to perform the Services.

Section 2.8 Documents, Data and Intellectual Property. Any documents, data or information therein ("Work Product") conceived, developed, delivered or otherwise prepared by, or on behalf of, Service Provider or any of its Affiliates in connection with the Services shall be deemed "works made for hire" under applicable Law and solely and exclusively owned by Service Recipients. To the extent such Work Product is not deemed to be a "work made for hire," Service Provider, on behalf of itself, its Affiliates and any third party sub-contractors, hereby assigns all rights in, to and under such Work Product to Service Recipients. The Parties shall take any and all actions and execute all documents reasonably necessary to perfect, confirm and record the ownership of such Work Product as contemplated in this Section 2.8. Each Party (on behalf of itself and its Affiliates and, as applicable, any third party sub-contractor) hereby grants the other Party and its Affiliates a limited, non-exclusive, royalty-free, fully-paid up, non-assignable, non-sublicensable (except to service providers for the benefit of such Party) license to use any Intellectual Property owned or sublicensable (without consent or payment of any amounts to any third party) by such Party or its Affiliates, solely to the extent and for the duration necessary to provide or receive the Services hereunder. Upon the expiration or termination of a Service in accordance with this Agreement, the license to the relevant Intellectual Property necessary to provide or receive such Service shall automatically and immediately terminate (unless such Intellectual Property remains necessary to provide or receive any other Service that has not then terminated), and all licenses granted hereunder shall automatically and immediately terminate upon the expiration or earlier termination of this Agreement in accordance with the terms hereof. Except as expressly provided herein or in the Purchase Agreement, neither Party shall acquire any right, title or interest in the other Party's Intellectual Property by reason of the provision or receipt of the Services hereunder.

Section 2.9 **Access**. During the term of this Agreement, Service Recipients shall (and shall cause their controlled Affiliates and their applicable Representatives, and any applicable contractors thereof) ensure that Service Provider (and its Affiliates and their Representatives, and any applicable contractors) have reasonable access to the premises, facilities and personnel of Service Recipients to the extent reasonably necessary for the purposes of providing the Services hereunder; *provided* that (a) Service Recipients may impose reasonable restrictions and requirements for safety purposes (including as a result of the COVID-19 Pandemic) and information and system security policies that are not more stringent than those applicable to Service Recipients, their Affiliates and their applicable contractors, (b) such access may be restricted as required to comply with applicable Laws, Permits, or Orders, and (c) such access does not unreasonably interfere with Service Recipients' continued operations and activities in excess of the interference which would reasonably be expected as the result of an independent third party contractor performing similar services.

Section 2.10 **Permits**. Service Provider shall use commercially reasonable efforts to obtain and maintain, at Service Recipients' expense to the extent constituting Reimbursable Costs, all Permits required by applicable Law to be obtained by Service Provider in its name to allow Service Provider to perform the Services, other than Service Recipients' Permits (collectively, the "Service Provider Permits"). At Service Provider's request, Service Recipients shall reasonably cooperate with Service Provider with respect to obtaining any required Service Provider Permits. Service Recipients shall use commercially reasonable efforts to obtain and maintain all Permits (a) required for the ownership or operation of their Businesses, or (b) that are required by applicable Law to be obtained by Service Recipients in their names in order to allow Service Provider to perform the Services (collectively, the "Service Recipient Permits"). Service Provider shall, from time to time, notify Service Recipients if Service Provider believes that a Permit is required by applicable Law to be obtained by a Service Recipient in its name in order to allow Service Provider to perform the Services. Upon Service Recipients' request, Service Provider shall reasonably cooperate with Service Recipients with respect to obtaining all Service Recipient Permits but shall not be required to file any application in Service Provider's name for Service Recipient Permits. Subject to compliance with this Section 2.10, nothing herein shall require Service Provider to perform any Service for which a Service Provider Permit or a Service Recipient Permit is reasonably required unless and until such Service Provider Permit or Service Recipient

Permit is so obtained; provided, that notwithstanding anything to the contrary herein, if the provision of any Service shall require the receipt of any Service Recipient Permit or Service Provider Permit, pending receipt thereof the Parties shall work together in good faith to agree upon a commercially reasonable alternative arrangement to obtain substantially similar services as such affected Service.

Section 2.11 Emergency Action. In the event of an emergency reasonably affecting the safety or protection of Persons, the loss of personal information or other security breach affecting Service Recipients, or endangering the property of Service Provider or Service Recipients, Service Provider shall be entitled to take, and shall take, all commercially reasonable actions in accordance with Good Utility Practices to attempt to prevent, or to mitigate as much as practicable, such threatened damage, injury or loss. Service Provider shall notify Service Recipients of such emergency and of Service Provider's response as soon as practical under the circumstances and in no event later than twenty-four (24) hours after the occurrence of such event.

Section 2.12 Third Party Consents.

(a) To the extent that the provision of any Services to Service Recipients under this Agreement requires any third party consents, licenses, rights, approvals or permissions (the "Third Party Consents") for Service Provider to provide or for Service Recipients to receive and enjoy the full benefit of the Services, and to use any deliverables provided in connection therewith, the obligation to provide such Services is contingent upon timely receipt by Service Provider of such Third Party Consents, it being acknowledged and understood that those third parties are not bound to this Agreement.

(b) Any fees or other out-of-pocket costs incurred on or after the date of the Purchase Agreement to obtain any Third Party Consents (the "TSA Consent Fees"), to the extent such costs have been consented to in writing by Service Provider and Purchaser (as defined in the Purchase Agreement) prior to such incurrence and Sellers (as defined in the Purchase Agreement) and Purchaser have cooperated in good faith to obtain such Third Party Consents, shall be paid directly by Service Recipients or, at Service Provider's option, reimbursed by Service Recipients to Service Provider as part of the Reimbursable Costs; *provided* that Service Provider shall use commercially reasonable efforts to provide Service Recipients with at least ten (10) Business Days' written notice before the payment of any proposed TSA Consent Fees, and in any event Service Recipients shall have the absolute right to decline all or part of any applicable Services as necessary to avoid such fees, in which case Service Provider shall be under no further obligation to provide such portion of the affected Services (subject to the last sentence of this Section 2.12(b)). Service Provider shall use commercially reasonable efforts to obtain or maintain such Third Party Consents as promptly as practicable, and Service Recipients shall reasonably assist Service Provider in such efforts. Service Provider shall provide Service Recipients with copies of the vendor invoices in connection with securing Third Party Consents in reasonably sufficient detail to verify the terms of, and costs of obtaining, such Third Party Consents. Pending receipt of any such required Third Party Consent, the Parties shall work together in good faith to agree upon a commercially reasonable alternative arrangement to obtain substantially similar services as the affected Services.

Section 2.13 Data; Personal Information.

(a) During the term of this Agreement, Service Provider will (i) maintain commercially reasonable physical, technical and administrative safeguards and policies with respect to its hardware, software, systems, networks and other information technology assets and infrastructure ("IT Assets") used in connection with the Services (including in the Processing of any Personal Data of Service Recipient) and (ii) perform the Services and maintain all data (including Personal Data) and information related to the Services or Processed in connection with the provision thereof in compliance in all material respects with applicable Laws, including but not limited to rules, regulations, ordinances, orders, decrees, requirements, and judgments of the Kentucky Public Service Commission ("KPSC"), in each case, in a manner that shall in no event be less than the level of security or compliance as in effect on the Effective Date. Service Recipients will own all such data and information relating solely to the Service Recipients; provided that Service Provider shall at all times have the right to retain a copy of all such data and information and to use such data and information for all purposes solely related to the Services or as otherwise may be required by applicable Laws. Upon the expiration or termination of the provision of any particular Service, the data and information maintained by Service Provider or its applicable Affiliates in connection therewith will be provided to Service Recipients in a mutually agreed electronic format consistent with the manner Service Provider maintains such data and information. Except as set forth on Exhibit A, Service Provider shall not be required to convert from one format to another any data or information of Service Recipient for use by Service Recipient or any other person in connection with the Services or otherwise, so long as the data or information is readable through commercially reasonably means.

(b) Each Party agrees that it and its Affiliates, in the provision or receipt of any Services hereunder, will comply in all material respects with all currently effective or subsequently enacted applicable Laws governing the collection, accessibility, use, maintenance, disclosure, protection, transmission of, or other operation or set of operations performed on ("Processing") personal, health, financial, or other information regarding identifiable persons or households that are the subject of such Laws ("Personal Data"), including but not limited to rules, regulations, ordinances, orders, decrees, requirements, judgments and rulings of the KPSC. Service Provider will Process all Personal Data of Service Recipients solely as reasonably necessary to perform the Services and, notwithstanding any other provision of this Agreement to the contrary, will not retain, use or disclose such Personal Data for any other purpose other than as required by applicable Law.

(c) Service Provider will notify Service Recipients as promptly as reasonably practicable of any unauthorized access to or use of data on IT Assets utilized to provide the Services. In the event of any unauthorized access to or loss, use or compromise of Service Recipient's Personal Data in Service Provider's possession or control due to Service Provider's failure to comply with this Section 2.13 (any such unauthorized access, loss, use or compromise, a "Security Breach"), Service Provider will (and will cause its Affiliates to) take all reasonable measures to remediate such Security Breach in compliance with all applicable Laws, and will cooperate with Service Recipients' reasonable requests in responding to such Security Breach. Subject to and without limiting Service Recipients' right to indemnification pursuant to Section 5.2(b), any reasonable out-of-pocket expense incurred by Service Provider in connection therewith solely with respect to such Service Recipients' Personal Data that are incremental to any costs such Service Provider would otherwise incur to remediate such Security Breach shall constitute a Reimbursable Cost. Service Recipients will comply with Service Provider's policies relating to security, privacy, and protection of data and information (which policies have been provided to Service Recipients in advance in writing) to the extent Service Recipient access to Service Provider's systems or environments is required or granted in connection with the provision of the Services.

Section 2.14 Compliance with Reliability Standards.

(a) Operations Services. Subject to the terms and conditions of this Agreement, and in connection with the provision of services as set forth in Section TR-1 of Exhibit A, Service Provider will perform the operations services set forth in Exhibit E (the "Operations Services") with respect to the Service Recipients' facilities identified in Exhibit F (Service Recipients' Facilities"). Except as otherwise expressly provided in this Agreement, Service Recipients agree that they are responsible for all other operations and maintenance activities with respect to the Service Recipients' facilities that are not described in Exhibit E. Service Provider shall only provide Operations Services if the Service Recipients are members of PJM.

(b) NERC Compliance.

(i) NERC Responsibilities. Each Party's responsibilities for compliance with the NERC Reliability Standards with respect to Service Recipients Facilities is summarized in Exhibit D.

(ii) Compliance Support. Service Provider agrees to maintain and provide to Service Recipients documentation directly related to the Service Provider's activities with respect to Service Recipients' Facilities which is reasonably necessary to support Service Recipients in complying with the applicable NERC Reliability Standards. Except to the extent specifically required by Exhibit D, Service Provider shall not be required to register as "transmission owner," "transmission operator," "transmission planner," or any other applicable function with respect to the Service Recipients' Facilities. Service Provider shall not be required to make any filings with NERC or any governmental authority on behalf of Service Recipients with respect to the Service Recipients' Facilities.

(iii) Updates. It shall be the responsibility of Service Recipients to stay aware of and inform Service Provider of any new or modified NERC Reliability Standards that would be directly applicable to Service Recipients' Facilities. Service Recipients may request compliance support from Service Provider in addition to that provided pursuant to this Section 2.14(b), but Service Provider shall not be obligated to perform additional compliance support activities. If the applicable NERC Reliability Standards in Exhibit D are materially modified, the Parties shall negotiate in good faith to amend Exhibit D.

(iv) Fines and Penalties. Service Provider shall not be responsible for any penalty or fine associated with non-compliance with the NERC Reliability Standards imposed as a result of a self-report, or a Governmental Authority audit, investigation, or proceeding, related to the Service Recipients' Facilities. Service Recipients shall indemnify Service Provider for any such penalties or fines in accordance with Article 5.

ARTICLE 3
COMPENSATION

Section 3.1 Terms of Payment and Related Matters.

(a) Services Fee. As consideration for providing the Services hereunder, Service Recipients shall reimburse Service Provider for all Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) incurred in providing the Services.

(b) Invoicing and Payment. Commencing on the Effective Date, Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) shall be payable by Service Recipients on a monthly basis. Service Provider shall issue an invoice (the "Reimbursable Costs Invoice") to Service Recipients within twenty (20) days of the first day of each month for the Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) incurred prior thereto and not previously paid by Service Recipients to Service Provider. Service Recipients shall pay the invoiced Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) within thirty (30) days of receipt of the Reimbursable Costs Invoice. Service Provider shall provide reasonable documentation requested by Service Recipients to substantiate Reimbursable Costs and the Reimbursable Costs Invoice. Service Provider shall make adjustments to charges on a subsequent invoice as required to reflect the discovery of errors or omissions in charges. Service Provider shall issue a final invoice of any unpaid Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) within ninety (90) days after the expiration or termination of this Agreement. Service Recipients may object to any amounts owed under this Agreement at any time before, at the time or after payment is made, *provided*, that, such objection is made in writing to the Service Provider within ninety (90) days following the date of delivery of the applicable Reimbursable Cost Invoice. Service Recipients shall timely pay all Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) set forth in the applicable invoice in full in accordance with this Section 3.1 pending resolution of the dispute. Payment of any amount shall not constitute approval thereof. In the event of a dispute, Service Provider shall, where applicable and practicable, furnish to Service Recipients such additional supporting documentation to substantiate the amounts invoiced as Service Recipients shall reasonably request. Upon delivery of such additional documentation, the Parties shall cooperate in good faith and use their commercially reasonable efforts to resolve such dispute. If the Parties are unable to resolve such dispute within thirty (30) days after the delivery of such additional supporting documentation by Service Provider or notice from Service Provider that additional supporting documentation will not be provided, as applicable, with respect to an amount included on an invoice then the dispute shall be referred for resolution pursuant to Section 6.8. If any portion of any amounts disputed by any Service Recipient as set forth above is determined or resolved (including pursuant to a resolution in accordance with the procedures of this Section 3.1 and/or Section 6.8), to be in excess of the actual amount due pursuant to the terms of this Agreement, then such Service Recipient may charge the Service Provider interest with respect to such excess amount from the day the payment was made until it is repaid to such Service Recipient, at the rate equal to the prime rate as published from time to time in *The Wall Street Journal* (or any successor publication) plus four (4) percentage points per annum, calculated daily, regardless of whether such Service Recipient has notified the Service Provider in advance of its intention to charge interest with respect to such excess amount, and Service Provider shall make payment in full in respect of such excess amount and interest within thirty (30) days of demand therefor.

(c) Late Payments. Any amount not paid by Service Recipients by the due date shall bear interest at the lesser of (i) the prime rate of interest per annum for corporate loans published in The Wall Street Journal under "Money Rates" as such rate may be in effect from time to time during the period the delinquent amount remains outstanding, plus four percent (4%) per annum, and (ii) the highest per annum interest rate allowed by applicable Law from the date payment of the amount is due until and including the date of payment of such amount. Any amount payable hereunder that does not have an express due date shall be payable within thirty (30) days after written demand therefor.

Section 3.2 **Taxes**. Service Recipients shall be responsible for all sales, service, use, value-added transfer, consumption or similar Taxes imposed or assessed as a result of the provision of Services by Service Provider, if any. If Service Provider pays any such Taxes on behalf of Service Recipients, Service Provider shall include the amount of such Taxes in the next monthly invoice issued pursuant to Section 3.1(b). Service Recipients shall indemnify and hold Service Provider harmless from any and all damages, losses, liabilities, demands, awards, assessments, costs, penalties and expenses to the extent arising from or related to Service Recipients' failure to collect or pay any of the Taxes required to be collected or paid by Service Recipients under this Agreement.

Section 3.3 **Books and Records**. During the term of this Agreement and until the first anniversary following the termination of this Agreement, Service Provider shall keep books and records relating to the provision of Services in a manner consistent with how such books and records were kept by Service Provider and its Affiliates (including Service Recipients) during the twelve-month period prior to the Effective Date, as well as reasonable supporting documentation of all charges and expenses incurred in providing the Services. Service Provider shall make such books and records and documentation (including financial data required for filings), in either electronic or paper form, available to Service Recipients, at Service Recipients' expense, upon reasonable advance notice during normal business hours.

Section 3.4 **Audit Rights; Billing Disputes**. Each Party will notify the other Party promptly of any billing disputes, and such disputes shall be resolved in accordance with Section 6.8. Service Recipients shall have the right, to conduct or caused to be conducted (including through their external, independent auditor) an audit of the data, records or other pertinent information of Service Provider (including Service Provider's internal controls and procedures) for the purpose of verifying Service Provider's compliance with this Agreement. Service Recipients shall provide at least five (5) Business Days (or thirty (30) days in the event of an audit by an external, independent auditor of Service Recipients) advance notice of any such audit, and shall conduct such audit during normal business hours and in such a manner so as to minimize disruptions to Service Provider and its business operations and those of its Affiliates; *provided* that such audit relates solely to the Services and no more than four (4) audits shall be permitted hereunder. To the extent that the total amount of any Reimbursable Cost Invoice is determined by an external independent auditor to be incorrect by greater than five percent (5%), Service Provider shall bear the cost of such audit, and Service Recipient shall bear the cost of any audit other conducted pursuant to this Section 3.4.

Section 3.5 Insurance.

(a) Service Recipients' Insurance. At all times in which Service Provider is present on Service Recipients' or their Affiliates' premises and performing Services under this Agreement, Service Recipients shall, at Service Recipients' own expense, keep in full force and effect:

(i) Commercial general liability insurance for any and all claims for bodily injury and property damage arising out of any of the activities performed under this Agreement by Service Provider or any of Service Provider's employees, agents, representatives, contractors or invitees. Such insurance shall have a combined single limit of not less than one million dollars ($1,000,000) per occurrence, and two million dollars ($2,000,000) aggregate limit. Such insurance shall include broad form contractual liability and premises/operations coverage.

(ii) Excess Liability/umbrella coverage in excess of the liability coverages listed in paragraph (i) above with limits of not less than four million dollars ($4,000,000) per occurrence.

(iii) Workers' compensation insurance (including any self-insurance) in accordance with all jurisdictions where Service Recipients or their applicable Affiliates has operations and where work is to be performed, and employers' liability insurance with a limit of not less than one million dollars ($1,000,000) per occurrence, per employee.

(iv) Property insurance or self-insurance insuring all of Service Recipients' equipment, trade fixtures, inventory, fixtures and other personal property installed or placed in Service Recipients' premises.

(v) Automobile liability insurance covering personal injury and property damage for owned, non-owned, hired and leased vehicles including comprehensive and collision coverage with a combined limit of not less than one million dollars ($1,000,000) per occurrence.

All of such insurance policies shall be primary and not contributing to any insurance available to Service Provider, its owner, agents and assigns and Service Provider's insurance shall be in excess of Service Recipients' insurance. All of such insurance policies, excluding workers' compensation and professional liability, shall name Service Provider as an additional insured. All of such insurance policies shall require the insurer to waive any rights of subrogation against Service Provider. Service Recipients shall provide certificates of insurance from time to time upon Service Provider's reasonable request. For the avoidance of doubt and notwithstanding anything contained in this Agreement to the contrary, Service Recipients agree that they shall be solely responsible for the payment of any and all deductibles or self-insured retentions under the insurance policies required to be maintained by Service Recipients.

ARTICLE 4
TERMINATION

Section 4.1 Termination of Agreement. Subject to Section 4.5 and without limiting Service Recipients' rights under Section 2.1(c), this Agreement shall terminate in its entirety on the date on which all Services have been terminated or have expired in accordance with the service period for each Service as set forth on Exhibit A, unless earlier terminated in accordance with this ARTICLE 4.

Section 4.2 **Breach**. Any Party (the "Non-Breaching Party") may terminate this Agreement (or any portion of the Services provided under this Agreement) at any time upon prior written notice to the other Party (the "Breaching Party") if the Breaching Party has failed (other than, with respect to Service Provider, pursuant to Section 4.6) to perform any of its material obligations under this Agreement relating to such Service, and such failure shall have continued without cure for a period of thirty (30) days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party; *provided* that if such failure is reasonably capable of being cured within an additional thirty (30) day period and the Breaching Party has undertaken good faith efforts to cure such failure, such period may be extended for an additional thirty (30) days.

Section 4.3 **Insolvency**. In the event that either Party (a) files a petition in bankruptcy, (b) becomes or is declared insolvent, or becomes the subject of any proceedings (not dismissed within 60 days) related to its liquidation, insolvency or the appointment of a receiver, (c) makes an assignment on behalf of all or substantially all of its creditors, or (d) takes any corporate action for its winding up or dissolution, then the other Party shall have the right to terminate this Agreement effective immediately by providing written notice.

Section 4.4 **Suspension by Service Provider**. Service Provider shall be entitled to suspend performance of any portion of the Services due to Service Recipients' failure to pay any amount past due to Service Provider under this Agreement if (a) such amount is not being disputed in good faith by Service Recipients and (b) Service Provider has provided Service Recipients with written notice of such failure to pay and Service Recipients have not cured such failure within thirty (30) days after receiving such notice; *provided* that Service Recipients shall not be relieved of their obligation to pay any Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) owed to Service Provider during such suspension (with respect to the period prior to such suspension). Service Provider shall resume the suspended Services promptly after Service Recipients cures such payment default and makes all other payments due and owing to Service Provider at the time of such cure, unless this Agreement has been terminated or has expired.

Section 4.5 **Effect of Termination**. Upon termination of this Agreement in its entirety pursuant to ARTICLE 4, all obligations of the Parties shall terminate, except for the provisions of Section 4.8, Section 4.9, ARTICLE 5 and ARTICLE 6, which shall survive any termination or expiration of this Agreement.

Section 4.6 **Excused Performance**.

(a) **Force Majeure**. The obligations of Service Provider under this Agreement with respect to any Service shall be suspended or reduced (in each case on a non-discriminatory basis as compared to Service Provider's utility Affiliates during the applicable period) and to the extent that Service Provider is prevented or hindered from providing such Service due to any of the following causes beyond Service Provider's reasonable control (such causes, "Force Majeure

Events"): (i) acts of God, epidemics or pandemics (including the COVID-19 Pandemic) or any orders of any Governmental Entity relating thereto, (ii) flood, fire or explosion, (iii) war, invasion, riot or other civil unrest, (iv) adoption, enactment, issuance, repeal, modification or change following the Effective Date of any governmental Order, Permit or Law, (v) actions, embargoes or blockades in effect on or after the date of this Agreement, (vi) action by any Governmental Entity, (vii) national or regional emergency, (viii) strikes, labor stoppages or slowdowns or other industrial disturbances, or (ix) any other event which is beyond the reasonable control of Service Provider. Service Provider shall not be liable for the nonperformance or delay in performance of its obligations under this Agreement when such failure is due to a Force Majeure Event; *provided, however*, that Service Provider shall promptly notify Service Recipients in writing upon learning of the occurrence of any Force Majeure Event and use commercially reasonable efforts to avoid or remove such Force Majeure Event and resume its performance with least possible delay (on a non-discriminatory basis as compared to Service Provider's utility Affiliates), and the Parties shall work together to enable such Services to be performed to the greatest extent possible. If Service Provider fails or delays to perform any Services due to a Force Majeure Event, Service Recipients shall be automatically relieved from paying the Reimbursable Costs or other amounts payable under this Agreement in respect of such Services (solely for the portion of such Services that Service Provider has failed or delayed in performing) and may, at its option (a) obtain at its cost the affected Services from a third party for the duration of the Force Majeure Event, or for such longer period as shall be reasonably required to commit to in order to obtain such replacement service, and the Reimbursable Costs due by Service Recipients to Service Provider shall be reduced accordingly, or (b) after five (5) Business Days of such failure or delay, terminate such affected Service, provided Service Recipients shall be required to pay Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) under this Agreement that come due for Services provided prior to such termination. Notwithstanding the foregoing, during any period when performance has been suspended, Service Recipients shall still be required to pay Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) that come due for Services provided prior to the occurrence of the Force Majeure Event or, for the avoidance of doubt, in respect of any Services that continue to be performed despite the occurrence thereof, and any reasonable out-of-pocket expenses incurred by Service Provider to avoid or remove such Force Majeure Event solely to resume its performance of such suspended Service that are incremental to any costs such Service Provider would otherwise incur to avoid or remove such Force Majeure Event shall constitute a Reimbursable Cost.

(b) Service Recipient Caused Event. Service Provider shall not be liable for the nonperformance or delay in performance of its obligations under this Agreement to the extent that performance of any such obligation is materially and adversely impacted by the action (or inaction) of Service Recipients, any of its Affiliates, or any of its or their direct or indirect contractors (other than Service Provider) or any of their Representatives in breach of this Agreement (a "Service Recipient Caused Event").

(c) Notice. If Service Provider's ability to perform its obligations hereunder is affected by a Force Majeure Event or a Service Recipient Caused Event, Service Provider shall use commercially reasonable efforts to promptly ascertain the extent to which Services will need to be suspended and give notice to Service Recipients stating (i) the nature of such event, (ii) other than in the case of a Service Recipient Caused Event, its anticipated duration, and (iii) any action being taken to avoid or minimize its effect.

(d) Scope. Service Recipients and Service Provider shall use commercially reasonable efforts to remedy Service Provider's inability to perform and to mitigate any damage as a result of any Service Recipient Caused Effect.

Section 4.7 Exclusive Remedy. Service Recipients' sole and exclusive remedy due to a breach of this Agreement by Service Provider shall be the termination of this Agreement to the extent permitted pursuant to this ARTICLE 4, remedies under Section 6.12(e), or indemnification pursuant to ARTICLE 5. Service Provider's sole and exclusive remedy due to a breach of this Agreement by Service Recipients shall be the termination of this Agreement to the extent permitted under this ARTICLE 4, or remedies under Section 6.12(e) or indemnification pursuant to ARTICLE 5.

Section 4.8 Payment on Termination or Expiration. Service Provider shall issue one or more invoices to Service Recipients for an aggregate amount (the "Termination Payment") equal to all costs, expenses, expenditures or other payment of any kind (other than a loan or the repayment of principal) ("Costs") incurred by Service Provider or its Affiliates in terminating the Services, including (a) all Costs that are incurred by Service Provider or its Affiliates in terminating any connectivity or information technology infrastructure to the extent used in connection with the Services, and (b) all cancellation or termination charges paid by Service Provider or any of its Affiliates for contracts or purchase orders (including licenses) entered into by Service Provider or any of its Affiliates in connection with the provision of the Services; *provided, however,* that in respect of any voluntary early termination of a Service by Service Recipients, upon the written request by Service Recipients, Service Provider shall provide a good faith estimate of any such termination Costs that would reasonably be expected to apply to an early termination of a Service within thirty (30) days of receipt of such request by Service Provider and Service Recipients shall have the right to revoke such early termination within thirty (30) days following receipt of such estimate. Service Recipients shall pay the Termination Payment to Service Provider within thirty (30) days of receipt of such invoice. Notwithstanding any expiration or termination of this Agreement, Service Recipients shall remain responsible for paying any amounts under ARTICLE 2 relating to periods prior to the expiration or termination of the Agreement and for Reimbursable Costs (including any applicable surcharges pursuant to Section 2.1(a)) incurred prior to such expiration or termination or that Service Recipients are obligated to pay under this Agreement.

Section 4.9 Actions Upon Termination. If a Party, or its Affiliates, holds or controls equipment, books, records, files or any other documents or other property owned by the other Party, or any of the other Party's Affiliates, then upon termination or expiration of this Agreement, the Party in possession or control of such property, including Intellectual Property and Service Provider Confidential Information and Service Recipient Confidential Information, as applicable, shall promptly return or deliver, and shall cause, as the case may be, any of its Affiliates to return or deliver, all such property of the other Party, or its Affiliates; *provided* that the Party in possession or control of such property shall not be obligated to return or destroy any Service Provider Confidential Information and Service Recipient Confidential Information, as applicable, that is stored on back-up media solely for routine data archiving or disaster recovery purposes and that is subject to destruction in due course provided such Party is precluded from accessing such Service Provider Confidential Information and Service Recipient Confidential Information, as applicable, stored on the back-up media in the ordinary course of business prior to destruction.

Each Party shall bear its and its Affiliates' reasonable costs and expenses associated with the return thereof.

ARTICLE 5
LIMITATION ON LIABILITY; INDEMNIFICATION

Section 5.1 Limitation on Liability.

(a) EXCEPT TO THE EXTENT THAT A SERVICE RECIPIENT OR ITS AFFILIATES OR REPRESENTATIVES SUFFER DAMAGES THAT ARE CAUSED BY, RESULT FROM OR ARISE OUT OF SERVICE PROVIDER'S OR ITS AFFILIATES' BREACH OF SECTION 6.12 OR ITS GROSS NEGLIGENCE, ACTUAL FRAUD OR WILLFUL MISCONDUCT IN CONNECTION WITH ANY SERVICES, TRANSACTIONS, ACTIONS OR INACTIONS, (i) (WITHOUT LIMITING ANY LIABILITY UNDER SECTION 5.2) NEITHER SERVICE PROVIDER NOR ITS AFFILIATES OR ITS REPRESENTATIVES (EACH, A "SERVICE PROVIDER INDEMNIFIED PARTY") SHALL HAVE ANY LIABILITY HEREUNDER IN CONTRACT, QUASI-CONTRACT, BREACH OF REPRESENTATION AND WARRANTY (EXPRESS OR IMPLIED), PERSONAL INJURY OR OTHER TORT, UNDER LAW OR OTHERWISE, FOR OR IN CONNECTION WITH ANY SERVICES PROVIDED OR TO BE PROVIDED HEREUNDER BY ANY SERVICE PROVIDER INDEMNIFIED PARTY PURSUANT TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY SERVICE PROVIDER INDEMNIFIED PARTY'S ACTIONS OR INACTIONS IN CONNECTION WITH ANY SUCH SERVICES OR TRANSACTIONS, TO THE SERVICE RECIPIENTS OR THEIR AFFILIATES OR REPRESENTATIVES AND (ii) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL SERVICE PROVIDER OR ITS AFFILIATES OR REPRESENTATIVES OTHERWISE BE LIABLE WITH RESPECT TO CLAIMS RELATING TO OR ARISING OUT OF THIS AGREEMENT FOR (A) AMOUNTS EXCEEDING THE AGGREGATE REIMBURSABLE COSTS PAID OR OWING BY SERVICE RECIPIENTS IN ACCORDANCE WITH THIS AGREEMENT OR (B) (WITHOUT LIMITING ANY LIABILITY UNDER SECTION 5.2(b)(i)) ANY SERVICES PROVIDED BY A THIRD PARTY THAT ARE PERFORMED UNDER SEPARATE ARRANGEMENTS BETWEEN A SERVICE RECIPIENT AND SUCH THIRD PARTY.

(b) EACH SERVICE RECIPIENT, ON BEHALF OF ITSELF AND ITS AFFILIATES, HEREBY, RELEASES, DISCHARGES AND FOREVER ACQUITS SERVICE PROVIDER AND THE SERVICE PROVIDER INDEMNIFIED PARTIES FROM ANY LOSSES RELATING TO THIS AGREEMENT OR HEREUNDER IN RELATION TO PERFORMANCE OF ANY PORTION OF THE SERVICES, INCLUDING RELATING TO ANY ACT, OMISSION OR OTHERWISE OF SERVICE PROVIDER, ITS AFFILIATES, REPRESENTATIVES, SUBCONTRACTORS OR OTHER PERSONS PERFORMING ANY PORTION OF THE SERVICES, EXCEPT TO THE EXTENT ARISING FROM THE GROSS NEGLIGENCE, ACTUAL FRAUD OR WILLFUL MISCONDUCT OF SERVICE PROVIDER.

(c) Except to the extent arising from gross negligence, actual fraud or willful misconduct of a Party and notwithstanding any other provisions of this Agreement to the contrary, no Party or its Affiliates, or their respective Representatives, shall be liable for special, punitive, exemplary, incidental, consequential or indirect damages or loss of revenue, income or profits, diminution of value or loss of business reputation or opportunity of the other Party or such other Party's Affiliates, whether based on contract, tort, strict liability, other Law or otherwise and whether or not arising from the other Party's or its Affiliates', or any of their respective Representatives' sole, joint or concurrent negligence, strict liability or other fault, for any matter relating to this Agreement and the transactions contemplated hereby, and in particular, no "multiple of profits" or "multiple of cash flow" or similar valuation methodology shall be used in calculating the amount of any losses ("Non-Reimbursable Damages"); *provided* that any Damages payable to Third Parties pursuant to Section 5.2 hereunder shall not be deemed to constitute Non-Reimbursable Damages; *provided further, however*, nothing in this Section 5.1 shall limit Service Recipients' obligation to make payments to Service Provider as required by ARTICLE 3 of this Agreement. The Parties further agree that the waivers and disclaimers of liability, indemnities, and limitations on liability expressed herein shall survive termination or expiration of this Agreement and shall apply at all times, whether in contract, equity, tort or otherwise, regardless of the fault, negligence (in whole or in part), strict liability, breach of contract or breach of warranty of the Party indemnified or whose liabilities are limited and shall extend to the Affiliates and Representatives of such Party.

(d) Notwithstanding anything in this Agreement to the contrary, no Affiliate of Service Provider (or any Representative of Service Provider or its Affiliates) shall have any personal liability to Service Recipients or any other Person as a result of the breach of any representation, warranty, covenant, agreement or obligation of Service Provider in this Agreement, and no Affiliate of any Service Recipient (or any Representative of any Service Recipient or any of its Affiliates) shall have any personal liability to Service Provider or any other Person as a result of the breach of any representation, warranty, covenant, agreement or obligation of any Service Recipient in this Agreement.

Section 5.2 Indemnification.

(a) Subject to the limitations of liability in this ARTICLE 5, Service Recipients, jointly and severally, hereby agree to indemnify and hold harmless the Service Provider Indemnified Parties, from and against all Damages to the extent arising from or relating to the provision of Services, or a breach of this Agreement by Service Recipients or their Affiliates, including arising from the negligence of Service Recipients, but excluding to the extent such Damages arise out of or relate to the gross negligence, actual fraud or willful misconduct of any Service Provider Indemnified Party or other matters in respect of which Service Provider is obligated to indemnify a Service Recipient Indemnified Party pursuant to Section 5.2(b).

(b) Subject to the limitations of liability in this ARTICLE 5, Service Provider hereby agrees to indemnify and hold harmless each Service Recipient and their respective Affiliates, and their respective Representatives (each, a "Service Recipient Indemnified Party"), from and against (i) all Damages based on third party claims to the extent arising from any Security Breach involving any Service Recipient data in the possession of Service Provider or its Affiliates in connection with the provision of the Services (other than any such Security Breach to the extent due to the action of any Service Recipient or any of its employees while accessing the IT Assets of the Service Provider) or (ii) all Damages to the extent arising from or relating to a breach of Section 6.12(b) or the gross negligence or willful misconduct of Service Provider or its Affiliates in connection with this Agreement, but excluding to the extent such Damages arise out of or relate to matters in respect of which Service Recipients are obligated to indemnify a Service Provider Indemnified Party pursuant to Section 5.2(a).

(c) If a Service Recipient Indemnified Party or a Service Provider Indemnified Party (each, an "Indemnified Entity") believes that a claim, demand or other circumstance exists that has given or may reasonably be expected to give rise to a right of indemnification under this Section 5.2 (whether or not the amount of Damages relating thereto is then quantifiable), such Indemnified Entity shall assert its claim for indemnification by giving written notice thereof (a "Claim Notice") to the Party from which indemnification is sought (the "Indemnifying Party") (i) if the event or occurrence giving rise to such claim for indemnification is, or relates to, a claim, suit, action or proceeding brought by a Person not a Party to this Agreement or affiliated with any Party (a "Third Party"), within thirty (30) Business Days following receipt of notice of such Claim by such Indemnified Entity, or (ii) if the event or occurrence giving rise to such action or claim for indemnification is not, or does not relate to, a Claim brought by a Third Party, within thirty (30) days after the discovery by the Indemnified Entity of the circumstances giving rise to such Claim for indemnity. Each Claim Notice shall describe the claim in reasonable detail. The failure or delay by the Indemnified Entity to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any indemnification obligation hereunder except to the extent that the defense of such Claim is materially prejudiced by such failure to give such notice.

ARTICLE 6
MISCELLANEOUS

Section 6.1 Entire Agreement; Amendment and Waiver.

(a) This Agreement and the Exhibits attached hereto, together with the Purchase Agreement and the Schedules, constitute the entire agreement between the Parties pertaining to the subject matter hereof, and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions of the Parties, whether oral or written, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof (and the Parties each hereby expressly disclaim any reliance whatsoever on any such purported prior and contemporaneous agreements, understandings, negotiations and discussions, or warranties, representations or other agreements), except as specifically set forth herein or therein.

(b) This Agreement may not be amended, supplemented or modified except by an instrument in writing signed on behalf of each Service Provider and Service Recipients. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective, unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

Section 6.2 **Non-Solicitation**. Except as expressly contemplated herein or in the Purchase Agreement, from the Effective Date through the period that is one (1) year from and after the expiration or termination of this Agreement:

(a) Service Recipients agree that they will not solicit for hire or employment or employ, and they shall use commercially reasonable efforts to cause their Affiliates not to solicit for hire or employment or employ, any then-current officer or employee of Service Provider or any of its Affiliates with whom Service Recipients or their Affiliates had contact with as a result of the provision of the Services pursuant to this Agreement, without Service Provider's prior written consent; and

(b) Service Provider agrees that it will not solicit for hire or employment or employ, and it shall use commercially reasonable efforts to cause its Affiliates not to solicit for hire or employment or employ, any then-current officer or employee of any Service Recipient or any of their respective Affiliates with whom Service Provider or its Affiliates had contact with as a result of the provision of the Services pursuant to this Agreement (or prior Affiliation with the Service Recipients), without Service Recipients' prior written consent.

(c) The foregoing restrictions of clauses (a) and (b) of this Section 6.2 shall not apply to any solicitation (or any hiring as a result of any solicitation) (i) that consists of a general advertisement or solicitation by any Party or their respective Affiliates through the use of media advertisements, the Internet (including the internal career websites of such Party's or its Affiliates' internal career websites) or professional search firms that not specifically directed toward such specified Persons or (ii) of any Person who is no longer employed by Service Provider or its Affiliates (in the case of clause (a)) or Service Recipients or their Affiliates (in the case of clause (b)). In the event of a breach of this Section 6.2, the breaching Party shall pay to the other Party, as agreed upon liquidated damages and not as a penalty, an amount equal to twelve (12) months of the affected employee's compensation (inclusive of salary and bonus). Service Recipients, on the one hand, and Service Provider, on the other hand, each agrees that the other Parties' actual damages in the event of such breach would be extremely difficult or impracticable to determine. After negotiation, the Parties have agreed that such amount is in the nature of liquidated damages and is a reasonable and appropriate measure of the damages that the non-breaching Party would incur as a result of such breach, and does not represent a penalty.

Section 6.3 **Governing Law**. This Agreement (as well as any claim or controversy arising out of or relating to this Agreement or the transactions contemplated hereby) shall be governed by and construed in accordance with the Laws of the State of New York, without regard to the conflicts of laws rules thereof that would otherwise require the Laws of another jurisdiction to apply.

Section 6.4 **Assignment**. Neither this Agreement nor any of the rights or obligations hereunder shall be assignable or transferable by merger, operation of law or otherwise by either of the Parties hereto without the prior written consent of the other Parties, which shall not be unreasonably withheld, conditioned or delayed. This Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns. Any attempted assignment in violation of the terms of this Section 6.4 shall be null and void ab initio.

Section 6.5 **<u>Notice from Judicial/Governmental Authorities</u>**. Upon obtaining actual knowledge thereof, each Party shall submit to the other Party written notice of and copies of any relevant documents in the submitting Party's possession relating to: (a) any litigation, claims, disputes or actions, threatened or filed; (b) any actual refusal to grant, renew or extend, or any action pending or threatened that might affect the granting, renewal or extension of, any Permit; (c) any dispute with any Governmental Entity concerning the Services to be performed hereunder; (d) all penalties or notices of violation issued by any Governmental Entity concerning the Services to be performed hereunder, and (e) any breach or contravention of any applicable Law or Permit.

Section 6.6 **<u>Notices</u>**. All notices and other communications hereunder shall be in writing and shall be deemed given (a) when received, if delivered personally, (b) when sent, if sent by facsimile transmission (*provided* that the sender receives confirmation of successful transmission) or by electronic mail or (c) when received, if mailed by overnight courier or certified mail (return receipt requested), postage prepaid, in each case, to the Party being notified at such Party's address indicated below (or at such other address for a Party as is specified by like notice):

If to Service Provider:	[American Electric Power Service Corporation [Address] Attention: [______] Email: [______]
With a copy (which will not constitute notice) to:	[American Electric Power Service Corporation [Address] Attention: [______] Email: [______] Morgan, Lewis & Bockius LLP 101 Park Ave. New York, NY 10178-0060 Attention: John G. Klauberg and Michael E. Espinoza Email: john. klauberg@morganlewis.com and michael.espinoza@morganlewis.com
If to Service Recipients:	[Company] [Address] Attention: [______] Email: [______]
With a copy (which will not constitute notice) to:	[Company] [Address] Attention: [______] Email: [______]

Section 6.7 **<u>Construction of Agreement</u>**. The terms and provisions of this Agreement represent the results of negotiations among the Parties, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether

legal, economic or otherwise. Accordingly, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereby waives the application in connection with the interpretation and construction of this Agreement of any law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. All references in this Agreement to Sections, Articles and Exhibits without further specification are to Sections and Articles of, and Exhibits to, this Agreement. The Exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein for all purposes and references to this Agreement shall include a reference to all Exhibits, as the same may be amended, modified or supplemented from time to time in accordance with this Agreement. The captions in this Agreement are for convenience only and shall not in any way affect the meaning, interpretation or construction of any provisions of this Agreement. The word "including" means "including but not limited to." The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as the feminine and neutral genders of such term. Time is of the essence in the performance of the Parties' respective obligations under this Agreement.

Section 6.8 **Dispute Resolution**. In the event a dispute arises between the Parties arising out of or in connection with or with respect to this Agreement or any breach thereof, if the Parties are unable to resolve any such dispute between themselves, either Party may, upon written notice to the other, submit such dispute to designated senior executives of the Parties, who shall meet to attempt to resolve the dispute by good faith negotiations. In the further event the Parties are unable to resolve such dispute within twenty (20) days after such notice is received, either Party may proceed with any other rights or remedies available to it. For the sake of clarity, the provisions of this Section 6.8 shall not be intended to limit or delay any rights available to either Party available under ARTICLE 4.

Section 6.9 **Jurisdiction; Venue; Waiver of Jury Trial**.

(a) Each of the Parties hereto irrevocably agrees that any Action arising out of or relating to this Agreement brought by a Party (or any of their respective successors or assigns) shall be brought and determined in any state or federal court sitting in the State of New York, within the Borough of Manhattan, City of New York, and Service Recipients and Service Provider hereby irrevocably submit to the exclusive jurisdiction of the aforesaid courts for themselves and with respect to their property, generally and unconditionally, with regard to any such Action arising out of or relating to this Agreement and the transactions contemplated hereby. Service Recipients and Service Provider agree not to commence any Action relating thereto except in the courts described above in New York, other than Actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in New York as described herein.

(b) Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and Service Recipients and Service Provider further waive any argument that such service is insufficient. Service Recipients and Service Provider hereby irrevocably and unconditionally waive, and agree not to assert, by way of motion or as a defense, counterclaim or otherwise, in any Action arising out of or relating to this Agreement or the transactions contemplated hereby, (i) any claim that it is not personally subject to the jurisdiction of the courts in New York as described herein for any reason, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) that (A) the Action in any such court is brought in an inconvenient forum, (B) the venue of such Action is improper or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(c) EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR ANY OF THE TRANSACTIONS (INCLUDING THE FINANCING) CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, SUIT OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVER AND CERTIFICATIONS IN THIS SECTION 6.9(c).

Section 6.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

Section 6.11 No Reliance; No Third Party Beneficiaries.

(a) No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement, and the Parties assume no liability to any third party because of any reliance on the representations, warranties and agreements of the other Party contained in this Agreement, other than the rights of Indemnified Entities set forth in ARTICLE 5 (which are intended to be for the benefit of the Persons covered thereby and may be enforced by such Persons).

(b) The terms and provisions of this Agreement are not intended to confer in or on behalf of any Person not a Party (and their successors and assigns) any rights, benefits, causes of action or remedies with respect to the subject matter or any provision hereof.

Section 6.12 Confidentiality.

(a) Service Provider Confidential Information. Service Recipients acknowledges that Service Provider Confidential Information is valuable and proprietary to Service Provider and Service Recipients agrees, from and after the Effective Date until the date that is two (2) years after the date of the expiration or termination of the Agreement, not to, directly or indirectly, publish, disseminate, describe or otherwise disclose any Service Provider Confidential Information to any Person (other than (x) Service Recipients' or any of their respective Affiliate's Representatives, or (y) Persons who provide financial analysis, financial ratings, banking, legal, accounting or other services to Service Recipients or their respective Affiliates, provided such Person has agreed not to disclose such information pursuant to an agreement with Service Recipients or their applicable Affiliates or such Person has an obligation of confidentiality to Service Recipients or their applicable Affiliates in each case at least as restrictive as the confidentiality terms herein, subject to, in each case of clauses (x) and (y), the disclosing Party hereby agreeing to be responsible for any breach of this Section 6.12(a) by any such Representatives or such other Persons as if they were considered a Service Recipient for purposes hereof) without the prior written consent of Service Provider. Notwithstanding the foregoing, the term “Service Provider Confidential Information” shall not include information that (i) was in Service Recipients’ possession (including by way of transferring the Books and Records (as such term is defined in the Purchase Agreement) under the Purchase Agreement) on a non-confidential basis prior to it being made available to, or its disclosure to, Service Recipients by Service Provider or its Representatives, *provided* that Service Recipients has contemporaneous proof of such prior possession and that the source of such information was not known by Service Recipients after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, Service Provider or its Representatives or otherwise prohibited from transmitting the information to Service Recipients or their Representatives by a contractual, legal, or fiduciary obligation; (ii) that is or becomes generally available to the public other than as a result (directly or indirectly) of a disclosure or other action by Service Recipients or their Representatives (*provided* that for the avoidance of doubt, information that is of a speculative nature shall not be considered publicly available unless publicly announced or confirmed by Service Provider); (iii) becomes available to Service Recipients on a nonconfidential basis from a person other than Service Provider or its Representatives who are not otherwise bound by any obligation of confidentiality with respect thereto, *provided* that Service Recipients have contemporaneous proof of such prior possession and that the source of such information was not known by Service Recipients after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, Service Provider or its Representatives or otherwise prohibited from transmitting the information to Service Recipients or their Representatives by a contractual, legal, or fiduciary obligation; or (iv) has been independently developed by Service Recipients without the use of Service Provider Confidential Information.

(b) Service Recipient Confidential Information. Service Provider acknowledges that Service Recipient Confidential Information is valuable and proprietary to Service Recipients and Service Provider agrees, from and after the Effective Date until the date that is two (2) years after the date of the expiration or termination of the Agreement, not to, directly or indirectly, publish, disseminate, describe or otherwise disclose any Service Recipient Confidential Information to any Person (other than (x) Service Provider’s or its Affiliate’s Representatives, or (y) Persons who provide financial analysis, financial ratings, banking, legal, accounting or other services to Service Provider or its Affiliates, provided such Person has agreed not to disclose such information pursuant to an agreement with Service Provider or its Affiliates or such Person has an obligation of confidentiality to Service Provider or its Affiliates in each case at least as restrictive as the confidentiality terms herein, subject to, in each case of clauses (x) and (y), the disclosing Party hereby agreeing to be responsible for any breach of this Section 6.12(b) by any of such Representatives or such other Persons as if they were considered a Service Provider for purposes hereof) without the prior written consent of Service Recipients. Notwithstanding the foregoing, the term “Service Recipient Confidential Information” shall not include information that (i) was in Service Provider’s possession on a non-confidential basis prior to it being made available to, or its disclosure to, Service Provider by Service Recipients or any of their Representatives, *provided* that Service Provider has contemporaneous proof of such prior possession and that the source of such information was not known by Service Provider after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, Service Recipients or their Representatives or otherwise prohibited from transmitting the information to Service Recipients or their Representatives by a contractual, legal, or fiduciary obligation; (ii) that is or becomes generally available to the public other than as a result (directly or indirectly) of a disclosure or other action by Service Provider or its Representatives (*provided* that for the avoidance of doubt, information that is of a speculative nature shall not be considered publicly available unless publicly announced or confirmed by Service Recipients); (iii) becomes available to Service Provider on a nonconfidential basis from a person other than Service Recipients or their Representatives who are not otherwise bound by any obligation of confidentiality with respect thereto, *provided* that Service Provider have contemporaneous proof of such prior possession and that the source of such information was not known by Service Provider after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, Service Recipients or their Representatives or otherwise prohibited from transmitting the information to Service Provider or its Representatives by a contractual, legal, or fiduciary obligation; or (iv) has been independently developed by Service Provider without the use of Service Recipient Confidential Information.

(c) Permitted Disclosure. In the event that any Party or any of its Representatives is requested or required by Law, judicial process or the rules or policies of any applicable stock exchange, such Party (the "Compelled Party") agrees that it shall provide the other Party, to the extent legally permissible, with prompt notice of such request(s) or requirement(s) so that such other Party may seek an appropriate protective order or other appropriate remedy (including quashing the underlying request or requirement) and/or waive the Compelled Party or such Representatives' compliance with the provisions of this Agreement, unless restricted by Law (as interpreted by the legal counsel of the Compelled Party), together with the text of the proposed disclosure as far in advance of its disclosure as is reasonably practicable, and will in good faith consult with and consider the suggestions of such other Party concerning the nature and scope of the information the Compelled Party (or its Representative) proposes to disclose. The Compelled Party agrees to cooperate fully with the other Party to permit such other Party to obtain a protective order or other appropriate remedy in order to limit such disclosure. In the event that no such protective order or other remedy is obtained, or in the event that the other Party waives compliance with the terms of this Agreement, the Compelled Party may disclose that portion (and only that portion) of the Service Recipient Confidential Information or Service Provider Confidential Information (as applicable) which, based on the advice of the Compelled Party's counsel who has been informed of the relevant facts, it or its Representatives are legally required to disclose (*provided* that the Compelled Party promptly notifies the other Party that a portion of the Service Recipient Confidential Information or Service Provider Confidential Information (as applicable) has been furnished and sufficiently identify such furnished portion of the Service Recipient Confidential Information or Service Provider Confidential Information (as applicable)), and shall use commercially reasonable efforts to ensure that all such Service Recipient Confidential Information or Service Provider Confidential Information (as applicable) that is so disclosed will be accorded confidential treatment. Notwithstanding the foregoing, prior notice to Service Recipients or Service Provider, respectively, shall not be required in the event that any Service Recipient Confidential Information or Service Provider Confidential Information (as applicable) is required to be disclosed during a routine review or inspection by any governmental authority with jurisdiction over the Service Provider or Service Recipients, respectively, or any of their respective Representatives, respectively, that is not specifically targeted at, and that does not reference, any Party or any Services or this Agreement; *provided* that such Party or any such Representative shall give notice to the other Party as promptly as reasonably practicable after such disclosure, shall disclose only that part of the Service Recipient Confidential Information or Service Provider Confidential Information (as applicable) that the such Compelled Party reasonably believes is required to be disclosed under the circumstances, and shall use commercially reasonable efforts to ensure that all Service Recipient Confidential Information or Service Provider Confidential Information (as applicable) that is so disclosed will be accorded confidential treatment.

(d) Remedies. It is understood and agreed that the Service Recipient Confidential Information and Service Provider Confidential Information (as applicable) is special, unique and of extraordinary character, and that Service Recipients or Service Provider, respectively, may be irreparably harmed by a breach of this Agreement. Service Recipients and Service Provider's acknowledge that money damages might be both incalculable and an insufficient remedy for any breach of the provisions of this Section 6.12. In the event that any Party, its Representatives shall have knowledge of any breach of this Section 6.12, such Party shall promptly give notice thereof to the other Party. The Parties agree that in the event of any breach or threatened breach of this Section 6.12, each Party shall be entitled, without the requirement of posting a bond or other security, and without proof of any actual damages, to equitable relief, including injunctive relief and specific performance. Such equitable remedies shall not be deemed to be the exclusive remedies available to the Parties for a breach or threatened breach of this Section 6.12, and such equitable relief shall be in addition to all other remedies available to the Parties and its Affiliates at law or in equity. Each Party also agrees to reimburse the other Party for all costs and expenses, including reasonable attorney's fees, incurred by them at both trial and all appellate proceedings, in successfully enforcing the Party's obligations under this Section 6.12. Each Party shall indemnify and hold the other Party harmless from any Damages (including reasonable legal fees or other costs of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by the indemnifying Party or its Representatives of any Service Recipient Confidential Information or Service Provider Confidential Information (as applicable).

Section 6.13 Counterparts. This Agreement, and any certificates and instruments delivered hereunder or in accordance herewith, may be executed in multiple counterparts (each of which shall be deemed an original, but all of which together shall constitute one and the same instrument). Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall have the same effect as physical delivery of the paper document bearing the original signature. .

Section 6.14 Further Assurances. Subject to the terms and conditions of this Agreement, at any time and from time to time during the term of this Agreement, at any Party's request and without further consideration, the other Party shall execute and deliver to such requesting Party such other instruments, provide such materials and information and take such other actions as such Party may reasonably request as necessary or desirable to carry out the terms of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

AMERICAN ELECTRIC POWER SERVICE CORPORATION AS AGENT FOR AMERICAN ELECTRIC POWER COMPANY, INC. AND AEP TRANSMISSION COMPANY, LLC

By: ________________________________

Name:

Title:

KENTUCKY POWER COMPANY

By: ________________________________

Name:

Title:

AEP KENTUCKY TRANSMISSION COMPANY, INC.

By: ________________________________

Name:

Title:

Exhibit A

SERVICES

See attached.

Exhibit A – Transition Service Agreement

ID	Description of Services	Term
ENV-1	**Environmental** *Data Transfer for Environmental Reports* • Provide data from the time period that Service Provider or its Affiliates operated Big Sandy as reasonably required for Service Recipients to prepare requirements and environmental reports as required by permits and regulations.	6 months from Effective Date
GEN-1	**Generation** *Provide services for routine groundwater recording requirements* • Provide consulting support on historical information for Service Recipient placing in operating record.	6 months from Effective Date
GEN-2	**Generation** *Near-term CEMS support for Big Sandy* • Provide routine support for CEMS equipment and QA checks of data at Big Sandy. • Provide support for CEMS testing as reasonably requested by Service Recipients including Flow RATA, Gas RATA & Stratification, PET, HCL, and Hg.	6 months from Effective Date
GEN-3	**Generation** *Emergent/unplanned issue and planned outage support from SMEs for Big Sandy* • Provide customary and reasonable subject matter expert support (taking into account subject matter expert availability) for Big Sandy as provided prior to Closing, including phone calls and/or site visits on occasion. Service Provider will review and have an approval right over resource availability and subject matter expert responses requiring more than 2 hours support for response. • Provide reasonable engineering support during large scale planned outages occurring in 2022. • Provide reasonable Shop, RSO, and Field Services support during large scale planned outages occurring in 2022.	9 months from Effective Date
GEN-4	**Generation** *Provide services for operations tuning support* • Review combustion related inspections. • Perform tune-up testing. • Write tune-up report.	6 months from Effective Date
NERC-1	**NERC Compliance Transition** *Overall support to transition all activities related to NERC compliance* • See Exhibit D to TSA (Compliance with Reliability Standards) and Appendix A attached thereto.	6 months from Effective Date
TR-1	**Transmission** *Transmission Real-time Support* • Provide reasonable access subject to prior notice to subject matter experts to address questions and knowledge transfer items. • During the Transition, the Recipient will work to establish certification as a TOP by the end of the 24th month and that certification will be shared with the Service Provider once established. • TADS reporting to NERC	6 – 24 months from Effective Date
DDC-1	**Distribution Dispatch Centers (DDC) Support Services** • Service Provider will provide assistance necessary for DDC including data and cutover plan including data transfer, reporting, and associated other support for DDC related applications. • Refer also to OT-1, Key Applications as they relate to DDC; the chain of custody of controls and protocols will need to be in line with transmission operations and therefore will be dependent on the direction of Transmission Operations in TR-1.	6-12 months from Effective Date

ID	Description of Services	Term
MO-1	**Market Operations – Fuel Procurement and Logistics**[1] *Fuel Procurement & Logistics* • Advise and assist in contracting for the procurement and scheduling of natural gas supply and transportation for Big Sandy based on expected dispatch for the next gas day; *provided* all related contracts and transactions shall be executed by a Service Recipient or otherwise Service Provider will be delegated limited authority (in form and substance acceptable to any relevant counterparties) to execute and bind Service Recipient to such contracts or transactions. • Assist with transition of contract management, inventory management, nomination, scheduling, management reporting, transportation logistics, fieldwork, and transitional training for Big Sandy. • Service Provider will purchase (subject to mutually acceptable customary agreements with a Service Recipient) and schedule physical gas for the plants on a next-day basis in concert with reasonable direction from the Service Recipient or its energy manager. • Service Provider will handle transactions related to the intraday purchases (subject to the established agreements with a Service Recipient) of fuel and balancing of nominations on gas pipelines in concert with the Service Recipient or its energy manager.	1 month from Effective Date
MO-2	**Market Operations – Day Ahead and Real Time** *Unit Generation Dispatch* • Monitor signals and take direction from PJM for Service Recipient's generating units. Relay those directions, commitments and settings to the Unit Operators and controls. • Relay information on real time unit conditions to AEP Transmission Owner (TO) and PJM.	1 month from Effective Date
MO-3	**Market Operations – Day Ahead and Real Time** *GADS Reporting* • Create GADS events in Service Provider's native application as they are scheduled or occur. • Provide Service Recipient with list of events needing cause codes entered and then enter codes. • Submit monthly event reporting as required by NERC and PJM.	1 month from Effective Date
MO-4	**Market Operations – Day Ahead and Real Time** *Outage Support and Communications to PJM* • Relay outage/curtailment information from Big Sandy personnel to PJM by phone call (when appropriate) and through the market systems, PJM's eDART and Market's Gateway. • Schedule maintenance and planned outages/curtailments at the direction of Service Recipient (provided by ProdOps). • Maintain updates of the aforementioned as they arise.	1 month from Effective Date
MO-5	**Market Operations – Day Ahead and Real Time** *Unit characteristic updates to PJM* • Provide any relevant master file, CIM, or related configuration updates related to the Service Recipients to PJM that may occur (provided by ProdOps).	1 month from Effective Date
MO-6	**Market Operations – Day Ahead and Real Time** *Service Recipient Communications* • Communicate unit issues real-time to Service Recipient as promptly as practicable and follow up with updates. • Take direction from Service Recipient on unit commitment and offers then enter appropriate information into PJM's systems. • Seek at least daily updates on outages, curtailments and liabilities from plant personnel of the Service Recipient. • Submit required testing for Service Recipient into the appropriate market systems.	1 month from Effective Date

[1] The AEP GOP registration will remain effective for Big Sandy through, at a minimum, the end of the term for MO-2 Services provided in Exhibit A to the TSA.

ID	Description of Services	Term
MO-7	**Market Operations – Day Ahead and Real Time** *Telemetry* • Maintain current real time telemetry to/from the plants through the AEP's Generation and Marketing Control System to/from PJM via the AEP ICCP link with PJM. • Maintain current real time telemetry to/from the plants to/from AEPSC's Generation and Marketing Control System in Columbus.	1 month from Effective Date
MO-8	**Market Operations – FEL** *Fuel Pipeline* • Provide training as reasonably required to operate the business of the Service Recipients on area pipelines for each facility and use of regional bulletin boards.	1 month from Effective Date
IT-1	**Information Technology** *Internet Services* • Provide transition Internet services to each site of Owned Real Property and Leased Real Property utilizing new internet connections (to be established prior to Closing) at a monthly fixed fee equal to $11,500 in the aggregate for all or any portion of such sites (to be included as a Reimbursable Cost). • Consistent with the pre-Closing period, 100% application availability is not guaranteed. Service Provider IT will apply commercially reasonable efforts to address reported issues that are in Service Provider's control to resolve. • Service Recipient will use commercially reasonable efforts to install and implement replacement services as soon as possible within the 3-month period and within the extension period if applicable, in each case subject to the requirements and restrictions of Service Provider's existing licenses. Service Recipient shall promptly notify Service Provider in writing upon determining that it will not be unable to obtain replacement services during the initial 3-month period. Service Recipient will provide Service Provider with written status reports bi-weekly on the progress of the replacement services project and significant events. • Subject to interaction with IT-2 and OT-1.	3 months with the option to extend for an additional 3 months if Service Recipient is unable to secure replacement services during the initial 3-month period for causes reasonably beyond its control after exercising commercially reasonable efforts to obtain the replacement services
IT-2	**Information Technology** ***Major Enterprise Applications***[2] • Run and maintain the Major Enterprises Applications, excepting HRIS, together with those applications which are tightly integrated as agreed with AEP during detailed separation planning and associated environments to provide end users access to the system in a manner consistent with prior to closing of the transaction. • Where reasonably possible and based on the incremental effort required and subject to Service Provider license requirements, to be determined prior to the Effective Date regarding how best to grant Service Recipient staff access to these applications, restricted solely to Service Recipient data, or alternatively to provide the necessary reporting and fulfill information requests required by Service Recipient for it to continue to perform the business functions enabled by these applications. To the extent necessary and as determined in accordance with the foregoing, provide supporting business processes that are not practical or feasible to be performed by Service Recipient via providing the necessary data and reports and or other commercially reasonable solutions, which will be determined during blue printing and detailed separation planning to support the associated business processes. • The above services shall only be provided for applications that cannot be stood up prior to the Effective Date pursuant to the Purchase Agreement. Service Provider will work with Service Recipient post announcement to identify applications and investigate solutions that may allow for the continual running	18 months from the Effective Date

[2] As identified on slide 8 of Document 2.14.1 "Nickel Separation Approach and AEPSC Overview for Bidders_August 23 2021" List to be clarified and more fully developed prior to Effective Date.

ID	Description of Services	Term
	and maintenance of the end user tools in a manner consistent with the processes prior to the Effective Date.	
OT-1	**Operations Technology**[3] • Run and maintain the Key Transmission and Distribution non-financial Applications related to real-time operations to support TR-1 and DDC-1, that cannot be transitioned by Close, and associated environments to provide end users access to the system in a manner consistent with prior to closing of the transaction. Including read only screens and role provisioning to limit access to Service Recipient data.	For Services supporting TR-1, 6-24 months from Effective Date. For Services supporting DDC-1, 6-18 months from Effective Date
AC-1	**Accounting** *Filing Support* • Service Provider will provide relevant data in its possession or control pertaining to the following filings at the request of Service Recipient: FERC Form 1. • Service Provider will provide such information and reports at least 10 Business Days prior to the deadline for such certification pursuant to each applicable filing above. • Service Provider shall provide reasonable backup certification to support any certification made by the Service Recipients or their Affiliates with respect to the information Service Provider provides to the Service Recipients or their Affiliates that is incorporated into each applicable filing above.	Until such information is delivered by Service Provider for the Service Provider period of responsibility
AC-2	**Accounting** *Transition Support* • Provide support in the transition of accounts receivable, accounts payable and other accrued liabilities associated with activity occurring prior to the Effective Date. • Transfer of vendor information and data necessary to load payables in the native export format from the applicable source system. • As developed through blue printing sessions prior to the Effective Date, implement commercially reasonable solutions to support key accounting process to maintain books, records, accounting ledgers in the event the systems and business process cannot be established by the Service Receipt prior to the Effective Date. In addition to providing data transfers the services may also include alternatives such as maintaining the existing accounting processes to support standalone operations. • Subject to interaction with IT-2 and OT-1[4]	18 months from Effective Date
REG-1	**FERC Reactive Power Tariff Support (Under Review as of 6/8)** *Support associated with FERC reactive power rate schedule filings including* (subject to appropriate confidentiality and non-disclosure protections)*:* • Provide non-public information from past reactive case filings and cost and testing data: • Provide additional information and support of rate templates, answers to data requests, other associated filings and confidential settlement materials. • Provide reasonable access upon prior notice to subject matter experts to answer questions. • Provide up to eighty hours in the aggregate of work in connection with the preparation of testimony and related preparation by Service Provider personnel regarding historical engineering, testing and performance information that cannot otherwise be provided by employees of Service Recipient or CAMS (including plant personnel who are former Service Provider employees), and then only to the extent that persons with such knowledge are still employed by Service Provider. Such testimony shall not address rate methodology or formula and excludes legal advice.	15 months from the Effective Date

[3] Specific Applications in scope for this service to be determined prior to Effective Date.
[4] Subject to change prior to the Effective Date based on how final IT-2 and OT-1 services are defined.

ID	Description of Services	Term
REG-2	**Regulatory / Accounting** *Regulatory and Accounting Support* • After Closing, Service Provider will respond to requests from Service Recipients for historical data and information that is reasonably required for regulatory filings and compliance. Service Provider will also provide reasonable witness support. • For those financial processes that remain under the control of the Service Provider during the transition period, the Service Provider will continue to apply the same level of financial controls and required certifications that were provided prior to the acquisition, including in connection with any service provider certificates or other evidence reasonably requested by auditors of Service Recipients or their Affiliates of appropriate controls and compliance in respect of the Services for purposes of Service Recipients' compliance with the Sarbanes-Oxley Act of 2002.	6 - 12 months from Effective Date
HR-1	**Human Resources** *Data Entry Support* • Service Provider will validate Service Provider's data and ensure employee population is correctly entered into HRIS to reflect the necessary system changes that result from the transaction. • Excludes services or support for Service Recipients' HRIS.	14 days from Effective Date
CUS-1	**Customer** *Invoicing & Billing* • Service Provider will re-route any Kentucky Power customer payments received by Service Provider to Service Recipients' bank account until all customers are transitioned over to Service Recipients' Invoice and Billing system.	18 months from Effective Date
CUS-2	**Customer** *Payment Remittance Processing* • Service Provider will forward mailed in remittance payments that are owed to Service Recipients to Service Recipients.	18 months from Effective Date
CUS-3	**Customer** *Call Center* • Service Provider to provide Call Center services to Service Recipients • Service exit dependent upon CIS data extraction and transfer.	18 months from Effective Date
CUS-4	**Customer** *Digital Customer Channel Management* • Service Provider to support omni channel customer communication channels including necessary data to support each channel until Service Recipients' capabilities are established.	18 months from Effective Date
SME-1	**Access to Subject Matter Experts** *Information Technology, Procurement, Tax, Transmission, Fuel Procurement & Logistics, Market Operations, Customer, Accounting, Human Resources / Labor Relations, HRIS, Compensation & Benefits, Credit, Insurance, Finance / CP&B, Business Continuity, Emergency/Incident/Crisis Management, Legal[5], Information Governance and Privacy, Physical and Cyber Security, and Enterprise Risk Management and other necessary Subject Matter Experts.* • Service Provider will provide reasonable access upon prior notice to subject matter experts to address questions and knowledge transfer item. • Access to subject matter experts shall be subject to applicable confidentiality requirements, attorney-client privilege and shall exclude provision of legal services.	6 months from Effective Date
PR-6	**Procurement** *Contracts Management* • Provide support for the transition of applicable vendor contracts including initial introductions to the vendors • Support the transfer of vendor data in the native export format from the applicable source system • Subject to interaction with IT-2 and OT-1	6 months from Effective Date

[5] Legal services will not include the provision of Legal advisory services

ID	Description of Services	Term
PM-1	**Project Management** *Transition of KY Power Capital Projects* • Assist with transition of capital projects that are in progress as of the close date for both distribution and transmission by continuing project management activities that cannot be transitioned by close	6 months from Effective Date
[OTH-1]	[Mutually Agreed Services as identified by parties during blueprinting and detailed planning phase of separation approach. • These Services will only be services that are not practical or feasible to be performed by Service Recipient based on the transition plan for the related IT applications identified in IT-2 and OT-1.]	[As mutually agreed by Parties prior to the Effective Date]

Exhibit B

REIMBURSABLE COSTS

Reimbursable Costs for employees of Service Provider and its Affiliates shall be the Employee-Related Expenses, plus an additional amount equal to such cost multiplied by 0.35, multiplied by hours of service provided. If the employee is not paid an hourly rate, then the annual compensation (salary or wage, plus bonus) for such employee will be divided by 2080 hours to achieve an hourly cost.

Exhibit C

EXCLUDED SERVICES

A. Transmission Operations

- **Transmission Services:**
  - integrate the capital planning and system engineering to manage transmission assets;
  - participate in regional transmission organization (RTO) planning and support;
  - ensure that future transmission constraints can be mitigated and reliability criteria can be maintained in order to determine where the transmission system could fail to meet reliability criteria and to initiate system infrastructure upgrades;
  - analyze the transmission system performance on an as-needed basis, for example, in situations where a customer requests a new delivery point, new distribution stations are to be constructed, or customers that accept service at transmission voltage levels want to increase their load;
  - coordinate all transmission line and station construction projects, including (i) input on project timing, (ii) estimating costs of projects, (iii) line routing and siting, (iv) design, material and equipment procurement, (v) right-of-way and property acquisition, and (vi) construction, except as provided in TSA Service PM-1;
  - establish policy and direction for safety, skills training, work tools and equipment procurement, as well as work resource scheduling.[1]
  - maintenance or periodic inspections of any equipment related to the Service Recipients' Facilities, which shall be solely the responsibility and at the sole cost of the Service Representatives;[2]
  - RTO processes including commercial settlements, commercial operations;
  - All activities assigned to Service Recipients with respect to the Reliability Standards listed in Exhibit D.

- **Regulatory Services** (other than access to subject matter experts as expressly set forth in Section SME-1 of Exhibit A to TSA):
  - provide services in the areas of RTO and public policy, regulatory case management, and regulated tariffs;
  - coordinate central activities and develop short and long-range regulatory plans in concert with Service Recipient management;
  - coordinate all RTO activities and represent Service Recipients at the RTO management committee level.

B. Finance, Accounting and Strategic Planning (other than access to subject matter experts as expressly set forth in Section SME-1 of Exhibit A to TSA):

[1] **Note to Draft**: Safety and Transmission Field Services employees transferring with Sale will support implementation of new policies and also have safety skills and practices.
[2] **Note to Draft**: Personnel supporting maintenance are transitioning with the transaction and will continue to support maintenance and periodic inspections based on AEP current maintenance practices.

- **Accounting:**
  - prepare FERC, state and SEC financial reports, prepare and file the consolidated financial statements; and
  - ensure compliance with Generally Accepted Accounting Principles and corporate accounting policy, and monitor SEC and Financial Accounting Standards Board (FASB) rulemaking activities.
- **Tax Services:**
  - prepare and file all income tax returns and administer Internal Revenue Service, state and local examinations, protests and appeals;
  - prepare and file all state and local tax returns, such as gross receipts, franchise, property and sales tax; and
  - provide federal and state tax planning and payment forecasting and monitor federal and state tax legislation and rulemaking activities.
- **Planning and Budgeting**
  - provide long and short-range financial planning services (including services related to forecasting), strategic planning and analyses, and budgeting services; and
  - maintain a computerized financial model used to develop long-term projections and other resource planning.
- **Risk Management**
  - develop and monitor systems that track the level of financial risk inherent in company transactions, and evaluate financial options such as interest rate hedging;
  - oversee and manage property insurance, workers' compensation, third-party claims, director and officer insurance, and injuries and damages insurance; and
  - manage the investigations and processing of workers' compensation, third-party injury and property loss claims.
- **Treasury, Finance and Investor Relations:**
  - manage the Corporate Borrowing Program;
  - conduct all financing activity, including the issuance of debt, equity or hybrid securities, as well as coordinate project financings;
  - maintain relationships with financial institutions and rating agencies; negotiate financing agreements' business terms; provide documentation required by financial institutions and governmental agencies such as the SEC and state regulatory agencies; monitor capital markets; analyze financing alternatives; prepare and file with the SEC documents required by the Securities Act of 1933 and the Securities Exchange Act of 1934;
  - manage the day-to-day cash needs of the Service Recipients to ensure that the use of or investment of cash assets is maximized daily;
  - manage the investments for the employee benefit plans, including the retirement savings plan, cash balance retirement plan, employees' life insurance plan and the disability income plan;
  - through the investor relations function, provide support fundamental to attract and maintain investor capital to provide present and potential equity and debt investors with an accurate portrayal of the Service Recipients' performance and prospects; and
  - provide disclosure and dissemination of information about the Service Recipients through formal presentations, telephone conversations with investors and Wall Street analysts, and face-to-face meetings with investors.

C. <u>Shared Services</u>

- **Human Resources:** (other than access to subject matter experts as expressly set forth in Section SME-1 of Exhibit A to TSA):
    - provide on-call Human Resources professionals to assist employees, retirees and covered dependents with questions and transactions in the areas of compensation, benefits and work/life activities;
    - process all employee benefit claims and receive all benefits related phone calls;
    - provide services in the areas of leadership development, organizational effectiveness, interpersonal skills, and safety management;
    - manage employment services (recruitment, selection, relocation, and outplacement) along with affirmative action, and work/life programs;
    - design and implement employee benefit programs, including medical, dental, vision, prescription drug, life insurance, savings and retirement plans; and
    - process the payroll and maintain the related payroll records for all employees.

- **Information Technology:**
    - provide desktop services, which consist of desktop hardware configuration and installation, and phone support for hardware and software;
    - provide training to employees to develop the skills needed to perform their current and future jobs including custom learning programs, training delivery and classroom rental;
    - plan, engineer and design microwave and fiber optics systems;
    - as specified in Section IT-2 of Exhibit A to the TSA, HR systems support and access will not be provided.

- **Business Logistics**:
    - provide for the operation and maintenance of office and service center facilities;
    - manage facility design, engineering, estimating, and contracting; and the provision of furniture, workspace layout planning, remodeling; office relocation services, major project design and construction services;
    - provide fleet support, encompassing (i) the provision and support of vehicles and equipment including vehicle and equipment procurement and disposal and preventive maintenance; (ii) make-ready work (i.e., preparing base vehicles received from the manufacturer for Service Recipient service work by adding radios, safety kits, decals, load testing, “dealer” preparation work and adding specialized equipment); (iii) cost tracking, billing and lifecycle costing analysis; (iv) specifications for new vehicles and equipment; (v) administrative and governmental compliance; (vi) inspections and testing; (vii) emergency road service; (viii) fuel card administration; and (ix) fuel management services;
    - provide real estate services including (i) management of property acquisition and disposal; (ii) leasing of office space or property from others; (iii) management of land held for future use including the management and maintenance of real estate records; (iv) payment of fees; (v) management of easement grants and licensee agreements;

(vi) lease or sale of surplus space and associated property; (vii) management of income producing property; and (viii) perform property inspections;
- negotiate and provide necessary documents required for the removal, relocation or closure of public roads, or other facilities as may be necessary for construction of company facilities;
- manage forestlands and other land management initiatives;
- provide printing and high speed copy services including plotting and reproduction of engineering drawings;
- provide mail and supply services including the operation of the Service Recipients' internal mail delivery system between major office locations and outlying facilities;
- administer national contracts for office supplies, toner, paper and third party courier services;
- provide and maintain office equipment such as copier equipment;
- provide records management and retention;
- provide travel and event planning services;
- expedite, receive, inspect, store, issue, transfer, deliver, salvage, and scrap all materials required by the transmission, distribution and generation functions; and
- manage the acquisition of materials and outside services including evaluating suppliers, the bidding and acquisition of materials and services, maintaining blanket agreements, managing supplier diversity programs, administering the company credit card program, and managing the asset recovery program.

D. Office of the Chairman

- **Legal services:**
  - perform activities related to corporate finance and compliance, environmental and safety requirements, labor law and relations, litigation, real estate law, employment law, tax law, and federal and state regulatory services; and
  - responsible for the hiring and oversight of external legal counsel.
- **Internal Audit:**
  - provide audit and review services to assist management and the board of directors in the effective discharge of their responsibilities to establish, maintain, and oversee a proper internal control environment;
  - coordinate external audits from federal, state and other regulatory bodies; and
  - coordinate external audit from independent audit firm.
- **Corporate communications:**
  - manage and coordinate communications between the Service Recipients and internal and external customers;
  - provide services in the areas of community relations, educational services, employee communications, and customer communications;
  - provide information to the general public such as information about customer service, electrical safety, emergency situations or mandated regulatory information; and
  - ensure that information necessary for employees to properly perform their jobs is available from a single, credible and reliable source.
- **Environment and Safety:**

  - provide leadership in all areas of safety awareness and administer the safety and loss-control programs related to employee and public safety;
  - perform planned inspections;
  - ensure emergency preparedness;
  - perform accident and incident analysis;
  - develop, train, and monitor personal protective equipment use and standards;
  - recommend and select safety equipment for purchase;
  - ensure legal compliance with Occupational Safety and Health Agency and U.S. Department of Transportation regulations; and
  - work with power plant and operating company management to determine the environmental risks state-by-state and plant-by-plant and developing long-term strategies to manage those risks proactively.
- **Federal/External Affairs** (except to the extent expressly required pursuant to the Purchase Agreement):
  - meeting and communication with federal and state legislators and local elected officials; and
  - maintaining close working relationships with legislators and legislative staffs; and the management of legislative issues.

Exhibit D

COMPLIANCE WITH RELIABILITY STANDARDS

In providing the Services outlined in Section 2.14 of the TSA and Sections NERC-1 and TR-1 of Exhibit A to the TSA, Service Provider agrees to provide data to support Service Recipients for the NERC Reliability Standards pertaining to the Service Recipients' Facilities, in each case in compliance with Appendix A attached hereto.

Standard	Standard Title	Comments
CIP-002	BES Cyber System Categorization	Service Recipients are defined as the "responsible party" for implementing a process to identify and document medium and low BES Cyber Systems associated with this standard. Service Provider will provide available data for Service Recipients' Facilities, where warranted.
CIP-003	Security Management Controls	Service Recipients are defined as the "responsible party" for developing and implementing plans for: Cyber Security Awareness, Physical Security Controls, Electronic Access Controls, Cyber Security Incident Response, Transient Cyber Asset and Removable Media Code Risk Mitigation.
COM-001	Communications	Service Recipients are responsible for implementing and ensuring all required Interpersonal Communication capabilities necessary to maintain reliability. All communications/directives/Operating Instructions impacting the reliability of the Bulk Electric System ("BES") shall be through the AEP Energy Delivery Operations System Control Center and Service Provider Transmission Dispatch Center, as it would be for the AEP Transmission Operator Area. Service Recipients are responsible for Distribution Provider ("DP") related requirements and Service Provider is responsible for Transmission Operator ("TOP") related requirements regarding Service Recipients' Facilities.
COM-002	Operating Personnel Communications Protocol	All communications/directives/Operating Instructions impacting reliability of the BES shall be through the AEP Energy Delivery Operations System Control Center and Service Provider Transmission Dispatch Center. Service Recipients are responsible for DP related requirements and Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
EOP-004	Event Reporting	Service Recipients are defined as the "responsible party" for all event reporting relative to its applicable NERC DP

		and Transmission Owner ("TO") registrations. Similarly, Service Provider is the "responsible party" for event reporting associated with TOP event types outlined in EOP-004 for the Service Recipients' Facilities.
EOP-005	System Restoration from Blackstart Resources	Service Recipients' Facilities are included in Service Provider's system restoration and blackstart plans as part of the Operating Services outlined in Section 1.6 of Exhibit B.
EOP-011	Emergency Operations	All communications/directives/Operating Instructions impacting reliability of the BES to mitigate operating Emergencies shall be through the AEP Energy Delivery Operations System Control Center and the Service Provider Transmission Dispatch Center. Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
FAC-014	Establish and Communicate System Operating Limits	Service Recipients shall provide Service Provider with the necessary Service Recipients' Facilities reliability data for the registered TOP to establish and provide System Operating Limits consistent with the Reliability Coordinator's SOL Methodology. Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
IRO-001	Reliability Coordination-Responsibilities	All communications/directives/Operating Instructions impacting reliability of the BES shall be through the AEP Energy Delivery Operations System Control Center and Service Provider Transmission Dispatch Center. Service Recipients are responsible for DP related requirements and Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
IRO-010	Reliability Coordination Data Specification and Collection	Service Recipients are solely responsible for such requirements associated with its NERC DP and TO registrations. The operational reliability data needed to perform Operational Planning Analyses, Real-time Monitoring, and Real-time Assessments has applicability and responsibility between ReliabilityFirst, Service Provider registered TOP performing the operations services, and the Service Recipients'-registered DP and TO. Service Provider is only responsible for implementing and satisfying the RC documented data specifications, as it would for its own registered TOP requirements applicability.
PER-003	Operating Personnel Credentials	All communications/directives/Operating Instructions impacting reliability of the BES shall be through the AEP Energy Delivery Operations System Control Center and the Service Provider Transmission Dispatch Center. Service Provider is responsible for implementing the operations services to monitor, assess, analyze, operate, and dispatch

		the Service Recipients' Facilities with NERC certified System Operators who perform Transmission Operator reliability-related tasks.
PER-005	Operations Personnel Training	All communications/directives/Operating Instruction impacting the reliability of the BES shall be through the AEP Energy Delivery Operations System Control Center and the Service Provider Transmission Dispatch Center. Service Recipients are responsible for TO related requirements and Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
TOP-001	Transmission Operations	All communications/directives/Operating Instructions impacting reliability of the BES shall be through the AEP Energy Delivery Operations System Control Center and the Service Provider Transmission Dispatch Center. Service Recipients are responsible for DP related requirements and Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
TOP-002	Operations Planning	Service Recipients shall provide Service Provider operational modeling data as outlined in Exhibit B. Service Provider is responsible for including Service Recipients' facilities in Service Provider's Operational Planning Analysis to assess if planned operations exceed System Operating Limits (SOLs) and having a plan for operating within such specified limits. Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.
TOP-003	Operational Reliability Data	Service Recipients are solely responsible for such reliability data requirements associated with its DP and TO registrations. The operational reliability data needed to perform operational planning analyses, real-time monitoring, and real-time assessments has applicability and responsibility between the Service Provider registered TOP performing the operations services and the Service Recipients' registered DP and TO. Service Provider is only responsible for implementing and satisfying the documented data specifications, as it would for its own registered TOP requirements applicability.
TOP-010	Real-time Reliability Monitoring and Analysis Capabilities	Service Recipients shall provide Service Provider operational modeling data as outlined in Exhibit B. Service Provider is responsible for including Service Recipients' Facilities in Service Provider's Operational Processes/Procedures to address the quality of Real-time data used for Real-time monitoring and Real-time Assessments. Service Provider is responsible for TOP related requirements regarding Service Recipients'

		Facilities.
VAR-001	Voltage and Reactive Control	All communications/directives/operating instructions impacting reliability of the BES shall be through the AEP Energy Delivery Operations System Control Center and the Service Provider Transmission Dispatch Center. Service Recipients shall provide Service Provider operational modeling data as outlined in Exhibit B. Service Provider is responsible for performing the operations services to monitor, assess, analyze, operate, and dispatch Service Recipients' Facilities identified in Exhibit A within applicable voltage and reactive control requirements. Service Provider is responsible for TOP related requirements regarding Service Recipients' Facilities.

Appendix A to Exhibit D – NERC Compliance

1) In addition to the NERC Reliability Standards set forth in Exhibit D to the TSA, until the later of (i) six months from the Closing Date and (ii) such time as Option 1 or Option 2 in Section 4.18 of the Sellers Disclosure Letter to the Purchase Agreement is implemented and the registration and TOP certification, if applicable, are effective and evidence of such certification is provided to Service Provider:[3]

   a. Service Recipients shall, and shall cause their applicable Affiliates to, use commercially reasonable efforts to complete the registration changes specified in Option 1 or Option 2.

   b. Service Provider shall remain the registered entity for all bulk electric system facilities owned by Service Recipients under 18 C.F.R. § 39.2(c) and shall be responsible for compliance with mandatory NERC Reliability Standards and applicable NERC rules for all bulk electric system facilities owned by Service Recipients under 18 C.F.R. § 39.2(b), including performing all tasks necessary to achieve compliance with mandatory NERC Reliability Standards, applicable NERC rules, and the PJM TO/TOP Matrix (collectively, the "***NERC Compliance Services***"); and

   c. During the period of time when Service Provider remains the registered entity for the bulk electric system facilities owned by Service Recipients, Service Recipients

[3] AEP will continue to be the registered TOP until the later of (i) the termination of the term for TR-1 Services provided in Exhibit A of the TSA and (ii) Option 2 in Section 4.18 of the Sellers Disclosure Letter to the Purchase Agreement is implemented and the new TOP registration and TOP certification, if applicable, are effective and evidence of such certification is provided to Service Provider. The AEP GOP registration will remain effective for Big Sandy through, at a minimum, the end of the term for MO-2 Services provided in Exhibit A to the TSA. Note that this period is one (1) month from the Effective Date.

shall compensate Service Provider as Reimbursable Costs for the NERC Compliance Services, any commercially reasonable costs of mitigation or other improvements implemented by Service Provider for Service Recipients to remediate noncompliance with mandatory NERC Reliability Standards or prevent a recurrence of noncompliance with mandatory NERC Reliability Standards, and the Compliance Support described in Section (3), below.

2) Compliance Program Turnover

a. Documentation provided by Service Provider shall include all Service Provider compliance evidence as of the effective date of the registration to demonstrate compliance with applicable NERC Reliability Standards for the bulk electric system facilities owned by Service Recipients and all then currently-effective procedures, processes, job aids, and other documentation reasonably necessary for the new registered entity to maintain compliance with the reliability standards post-Closing.

b. On and after the later of (i) six months from the Closing Date and (ii) the effective date of the registration and TOP certification changes specified, Service Recipients or an Affiliate of Service Recipients, as applicable, shall be responsible for maintaining the NERC compliance program at the bulk electric system facilities owned by Service Recipients including implementing all tasks necessary to achieve compliance and generating and maintaining all evidence and other documentation required to demonstrate compliance with the applicable NERC Reliability Standards.

3) Compliance Support

a. Audit Support: Upon receipt of a written request by Service Recipients, Service Provider agrees to provide Service Recipients reasonably promptly any historical information and documentation in its possession and as reasonably necessary for Service Recipients to demonstrate that the subject facilities were compliant prior to the effective date of the registration and TOP certification changes specified in Option 1 or Option 2, as applicable, including any information or assistance required in connection with any audit, spot check, self-certification, self-report, on-site visit, or other compliance monitoring process or action under the NERC Compliance Monitoring and Enforcement Program.

b. Audit Preparation Support: Audit preparation and defense shall be the responsibility of Service Recipients on and after the later of (i) six months from the Closing Date and (ii) the effective date of the registration and TOP certification changes specified in Option 1 or Option 2, as applicable. Service Provider may provide audit preparation assistance following the registration change if formally requested in writing by Service Recipients, provided if such services will be provided after the expiration of the term of this Agreement the Parties shall use commercially reasonable efforts to negotiate a separate agreement for the provision of such assistance.

c. NERC Implementation Plans In-Progress: Certain reliability standards applicable to the Generation and Transmission assets are subject to a phased-in implementation plan, under which Service Provider, as the current registered entity, is required to satisfy mandatory completion milestones that are calculated as a percentage of Service Provider's transmission and generation assets. Service Provider shall complete and satisfy any mandatory completion milestones under the NERC phased-in implementation plan occurring before the later of (i) six months from the Closing Date and (ii) the effective date of the registration and TOP certification changes specified for Option 1 or Option 2, as applicable. Upon Service Recipient's request, Service Provider may agree, at its sole discretion, to complete prior to the effective date of the registration and TOP certification changes specified in Option 1 or Option 2, as applicable, all other work required under the phased-in milestones that are currently applicable to the subject facilities even if such work is related to milestones established for a date on or after the later of (i) six months from the Closing Date and (ii) the effective date of the registration and TOP certification changes specified for Option 1 or Option 2, as applicable.

Exhibit E

OPERATIONS SERVICES

In connection the Services outlined in Section 2.14 of the TSA and Section TR-1 of Exhibit A to the TSA, Service Provider agrees to provide supervision, services, tools and equipment as may be required to perform the following described Operations Services:

1. SERVICES PROVIDED BY SERVICE PROVIDER

Service Provider agrees to provide supervision, services, tools and equipment as may be required to perform the following described Operations Services:

1.1 Monitor, Operate and Dispatch Transmission System. Provide twenty-four (24) hour per day, seven (7) day per week real-time monitoring and control, real-time assessments and operational planning analyses of the Service Recipients' facilities described in Exhibit A, for safe and proper operation. Service Provider dispatchers shall take appropriate actions to maintain the operation of Service Recipients' facilities within the acceptable limits that have been mutually agreed between the parties to this Agreement. Such appropriate actions may include, but are not limited to the scheduling and maintaining of transmission voltages utilizing Service Recipients'-owned reactive devices, and remote operating of switches and the breakers. Monitoring of Service Recipients' facilities does not include any maintenance or warranty of associated Service Recipients' communication devices or remote terminal units ("RTU"). Service Provider will be responsible for any required communication with PJM Interconnection, L.L.C. ("PJM") regarding Real Time Monitoring and Control and Real Time Assessment functions, including forced or planned outages of the Service Recipients' facilities described in Exhibit A.

1.2 Routine and Emergency Switching Instructions. Service Provider will be responsible to provide dispatching switching instructions to Service Recipients' personnel and their authorized representatives for safe operation of transmission devices for routine maintenance of facilities listed in Exhibit A and emergency restoration of Service Recipients' transmission system. Procedures to be used shall be mutually agreed between the parties to this Agreement.

1.3 Operational Modeling Data. Service Provider will provide modeling services for the facilities listed in Exhibit A, and modeling of those facilities into the Service Provider Energy Management System and Service Provider Supervisory Control and Data Acquisition (SCADA) system upon Service Recipients providing Service Provider with system one-lines and other data necessary to modeling Service Recipients' facilities. Service Provider modeling services include coordination of the Service Recipients' facilities modeling data with PJM.

1.4 Supervisory Control and Data Acquisition (SCADA): Service Provider will provide SCADA services for the facilities listed in Exhibit A, and Service Provider will provide the Operations Services solely via the SCADA system.

1.5 Coordination with PJM. Service Provider will manage PJM communications, directives, and operating instructions from PJM.

1.6 Service Restoration. Service Provider will direct, as necessary, Service Recipients' personnel and its authorized representatives in restoration efforts of any affected portion of the Service Recipients' facilities that should suffer an interruption. An unlisted telephone number shall be provided by Service Provider to allow immediate access between Service Recipients personnel and the Service Provider system dispatcher. Service Recipients shall provide written notice to Service Provider of their authorized representative(s) and provide timely notice of any changes, additions, or deletions.

1.7 Interruption/Outage Analysis: Following extended interruptions to any portion of the facilities listed in Exhibit A, Service Provider will provide, in a timely manner, an interruption/outage analysis report to include a sequence of events, description of the interruption/outage and if appropriate, provide recommendations for corrective actions.

1.8 Weather Monitoring and Alerts: Provide continuous monitoring of weather conditions and upon request by Service Recipients or their authorized representatives, provide emergency weather reports that pose impacts on the facilities listed in Exhibit A.

1.9 Applicable Reliability Standards: Service Provider will undertake the activities assigned to Service Provider with respect to the Reliability Standards listed in Exhibit D.

2. EXCLUDED SERVICES

2.1 Maintenance and Periodic Inspections. Service Provider will not be responsible for maintenance nor periodic inspections of any equipment related to the facilities listed in Exhibit A, which shall be solely the responsibility and at the sole cost of the Service Representatives.

2.2 Applicable Reliability Standards: Service Provider will not be responsible for the activities assigned to Service Recipients with respect to the Reliability Standards listed in Exhibit D.

Operations Services provided by Service Provider for the Service Recipients' Facilities as described in this Agreement shall be billed at the rates set forth in Appendix A to Exhibit E, attached.

Appendix A to Exhibit E

Operations Services Monthly Charge

NERC Facility	Asset Group	Real Time Monitoring and Control	Real Time Assessments	Monthly Total
Baker 345kV TR 200	Transformer	$2200	$5500	$7700
Baker 765kV TR 100	Transformer	$2200	$5500	$7700
Baker 765kV TR 300	Transformer	$2200	$5500	$7700
138kV Baker - Big Sandy	Line	$2200	$5500	$7700
138kV Beaver Creek - Beckham	Line	$2200	$5500	$7700
138kV Beaver Creek - Betsy Layne	Line	$2200	$5500	$7700
138kV Beaver Creek - Dorton	Line	$2200	$5500	$7700
138kV Beaver Creek - Fremont	*Line*	*$1100*	*$2750*	*$3850*
138kV Beaver Creek - Hazard	Line	$2200	$5500	$7700
138kV Beaver Creek - Morgan Fork	Line	$2200	$5500	$7700
138kV Beaver Creek - Soft Shell	Line	$2200	$5500	$7700
138kV Beckham - Hazard	Line	$2200	$5500	$7700
138kV Bellefonte - Chadwick	Line	$2200	$5500	$7700
138kV Bellefonte - East Wheelersburg	*Line*	*$1100*	*$2750*	*$3850*
138kV Bellefonte - Grangston	*Line*	*$1100*	*$2750*	*$3850*

138kV Bellefonte - North Proctorville	*Line*	*$1100*	*$2750*	*$3850*
138kV Bellefonte - Oxygen Plant	Line	$2200	$5500	$7700
138kV Bellefonte Extension (KP)	Line			
138kV Big Sandy - Baker	Line	$2200	$5500	$7700
138kV Big Sandy - Bellefonte	Line	$2200	$5500	$7700
138kV Big Sandy - Grangston	*Line*	*$1100*	*$2750*	*$3850*
138kV Big Sandy - Inez (KY)	Line	$2200	$5500	$7700
138kV Big Sandy - Thelma (KY)	Line	$2200	$5500	$7700
138kV Bonnyman - Soft Shell	Line	$2200	$5500	$7700
138kV Borderland - Hatfield	*Line*	*$1100*	*$2750*	*$3850*
138kV Cedar Creek - Johns Creek	Line	$2200	$5500	$7700
138kV Chadwick - Kentucky Electric Steel	*Line*	*$1100*	*$2750*	*$3850*
138kV Chadwick - Tri-State No. 1	*Line*	*$1100*	*$2750*	*$3850*
138kV Chadwick - Tri-State No. 2	*Line*	*$1100*	*$2750*	*$3850*
138kV Clinch River - Beaver Creek (KP)	*Line*	*$1100*	*$2750*	*$3850*
138kV Clinch River - Dorton	*Line*	*$1100*	*$2750*	*$3850*
138kV Dewey - Betsy Layne	Line	$2200	$5500	$7700

138kV Dewey - Inez	Line	$2200	$5500	$7700
138kV Dewey - Stanville	Line	$2200	$5500	$7700
138kV Dewey - Thelma	Line	$2200	$5500	$7700
138kV Dorton - Fleming	Line	$2200	$5500	$7700
138kV Dorton Loop	Line	$2200	$5500	$7700
138kV Hatfield - Inez	Line	$2200	$5500	$7700
138kV Hays Branch - Morgan Fork	Line	$2200	$5500	$7700
138kV Inez - John's Creek	Line	$2200	$5500	$7700
138kV Inez - Logan	Line			
138kV Inez - Martiki	Line	$2200	$5500	$7700
138kV Inez - Sprigg	*Line*	*$1100*	*$2750*	*$3850*
138kV John's Creek - Stone	Line	$2200	$5500	$7700
138kV Millbrook - Siloam (KP)	*Line*	*$1100*	*$2750*	*$3850*
138kV Morgan Fork - Stanville	Line	$2200	$5500	$7700
138kV Soft Shell - Spicewood	Line	$2200	$5500	$7700
138kV Soft Shell Extension	Line	$2200	$5500	$7700
138kV Sprigg - Beaver Creek (KY)	*Line*	*$1100*	*$2750*	*$3850*
138kV Sprigg - Stone	*Line*	*$1100*	*$2750*	*$3850*
138kV Tri-State - Bellefonte (KP)	*Line*	*$1100*	*$2750*	*$3850*
138kV West Huntington - Big Sandy (KP)	*Line*	*$1100*	*$2750*	*$3850*
161kV Hazard - Wooton	Line	$2200	$5500	$7700
161kV Leslie - Pineville	Line			
161kV Leslie - Wooton	Line	$2200	$5500	$7700
161kV Leslie Loop	Line	$2200	$5500	$7700

161kV Stinnett Loop	Line	$2200	$5500	$7700
345kV Big Sandy - Tri-State (KP)	*Line*	*$1100*	*$2750*	*$3850*
765kV Baker - Broadford	*Line*	*$1100*	*$2750*	*$3850*
765kV Baker - Don Marquis (KP)	*Line*	*$1100*	*$2750*	*$3850*
765kV Big Sandy - Broadford (KP)	*Line*	*$1100*	*$2750*	*$3850*

NOTE: Italic designates Lines with single terminal in Kentucky Power.

Exhibit F

SERVICE RECIPIENTS' FACILITIES

I. 34kV Transmission Lines (Non BES)
   a. *34kV Armco - Bellefonte No. 1 Transmission Line*
   b. *34kV Armco - Bellefonte No. 2 Transmission Line*
   c. *34kV Bellefonte - A.K. Steel Transmission Line*
   d. *34kV Big Sandy - Wayne Transmission Line*

II. 46kV Transmission Lines (Non BES)
   a. 46kV Allen - McKinney Transmission Line
   b. 46kV Allen - Prestonsburg No. 1 Transmission Line
   c. 46kV Allen - Prestonsburg No. 2 Transmission Line
   d. 46kV Allen - Stanville Transmission Line
   e. 46kV Beaver Creek - Elwood Transmission Line
   f. 46kV Beaver Creek - McKinney No. 1 Transmission Line
   g. 46kV Beaver Creek - McKinney No. 2 Transmission Line
   h. 46kV Betsy Layne - Allen Transmission Line
   i. 46kV Breaks - Dorton - Elwood Transmission Line
   j. 46kV Burdine - Dorton Transmission Line
   k. 46kV Cedar Creek - Elwood Transmission Line
   l. 46kV Falcon - Prestonsburg Transmission Line
   m. 46kV Prestonsburg - Thelma Transmission Line
   n. *46kV Sprigg - Stone Transmission Line*

III. 69kV Transmission Lines (Non BES)
   a. *69kV Air Products - Bellefonte Transmission Line*
   b. 69kV Ashland - Bellefonte Transmission Line
   c. *69kV Ashland - Kenova Transmission Line*
   d. 69kV Beaver Creek - Fleming Transmission Line
   e. 69kV Bellefonte - Coalton Transmission Line
   f. *69kV Bellefonte - Pleasant Street Transmission Line*
   g. 69kV Bellefonte - Raceland Transmission Line
   h. *69kV Bellefonte - South Point No. 1 Transmission Line*
   i. *69kV Bellefonte - South Point No. 2 Transmission Line*
   j. 69kV Betsy Layne - Allen Transmission Line
   k. *69kV Big Sandy - South Neal Transmission Line*
   l. 69kV Bonnyman - Hazard No. 1 Transmission Line
   m. 69kV Bonnyman - Hazard No. 2 Transmission Line
   n. 69kV Bonnyman - Jackson Transmission Line
   o. 69kV Bonnyman - Soft Shell Transmission Line
   p. 69kV Breaks - Coleman - Johns Creek Transmission Line
   q. *69kV Breaks - Haysi Transmission Line*
   r. 69kV Cedar Creek - South Pikeville Transmission Line
   s. *69kV Central Portsmouth - Siloam Transmission Line*
   t. 69kV Chadwick - England Hill Transmission Line
   u. 69kV Chadwick - Leach Transmission Line

v. 69kV Coalton - Leon (KP) Transmission Line
w. 69kV Coleman - Sprigg Transmission Line
x. 69kV Coleman - Stone Transmission Line
y. 69kV Collier - Daisy Transmission Line
z. 69kV Collier - Fleming Transmission Line
aa. 69kV Daisy - Hazard Transmission Line
bb. 69kV Daisy - Leslie Transmission Line
cc. 69kV Dewey - Inez Transmission Line
dd. 69kV Dow Chemical - Highland (KP) Transmission Line
ee. 69kV England Hill - Kenova Transmission Line
ff. 69kV Engle Tap Transmission Line
gg. 69kV Fleming - Pound Transmission Line
hh. 69kV Franklin Furnace - Grays Branch (KY) Transmission Line
ii. 69kV Hatfield - Johns Creek Transmission Line
jj. 69kV Hatfield - New Camp Transmission Line
kk. 69kV Hazard - Bonnyman Transmission Line
ll. 69kV Hazard - Fleming Transmission Line
mm. 69kV Hazard - Leslie Transmission Line
nn. 69kV Highland (KP) - Raceland Transmission Line
oo. 69kV Ironton - Bellefonte (KP) Transmission Line
pp. 69kV Jackson - Lee City Transmission Line
qq. 69kV John's Creek - Scott Branch Transmission Line
rr. 69kV Leach - South Neal Transmission Line
ss. 69kV Lee City - Morgan County Transmission Line
tt. 69kV Leon (KP) - Morehead Transmission Line
uu. 69kV Mayking Loop Transmission Line
vv. 69kV Millbrook - Siloam (KP) Transmission Line
ww. 69kV Morehead - Morgan County Transmission Line
xx. 69kV Raceland - Dow Chemical (KP) Transmission Line
yy. 69kV South Neal - Coalton (KY) Transmission Line
zz. 69kV South Pikeville - Stanville Transmission Line
aaa. 69kV Thelma - Thelma Transmission Line

IV. 138kV Transmission Lines (BES)

a. 138kV Beaver Creek - Beckham Transmission Line
b. 138kV Beaver Creek - Betsy Layne Transmission Line
c. 138kV Beaver Creek - Dorton Transmission Line
d. 138kV Beaver Creek - Fremont Transmission Line
e. 138kV Beaver Creek - Hazard Transmission Line
f. 138kV Beaver Creek - Morgan Fork Transmission Line
g. 138kV Beaver Creek - Soft Shell Transmission Line
h. 138kV Beckham - Hazard Transmission Line
i. 138kV Bellefonte - Chadwick Transmission Line
j. 138kV Bellefonte - East Wheelersburg Transmission Line
k. 138kV Bellefonte - Grangston Transmission Line
l. 138kV Bellefonte - North Proctorville Transmission Line
m. 138kV Bellefonte - Oxygen Plant Transmission Line
n. 138kV Bellefonte Extension (KP) Transmission Line

o. 138kV Big Sandy - Baker Transmission Line
p. 138kV Big Sandy - Bellefonte Transmission Line
q. 138kV Big Sandy - Grangston Transmission Line
r. 138kV Big Sandy - Inez (KY) Transmission Line
s. 138kV Big Sandy - Thelma (KY) Transmission Line
t. 138kV Bonnyman - Soft Shell Transmission Line
u. 138kV Borderland - Hatfield Transmission Line
v. 138kV Cedar Creek - Johns Creek Transmission Line
w. 138kV Chadwick - Kentucky Electric Steel Transmission Line
x. 138kV Chadwick - Tri-State No. 1 Transmission Line
y. 138kV Chadwick - Tri-State No. 2 Transmission Line
z. 138kV Clinch River - Beaver Creek (KP) Transmission Line
aa. 138kV Clinch River - Dorton Transmission Line
bb. 138kV Dewey - Betsy Layne Transmission Line
cc. 138kV Dewey - Inez Transmission Line
dd. 138kV Dewey - Stanville Transmission Line
ee. 138kV Dewey - Thelma Transmission Line
ff. 138kV Dorton - Fleming Transmission Line
gg. 138kV Dorton Loop Transmission Line
hh. 138kV Hatfield - Inez Transmission Line
ii. 138kV Hays Branch - Morgan Fork Transmission Line
jj. 138kV Inez - John's Creek Transmission Line
kk. 138kV Inez - Logan Transmission Line
ll. 138kV Inez - Martiki Transmission Line
mm. 138kV Inez - Sprigg Transmission Line
nn. 138kV John's Creek - Stone Transmission Line
oo. 138kV Millbrook - Siloam (KP) Transmission Line
pp. 138kV Morgan Fork - Stanville Transmission Line
qq. 138kV Soft Shell - Spicewood Transmission Line
rr. 138kV Soft Shell Extension Transmission Line
ss. 138kV Sprigg - Beaver Creek (KY) Transmission Line
tt. 138kV Sprigg - Stone Transmission Line
uu. 138kV Tri-State - Bellefonte (KP) Transmission Line
vv. 138kV West Huntington - Big Sandy (KP) Transmission Line

V. 161kV Transmission Lines (BES)

a. 161kV Hazard - Wooton Transmission Line
b. 161kV Leslie - Pineville Transmission Line
c. 161kV Leslie - Wooton Transmission Line
d. 161kV Leslie Loop Transmission Line
e. 161kV Stinnett Loop Transmission Line

VI. 345kV Transmission Line (BES)

a. 345kV Big Sandy - Tri-State (KP) Transmission Line

VII. 765kV Transmission Lines (BES)

a. 765kV Baker - Broadford Transmission Line
b. 765kV Baker - Don Marquis (KP) Transmission Line
c. 765kV Big Sandy - Broadford (KP) Transmission Line

Exhibit B
[Final Form]

[RATE SCHEDULE NO. 303]

MITCHELL PLANT OWNERSHIP AGREEMENT

KENTUCKY POWER COMPANY

and

WHEELING POWER COMPANY

TABLE OF CONTENTS

Page

THIS MITCHELL PLANT OWNERSHIP AGREEMENT (this "Agreement"), with an effective date of [_______] (the "Effective Date"), is by and among Kentucky Power Company, a Kentucky corporation qualified as a foreign corporation in West Virginia ("KPCo"); Wheeling Power Company, a West Virginia corporation ("WPCo") (such parties hereinafter sometimes referred to as an "Owner" and together the "Owners"); and, solely with respect to Section 13.4, American Electric Power Service Corporation, a New York corporation ("AEPSC").

WITNESSETH:

WHEREAS, KPCo and WPCo, as of the date hereof, each own a fifty percent (50%) undivided ownership interest in the Mitchell Power Generation Facility (each such percentage interest, an Owner's "Ownership Interest"), which consists of two coal-fired generating units (each, a "Unit"), with each Unit having a nominal nameplate capacity of 800 MW, located in Moundsville, West Virginia (as further defined herein, the "Mitchell Plant");

WHEREAS, KPCo, WPCo and AEPSC are parties to that certain Mitchell Plant Operating Agreement, dated as of December 31, 2014 (the "Original Operating Agreement");

WHEREAS, the Original Operating Agreement sets forth certain rights and obligations of the Owners and AEPSC with respect to the Mitchell Plant and the Owners' ownership thereof;

WHEREAS, pursuant to the Original Operating Agreement, KPCo is responsible for the day-to-day operations and maintenance of the Mitchell Plant;

WHEREAS, the Owners and AEPSC desire to replace the Original Operating Agreement to set forth the rights and obligations of the Owners with respect to the Mitchell Plant and their ownership thereof and to remove AEPSC as a party thereto;

WHEREAS, in connection with the execution of this Agreement, the Owners desire to execute a separate operations and management agreement to provide for the day-to-day operation and maintenance responsibilities in respect of the Mitchell Plant (as may be amended from time to time the "O&M Agreement");

WHEREAS, the Owners have agreed that, subject to the terms and conditions of the O&M Agreement, on and after the Effective Date WPCo shall replace KPCo as the operator of the Mitchell Plant (the "Operator"); and

WHEREAS, on and subject to the terms and conditions of this Agreement, the Owners have committed to undertake a Buyout Transaction (as hereinafter defined), pursuant to which WPCo shall purchase KPCo's Ownership Interest on or prior to December 31, 2028, unless an Early Retirement Event (as hereinafter defined) occurs.

NOW THEREFORE, in consideration of the premises and for the purposes hereinabove recited, and in consideration of the mutual covenants hereinafter contained, the signatories hereto agree as follows:

ARTICLE ONE
OWNERSHIP AND OPERATIONS

1.1 To the greatest extent permitted by Applicable Law, the Mitchell Plant and all assets (tangible and intangible) and property (real and personal) owned, leased, held, developed, constructed or acquired solely for or in connection with the Mitchell Plant or the operation, maintenance or Decommissioning of the Mitchell Plant by or on behalf of an Owner or the Owners (together, the "Project Assets") shall be owned and held and deemed to be owned and held by the Owners as tenants in common in proportion to their respective Ownership Interests (except for any capital items owned in a different proportion in accordance with Section 1.8) or, in the event any Project Asset cannot be held directly by both of the Owners due to, inter alia, any pre-existing legal or contractual restrictions that cannot be altered or satisfied or where effectuating such ownership structure would result in unreasonable additional expense to the Owners, by the Operator as trustee for the Owners as tenants in common in proportion to their respective Ownership Interest. If the ownership of any Project Asset is registered or recorded in the name of one of the Owners, and notwithstanding the Owners' efforts such Project Asset cannot be held directly by both Owners as contemplated above, then such Owner in whose name ownership is registered or recorded shall hold such Project Asset in trust for itself and the other Owner in proportion to their respective Ownership Interests and, to the extent necessary or requested by the Operator or other Owner, make such Project Assets (or the benefits thereof) available for the use and benefit of the Owners (in proportion with their respective Ownership Interests), including, to the extent consistent with the foregoing, by such Owner subcontracting, sublicensing, subleasing, delegating or granting a limited power of attorney or similar appointment as agent to Operator to administer such Project Assets.

1.2 At the request of either Owner, and in accordance with Section 1.1, each Owner and the Operator shall execute all documents and do all things necessary or appropriate to register or record the Project Assets in the names of the Owners in proportion to their respective Ownership Interests (or such different proportion as any capital item may be owned in accordance with Section 1.8).

1.3 All assets (tangible and intangible) and property (real and personal) held, developed, constructed or acquired by or on behalf of the Operator for or on behalf of the Owners jointly, or any of them, shall constitute "Project Assets" subject to the ownership of both Owners as set forth in Sections 1.1 and 1.2. Except as otherwise agreed by the Owners, the Operator shall not have any right, title or interest in or to any such assets, or in or to any money paid to, collected or received by the Operator for or on behalf of either Owner, except as the agent or representative of, or for the use and benefit of, such Owners as set forth in this Agreement and in proportion to each Owner's respective Ownership Interest.

1.4 Each Owner hereby waives any rights it may have at law or equity to bring an action for partition or division of the Mitchell Plant or any Project Asset or any contracts related thereto, and agrees that it shall not (a) seek partition or division of the Mitchell Plant or any Project Asset or any contracts related thereto, or (b) take any action, whether by way of any court order or otherwise, for physical partition or judicial sale in lieu of partition of the Mitchell Plant or any Project Asset or any contracts related thereto. Nothing in this Section 1.4 shall affect the right of either Owner to dispatch its respective share of the Total Net Capability under Article Two or to Dispose of its Ownership Interest in accordance with Article Nine.

1.5 On and after the Effective Date, WPCo shall be the Operator responsible for the day-to-day operations and maintenance of the Mitchell Plant and shall operate, maintain and Decommission the Mitchell Plant for the sole benefit (and on behalf) of the Owners and in accordance with the terms and conditions of this Agreement and the O&M Agreement. KPCo agrees to take all actions reasonably necessary to facilitate WPCo's operation, maintenance and Decommissioning of the Mitchell Plant pursuant to the terms of the O&M Agreement, including providing or permitting reasonable access to the Mitchell Plant to third party contractors and other contract counterparties of each Owner or the Operator with respect to the administration, implementation and satisfaction of such contracts or agreements executed or assumed by the Operator on behalf of either Owner relating to the Mitchell Plant, including all Facility Agreements (as defined in the O&M Agreement).

1.6 The Owners shall establish and maintain such bank accounts as may from time to time be required or appropriate for paying the costs and expenses, including capital expenditures, in respect of the ownership, operation, maintenance and Decommissioning of the Mitchell Plant. The Owners shall designate only the Operator, and its representatives as reasonably requested by the Operator, as authorized signatories to such bank accounts. All withdrawals made by the Operator (or its representatives) from such bank accounts shall be made only in connection with the performance of the Operator's obligations set forth in this Agreement and the O&M Agreement.

1.7 The initial capital budget for the period from the Effective Date through December 31, 2028 (including agreed allocations of costs for capital projects between the Owners) (the "Capital Budget"), the initial annual operating budget and the initial forecast of operating and capital costs to be incurred for the period from the Effective Date through December 31, 2028 are attached hereto as Exhibit A.

1.8 Notwithstanding the provisions of this Article One, to the extent that either Owner funds or bears an amount greater than 50% of any capital expenditures or ELG Capital Expenditures as contemplated in the Capital Budget or this Agreement, the directly resulting portion of any property, plant and equipment, or improvements thereto shall be owned by the Owners in proportion to their respective amounts funded and shall be included only in such proportion in each Owner's ownership accounts for regulatory, accounting, tax and other purposes.

ARTICLE TWO
APPORTIONMENT OF CAPACITY AND ENERGY

2.1 The total net capability of the Mitchell Plant at low-voltage busses of the Units, after taking into account auxiliary load demand, is 1,560,000 kilowatts (the "Total Net Capability") as of the Effective Date. The Owners may from time to time modify the Total Net Capability of the Mitchell Plant as they may mutually agree.

2.2 The total net generation of the Mitchell Plant during a given period, as determined by the requirements of each Owner, shall mean the electrical output of the Mitchell Plant generators during such period, measured in kilowatt hours by suitable instruments, reduced by the energy used by auxiliaries for each Unit during such period (the "Total Net Generation").

2.3 Each Owner shall be entitled to receive 50% of the Total Net Capability and the Total Net Generation (with respect to each Owner, such Owner's "Assigned Capacity"), and all associated energy, capacity, ancillary services and other energy products, in accordance with this Agreement.

2.4 Except as may be determined by the Operating Committee in accordance with Section 7.6, in any hour, each Owner shall share 50% of the minimum load responsibility of each Unit.

2.5 In any hour during which any Unit is out of service, the Owners shall bear equally the cost of energy used by the out-of-service Unit's auxiliaries during such hour, which may be provided by the applicable local utility Affiliate of an Owner. Alternatively, the Owners may mutually agree in writing to each provide 50% of such energy.

ARTICLE THREE
REPLACEMENTS, ADDITIONS, AND RETIREMENTS

3.1 The Owners shall take all actions within their respective control to cause the Operator, pursuant to the O&M Agreement, from time to time to make or cause to be made any necessary or appropriate additions to, replacements of, and retirements of, capitalizable facilities associated with the Mitchell Plant in accordance with the Capital Budget and the O&M Agreement or as may otherwise be mutually agreed upon by the Owners.

3.2 In the event that, prior to execution and delivery of the Mitchell Interest Purchase Agreement, an Early Retirement Event occurs, each Owner shall (a) cause each Unit to permanently cease operations on December 31, 2028, or such other date permitted by Applicable Law as the Operating Committee may determine, (b) be responsible for, and shall timely pay, 50% of all Decommissioning Costs, (c) cooperate in good faith and take all actions reasonably necessary to facilitate the Decommissioning Work, including negotiating in good faith any contracts or agreements (including liability transfer arrangements) on behalf of either Owner or Operator, including transfers, conveyances or assignments of Facility Equipment (as defined in the O&M Agreement), as reasonably requested by either Owner or Operator to facilitate Decommissioning and (d) take, and/or instruct the Operator pursuant to the O&M Agreement to take, such actions, at the sole cost and expense of WPCo, to continue operating and maintaining the barge loading facilities and gypsum conveyor system at the Mitchell Plant and providing use of such facilities and system to the applicable contract counterparty and its representatives in accordance with, and until the expiration or earlier termination of, the CertainTeed Contract.

ARTICLE FOUR
WORKING CAPITAL REQUIREMENTS

4.1 The Owners shall periodically mutually determine the amount, timing and invoicing processes for funds required for use as working capital, for operating, capital and other expenses incurred in the operation, maintenance and Decommissioning (including the Decommissioning Costs) of the Mitchell Plant, and in buying equipment, materials, parts, fuel and other supplies and services necessary to operate, maintain and Decommission the Mitchell Plant and to make the timely payments of any expenses required under the O&M Agreement.

4.2 Each Owner shall, in accordance with the timing set forth in a determination made pursuant to Section 4.1, promptly provide 50% of any such amount required by the Owners pursuant to Section 4.1, except as otherwise provided for in Section 6.7.

4.3 Each Owner agrees that if such Owner fails at any time during the Term to satisfy the Ratings Requirement, it will, within thirty (30) days of such failure, provide in favor of the other Owner and maintain credit support in the form of (a) a cash deposit, (b) a guaranty issued by an Affiliate of such Owner that satisfies the Ratings Requirement in form and substance reasonably acceptable to the other Owner or (c) a letter of credit in form and substance reasonably acceptable to other Owner, issued by a commercial bank or other financial institution with a Credit Rating of at least "A-" by S&P Global Ratings, or any successor thereto ("S&P") or at least "A3" by Moody's Investors Service, Inc., or any successor thereto ("Moody's"), and in an amount equal to (i) one-half ($^1/_2$) of the then-applicable annual operating budget for the Mitchell Plant established pursuant to Section 7.2 from time to time, plus (ii) the sum of such Owner's allocated amount of capital expenditures for such year contained in the then-applicable Capital Budget, plus (iii) an amount equal to the latest estimate of Decommissioning Costs prepared by the Operator, determined on a net present value basis using a discount rate equal to the WACC as of the date of determination. Such credit support posted in favor of an Owner shall be promptly returned within thirty (30) days of the other Owner furnishing written evidence demonstrating that it satisfies the Ratings Requirement.

4.4 The Operator shall provide such credit support, including guarantees, cash deposits, letters of credit or other forms of credit support, to third parties (including contractual counterparties and Governmental Authorities) as required for the Owners' ownership, operation, maintenance and Decommissioning of the Mitchell Plant. To the extent that the Operator is required to provide such credit support to a third party in connection with any activity performed in respect of the Mitchell Plant under this Agreement (including the procurement of fuel as described in Section 5.1), the Owners shall share the reasonable and documented out-of-pocket cost of the third-party credit support incurred by the Operator (including of any credit support furnished by an Affiliate of the Operator) in accordance with their respective Ownership Interests.

ARTICLE FIVE
INVESTMENT IN FUEL

5.1 The Operator shall procure, establish and maintain reserves of coal in common stock piles for the Mitchell Plant of such quality and in such quantities as the Operating Committee shall determine to be required to provide adequate fuel reserves against interruptions of normal fuel supply and as is necessary to maintain the number of tons in such coal stock piles, after taking into account the coal consumption from such coal stock piles by each Unit during each month. For purposes of this Agreement, "consumables" shall be as defined in account 502 of the Uniform System of Accounts administered by the Federal Energy Regulatory Commission ("FERC").

5.2 The quality of any coal or consumable product provided by the Operator must be reasonably acceptable to both Owners. Any coal being utilized shall be deemed to be acceptable to the Owners if it meets the following requirements: (a) coal previously utilized at the Mitchell Plant with satisfactory operating performance shall be considered acceptable for use in the Mitchell Plant, unless deemed unacceptable due to a required change of the engineering specifications making the coal no longer viable; (b) coal from any new seam or source shall be acceptable if such supply is shown to perform satisfactorily in the Mitchell Plant and is mutually acceptable to each Owner; or (c) as otherwise mutually agreed to by each Owner. Consumables from any new seam or source shall be acceptable if such supply is shown to perform satisfactorily to both Owners in the Mitchell Plant and conform to the then current engineering specifications for the Mitchell Plant or as otherwise mutually agreed by each Owner.

5.3 Each Owner shall be responsible for, and own, 50% of the investment in the common coal stock piles.

5.4 Fuel oil and consumables charged to operation for the Mitchell Plant shall be owned and accounted for between the Owners in the same manner as coal.

ARTICLE SIX
APPORTIONMENT OF STATION COSTS

6.1 The allocation to the Owners of fuel expense associated with each Unit shall be determined by the Operating Committee as follows:

(a) In any calendar month, the average unit cost of coal available for consumption from the Mitchell Plant common coal stock piles shall be determined based on the prior month’s ending inventory dollar and ton balances plus current month receipts delivered to the Mitchell Plant common coal stock piles. Each Owner’s average unit-cost will be the same, and receipts and inventory available for consumption amounts will be allocated to each Owner based on monthly usage.

(b) The number of tons of coal consumed by the Mitchell Plant in each calendar month from the Mitchell Plant common coal stock piles shall be determined and shall be converted into a dollar amount equal to the product of (i) the average cost per ton of coal associated with the Mitchell Plant in the Mitchell Plant common coal stock pile at the close of such month, and (ii) the number of tons of coal consumed by the Mitchell Plant from the Mitchell Plant common coal stock piles during such month. Such dollar amount shall be credited to the Mitchell Plant fuel in the stock pile and charged to the Mitchell Plant fuel consumed.

(c) In each calendar month, each Owner’s respective shares of the Mitchell Plant fuel consumed expense as determined by the provisions of Section 6.1(b) shall be proportionate to each Owner’s dispatch of the Mitchell Plant in such month.

(d) Fuel oil reserves will be owned and accounted for in the same manner as coal stock piles, and fuel oil consumed will be allocated to the Owners in the same manner as coal consumed.

6.2 For each calendar month, the Operator will, to the extent practicable and in accordance with the O&M Agreement, determine all of the Mitchell Plant’s operations expenses and associated overheads, as accounted for under the FERC Uniform System of Accounts.

6.3 For each calendar month, the Operator will, to the extent practicable and in accordance with the O&M Agreement, determine all the Mitchell Plant's maintenance expenses and associated overheads, as accounted for under the FERC Uniform System of Accounts.

6.4 In each calendar month, each Owner's respective shares of operations and maintenance expenses associated with the Mitchell Plant, as determined in accordance with this Article Six, shall be allocated as follows:

(a) Each Owner's respective share of the Mitchell Plant steam expenses as recorded in FERC Account 502, and emission tons, with allowance expenses as recorded in FERC Account 509, shall be proportionate to each Owner's dispatch of the Mitchell Plant in such month.

(b) In each calendar month, the maintenance of boiler plant expenses as recorded in FERC Account 512, and maintenance of electric plant expenses as recorded in FERC Account 513, shall be directly assigned to each Unit or designated as a common expense attributable to both Units. In each calendar month, each Owner's respective share of these expenses shall be proportionate to each Owner's dispatch of the applicable Unit, or both Units in the case of common expenses, over the previous sixty (60) calendar months.

(c) In each calendar month, each Owner shall be responsible for 50% of all other Steam Power Generation Expenses (FERC Accounts 500 - 515) not addressed in Section 6.4(a) and Section 6.4(b). Administrative and General Expenses (FERC Accounts 920 – 935) shall be assigned to the Mitchell Plant through an annual wages and salaries allocator applied to monthly Administrative & General Expenses. Each Owner shall be responsible for 50% of this monthly amount; provided, however, that, for the avoidance of doubt, each Owner shall be individually responsible for any fees, costs or other charges, including but not limited to those imposed by PJM Interconnection, L.L.C. ("PJM") or any regional transmission operator or any other Governmental Authority in respect of, or which are attributable to, the sale or transmission of the capacity or energy associated with its Ownership Interest, as the case may be.

(d) Notwithstanding the foregoing clauses (a) through (c) or anything else in this Agreement or the O&M Agreement to the contrary, in each calendar month, any operations and maintenance or other expenses to the extent attributable to any ELG Upgrade (regardless of the FERC Account to which it is charged) shall be allocated exclusively to and paid by WPCo.

(e) In each calendar month, each Owner's respective share of Construction Work In Progress charged to FERC Account 107 shall be allocated on the same basis as capital expenditures, as set forth in Section 6.7.

(f) In each calendar month, the net change in Mitchell Plant storeroom inventory (inventory purchases less issuances of inventory) charged to FERC Account 154 shall be allocated 50% to each Owner.

(g) Each Owner shall be charged 50% of Operating Costs, as defined in and in accordance with Section 7.2 of the O&M Agreement, except to the extent a different allocation for specific FERC Accounts or otherwise is specified in this Article Six.

6.5 All taxes, duties or assessments levied against or with respect to each Owner's Ownership Interest, or an Owner's purchase, use, ownership or beneficial interest in, or income from, the Mitchell Plant shall be the sole responsibility of, and shall be paid by, the Owner upon whose purchase, use, ownership interest or beneficial interest or income said taxes or assessments are levied. Without limiting the foregoing, in each calendar month, each Owner's respective share of Employee Payroll Taxes charged to FERC Account 408 shall be 50%.

6.6 Notwithstanding any other provision of this Agreement or any other agreement to the contrary, each Owner hereby acknowledges and agrees that (a) each Owner prior to the Effective Date has treated, and subsequent to such date shall continue to treat, the co-ownership and operation of the Mitchell Plant as excluded from Subchapter K of the Internal Revenue Code of 1986, as amended (the "Tax Code"), pursuant to Section 761(a) thereof, for all federal, state and local income tax purposes, (b) each Owner prior to the Effective Date affirmatively elected not to apply any of the provisions of Subchapter K of the Tax Code to such Owner's interest in the Mitchell Plant, with such election having been formally filed in connection with the Owners' applicable income tax returns for the taxable year ending on December 31, 2020 and each Owner has taken all actions necessary to implement such election and (c) each Owner prior to the Effective Date has reported, and subsequent to such date shall report, its share of all income, gains, deductions, losses, credits, etc. from its Ownership Interest on its tax returns consistent with such exclusion from the provisions of Subchapter K of the Tax Code.

6.7 Subject to clauses (b) and (c) below the cost of any replacement, addition, improvement or upgrade of each Unit or any portion of the Mitchell Plant, and any restoration or remediation required in connection therewith, shall be allocated between the Owners in accordance with the allocations for such capital items contained in the Capital Budget. With respect to any such capital item not contained in the Capital Budget, the costs of such capital item shall be allocated as follows, unless the Operating Committee agrees upon a different allocation:

(a) Capital expenditures (other than ELG Capital Expenditures) that the Operating Committee determines have been or will be incurred exclusively for one Owner shall be allocated exclusively to, and paid for by, that Owner.

(b) Notwithstanding anything to the contrary herein, ELG Capital Expenditures shall be allocated exclusively to, and paid for exclusively by, WPCo (subject to adjustment of the Buyout Price in accordance with Section 9.6) and CCR Capital Expenditures shall be allocated 50% to (and paid for by) each Owner; provided, that, the Operating Committee shall engage or retain a Technical Expert to make recommendations with respect to determining which capital expenditures are ELG Capital Expenditures and which capital expenditures are CCR Capital Expenditures.

(c) Notwithstanding anything to the contrary herein, if the in-service date of a capital item is reasonably anticipated by the Operating Committee to be after December 31, 2028, then the capital expenditures for such capital item shall be allocated exclusively to, and paid for by, WPCo.

(d) If the Operating Committee determines, including based on Depreciable Lives of similar assets previously approved by applicable Governmental Authorities, that a capital item (other than an ELG Upgrade) has a Depreciable Life that extends beyond December 31, 2028, then (i) KPCo shall be responsible for and shall pay 50% of the expenditures for such capital item, multiplied by (A) the number of months (not to exceed the Depreciable Life of such capital item) between the reasonably anticipated in-service date of such capital item and December 31, 2028, divided by (B) the Depreciable Life of such capital item and (ii) WPCo shall be responsible for the remaining amount of such capital expenditure not allocated to KPCo pursuant to the foregoing clause (i).

(e) Any other capital expenditures shall be allocated 50% to (and paid for by) each Owner, subject to the written approval of the Operating Committee for budget overruns to the extent required pursuant to Section 5.3.2 of the O&M Agreement.

6.8 In the event of an Early Retirement Event, each Owner shall be responsible for 50% of all Decommissioning Costs, unless a different allocation is expressly specified for such item in the Capital Budget (as agreed by the Owners) or the Owners mutually agree to allocate such costs in another manner; provided that nothing in this Section 6.8 shall affect the inclusion of Decommissioning Costs in the calculation of the Buyout Price pursuant to Section 9.6.

6.9 Notwithstanding anything contained in this Agreement, an Owner's obligation to pay its obligations under this Agreement shall not in any way be conditioned upon or affected by any regulatory order or other determination disallowing, limiting or deferring rate recovery of the costs and expenses paid or payable by an Owner in respect of its Ownership Interest.

ARTICLE SEVEN
OPERATING COMMITTEE AND OPERATIONS

7.1 By written notice to each other, each Owner shall name one representative (the "Operating Representative") and one alternate to act for it in matters pertaining to operating arrangements under this Agreement and the O&M Agreement. An Owner may change its Operating Representative or alternate at any time by written notice to the other Owner. The Operating Representatives for the respective Owners, or their alternates, shall comprise the "Operating Committee". All decisions, directives, or other actions by the Operating Committee must be by unanimous agreement of the Operating Representatives of the Owners. If the Operating Representatives are unable to agree on any matter, such matter will be resolved through the dispute resolution procedures set forth in Article Twelve.

7.2 The Operating Committee shall have the following responsibilities, which decisions are reserved exclusively for the Operating Committee and may not be made individually by the Operator or any Owner:

(a) Review and approval of any amendments to the Capital Budget, and adoption of an annual operating budget, annual operating plan and a six-year forecast of operating and capital expenses, each as delivered to the Operating Committee by the Operator pursuant to Section 7.8, including determination of the emission allowances required to be acquired by each Owner with respect to their Ownership Interests; provided, that an Owner's Operating Representative shall have the right to amend the Capital Budget solely to include any capital expenditures for which such Owner shall be allocated greater than 75% of the costs pursuant to

Section 6.7, up to an aggregate amount of such capital expenditures that does not exceed $3 million per year allocated to the other Owner. Allocations of new capital expenditures added to the Capital Budget shall be consistent with Section 6.7; provided, that if the Operating Committee cannot agree upon the Depreciable Life of a capital item or the allocation of a capital expenditure between the Owners (including determining which capital expenditures are ELG Capital Expenditures and which capital expenditures are CCR Capital Expenditures), the matter shall be resolved in accordance with the Technical Dispute resolution procedures set forth in Section 12.1 and Section 12.3 and the Owners shall implement any resolution of the Technical Dispute through adjustments or true-up payments, as appropriate. If the Operating Committee fails to adopt an annual operating budget, the approved annual operating budget from the previous year (other than one-time or other non-recurring or inapplicable items) shall apply until such time as the new annual operating budget is approved.

(b) Establishment, modification and review of procedures, guidelines and systems for scheduling and dispatch, notification of dispatch, and Unit commitment under this Agreement, including any Unit-commitment pursuant to Section 7.5 or Section 7.6.

(c) Establishment and monitoring of procedures for communication and coordination with respect to the Mitchell Plant capacity availability, fuel-firing options, and scheduling of outages for maintenance, repairs, equipment replacements, scheduled inspections, and other foreseeable cause of outages at the Mitchell Plant, as well as the return the Mitchell Plant to availability following an unplanned outage. The Operating Committee shall use commercially reasonable efforts, consistent with Prudent Operation and Maintenance Practices (as defined in the O&M Agreement), to schedule the implementation of ELG Upgrades during planned maintenance and repair outages so as to eliminate or minimize incremental outages.

(d) To the extent not included in the Capital Budget, decisions on capital projects, including Unit upgrades and re-powering, except that an Owner's Operating Representative shall have the right to approve any such capital projects for which such Owner shall be allocated greater than 75% of the costs pursuant to Section 6.7 and Section 7.2(a).

(e) Determinations as to allocations between the Owners of expenses pursuant to Section 6.1.

(f) Determinations as to changes in the Unit capability.

(g) Establishment and modification of billing procedures under this Agreement or under the O&M Agreement.

(h) Approval of material contracts for fuel supply or transportation.

(i) Establishment and modification of specifications of fuels; oversight of fuel procurement, inspection and certification arrangements, policies and procedures; and management of fuel inventories for the Mitchell Plant.

(j) Establishment of, termination of, and approval of any change or amendment to the operating arrangements (including the O&M Agreement) between the Owners and the

Operator (or any successor Operator or replacement third-party Operator) and selection of any replacement Operator, except as otherwise permitted by Section 7.9.

(k) Review and approval of plans and procedures designed to ensure compliance at the Mitchell Plant with all Applicable Law, including procedures for allocating and using emission allowances or for any programs that permit averaging at more than one Unit for compliance.

(l) Amendment, termination, extension or modification of the O&M Agreement, and supervision of the performance of, and provision of direction as needed to, the Operator.

(m) Decisions regarding the retirement, permanent removal from service or Decommissioning of a Unit or any material portion of the Mitchell Plant and any restoration or remediation required in connection therewith.

(n) Establishment of an insurance program to provide property and general liability insurance on behalf of each Owner, to be procured by the Operator pursuant to the O&M Agreement.

(o) Other duties as assigned by agreement of the Owners.

7.3 The Operating Committee shall meet at least quarterly, or at such other frequency as determined by the Operating Committee, and at such other times as an Owner may reasonably request. The Operator shall provide operations reports to the Operating Committee each month (presented on a monthly basis) and each quarter (presented on a quarterly basis) substantially in the form of Exhibit B hereto.

7.4 The Owners and the Operator shall cooperate in providing to the Operating Committee the information it reasonably needs to carry out its duties, and to supplement or correct such information on a timely basis.

7.5 Subject to Section 7.6, each Unit shall be scheduled and dispatched on a joint and equal basis by the Owners, including bidding the Mitchell Plant or any Unit as a single bid, consistent with procedures and guidelines established by the Operating Committee. The Owners shall make an initial Unit-commitment one business day ahead of real-time dispatch, or on such other timetable as the Operating Committee may determine. In each calendar month, each Owner's respective shares of the Emissions Allowances consumed as determined in accordance with the provisions of Section 7.7 shall be proportionate to each Owner's dispatch of the Mitchell Plant in such month.

7.6 In the event an Owner desires to separately schedule and dispatch any Unit, subject to the receipt of any necessary regulatory approvals or waivers, the Operating Committee shall establish and implement procedures and systems for separate scheduling and dispatch by each Owner, consistent with all of the requirements of any Person or regional transmission organization, such as PJM, supervising the collective transmission or generation facilities of the power region in which the Mitchell Plant is located that is charged with coordination of market transactions, system-wide transmission planning and network reliability and shall allocate costs and responsibilities in respect of any such separate dispatch (including with respect to Emission Allowances) consistent with such separate dispatch.

7.7 Emission Allowances. Prior to the earlier of any Buyout Transaction or December 31, 2028 (or earlier retirement of the Facility), to the extent that emission allowances issued by the U.S. Environmental Protection Agency ("USEPA") pursuant to Title IV of the Clean Air Act Amendments of 1990 and any regulations thereunder, and any other emission allowance trading program created under the Clean Air Act and administered by USEPA or the State of West Virginia, including but not limited to the Cross-State Air Pollution Rule 40 C.F.R. Part 97, and any amendments thereto (the "Emission Allowances"), are required for operation of the Mitchell Plant, each Owner will be entitled to receive for its own benefit 50% of any Emissions Allowances allocated to the Mitchell Plant. Each Owner will be responsible for acquiring any additional Emission Allowances needed to satisfy the Emission Allowances required because of such Owner's dispatch of energy from the Mitchell Plant. Additionally, prior to such time, each Owner will be responsible for acquiring the Emission Allowances required, to the extent necessary in addition to its share of the Emissions Allowances allocated to the Mitchell Plant, to satisfy 50% of the Emission Allowance surrender obligations attributable to the Mitchell Plant imposed under the Consent Decree entered in *United States, et al. v. American Electric Power Service Corp., et al.*, Civil Action Nos. C2-99-1182 and C2-99-1250 and *United States, et al. v. American Electric Power Service Corp., et al., Civil Action No. C2-05-360 and Ohio Citizen Action, et al. v. American Electric Power Service Corp.*, Civil Action No. C2-04-1098 dated December 10, 2007 as subsequently modified or amended, it being understood that the Owners may be subject to additional rights and obligations under any applicable agreement among the Owners (and/or their Affiliates) and American Electric Power Company, Inc. (and/or its Affiliates) pertaining to the allocation of emission limitations associated with the Mitchell Plant. As early as possible, but no later than three business days after the deadline for submitting final electronic data to the EPA for compliance purposes, the Operator shall notify each Owner of the number of annual or seasonal Emission Allowances that are needed to offset each Owner's share of emissions for the previous year or season. Each Owner shall supply its respective share of allowances, with a reasonable compliance margin as determined by the Operating Committee, by transferring the applicable allowances to the Mitchell Plant's Allowance Facility Account on or before 15 days prior to the remittance date. In the event that an Owner fails to surrender the required number of Emission Allowances in accordance with the prior paragraph, the other Owner shall have the option to purchase the required number of Emission Allowances, and the Owner that failed to surrender the required number of Emission Allowances shall reimburse the other Owner for any amounts it shall have incurred to make such purchases, with interest at the "Federal Funds Rate" (as published by the Board of Governors of the Federal Reserve System as from time to time in effect) running from the date of such purchases to the date of payment. The Operating Committee will develop procedures to be implemented after the end of each calendar year to account for each Owner's share of the Emission Allowances required by the use of the Mitchell Plant and to correct any imbalance between the Emission Allowances supplied and the Emission Allowances used through the end of the preceding year by settlement or payment.

7.8 At least ninety (90) days before the start of each operating year, the Operator shall submit to the Operating Committee any proposed amendments to the Capital Budget and an annual operating budget for such operating year with respect to the Mitchell Plant, a proposed annual operating plan with respect to the Mitchell Plant for such operating year, and a forecast of operating and capital costs to be incurred during the next six-year period. The annual operating budget and amendments to the Capital Budget shall be presented on a month-by-month basis, and shall include an operating budget, a capital budget, and an estimate of the cost of any major repairs or improvements that are anticipated to occur during the relevant period with respect to the Mitchell Plant, and an itemized estimate of all projected fixed and variable operating expenses relating to the operation of the Mitchell Plant during that operating year. The members of the Operating Committee will meet and work in good faith to agree upon the final annual operating budget, final annual operating plan and any amendments to the Capital Budget. Once approved, the annual operating budget and annual operating plan shall remain in effect throughout the applicable operating year, subject to such changes, revisions, amendments, and updating as the Operating Committee may determine. If an Early Retirement Event occurs, the members of the Operating Committee will meet and work in good faith to amend the Capital Budget to remove any future ELG Capital Expenditures and any other future capital expenditures no longer required, to the extent practicable and consistent with Applicable Law. The Capital Budget shall remain in effect throughout the Term, subject to such amendments as the Operating Committee may determine.

7.9 Notwithstanding anything in this Agreement to the contrary, (i) in the case of the O&M Agreement or any other agreement relating to the Mitchell Plant that is entered into jointly by or on behalf of the Owners, on one hand, with an Affiliate of an Owner (or with an Owner itself, as in the case of the O&M Agreement) on the other hand, the non-Affiliate Owner shall have the sole and exclusive right to exercise any and all affirmative or elective rights of the Owners, including remedies (including delivering notices of and pursuing or settling disputes or delivering notices of default or making and pursuing claims for indemnification) and any termination rights (including rights of termination for convenience, if any) thereunder (for the avoidance of doubt, without first obtaining the consent of the other Owner or the Operating Committee) and (ii) in the case the O&M Agreement is terminated pursuant to Section 8.2 thereof, KPCo shall have the sole and exclusive right to select and designate any successor "Operator" or replacement third-party Operator, in each case so long as such successor replacement is a "Qualified Replacement Operator" (as defined in the O&M Agreement); provided, however, that notice of any such action described in this Section 7.9 shall be sent to the other Owner at the time such action is taken if such other Owner is not the Operator. For purposes of this Agreement, "Affiliate" shall mean, with respect to any person or entity, any other person or entity that directly or indirectly, controls, is controlled by, or is under common control with such person or entity. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

ARTICLE EIGHT
EFFECTIVE DATE AND TERM

8.1 This Agreement shall be effective as of the Effective Date.

8.2 Subject to FERC approval or acceptance of any termination, if necessary, this Agreement shall remain in force until the earlier of (a) the date on which this Agreement is terminated by mutual agreement of the Owners or (b) the consummation of the Buyout Transaction contemplated by Section 9.6 (the period from the Effective Date through such date, the "Term").

ARTICLE NINE
TRANSFERS

9.1 Neither Owner may assign, transfer or otherwise dispose of its Ownership Interest, either in whole or part, whether by sale, lease, division, declaration or creation of a trust, by operation of law or otherwise ("Dispose" or a "Disposition") to any person or entity (the "Proposed Purchaser") without the prior written consent of the other Owner (the "Non-Offering Owner" and the Owner proposing the Disposition, the "Offering Owner"), which consent may be granted or withheld in the Non-Offering Owner's sole discretion; provided, that, the foregoing shall not restrict the Owners from pursuing or consummating the Buyout Transaction. Notwithstanding the foregoing, either Owner may Dispose of, all (but not less than all) of its Ownership Interest to a state regulated utility Affiliate, provided that (i) the Disposition shall not relieve the Offering Owner of its obligations under this Agreement, (ii) the Disposition shall be made in compliance with the Consent Decree entered in *United States, et al. v. American Electric Power Service Corp., et al.*, Civil Action Nos. C2-99-1182 and C2-99-1250 and *United States, et al. v. American Electric Power Service Corp., et al.*, Civil Action Nos. C2-04-1098 and C2-05-360, and all amendments or modifications thereto, as in effect as of the date of the Disposition, (iii) the Proposed Purchaser shall agree to and assume, in respect of the Ownership Interest subject to the Disposition, the rights and obligations of the Offering Owner and its Affiliates under any applicable agreement with American Electric Power Company, Inc. (and/or its Affiliates) pertaining to the allocation of emission limitations associated with the Mitchell Plant, and (iv) in the event the Offering Owner (or any Affiliate thereof) shall be the Operator, the Proposed Purchaser shall also have been assigned, and agreed to have assumed, the rights and obligations of the Operator under this Agreement and the O&M Agreement as of the effective date of such Disposition; provided, that in the case of this clause (iv), a written consent from the Non-Offering Owner (which consent shall not be unreasonably withheld, conditioned or delayed) shall be obtained prior to such Disposition to the extent such Disposition results in the change of the Operator.

9.2 No Disposition shall be made unless all requisite regulatory and other approvals, consents and authorizations from all Governmental Authorities that are required to be obtained in connection with such Disposition have been obtained and as to which all conditions to the consummation of Disposition thereunder have been satisfied.

9.3 Subject to Section 9.6, all costs associated with any Disposition of an Ownership Interest by an Owner shall be borne solely by the Offering Owner, provided that the foregoing shall not limit the Offering Owner's right to seek reimbursement of any costs from the Proposed Purchaser in connection with any such Disposition.

9.4 Each Owner shall have the right to seek financing for all or a portion of such Owner's Ownership Interest and to provide general security for such financing of its Ownership Interest, including through the creation of any Encumbrance thereon (and the right of the beneficiary thereof to enforce thereon, but not to foreclose upon or transfer such Owner's Ownership Interest without the prior written consent of the other Owner), without the prior consent of the other Owner; provided that neither Owner may enter into any financing agreement or create any Encumbrance that would be reasonably likely to prohibit or otherwise restrict or condition the Buyout Transaction contemplated by Section 9.6. Each Owner further agrees to cooperate reasonably and in good faith, and to cause its Affiliates to so cooperate, with an Owner seeking financing in connection with such modifications and other rights and consents customary in transactions of such type, and not unreasonably to withhold its consent to such modifications as may be reasonably necessary or appropriate to allow such Owner to obtain such financing upon reasonably competitive terms, including obtaining consents to the assignment of such Owner's Ownership Interest in any of the Project Assets reasonably requested by such Owner's lender; provided that none of such proposed modifications shall (a) relieve the financing Owner of any of its obligations under this Agreement, the O&M Agreement or any other agreement related to the Mitchell Plant or any Project Asset, (b) decrease the economic benefits, or increase the costs, of the ownership and operation of the Mitchell Plant to the other Owner, (c) create any increased economic or legal risk to the other Owner in connection with the ownership and operation of the Mitchell Plant, (d) permit or allow any Encumbrances relating to any such financing to be placed upon any portion of or interest in the Project Assets other than the financing Owner's Ownership Interest, (e) permit partition of the Project Assets or any of them, including any partition upon a default by the financing Owner under any of the relevant financing documents or (f) prohibit or otherwise restrict or condition the Buyout Transaction as contemplated by Section 9.6.

9.5 Notwithstanding anything else herein to the contrary, no Disposition shall constitute a release of the Offering Owner from any liabilities to the Non-Offering Owner or the Operator arising from events occurring prior to or in connection with the Disposition, except as may be set forth expressly in the Mitchell Interest Purchase Agreement.

9.6 Buyout Transaction. Unless an Early Retirement Event occurs, the Owners shall enter into the Mitchell Interest Purchase Agreement pursuant to which KPCo shall sell, transfer and assign to WPCo, and WPCo shall purchase and assume from KPCo, all of KPCo's Ownership Interest (the "KPCo Interest") (including its interest in the underlying land, common facilities, barge unloading and gypsum conveyor facilities, and inventory and spare parts with respect to the Mitchell Plant), with the closing of such transaction to occur on December 31, 2028 (or such earlier date as may be mutually agreed by the Owners), subject to and in accordance with the provisions of this Section 9.6. The transactions contemplated by this Section 9.6 shall be referred to herein collectively as the "Buyout Transaction."

(a) Buyout Price. The purchase price for the KPCo Interest shall be (i) an amount mutually agreed by the Owners and approved by each of the WVPSC and the KPSC or, (ii) if no such amount is agreed by the Owners prior to June 30, 2027, an amount equal to (A) the Adjusted Fair Market Value of the KPCo Interest as of the closing date of the consummation of the Buyout Transaction, minus (B) the Decommissioning Costs Amount, plus (C) the Coal Inventory Adjustment (such aggregate amount, the "Buyout Price"). The Coal Inventory Adjustment and the CapEx Adjustment shall be subject to a customary closing estimation and post-closing true-up mechanism to be set forth in the Mitchell Interest Purchase Agreement.

(b) Determination of Fair Market Value. Not later than June 30, 2026, the Owners shall commence discussions to determine mutually agreed amounts for the Fair Market Value for the KPCo Interest and the Decommissioning Costs Amount. Unless prior to June 30, 2027, (i) the Fair Market Value for the KPCo Interest (or other alternative Buyout Price) has been mutually agreed by the Owners pursuant to this Section 9.6 or (ii) an Early Retirement Event has occurred, then not later than July 31, 2027, each Owner shall deliver a written notice to the other Owner appointing a nationally or regionally recognized appraisal firm, which is not an Affiliate of either Owner, with experience valuing coal-fired electric generating facilities that are comparable in size and scope to the Mitchell Plant ("Appraiser"), the costs and expenses of which shall be borne by the Owner appointing such Appraiser. Each of the Appraisers selected by WPCo and KPCo, respectively, shall work together to select a third Appraiser within fifteen (15) days of selection of the first two Appraisers or, if such first two Appraisers fail to agree upon the appointment of a third Appraiser, such appointment shall be made by the American Arbitration Association, or any successor organization thereto. The costs and expenses of the third Appraiser shall be borne equally by the Owners. Each Owner shall cooperate with each Appraiser and timely provide information and access to the Mitchell Plant facilities (including, subject to any confidentiality restrictions, contracts and financial information) and personnel as may be reasonably needed to complete its appraisal. The Fair Market Value of the KPCo Interest shall be calculated by the Appraisers as of December 31, 2028 (or such earlier date of the anticipated closing of the Buyout Transaction), assuming that the Units would permanently cease operations as of December 31, 2040 (or such earlier anticipated date as may have been filed by WPCo with the WVPSC) but without taking into account any Decommissioning Costs or the value of the common coal pile. Each Appraiser shall prepare a detailed written appraisal of the Fair Market Value of the KPCo Interest within sixty (60) days after the selection of such third Appraiser and provide its valuation reports to each of the Owners. If the Fair Market Value determined by one of the three Appraisers deviates from the Fair Market Value determination of the middle Appraiser by more than twice the amount by which the Fair Market Value determination of the other Appraiser deviates from the Fair Market Value determination of the middle Appraiser, then the Fair Market Value determination of such Appraiser shall be excluded, the remaining two Fair Market Value determinations shall be averaged, and such average shall be the Fair Market Value, which shall be binding and conclusive on the Owners; otherwise the average of all three Fair Market Value determinations shall be the Fair Market Value, which shall be binding and conclusive on the Owners.

(c) Determination of Decommissioning Costs Amount. Unless prior to June 30, 2027, (i) the Decommissioning Costs Amount (or other alternative Buyout Price) has been mutually agreed by the Owners pursuant to this Section 9.6 or (ii) an Early Retirement Event has occurred, then not later than July 15, 2027, each Owner shall deliver a written notice to the other Owner appointing a nationally or regionally recognized engineering or consulting firm, which is not an Affiliate of either Owner, with experience decommissioning (or arranging decommissioning liability transfer arrangements for) coal-fired electric generating facilities that are comparable in size and scope to the Mitchell Plant ("Qualified Firm"), the costs and expenses of which shall be borne by the Owner appointing such Qualified Firm. Each of the Qualified Firms selected by WPCo and KPCo, respectively, shall work together to select a third Qualified Firm within fifteen (15) days of selection of the first two Qualified Firms or, if such first two Qualified Firms fail to agree upon the appointment of a third Qualified Firm, such appointment shall be made by the American Arbitration Association, or any successor organization thereto. The costs and expenses of the third Qualified Firm shall be borne equally by the Owners. Each Owner shall cooperate with each Qualified Firm and timely provide information and access to the Mitchell Plant facilities (including, subject to any confidentiality restrictions, contracts and financial information) and personnel as may be reasonably needed to complete its determination. The Decommissioning Costs Amount shall be calculated by the Qualified Firms as of December 31, 2028 (or such earlier date of the anticipated closing of the Buyout Transaction), assuming for purposes of such determination (A) the Units would permanently cease operations, and Decommissioning of the

Mitchell Plant would commence, as of such date, (B) the Mitchell Plant facilities would be dismantled and removed from the Mitchell Plant site, (C) the Mitchell Plant site would be remediated to a legally permissible industrial use standard, (D) all legal obligations and commitments to Governmental Authorities in connection with the Decommissioning of the Mitchell Plant would be appropriately addressed and satisfied, and (E) such additional or alternative assumptions as the Operating Committee may determine. Each Qualified Firm shall prepare a detailed written determination of the Decommissioning Costs Amount within ninety (90) days after the selection of such third Qualified Firm and provide its determination reports to each of the Owners. If the Decommissioning Costs Amount determined by one of the three Qualified Firms deviates from the Decommissioning Costs Amount determination of the middle Qualified Firm by more than twice the amount by which the Decommissioning Costs Amount determination of the other Qualified Firm deviates from the Decommissioning Costs Amount determination of the middle Qualified Firm, then the determination of such Qualified Firm shall be excluded, the remaining two Decommissioning Costs Amount determinations shall be averaged, and such average shall be the Decommissioning Costs Amount, which shall be binding and conclusive on the Owners; otherwise the average of all three Decommissioning Costs Amount determinations shall be the Decommissioning Costs Amount, which shall be binding and conclusive on the Owners.

(d) Buyout Procedures. Unless an Early Retirement Event has occurred, the Owners shall cooperate in good faith to negotiate and execute the Mitchell Interest Purchase Agreement not later than December 31, 2027, including completing any applicable disclosure schedules and exhibits, consistent with the terms and conditions described in this Section 9.6, so that any applicable regulatory or other approvals shall be timely obtained so as to allow the Buyout Transaction to be consummated on or prior to December 31, 2028.

ARTICLE TEN
DEFAULTS AND REMEDIES

10.1 An Owner shall be deemed to be in default hereunder upon the occurrence of any of the following events with respect to such Owner (each of the following events to be referred to as an "Event of Default," the Owner in default to be referred to as the "Defaulting Owner" and the Owner not in default to be referred to as the "Non-Defaulting Owner"):

(a) an Owner fails to make any payment required by it as and when due and payable in accordance with the terms of this Agreement, the O&M Agreement or any other agreement related to the Mitchell Plant or any Project Asset and such failure is not remedied within ten (10) days after receipt of written notice thereof by such Owner from the other Owner; provided, that any such notice shall include a statement of the amount the Defaulting Owner has failed to pay (a "Payment Default"); or

(b) an Owner fails to perform any material obligation (other than as described in Section 10.1(a)) imposed upon such Owner under this Agreement and such failure is not remedied within thirty (30) days after such Owner receives written notice thereof from the other; provided that, if such thirty (30) day period is not sufficient to enable the remedy or cure of such failure in performance, and such Owner shall have upon receipt of the initial notice promptly commenced and diligently continues thereafter to remedy such failure, then such Owner shall have a reasonable additional period of time (but in no event longer than an additional ninety (90) days from the end of the initial thirty (30) day cure period) to remedy or cure such failure; provided, however, that an Owner shall not be in default of its obligations hereunder to the extent such failure is caused by or is otherwise attributable to a breach by the other Owner of its obligations under this Agreement.

10.2 Without limiting the rights and remedies available to the Non-Defaulting Owner under Applicable Law, in the case of an Event of Default, the Non-Defaulting Owner shall have the right (but not the obligation) to (x) pay all or a portion of the amounts that were the subject of the Payment Default on behalf of the Defaulting Owner and (y) perform the obligation(s) which the Defaulting Owner has failed to perform on behalf of and at the expense of the Defaulting Owner (in any such case subject to all limits on liability benefiting the Defaulting Owner as set forth in this Agreement); and, if such payment is made (the portion as so paid or expended in connection with such performance, the "Paid Amount"), to:

(a) charge the Defaulting Owner interest with respect to the Paid Amount, from the day the payment was made by the Non-Defaulting Owner until it is paid in full by the Defaulting Owner to the Non-Defaulting Owner, at the rate equal to the prime rate as published from time to time in *The Wall Street Journal* (or any successor publication) plus five (5) percentage points per annum, calculated daily, regardless of whether the Non-Defaulting Owner has notified the Defaulting Owner in advance of its intention to charge interest with respect to such Paid Amount;

(b) set off against the Paid Amount any sums due or accruing to the Defaulting Owner by the Non-Defaulting Owner in accordance with this Agreement;

(c) maintain an action or actions for the Paid Amount and interest thereon on a continuing basis as the Paid Amount becomes payable but is not paid by the Defaulting Owner, as if the obligation to pay those amounts and the interest thereon was a liquidated demand due and payable on the date the amounts were due to be paid, without any right or resort of the Defaulting Owner to set-off or counter-claim against the Non-Defaulting Owner; and any obligation to pay interest under this Section 10.2 shall apply until the Payment Default is rectified or remedied; and

(d) at the Non-Defaulting Owner's option, (i) draw on any letter of credit posted by the Defaulting Owner pursuant to Section 4.3 in an amount equal to the Paid Amount, including all interest accrued thereon or (ii) receive one hundred percent (100%) of any revenues arising from or attributable to the sale of capacity, energy, ancillary services or other energy products from the Mitchell Plant that the Defaulting Owner would otherwise be entitled to receive in respect of its Assigned Capacity until the Non-Defaulting Owner receives an amount equal to the Paid Amount, including all interest accrued thereon, *plus* all costs of collection incurred in connection therewith, and the Owners shall cooperate with each other, the Operator, applicable Governmental Authorities (including in respect of securing any regulatory approvals) or other third parties (including lenders) as may be reasonably necessary to facilitate the Non-Defaulting Owner's right to be paid and receive the revenues attributable to the Defaulting Owner's Assigned Capacity until the applicable Paid Amount, including all interest accrued thereon and all costs of collection incurred in connection therewith has been paid to the Non-Defaulting Owner in full, including facilitating any appropriate changes in the applicable settlement accounts with respect to which market revenues are credited or paid by PJM or other applicable regional transmission organizations and executing any documents required to assign over such market revenues to the Non-Defaulting Owner.

ARTICLE ELEVEN
LIMITATION OF LIABILITY

11.1 Without limiting any other provision of this Agreement, each Owner's liability under this Agreement shall be limited to direct actual damages only. Such direct actual damages shall be the sole and exclusive remedy with respect to all claims arising under this Agreement and all other remedies or damages at law or in equity with respect to claims arising under this Agreement are waived, and unless expressly provided herein, no Owner shall be liable for consequential, punitive, incidental, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or in contract, under any indemnity provision or otherwise, with respect to claims arising under this Agreement. It is the intent of the Owners that the limitations herein imposed on remedies and the measure of damages be without regard to the cause or causes related thereto, including the negligence of any Owner, whether such negligence be sole, joint or concurrent, or active or passive. Notwithstanding anything herein to the contrary, the limitations set forth in this Section 11.1 shall not limit or preclude any indemnification obligations of an Owner pursuant to Article Ten of the O&M Agreement, including with respect to indemnification for third-party claims.

ARTICLE TWELVE
DISPUTE RESOLUTION

12.1 If either Owner believes that a dispute (including a Technical Dispute) has arisen as to the meaning or application of this Agreement, it shall submit a written description of the disputed matter to the Operating Committee, and shall provide a copy of that submission to the other Owner.

12.2 If the Operating Committee is unable to reach agreement on the resolution of a dispute not constituting a Technical Dispute submitted to the Operating Committee pursuant to Section 12.1 within thirty (30) days after the dispute is presented to it, the matter shall be referred to senior executive officers with the authority to resolve such dispute of each of the Owners for resolution in the manner that such individuals shall agree is appropriate; provided, however, that either Owner may exercise any and all rights at law or equity at any time after the end of the thirty (30) day period provided for the Operating Committee to reach agreement if the Operating Committee has not reached agreement.

12.3 If the Operating Committee is unable to reach agreement on the resolution of a Technical Dispute submitted to the Operating Committee within ten (10) business days after such Technical Dispute is presented to it, then either Owner may refer such Technical Dispute to a Technical Expert. Within ten (10) business days following receipt of an Owner's notice referring a Technical Dispute to a Technical Expert, the Operating Representatives shall confer to agree upon a Technical Expert to hear the Technical Dispute. If the Owners are unable to agree upon the appointment of a Technical Expert, then at the end of such ten (10) business day period each Owner shall, within five (5) business days, notify the other Owner in writing of its designation of a proposed Technical Expert. The two proposed Technical Experts shall, within five (5) business days, select a Technical Expert (who may be one of the two Technical Experts designated by the Owners or another Technical Expert) and such Technical Expert shall hear the Technical Dispute. Each Owner shall be required to put forth and endorse one proposal, budget or solution, as the case may be, as its proposed resolution to the Technical Dispute, based on an agreed statement of the nature of the Technical Dispute and agreed facts surrounding such Technical Dispute. Each Owner's proposal, budget or solution shall be delivered to the Technical Expert and the other Owner no later than twenty (20) business days after the date of the notice of the Owner submitting the Technical Dispute to the Technical Expert. The Technical Expert shall be guided by consideration of (a) this Agreement, (b) all other agreements between the Owners relating to the Mitchell Plant, including the O&M Agreement and (c) Prudent Operation and Maintenance Practices (as defined in the O&M Agreement), and be required to select one of the proposals, budgets or solutions, as the case may be, and shall not be able to select any other proposal, budget or solution, except to the extent mutually agreed by the Owners. The Technical Expert shall render a decision resolving the matter within forty-five (45) days of the date of the notice of the Owner submitting such matter. The Technical Expert shall not award to either Owner any relief greater than that initially sought by such Owner. The decision of the Technical Expert shall be final and binding upon the Owners and not subject to appeal or review. The Owners shall bear equally all costs and expenses of the Technical Expert procedure and the Technical Expert shall not have the authority to award costs or attorneys' fees to either Owner. The Technical Expert shall act as an expert and not as an arbitrator and the provisions of the Federal Arbitration Act and the laws relating to arbitration shall not apply to the Technical Expert or the Technical Expert's determination or the procedure by which a determination is reached. Except as provided in Section 7.2(a), the Technical Expert's decision shall not in any event result in deviations from the agreed allocations of costs between the Owners as set forth in this Agreement.

12.4 Except as provided in this Article Twelve, the existence, contents, or results of any settlement negotiations or the results thereof under this Article Twelve may not be disclosed without the prior written consent of the Owners, provided, however, that either Owner may make disclosures as may be required to fulfill regulatory obligations to any Governmental Authority having jurisdiction, and may inform its lenders, affiliates, auditors, and insurers, as necessary, under pledge of confidentiality, and may consult with expert consultants as required in connection with any proceeding under pledge of confidentiality.

12.5 Nothing in this Agreement shall be construed to preclude either Owner from filing a petition or complaint with FERC with respect to any claim over which FERC has jurisdiction. In such case, the other Owner may request that FERC reject the petition or complaint or otherwise decline to exercise its jurisdiction. If FERC declines to act with respect to all or part of a claim, the portion of the claim not so accepted by FERC may be resolved through an action at law or equity. To the extent that FERC asserts or accepts jurisdiction over all or part of a claim, the decisions, findings of fact, or orders of FERC shall be final and binding, subject to judicial review under the Federal Power Act, 16 U.S.C. §§ 791a et seq., as amended from time to time, and any proceedings that may have commenced prior to the assertion or acceptance of jurisdiction by FERC shall be stayed, pending the outcome of FERC proceedings. To the extent that any decisions, findings of fact, or orders of FERC do not provide a final or complete remedy to an Owner seeking relief, such Owner may proceed at law or equity to secure such a remedy, subject to any FERC decisions, findings, or orders.

12.6 If an Owner (the "Contesting Owner") contests in good faith any amount paid pursuant to the terms of this Agreement following receipt of the written notice of the other Owner delivered pursuant to Section 10.1(a), and any portion of such amount is determined or resolved (including pursuant to the dispute resolution procedures of this Article Twelve) to be in excess of the actual amount due pursuant to the terms of this Agreement, then the Contesting Owner may charge the other Owner interest with respect to such excess amount from the day the payment was made until it is repaid to the Contesting Owner, at the rate equal to the prime rate as published from time to time in *The Wall Street Journal* (or any successor publication) plus five (5) percentage points per annum, calculated daily, regardless of whether the Contesting Owner has notified the other Owner in advance of its intention to charge interest with respect to such excess amount, and the other Owner shall make payment in full in respect of such excess amount and interest within thirty (30) days of written demand therefor.

ARTICLE THIRTEEN
GENERAL

13.1 This Agreement shall inure to the benefit of and be binding upon the signatories hereto and their respective successors and permitted assigns, but this Agreement may not be assigned by any signatory without the written consent of the other parties hereto or as permitted by Article Nine hereof.

13.2 This Agreement is subject to the regulatory authority of any State or Federal agency having jurisdiction.

13.3 The interpretation and performance of this Agreement is governed by and shall be construed in accordance with the laws of the State of New York, exclusive of the conflicts of law provisions thereof that would require the application of the laws of a different jurisdiction. Each Owner hereby agrees that any Action arising out of or relating to this Agreement brought by an Owner (or any of their respective successors or assigns) shall be brought and determined in any state or federal court sitting in the State of New York, within the Borough of Manhattan, City of New York, and the Owners hereby irrevocably submit to the exclusive jurisdiction of the aforesaid courts for themselves and with respect to their property, generally and unconditionally, with regard to any such Action arising out of or relating to this Agreement and the transactions contemplated hereby, and the appellate courts from any thereof in connection with any action arising out of or relating to this Agreement or any other agreement related to the Mitchell Plant or any Project Asset and the transactions contemplated hereby, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or that such action was brought in an inconvenient court. EACH OWNER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE O&M AGREEMENT, OR ANY OTHER AGREEMENT RELATED TO THE MITCHELL PLANT OR ANY PROJECT ASSET.

13.4 This Agreement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral between the signatories hereto or their representatives with respect to operation of the Mitchell Plant, including the Original Operating Agreement. Notwithstanding the foregoing, the amendment and restatement of the Original

Operating Agreement effected hereby shall not relieve any party thereto of any undischarged obligation or liability of such party in respect of the period prior to the Effective Date under the Original Operating Agreement. This Agreement, together with the O&M Agreement (and any replacements thereof), constitutes the entire agreement of the signatories hereto with respect to the operation of the Mitchell Plant and the ownership thereof. The signatories hereto hereby agree that this Agreement shall amend the Original Operating Agreement to irrevocably remove AEPSC as a party thereto and, on and after the Effective Date, AEPSC shall no longer be a party thereto or hereto or entitled to rights, or subject to obligations, as a party to this Agreement; provided, however, that Operator shall be permitted to delegate any of its rights, duties and obligations under this Agreement and the O&M Agreement to AEPSC without the consent of KPCo, but without relieving Operator of any of its obligations hereunder.

13.5 No amendments or modifications of this Agreement are valid unless in writing and signed by duly authorized representatives of the Owners.

13.6 Each Owner shall designate in writing a representative to receive any and all notices required under this Agreement. Notices shall be in writing and shall be given to the representative designated to receive them, either by personal delivery, certified mail, e-mail or any similar means, properly addressed to such representative at the address specified below:

KENTUCKY POWER COMPANY
[______]
[______]

Attn: ______________________________

Phone: [______]

Email: [______]

WHEELING POWER COMPANY
[______]
[______]

Attn: ______________________________

Phone: [______]

Email: [______]

All notices shall be deemed to have been given (a) when personally delivered, (b) when transmitted (except if not a Business Day then the next Business Day) via electronic mail (provided that no error message or other notification of non-delivery is generated with respect to the intended recipient), (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties hereto at the address set forth below, or at such other address as such Owner may specify by written notice to the other Owner (or at such other address for an Owner as shall be specified in a notice given in accordance with this Section 13.6). Each Owner may, by written notice to the other Owner, change the representative or the address to which such notices are to be sent.

13.7 This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts shall constitute for all purposes one agreement. Any signature hereto delivered by a party hereto by facsimile or other electronic transmission shall be deemed an original signature hereto.

13.8 Except as otherwise specifically provided, all fees, costs and expenses incurred by the parties hereto in negotiating this Agreement shall be paid by the party incurring the same, including legal and accounting fees, costs and expenses.

13.9 Any of the terms, covenants, or conditions hereof may be waived only by a written instrument executed by or on behalf of the Owners waiving compliance. No course of dealing on the part of any Owners, or its respective officers, employees, agents, accountants, attorneys, investment bankers, consultants or other authorized representatives, nor any failure by an Owner to exercise any of its rights under this Agreement shall operate as a waiver thereof or affect in any way the right of such Owner at a later time to enforce the performance of such provision. No waiver by any Owner of any condition, or any breach of any term or covenant contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of any breach of any other term or covenant. The rights of the Owners under this Agreement shall be cumulative, and the exercise or partial exercise of any such right shall not preclude the exercise of any other right.

13.10 This Agreement shall be binding upon and inure to the benefit of the Owners and their respective successors and permitted assigns.

13.11 No Owner will issue, or permit any of its Affiliates, its or its Affiliate's directors, officers, employees, consultants, agents or other representatives to issue, any press releases or otherwise make, or cause any of its Affiliates, its or its Affiliate's directors, officers, employees, consultants, agents or other representatives to make, any public statements or other public disclosures with respect to this Agreement, or the transactions contemplated hereby without the prior written consent of the other Owner; provided, however, that the foregoing requirement to obtain prior written consent shall not apply where such release, statement or disclosure is deemed in good faith by the releasing or disclosing Owner to be required by Applicable Law or under the rules and regulations of a recognized stock exchange on which shares of such Owner (or any of its Affiliates) are listed, so long as prior to making any such release, statement or disclosure and to the extent legally permitted, the releasing or disclosing Owner shall provide prompt notice to the other Owner, consult the other Owner as to the form, contents and timing of such release or disclosure and, when available, provide a copy of such release, statement or disclosure containing such information to the other Owner.

13.12 If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Owners shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Owners as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

13.13 Each Owner acknowledges that it shall be inadequate or impossible, or both, to measure in money the damage to the Members if any of them or any transferee or any legal representative of any Owner fails to comply with any of the restrictions or obligations imposed by Article Nine that every such restriction and obligation is material, and that in the event of any such failure, the Owners shall not have an adequate remedy at law or in damages. Therefore, each Owner consents to the issuance of an injunction or the enforcement of other equitable remedies against such Owner at the suit of an aggrieved party without the posting of any bond or other security, to compel specific performance of all of the terms of Article Nine and to prevent any Disposition in contravention of any terms of Article Nine, and waives any defenses thereto, including the defenses of: (i) failure of consideration, (ii) breach of any other provision of this Agreement and (iii) availability of relief in monetary damages.

ARTICLE FOURTEEN
DEFINITIONS

For all purposes of this Agreement (including the preceding sections and recitals), unless otherwise required by the context in which any defined term appears or otherwise defined in the body of this Agreement, capitalized terms have the meanings specified in this Article Fourteen. In this Agreement, unless expressly stated otherwise: (a) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as has been, or may be, amended, supplemented or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (b) reference to any Applicable Law means such Applicable Law as has been, or may be, amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including rules and regulations, promulgated thereunder; (c) the singular includes the plural, as the context requires; (d) the terms "includes" and "including" mean "including, but not limited to"; (e) "Day" (regardless of capitalization) shall mean a calendar day, unless specifically designated as a Business Day or business day; (f) "Month" (regardless of capitalization) shall mean a calendar month; (vii) references to articles, sections and appendices mean the articles and sections of, and appendices to, this Agreement.

"Adjusted Fair Market Value" means any positive amount (if any, and zero otherwise) equal to (A) the Fair Market Value, minus (B) the CapEx Adjustment.

"AEPSC" shall have the meaning given to such term in the Preamble.

"Agreement" shall have the meaning given to such term in the Preamble.

"Applicable Law" shall mean all laws (including common law), statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, regulations, governmental approvals, permits, directives, and requirements of all Governmental Authorities (including with respect to the environment) having jurisdiction over an Owner, any other person or entity (as to that person or entity), this Agreement, any Project Asset or the Mitchell Plant, as applicable.

"Appraiser" shall have the meaning given to such term in Section 9.6(b).

"Assigned Capacity" shall have the meaning given to such term in Section 2.3.

"Buyout Price" shall have the meaning given to such term in Section 9.6(a).

"Buyout Transaction" shall have the meaning given to such term in Section 9.6.

"CapEx Adjustment" shall mean (a) 50% of any capital expenditures (or portion thereof), including ELG Capital Expenditures, to the extent funded by WPCo in an amount in excess of 50% of the total amount thereof on or prior to December 31, 2028, plus (b) an amount equal to the WACC for the amounts included in clause (a), applied to all of such amounts using the then-applicable WACC from the dates of funding through the closing date of the consummation of the Buyout Transaction.

"Capital Budget" shall have the meaning given to such term in Section 1.7.

"CertainTeed Contract" shall mean that certain Supply Agreement dated March 11, 2005, by and between CertainTeed Gypsum West Virginia, Inc. (formerly BPB West Virginia Inc.) and KPCo (as assignee of Ohio Power Company), as amended by Amendment No. 2010-1 dated August 2, 2010, as further amended by Amendment No. 2012-1 dated February 20, 2012 and as further amended by Amendment No. 2013-1 dated June 5, 2013, as may be amended, amended and restated, supplemented or modified from time to time, and as may be assigned to Operator or an Affiliate of Operator.

"CCR Capital Expenditures" shall mean all capital expenditures associated with implementation of the CCR Upgrades.

"CCR Rule" means the Coal Combustion Residuals Rule, 40 CFR Part 257 (April 17, 2015, as amended), and any regulations thereunder promulgated by the USEPA or the State of West Virginia.

"CCR Upgrades" shall mean any improvements or upgrades to the Mitchell Plant to enable KPCo and WPCo to comply with the CCR Rule.

"Coal Inventory Adjustment" shall mean the weighted-average cost of KPCo's investment in the common coal pile for the Mitchell Plant.

"Control" shall have the meaning given to such term in Section 7.10.

"Credit Rating" means with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancements) by S&P or Moody's. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligations by S&P or Moody's, then "Credit Rating" means the general corporate credit rating or long-term issuer rating assigned to such entity by S&P or Moody's. If an entity is rated by both S&P and Moody's and the ratings are at different levels, then "Credit Rating" means the lowest such rating.

"Decommission" or "Decommissioning" shall mean the retirement, dismantlement and permanent removal of the Units and other property, plant, and equipment comprising the Mitchell Plant, including any common facilities associated with each Unit that are to be permanently removed from service, the restoration of the Mitchell Plant site and the removal or remediation of any hazardous materials or other contaminated equipment, materials, coal ash or wastes associated therewith, in a manner that meets the requirements of Applicable Law.

"Decommissioning Costs" shall mean all costs and obligations expended or incurred in the performance of all work reasonably necessary or undertaken to Decommission the Mitchell Plant, including work associated with the preparation and implementation of Decommissioning plans and the preparation, submittal and prosecution of all necessary applications with Governmental Authorities as required to Decommission the Mitchell Plant in accordance with Applicable Law.

"Decommissioning Costs Amount" shall mean an amount equal to 50% of all Decommissioning Costs, as determined by and adjusted in accordance with the procedures and calculation criteria and factors set forth in the Section 9.6(c).

"Defaulting Owner" shall have the meaning given to such term in Section 10.1.

"Depreciable Life" means, with respect to a capital item, the shorter of (a) the reasonably expected depreciable life (in months) of such capital item and (b) the number of months between the anticipated in-service date of such capital item and December 31, 2040 (or such earlier anticipated date of the permanent cessation of operations of the Units filed with the WVPSC).

"Dispose" or "Disposition" shall have the meaning given to such term in Section 9.1.

"Early Retirement Event" shall mean the delivery of a written notice by WPCo to KPCo irrevocably committing to permanently cease operations of the Mitchell Plant effective on or, with KPCo consent, prior to December 31, 2028, which notice shall be consistent with WPCo's current filings at such time with the WVPSC in respect of the Mitchell Plant.

"Effective Date" shall have the meaning given to such term in the Preamble.

"ELG Capital Expenditures" shall mean all capital expenditures associated with implementation of the ELG Upgrades.

"ELG Rule" shall mean the Steam Electric Reconsideration Rule, 85 Fed. Reg. 64,650 (Oct. 13, 2020), and any regulations thereunder promulgated by the USEPA or the State of West Virginia.

"ELG Upgrades" shall mean any improvements or upgrades to the Mitchell Plant to enable WPCo to comply with the ELG Rule.

"Emission Allowances" shall have the meaning given to such term in Section 7.7.

"Encumbrance" shall mean with respect to any property or asset (a) any mortgage, deed of trust, charge, lien, pledge, hypothecation, title retention arrangement or other security interest, as or in effect as security for the payment of a monetary obligation or the observance of any other obligation; (b) any easement, servitude, restrictive covenant, equity or interest in the nature of an encumbrance, garnishee order, writ of execution, right of set-off, lease, license to use or occupy, assignment of income or monetary claim, whether or not filed, recorded or otherwise perfected under Applicable Law; and (c) any agreement to create any of the foregoing or allow any of the foregoing to exist.

"Event of Default" shall have the meaning given to such term in Section 10.1.

"Fair Market Value" shall mean, with respect to the KPCo Interest as of any date, an amount (which may be a positive or a negative number) equal to 50% of the cash price obtainable in an arm's-length sale of the entirety of the Mitchell Plant between an informed and willing buyer and seller, in each case under no compulsion to buy or sell, as the case may be, as determined by and adjusted in accordance with the procedures and valuation criteria and factors set forth in Section 9.6(b).

"FERC" shall have the meaning given to such term in Section 5.1.

"FERC Accounting Requirements" means the accounting requirements of FERC, including with respect to the Uniform System of Accounts, established by FERC under the FPA.

"FPA" means the Federal Power Act.

"Governmental Authority" means any federal, national, regional, state, municipal or local government authority, tribunal, court, agency, body, board or instrumentality, or any regulatory, administrative or other department, commission, bureau or agency, taxing authority or power, or any political or other subdivision, department or branch of the foregoing, including any independent system operator, regional transmission organization or electric reliability organization.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"KPCo" shall have the meaning given to such term in the Preamble.

"KPCo Interest" shall have the meaning given to such term in Section 9.6.

"KPSC" shall mean the Kentucky Public Service Commission.

"Mitchell Interest Purchase Agreement" shall mean an asset purchase agreement between KPCo and WPCo to implement the Buyout Transaction at the Buyout Price, consistent with Section 9.6 and on a non-recourse basis to KPCo, subject to an indemnity expiring on December 31, 2050 by KPCo for the benefit of WPCo, with a cap of $15 million, for unknown contingent liabilities with respect to items arising from KPCo's 50% Ownership Interest prior to the date of the closing of the Buyout Transaction and not estimated or otherwise factored in the calculation of Fair Market Value or the Decommissioning Costs Amount.

"Mitchell Plant" shall mean the Mitchell Power Generation Facility, which consists of the Units and associated plant, equipment, real estate and other related facilities, located in Moundsville, West Virginia, but excluding the real property and operation known as the Conner Run Fly Ash Impoundment and Dam.

"Moody's" shall have the meaning given to such term in Section 4.3.

"Non-Defaulting Owner" shall have the meaning given to such term in Section 10.1.

"Non-Offering Owner" shall have the meaning given to such term in Section 9.1.

"O&M Agreement" shall have the meaning given to such term in the Recitals.

"Offering Owner" shall have the meaning given to such term in Section 9.1.

"Operating Committee" shall have the meaning given to such term in Section 7.1.

"Operating Representative" shall have the meaning given to such term in Section 7.1.

"Operator" shall have the meaning given to such term in the Recitals.

"Original Operating Agreement" shall have the meaning given to such term in the Recitals.

"Owner" or "Owners" shall have the meaning given to such term in the Preamble.

"Ownership Interest" shall have the meaning given to such term in the Recitals.

"Paid Amount" shall have the meaning given to such term in Section 10.2.

"Payment Default" shall have the meaning given to such term in Section 10.1(a).

"Project Assets" shall have the meaning given to such term in Section 1.1.

"Proposed Purchaser" shall have the meaning given to such term in Section 9.1.

"Qualified Firm" shall have the meaning given to such term in Section 9.6(c).

"Ratings Requirement" shall mean a Credit Rating for such Owner (or if such Owner has provided a guaranty issued by an Affiliate to satisfy its obligations under this Section 4.3, such Owner's Affiliate guarantor) of at least "BBB-" by S&P or at least Baa3 by Moody's, and if such Credit Rating is "BBB-" by S&P or "Baa3" by Moody's then such Credit Rating must not be on negative credit watch by S&P or Moody's.

"S&P" shall have the meaning given to such term in Section 4.3.

"Tax Code" shall have the meaning given to such term in Section 6.6.

"Technical Dispute" shall mean any dispute which this Agreement expressly provides shall be a Technical Dispute.

"Technical Expert" shall mean any individual selected in accordance with the procedure specified in Section 12.3 and who (a) has significant professional qualifications and practical experience in the subject matter of the Technical Dispute, (b) has no interest, financial or otherwise, or duty which conflicts or may conflict with such individual's functions as a Technical Expert (such individual being required to fully disclose any such interest or duty prior to any appointment) and (c) is not currently and has not been (i) during the five (5) years prior to the date of appointment, an employee of any of the Owners or any of their Affiliates and (ii) during the three (3) years prior to the date of appointment, a contractor or consultant of either of the Owners or any of their Affiliates, unless otherwise mutually agreed by the Owners.

"Term" shall have the meaning given to such term in Section 8.2.

"Total Net Capability" shall have the meaning given to such term in Section 2.1.

"Total Net Generation" shall have the meaning given to such term in Section 2.2.

"Unit" shall have the meaning given to such term in the Recitals.

"USEPA" shall have the meaning given to such term in Section 7.7.

"WACC" shall mean, as of any date, WPCo's then-applicable WVPSC-authorized weighted average cost of capital, compounded semiannually (consistent with the compounding of Allowance for Funds Used During Construction (AFUDC)).

"WPCo" shall have the meaning given to such term in the Preamble.

"WVPSC" shall mean the Public Service Commission of West Virginia.

[*Signature pages follow*.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

KENTUCKY POWER COMPANY

By: ______________________________

Title:

WHEELING POWER COMPANY

By: ______________________________
Title:

Solely with respect to Section 13.4:

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: ______________________________
Title:

Exhibit A

Capital Budget, Initial Budgets and Forecast

[To Be Attached as of the Effective Date.]

Exhibit B

Form of Monthly Sample Report

[To Be Attached as of the Effective Date.]

Exhibit C
[Final Form]

OPERATIONS AND MAINTENANCE AGREEMENT

by and between

KENTUCKY POWER COMPANY, as the Non-Operator Owner

and

WHEELING POWER COMPANY, as the Operator

Dated as of

[__________]

TABLE OF CONTENTS

Page

MITCHELL PLANT OPERATIONS AND MAINTENANCE AGREEMENT

This OPERATIONS AND MAINTENANCE AGREEMENT (this "Agreement"), dated as of [__________] (the "Effective Date"), is entered by and between WHEELING POWER COMPANY, a West Virginia corporation (in its capacity as the operator of the Facility, "Operator" and in its capacity as an owner of the Facility, "WPCo") and KENTUCKY POWER COMPANY, a Kentucky corporation qualified as a foreign corporation in West Virginia (in its capacity as an owner of the Facility, the "Non-Operator Owner" and, together with WPCo, each an "Owner" and, together, the "Owners").

RECITALS

1. Owners each own an undivided Ownership Interest in the Facility (these and other capitalized terms are defined in Article II).

2. On the date hereof, WPCo and the Non-Operator Owner have entered into that certain Mitchell Plant Ownership Agreement, setting forth the respective rights, duties and obligations of the Owners with respect to each other and the Facility in their capacities as the Owners thereof (the "Ownership Agreement").

3. Pursuant to the Ownership Agreement, WPCo has agreed to manage the day-to-day operations and maintenance of the Facility as Operator pursuant to the terms of this Agreement.

4. Operator and the Non-Operator Owner desire to execute this Agreement to set forth the respective rights, duties and obligations of WPCo, in its capacity as Operator of the Facility, and the Non-Operator Owner, in its capacity as an Owner of an undivided interest as a co-tenant in the Facility.

NOW, THEREFORE, in consideration of the foregoing premises, and of the mutual covenants, undertakings and conditions set forth below, the Parties agree as follows:

ARTICLE I - AGREEMENT

1.1 Agreement. This Agreement consists of the recitals, and the terms and conditions set forth in this Agreement, as well as the appendices that are referenced in the table of contents and attached to this Agreement.

1.2 Relationship of the Parties. Operator shall perform the Services in its capacity as an independent contractor of the Owners and as principal on its own behalf as an Owner. Subject to any limitations set forth in this Agreement and the Ownership Agreement, the Owners delegate to Operator, and Operator accepts from the Owners, the responsibility of providing the Services at the Facility. The Owners and Operator agree that the scope of delegation is strictly limited to the matters set forth in this Agreement and the Ownership Agreement. Without limiting the generality of the foregoing, the Owners retain the ultimate authority and obligation to determine whether and to what extent the Facility operates, and Operator shall not cause the Facility to generate power except as expressly directed to do so by the Owners or any dispatching authority specified by the Owners in accordance with the Ownership Agreement. For the avoidance of doubt, any provision of this Agreement requiring the delegation of authority, direction, consent or authorization with respect to the Owners shall mean the delegation, direction, consent or authorization of both Owners (or the Operating Committee) in accordance with the Ownership Agreement (except to the extent the Ownership Agreement gives exclusive authority to the Non-Operator Owner thereunder, in which case such delegation of authority, direction, consent or authorization with respect to the Owners shall mean exclusively the delegation, direction, consent or authorization of the Non-Operator Owner).

1.3 Entire Agreement. This Agreement, together with the Ownership Agreement, contains the entire agreement between the Parties with respect to Operator's provision of Services at the Facility and supersedes all prior negotiations, undertakings and agreements.

ARTICLE II - DEFINITIONS

For all purposes of this Agreement (including the preceding sections and recitals), unless otherwise required by the context in which any defined term appears, capitalized terms have the meanings specified in this Article II. The singular includes the plural, as the context requires. The terms "includes" and "including" mean "including, but not limited to." The terms "ensure" and "reasonable efforts" will not be construed as a guarantee, but will imply only a duty to use reasonable efforts and care, consistent with Prudent Operation and Maintenance Practices, and will include reasonable expenditures of money and at least such efforts as Operator would undertake for its own assets, services or maintenance, or for services provided to an Affiliate. "Gross negligence" will not be construed as simple or ordinary negligence, it being the intent of the Parties to preserve a distinction between errors made inadvertently while attempting to perform with due care and actions taken with a knowing disregard for a foreseeable risk. "Day" (regardless of capitalization) shall mean a calendar day, unless specifically designated as a Business Day. "Month" (regardless of capitalization) shall mean a calendar month. References to articles, sections and appendices mean the articles and sections of, and appendices to, this Agreement, except where expressly stated otherwise.

"AEP" shall mean American Electric Power Company, Inc., a New York corporation and an Affiliate of WPCo.

"AEPSC" shall mean American Electric Power Service Corporation, a New York corporation and an Affiliate of WPCo.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, controls, is controlled by, or is under common control with such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise. The Non-Operator Owner shall not be deemed an Affiliate of the Operator.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Applicable Law" means all laws (including common law), statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, regulations, Governmental

Approvals, Permits, directives, and requirements of all Governmental Authorities (including with respect to the environment) having jurisdiction over an Owner, any other Person or entity (as to that Person or entity), this Agreement, any Facility asset or the Facility, as applicable.

"Bankruptcy" means a situation in which (i) a Person files a voluntary petition in bankruptcy or is adjudicated as bankrupt or insolvent, or files any petition or answer or consent seeking any reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief for itself under the present or future applicable United States federal, state or other statute or law relative to bankruptcy, insolvency or other relief for debtors, or seeks or consents to or acquiesces in the appointment of any trustee, receiver, conservator or liquidator of such Person or of all or any substantial part of its properties (the term "acquiesce," as used in this definition, includes the failure to file a petition or motion to vacate or discharge any order, judgment or decree within fifteen (15) days after entry of such order, judgment or decree); (ii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against any Person seeking a reorganization, arrangement, moratorium, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States federal bankruptcy act, or any other present or future Applicable Law relating to bankruptcy, insolvency or other relief for debtors, and such Person acquiesces and such decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof, or a trustee, receiver, conservator or liquidator of such Person is appointed with the consent or acquiescence of such Person and such appointment remains unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive; (iii) a Person admits in writing its inability to pay its debts as they mature; (iv) a Person gives notice, to any Governmental Authority of insolvency or pending insolvency, or suspension or pending suspension of operations; or (v) a Person makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors (other than in the ordinary course of such party's business).

"Budget" means an annual operating budget and annual capital budget adopted or amended pursuant to the Ownership Agreement.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which banks in West Virginia or Ohio are required or permitted to be closed.

"Claims" means any and all claims, assertions, demands, suits, investigations, inquiries, and proceedings.

"Confidential Information" means, with respect to each Party, all written or oral information of a proprietary, intellectual or similar nature, relating to the business, projects, operations, activities or affairs of a Party and its Affiliates, whether of a technical or financial nature or otherwise (including environmental assessment reports, financial information, business plans and proposals, ideas, concepts, trade secrets, know-how, processes, pricing of services or products, and other technical or business information, whether concerning this Agreement, each Party's respective businesses or otherwise) that has not been publicly disclosed and that the receiving Party acquires directly or indirectly from the disclosing Party.

"Cost Allocation Manual" means the Cost Allocation Manual of Operator and its Affiliates, as may be amended from time to time, as filed with FERC and, to the extent required, the WVPSC.

"Decommission" or "Decommissioning" shall mean the retirement, dismantlement and permanent removal of the generating units and other property, plant, and equipment comprising the Facility, including any common facilities associated with each generating unit that are to be permanently removed from service, the restoration of the Site and the removal or remediation of any hazardous materials or other contaminated equipment, materials, coal ash or wastes associated therewith, in a manner that meets the requirements of Applicable Law.

"Decommissioning Work" shall mean all work reasonably necessary or undertaken to Decommission the Facility, including work associated with the preparation and implementation of Decommissioning plans and the preparation, submittal and prosecution of all necessary applications with Governmental Authorities as required to Decommission the Facility in accordance with Applicable Law.

"Dollars" means United States Dollars, the lawful currency of the United States of America.

"Due Date" means, with respect to any Operator invoice, the date that is thirty (30) days following the date on which Operator submits the invoice to the Non-Operator Owner in accordance with Article VII. If such date does not fall on a Business Day, then the Due Date shall be the first Business Day after such date.

"Effective Date" means the date set forth in the preamble to this Agreement.

"Emergency" has the meaning set forth in Section 3.8.

"Encumbrance" means (i) any mortgage, charge, lien, pledge, hypothecation, title retention arrangement or other security interest, as or in effect as security for the payment of a monetary obligation or the observance of any other obligation; (ii) any easement, servitude, restrictive covenant, equity or interest in the nature of an encumbrance, garnishee order, writ of execution, right of set-off, lease, license to use or occupy, assignment of income or monetary Claim; and (iii) any agreement to create any of the foregoing or allow any of the foregoing to exist.

"Environmental Law" means any Applicable Law pertaining to (i) the regulation or protection of employee health or safety, public health or safety, or the indoor or outdoor environment; (ii) the conservation, management, development, control or use of land, natural resources, or wildlife; (iii) the protection or use of surface water or ground water; (iv) the management, manufacture, possession, presence, use, generation, treatment, storage, disposal, transportation, or handling of, or exposure to any Hazardous Material; or (v) pollution (including release of any hazardous substance to air, land, surface water and ground water), including the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Water Act (33 U.S.C. §§ 7401 et seq.), the Clean Air Act, as amended (42 U.S.C. §§ 7401 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), the

Uranium Mill Tailings Radiation Control Act (42 U.S.C. §§ 7901 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), all as now or hereafter amended or supplemented, and any regulations promulgated thereunder, and any other similar federal, state, or local statutes, rules and regulations.

"Environmental Liability" has the meaning set forth in Section 10.3.1.

"Facility" means the Mitchell Power Generation Facility consisting of two (2) coal-fired generating units, each having a nominal nameplate capacity of 800 megawatts, and associated plant, equipment and real estate, located in Moundsville, West Virginia, and includes all electrical or thermal devices, and related structures and connections that are located at the Site and used for the production of power and the transportation and handling of fuel for the benefit of the Owners, but excluding the real property and operation known as the Conner Run Fly Ash Impoundment and Dam.

"Facility Agreements" means this Agreement, the Ownership Agreement, all applicable interconnection agreements, fuel supply agreements, coal ash, gypsum and other combustion byproduct disposal or sales agreements, all applicable equipment maintenance agreements in effect or entered into, and as amended, supplemented or modified, from time to time by the Operator or the Owners relating to the Facility, all equipment contracts with regard to warranties and equipment design and specifications, and any other agreement reasonably designated by the Owners as a "Facility Agreement."

"Facility Equipment" has the meaning set forth in Section 13.1.

"Facility Personnel" means those individuals who are employed by Operator or its Affiliates to perform services in respect of the Facility under this Agreement.

"Force Majeure Event" has the meaning set forth in Section 14.6.1.

"Governmental Approval" means any consent, license, approval, exemption, Permit, "no objection certificate" or other authorization of whatever nature that is required to be granted by any Governmental Authority or any third party with respect to the siting, construction, operation, service and maintenance of the Facility in accordance with this Agreement, or otherwise necessary to enable an Owner or Operator to exercise its rights, or observe or perform its obligations, under this Agreement.

"Governmental Authority" means any federal, national, regional, state, municipal or local government authority, tribunal, court, agency, body, board or instrumentality, or any regulatory, administrative or other department, bureau or agency, or any political or other subdivision, department or branch of the foregoing, including any independent system operator, regional transmission organization or electric reliability organization.

"Hazardous Materials" means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, 1.4 Dioxane, per-and polyfluoroalkyl substances, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls; (b) any chemicals, materials or substances that are now or hereafter become defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollution," "pollutants," "regulated substances," or words of similar import under Applicable Law; or (c) any other chemical, material, substance or waste declared to be or regulated as hazardous, toxic or polluting material by any Governmental Authority, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Authority.

"Late Payment Rate" means a rate of interest per annum equal to the lesser of (i) the "prime" rate of interest per annum for corporate loans as published in The Wall Street Journal under "Money Rates" as such rate may be in effect from time to time during the period the delinquent amount remains outstanding plus four (4) percentage points (4%) per annum or (ii) the maximum rate of interest permitted by Applicable Law.

"Lender" means any entity or entities providing financing or refinancing to an Owner under any financing agreements in connection with the construction or permanent financing for the Facility, and their permitted successors and assigns.

"Liabilities" means, collectively, any and all Claims, damages, judgments, losses, obligations, liabilities, actions and causes of action, fees (including reasonable attorneys' fees and disbursements), costs (including court costs), expenses, penalties, fines and sanctions.

"Manuals" means Facility Equipment manuals, system descriptions, system operating instructions, equipment maintenance instructions and pertinent design documentation created by the Persons that constructed the Facility or manufactured its equipment, and the operation and maintenance procedures and Facility systems descriptions, training, safety, chemistry and environmental manuals, together with the documents and schedules described in such manuals.

"NERC" means the North American Electric Reliability Corporation.

"Non-Operator Owner" has the meaning set forth in the preamble to this Agreement.

"Non-Operator Owner Indemnitees" has the meaning set forth in Section 10.1.

"Operating Committee" means the "Operating Committee" as composed from time to time pursuant to and defined in the Ownership Agreement.

"Operating Costs" has the meaning set forth in Section 7.2.1.

"Operator" has the meaning set forth in the preamble to this Agreement.

"Operator Indemnitees" has the meaning set forth in Section 10.2.

"Operator Proprietary Information" has the meaning set forth in Section 13.3.

"Owner" has the meaning set forth in the preamble to this Agreement.

"Ownership Agreement" has the meaning set forth in the recitals to this Agreement.

"Ownership Interest" has the meaning set forth in the Ownership Agreement.

"Party" means a party to this Agreement and "Parties" means, collectively, the parties to this Agreement, unless the context clearly requires a different construction.

"Permit" means any permit, license, consent, approval or certificate that is required or used for the operation or maintenance of the Facility or the performance of any Service and includes Permits required under Environmental Laws.

"Person" means any Party, individual, partnership, corporation, association, limited liability company, business trust, government or political subdivision thereof, governmental agency or other entity.

"Plan" means an annual operating plan adopted or amended pursuant to Section 5.3.

"Plant Manager" means the production/plant manager for the Facility selected in accordance with Section 3.6, Section 8.5 or Section 8.6.

"Project Manager" means the individual appointed in accordance with Section 5.1.

"Prudent Operation and Maintenance Practices" means those practices, methods and acts generally employed in the power generation industry with respect to facilities of similar type, fuel characteristics and geographical location as the Facility, that at the particular time in question, in the exercise of reasonable judgment in light of the facts known at the time the decision in question was being made, would have been expected to accomplish the desired result of such decision consistent with the goals established in a Budget and Plan, and the requirements of Applicable Law, System Operators, equipment manufacturer's recommendations, reliability, safety, environmental protection, economy and expedition. With respect to Operator, Prudent Operation and Maintenance Practices are not limited to the optimum practices, methods or acts to the exclusion of all others, but rather include a spectrum of possible practices, methods or acts commonly employed in the coal-fired power generation industry, including taking reasonable actions to provide a sufficient number of Persons who are available and adequately trained to provide Services at the Facility, and timely perform preventive, routine, and non-routine maintenance and repairs, as exemplified and generally described in Appendix A, subject, in all cases, to the Operator's duties and the limitations on Operator's authority, as set forth in this Agreement and the Ownership Agreement.

"Qualified Replacement Operator" shall mean a Person that:

(i) has operated for a period of at least three (3) years, and continues to operate, coal and/or natural gas power generation facilities with an aggregate electricity output of at least one thousand (1,000) megawatts and at least one of those facilities is a coal power generation facility with an aggregate electricity output of at least three hundred (300) megawatts (or has engaged a third party to operate the Facility who satisfies such operation standards); and

(ii) either has (a) a credit rating of "BBB-" or higher by S&P Global Ratings and "Baa3" or higher by Moody's Investor Service or (b) a tangible net worth of at least $500,000,000 (or has a direct or indirect parent who satisfies such financial standards).

"Services" has the meaning set forth in Section 3.1.

"Site" means the land on which the Facility is situated.

"Standards of Performance" means the standards for Operator's performance of the Services set forth in Section 3.3.

"System Operator" means any Person or regional transmission organization, such as PJM Interconnection, L.L.C., supervising the collective transmission or generation facilities of the power region in which the Facility is located that is charged with coordination of market transactions, system-wide transmission planning and network reliability.

"Term" means the initial term together with any extensions.

"Termination Transition Period" has the meaning set forth in Section 8.5.1.

"WPCo" has the meaning set forth in the preamble to this Agreement.

"Year" means the calendar year. With respect to the Year in which the Effective Date occurs, a Year will be deemed to begin on the Effective Date and end on December 31st of such Year. If this Agreement terminates, the final Year will be deemed to end on the date that termination occurs.

ARTICLE III - RESPONSIBILITIES OF OPERATOR

3.1 Provision of Services. Operator shall operate and maintain the Facility and perform other duties as set forth in this Agreement and as directed by the Owners pursuant to the Ownership Agreement, including performing and, as applicable, contracting for the benefit of the Owners with suppliers and service providers to perform, the services set forth on Appendix A (collectively, the "Services") and agrees to be responsible for the day-to-day operation and maintenance of the Facility.

3.2 Procurement.

3.2.1 Operator shall sign contracts and purchase orders for goods and services to be delivered to the Facility in the name of Operator as agent for the Owners, and shall not contract in the name of the Non-Operator Owner without the Non-Operator Owner's prior written consent. Operator acknowledges that such contracts and purchase orders are for the benefit of the Owners and the Facility. Operator shall endeavor to negotiate with vendors from standard terms and conditions, including reasonable warranties for the benefit of the Owners.

3.2.2 The Non-Operator Owner shall use commercially reasonable efforts to obtain, promptly following the Effective Date, any and all consents of third parties required to assign, transfer or convey to Operator any contracts or purchase orders for goods and services (including fuel supply and transportation) to be delivered to or used by the Facility that are in the name of the Non-Operator Owner as a result of the Non-Operator Owner having served as the Operator prior to the Effective Date, which are reasonably required to be transferred to Operator for the performance of the Services. To the extent that, notwithstanding its commercially reasonable efforts, the Non-Operator Owner is unable to obtain any such required consent effective as of the Effective Date, and as a result thereof Operator shall be prevented by such third party from receiving the rights and benefits with respect to any such contract or purchase order intended to be transferred hereunder, or if any attempted assignment would adversely affect the rights of the Non-Operator Owner thereunder so that Operator would not in fact receive all such rights or the Non-Operator Owner would forfeit or otherwise lose the benefit of rights that the Non-Operator Owner is entitled to retain, the Non-Operator Owner and Operator shall cooperate to implement any lawful and commercially reasonable arrangement as the Non-Operator Owner and Operator shall agree, under which Operator would, to the extent practicable, obtain the claims, rights and benefits under such contract or purchase order and assume the burdens and obligations with respect thereto, including by the Non-Operator Owner subcontracting, sublicensing, subleasing, delegating or granting a limited power of attorney or similar appointment as agent to Operator to administer such contracts or purchase orders; provided, however, that the Non-Operator Owner and WPCo shall each bear its respective share of the costs and expenses under any such contract or purchase order in accordance with this Agreement and the Ownership Agreement. The Non-Operator Owner and Operator shall continue to cooperate to assign, transfer or convey to Operator any such contract or purchase order that remain held by the Non-Operator Owner and to otherwise arrange for Operator to directly contract with the applicable third party for any renewal contract or purchase upon the expiration or termination of any such contract or purchase order.

3.3 Standards for Performance of the Services. Operator shall perform the Services in accordance with (i) the Manuals, (ii) the applicable Budget and Plan, (iii) Applicable Laws, (iv) Prudent Operation and Maintenance Practices, (v) insurer requirements delivered to Operator by the Owners in writing, (vi) the requirements in the Facility Agreements (vii) this Agreement; and (viii) as directed by the Owners pursuant to the Ownership Agreement. Subject to the other provisions of this Agreement, Operator shall perform the Services and other obligations under this Agreement in a manner consistent with the Operating Committee's directions. The Parties acknowledge and agree that, subject to Operator's compliance with the Standards of Performance, Operator shall have no liability for acting or refraining to act in accordance with the directions of the Operating Committee, except to the extent caused by Operator's gross negligence, willful misconduct, fraud, willful violation of any Applicable Law, willful breach of this Agreement or the Ownership Agreement or other willful misconduct.

3.4 Dispatch. Operator shall use commercially reasonable efforts to comply with any applicable dispatch instructions of the System Operator and, to the extent applicable, the directions of the Operating Committee or other Person identified by an Owner in writing to Operator as being authorized to provide dispatch instructions made in accordance with the Ownership Agreement. Operator shall give the Operating Committee notice as soon as practicable of any inability of the Facility to make the requisite deliveries of energy, capacity or ancillary services and of Operator's plan to restore operation of the Facility. In the case of any interruption, curtailment or reduction in (i) supplies of fuel or (ii) acceptance of energy, capacity or ancillary services by the System Operator or in the case of any other dispatch constraint imposed on the Facility, Operator shall notify the Non-Operator Owner as soon as practicable. Upon removal of the constraint, Operator shall use its commercially reasonable efforts to restore the availability of the Facility for dispatch consistent with applicable dispatch instructions of the System Operator and, to the extent applicable, the directions of the Operating Committee or other Person identified by an Owner in writing to Operator as being authorized to provide dispatch instructions made in accordance with the Ownership Agreement.

3.5 Licenses and Permits.

3.5.1 General. Operator shall review all Applicable Laws containing or establishing compliance requirements in connection with the operation and maintenance and Decommissioning of the Facility and shall use commercially reasonable efforts to obtain and maintain, for the benefit of both Owners, all Permits required by Applicable Law for the ownership, operation, maintenance and Decommissioning of the Facility and for Operator's performance of the Services, and shall (i) from time to time, notify the Operating Committee if Operator believes that a Permit is required by Applicable Law to be obtained by an Owner in its name in order to allow Operator to perform the Services and assist each Owner, at each Owner's written request and such Owner's sole cost and expense, in securing and complying with, as appropriate, all necessary Permits (and renewals of the same) which are required to be in an Owner's name, including those relating to air emissions, boiler operation, water usage, septic system operation, wastewater discharge, chemical and other waste (including Hazardous Materials) storage and disposal, emissions testing and safety, and (ii) initiate and maintain precautions and procedures reasonably necessary to comply with Applicable Laws. Any Permit held solely in the name of Operator shall, to the extent necessary for the other Owner's compliance with Applicable Law in its role as an Owner, be held by Operator for the benefit of both Owners. Any Permit held solely in the name of the Non-Operator Owner shall, to the extent necessary and consistent with Applicable Laws, be made available for the use of the Operator for the benefit of the Owners and, if reasonably necessary to facilitate Operator's operation and maintenance or Decommissioning of the Facility, the Non-Operator Owner shall cooperate with Operator to effect an assignment or other transfer of such Permit to Operator or otherwise submit such Permit modifications or updating information as necessary to reflect the role of Operator with respect to such Permit.

3.5.2 NERC Compliance. Operator (or an Affiliate thereof) shall register with NERC as the "Generator Owner" and "Generator Operator" for the Facility in accordance with 18 C.F.R. § 39.2(c) effective from and after [the Effective Date][1]. On and after [the Effective Date], Operator shall, or shall cause its applicable Affiliate to, (i) maintain compliance with all NERC reliability standards applicable to the Facility and all NERC rules applicable to Operator as Generator Owner and Generator Operator for the Facility in accordance with 18 C.F.R. § 39.2(b), including any actions related to mitigation and compliance enhancement required or implemented thereunder; (ii) provide notice to the Operating Committee promptly following the determination by Operator of any reportable physical or cyber security incident under the NERC reliability standards or other Applicable Law; (iii) maintain and provide documentation and maintenance records to the Operating Committee regarding any operation, testing, maintenance or faults of any generation protection relays, gen-tie relays or any other equipment necessary to fulfill Operator's or its applicable Affiliate's obligations as the Generator Owner or Generator Operator for the Facility; and (iv) provide to the Non-Operator Owner upon written request any other information, documentation and support reasonably necessary for Operator or its applicable Affiliate to demonstrate compliance with the NERC reliability standards. To the extent that any fine or

[1] **Note**: Subject to modification if registration cannot be effective as of the Effective Date.

sanction is imposed in respect of the performance of Operator's obligations under this Section 3.5.2 pursuant to Section 215(c) of the Federal Power Act, any cost related thereto shall be a included as an Operating Cost, to the extent permitted by Applicable Law.

3.6 Personnel Matters. Subject to Sections 8.5 and 8.6, and as otherwise set forth in this Section 3.6, Operator shall be responsible for determining the working hours, rates of compensation and all other matters relating to the employment of Operator's Facility Personnel, including the designation or appointment of the Plant Manager, in its reasonable judgment and in accordance with Non-Operator Owner's and its Affiliates' past practices in the ordinary course of its business during the time it served as operator of the Facility, and shall retain sole authority, control and responsibility with respect to its employment policies. Operator shall submit for the Operating Committee's approval the staffing requirements for the Facility on an annual basis. If Operator intends to select a new Plant Manager, or if the individual serving as Plant Manager ceases to be the Plant Manager, Operator shall provide prompt written notice to the Non-Operator Owner of the selection of a substitute Plant Manager. Facility Personnel shall be qualified and experienced in the duties to which they are assigned. Operator shall, upon the reasonable written request of the Non-Operator Owner, for cause (as documented in reasonable detail in any such written request), use commercially reasonable efforts to, as promptly as practicable under the circumstances and subject to any applicable collective bargaining agreements, remove from the Site and the Facility workforce, the services of any employee or other individual, subject to Operator's confirmation that such cause exists.

3.7 No Liens or Encumbrances. Operator shall use commercially reasonable efforts to keep and maintain the Facility free and clear of all liens and Encumbrances resulting from the failure by Operator to perform the Services or the personal debts and obligations of Operator unrelated to its ownership interest in the Facility.

3.8 Emergency Action. In the event of an emergency affecting the safety, health or protection of, or otherwise endangering, any Person, property or the environment located at or about the Facility (an "Emergency"), Operator shall take prompt action in accordance with Prudent Operation and Maintenance Practices to prevent or mitigate any imminent damage, injury or loss threatened by such Emergency, and shall notify the Non-Operator Owner of such Emergency and Operator's response as soon as practical under the circumstances and in no event later than forty-eight (48) business hours after Operator becomes aware of such event. To the extent Operator procures goods and services as necessary to respond to an Emergency, reasonable and documented out of pocket costs in respect thereof shall be treated as Operating Costs.

ARTICLE IV - OBLIGATIONS, RIGHTS AND REPRESENTATIVES OF EACH OWNER

4.1 General. Each Owner expressly reserves the exclusive authority to make, and shall make, such business and strategic decisions as it deems appropriate from time to time in reference to the operation and maintenance of the Facility in accordance with the Ownership Agreement. Upon request from Operator, the Non-Operator Owner shall promptly furnish or cause to be furnished to Operator, at the Non-Operator Owner's expense, the information, access, materials, instructions and other items described in this Article IV that are in the possession or control of the Non-Operator Owner and which are reasonably necessary for performance of the Services by

Operator and not otherwise available to Operator. All such items will be made available at such times and in such manner as may be reasonably required for the expeditious and orderly performance of the Services by Operator.

4.2 Information. Subject to the Standards of Performance, Operator shall be entitled to rely upon any information provided by the Non-Operator Owner or any other party to the Facility Agreements in the performance of the Services.

4.3 Access to Facility. Each Owner shall provide Operator and Operator's contractors, vendors, suppliers, employees and agents and Facility Agreement counterparties, to the extent applicable, reasonable access to and use of the Facility and the Site and to such Owner's records and data at the Facility and, in the case of the Non-Operator Owner, reasonably available to the Non-Operator Owner or in the Non-Operator Owner's possession and reasonably necessary for the performance of Services by Operator under this Agreement.

4.4 Instructions, Approvals, etc. Each Owner shall provide or cause to be provided (including through action of the Operating Committee) to Operator all instructions Operator is required to obtain in accordance with this Agreement. Without limiting the provisions of Section 3.2.2, each Owner shall reasonably cooperate to make available or cause to be available to Operator the benefits of all assets (including Permits and contracts relating to the Facility) held in the name of such Owner, as reasonably required for the operation of the Facility. Each Owner shall not direct Operator to take any action inconsistent with Applicable Law or otherwise adversely affecting the safety, health or protection of any person, or property or the environment located at or about the Facility.

ARTICLE V - REPRESENTATIVES, BUDGETS AND REPORTS

5.1 Representatives of Operator. On or as soon as practical after the Effective Date, Operator shall appoint a Project Manager who shall be authorized to represent Operator with each Owner and the Operating Committee concerning Operator's performance of the Services. The Project Manager may be the same individual as the Plant Manager. Operator shall be responsible for all communications, directions, requests and decisions made by its Project Manager at its direction. Operator shall notify the Non-Operator Owner in writing upon the appointment of its Project Manager, and of any successors. The Project Manager has no authority to modify, amend or terminate this Agreement or, absent written notice by Operator to the contrary, to enter into any other agreement on behalf of Operator other than as provided herein.

5.2 Representatives of Owner; Operating Committee. The Operating Representative of each Owner (pursuant to and as defined in the Ownership Agreement) shall be authorized and empowered to act for and on behalf of such Owner on all matters requiring the consent, approval or other action of an Owner pursuant to this Agreement. Each Owner shall notify Operator and the other Operating Representative in writing upon the appointment of its Operating Representative, and of any successors. Any provision of this Agreement requiring the consent, approval, or similar act of the Operating Committee shall mean the consent, approval, or similar act of the Operating Committee acting in accordance with the terms of the Ownership Agreement.

5.3 Plans and Budgets.

5.3.1 Adoption.

5.3.1.1. Budgets. The initial Budget and Plan for the first Year following the Effective Date is attached as Appendix B hereto. No later than ninety (90) days prior to each operating Year, Operator shall deliver to the Operating Committee for the Operating Committee's review, revision if applicable and approval (i) a proposed annual operating budget, (ii) any proposed amendments to the annual capital budget, (iii) an annual operating plan and (iv) a six (6) Year future forecast of operating and capital expenses. Each such proposed budget, plan and forecast shall contain such detail and supporting documentation as reasonably necessary or reasonably requested for the Operating Committee's review, and Operator shall provide all such additional information and supporting documentation as may be reasonably requested by the Operating Committee and as required by the Ownership Agreement. The Operating Committee shall review and provide modifications to each such proposed budget, plan and forecast and Operator shall cooperate to revise each such proposed budget and plan to receive the Operating Committee's approval of same by December 1 of each Year. Each Budget and Plan as approved by the Operating Committee or otherwise deemed implemented pursuant to the Ownership Agreement shall remain in effect in accordance with the Ownership Agreement. Operator and the Non-Operator Owner by mutual agreement may modify the process and procedures set forth in this Section 5.3.1.

5.3.1.2. Amendments. If either the Non-Operator Owner or Operator becomes aware of facts or circumstances that it believes necessitate a change to a Budget or Plan, that Party shall promptly notify the other Party in writing, specifying the impact upon the Budget and the reasons for the change. The Project Manager shall then discuss appropriate amendments to the Budget with the Operating Committee.

5.3.1.3. Failure to Agree. Operator acknowledges that the Owners retain ultimate authority with respect to expenses incurred for the Facility. Accordingly, Operator shall accept each Budget as determined in accordance with the Ownership Agreement. To the extent that the Operating Committee limits funds for Operating Costs, Operator shall be relieved from performing only those specific Services that would result in the incurrence of such non-reimbursable Operating Costs.

5.3.2 Limitations on Variation from Budget. Except as otherwise permitted in response to an Emergency in accordance with Section 3.8, Operator shall obtain the Operating Committee's written approval (i) for any expenditures resulting in cumulative budget overruns exceeding ten percent (10%) in the aggregate in any Year with respect to either the operating Budget or capital expense Budget, or (ii) for any unbudgeted expenditure or capital project having a projected cost of more than $100,000.

5.4 Availability of Operating Data and Records. Operator shall deliver Facility data recorded, prepared or maintained by Operator to the Operating Committee: (i) as necessary or reasonably requested by an Owner to assist each Owner in complying with requirements of Governmental Authorities, Permits and Facility Agreements; or (ii) upon request by the Non-

Operator Owner, in each case as soon as reasonably practicable but in any event within ten (10) Business Days following such request.

5.5 Litigation and Permit Lapses. Promptly upon obtaining actual knowledge thereof, either Party shall submit prompt written notice to the other Party of the following, to the extent relating to the Facility or the Services or agreements relating to either the Facility or the Services: (i) any litigation, Claims or actions filed, including by, against or with any Governmental Authority; (ii) any actual refusal to grant, renew or extend, or any action filed with respect to the granting, renewal or extension of, any Permit; (iii) all penalties or notices of violation issued or asserted by any Governmental Authority; (iv) any dispute with any Governmental Authority that may affect the Facility in any material respect; and (v) with respect to the matters identified in items (i), (ii), (iii) or (iv), any material threats of such matters. Upon Non-Operator Owner's request, Operator shall provide any documentation related to any of the foregoing.

5.6 Other Information. Operator shall promptly submit to the Non-Operator Owner any material information concerning new or significant aspects of the Facility operations and, upon the Non-Operator Owner's request, shall promptly submit any other information concerning the Facility or the Services.

5.7 Records Maintenance and Retention. Operator shall maintain all records, reports, documents and data, including all data retrievable from an electronic data storage source, for the Facility in accordance with Applicable Law and shall retain and preserve all such records, reports, documents and data created in connection with the operation and maintenance of the Facility, in accordance with Applicable Law, provided that Operator shall notify the Non-Operator Owner in writing at least sixty (60) days prior to the destruction or other disposition of any record, report, document or data. If the Non-Operator Owner gives written notice to Operator prior to the expiration of the 60-day period, Operator shall maintain custody of such material until the earlier of (i) such time as the Non-Operator Owner notifies Operator to dispose of such material and (ii) seven (7) Years. If the Non-Operator Owner does not provide written notice to Operator prior to the expiration of the 60- day period, Operator may destroy or dispose of such material and shall provide the Non-Operator Owner with a certificate confirming such destruction or disposition.

ARTICLE VI - LIMITATIONS ON AUTHORITY

6.1 Limitations on Authority. Operator has no authority to make policies or decisions with respect to the overall operation or maintenance of the Facility as a commercial enterprise pursuant to the terms of this Agreement. The Owners, acting through the Operating Committee and pursuant to the terms of the Ownership Agreement, shall determine all such matters. Notwithstanding any provision in this Agreement to the contrary, unless previously approved in a Budget and Plan or otherwise approved in writing by the Operating Committee, in connection with Operator's provision of Services hereunder, Operator is prohibited from doing any of the following (and shall not permit any of its agents, Affiliates, or representatives to do any of the following):

6.1.1 Dispose of Assets. Selling, leasing, pledging, mortgaging, granting a security interest in, encumbering, conveying, or making any license, exchange or other transfer or disposition of all or any portion of the Facility, the Site or any other property or assets of the

Owners, including any property or assets purchased by Operator, the cost of which is an Operating Cost;

6.1.2 Make Expenditures. Making any expenditure or acquiring, on an Operating Cost basis, any goods or services from third parties, except in conformity with a Budget or as otherwise permitted under Section 5.3.2 or as authorized by the Operating Committee; provided, however, that in the event of an Emergency, Operator, without approval from the Owners, is authorized to take all reasonable actions in accordance with Prudent Operation and Maintenance Practices to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.8;

6.1.3 Take Other Actions. Taking or agreeing to take any other action or actions the decision for which is reserved exclusively for the Operating Committee pursuant to the Ownership Agreement; provided, however, that in the event of an Emergency, Operator, without approval from the Operating Committee, is authorized to take all reasonable actions in accordance with Prudent Operation and Maintenance Practices to prevent or mitigate such threatened damage, injury or loss in accordance with Section 3.8;

6.1.4 Act Regarding Lawsuits and Settlements. Settling, compromising, assigning, pledging, transferring, releasing or consenting to the compromise, assignment, pledge, transfer or release of, any material Claim, suit, debt, demand or judgment against or due by any Owner or Operator, the cost of which would be an Operating Cost hereunder, or submitting any such Claim, dispute or controversy to arbitration or judicial process, or stipulating in respect thereof to a judgment, or consent to the same; provided, however, that such prohibition shall not apply to, nor shall it be construed as a release or waiver of, any of Operator's rights or obligations pursuant to this Agreement or any other agreement between the Parties; or

6.1.5 Pursue Transactions. Engaging in any other transaction on behalf of the any Owner that is not permitted under this Agreement.

ARTICLE VII - COMPENSATION AND PAYMENT

7.1 General. The Non-Operator Owner shall pay Operator, and WPCo shall bear directly in its capacity as an Owner, its allocated share in accordance with the Ownership Agreement of all Operating Costs, all as further described below. All Operating Costs shall initially be paid for by Operator (except as otherwise provided in this Agreement) and subsequently invoiced monthly in arrears as more fully set forth in this Article VII.

7.2 Costs.

7.2.1 Operating Costs. Subject to the Ownership Agreement and the limitations on expenditures set forth elsewhere in this Agreement (including Section 5.3), the Non-Operator Owner shall reimburse Operator for its allocated share in accordance with the Ownership Agreement of the fully distributed costs incurred (whether paid or accrued) in the provision of Services (which shall be allocated consistent with Non-Operator Owner's and its Affiliates past practices in the ordinary course of business during the time it served as operator of the Facility and in any event in accordance with the Cost Allocation Manual with respect to costs incurred by Affiliates of Operator), including for labor, goods, services, capital expenditures, overhead, cost of capital, Taxes (other than income or franchise taxes), Permits and bonds (the "Operating Costs"), in each case invoiced in a manner consistent with the example invoice worksheets attached hereto as Appendix C, which shall include such costs with respect to: (i) equipment, material, supplies and other consumables, spare parts, replacement components, tools, office equipment, computer equipment, software, information technology and supplies acquired for use at the Facility; (ii) fuel supply and transportation; (iii) costs associated with special training of Facility Personnel and associated travel and living expenses; (iv) amounts paid under subcontracts, purchase orders and agreements; (v) fees for Permits required to be held by Operator; (vi) community relations and labor relations activities; and (vii) Operator's cost of Facility Personnel (and the allocable portion of other employees of Operator and its Affiliates attributable to performing the Services) wages, salaries, overtime, employee bonus, customary or required severance payments, unemployment insurance, long-term disability insurance, short term disability payments, sick leave, payroll taxes imposed on wages and benefits, worker's compensation costs and holidays, vacations, group medical, dental and life insurance, defined contribution retirement plans and other employee benefits; (viii) costs of third-party advisors, consultants, attorneys, accountants and contractors retained and managed by Operator in support of, and allocable to, the Services; (ix) a reasonably allocable portion of the cost of the insurance maintained by Operator in accordance with Section 9.1 on account of its Operator role; (x) reasonable costs incurred in response to an Emergency; and (xi) any other activity that Operator is required or expressly requested in writing by the Owners to perform under this Agreement for the benefit of the Facility or that is approved in a Budget or by the Operating Committee pursuant to the terms of this Agreement.

7.2.2 Invoicing. On or before the twenty-fifth (25th) day of each calendar month during the Term, Operator shall submit invoices to the Non-Operator Owner in form and substance reasonably similar to that attached hereto as Appendix C for Operating Costs incurred during the preceding calendar month (as well as any such costs for any prior period that were not previously invoiced). If any contract or purchase order intended to be assigned, transferred or conveyed to Operator remains held by the Non-Operator Owner as described in Section 3.2.2 and the Non-Operator Owner directly pays costs thereunder for the benefit of the Owners, the invoice submitted by Operator shall net WPCo's allocated share in accordance with the Ownership Agreement of any such costs paid by the Non-Operator Owner for the benefit of the Owners. The Non-Operator Owner shall make payment to Operator of its allocated share in accordance with the Ownership Agreement of the invoiced amount no later than the Due Date. For the avoidance of doubt, WPCo, in its capacity as an Owner, shall bear directly its allocated share in accordance with the Ownership Agreement of such Operating Costs.

7.3 Cost Audit. The Non-Operator Owner shall be entitled to conduct an audit, or to delegate a representative to audit, at its sole cost and expense and review of Operator's books and records with respect to all Operating Costs and performance of the Services together with any supporting documentation for a period of one (1) Year from and after the date of the audited payment. If, pursuant to such audit and review, it is agreed that any amount previously paid by Operator or by an Owner was not properly incurred as an Operating Cost or an adjustment of any such cost is required, Operator shall credit to the Non-Operator Owner or Operator, as applicable, its allocated share in accordance with the Ownership Agreement of such amount in the next succeeding invoice or promptly paid in cash if there shall not be further invoices issued.

7.4 Late Payment Rate. To the extent a Party fails to pay any amount required to be paid under this Agreement by the Due Date, the unpaid amount shall accrue interest each day at the Late Payment Rate from the Due Date until such amount (plus accrued interest) is paid by the applicable Party in full. In the event any paid amounts are disputed by a Party in good faith and such dispute is resolved (including if applicable in accordance with the procedures set forth in Section 14.7) in the favor of such Party, then the applicable other Party shall repay to such Party such overpaid amount plus interest thereon accrued each day at the Late Payment Rate from payment by such Party until such amount (plus accrued interest) is repaid in full to such Party by the applicable other Party.

ARTICLE VIII - TERM

8.1 Term. The Term of this Agreement shall commence on the Effective Date and, subject to approval or acceptance of termination by FERC or other Governmental Authority to the extent required, shall end on the date of termination of the Ownership Agreement (the "Term"). Notwithstanding the foregoing, this Agreement and the Term is subject to earlier termination pursuant to Sections 8.2 and 8.3.

8.2 Termination by the Non-Operator Owner for Cause. The Non-Operator Owner shall be permitted to terminate this Agreement upon written notice to Operator if any of the following events occur: (i) the Bankruptcy of Operator; (ii) a payment default by Operator (other than a disputed payment) that Operator fails to cure within ten (10) Business Days after Operator has received written notice of such default; (iii) Operator incurs liability to the Owners equal to the liability limit set forth in Section 11.2 for any two Years during the Term (provided that written notice of termination must be delivered to Operator no later than ninety (90) days after the end of the second of such two Years), or (iv) a material default by Operator in the performance of its obligations under this Agreement, including any default that has, or is reasonably expected to have, a material adverse effect on the operations, maintenance or performance of the Facility and Operator has failed to cure such default within sixty (60) days of written notice of such failure; provided, that if it is not possible to cure such breach within sixty (60) days of receipt of such notice of failure, Operator (A) fails to commence to cure the breach within such sixty (60) day period, (B) thereafter fails to continue diligent efforts to complete the cure as soon as reasonably possible, or (C) fails to complete the cure within ninety (90) days of receipt of such notice of failure. In addition, Non-Operator Owner shall have the option to terminate this Agreement for convenience upon ninety (90) days written notice to Operator delivered no later than ninety (90) days after the occurrence of any transfer, assignment, sale or other disposition (including any transfers, assignments, sales or other dispositions in connection with a foreclosure or an exercise of remedies by the Financing Parties) that results in WPCo's Ownership Interest no longer being owned directly or indirectly by AEP or an Affiliate thereof, except in the case of an transfer, assignment, sale or other disposition to a successor Operator that is a Qualified Replacement Operator in compliance with the terms of this Agreement and the Ownership Agreement.

8.3 Termination by Operator. Operator shall be permitted to terminate this Agreement upon written notice to the Non-Operator Owner if any of the following events occur: (i) a payment default by the Non-Operator Owner (other than a disputed payment) that is not cured within thirty (30) days after the Due Date for any invoice; (ii) the Bankruptcy of the Non-Operator Owner; or (ii) a default by the Non-Operator Owner of any other obligation under this Agreement that has a material adverse effect on Operator's ability to perform the Services and that the Non-Operator Owner has failed to cure or make substantial progress in the reasonable opinion of Operator toward curing within ninety (90) days of written notice by Operator to the Non-Operator Owner of such failure. As soon as practicable after all cost information is gathered following termination, Operator shall invoice the Non-Operator Owner for its allocated share in accordance with the Ownership Agreement for Services rendered by Operator through the termination date, including all Operating Costs incurred through the date of termination but not paid.

8.4 Transfer of Facility Custody. Upon expiration or termination of this Agreement, Operator shall leave at the Facility all documents and records, tools, supplies, spare parts, safety equipment, Manuals, and any other items furnished on an Operating Cost basis, all of which shall remain the property of the Owners without additional charge. Operator shall execute all documents and take all other reasonable steps as may be reasonably requested by the Non-Operator Owner to assign to and vest in a replacement provider of Services all of its pro-rata rights, benefits, interests and title in connection with any subcontracts Operator executed in its own name for the benefit of the Facility and the Owners.

8.5 Services Upon Termination.

8.5.1 Upon notice of termination of this Agreement by either Operator or the Non-Operator Owner, unless the Non-Operator Owner is then in payment default such that Operator would have the right to terminate this Agreement pursuant to Section 8.3(i), the Non-Operator Owner shall have the right to specify a period of transition of no longer than nine (9) months (the "Termination Transition Period") during which Operator shall: (i) continue to provide Services at the Facility in accordance with this Agreement; (ii) cooperate with the Non-Operator Owner in planning and implementing a transition to any replacement provider of Services; (iii) use its commercially reasonable efforts to minimize disruption of Facility operations in connection with such transition activities; (iv) make all requisite regulatory filings as promptly upon commencement of the Termination Transition Period, subject to cooperation of the Parties; (v) transfer all Permits, licenses, registrations, approvals and contracts to the Non-Operator Owner or such replacement operator, in each case, as requested by the Non-Operator Owner; and (vi) take all actions incidental thereto and as reasonably requested by the Non-Operator Owner. The provisions of Article VII shall continue to apply during the Termination Transition Period. To facilitate employee transfer, Operator shall permit the replacement service provider and the Non-Operator Owner to interview such Facility Personnel for potential positions with such replacement operator in a manner and at times that do not interfere with Operator's responsibility to perform the Services. If Operator or one of its Affiliates continues to own a portion of the Facility, Operator shall, or shall cause its Affiliates to, reasonably cooperate to allow a successor operator to operate the Facility after the termination of this Agreement, including by granting access rights and executing other instruments as may be reasonably requested by the Non-Operator Owner and any replacement operator.

8.5.2 Any modifications to the ownership and operation of the Facility, including any termination of this Agreement, shall be subject to any required regulatory or administrative filings and approvals.

8.6 Plant Manager Replacement. Upon (i) commencement of the Termination Transition Period or (ii) the occurrence of any of the conditions described in Section 8.2, the Non-Operator Owner may designate a qualified individual with significant experience as a project manager or similar senior operating role in respect of the management and operation of large coal-fired generation facilities with similar operating characteristics as the Facility to replace the existing Plant Manager and who shall upon such appointment be the Plant Manager.

ARTICLE IX - INSURANCE

9.1 Operator Insurance Requirements.

9.1.1 Commencing with the performance of the Services hereunder, and continuing until the termination of this Agreement, Operator (and any tier subcontractors) shall maintain or cause to be maintained occurrence form (if written on a claims -made policy form, be maintained with a retroactive date that is prior to this Agreement Effective Date for a period of at least three (3) Years following the last Year in which such policy provides coverage under the terms of this Agreement) insurance policies as follows: (i) Workers' Compensation in accordance with the statutory requirements of the state in which the Services are performed and Employer's Liability Insurance of not less than one million Dollars ($1,000,000) each accident/employee/disease; (ii) Commercial General Liability Insurance having a limit of at least one million Dollars ($1,000,000) per occurrence/two million Dollars ($2,000,000) in the aggregate for contractual liability, personal injury, bodily injury to or death of Persons, and/or loss of use or damage to property, including but not limited to products and completed operations liability (which shall continue for at least three (3) Years after completion), premises and operations liability and explosion, collapse, and underground hazard coverage; (iii) Commercial/Business Automobile Liability Insurance (including owned (if any), non-owned or hired autos) having a limit of at least one million Dollars ($1,000,000) each accident for bodily injury, death, property damage and contractual liability and no fellow employee exclusion; (iv) Umbrella/Excess Liability insurance with limits of at least twenty-four million Dollars ($24,000,000) per occurrence and follow form of the underlying Employer's Liability, Commercial General Liability and Auto Liability insurance, and provide at least the same scope of coverages thereunder; (v) coverage for sudden/accidental occurrences for bodily injury, property damage, environmental damage, cleanup costs and defense with a minimum of one million Dollars ($1,000,000) per occurrence; and (vi) "all-risk" or its equivalent property insurance providing coverage risks of physical damage to the Facility or Facility Equipment in an amount in accordance with Good Utility Practice.

9.1.2 Unless otherwise determined by the Operating Committee that the Operator should purchase capacity insurance on behalf of both Owners, Operator (including in its capacity as an Owner) and Non-Operator Owner may each procure individually, in proportion to their Ownership Interests, PJM Interconnection, L.L.C. capacity performance insurance on terms and conditions, and placed with insurance companies, reasonably acceptable to the Operator or such Owner, as applicable. Operator shall make such certifications relating to the operation, maintenance and condition of the Facility from time to time during the Term as may be reasonably necessary in connection with the procurement or maintenance of such insurance coverage by Operator and the Non-Operator Owner and any other insurance policies of either Owner that may relate to coverage pertaining to or affecting an Owner's Ownership Interest.

9.2 Form and Content. All insurance policies provided and maintained by Operator and each subcontractor shall: (i) except with respect to insurance policies issued by any "captive" insurer of Operator or its Affiliates, be underwritten by insurers that are rated A.M. Best "A- VII" or higher; (ii) specifically include the Non-Operator Owner and its directors, officers, employees, affiliates, subcontractors, and joint owners of any facilities as additional insureds for their liability arising out of the acts or omissions of Operator, including for completed operations, with respect to Operator's acts, omissions, services, products or operations, whether in whole or in part, excluding, however, for Workers' Compensation/Employer's Liability insurance, Pollution Legal Liability insurance, and "all-risk" property insurance; (iii) be endorsed to provide, where permitted by law, waiver of any rights of subrogation against an Owner and its directors, officers, employees, affiliates and subcontractors, and joint owners of any facilities; (iv) provide that such policies and additional insured provisions are primary with respect to the acts, omissions, services, products or operations of Operator or its subcontractors, to the extent of Operator's negligence, (v) contain standard separation of insured and severability of interest provisions except with respect to the limits of the insurer's liability; and (vii) not have any cross-liability exclusion, or any similar exclusion that excludes coverage for Claims brought by additional insureds under the policy against another insured under the policy; Any deductibles or retentions shall be the sole responsibility of Operator and its subcontractors. Evidence of such coverage shall be provided in the form of Operator's certificate of insurance furnished to the Non-Operator Owner prior to the Effective Date, upon any policy replacement or renewal and upon the Non-Operator Owner's request. Operator shall provide at least thirty (30) days' prior written notice to the Non-Operator Owner prior to cancellation of any policy (or ten (10) days' notice in the case of non-payment of premium).

ARTICLE X - INDEMNIFICATION

10.1 Operator Indemnification. Subject to the limitations of liability in Section 11.1, Operator shall indemnify and hold harmless the Non-Operator Owner and its Affiliates, and their respective officers, directors, employees, managers, members, agents and representatives (collectively, the "Non-Operator Owner Indemnitees"), from and against, and no Non-Operator Owner Indemnitee shall be responsible for any and all Liabilities incurred, assessed, sustained or suffered by any Non-Operator Owner Indemnitee to the extent caused by Operator's gross negligence, willful misconduct, actual fraud, willful violation of any Applicable Law, or willful breach of this Agreement. Any Liabilities paid by Operator pursuant to its indemnity obligation under this Section 10.1 shall in no event be considered Operating Costs hereunder.

10.2 Owner Indemnification. Subject to the limitations of liability in Section 11.1, each Owner shall, severally with respect to its proportionate share in respect of its Ownership Interest and not jointly, indemnify and hold harmless Operator and its Affiliates, and their respective officers, directors, employees, agents and representatives (collectively, the "Operator Indemnitees"), from and against, and no Operator Indemnitee shall have responsibility for, any and all Liabilities to a third party incurred, assessed, sustained or suffered by or against any Operator Indemnitee arising from or relating to Operator's performance of the Services under this Agreement, except to the extent caused by Operator's gross negligence, willful misconduct, actual fraud, willful violation of any Applicable Law, or willful breach of this Agreement; provided, however, that the Liabilities for which Non-Operator Owner is obligated to indemnify any Operator Indemnitees under this Section 10.2 shall not in any event include any Liabilities for which WPCo is obligated to indemnify Non-Operator Owner (and/or its Affiliates) in any agreement among the Owners (and/or their Affiliates) and AEP (and/or its Affiliates), including pertaining to the allocation of emission limitations associated with the Facility. For the avoidance of doubt, WPCo, in its capacity as an Owner of the Facility, shall bear directly its proportionate share of Liabilities under this Section 10.2 in respect of its Ownership Interest.

10.3 Environmental Indemnification.

10.3.1 Owner Indemnity for Environmental Liabilities. Subject to the limitations of liability in Section 11.1, and without in any way limiting the provisions of Section 10.3.2, each Owner shall, severally with respect to its proportionate share in respect of its Ownership Interest and not jointly, indemnify and hold harmless the Operator Indemnitees, from and against, and no Operator Indemnitees shall have responsibility for, any and all Liabilities, including all civil and criminal fines or penalties and other costs and expenses incurred, assessed, sustained or suffered by or against any Operator Indemnitees, as applicable, as a result of or in connection with any matters governed by Environmental Laws directly or indirectly related to or arising out of (i) the design, permitting or construction of the Facility or the condition of the Site, and any adjacent parcels; (ii) the operation, maintenance, ownership, control or use of the Facility or otherwise related to the Facility; and (iii) the offsite transportation, treatment or disposal of all wastes generated at the Facility and any properties included within or adjacent to the Site, whether occurring before or after the Effective Date (collectively, "Environmental Liabilities"), including any Environmental Liabilities arising out of the actual or alleged existence, generation, use, emission, collection, treatment, storage, transportation, disposal, recovery, removal, release, discharge or dispersal of Hazardous Materials, but excluding Operator Environmental Liabilities; provided, however, that the Environmental Liabilities for which any Owner is obligated to indemnify any Operator Indemnitees under this Section 10.3.1 shall not in any event include any Operator Environmental Liabilities for which Operator is liable under Section 10.3.2. For the avoidance of doubt, WPCo, in its capacity as an Owner of the Facility, shall bear its proportionate share of Environmental Liabilities under this Section 10.3.2 in respect of its Ownership Interest.

10.3.2 Operator Indemnity for Environmental Liabilities. Subject to the provisions of Section 10.1 and the limitations of liability in Section 11.1, Operator shall indemnify and hold harmless the Non-Operator Owner Indemnitees from and against, and no Non-Operator Owner Indemnitee shall be responsible hereunder for any Liabilities, including any civil and criminal fines or penalties and other costs and expenses incurred, assessed, sustained or suffered by or against any Person as a result of or in connection with any breach or violation of or any other matters governed by Environmental Laws to the extent caused by the gross negligence, willful misconduct, actual fraud, willful violation of any Applicable Law or willful breach of this Agreement by Operator or arising out of the existence, generation, use, emission, collection, treatment, storage, transportation, disposal, recovery, removal, release, discharge or dispersal of Hazardous Materials brought on Site by Operator or its Affiliates or agents on or after the Effective Date (the "Operator Environmental Liabilities"). Operator understands and agrees that any Operator Environmental Liabilities paid by Operator pursuant to this Section 10.3.2 shall not be Operating Costs hereunder.

10.3.3 Governmental Actions. During the Term, Operator shall use commercially reasonable efforts to cooperate with and assist the Owners with their acquisition of data and information, and preparation and filing with appropriate Governmental Authorities of any notices, plans, submissions, or other materials and information necessary for compliance by the Owners with applicable Environmental Laws and the requirements of any Permits related to the Facility. All such environmental reports shall be submitted by, and in the names of, both Owners. All reasonable and documented costs associated therewith, including the reasonable costs of any outside consultants, legal services, Governmental Authority charges, sampling and remedial work shall be paid by the Owners as an Operating Cost, and the Non-Operator Owner shall reimburse WPCo to the extent of the Non-Operator Owner's pro rata share, unless such costs are incurred arising out of or associated with Operator Environmental Liabilities that are subject to Operator's indemnity obligation pursuant to Section 10.3.2 hereof. Nothing contained herein shall be construed as requiring Operator to take any corrective action with respect to Environmental Liabilities unless (x) affirmatively and expressly directed in writing to so do by the Operating Committee and appropriate funding is made available, or (y) affirmatively and expressly directed to do so by a Governmental Authority, in order to comply with any Environmental Law, in which case the cost of any corrective actions so undertaken shall be deemed an Environmental Liability subject to Section 10.3.1 hereof (if not otherwise reimbursed as an Operating Cost hereunder), unless such Environmental Liability arises out of or is associated with Operator Environmental Liabilities subject to Operator's indemnity obligation pursuant to Section 10.3.2 hereof.

ARTICLE XI - LIABILITIES OF THE PARTIES

11.1 Limitations of Liability. Notwithstanding any provision in this Agreement that may be susceptible to contrary interpretation, neither the Parties nor any Non-Operator Owner Indemnitees or Operator Indemnitees shall be liable for consequential or indirect loss or damage, including loss of profit, cost of capital, loss of goodwill, increased Operating Costs, or any special or incidental damages; provided, however, that notwithstanding the foregoing, in no event will the foregoing limitations of liability be applied to limit the extent of the liability of either Party to the other for or with respect to any Claims of third parties or to the extent arising from gross negligence, actual fraud, willful violation of Applicable Law or willful breach of this Agreement. The Parties further agree that the waivers and disclaimers of liability, indemnities, releases from liability and limitations of liability expressed in this Agreement shall survive termination or expiration of this Agreement, and shall apply in all circumstances, whether in contract, equity, tort or otherwise, regardless of the fault, negligence (in whole or in part), strict liability, breach of contract or breach of warranty of the Party indemnified, released or whose liabilities are limited, and shall extend to the Non-Operator Owner Indemnitees and Operator Indemnitees.

11.2 Operator's Total Aggregate Liability. Except to the extent that a Non-Operator Owner Indemnitee suffers Liabilities that are caused by, result from or arise out of Operator's or its Affiliates' breach of Article XIII or its gross negligence, actual fraud, willful violation of Applicable Law or willful breach of this Agreement, or willful misconduct (including in connection with any Services), the total liability of Operator to the Non-Operating Owner for all Liabilities arising out of, connected with or resulting from any events occurring or claims made in connection with this Agreement, whether based in contract, warranty, tort, strict liability or otherwise, shall not exceed, in the aggregate, the sum of (i) an amount equal to twenty-five percent (25%) of the Operating Costs, but excluding Operating Costs relating to any services, goods, inventory and equipment provided hereunder by third parties other than Operator's Affiliates, incurred pursuant to this Agreement in the prior twelve (12) month period, *plus* (ii) the Non-Operating Owner's fifty percent (50%) share of any insurance proceeds actually received by the

Operator or paid on the Operator's behalf with respect to the relevant loss or damages under the insurance policies procured by the Operator pursuant to Section 9.1.

11.3 No Warranties or Guarantees.

11.3.1 EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTIES OR GUARANTEES TO THE OTHER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, AND BOTH PARTIES DISCLAIM AND WAIVE ANY IMPLIED WARRANTIES OR WARRANTIES IMPOSED BY LAW, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY OF NON-INFRINGEMENT.

11.3.2 OPERATOR IS ACTING AS AGENT OR OTHERWISE AS A RESELLER WITH RESPECT TO ALL SERVICES, GOODS, INVENTORY AND EQUIPMENT PROVIDED HEREUNDER BY THIRD PARTIES OTHER THAN OPERATOR'S AFFILIATES, AND, AS SUCH, DOES NOT PROVIDE ANY WARRANTY FOR SUCH THIRD PARTY SERVICES, GOODS, INVENTORY OR EQUIPMENT PROVIDED HEREUNDER. ALL SUCH THIRD PARTY SERVICES, GOODS, INVENTORY AND EQUIPMENT ARE PROVIDED AS IS, WHERE IS, WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR ANY IMPLIED WARRANTY OF NON-INFRINGEMENT UNLESS CAUSED BY THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, ACTUAL FRAUD, WILLFUL VIOLATION OF ANY APPLICABLE LAW OR WILLFUL BREACH OF THIS AGREEMENT BY OPERATOR OR ITS AFFILIATES. THE SOLE REMEDY IN CONNECTION WITH ANY DEFECTS IN OR FAILURES OF SUCH THIRD PARTY SERVICES, GOODS, INVENTORY OR EQUIPMENT (WHETHER A CLAIM FOR SUCH DEFECT ARISES UNDER CONTRACT, TORT, STRICT LIABILITY, STATUTE, OR ANY OTHER LEGAL OR EQUITABLE THEORY OR PRINCIPLE INCLUDING NEGLIGENCE) SHALL BE TO SEEK RECOURSE EXCLUSIVELY FROM THE COUNTERPARTIES TO THE THIRD PARTY CONTRACTS, UNLESS THE DEFECT OR FAILURE WAS CAUSED BY THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, ACTUAL FRAUD, WILLFUL VIOLATION OF ANY APPLICABLE LAW OR WILLFUL BREACH OF THIS AGREEMENT BY OPERATOR OR ITS AFFILIATES.

ARTICLE XII - CONFIDENTIALITY

12.1 General. During the Term, and for the later of three (3) Years after the termination of this Agreement or five (5) Years after receipt of the applicable Confidential Information, each Party shall hold in confidence any Confidential Information supplied by or on behalf of the other Party. Each receiving Party further agrees to require its contractors, vendors, suppliers and employees, agents or prospective purchasers to preserve the confidentiality of Confidential Information. The receiving Party may make necessary disclosures to third parties directly engaged in the operation, ownership or financing of the Facility if such third parties are under an obligation to receive and hold such Confidential Information in confidence.

12.2 Exceptions. The provisions of this Article XII do not apply to information within one or more of the following categories:

12.2.1 Public Domain. Information that was in the public domain prior to the receiving Party's receipt or that subsequently becomes part of the public domain by publication or otherwise, except by the receiving Party's or its Affiliate's wrongful act.

12.2.2 Prior Receipt. Information that the receiving Party can demonstrate was in its possession prior to receipt thereof from the disclosing Party so long as such possession did not result from a violation of a confidentiality obligation.

12.2.3 Third Party Delivery. Information received from a third party having no obligation of secrecy with respect thereto.

12.2.4 Permitted Disclosures. Information disclosed by an Owner to Lenders or prospective Lenders, equity investors or prospective equity investors, prospective purchasers, consultants, attorneys, accountants and other designated agents in each case on a confidential, need-to-know-basis.

12.2.5 Regulatory Filings. Information required to be disclosed by an Owner in connection with any required regulatory or administrative filings.

12.3 Required Disclosure. Notwithstanding the forgoing, any receiving Party required by law, rule, regulation, subpoena or order, or in the course of regulatory, administrative or judicial proceedings, to disclose Confidential Information that is otherwise required to be maintained in confidence pursuant to this Article XII, may make disclosure notwithstanding the provisions of this Article XII. Prior to doing so, the receiving Party, promptly upon learning of the requirement, shall notify the disclosing Party of the requirement and cooperate to the maximum extent practicable to minimize the disclosure of Confidential Information. Any receiving Party disclosing Confidential Information pursuant to this Section 12.3 shall use commercially reasonable efforts, at the disclosing Party's cost, to obtain proprietary or confidential treatment of Confidential Information by the third party to whom the information will be disclosed, and to the extent such remedies are available, shall use commercially reasonable efforts to seek protective orders limiting the dissemination and use of Confidential Information. Nothing in this Agreement is intended to prevent the disclosing Party from appearing in any proceedings and objecting to the disclosure.

ARTICLE XIII - TITLE, DOCUMENTS AND DATA

13.1 Materials and Equipment. Operator shall use commercially reasonable efforts to cause title to all materials, equipment, supplies, consumables, spare parts and other items purchased or obtained by Operator on an Operating Cost basis ("Facility Equipment") to pass directly from the vendor or supplier to, and vest in, each Owner to the extent of such Owner's Ownership Interest. Operator shall have no title or other claim to such items other than in its capacity as an Owner of the Facility.

13.2 Documents. All Manuals, operational data, Facility drawings, Operator reports and records and other materials and documents (both paper and electronic) created by Operator, its Affiliates or their respective employees, representatives or contractors in connection with performance of the Services are the property of each Owner to the extent of its Ownership Interest in the Facility. All such materials and documents shall be available for review by the Non-Operator Owner at all reasonable times during development and promptly upon completion. All such materials and documents required to be submitted for the approval of the Operating Committee shall be prepared and processed in accordance with the requirements and specifications set forth herein. However, the Operating Committee's approval of materials and documents submitted by Operator shall not relieve Operator of its responsibility to perform it obligations under this Agreement.

13.3 Proprietary Information. Where materials or documents prepared or developed by Operator or its Affiliates, or their respective employees, representatives or contractors, contain proprietary or technical information, systems, techniques or know-how previously developed by them or acquired by them from third parties (the "Operator Proprietary Information"), the Non-Operator Owner shall have an irrevocable license to use such Operator Proprietary Information to the extent necessary for the operation or maintenance of the Facility at no additional cost to the Non-Operator Owner.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

14.1 Assignment. This Agreement shall not be assignable, in whole or in part, by a Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, except that this Agreement may be (i) collaterally assigned by an Owner without such consent to a Lender in connection with such Lender's financing of such Owner's Ownership Interest and (ii) assigned by an Owner (in whole but not in part) without such consent to the transferee of its Ownership Interest, whether by merger, division, sale of equity interest, or otherwise, in each case, solely to the extent that such transfer of its Ownership Interest is in accordance with the Ownership Agreement. Any assignment pursuant to this Section 14.1 shall not relieve the assigning Party of any of its obligations under this Agreement that arose prior to the date of such assignment. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

14.2 Effect of Bankruptcy. The Parties intend that, in the event of a Bankruptcy, payments required under this Agreement shall be deemed to be administrative expenses as defined in 11 U.S.C. §503.

14.3 Access. The Non-Operator Owner and Lenders and their agents and representatives shall have access to the Facility, all Facility operations and any documents, materials and records and accounts relating to the Facility operations for purposes of inspection and review. Upon the request of the Non-Operator Owner and its agents and representatives, Operator shall provide such Persons with access to all data and logs Operator maintains regarding the Facility. During any inspection or review of the Facility, the Non-Operator Owner and Lenders and their agents and representatives shall comply with all of Operator's safety and security procedures, and shall conduct inspections and reviews in such a manner as to cause minimum interference with Operator's activities. Operator also shall cooperate with the Non-Operator Owner in allowing its agents and representatives access to the Facility.

14.4 Subcontractors; Subagents.

14.4.1 Operator shall have the right to hire third-party subcontractors or to acquire rights from third parties to provide all or part of any Services hereunder without the prior consent of the Operating Committee. The cost of such third-party Services or acquisition of such rights shall be Operating Costs in accordance with Section 7.2.1. Operator, for the benefit of the Owners, shall use commercially reasonable efforts to obtain from all subcontractors and suppliers, including any subcontractors and suppliers who are Affiliates of Operator, customary guarantees and warranties to the extent available with respect to the equipment, goods, services or other work provided or performed by such subcontractor and supplier. Notwithstanding the foregoing or anything to the contrary, Operator shall not, without the prior written approval of Non-Operator Owner, such approval not to be unreasonably withheld, conditioned or delayed, procure or enter into any agreement with any third-party subcontractor with respect to the Services with a cost included in the Operating Costs in excess of $500,000 in any Year. Each agreement with a third-party subcontractor shall reflect costs that are on an arm's-length basis and no greater in any material respect than Operator could reasonably provide on Operator's own (or through its Affiliates) without material hardship.

14.4.2 Operator may delegate any obligations hereunder to one or more Affiliates, or designate one or more Affiliates as subagents for the performance of its obligations, and, to the extent such Affiliate performs or acts as subagent with respect to any obligation of Operator hereunder, such Affiliate shall enjoy the rights and benefits of Operator pursuant to this Agreement (including, for the avoidance of doubt, Article X and Article XI hereof). Notwithstanding the foregoing, Operator shall not, without the prior written approval of Non-Operator Owner, such approval not to be unreasonably withheld, conditioned, or delayed, procure or enter into any agreement with any of its Affiliates (other than for Facility Personnel to perform the Services) (i) with a committed value in excess of $500,000 or (ii) that may not be cancelled by or at the request of Non-Operator Owner upon no more than ninety (90) days' notice without penalty. Each agreement with an Affiliate of Operator, other than for Facility Personnel to perform the Services, shall reflect costs that are no greater in any material respect than Operator could obtain on an arm's-length basis with a bona fide third party at such time. Notwithstanding anything to the contrary in this Agreement, Operator shall be permitted to delegate any of its rights, duties and obligations under this Agreement and the Ownership Agreement to AEPSC without the consent of Non-Operator Owner, subject to Section 14.4.3.

14.4.3 If one or more Affiliates perform Services as subagents or subcontractors hereunder, Service Provider shall remain liable for such Affiliate's obligations hereunder and for any breach by such Affiliate of the terms of this Agreement (to the same extent as if such breach was committed by Service Provider).

14.5 Not for Benefit of Third Parties. Except where a contrary intention is expressly stated, this Agreement and each provision hereof are for the exclusive benefit of the Parties that executed this Agreement and not for the benefit of any third party.

14.6 Force Majeure.

14.6.1 Events Constituting Force Majeure. A "Force Majeure Event" is any event that (i) restricts or prevents performance under this Agreement, (ii) is not within the reasonable control of the Party affected or caused by the fault or negligence of the affected Party and

(iii) cannot be overcome or avoided by the exercise of due care. Force Majeure Events include the following, so long as in each case the requirements of the foregoing clauses (i), (ii) and (iii) are satisfied, failure of a Party to perform due to drought, flood, earthquake, storm, fire, lightning, tornado or other unusually severe storm or environmental conditions, epidemic, war (whether declared or undeclared), terrorism (whether domestic or foreign, state-sponsored or otherwise), revolution, insurrection, riot, civil disturbances, protests, sabotage (but not including any sabotage involving personnel of Operator), work stoppages (i.e., strikes) (but not including any work stoppages or strikes involving any personnel of Operator, whether on-site or off-site), accident or curtailment of supply, unavailability of construction materials or replacement equipment beyond the affected Party's control, inability to obtain and maintain Permits from any Governmental Authority for the Facility, other acts or omissions of any Governmental Authority, including any form of compulsory government acquisition or condemnation of all or part of the Facility (including a "taking"), restraint by court order, changes in Applicable Law that affect performance under this Agreement, other acts of Governmental Authorities including in response to any of the foregoing. Except for the obligation of each Party to make payments of amounts owed to the other Party, each Party is excused from performance and will not be considered to be in default in respect to any obligation if and to the extent that performance of such obligation is prevented by a Force Majeure Event. Neither Party shall be relieved of its obligations under this Agreement solely because of increased costs or other adverse economic consequences that may be incurred through the performance of such obligations.

14.6.2 Notice. If a Party's ability to perform its obligations under this Agreement is affected by a Force Majeure Event, the Party claiming such inability shall (i) promptly notify the other Party of the Force Majeure Event, its cause, its anticipated duration and any action being taken to avoid or minimize its effect and confirm the same in writing within three (3) Business Days of its discovery, (ii) promptly supply such available information about the Force Majeure Event and its cause as reasonably may be requested by the other Party and (iii) work diligently to remove the cause of the Force Majeure Event or to lessen its effect.

14.6.3 Scope. The suspension of performance arising from a Force Majeure Event shall be of no greater scope and no longer duration than necessary. The excused Party shall use its reasonable best efforts to remedy its inability to perform.

14.7 Dispute Resolution. Any and all disputes shall be resolved pursuant to the dispute resolution procedures set forth in the Ownership Agreement.

14.8 Amendments. No amendments or modifications of this Agreement are valid unless in writing and signed by duly authorized representatives of the Parties.

14.9 Survival. Notwithstanding any provisions to the contrary, the obligations set forth in Article VII and Article VIII, Article X, Article XI and Article XII, Article XIV the limitations on liabilities set forth in Article XI will survive, in full force, the expiration or termination of this Agreement.

14.10 No Waiver. No delay, waiver or omission by the Non-Operator Owner or Operator to exercise any right or power arising from any breach or default by the Non-Operator Owner or Operator with respect to any of the terms, provisions or covenants of this Agreement shall be construed to be a waiver by the Non-Operator Owner or Operator of any subsequent breach or default of the same or other terms, provisions or covenants on the part of the Non-Operator Owner or Operator.

14.11 Notices. Any written notice required or permitted under this Agreement shall be deemed to have been duly given on the date of receipt, and shall be either delivered personally to the Party to whom notice is given, or mailed to the Party to whom notice is to be given, by facsimile, courier service or first-class registered or certified mail, return receipt requested, postage prepaid, and addressed to the addressee at the address indicated below, or at the most recent address specified by written notice given in the manner provided in this Section 14.11:

If to Operator:

[_________________]
[_________________]
[_________________]

If to the Non-Operator Owner:

[_________________]
[_________________]
[_________________]

14.12 Representations and Warranties. Each Party represents and warrants to the other Party that, as of the date hereof:

14.12.1 Existence. It is duly organized and validly existing under the laws of the state of its organization and has all requisite power and authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement.

14.12.2 Authority. It has the power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder.

14.12.3 Validity. It has taken all necessary action to authorize its execution, delivery and performance of this Agreement, and this Agreement constitutes the valid, legal and binding obligation of such Party enforceable against it in accordance with its terms, except as such enforcement may be limited by Bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors or by general equitable principles (whether considered in a proceeding in equity or at law).

14.12.4 No Conflict. Neither the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, nor the fulfillment of the terms and conditions hereof, conflicts with or violates any provision of its constituting documents.

14.12.5 No Consent. No consent or approval (including any Permit that such warranting Party is required to obtain) is required from any third party (including any

Governmental Authority) for either the valid execution and delivery of this Agreement, or the performance by such Party of its obligations under this Agreement, except such as have been duly obtained or will be obtained in the ordinary course of business.

14.12.6 No Breach. None of the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, or the fulfillment of the terms and conditions hereof either conflicts with, violates or results in a breach in any material respect of, any Applicable Law currently in effect, or conflicts with, violates or results in a breach of, or constitutes a default under or results in the imposition or creation of, any lien or Encumbrance under any material agreement or instrument to which it is a party or by which it or any of its properties or assets are bound.

14.12.7 No Material Claims. It is not a party to any legal, administrative, arbitral or other proceeding, investigation or controversy pending or threatened that would adversely affect such Party's ability to perform its obligations under this Agreement.

14.13 Additional Representation and Warranty by Operator. Operator further represents and warrants to the Non-Operator Owner that it has, or has obtained through the retention of a qualified operations and maintenance service provider, substantial expertise and experience in the operation and maintenance of comparable power generation facilities and it, or its applicable subcontractor, is fully qualified to provide such services at the Facility in accordance with the terms of this Agreement.

14.14 Counterparts. The Parties may execute this Agreement in counterparts that, when signed by each of the Parties, constitute one and the same instrument. Thereafter, each counterpart shall be deemed an original instrument as against any Party who has signed it. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

14.15 Governing Law; Venue; Waiver of Jury Trial. The interpretation and performance of this Agreement is governed by and shall be construed in accordance with the laws of the State of New York, exclusive of the conflicts of law provisions thereof that would require the application of the laws of a different jurisdiction. Each Party hereby agrees that any Action arising out of or relating to this Agreement brought by a Party(or any of their respective successors or assigns) shall be brought and determined in any state or federal court sitting in the State of New York, within the Borough of Manhattan, City of New York, and the Parties hereby irrevocably submit to the exclusive jurisdiction of the aforesaid courts for themselves and with respect to their property, generally and unconditionally, with regard to any such Action arising out of or relating to this Agreement and the transactions contemplated hereby, and the appellate courts from any thereof in connection with any action arising out of or relating to this Agreement or any other agreement related to the Facility or any Facility asset and the transactions contemplated hereby, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or that such action was brought in an inconvenient court. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

14.16 Interpretation. Titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, describe or otherwise affect the scope or meaning of this Agreement or the intent of any provision hereof. All exhibits and appendices attached hereto are considered a part hereof as though fully set forth herein. This Agreement was jointly drafted and negotiated by the Parties. In the event of a dispute, this Agreement shall not be construed against either Party based upon its drafting.

14.17 Severability. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, is held invalid by any court or other forum of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in a manner materially adverse to a Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that this Agreement is consummated as originally contemplated to the greatest extent possible.

14.18 Cooperation in Financing. Operator shall execute and deliver any customary and reasonable agreement and consent to assignment, together with an opinion of counsel at Non-Operator Owner's expense, as may be reasonably requested by Non-Operator Owner in connection with any financing of the Facility. Operator shall promptly respond to reasonable requests, including requests for management presentations, by Non-Operator Owner and any of its Lenders or their representatives, in each case at Non-Operator Owner’s sole cost and expense, for information regarding the Operator and its performance of its duties hereunder and the operation, maintenance and administration of the Facility. Operator agrees to use commercially reasonable efforts to cooperate with any of Non-Operator Owner’s Lenders and their representatives and to provide such Lenders and representatives with reasonable access to and tours of the Facility (including review of documents, materials, records and accounts), in each case at Non-Operator Owner’s sole cost and expense.

[*Signature page follows.*]

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date set forth in the preamble to this Agreement.

KENTUCKY POWER COMPANY

By: ________________________________
Name:
Title:

WHEELING POWER COMPANY

By: ______________________________________
Name:
Title:

APPENDIX A – SCOPE OF SERVICES

Task Name	Description
Routine Services	Provide operational services as reasonably necessary for electrical power generation.
Detailed Programs	Implement Operator human resources program. Implement Operator-drafted, Owner-approved programs in safety, administration, maintenance, and training. Implement Facility's existing programs in operating, maintenance, chemistry, NERC and environmental compliance (or, at the Operating Committee's request, develop or enhance such programs at actual cost and implement). Ensure compliance with NERC requirements, Environmental Law, Applicable Law, and all Permits.
Routine Maintenance	Perform routine and preventive maintenance actions on all Facility systems and equipment in accordance with vendor instructions and the maintenance plan for the Facility. This program includes: **Service Checks** – Conduct visual equipment inspections and log significant parameters such as pressures, temperatures, and flow rates. Trend and analyze this information as appropriate. **Routine and Fixed Interval Maintenance** –Identify preventive maintenance requirements. Schedule and assign routine maintenance during Facility operation, planned outages, and forced or unscheduled outages.
Predictive Maintenance Program	As appropriate, conduct/oversee predictive maintenance within the cost-effective capability of the Facility Personnel. For those maintenance requirements that are not cost-effective for the Facility Personnel, oversee predictive maintenance services provided by vendors.
Major Maintenance and Repairs	In coordination with and support of the Facility Agreements and generation plan, arrange for scheduled inspections and overhauls on major equipment. Retain vendors for the benefit of the Owners for unscheduled major repairs as required and manage and oversee repairs and modifications.
Capital Improvements	Conduct/oversee all capital improvements. As appropriate, retain vendors for the benefit of the Owners to design, construct and implement capital improvements.
Facility Outages	Use commercially reasonable efforts to manage all Facility outages (planned, unscheduled, forced) to optimize outage duration and impact on production:

Task Name	Description
	Task Assignment – Identify and schedule all maintenance that requires a Facility outage or equipment to be taken out of service. **Work Schedule –** Develop and implement a schedule to track material outage preparations, work and testing, including corrective maintenance actions, contractor work and scheduled preventive maintenance. Conduct preparations to support this plan, including ordering and receiving required spare parts.
Assistance to the Non-Operator Owner and Operating Committee	Provide assistance to the Non-Operator Owner and the Operating Committee, as reasonably requested with the execution of the Non-Operator Owner's and the Operating committee's duties relative to operation of the Facility.
Facility Administration	Conduct administration to meet Operator requirements and Owners' goals, including: **Budgets** – Prepare annual Budgets and submit them for Operating Committee approval in accordance with the Ownership Agreement and this Agreement. Following approval, manage operations and expenditures to comply with each Budget. Generate budget variance reports, as required. **Procurement** – Establish and implement a purchasing system. Procure, for the benefit of the Owners, including negotiations and contracting, for all materials, equipment, chemicals, supplies, services, parts, and other miscellaneous items required for the provision of the Services. Pay all invoices in a timely manner. Provide credit support as required by third parties for the operation of the Facility, including contract counterparties and Governmental Authorities. Minimize Owner costs as much as feasible. **Inventory Control –** Implement a cost-effective inventory control system designed to ensure that spare parts, materials, and supplies are properly stored and accounted for and that adequate supplies are available at all times to support the provision of the Services. **Personnel Matters** – In compliance with Operator programs and policies, manage all payroll and employee relations, labor relations, and independent contractor issues, as required. These tasks include: employment; compensation and benefits; initial training; and employee and independent contractor relations. Provide reasonable support to recruit, hire, transfer, or otherwise acquire and retain qualified Facility Personnel to maintain the staffing levels and skill mix required for successful long-term provision of the Services. **Community Relations** – In coordination with and with the approval of the Operating Committee, conduct a community relations program

Task Name	Description
	to establish the Facility and its employees as "good citizens" in the local community. **Regulatory –** Perform all duties set forth in Section 7.8 of the Ownership Agreement with respect to Emission Allowances (as defined therein).
Work Assignment	Assign work to either Facility Personnel or vendors as cost-effective and appropriate based on overall guidance from the Operating Committee. Normally, Facility Personnel conduct preventive maintenance and actions requiring a high degree of Facility knowledge and vendors perform tasks needing equipment or expertise that are not cost-effective to maintain at the Facility. Vendors also perform tasks that make sense to minimize outage time and costs.
Buildings and Grounds	Arrange for janitorial, garbage pickup and landscape services and maintain all access roads, office buildings, and other structures in reasonable repair.
Reports	Prepare and submit operation and maintenance service reports as requested relative to performance, including environmental compliance records, maintenance and repair status, Facility operating data, and any other information reasonably requested by the Operating Committee or the Non-Operator Owner.
Security	Implement or arrange for implementation of security measures in accordance with the Operating Committee-approved Facility security plan.
Safety	Continue to implement Corporate and Plant Level Safety Programs including on-site visits and discussions at the facility.
PJM Capacity Analysis	Analysis and plant level information to PJM as part of PJM's FRR or RPM Capacity Market requirements
Information Systems	Manage the Facility's information technology infrastructure, including phone systems, internet connectivity, hardware and software. Implement or arrange for implementation of cybersecurity policies and procedures in compliance with NERC requirements and Applicable Law, in accordance with the Operating Committee-approved Facility cybersecurity plan.
Training Program	Implement a continuing program of training designed to orient new Facility Personnel, refresh/cross-train existing Facility Personnel, qualify/re-qualify Facility Personnel, and keep all Facility Personnel aware of Operating Committee -approved Facility safety

Task Name	Description
	requirements and emergency procedures. This program includes specialty skills training.
Drawing/Manual Maintenance	Maintain the Facility library and update the Manuals and vendor service manuals. Update (or arrange for updating) Facility drawings to reflect changes to the as-built configuration. In addition to document management, maintain physical Facility configuration control.
Fuel Purchasing and Handling	• Procure coal, reagents, fuel oil supply or transportation service agreements as needed to operate the Facility and establish and maintain reserves of coal in common stock piles of such quality and in such quantities as the Operating Committee shall determine • Contract administration for Fuel supply contracts along with legal review. • Third Party Settlements of fuel related supply and inventory tracking in ComTrac system • Joint Books Accounting to prepare information for billing among co-owners per agreement • Analysis of fuel related costs for data requests from regulatory bodies or joint owner • Provide fuel reserves against interruptions of normal fuel supply and as is necessary to maintain the number of tons in such coal stock piles, after taking into account the coal consumption from such coal stock piles by the Facility during each month. • Receive coal and provide fuel handling • Fuel coordinator functions to review fuel quality with third party suppliers at coal or limestone facilities. • Administer and reconcile volumes of all fuel with suppliers • Administer and comply with the requirements set forth in the Facility’s fuel agreements, including quality testing and invoice review and approval • Administer and comply with the requirements set forth in the Facility’s coal ash, gypsum and combustion byproduct disposal and sales agreements, including invoice review and approval

Task Name	Description
Day Ahead and Real Time Market Operations	• Unit Generation Dispatch – Monitor signals and take direction from PJM for generating units. Relay these directions, commitments and settings to the Unit Operators and Controls. Relay information on real time unit conditions to Transmission Owner (TO) and PJM. • GADS Reporting – Create GADS events as they are scheduled or occur. Submit monthly event reporting as required by NERC and PJM. • Outage Support and Communications to PJM – Relay outage/curtailment information from plant personnel to PJM. Schedule maintenance and planned outages/curtailments, and maintain updates as they arise. • Unit Characteristic Updates to PJM – Provide any relevant configuration updates related to generating units to PJM that may occur. • Telemetry – Maintain current real time telemetry to/from the plant, PJM and Market Operations control center.
Administration of Contracts	• Administer, perform and enforce all contractual obligations and arrangements, including all warranties applicable thereto, entered into by Operator for the benefit of the Owners with respect to the Facility • Act as agent on behalf of the Non-Operating Owner with respect to the administration, performance and enforcement of any contracts or purchase orders (including fuel supply or transportation contracts) with respect to the Facility that are in the name of the Non-Operator Owner as a result of the Non-Operator Owner having served as the Operator prior to the Effective Date
Insurance	• Procure on behalf of each Owner such property and other insurance policies as required by the insurance program established by the Operating Committee in accordance with the Ownership Agreement.

Task Name	Description
Decommissioning	• Manage and contract with vendors and other parties to perform Decommissioning Work. This includes the management of required regulatory filings, permitting, engineering assessments, and the contracting for demolition and or liability transfers. Upon mutual agreement between Operator and the Operating Committee, Operator may conduct all or a portion of the Facility and/or Site Decommissioning from its and its Affiliates resources.

APPENDIX B – INITIAL BUDGET AND PLAN

[To be attached as of the Effective Date]

APPENDIX C – OPERATING COSTS WORKSHEET/SAMPLE INVOICE

[See attached.]

PAGE 1

INVOICE # xxx-xxxxxxxx

Month of Billing

PAYMENT DUE BY: Date Due

Kentucky Power Company
Attn: xxxx
Address
City, State Zip Code

Dear xxxx:

This is the billing report for Actual charges for the month of Month of billing for the Mitchell Generating Plant. Please include the invoice number above on your wire transfer to the receiving bank listed on that report. If you have any questions please call: xxxx at xxx-xxx-xxx or E-mail to xxx@aep.com

Operating & Maintenance Agreement as Operator Article VII, Section 2:	**Amount**
i. KPCO'S Actual cost of coal inventory receipts of Mitchell Power Plant.	$3,914,522.89
ii. KPCO'S Actual cost of coal handling inventory receipts of Mitchell Power Plant.	$249,855.00
iii. KPCO'S Actual cost of fuel oil inventory receipts of Mitchell Power Plant.	$12,185.50
iv. KPCO'S Actual cost of Limestone inventory receipts of Mitchell Power Plant.	$55,080.45
v. KPCO'S Actual cost of Urea inventory receipts of Mitchell Power Plant.	$19,351.35
vi. KPCO's share of total cost of operation of Mitchell Power Plant.	$227,744.80
vii. KPCO's share of total cost of maintenance of Mitchell Power Plant.	$295,700.00
viii. KPCO's share of total cost of fuel handling/fly ash of Mitchell Power Plant.	$50,000.00
ix. KPCO's share of A&G expenses.	$145,000.00
x. KPCO's share of Other Operating Costs.	$0.00
Total Operating Expenses	$4,969,439.98
KPCo's share of Capital Expenditures	$100,000.00
Storeroom Inventory Activity	$150,000.00
TOTAL AMOUNT DUE WHEELING POWER COMPANY	**$5,219,439.98**

Wiring Instructions		
	Name on Acct:	Wheeling Power Co
	Bank:	Bank
	Acct:	Acct
	ABA:	ABA
	Ref:	Invoice #, xxx-xxxxxxxx

Exhibit D
[Final Form]

COMPLIANCE AGREEMENT

by and among

American Electric Power Company, Inc.,

Kentucky Power Company,

Wheeling Power Company

and

Liberty Utilities Co.

dated as of ________, 202_

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

COMPLIANCE AGREEMENT

This Compliance Agreement (this "Agreement"), dated as of _____, 202_ (the "Closing Date"), is entered into among Liberty Utilities Co., a Delaware corporation (together with its permitted successors and assigns, "Buyer"), Kentucky Power Company, a Kentucky corporation qualified as a foreign corporation in West Virginia ("KPCo") (Buyer together with KPCo, the "Buyer Parties"), Wheeling Power Company, a West Virginia corporation ("WPCo", together with KPCo, the "Mitchell Parties"), and American Electric Power Company, Inc. ("Seller") (Seller together with Buyer Parties and WPCo, the "Parties").

RECITALS

WHEREAS, Seller and AEP Transmission Company, LLC, as sellers, and Buyer, as buyer, entered into that certain Stock Purchase Agreement, dated as of _________, 2021 (the "Purchase Agreement"), pursuant to which Seller agreed to sell to Buyer, and Buyer agreed to purchase from Seller all of the outstanding common shares of KPCo;

WHEREAS, KPCo owns a 50% undivided co-tenancy interest in Mitchell Power Plant ("Mitchell"), and owns and operates the Big Sandy Unit 1 power plant ("Big Sandy");

WHEREAS, WPCo owns a 50% undivided co-tenancy interest in Mitchell and certain related assets for the operation of Mitchell, and, as of the date of this Agreement, is the operator of Mitchell;

WHEREAS, Seller and certain of Seller's Affiliates are party to a Consent Decree entered in *United States, et al. v. American Electric Power Service Corp., et al.*, Civil Action Nos. C2-99-1182 and C2-99-1250 and *United States, et al. v. American Electric Power Service Corp., et al.*, Civil Action No. C2-05-360 and *Ohio Citizen Action, et al. v. American Electric Power Service Corp.*, Civil Action No. C2-04-1098, modified by the Joint Modification to the Consent Decree, dated April 5, 2010, the Joint Modification to the Consent Decree, dated December 28, 2010, the Third Joint Modification to the Consent Decree, dated February 22, 2013, the Fourth Joint Modification to the Consent Decree, Agreed Entry of which was filed January 23, 2017, the Fifth Joint Modification of the Consent Decree, dated July 17, 2019, and the Sixth Joint Modification to the Consent Decree, filed August 26, 2020 (as so amended or modified, the "NSR Consent Decree") that sets out emissions caps of SO_2 and NO_X for the AEP Eastern System Units, including Mitchell and Big Sandy;

WHEREAS, pursuant to a Purchase and Sale Agreement dated September 13, 2016, Seller and certain of its Affiliates sold Gavin Unit 1 and Gavin Unit 2, which are subject to the NSR Consent Decree, and certain other facilities and related assets (collectively "Gavin") and entered into an agreement titled "Compliance Agreement" and dated as of January 30, 2017, with the buyer of Gavin (the "Gavin Buyer") that, among other things, apportioned to the Gavin Buyer a share of the emission limitations in the NSR Consent Decree as set forth in Exhibit A attached hereto (the "Gavin Emissions Limitations");

WHEREAS, the Gavin Buyer was added as a party to the NSR Consent Decree through the Fourth Joint Modification to the Consent Decree;

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WHEREAS, pursuant to Section 4.13 of the Purchase Agreement and paragraphs 192 and 193 of the NSR Consent Decree, an amendment to the NSR Consent Decree contemplated by Section 4.13(a) of the Purchase Agreement, and attached hereto as Exhibit B, has been duly executed and delivered by all parties thereto, approved and entered by the United States District Court for the Southern District of Ohio effective as of the Closing, under which Buyer will assume all obligations under the NSR Consent Decree relating to Big Sandy and KPCo's interest in Mitchell, but without (a) allocating separate emissions caps under the NSR Consent Decree for Mitchell and Big Sandy separate from the other applicable facilities of Seller and its applicable Affiliates (in their capacity as "Defendants" under the NSR Consent Decree), or (b) the release of Seller and its applicable Affiliates (in their capacity as "Defendants" under the NSR Consent Decree) from joint and several liability with respect to any compliance obligations with respect to Mitchell and Big Sandy (the NSR Consent Decree, as modified pursuant to the amendment attached as Exhibit B hereto, and as amended or modified from time to time, the "Modified NSR Consent Decree");

WHEREAS, in order to comply with the Modified NSR Consent Decree and pursuant to paragraph 193 of the Modified NSR Consent Decree, the Parties desire to enter into an agreement with respect to: (a) the emissions of SO_2 and NO_X from Mitchell and Big Sandy and the other AEP Eastern System Units as defined in the Modified NSR Consent Decree, (b) the allocation of certain obligations under the Modified NSR Consent Decree and (c) certain other matters, in each case on the terms set forth below;

WHEREAS, as a condition to consummating the transactions contemplated by the Purchase Agreement, Seller has agreed to enter into this Agreement with the Buyer Parties and the Buyer Parties have agreed to enter into this Agreement with Seller; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Parties hereto agree as follows.

ARTICLE 1.
EMISSIONS LIMITATIONS; PROCEDURES

Section 1.1 Specific Emissions Limitations. The Parties shall be subject to the limitations on their emissions of NOx and SO_2 as set forth in Section 1.2, Section 1.3 and Section 1.4 (collectively, the "Specific Emissions Limitations"). The Parties may, from time to time, negotiate a mutual written agreement in accordance with Section 7.1(b), to increase the applicable Mitchell Emissions Limitations or Big Sandy Emissions Limitations (together "Mitchell and Big Sandy Emissions Limitations") or the Retained AEP Eastern System Units Emissions Limitations, in either case without increasing the overall Eastern System-Wide Annual Tonnage Limitation.

Section 1.2 Mitchell and Big Sandy Emissions Limitations.

(a) **NOx Annual Emissions Limitation - Mitchell**. For the calendar year 2022[1] and in each calendar year thereafter, the Mitchell Parties shall limit the annual NOx emissions

[1] Note to Draft: If the Closing does not occur in 2022 or 2023, appropriate adjustments will be made to account for 2021 (or other) year allocations.

from Mitchell to 5,432 tons (the "Mitchell Plant-Wide Annual Tonnage Limitation for NOx"). The Mitchell Parties shall each be entitled to 50% of the Mitchell Plant-Wide Annual Tonnage Limitation for NOx, which shall be known as the "Buyer Parties' Mitchell Annual Tonnage Limitation for NOx" (2,716 tons) and the "WPCo Mitchell Annual Tonnage Limitation for NOx" (2,716 tons). In each calendar month, each Mitchell Party shall be deemed to have emitted NOx in proportion to its dispatch of Mitchell in such month. If Closing does not occur on January 1, 2022 or January 1, 2023, the Mitchell Plant-Wide Annual Tonnage Limitation for NOx shall be prorated pursuant to the allocation methodology set forth in Section 1.4 below, and that prorated Mitchell Plant-Wide Annual Tonnage Limitation for NOx shall be applicable from the date of Closing through the end of the calendar year in which Closing occurred. Neither the Mitchell Plant-Wide Annual Tonnage Limitation for NOx nor any such prorated Mitchell Plant-Wide Annual Tonnage Limitation for NOx shall be applicable before Closing.

(b) **SO_2 Annual Emissions Limitation - Mitchell**. For the calendar year 2022 and in each calendar year thereafter, the Mitchell Parties shall limit the annual SO2 emissions from Mitchell to 10,000 tons ("Mitchell Plant-Wide Annual Tonnage Limitation for SO2"). The Mitchell Parties shall each be entitled to 50% of the Mitchell Plant-Wide Annual Tonnage Limitation for SO2, which shall be known as the "Buyer Parties' Mitchell Annual Tonnage Limitation for SO2" (5,000 tons) and the "WPCo Mitchell Annual Tonnage Limitation for SO2" (5,000 tons). In each calendar month, each Mitchell Party shall be deemed to have emitted SO2 in proportion to its dispatch of Mitchell in such month. If Closing does not occur on January 1, 2022 or January 1, 2023, the Mitchell Plant-Wide Annual Tonnage Limitation for SO2 shall be prorated pursuant to the allocation methodology set forth in Section 1.4 below, and that prorated Mitchell Plant-Wide Annual Tonnage Limitation for SO2 shall be applicable from the date of Closing through the end of the calendar year in which Closing occurred. Neither the Mitchell Plant-Wide Annual Tonnage Limitation for SO2 nor any prorated Mitchell Plant-Wide Annual Tonnage Limitation for SO2 shall be applicable before Closing. The Mitchell Plant-Wide Annual Tonnage Limitation for SO_2 (or any prorated Mitchell Plant-Wide Annual Tonnage Limitation for SO2, if applicable), together with the Mitchell Plant-Wide Annual Tonnage Limitation for NOx (or any prorated Mitchell Plant-Wide Annual Tonnage Limitation for NOx, if applicable) shall be collectively referred to as the "Mitchell Emissions Limitations."

(c) **NOx Annual Emissions Limitation – Big Sandy**. For the calendar year 2022 and in each calendar year thereafter, the Buyer Parties shall limit the annual NOx emissions from Big Sandy to a quantity equal to 1,070 tons (the "Big Sandy Plant-Wide Annual Tonnage Limitation for NOx"). If Closing does not occur on January 1, 2022 or January 1, 2023, the Big Sandy Plant-Wide Annual Tonnage Limitation for NOx shall be prorated pursuant to the allocation methodology set forth in Section 1.4 below, and that prorated Big Sandy Plant-Wide Annual Tonnage Limitation for NOx shall be applicable from the date of Closing through the end of the calendar year in which Closing occurred. Neither the Big Sandy Plant-Wide Annual Tonnage Limitation for NOx nor any prorated Big Sandy Plant-Wide Annual Tonnage Limitation for NOx shall be applicable before Closing.

(d) **SO_2 Annual Emissions Limitation – Big Sandy**. For the calendar year 2022 and in each calendar year thereafter, the Buyer Parties shall limit the total annual SO_2 emissions from Big Sandy to an annual tonnage limitation of 1,000 tons (the "Big Sandy Plant-Wide Annual Tonnage Limitation for SO_2"). If Closing does not occur on January 1, 2022 or January 1, 2023, the Big Sandy Plant-Wide Annual Tonnage Limitation for SO2 shall be prorated pursuant to the allocation methodology set forth in Section 1.4 below, and that prorated Big Sandy Plant-Wide Annual Tonnage Limitation for SO2 shall be applicable from the date of Closing through the end of the calendar year in which Closing occurred. Neither the Big Sandy Plant-Wide Annual Tonnage Limitation for SO2 nor any prorated Big Sandy Plant-Wide Annual Tonnage Limitation for SO2 shall be applicable before Closing. The Big Sandy Plant-Wide Annual Tonnage Limitation for SO2 (or any prorated Big Sandy Plant-Wide Annual Tonnage Limitation for SO2, if applicable), together with the Big Sandy Plant-Wide Annual Tonnage Limitation for NOx (or any prorated Big Sandy Plant-Wide Annual Tonnage Limitation for NOx, if applicable) shall be collectively referred to as the "Big Sandy Emissions Limitations."

Section 1.3 Retained AEP Eastern System Emissions Limitations. Beginning in calendar year 2022, and in each calendar year thereafter, Seller and its Affiliates shall limit the total annual NOx emissions and total annual SO_2 emissions from the AEP Eastern System Units excluding Gavin, Mitchell and Big Sandy (the "Retained AEP Eastern System Units") to the Retained AEP Eastern System Units Emissions Limitations.

Section 1.4 Partial Year Allocations.

If the Closing Date is not January 1, 2022 or January 1, 2023, then the Mitchell Emissions Limitations and the Big Sandy Emissions limitations for the year in which Closing occurs shall be determined on a prorated basis as follows:

(a) The Mitchell Plant-Wide Annual Tonnage Limitation for NOx for the year in which the Closing occurs shall be the applicable Mitchell Plant-Wide Annual Tonnage Limitation for NOx as set forth in Section 1.2(a), divided by 365 and multiplied by the total number of days from (and including) the Closing Date through the end of the calendar year. Each of the Mitchell Parties shall be entitled to 50% of such prorated Mitchell Plant-Wide Annual Tonnage Limitation for NOx for the calendar year in which the Closing occurs.

(b) the Mitchell Plant-Wide Annual Tonnage Limitation for SO_2 for the year in which the Closing occurs shall be the applicable Mitchell Plant-Wide Annual Tonnage Limitation for SO2 as set forth in Section 1.2(b), divided by 365 and multiplied by the total number of days from (and including) the Closing Date through the end of the calendar year. Each of the Mitchell Parties shall be entitled to 50% of such prorated Mitchell Plant-Wide Annual Tonnage Limitation for SO2 for the calendar year in which the Closing occurs.

(c) the Big Sandy Plant-Wide Annual Tonnage Limitation for NOx for the year in which the Closing occurs shall be the applicable Big Sandy Plant-Wide Annual Tonnage Limitation for NOx as set forth in Section 1.2(c), divided by 365 and multiplied by the total number of days from (and including) the Closing Date through the end of the calendar year.

(d) the Big Sandy Plant-Wide Annual Tonnage Limitation for SO_2 for the year in which the Closing occurs shall be the applicable Big Sandy Plant-Wide Annual Tonnage Limitation for SO2 as set forth in Section 1.2(d), divided by 365 and multiplied by the total number of days from (and including) the Closing Date through the end of the calendar year.

Section 1.5 Procedures.

(a) In all cases, the Specific Emissions Limitations set forth in this Article 1 shall apply to the number of tons of SO_2 or NOx, as applicable, emitted during all periods of operation from the applicable generating units, including, without limitation, all SO_2 or NOx emitted during periods of startup, shutdown, and Malfunction in accordance with the Modified NSR Consent Decree during the applicable annual period (i.e., January 1 through December 31).

(b) Buyer and Seller each shall (and shall cause their applicable Affiliates to) comply with the requirements for use and surrender of NOx Allowances and SO_2 Allowances in accordance with the Modified NSR Consent Decree as if it applied, respectively, solely to the Mitchell Parties (with respect to Mitchell) and the Buyer Parties (with respect to Big Sandy). Seller shall provide assistance to Buyer and the Mitchell Parties as reasonably required under the terms of the Modified NSR Consent Decree to permit Buyer and the Mitchell Parties to comply with such use and surrender requirements. Buyer and the Mitchell Parties shall comply with Seller's reasonable instructions with respect to the surrender of NOx Allowances and SO_2 Allowances in compliance with the Modified NSR Consent Decree.

(c) In the event that Seller, Buyer or the Mitchell Parties become aware of any actual or reasonably likely violation of any Specific Emissions Limitation during any applicable annual period, then (except as expressly required pursuant to applicable Law) the Party subject to that Specific Emissions Limitation, in order to prevent a violation (or a continued violation) of the Specific Emissions Limitation applicable to it under this Agreement, shall use its reasonable best efforts to operate, or cause to be operated if such Party is not the operator of, its applicable generating units for the remainder of such applicable annual period in a manner that will prevent such violation or potential violation including ceasing, or causing to be ceased, its operation if and as necessary. This covenant shall be subject to enforcement through the remedy of specific performance, if available, and shall not exclude other remedies, including pursuant to Section 2.4 hereof. Within thirty (30) days following the end of each calendar quarter, Buyer shall provide to Seller a written notice of the total NOx and SO_2 emissions from Big Sandy and from its ownership interest in Mitchell, during the immediately preceding calendar quarter, and Seller shall provide to Buyer a written notice of the total NOx and SO_2 emissions from WPCo's ownership interest in Mitchell during the immediately preceding calendar quarter.

(d) The Specific Emissions Limitations with respect to the Buyer Parties, the Mitchell Parties and Seller shall be subject to any validly asserted Force Majeure Event in compliance with Section XIV of the Modified NSR Consent Decree to the extent such Party's performance with respect to the applicable aggregate SO_2 or NO_X limitation contained in the Modified NSR Consent Decree is determined to be excused as a result of such event in accordance therewith.

Section 1.6 **<u>Transfer of Emissions Limitations</u>**. Notwithstanding any other provision of this Agreement, Buyer Parties shall be entitled, but not required, in any calendar year to reallocate any portion of the Big Sandy Emissions Limitations to the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2, or any portion of the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2 to the Big Sandy Emissions Limitations, or to acquire additional emissions limitations pursuant to Section 1.1, for such calendar year at any time during the calendar year, and the Big Sandy Emissions Limitations and the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2 (as applicable) shall be deemed for purposes of this Agreement to be revised accordingly for such year. Similarly, Seller and WPCo shall be entitled, but not required, in any calendar year, to reallocate any portion of the Retained AEP Eastern System Units Emissions Limitations to the WPCo Mitchell Annual Tonnage Limitation for NOx and/or WPCo Mitchell Annual Tonnage Limitation for SO2, or to allocate any portion of the WPCo Mitchell Annual Tonnage Limitation for NOx and/or WPCo Mitchell Annual Tonnage Limitation for SO2 to the Retained AEP Eastern System Units Emissions Limitations, and WPCo's Mitchell Annual Tonnage Limitation for NOx and/or WPCo Mitchell Annual Tonnage Limitation for SO2 (as applicable) shall be deemed for purposes of this Agreement to be revised accordingly for such year.

ARTICLE 2.
INDEMNIFICATION; LIQUIDATED DAMAGES

Section 2.1 Indemnification.

(a) The Buyer Parties hereby agree, on a joint and several basis, to indemnify Seller and its Affiliates (including WPCo) and each of their respective officers, directors and employees (collectively, the "Indemnified AEP Parties") from, and to hold each of them harmless against, any and all Damages suffered, paid or incurred by such Indemnified AEP Parties and caused by or arising out of any breach by the Buyer Parties or any of their Affiliates of this Agreement or the Modified NSR Consent Decree, including any Liquidated Damages (as defined below) pursuant to Section 2.4(a), as the result of exceedances of the Big Sandy Emissions Limitations, and as the result of exceedances of the Mitchell Emissions Limitations if, and to the extent that, Buyer Parties caused Mitchell to exceed the Mitchell Emissions Limitations (including by instructing the operator of Mitchell to run Mitchell, despite having exhausted the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2) .

(b) Seller hereby agrees to indemnify the Buyer Parties and their Affiliates and their respective officers, directors and employees (collectively, the "Indemnified Buyer Parties" and, together with the Indemnified AEP Parties, the "Indemnified Parties") from, and to hold each of them harmless against, any and all Damages suffered, paid or incurred by such Indemnified Buyer Parties and caused by or arising out of any breach by Seller or any of its Affiliates (including WPCo) of this Agreement or the Modified NSR Consent Decree, including any Liquidated Damages pursuant to Section 2.4(a), as the result of (i) in the case of Seller, exceedances of the Retained AEP Eastern System Units Emissions Limitations and (ii) in the case of WPCo, exceedances of the Mitchell Emissions Limitations (except to the extent Buyer Parties caused such exceedances including by instructing the operator of Mitchell to run Mitchell despite having exhausted the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2). Without duplication of the foregoing indemnity provided by Seller, WPCo agrees to the foregoing indemnification for Damages caused by or arising out of any breach by WPCo of this Agreement or the Modified NSR Consent Decree, including any Liquidated Damages pursuant to Section 2.4(a), as the result of exceedances of the Mitchell Emissions Limitations (except to the extent Buyer Parties caused such exceedances including by instructing the operator of Mitchell to run Mitchell, despite having exhausted the

Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2).

Section 2.2 Indemnification Procedures.

(a) If an Indemnified Party believes that a Claim, demand or other circumstance exists that has given or may reasonably be expected to give rise to a right of indemnification under Section 2.1 (whether or not the amount of Damages relating thereto is then quantifiable), such Indemnified Party shall assert its Claim for indemnification by giving written notice thereof (a "Claim Notice") to the Party from which indemnification is sought (the "Indemnifying Party") (i) if the event or occurrence giving rise to such Claim for indemnification is, or relates to, a Claim brought by a Person not a Party to this Agreement or affiliated with any such Party (a "Third Party"), within ten (10) Business Days following receipt of notice of such Claim by such Indemnified Party, or (ii) if the event or occurrence giving rise to such action or Claim for indemnification is not, or does not relate to, a Claim brought by a Third Party, within thirty (30) days after the discovery by the Indemnified Party of the circumstances giving rise to such Claim for indemnity. Each Claim Notice shall describe the Claim in reasonable detail. The failure or delay by the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any indemnification obligation hereunder except to the extent that the defense of such Claim is materially prejudiced by such failure to give such notice.

(b) If any Claim or demand by an Indemnified Party under this Article 2 relates to a Claim filed or made against an Indemnified Party by a Third Party (a "Third Party Claim"), the Indemnifying Party may elect at any time to negotiate a settlement or a compromise of such Claim or to defend such Claim, in each case at its sole cost and expense (subject to the last sentence of Section 2.2(a)) and with its own counsel, if (i) the Indemnifying Party provides written notice to the Indemnified Party that the Indemnifying Party intends to undertake such defense and (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently with counsel reasonably satisfactory to the Indemnified Party. If Indemnifying Party or the Indemnified Party reasonably determines in good faith that joint representation would be inappropriate because of a conflict of interest, the Indemnified Party shall be entitled to retain separate counsel as required by the applicable rules of professional conduct (which counsel must be reasonably acceptable to the Indemnifying Party and the expense of which shall be included in the calculation of any Damages to the Indemnified Party in respect of such Third Party Claim) and to control the defense of the Third Party Claim; provided, however, that the Indemnified Party's right to control the defense of the Third-Party Claim shall be limited to that portion of the Third-Party Claim that is a conflict of interest.

(c) Except with the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed, no Indemnifying Party shall settle or compromise any Third Party Claim or permit a default judgment or consent to an entry of judgment unless such Third Party Claim is with respect to noncompliance with, or liabilities arising under, the Modified NSR Consent Decree and the settlement, compromise or judgment (i) relates solely to money damages, (ii) provides for a full, unconditional and irrevocable release of the Indemnified Party with respect to such Claim(s) being settled and (iii) does not contain any admission or finding of wrongdoing on behalf of the Indemnified Party. If, within thirty (30) days of receipt from an Indemnified Party of any Claim Notice with respect to such Claim, the Indemnifying Party does not elect to defend such Claim, such Indemnified Party may (subject to the Indemnifying Party's continuing right of election in subpart (b) of this Section 2.2), at its option, defend, settle or otherwise compromise or pay such Claim; provided that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed. Unless and until the Indemnifying Party makes an election in accordance with this Section 2.2 to defend, settle or compromise such Claim (and, following such time, subject to the last sentence of Section 2.2(b)), all of the Indemnified Party's reasonable costs and expenses arising out of the defense, settlement or compromise of any such Claim shall be Damages subject to indemnification hereunder to the extent provided herein. Each Indemnified Party shall make available to the Indemnifying Party all information reasonably available to such Indemnified Party relating to such Claim (other than materials, if any, subject to attorney-client or attorney-work product privilege). In addition, the Parties shall render to each other such assistance as may reasonably be requested in order to ensure the proper and adequate defense of any such Claim. The Party in charge of the defense shall keep the other Parties fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. If the Indemnifying Party elects to defend any such Claim, then the Indemnified Party shall be entitled to participate in such defense with separate counsel reasonably acceptable to the Indemnifying Party, at such Indemnified Party's sole cost and expense.

Section 2.3 General.

(a) Each Indemnified Party shall be obligated in connection with any Claim for indemnification under this Article 2 to use all commercially reasonable efforts to obtain any insurance proceeds available to such Indemnified Party with regard to the applicable Claims or to recover any amounts to which it may be entitled in respect of the applicable Claims pursuant to contractual and other indemnification rights that the Indemnified Party may have against Third Parties. The amount which the Indemnifying Party is or may be required to pay to any Indemnified Party pursuant to this Article 2 shall be reduced (retroactively, if necessary) by any insurance proceeds actually recovered (net of all costs incurred in obtaining such proceeds) by or on behalf of such Indemnified Party in reduction of the related Damages. If an Indemnified Party shall have received the payment required by this Agreement from the Indemnifying Party in respect of Damages and shall subsequently receive insurance proceeds or other amounts in respect of such Damages, then such Indemnified Party shall promptly repay to the Indemnifying Party a sum equal to the amount of such insurance proceeds or other amounts actually received (net of all costs incurred in obtaining such proceeds or other amounts) to the extent such amount would give rise to a double recovery by such Indemnified Party.

(b) Subject to Section 2.3(a), each Indemnified Party shall be obligated in connection with any Claim for indemnification under this Article 2 to, and shall cause their Affiliates and respective Representatives to, take all reasonable actions to avoid, minimize and mitigate Damages that would otherwise be subject to indemnification under Section 2.2.

(c) Subject to the rights of any insurance carriers, the Indemnifying Party shall be subrogated to any right of action that the Indemnified Party may have against any other Person (other than any insurance carriers) with respect to any matter giving rise to a Claim for indemnification hereunder.

(d) If any fact, circumstance or condition forming a basis for a Claim for indemnification under this Article 2 shall overlap with any fact, circumstance, condition, agreement or event forming the basis of any other Claim for indemnification under this Article 2, there shall be no duplication in the calculation of the amount of the Damages.

(e) An Indemnifying Party shall not be required to indemnify an Indemnified Party to the extent of any Damages that a court of competent jurisdiction or arbitrator shall have determined by final, non-appealable judgment to have resulted from the fraud, gross negligence or willful misconduct of the Indemnified Party seeking indemnification or its officers, directors, employees or Affiliates.

Section 2.4 Breach of Agreement; Liquidated Damages.

(a) Any Party that exceeds its applicable Specific Emissions Limitations (the "Breaching Party") shall be responsible for payment of damages ("Liquidated Damages") in an amount equal to $5,000 per ton for the first 1,000 tons of any such exceedance, plus $10,000 per ton for each additional ton above such 1,000 tons (separately calculated for SO_2 and NO_X exceedances). That payment shall be made to Seller if the Breaching Party is a Buyer Party and the Specific Emissions Limitations that are exceeded relate to Big Sandy, or the Specific Emissions Limitations that are exceeded relate to Mitchell and Buyer Parties exceeded the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2, or otherwise caused Mitchell to exceed the Mitchell Emissions Limitations (including by instructing the operator of Mitchell to run Mitchell, despite having exhausted the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2); and to Buyer if the Breaching Party is WPCo and the Specific Emissions Limitations that are exceeded relate to Mitchell (it being understood that exceedances of the Mitchell Emissions Limitations are WPCo's responsibility except to the extent Buyer Parties caused such exceedances including by instructing the operator of Mitchell to run Mitchell despite having exhausted the Buyer Parties' Mitchell Annual Tonnage Limitation for NOx and/or the Buyer Parties' Mitchell Annual Tonnage Limitation for SO2), or if the breaching Party is Seller and the Specific Emissions Limitations that are exceeded relate to the Retained AEP Eastern System Units Emissions Limitations, but only if the overall Eastern System-Wide Annual Tonnage Limitation under the Modified NSR Consent Decree is exceeded; provided that, if the Eastern System-Wide Annual Tonnage Limitation under the Modified NSR Consent Decree is exceeded and payment is due to the EPA, then, without limiting any Indemnified Party's right to indemnification pursuant to Section 2.1, in order to avoid any double payment with respect to such Liquidated Damages and payments due to the EPA, at Seller's option, if it is the Breaching Party, or otherwise subject to the Buyer Parties' request and Seller's consent, which shall not be unreasonably withheld, delayed or conditioned, in either case, payment of such Liquidated Damages shall be made directly to the EPA in satisfaction of the obligations of the Parties or their Affiliates under the Modified NSR Consent Decree and any amount of such Liquidated Damages in excess of what is due to the EPA shall be made to Seller if the Breaching Party is a Buyer Party and to Buyer if the Breaching Party is Seller or WPCo.

(b) In the event that the necessary Big Sandy NO_X Allowances and SO_2 Allowances (including with respect to any additional allowances required to be surrendered under Article XIII of the Modified NSR Consent Decree as a stipulated penalty thereunder) are not timely and properly surrendered by the Buyer Parties in accordance with Seller's reasonable instructions in compliance with the Modified NSR Consent Decree and as provided in Section 1.5, the Buyer Parties shall pay, as a Liquidated Damage, (1) an amount equal to $32,500 per day (separately calculated for failure to submit SO_2 Allowances and NO_X Allowances), plus (2)(A) in the case of NO_X Allowances, $7,500 per NO_X Allowance not surrendered, and (B) in the case of SO_2 Allowances, $1,000 per SO_2 Allowance not surrendered; provided that, if payment is due to the EPA as a result of the failure to surrender such allowances as required by the Modified NSR Consent Decree, then, without limiting Seller's right to indemnification pursuant to Section 2.1, in order to avoid any double payment with respect to such Liquidated Damages and payments due to the EPA, subject to the Buyer Parties' request and Seller's consent, which shall not to be unreasonably withheld, delayed or conditioned, such payment of such Liquidated Damages shall be made directly to the EPA in satisfaction of the obligations of the Parties or their Affiliates under the Modified NSR Consent Decree and any amount of Liquidated Damages in excess of what is due to the EPA shall be made to Seller.

(c) Liquidated Damages shall be a non-exclusive remedy for such exceedances (and be payable regardless of any actual penalties or other Damages under the Modified NSR Consent Decree), and the aggrieved Parties shall be entitled to pursue other remedies, including pursuant to Section 2.1 (Indemnification) and specific performance as provided in Section 2.5.

Section 2.5 **<u>Right to Specific Performance; Certain Limitations</u>**. Notwithstanding anything in this Agreement to the contrary:

(a) Without limiting or waiving in any respect any rights or remedies of a Party under this Agreement now or hereafter existing at Law, in equity or by statute, all of the Parties shall be entitled to specific performance of the obligations to be performed by the other Parties in accordance with the provisions of this Agreement;

(b) No Representative, Affiliate of (other than WPCo), or direct or indirect equity owner in Seller or any of its Affiliates shall have any personal liability to the Buyer Parties or any other Person as a result of the breach of any covenant, agreement or obligation of Seller in this Agreement and no Representative, Affiliate of, or indirect equity owner in the Buyer Parties shall have any personal liability to Seller or any other Person as a result of the breach of any covenant, agreement or obligation of the Buyer Parties in this Agreement, other than as expressly set forth in the Purchase Agreement and Ancillary Documents (as defined in the Purchase Agreement); and

(c) Notwithstanding anything in this Agreement to the contrary, no Party or its Affiliates, or their respective Representatives shall be liable for special, punitive, exemplary, incidental, consequential or indirect damages or loss of revenue, income or profits, diminution of value or loss of business reputation or opportunity of any other Parties or any of such Party's Affiliates, whether based on contract, tort, strict liability, other Law or otherwise and, whether or not arising from any other Party's or its Affiliates', or any of their respective officers', directors', employees' or Representatives' sole, joint or concurrent negligence, strict liability or other fault, for any matter relating to this Agreement and the transactions contemplated hereby, and in particular, no "multiple of profits" or "multiple of cash flow" or similar valuation methodology shall be used in calculating the amount of any losses, except to the extent recoverable under applicable principles of New York contract law because they were the natural, probable and reasonably foreseeable consequence of the relevant breach or action and were not occasioned by the special circumstances relating to the Indemnified Party ("Non-Reimbursable Damages"); provided that any amounts payable to Third Parties pursuant to a Third Party Claim shall not be deemed to constitute Non-Reimbursable Damages.

ARTICLE 3.
CREDIT SUPPORT

Section 3.1 Credit Support.

(a) **Buyer Credit Support**. Unless at least one of the Buyer Parties has at the applicable time a Credit Rating of (a) (i) BBB- or better from S&P or (ii) Baa3 or better from Moody's or (b) if rated by both S&P and Moody's then the ratings set forth in both (a)(i) and (a)(ii) (collectively, the "Minimum Credit Requirements"), the Buyer Parties shall provide credit support in favor of Seller in support of their obligations with respect to Section 2.1 (Indemnification) and Section 2.4 (Liquidated Damages) in an amount at all times equal to $10 million in the form of: (a) cash placed into an escrow arrangement in favor of Seller, (b) a Letter of Credit or (c) a corporate guaranty from an Affiliate that satisfies the Minimum Credit Requirements. If at any time the issuer of the Letter of Credit fails to meet the Minimum Issuer Requirements or the Affiliate of the Buyer Parties providing the corporate guaranty fails to meet the Minimum Credit Requirements, as applicable, then within five (5) Business Days of the earlier of (1) Seller's written request and (2) the Buyer Parties' knowledge of such failure, the Buyer Parties shall replace the Letter of Credit with a Letter of Credit from an issuer that meets the Minimum Issuer Requirements or the corporate guaranty with a corporate guaranty from an Affiliate that meets the Minimum Credit Requirements, as applicable, or another form of permissible credit support pursuant to the immediately preceding sentence.

(b) **Seller Credit Support**. Unless at least one of the Seller Parties has at the applicable time a Credit Rating meeting the Minimum Credit Requirements, the Seller Parties shall provide credit support in favor of the Buyer Parties in support of their obligations with respect to Section 2.1 (Indemnification) and Section 2.4 (Liquidated Damages) in an amount at all times equal to $10 million in the form of: (a) cash placed into an escrow arrangement in favor of the Buyer Parties, (b) a Letter of Credit or (c) a corporate guaranty from an Affiliate that satisfies the Minimum Credit Requirements. If at any time the issuer of the Letter of Credit fails to meet the Minimum Issuer Requirements or the Affiliate of the Seller Parties providing the corporate guaranty fails to meet the Minimum Credit Requirements, as applicable, then within five (5) Business Days of the earlier of (1) the Buyer Parties' written request and (2) the Seller Parties' knowledge of such failure, the Seller Parties shall replace the Letter of Credit with a Letter of Credit from an issuer that meets the Minimum Issuer Requirements or the corporate guaranty with a corporate guaranty from an Affiliate that meets the Minimum Credit Requirements, as applicable, or another form of permissible credit support pursuant to the immediately preceding sentence. For purposes of this Section 3.1(b), "Seller Parties" shall mean Seller (or, if applicable, its successor or a transferee of its ownership interest in WPCo) and WPCo.

ARTICLE 4.
AMENDMENT OF MODIFIED NSR CONSENT DECREE

Section 4.1 **Amendment to Modified NSR Consent Decree**. Seller shall not modify the Modified NSR Consent Decree to the extent that it would adversely affect the Buyer Parties, Big Sandy or the interest of the Buyer Parties in Mitchell without the prior written consent of the Buyer Parties, which shall not be unreasonably withheld, conditioned or delayed. For the avoidance of doubt, the Parties agree that the Buyer Parties may reasonably withhold consent, in their sole and absolute discretion, from a modification to the Modified NSR Consent Decree that includes an emissions cap applicable to each of Mitchell and Big Sandy that is below the Mitchell Emissions Limitations or the Big Sandy Emissions Limitations, respectively, set forth in Section 1.2 hereof.

ARTICLE 5.
OTHER AGREEMENTS

Section 5.1 **Change of Control**.

(a) None of the Buyer Parties or WPCo shall permit a Change of Control unless the successor to any such Party (i) agrees to, and assumes upon such Change of Control, the associated obligations of the such Party under this Agreement, including without limitation the obligations under Article 1, ARTICLE 2 and ARTICLE 3 hereof, and (ii) complies with the applicable requirements of the Modified NSR Consent Decree with respect to the sale or transfer of an Operational or Ownership Interest as defined in the Modified NSR Consent Decree.

(b) Subject to compliance with Paragraph 196 of the Modified NSR Consent Decree, nothing in this Agreement shall restrict (i) the grant to financing parties or any agent on their behalf of a security interest in all or a portion of the assets comprising Mitchell and Big Sandy or in the direct or indirect equity interests in the Buyer Parties or WPCo or (ii) the transfer to such financing parties, their agent or any designee in connection with a foreclosure on such assets or equity interests.

Section 5.2 **Reporting**.

(a) Upon request by one Party (the "Requesting Party") the other Parties shall provide all non-privileged information and reports that are reasonably necessary or advisable to permit the Requesting Party and its Affiliates to comply with their reporting obligations, if any, under the Modified NSR Consent Decree with respect to Mitchell and Big Sandy.

(b) Without limiting the foregoing, the Buyer Parties and WPCo shall reasonably cooperate with Seller and shall provide all information reasonably necessary to demonstrate compliance with the AEP Eastern System-Wide Annual Tonnage Limitations on NOx and SO_2 emissions, as set forth in Paragraphs 67 and 86 of the Modified NSR Consent Decree and to accurately and timely fulfill the reporting obligations set forth in Paragraph 143 of the Modified NSR Consent Decree and Appendix B to the Modified NSR Consent Decree. The Buyer Parties and WPCo shall provide reasonable backup certification to support any certification made by Seller or its Affiliates pursuant to paragraph 146 of the Modified NSR Consent Decree with respect to the information Buyer and the Mitchell Parties provide to Seller that is incorporated into the Seller's or its Affiliate's report.

(c) Each Party shall promptly provide the other Parties with all reports delivered pursuant to Appendix B of the Modified NSR Consent Decree in advance of such reports being provided to the Plaintiffs within, at a minimum, ten (10) Business Days prior to delivery of such reports to such Plaintiffs. Each Party shall promptly provide the other with all notices received under the Modified NSR Consent Decree unless such notice is addressed and sent to the other Parties directly.

Section 5.3 Confidentiality.

(a) **AEP Confidential Information**. The Buyer Parties acknowledge that AEP Confidential Information is valuable and proprietary to Seller and its Affiliates, and the Buyer Parties agree not to, directly or indirectly, use, publish, disseminate, describe or otherwise disclose any AEP Confidential Information to any Person (other than (x) the Buyer Parties' or their Affiliate's Representatives, or (y) Persons who provide financial analysis, financial ratings, banking, legal, accounting or other services to either Buyer Party or its Affiliates, provided such Person has agreed not to disclose such information pursuant to an agreement with the applicable Buyer Party or its Affiliates or such Person has an obligation of confidentiality to such Buyer Party or its Affiliates in each case at least as restrictive as the confidentiality terms herein, subject in each case to the disclosing Party hereby agreeing to be responsible for any breach of this Section 5.3(a) by such Representatives or such other Persons as if they were considered a Party for purposes hereof) without the prior written consent of Seller. For purposes of this Agreement, the term "AEP Confidential Information" means the terms and conditions of this Agreement and, from and after the date hereof, any and all information, whether in written or any other form, that has been provided by or on behalf of Seller or its Affiliates pursuant to this Agreement to a Buyer Party or its Affiliates (or their Representatives) in confidence in connection with the reporting requirements of this Agreement in Section 5.2, or that by its nature ought to be regarded as confidential, or which is marked confidential. Notwithstanding the foregoing, the term "AEP Confidential Information" shall not include information that (i) was in a Buyer Party's possession (including by way of transferring the Books and Records (as defined in the Purchase Agreement) pursuant to the Purchase Agreement) on a non-confidential basis prior to its disclosure to either Buyer Party by Seller or its Representatives, provided that the Buyer Parties have contemporaneous proof of such prior possession and that the source of such information was not known by the Buyer Parties after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, Seller or their Representatives or otherwise prohibited from transmitting the information to the Buyer Parties or their Representatives by a contractual, legal, or fiduciary obligation; (ii) that is or becomes generally available to the public other than as a result (directly or indirectly) of a disclosure or other action by the Buyer Parties or their Representatives (provided that, for the avoidance of doubt, information that is of a speculative nature shall not be considered publicly available unless publicly announced or confirmed by Seller); (iii) becomes available to either Buyer Party on a non-confidential basis from a person other than Seller or its Representatives who is not otherwise bound by any obligation of confidentiality with respect thereto, provided that the Buyer Parties have contemporaneous proof of such prior possession and that the source of such information was not known by the Buyer Parties after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, Seller or its Representatives or otherwise prohibited from transmitting the information to the Buyer Parties or their Representatives by a contractual, legal, or fiduciary obligation; or (iv) has been independently developed by either Buyer Party without the use of AEP Confidential Information.

(b) **Buyer Confidential Information**. Seller acknowledges that Buyer Confidential Information is valuable and proprietary to the Buyer Parties and Seller agree not to, directly or indirectly, use, publish, disseminate, describe or otherwise disclose any Buyer Confidential Information to any Person (other than (x) Seller's or its Affiliate's Representatives, or (y) Persons who provide financial analysis, financial ratings, banking, legal, accounting or other services to Seller or its Affiliates, provided such Person has agreed not to disclose such information pursuant to an agreement with Seller or its Affiliates or such Person has an obligation of confidentiality to Seller or its Affiliates in each case at least as restrictive as the confidentiality terms herein, subject in each case to the disclosing Party hereby agreeing to be responsible for any breach of this Section 5.3(b) by such Representatives or such other Persons as if they were considered a Party for purposes hereof) without the prior written consent of the Buyer Parties. For purposes of this Agreement, the term "Buyer Confidential Information" means the terms and conditions of this Agreement and, from and after the date hereof, any and all information, whether in written or any other form, that has been provided by or on behalf of either Buyer Party pursuant to this Agreement to Seller or its Affiliates (or their Representatives) in confidence in connection with the reporting requirements of this Agreement in Section 5.3, or that by its nature ought to be regarded as confidential, or which is marked confidential. Notwithstanding the foregoing, the term "Buyer Confidential Information" shall not include information that (i) was in Seller's or its Affiliates' possession on a non-confidential basis prior to its disclosure to Seller by either Buyer Party or its Representatives, provided that Seller or its Affiliates have contemporaneous proof of such prior possession and that the source of such information was not known by Seller or its Affiliates after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, either Buyer Party or its Representatives or otherwise prohibited from transmitting the information to either Buyer Party or its Representatives by a contractual, legal, or fiduciary obligation; (ii) that is or becomes generally available to the public other than as a result (directly or indirectly) of a disclosure or other action by Seller, its Affiliates or their Representatives (provided that, for the avoidance of doubt, information that is of a speculative nature shall not be considered publicly available unless publicly announced or confirmed by the Buyer Parties); (iii) becomes available to Seller or its Affiliates on a non-confidential basis from a person other than a Buyer Party or its Representatives who are not otherwise bound by any obligation of confidentiality with respect thereto, provided that Seller or its Affiliate have contemporaneous proof of such prior possession and that the source of such information was not known by Seller or its Affiliate after due inquiry to be bound by a confidentiality agreement with, or duty of confidentiality to, a Buyer Party or its Representatives or otherwise prohibited from transmitting the information to Seller, its Affiliates or their Representatives by a contractual, legal, or fiduciary obligation; or (iv) has been independently developed by Seller or its Affiliates without the use of Buyer Confidential Information.

(c) **Permitted Uses**. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 5.3 shall not prohibit the disclosure of AEP Confidential Information or Buyer Confidential Information, as applicable, to the extent reasonably required (i) to comply with disclosure obligations, including, but not limited to such obligations set forth in Paragraphs 67, 68 and 143 of the Modified NSR Consent Decree and Appendix B to the Modified NSR Consent Decree to relevant government entities, including the EPA, (ii) to prepare or complete any required tax returns or financial statements, (iii) in connection with audits or other proceedings by or on behalf of a Governmental Entity, (iv) to comply with a Governmental Entity or applicable Law or the rules of any recognized national stock exchange, (v) to provide services to the Buyer

Parties or its Affiliates pursuant to this Agreement or any of the other agreements entered into pursuant hereto, or (vi) in connection with asserting any rights or remedies or performing any obligations under this Agreement or any other agreements entered into pursuant hereto.

(d) **Permitted Disclosure**. In the event that any Party or any of its Representatives is requested or required by Law, or as reasonably required in connection with any of the uses to disclose any AEP Confidential Information or Buyer Confidential Information (as applicable), such Party (the "Compelled Party") agrees that it shall provide the other Parties with prompt notice of such request(s) or requirement(s) so that such other Parties may seek an appropriate protective order or other appropriate remedy (including quashing the underlying request or requirement) and/or waive the Compelled Party or such Representatives' compliance with the provisions of this Agreement, unless restricted by Law, together with the text of the proposed disclosure as far in advance of its disclosure as is reasonably practicable, and will in good faith consult with and consider the suggestions of such other Parties concerning the nature and scope of the information the Compelled Party (or its Representative) proposes to disclose. The Compelled Party agrees to cooperate fully with and not to oppose any action by the other Parties to obtain a protective order or other appropriate remedy in order to limit such disclosure. In the event that no such protective order or other remedy is obtained, or in the event that the other Parties waives compliance with the terms of this Agreement, the Compelled Party may disclose that portion (and only that portion) of the AEP Confidential Information or Buyer Confidential Information (as applicable) that, in the opinion of the Compelled Party's counsel who has been informed of the relevant facts, it or its Representatives are legally required to disclose (provided that the Compelled Party promptly notifies the other Parties that a portion of the AEP Confidential Information or Buyer Confidential Information (as applicable) has been furnished and sufficiently identify such furnished portion of the AEP Confidential Information or Buyer Confidential Information (as applicable)), and shall use commercially reasonable efforts to ensure that all such AEP Confidential Information or Buyer Confidential Information (as applicable) that is so disclosed will be accorded confidential treatment. Notwithstanding the foregoing, prior notice to Seller or the Buyer Parties, respectively, shall not be required in the event that any AEP Confidential Information or Buyer Confidential Information (as applicable) is required to be disclosed during a routine review, meeting or inspection of any Governmental Entity with jurisdiction over the Parties or any of its Representatives; provided that such Party or any such Representative shall give notice to the other Parties as promptly as reasonably practicable after such disclosure, shall disclose only that part of the AEP Confidential Information or Buyer Confidential Information (as applicable) that the such Compelled Party reasonably believes is required to be disclosed under the circumstances, and shall use commercially reasonable efforts to ensure that all AEP Confidential Information or Buyer Confidential Information (as applicable) that is so disclosed will be accorded confidential treatment.

(e) **Remedies**. It is understood and agreed that the AEP Confidential Information and Buyer Confidential Information (as applicable) is special, unique and of extraordinary character, and that the Buyer Parties or Seller respectively, may be irreparably harmed by a breach of this Section 5.3. The Buyer Parties and Seller acknowledge that money damages might be both incalculable and an insufficient remedy for any breach of this Section 5.3. In the event that any Party or its Representatives shall have knowledge of any breach of this Section 5.3, such Party shall promptly give notice thereof to the other Parties. The Parties agree that in the event of any breach or threatened breach of this Section 5.3, each Party shall be entitled, without the requirement of posting a bond or other security, and without proof of any actual damages, to equitable relief, including injunctive relief and specific performance. Such equitable remedies shall not be deemed to be the exclusive remedies available to the Parties for a breach or threatened breach of this Section 5.3, and such equitable relief shall be in addition to all other remedies available to the Parties and its Affiliates at law or in equity. Each Party also agrees to reimburse the other Parties for all costs and expenses, including reasonable attorney's fees, incurred by them at both trial and all appellate proceedings, in successfully enforcing the Party's obligations hereunder. Each Party shall indemnify and hold the other Parties harmless from any Damages (including reasonable legal fees or other costs of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by the Indemnifying Party or its Representatives of any Buyer Confidential Information or AEP Confidential Information (as applicable).

Section 5.4 **Notice from Judicial/Governmental Authorities**. Upon obtaining actual knowledge thereof, each Party shall submit to the other Parties written notice of and copies of any relevant documents in the submitting Party's possession relating to (a) any material Claims, threatened or filed, concerning the Modified NSR Consent Decree; (b) any material dispute with any Governmental Entity concerning the Modified NSR Consent Decree or this Agreement; (c) all penalties or notices of violation issued by any Governmental Entity concerning the Modified NSR Consent Decree; and (d) any material breach or contravention of any applicable Law or permit relating to the Modified NSR Consent Decree.

Section 5.5 **Buyer Guarantee**. Buyer shall cause KPCo to perform its obligations under this Agreement and guarantees the full performance and payment, when required, of KPCo's obligations under this Agreement. This is a guarantee of payment and performance, and not collection, and Seller and, where applicable, each other Indemnified AEP Party may institute an action or proceeding or bring a claim directly against Buyer without instituting any action or proceeding or bringing a claim against KPCo. Notwithstanding the foregoing, but without limiting the rights of the Parties under Section 7.8, in no event will Buyer's liability to Seller or any other Person pursuant to this Section 5.5 exceed Seller's and its Affiliate's Damages with respect to such matter.

Section 5.6 **Seller Guarantee**. Seller shall cause WPCo to perform its obligations under this Agreement and guarantees the full performance and payment, when required, of WPCo's obligations under this Agreement. This is a guarantee of payment and performance, and not collection, and Buyer and, where applicable, each other Indemnified Buyer Party may institute an action or proceeding or bring a claim directly against Seller without instituting any action or proceeding or bringing a claim against WPCo. Notwithstanding the foregoing, but without limiting the rights of the Parties under Section 7.8, in no event will Seller's liability to Buyer or any other Person pursuant to this Section 5.6 exceed Buyer's and its Affiliate's Damages with respect to such matter.

ARTICLE 6.
TERMINATION

Section 6.1 **Voluntary Termination**. Subject to Section 5.1, this Agreement may not be terminated at any time, except (a) as mutually agreed upon by the Parties in writing; or (b) if Mitchell and Big Sandy are Retired.

Section 6.2 **Automatic Termination**. This Agreement will automatically terminate upon entry of a modification by the United States District Court for the Southern District of Ohio (or such other court of competent jurisdiction) removing Mitchell and Big Sandy as being subject to the Modified NSR Consent Decree, due to the modification of Mitchell and Big Sandy's air emissions permits, pursuant to Paragraph 195 of the Modified NSR Consent Decree.

Section 6.3 **Effect of Termination**. Upon termination of this Agreement in its entirety pursuant to Section 6.1 or Section 6.2 hereof, all obligations of the Parties under this Agreement shall terminate, except (a) if any indemnity Claim made pursuant to Section 2.2 is outstanding at such time, then Section 5.1 shall survive until all such outstanding Claims have been fully and finally resolved and (b) the provisions of Article 2, Section 5.3 and Article 7, which shall survive any termination of this Agreement.

ARTICLE 7.
MISCELLANEOUS

Section 7.1 **Entire Agreement; Amendment and Waiver**.

(a) This Agreement, together with the Purchase Agreement and Modified NSR Consent Decree, constitute the entire agreement between the Parties pertaining to the subject matter hereof, and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions of the Parties, whether oral or written, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof (and the Parties each hereby expressly disclaim any reliance whatsoever on any such purported prior and contemporaneous agreements, understandings, negotiations and discussions, or warranties, representations or other agreements), except as specifically set forth herein or therein.

(b) This Agreement may not be amended, supplemented or modified except by an instrument in writing signed on behalf of the Parties. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective, unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

Section 7.2 **Notices**. All notices, requests and other communications hereunder (other than operational-level communications and deliveries) shall be in writing (including wire or similar writing) and shall be sent, delivered, mailed, emailed or addressed:

If to Seller:

American Electric Power Company, Inc.
1 Riverside Plaza
Columbus, OH 43215
Attention: [________]
Email: [__________]

and:

American Electric Power Company, Inc.
1 Riverside Plaza
Columbus, OH 43215-2372
Attention: [________]
Email: [__________]

If to a Buyer Party:

Attention: [________]
Email: [__________]

and:

Attention: [________]
Email: [__________]

If to WPCo:

Attention: [________]
Email: [__________]

and:

Attention: [________]
Email: [__________]

Each such notice, request or other communication shall be given (a) by mail (postage prepaid, registered or certified mail, return receipt requested), (b) by hand delivery, (c) by nationally recognized courier service or (d) by email, receipt confirmed via reply of the intended recipient (other than an automatically generated response or confirmation) (with a confirmation copy to be sent by first class mail, hand delivery or nationally recognized courier service). Each such notice, request or communication shall be effective (x) if mailed, if delivered by hand or by internationally recognized courier service, when delivered at the address specified in this Section 7.2 (or in accordance with the latest unrevoked written direction from the receiving Party) and (y) if given by email, when such email is delivered to the address specified in this Section 7.2 (or in accordance with the latest unrevoked written direction from the receiving Party), and the appropriate confirmation is received; provided that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Prevailing Time on a Business Day will be deemed to be effective on the next Business Day.

Section 7.3 **Construction of Agreement**. The terms and provisions of this Agreement represent the results of negotiations among the Parties, each of which has been represented by counsel of its own choosing, and neither of which has acted under duress or compulsion, whether legal, economic or otherwise. Accordingly, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and each of the Parties hereby waives the application in connection with the interpretation and construction of this Agreement of any law to the effect that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed draft or any earlier draft of this Agreement. All references in this Agreement to Sections without further specification are to Sections to this Agreement. The captions in this Agreement are for convenience only and shall not in any way affect the meaning, interpretation or construction of any provisions of this Agreement. The word "including" means "including but not limited to." The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as the feminine and neutral genders of such term. Time is of the essence in the performance of the Parties' respective obligations under this Agreement.

Section 7.4 **Governing Law**. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York.

Section 7.5 **Consent to Jurisdiction; Waiver of Jury Trial**.

(A) EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, OR IF UNDER APPLICABLE LAW EXCLUSIVE JURISDICTION IS VESTED IN FEDERAL COURTS, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (AND THE APPELLATE COURTS THEREOF) FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS LETTER AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(B) EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN FEDERAL AND STATE COURTS OF THE STATE OF NEW YORK LOCATED IN THE COUNTY OF NEW YORK, AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 7.6 **Severability**. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid or enforceable, such provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 7.7 No Reliance; No Third-Party Beneficiaries.

(a) No Third Party is entitled to rely on any of the agreements contained in this Agreement, and the Parties assume no liability to any Third Party because of any reliance on the agreements of the other Parties contained in this Agreement, other than the rights of Indemnified Parties set forth in Article 2 (which are intended to be for the benefit of the Persons covered thereby and may be enforced by such Persons).

(b) The terms and provisions of this Agreement are intended solely for the benefit of the Parties, their respective permitted successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

Section 7.8 Enforcement of Agreement.

(a) Each Party acknowledges and agrees that any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by any Party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which any Party may be entitled at Law or in equity, each Party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking. Each of the Parties hereto further agrees that it shall not object to, or take any position inconsistent with respect to, whether in a court of Law or otherwise, (i) the appropriateness of the specific performance contemplated by this Section 7.8 and (ii) the exclusive jurisdiction of the courts set forth in Section 7.5 hereof with respect to any action brought for any such remedy.

(b) Each Party further agrees that (i) by seeking the remedies provided for in this Section 7.8, a Party shall not in any respect waive its right to seek any other form of relief that may be available to such Party under this Agreement or in the event that the remedies provided for in this Section 7.8 are not available or otherwise are not granted, and (ii) nothing set forth in this Section 7.8 shall require any Party to institute any action for (or limit any Party's right to institute any action for) specific performance under this Section 7.8 prior or as a condition to exercising any termination right under Article 6, nor shall the commencement of any action pursuant to this Section 7.8 or anything set forth in this Section 7.8 restrict or limit any such Party's right to terminate this Agreement in accordance with Article 6 or pursue any other remedies under this Agreement that may be available then or thereafter.

Section 7.9 Exclusive Remedy. Except with respect to Section 5.3 hereof, each Party's sole and exclusive remedies due to a breach of this Agreement by the other Parties shall be indemnification pursuant to Section 2.1 of this Agreement, Liquidated Damages pursuant to Section 2.4 of this Agreement, or specific performance as provided in Section 7.8, as applicable. Notwithstanding the foregoing or anything else in this Agreement to the contrary, either Party may seek injunctive relief to enforce its rights under Section 5.3.

Section 7.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall, taken together, be considered one and the same agreement. Any facsimile or electronically transmitted copies hereof or signature hereon shall, for all purposes, be deemed originals.

Section 7.11 Further Assurances. Subject to the terms and conditions of this Agreement, at any time and from time to time during the term of this Agreement, at any Party's request and without further consideration, the other Parties shall execute and deliver to such requesting Party such other instruments, provide such materials and information and take such other actions as such Party may reasonably request as necessary or desirable to carry out the terms of this Agreement.

ARTICLE 8.
DEFINITIONS

Section 8.1 Definitions. Except as otherwise expressly provided or unless the context otherwise requires, the capitalized terms set forth below used in this Agreement (including the Recitals) have the following meanings:

"AEP Eastern System Units" has the meaning set forth in the Modified NSR Consent Decree.

"AEP Eastern System-Wide Annual Tonnage Limitations" has the meaning set forth in paragraphs 67 and 86 of the Modified NSR Consent Decree.

"Affiliate" means with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether through ownership of voting securities or ownership interests, by Contract or otherwise, and specifically with respect to a corporation, partnership or limited liability company, means direct or indirect ownership of more than 50% of the voting securities in such corporation or of the voting interest in a partnership or limited liability company.

"Agreement" has the meaning set forth in the Preamble.

"Breaching Party" has the meaning set forth in Section 2.4(a).

"Business Day" means any day, other than Saturday, Sunday or any other day on which commercial banks located in the State of New York are required by Law to be closed.

"Buyer" has the meaning set forth in the Preamble.

"Buyer Parties" has the meaning set forth in the Preamble.

"Change of Control" means the occurrence of (a) any sale, transfer, disposition or other event, directly or indirectly, whether voluntary or involuntary (including by operation of law), if, as a result of such sale, transfer, disposition or other event, (i) either Big Sandy or a Buyer Party's interest in Mitchell becomes owned, directly or indirectly (through one or more intermediaries) by a Person that is not an Affiliate of the Buyer Parties on the Closing Date, or (ii) WPCo's interest in Mitchell becomes owned, directly or indirectly (through one or more intermediaries) by a Person that is not an Affiliate of Seller on the Closing Date, or (b) the sale or transfer of (i) an Operational Interest (as defined in the Modified NSR Consent Decree) in Mitchell and Big Sandy owned by a Buyer Party or an Affiliate thereof or (ii) part or all of WPCo's legal or equitable operational or ownership interests in Mitchell.

"Claim" means any demand, claim, action, legal proceeding (whether at law or in equity), investigation, arbitration, hearing, audit or suit commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Entity.

"Claim Notice" has the meaning set forth in Section 2.2(a).

"Closing" means the closing of the transactions contemplated by the Purchase Agreement.

"Compelled Party" has the meaning set forth in Section 5.3(d).

"Contract" means any written contract, lease, sublease, use or occupancy agreement, license (other than a Permit), evidence of indebtedness, mortgage, indenture, purchase order, binding bid, letter of credit, security agreement, undertaking or other agreement that is legally binding.

"Credit Rating" means, with respect to any Person, each rating given to such Person's long-term unsecured debt obligations (not supported by Third Party credit enhancements) by S&P or Moody's, as applicable, and any successors thereto, or if such rating is not available, such Person's corporate or issuer rating.

"Damages" means any and all Claims, demands, judgments, injuries, lawsuits, liabilities, losses, damages, costs and expenses, including the reasonable fees and disbursements of counsel and experts (including reasonable fees of attorneys). For all purposes in this Agreement the term "Damages" does not include any Non-Reimbursable Damages.

"Eastern System-Wide Annual Tonnage Limitation" has the meaning set forth in the Modified NSR Consent Decree.

"Force Majeure Event" has the meaning set forth in the Modified NSR Consent Decree.

"Governmental Entity" means any court, tribunal, arbitrator, authority, agency, commission, legislative body, official or other instrumentality of the United States or any foreign, state, county, city or other political subdivision or similar governing entity, and includes any governmental, quasi-governmental or non-governmental body administering, regulating or having general oversight over electric reliability or gas, electricity, power or other markets.

"Indemnified AEP Party" has the meaning set forth in Section 2.1(a).

"Indemnified Buyer Party" has the meaning set forth in Section 2.1(b).

"Indemnified Party" has the meaning set forth in Section 2.1(b).

"Indemnifying Party" has the meaning set forth in Section 2.2(a).

"KPCo" has the meaning set forth in the Preamble.

"Law" means, with respect to any Person, any statute, law, standard, code, principle of common law, treaty, ordinance, rule, constitution, administrative interpretation, regulation, Order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Entity applicable to such Person or any of its respective properties or assets, as amended from time to time.

"Letter of Credit" means an irrevocable, standby letter of credit issued by a U.S. commercial bank or the U.S. branch of a foreign bank with ratings of at least "A-" by S&P and at least "A3" by Moody's, and having total assets of at least $10,000,000,000 (the "Minimum Issuer Requirements") which shall (a) include customary terms and conditions, (b) contain customary rights permitting the beneficiary of such letter of credit to draw upon such letter of credit, and (c) contain the right for the beneficiary thereof to draw on such letter of credit if such letter of credit has not been renewed or replaced at least thirty (30) days prior to the expiration thereof.

"Liquidated Damages" has the meaning set forth in Section 2.4(a).

"Malfunction" has the meaning set forth in the Modified NSR Consent Decree.

"Minimum Credit Requirements" has the meaning set forth in Section 3.1.

"Minimum Issuer Requirements" has the meaning set forth in the definition of "Letter of Credit" in Section 8.1.

"Modified NSR Consent Decree" has the meaning set forth in the Recitals.

"Moody's" means Moody's Investors Services, Inc. and any successor thereto.

"Non-Reimbursable Damages" has the meaning set forth in Section 2.5(c).

"NO_X" means nitrogen oxides, measured in accordance with the provisions of the Modified NSR Consent Decree.

"NO_X Allowances" has the meaning set forth in the Modified NSR Consent Decree.

"NSR Consent Decree" has the meaning set forth in the Recitals.

"Order" means any award, decision, injunction, judgment, order, writ, decree, ruling, subpoena, or verdict entered, issued, made, or rendered by any Governmental Entity that possesses competent jurisdiction.

"Parties" has the meaning set forth in the Preamble.

"Person" means any natural person, corporation, general partnership, limited partnership, limited liability company, proprietorship, other business organization, trust, union, association or Governmental Entity.

"Plaintiffs" has the meaning set forth in the Modified NSR Consent Decree.

"Purchase Agreement" has the meaning set forth in the Recitals.

"Representatives" means the officers, directors, managers, employees, counsel, accountants, financial advisers, sources of financing, consultants or other representatives of a Person.

"Retained AEP Eastern System Units Emissions Limitations" means the Eastern System-Wide Annual Tonnage Limitation minus the Mitchell and Big Sandy Emissions Limitations and the Gavin Emissions Limitations set forth in Exhibit A.

"Retired" has the meaning set forth in the Modified NSR Consent Decree.

"SO_2" means sulfur dioxide, measured in accordance with the provisions of the Modified NSR Consent Decree.

"SO_2 Allowances" has the meaning set forth in the Modified NSR Consent Decree.

"S&P" means Standard & Poor's Global Ratings and any successor thereto.

"Specific Emissions Limitations" has the meaning set forth in Section 1.1.

"Third Party" has the meaning set forth in Section 2.2(a).

"Third Party Claim" has the meaning set forth in Section 2.2(b).

"Unit" has the meaning set forth in the Modified NSR Consent Decree.

"WPCo" has the meaning set forth in the Preamble.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been signed by or on behalf of the Parties as of the date first set forth above.

AMERICAN ELECTRIC POWER COMPANY, INC.

By: ______________________________
Name:
Title:

KENTUCKY POWER COMPANY

By: ______________________________
Name:
Title:

WHEELING POWER COMPANY

By: ______________________________
Name:
Title:

LIBERTY UTILITIES CO.

By: ______________________________
Name:
Title:

Exhibit A

Calendar Year Gavin Plant-Wide Annual Tonnage Limitation for SO_2

2017 and 2018	35,000 tons per year
2019 and 2020	30,000 tons per year
2021, 2022, and 2023	35,000 tons per year
2024 and each year thereafter	30,000 tons per year

Calendar Year Gavin Plant-Wide Annual Tonnage Limitation for NOx

2017 and each year thereafter	10,000 tons per year

Execution Version

SELLERS DISCLOSURE LETTER

This disclosure letter ("Sellers Disclosure Letter") is delivered by American Electric Power Company, Inc., a New York corporation, and AEP Transmission Company, LLC, a Delaware limited liability company (collectively, "Sellers"), to Liberty Utilities Co., a Delaware corporation ("Purchaser"), pursuant to the Stock Purchase Agreement (the "Agreement"), dated as of October 26, 2021 by and among Sellers and Purchaser. Unless the context otherwise requires, terms used in this Sellers Disclosure Letter have the meanings given to the same terms in the Agreement.

Notwithstanding anything to the contrary contained in this Sellers Disclosure Letter or in the Agreement, the information and disclosures contained in this Sellers Disclosure Letter shall be deemed to be disclosed and incorporated by reference with respect to any other representation or warranty of Sellers if the applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Sellers Disclosure Letter shall not be construed to mean that such information is required to be disclosed by the Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in the Agreement. Nothing in this Sellers Disclosure Letter constitutes an admission of any liability or obligation of any party to any third party, nor an admission to any third party against the interests of any or all of the parties.

This Sellers Disclosure Letter confirms the disclosure by Sellers of information as follows:

Section 2.4(a)
Consents and Approvals; No Violations
(Governmental Entity)

- FERC acceptance/approval of the following items pursuant to Section 205 of the FPA:

  - The termination of the following agreements:

    - Mitchell Plant Operating Agreement dated December 31, 2014 among Kentucky Power, Wheeling Power Company and AEPSC (the "Existing Mitchell Plant Operating Agreement"), which will be replaced by the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement as of the Closing Date
    - Bridge Agreement dated January 1, 2014 among Kentucky Power, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company and AEPSC[1]
    - Fourth Amended and Restated PJM Services and Cost Allocation Agreement dated February 29, 2012 between Buckeye Power, Inc. and AEPSC as agent for the AEP Eastern Operating Companies (Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power and Ohio Power Company)

  - The withdrawal or severance of Kentucky Power from the following agreements/tariffs:

    - Bridge Agreement dated January 1, 2014 among Kentucky Power, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company and AEPSC (including cancellation of the certificate of concurrence)[2]
    - System Integration Agreement dated June 15, 2000, as amended June 1, 2015, among Kentucky Power, Wheeling Power Company, Appalachian Power Company, Indiana Michigan Power Company, Public Service Company of Oklahoma, Southwestern Electric Power Company and AEPSC, as amended (including cancellation of the certificate of concurrence)
    - Power Coordination Agreement dated June 15, 2015 (the "Existing PCA") among Kentucky Power, Wheeling Power Company, Appalachian Power Company, Indiana Michigan Power Company and AEPSC (including cancellation of the certificate of concurrence)
    - Transmission Agreement dated April 1, 1984, as amended November 1, 2010, among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC

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[1] This agreement may either be terminated in its entirety or amended to remove Kentucky Power's participation, depending on the timing of the settlement of the last open transaction.

[2] This agreement may either be terminated in its entirety or amended to remove Kentucky Power's participation, depending on the timing of the settlement of the last open transaction.

- PJM Transmission Formula Rate – Attachment H-14 (Kentucky Power) and H-20 (Kentucky TransCo) of PJM Open Access Transmission Tariff ("OATT") among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC
- AEP Open Access Transmission Tariff (OATT) dated June 20, 2017 among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Texas Inc. (formed via merger of AEP Texas Central Company and AEP Texas North Company), Public Service Company of Oklahoma, Southwestern Electric Power Company and AEPSC (including cancellation of the certificate of concurrence)
- Reactive Supply and Voltage Control from Generation Service Tariff dated June 1, 2015 among Kentucky Power, Wheeling Power Company, Appalachian Power Company and Indiana Michigan Power Company (to remove the Kentucky Power portion of Mitchell Plant and Big Sandy Plant from the AEP Reactive Revenue Requirement in addition to withdrawal of Kentucky Power)
- AEP Operating Companies Market Based Rate Tariff among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC (including termination of the certificate of concurrence)

o The following new agreements and/or submission applications:

- Mitchell Plant O&M Agreement
- Mitchell Plant Ownership Agreement
- New Power Coordination Transition (Bridge) Agreement among Kentucky Power, Wheeling Power Company, Appalachian Power Company, Indiana Michigan Power Company and AEPSC (the "Bridge PCA") (see description on Section 4.8(b) of the Sellers Disclosure Letter)
- Transmission Rates for Kentucky Power and Kentucky TransCo reflected in Attachment H to the PJM Tariff
- New Reactive Supply and Voltage Control from Generation Service Tariff for the share of the Mitchell Plant owned by Kentucky Power and the Big Sandy Plant
- New market-based rate tariff for Kentucky Power
- New Open Access Transmission Tariff for Kentucky Power's lower voltage transmission system used to provide local delivery services to certain wholesale transmission customers
- Transmission Interconnection Agreement(s) between: (i) Kentucky Power and Ohio Power Company, (ii) Kentucky Power and Appalachian Power Company and (iii) Kentucky Power and Indiana Michigan Power Company
- ILDSAs (as described on Section 4.1(f) of the Sellers Disclosure Letter)
- Assignment or amendment as applicable of existing Generation Interconnection Agreements for Big Sandy and Mitchell

- The amendment of the following agreements to remove Kentucky Power and add Wheeling Power Company as a party:
  - Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended
  - Affiliated Transactions Agreement For Sharing Capitalized Spare Parts dated January 1, 2014 between AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company
  - Central Machine Shop Agreement dated January 1, 1979 among Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Generating Company and AEP Generation Resources Inc.
  - Interconnection Services Agreement dated December 31, 2013 between Kentucky Power and Appalachian Power Company (for Mitchell)

- Post-Closing notice to FERC regarding:
  - Withdrawal of Kentucky Power from the Utility Money Pool Agreement
  - Removal of AEPSC and Affiliates from EKPC, LG&E/KU, Olive Hill and Vanceburg Interconnection Agreements
  - Removal of AEPSC and Affiliates from Olive Hill and Vanceburg Full Requirement Electric Service Agreements
  - Change in Status filing and amendment to the AEP Operating Companies Market Based Rate Tariff to remove Kentucky Power

- Approval of the WVPSC regarding the following:
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Affiliated Transactions Agreement For Sharing Capitalized Spare Parts dated January 1, 2014 between AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Central Machine Shop Agreement dated January 1, 1979 among Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Generating Company and AEP Generation Resources Inc.

- Notice to the Indiana Utility Regulatory Commission regarding the following:

  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Affiliated Transactions Agreement For Sharing Capitalized Spare Parts dated January 1, 2014 between AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Central Machine Shop Agreement dated January 1, 1979 among Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Generating Company and AEP Generation Resources Inc.

- Approval of the Virginia State Corporation Commission regarding the following:

  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Affiliated Transactions Agreement For Sharing Capitalized Spare Parts dated January 1, 2014 between AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company
  - Amendment to remove Kentucky Power and add Wheeling Power Company as a party to the Central Machine Shop Agreement dated January 1, 1979 among Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Generating Company and AEP Generation Resources Inc.

- Pursuant to the Order of the KPSC under Case No. 2018-0087, notice to the KPSC regarding the change to the “Sparing Service” under Grid Assurance LLC Amended and Restated Subscription Agreement dated April 2, 2019 among Grid Assurance LLC, Kentucky Power, and Kentucky TransCo and several other Affiliates, as amended due to the withdrawal of Kentucky Power

- Notice to ReliabilityFirst Corporation to remove Kentucky Power and Kentucky TransCo from NERC registration NCR00682

- Notice to Purchaser of the existence of NSR Consent Decree, with a copy of such notice to the plaintiffs pursuant to ¶191 of the NSR Consent Decree at least 60 days prior to sale

- Filing with and, approval of, the U.S. District Court for the Southern District of Ohio of a motion to amend the NSR Consent Decree to add Purchaser as a Defendant pursuant to ¶192 of the NSR Consent Decree

- Applicable notice/approval for an operational procedure document (the "Operational Procedure Document") between AEPSC, as agent for certain AEP Affiliates, and one or both of the Acquired Companies, to become effective as of the Closing or as soon as reasonably practicable thereafter, to coordinate line outages and maintenance work to be performed by AEPSC or an Affiliate (or an Acquired Company) for the following transmission lines: Hanging Rock – Jefferson (765kV, I&M to OH), Big Sandy – INEZ (138kV, KP to KP), Big Sandy – Thelma (138kV, KP to KP)

- Notice of change of operator/revision to the certificate of representation for the Title IV Acid Rain Permit within 30 days of Closing

- Transfer of Sewage Tank Permit SHT-99-13-017 to Kentucky Power

- The transfer of the permits in the following tables to Wheeling Power Company in connection with the change in the operator role at Mitchell from Kentucky Power to Wheeling Power Company:

Environmental Permits

Data Room	**Entity**	**Permit / License**	**Number**	**Date**	**Agency**
2.7.2.1.4	AEPGR	Minor NSR Permit	R13-2608E	05/12/14	WVDEP
2.7.2.1.5	KPC	Title IV Acid Rain Permit	R33-3948-2022-5A	03/12/19	WVDEP
2.7.2.1.6	KPC	Title V Permit	R30-05100005-2019	12/08/20	WVDEP
2.7.2.1.7	AEPGR	Class II General Air Permit	G60-C057A	08/08/14	WVDEP
		Title IV Cert of Representation			USEPA
		GHG Cert of Representation			USEPA
2.7.2.5.3	OPC	NPDES (Plant)	WV0005304	12/30/10	WVDEP
2.7.2.5.4	OPC	NPDES Permit (Solid Waste)	WV0116742	05/29/13	WVDEP
		RCRA Hazardous Waste ID#	WVD-988-554-943		WVDEP
		Mitchell - Drinking Water	WV9925015		WV DHHR
2.7.2.7.1	OPC	Barge Mooring Capacity	94007	03/09/94	USACE
2.7.2.7.10	OPC	Maintenance Dredging Permit	2003-265	01/31/14	USACE

Other Permits

Data Room	**Entity**	**Permit / License**	**Number**	**Date**	**Agency**
2.4.3.1.10	KPC	W. M. Robinson Boat Documentation	600742	10/26/20 (expires 11/30/21)	USCG
2.4.3.1.14	APC	W. M. Robinson FCC Radio License	FRN 0002073484	04/05/18 (expires 05/05/28)	FCC
2.4.3.6.1	KPC	License for Cardinal #1	FRN 0001794379 File Number 0007436666	08/31/16 (expires 01/03/24)	FCC
2.4.3.6.1	KPC	License for Multiple Antennas Used for Mitchell Plant	FRN 0001794379 File Number 0007436654	08/31/16 (expires 02/28/26)	FCC
2.4.3.6.1	KPC	License for Multiple Antennas Used for Mitchell Plant	FRN 0001794379 File Number 0007848815	07/11/17 (expires 09/24/27)	FCC
2.4.3.6.1	KPC	License for Antenna Used for Mitchell Plant	FRN 0001794379 File Number 0007436665	08/31/16 (expires 10/06/21)	FCC

Section 2.4(b)
Consents and Approvals; No Violations
(Contractual)

- Kentucky Power anticipates notifying Consolidation Coal Company of the transactions contemplated by the Agreement in respect of the Conner Run Impoundment Transition and Joint Use Operating Agreement by and between Kentucky Power and Consolidation Coal Company, dated as of July 2, 2015

- The transactions contemplated by the Agreement require a waiver or consent to avoid an event of default that will be triggered by the contemplated change of control under:

  - Bond Purchase and Continuing Covenants Agreement dated June 1, 2017 between Kentucky Power and Key Government Finance, Inc.
  - Amended and Restated Credit Agreement dated October 26, 2018 among Kentucky Power, the lenders party thereto and Fifth Third Bank.
  - Credit Agreement dated March 6, 2020 among Kentucky Power, the lenders party thereto, and Key Bank National Association
  - Credit Agreement dated June 17, 2021 among Kentucky Power, the lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch

- Notice of the transactions contemplated by the Agreement and application to S&P Global's Ratings Services or Moody's Investors Service, Inc., as applicable, for a rating review of the Senior KPCo Notes is required under the Senior Note Purchase Agreements dated as of July 10, 2014 and September 12, 2017, respectively. In the event of a Change in Control Prepayment Event (as defined thereunder), Kentucky Power must offer to prepay all of the Senior KPCo Notes held by the holders thereof pursuant to the terms and conditions in the Senior Note Purchase Agreements

- [redacted] FTS Service Agreement No. 173522 dated May 31, 2016 between Kentucky Power and Columbia Gas Transmission, LLC which is subject to the General Terms and Conditions of the Kentucky Power FERC Gas Tariff of Columbia Gas Transmission, LLC

- [redacted]

- Consent to assignment will be required from counterparties under the following agreements in order to effect an assignment of certain contracts from Kentucky Power to Wheeling Power Company in connection with the change in the operator of Mitchell from Kentucky Power to Wheeling Power Company:

  - Master Coal Purchase and Sale Agreement Number AEP-KPCO-CCS-19-001 dated March 22, 2019 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC)
  - Purchase Order No. 03-00-19-9M1 dated March 22, 2019 to Master Agreement Number AEP-KPCO-CCS-19-001 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC)
  - Purchase Order No. 03-00-19-9M3 dated September 17, 2019 to Master Agreement Number AEP-KPCO-CCS-19-001 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC)
- [redacted]

Section 2.5(a)
Financial Statements

(i) See attached Annex 2.5(a)(i)

(ii) See attached Annex 2.5(a)(ii)

Annex 2.5(a)(i) 2020 Kentucky Power Financial Statements

Kentucky Power Company

2020 Annual Report

Audited Financial Statements

An AEP Company

BOUNDLESS ENERGY℠

TABLE OF CONTENTS	**Page Number**

GLOSSARY OF TERMS

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

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority-owned consolidated subsidiaries and consolidated affiliates.
AEP Credit	AEP Credit, Inc., a consolidated VIE of AEP which securitizes accounts receivable and accrued utility revenues for affiliated electric utility companies.
AEP East Companies	APCo, I&M, KGPCo, KPCo, OPCo and WPCo.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a wholly-owned subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns the State Transcos.
AFUDC	Allowance for Equity Funds Used During Construction.
AOCI	Accumulated Other Comprehensive Income.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
ASU	Accounting Standards Update.
COVID-19	Coronavirus 2019, a highly infectious respiratory disease. In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic.
CWIP	Construction Work in Progress.
EIS	Energy Insurance Services, Inc., a nonaffiliated captive insurance company and consolidated VIE of AEP.
ESP	Electric Security Plans, a PUCO requirement for electric utilities to adjust their rates by filing with the PUCO.
Excess ADIT	Excess accumulated deferred income taxes.
FAC	Fuel Adjustment Clause.
FASB	Financial Accounting Standards Board.
Federal EPA	United States Environmental Protection Agency.
FERC	Federal Energy Regulatory Commission.
FTR	Financial Transmission Right, a financial instrument that entitles the holder to receive compensation for certain congestion-related transmission charges that arise when the power grid is congested resulting in differences in locational prices.
GAAP	Accounting Principles Generally Accepted in the United States of America.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IRS	Internal Revenue Service.
ITC	Investment Tax Credit.
KGPCo	Kingsport Power Company, an AEP electric utility subsidiary.
KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
KPSC	Kentucky Public Service Commission.
MTM	Mark-to-Market.
MW	Megawatt.
MWh	Megawatt-hour.
NO_x	Nitrogen oxide.
OATT	Open Access Transmission Tariff.
OPCo	Ohio Power Company, an AEP electric utility subsidiary.
OPEB	Other Postretirement Benefits.

Term	Meaning
Operating Agreement	Agreement, dated January 1, 1997, as amended, by and among PSO and SWEPCo governing generating capacity allocation, energy pricing, and revenues and costs of third-party sales. AEPSC acts as the agent.
OTC	Over-the-counter.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PCA	Power Coordination Agreement among APCo, I&M, KPCo and WPCo.
PJM	Pennsylvania – New Jersey – Maryland regional transmission organization.
PSO	Public Service Company of Oklahoma, an AEP electric utility subsidiary.
PUCO	Public Utilities Commission of Ohio.
Reference Rate Reform	The global transition away from referencing the London Interbank Offered Rate and other interbank offered rates, and toward new reference rates that are more reliable and robust.
Risk Management Contracts	Trading and non-trading derivatives, including those derivatives designated as cash flow and fair value hedges.
Rockport Plant	A generation plant, consisting of two 1,310 MW coal-fired generating units near Rockport, Indiana. AEGCo and I&M jointly-own Unit 1. In 1989, AEGCo and I&M entered into a sale-and-leaseback transaction with Wilmington Trust Company, an unrelated, unconsolidated trustee for Rockport Plant, Unit 2.
ROE	Return on Equity.
RTO	Regional Transmission Organization, responsible for moving electricity over large interstate areas.
SIA	System Integration Agreement, effective June 15, 2000, as amended, provides contractual basis for coordinated planning, operation and maintenance of the power supply sources of the combined AEP.
SPP	Southwest Power Pool regional transmission organization.
SSO	Standard service offer.
SWEPCo	Southwestern Electric Power Company, an AEP electric utility subsidiary.
TA	Transmission Agreement, effective November 2010, among APCo, I&M, KGPCo, KPCo, OPCo and WPCo with AEPSC as agent.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the “Tax Cuts and Jobs Act” (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
UPA	Unit Power Agreement.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
VIE	Variable Interest Entity.
WPCo	Wheeling Power Company, an AEP electric utility subsidiary.

pwc

Report of Independent Auditors

To the Management and Board of Directors of Kentucky Power Company

We have audited the accompanying financial statements of Kentucky Power Company, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, of comprehensive income (loss), of changes in common shareholder's equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Power Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Company changed the manner in which it accounts for leases in 2019. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

February 25, 2021

PricewaterhouseCoopers LLP, 41 South High Street, 25th Floor Columbus, OH 43215-6101
T: 614 225 8700, www.pwc.com/us

KENTUCKY POWER COMPANY
STATEMENTS OF INCOME
For the Years Ended December 31, 2020 and 2019
(in thousands)

	Years Ended December 31, 2020	2019
REVENUES		
Electric Generation, Transmission and Distribution	$ 537,031	$ 601,497
Sales to AEP Affiliates	11,997	16,827
Other Revenues	895	1,133
TOTAL REVENUES	549,923	619,457
EXPENSES		
Fuel and Other Consumables Used for Electric Generation	76,453	101,539
Purchased Electricity for Resale	37,393	37,286
Purchased Electricity from AEP Affiliates	74,055	92,084
Other Operation	100,944	110,984
Maintenance	61,895	64,622
Depreciation and Amortization	101,285	97,880
Taxes Other Than Income Taxes	28,023	28,376
TOTAL EXPENSES	480,048	532,771
OPERATING INCOME	69,875	86,686
Other Income (Expense):		
Interest Income	70	37
Carrying Costs Income	—	6
Allowance for Equity Funds Used During Construction	1,170	1,230
Non-Service Cost Components of Net Periodic Benefit Cost	4,056	3,816
Interest Expense	(38,197)	(38,454)
INCOME BEFORE INCOME TAX EXPENSE (BENEFIT)	36,974	53,321
Income Tax Expense (Benefit)	(4,043)	21
NET INCOME	$ 41,017	$ 53,300

The common stock of KPCo is wholly-owned by Parent.

See Notes to Financial Statements beginning on page 10.

KENTUCKY POWER COMPANY
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2020 and 2019
(in thousands)

	Years Ended December 31, 2020	2019
Net Income	$ 41,017	$ 53,300
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		
Amortization of Pension and OPEB Deferred Costs, Net of Tax of $(28) and $(10) in 2020 and 2019, Respectively	(107)	(37)
Pension and OPEB Funded Status, Net of Tax of $52 and $276 in 2020 and 2019, Respectively	195	1,039
TOTAL OTHER COMPREHENSIVE INCOME	88	1,002
TOTAL COMPREHENSIVE INCOME	$ 41,105	$ 54,302

See Notes to Financial Statements beginning on page 10.

KENTUCKY POWER COMPANY
STATEMENTS OF CHANGES IN COMMON SHAREHOLDER'S EQUITY
For the Years Ended December 31, 2020 and 2019
(in thousands)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2018	$ 50,450	$ 526,135	$ 156,506	$ (212)	$ 732,879
Common Stock Dividends			(5,000)		(5,000)
Net Income			53,300		53,300
Other Comprehensive Income				1,002	1,002
TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2019	50,450	526,135	204,806	790	782,181
ASU 2016-13 Adoption			48		48
Net Income			41,017		41,017
Other Comprehensive Income				88	88
TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2020	$ 50,450	$ 526,135	$ 245,871	$ 878	$ 823,334

See Notes to Financial Statements beginning on page 10.

KENTUCKY POWER COMPANY
BALANCE SHEETS
ASSETS
December 31, 2020 and 2019
(in thousands)

	December 31, 2020	December 31, 2019
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,533	$ 849
Accounts Receivable:		
Customers	10,485	14,749
Affiliated Companies	21,019	20,663
Accrued Unbilled Revenues	18,918	13,550
Miscellaneous	80	145
Allowance for Uncollectible Accounts	(87)	(346)
Total Accounts Receivable	50,415	48,761
Fuel	22,487	29,855
Materials and Supplies	19,861	18,011
Risk Management Assets	3,152	6,878
Accrued Tax Benefits	468	2,205
Margin Deposits	132	600
Prepayments and Other Current Assets	2,902	2,892
TOTAL CURRENT ASSETS	100,950	110,051
PROPERTY, PLANT AND EQUIPMENT		
Electric:		
Generation	1,231,387	1,219,454
Transmission	703,309	651,091
Distribution	955,501	897,247
Other Property, Plant and Equipment	120,965	112,529
Construction Work in Progress	83,008	98,671
Total Property, Plant and Equipment	3,094,170	2,978,992
Accumulated Depreciation and Amortization	1,052,273	1,005,546
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET	2,041,897	1,973,446
OTHER NONCURRENT ASSETS		
Regulatory Assets	450,145	421,621
Long-term Risk Management Assets	23	25
Employee Benefit and Pension Assets	41,062	23,421
Operating Lease Assets	11,928	10,120
Deferred Charges and Other Noncurrent Assets	33,585	33,815
TOTAL OTHER NONCURRENT ASSETS	536,743	489,002
TOTAL ASSETS	$ 2,679,590	$ 2,572,499

See Notes to Financial Statements beginning on page 10.

KENTUCKY POWER COMPANY
BALANCE SHEETS
LIABILITIES AND COMMON SHAREHOLDER'S EQUITY
December 31, 2020 and 2019
(dollars in thousands)

	December 31, 2020	December 31, 2019
CURRENT LIABILITIES		
Advances from Affiliates	$ 65,647	$ 113,175
Accounts Payable:		
General	47,157	63,350
Affiliated Companies	24,862	23,449
Long-term Debt Due Within One Year – Nonaffiliated	40,000	65,000
Risk Management Liabilities	213	1,480
Customer Deposits	30,774	30,954
Accrued Taxes	36,191	33,108
Accrued Interest	6,399	6,365
Obligations Under Operating Leases	2,296	2,005
Regulatory Liability for Over-Recovered Fuel Costs	313	223
Asset Retirement Obligations	3,021	15,480
Other Current Liabilities	23,746	25,080
TOTAL CURRENT LIABILITIES	280,619	379,669
NONCURRENT LIABILITIES		
Long-term Debt – Nonaffiliated	952,650	802,553
Long-term Risk Management Liabilities	19	1
Deferred Income Taxes	446,054	421,858
Regulatory Liabilities and Deferred Investment Tax Credits	133,243	135,686
Asset Retirement Obligations	21,544	28,108
Employee Benefits and Pension Obligations	7,970	7,496
Obligations Under Operating Leases	9,672	8,154
Deferred Credits and Other Noncurrent Liabilities	4,485	6,793
TOTAL NONCURRENT LIABILITIES	1,575,637	1,410,649
TOTAL LIABILITIES	1,856,256	1,790,318
Rate Matters (Note 4)		
Commitments and Contingencies (Note 6)		
COMMON SHAREHOLDER'S EQUITY		
Common Stock – Par Value – $50 Per Share:		
Authorized – 2,000,000 Shares		
Outstanding – 1,009,000 Shares	50,450	50,450
Paid-in Capital	526,135	526,135
Retained Earnings	245,871	204,806
Accumulated Other Comprehensive Income (Loss)	878	790
TOTAL COMMON SHAREHOLDER'S EQUITY	823,334	782,181
TOTAL LIABILITIES AND COMMON SHAREHOLDER'S EQUITY	$ 2,679,590	$ 2,572,499

See Notes to Financial Statements beginning on page 10.

KENTUCKY POWER COMPANY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(in thousands)

	Years Ended December 31, 2020	2019
OPERATING ACTIVITIES		
Net Income	$ 41,017	$ 53,300
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	101,285	97,880
Deferred Income Taxes	5,367	(725)
Allowance for Equity Funds Used During Construction	(1,170)	(1,230)
Mark-to-Market of Risk Management Contracts	2,479	320
Pension Contributions to Qualified Plan Trust	(2,775)	—
Deferred Fuel Over/Under-Recovery, Net	91	2,602
Change in Regulatory Assets	(44,116)	(15,769)
Asset Retirement Obligation	(18,734)	(21,160)
Change in Other Noncurrent Assets	(10,394)	(13,611)
Change in Other Noncurrent Liabilities	(109)	(8,712)
Changes in Certain Components of Working Capital:		
Accounts Receivable, Net	(1,001)	10,043
Fuel, Materials and Supplies	5,657	(19,882)
Accounts Payable	(1,527)	(4,312)
Accrued Taxes, Net	4,820	3,156
Other Current Assets	440	658
Other Current Liabilities	(4,499)	(1,545)
Net Cash Flows from Operating Activities	76,831	81,013
INVESTING ACTIVITIES		
Construction Expenditures	(153,845)	(162,502)
Proceeds from Sales of Assets	825	1,304
Other Investing Activities	294	29
Net Cash Flows Used for Investing Activities	(152,726)	(161,169)
FINANCING ACTIVITIES		
Issuance of Long-term Debt - Nonaffiliated	124,619	—
Change in Advances from Affiliates, Net	(47,528)	85,304
Principal Payments for Finance Lease Obligations	(808)	(634)
Dividends Paid on Common Stock	—	(5,000)
Other Financing Activities	296	167
Net Cash Flows from Financing Activities	76,579	79,837
Net Increase (Decrease) in Cash and Cash Equivalents	684	(319)
Cash and Cash Equivalents at Beginning of Period	849	1,168
Cash and Cash Equivalents at End of Period	$ 1,533	$ 849
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest, Net of Capitalized Amounts	$ 38,505	$ 38,599
Net Cash Paid (Received) for Income Taxes	(11,989)	84
Noncash Acquisitions Under Finance Leases	940	1,424
Construction Expenditures Included in Current Liabilities as of December 31,	19,358	32,520

See Notes to Financial Statements beginning on page 10.

INDEX OF NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

As a public utility, KPCo engages in the generation and purchase of electric power, and the subsequent sale, transmission and distribution of that power to approximately 166,000 retail customers in its service territory in eastern Kentucky. KPCo also sells power at wholesale to municipalities.

Under a unit power agreement with AEGCo, an affiliated company, KPCo purchases 393 MWs of Rockport Plant capacity which is 30% of AEGCo's 50% share of the 2,620 MW Rockport Plant. The UPA expires in December 2022. KPCo pays a demand charge for the right to receive the power, which is payable even if the power is not taken.

To minimize the credit requirements and operating constraints when operating within PJM, participating AEP companies, including KPCo, agreed to a netting of certain payment obligations incurred by the participating AEP companies against certain balances due to such AEP companies and to hold PJM harmless from actions that any one or more AEP companies may take with respect to PJM.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rates and Service Regulation

KPCo's rates are regulated by the FERC and the KPSC. The FERC also regulates KPCo's affiliated transactions, including AEPSC intercompany service billings which are generally at cost, under the 2005 Public Utility Holding Company Act and the Federal Power Act. The FERC also has jurisdiction over the issuances and acquisitions of securities of public utility subsidiaries, the acquisition or sale of certain utility assets and mergers with another electric utility or holding company. For non-power goods and services, the FERC requires a nonregulated affiliate to bill an affiliated public utility company at no more than market while a public utility must bill the higher of cost or market to a nonregulated affiliate. The KPSC also regulates certain intercompany transactions under its affiliate statutes. Both the FERC and state regulatory commissions are permitted to review and audit the relevant books and records of companies within a public utility holding company system.

The FERC regulates wholesale power markets, wholesale power transactions and wholesale transmission operations and rates. KPCo's wholesale power transactions are generally market-based. Wholesale power transactions are cost-based regulated when KPCo negotiates and files a cost-based contract with the FERC or the FERC determines that KPCo has "market power" in the region where the transaction occurs. KPCo has entered into wholesale power supply contracts with various municipalities that are FERC-regulated, cost-based contracts. These contracts are generally formula rate mechanisms, which are trued-up to actual costs annually.

The KPSC regulates all of the distribution operations and rates and retail transmission rates on a cost basis. The KPSC also regulates retail generation/power supply operations and rates.

In addition, the FERC regulates the SIA and the Transmission Agreement, which allocate shared system costs and revenues among the utility subsidiaries that are parties to each agreement. The FERC also regulates the PCA. See Note 13 - Related Party Transactions for additional information.

Accounting for the Effects of Cost-Based Regulation

As a rate-regulated electric public utility company, KPCo's financial statements reflect the actions of regulators that result in the recognition of certain revenues and expenses in different time periods than enterprises that are not rate-regulated. In accordance with accounting guidance for "Regulated Operations," KPCo records regulatory assets (deferred expenses) and regulatory liabilities (deferred revenue reductions or refunds) to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching income with its passage to customers in cost-based regulated rates.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates include but are not limited to inventory valuation, allowance for doubtful accounts, long-lived asset impairment, unbilled electricity revenue, valuation of long-term energy contracts, the effects of regulation, long-lived asset recovery, storm costs, the effects of contingencies and certain assumptions made in accounting for pension and postretirement benefits. The estimates and assumptions used are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could ultimately differ from those estimates.

Cash and Cash Equivalents

Cash and Cash Equivalents include temporary cash investments with original maturities of three months or less.

Inventory

Fossil fuel inventories and materials and supplies inventories are carried at average cost.

Accounts Receivable

Customer accounts receivable primarily include receivables from wholesale and retail energy customers, receivables from energy contract counterparties related to risk management activities and customer receivables primarily related to other revenue-generating activities.

Revenue is recognized from electric power sales when power is delivered to customers. To the extent that deliveries have occurred but a bill has not been issued, KPCo accrues and recognizes, as Accrued Unbilled Revenues on the balance sheets, an estimate of the revenues for energy delivered since the last billing.

AEP Credit factors accounts receivable on a daily basis, excluding receivables from risk management activities, for KPCo. See "Securitized Accounts Receivables - AEP Credit" section of Note 12 for additional information.

Allowance for Uncollectible Accounts

Under an affiliated receivables sales arrangement, KPCo sells, without recourse, certain of its customer accounts receivable and accrued unbilled revenue balances to AEP Credit. KPCo is charged a fee for each sale that is based on AEP Credit's financing costs, administrative costs and uncollectible accounts experience from previous purchases of KPCo's customer accounts receivable. No allowance for uncollectible accounts is recognized within KPCo's financial statements for customer accounts receivable sold to AEP Credit, and any bad debt stemming from these receivables would be recognized by AEP Credit. For accounts receivables relating to risk management activities, accounts receivables are reviewed for bad debt reserves at a specific counterparty level basis. For miscellaneous accounts receivable, bad debt expense is recorded based upon a 12-month rolling average of bad debt write-offs in proportion to gross accounts receivable, unless specifically identified. In addition to these processes, management contemplates available current information, as well as any reasonable and supportable forecast information, to determine if allowances for uncollectible accounts should be further adjusted in accordance with the accounting guidance for "Credit Losses." Management's assessments contemplate expected losses over the life of the accounts receivable.

Concentrations of Credit Risk and Significant Customers

KPCo had a significant customer which accounts for the following percentages of Total Revenues for the years ended December 31 and Accounts Receivable – Customers as of December 31:

Significant Customer of KPCo: Marathon Petroleum Company	**2020**	**2019**
Percentage of Total Revenues	12 %	12 %
Percentage of Accounts Receivable – Customers	46 %	34 %

Management monitors credit levels and the financial condition of KPCo's customers on a continuous basis to minimize credit risk. The KPSC allows recovery in rates for a reasonable level of bad debt costs. Management believes adequate provision for credit loss has been made in the accompanying financial statements.

Property, Plant and Equipment

Electric utility property, plant and equipment are stated at original cost. Additions, major replacements and betterments are added to the plant accounts. Under the group composite method of depreciation, continuous interim routine replacements of items such as boiler tubes, pumps, motors, etc. result in original cost retirements, less salvage, being charged to accumulated depreciation. The group composite method of depreciation assumes that on average, asset components are retired at the end of their useful lives and thus there is no gain or loss. The equipment in each primary electric plant account is identified as a separate group. The depreciation rates that are established take into account the past history of interim capital replacements and the amount of removal cost incurred and salvage received. These rates and the related lives are subject to periodic review. Removal costs accrued are typically recorded as regulatory liabilities when the revenue received for removal costs accrued exceeds actual removal costs incurred. The asset removal costs liability is relieved as removal costs are incurred. A regulatory asset balance will occur if actual removal costs incurred exceed accumulated removal costs accrued.

The costs of labor, materials and overhead incurred to operate and maintain plant and equipment are included in operating expenses.

Long-lived assets are required to be tested for impairment when it is determined that the carrying value of the assets may no longer be recoverable or when the assets meet the held-for-sale criteria under the accounting guidance for "Impairment or Disposal of Long-Lived Assets." When it becomes probable that an asset in-service or an asset under construction will be abandoned and regulatory cost recovery has been disallowed or is not probable, the cost of that asset shall be removed from plant-in-service or CWIP and charged to expense.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, as opposed to a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for the measurement, if available. In the absence of quoted prices for identical or similar assets in active markets, fair value is estimated using various internal and external valuation methods including cash flow analysis and appraisals.

Allowance for Funds Used During Construction

AFUDC represents the estimated cost of borrowed and equity funds used to finance construction projects that is capitalized and recovered through depreciation over the service life of regulated electric utility plant. KPCo records the equity component of AFUDC in Allowance for Equity Funds Used During Construction and the debt component of AFUDC as a reduction to Interest Expense.

Valuation of Nonderivative Financial Instruments

The book values of Cash and Cash Equivalents, Advances from Affiliates, Accounts Receivable and Accounts Payable approximate fair value because of the short-term maturity of these instruments.

Fair Value Measurements of Assets and Liabilities

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

For commercial activities, exchange-traded derivatives, namely futures contracts, are generally fair valued based on unadjusted quoted prices in active markets and are classified as Level 1. Level 2 inputs primarily consist of OTC broker quotes in moderately active or less active markets, as well as exchange-traded derivatives where there is insufficient market liquidity to warrant inclusion in Level 1. Management verifies price curves using these broker quotes and classifies these fair values within Level 2 when substantially all of the fair value can be corroborated. Management typically obtains multiple broker quotes, which are nonbinding in nature but are based on recent trades in the marketplace. When multiple broker quotes are obtained, the quoted bid and ask prices are averaged. In certain circumstances, a broker quote may be discarded if it is a clear outlier. Management uses a historical correlation analysis between the broker quoted location and the illiquid locations. If the points are highly correlated, these locations are included within Level 2 as well. Certain OTC and bilaterally executed derivative instruments are executed in less active markets with a lower availability of pricing information. Illiquid transactions, complex structured transactions, FTRs and counterparty credit risk may require nonmarket-based inputs. Some of these inputs may be internally developed or extrapolated and utilized to estimate fair value. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized as Level 3. The main driver of contracts being classified as Level 3 is the inability to substantiate energy price curves in the market. A portion of the Level 3 instruments have been economically hedged which limits potential earnings volatility.

AEP utilizes its trustee's external pricing service to estimate the fair value of the underlying investments held in the benefit plan trusts. AEP's investment managers review and validate the prices utilized by the trustee to determine fair value. AEP's management performs its own valuation testing to verify the fair values of the securities. AEP receives audit reports of the trustee's operating controls and valuation processes.

Assets in the benefits trusts are classified using the following methods. Equities are classified as Level 1 holdings if they are actively traded on exchanges. Items classified as Level 1 are investments in money market funds, fixed income and equity mutual funds and equity securities. They are valued based on observable inputs primarily unadjusted quoted prices in active markets for identical assets. Items classified as Level 2 are primarily investments in individual fixed income securities. Fixed income securities generally do not trade on exchanges and do not have an official closing price but their valuation inputs are based on observable market data. Pricing vendors calculate bond valuations using financial models and matrices. The models use observable inputs including yields on benchmark securities, quotes by securities brokers, rating agency actions, discounts or premiums on securities compared to par prices, changes in yields for U.S. Treasury securities, corporate actions by bond issuers, prepayment schedules and histories, economic events and, for certain securities, adjustments to yields to reflect changes in the rate of inflation. Other securities with model-derived valuation inputs that are observable are also classified as Level 2 investments. Investments with unobservable valuation inputs are classified as Level 3 investments. Investments classified as Other are valued using Net Asset Value as a practical expedient. Items classified as Other are primarily cash equivalent funds, common collective trusts, commingled funds, structured products, private equity, real estate, infrastructure and alternative credit investments. These investments do not have a readily determinable fair value or they contain redemption restrictions which may include the right to suspend redemptions under certain circumstances. Redemption restrictions may also prevent certain investments from being redeemed at the reporting date for the underlying value.

Deferred Fuel Costs

The cost of fuel and related emission allowances and emission control chemicals/consumables is charged to Fuel and Other Consumables Used for Electric Generation expense when the fuel is burned or the allowance or consumable is utilized. Fuel cost over-recoveries (the excess of fuel-related revenues over applicable fuel costs incurred) are generally deferred as current regulatory liabilities and under-recoveries (the excess of applicable fuel costs incurred over fuel-related revenues) are generally deferred as current regulatory assets. Fuel cost over-recovery and under-recovery balances are classified as noncurrent when there is a commission-approved plan to delay refunds or recoveries beyond a one year period. These deferrals are amortized when refunded or when billed to customers in later months with the KPSC's review and approval. The amount of an over-recovery or under-recovery can also be affected by actions of the KPSC. On a routine basis, the KPSC reviews and/or audits KPCo's fuel procurement policies and practices, the fuel cost calculations and FAC deferrals. FAC deferrals are adjusted when costs are no longer probable of recovery or when refunds of fuel reserves are probable. Changes in fuel costs, including purchased power, are reflected in rates in a timely manner through the FAC. A portion of margins from off-system sales are given to customers through the FAC.

Revenue Recognition

Regulatory Accounting

KPCo's financial statements reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate-regulated. Regulatory assets (deferred expenses or alternative revenues recognized in accordance with the guidance for "Regulated Operations") and regulatory liabilities (deferred revenue reductions or refunds) are recorded to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching revenue with its passage to customers in cost-based regulated rates.

When regulatory assets are probable of recovery through regulated rates, KPCo records them as assets on its balance sheets. KPCo tests for probability of recovery at each balance sheet date or whenever new events occur. Examples of new events include the issuance of a regulatory commission order or passage of new legislation. If it is determined that recovery of a regulatory asset is no longer probable, KPCo derecognizes that regulatory asset as a charge against income.

Electricity Supply and Delivery Activities

KPCo recognizes revenues from customers for retail and wholesale electricity sales and electricity transmission and distribution delivery services. KPCo recognizes such revenues on the statements of income as the performance obligations of delivering energy to customers are satisfied. Recognized revenues include unbilled as well as-billed amounts. Wholesale transmission revenue is based on a FERC-approved formula rate filing made for each calendar year using estimated costs. Revenues initially recognized per the annual rate filing are compared to actual costs, resulting in the subsequent recognition of an over or under-recovered amount, with interest, that is refunded or recovered, respectively, in a future year's rates. The annual true-up meets the definition of alternative revenues in accordance with the accounting guidance for "Regulated Operations", and are recognized by KPCo in the second quarter of each calendar year following the filing of annual FERC report. Any portion of the true-up applicable to an affiliated company is recorded as Accounts Receivable - Affiliated Companies or Accounts Payable - Affiliated Companies on the balance sheets. Any portion of the true-ups applicable to third-parties is recorded as Regulatory Assets or Regulatory Liabilities on the balance sheets. See Note 16 - Revenue from Contracts with Customers for additional information.

Gross versus Net Presentation of Certain Electricity Supply and Delivery Activities

The power produced at KPCo's generation plants is sold to PJM. KPCo also purchases power from PJM to supply power to its customers. Generally, these power sales and purchases are reported on a net basis in revenues on the statements of income. However, purchases of power in excess of sales to PJM, on an hourly net basis, used to serve retail load are recorded gross as Purchased Electricity for Resale on the statements of income.

Physical energy purchases arising from non-derivative contracts are accounted for on a gross basis in Purchased Electricity for Resale on the statements of income. Energy purchases arising from non-trading derivative contracts are recorded based on the transaction's facts and circumstances. Purchases under non-trading derivatives used to serve accrual based obligations are recorded in Purchased Electricity for Resale on the statements of income. All other non-trading derivative purchases are recorded net in revenues.

In general, KPCo records expenses when purchased electricity is received and when expenses are incurred, with the exception of certain power purchase contracts that are derivatives and accounted for using MTM accounting. KPCo defers the unrealized MTM amounts as regulatory assets (for losses) and regulatory liabilities (for gains).

Energy Marketing and Risk Management Activities

KPCo engages in power marketing as a major power producer and participant in electricity markets. KPCo also engages in power, capacity, coal, natural gas and, to a lesser extent, heating oil, gasoline and other commodity risk management activities focused on markets where the AEP System owns assets and on adjacent markets. These activities include the purchase-and-sale of energy under forward contracts at fixed and variable prices. These contracts include physical transactions, exchange-traded futures, and to a lesser extent, OTC swaps and options. Certain energy marketing and risk management transactions are with RTOs.

KPCo recognizes revenues from marketing and risk management transactions that are not derivatives as the performance obligation of delivering the commodity is satisfied. Expenses from marketing and risk management transactions that are not derivatives are also recognized upon delivery of the commodity.

KPCo uses MTM accounting for marketing and risk management transactions that are derivatives unless the derivative is designated in a qualifying cash flow hedge relationship or elected normal under the normal purchase normal sale election. The realized gains and losses on marketing and risk management transactions are included in revenues or expense based on the transaction's facts and circumstances. The unrealized MTM amounts are deferred as regulatory assets (for losses) and regulatory liabilities (for gains). Unrealized MTM gains and losses are included on the balance sheets as Risk Management Assets or Liabilities as appropriate.

Certain qualifying marketing and risk management derivative transactions are designated as hedges of variability in future cash flows as a result of forecasted transactions (cash flow hedge). In the event KPCo designates a cash flow hedge, the cash flow hedge's gain or loss is initially recorded as a component of AOCI. When the forecasted transaction is realized and affects net income, KPCo subsequently reclassifies the gain or loss on the hedge from AOCI into revenues or expenses within the same financial statement line item as the forecasted transaction on the statements of income. See "Accounting for Cash Flow Hedging Strategies" section of Note 8.

Maintenance

Maintenance costs are expensed as incurred. If it becomes probable that KPCo will recover specifically-incurred costs through future rates, a regulatory asset is established to match the expensing of those maintenance costs with their recovery in cost-based regulated revenues.

Income Taxes and Investment Tax Credits

KPCo uses the liability method of accounting for income taxes. Under the liability method, deferred income taxes are provided for all temporary differences between the book and tax basis of assets and liabilities which will result in a future tax consequence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

When the flow-through method of accounting for temporary differences is reflected in regulated revenues (that is, when deferred taxes are not included in the cost-of-service for determining regulated rates for electricity), deferred income taxes are recorded and related regulatory assets and liabilities are established to match the regulated revenues and tax expense.

KPCo applies the deferral methodology for the recognition of ITC. Deferred ITC is amortized to income tax expense over the life of the asset. Amortization of deferred ITC begins when the asset is placed in-service, except where regulatory commissions reflect ITC in the rate-making process, then amortization begins when the cash tax benefit is recognized.

KPCo accounts for uncertain tax positions in accordance with the accounting guidance for "Income Taxes." KPCo classifies interest expense or income related to uncertain tax positions as interest expense or income as appropriate and classifies penalties as Other Operation expense. KPCo's uncertain tax positions are immaterial to the financial statements.

Excise Taxes

As an agent for some state and local governments, KPCo collects from customers certain excise taxes levied by those state or local governments on customers. KPCo does not recognize these taxes as revenue or expense.

Debt

Gains and losses from the reacquisition of debt used to finance regulated electric utility plants are deferred and amortized over the remaining term of the reacquired debt in accordance with their rate-making treatment unless the debt is refinanced. If the reacquired debt is refinanced, the reacquisition costs are generally deferred and amortized over the term of the replacement debt consistent with its recovery in rates.

Debt discount or premium and debt issuance expenses are deferred and amortized generally utilizing the straight-line method over the term of the related debt. The straight-line method approximates the effective interest method and is consistent with the treatment in rates for regulated operations. The net amortization expense is included in Interest Expense on the statements of income.

Pension and OPEB Plans

KPCo participates in an AEP sponsored qualified pension plan and an unfunded non-qualified pension plan. Substantially all of KPCo's employees are covered by the qualified plan or both the qualified and non-qualified pension plans. KPCo also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees. KPCo accounts for its participation in the AEP sponsored pension and OPEB plans using multiple-employer accounting. See Note 7 - Benefit Plans for additional information including significant accounting policies associated with the plans.

Investments Held in Trust for Future Liabilities

AEP has several trust funds with significant investments intended to provide for future payments of pension and OPEB benefits. All of the trust funds' investments are diversified and managed in compliance with all laws and regulations. The investment strategy for the trust funds is to use a diversified portfolio of investments to achieve an acceptable rate of return while managing the investment risk of the assets relative to the associated liabilities. To minimize investment risk, the trust funds are broadly diversified among classes of assets, investment strategies and investment managers. Management regularly reviews the actual asset allocations and periodically rebalances the investments to targeted allocations when appropriate. Investment policies and guidelines allow investment managers in approved strategies to use financial derivatives to obtain or manage market exposures and to hedge assets and liabilities. The investments are reported at fair value under the "Fair Value Measurements and Disclosures" accounting guidance.

Benefit Plans

All benefit plan assets are invested in accordance with each plan's investment policy. The investment policy outlines the investment objectives, strategies and target asset allocations by plan.

The investment philosophies for AEP's benefit plans support the allocation of assets to minimize risks and optimize net returns. Strategies used include:

- Maintaining a long-term investment horizon.
- Diversifying assets to help control volatility of returns at acceptable levels.
- Managing fees, transaction costs and tax liabilities to maximize investment earnings.
- Using active management of investments where appropriate risk/return opportunities exist.
- Keeping portfolio structure style-neutral to limit volatility compared to applicable benchmarks.
- Using alternative asset classes such as real estate and private equity to maximize return and provide additional portfolio diversification.

The objective of the investment policy for the pension fund is to maintain the funded status of the plan while providing for growth in the plan assets to offset the growth in the plan liabilities. The current target asset allocations are as follows:

Pension Plan Assets	**Target**
Equity	25 %
Fixed Income	59 %
Other Investments	15 %
Cash and Cash Equivalents	1 %

OPEB Plans Assets	**Target**
Equity	49 %
Fixed Income	49 %
Cash and Cash Equivalents	2 %

The investment policy for each benefit plan contains various investment limitations. The investment policies establish concentration limits for securities and prohibit the purchase of securities issued by AEP (with the exception of proportionate and immaterial holdings of AEP securities in passive index strategies or certain commingled funds). However, the investment policies do not preclude the benefit trust funds from receiving contributions in the form of AEP securities, provided that the AEP securities acquired by each plan may not exceed the limitations imposed by law.

For equity investments, the concentration limits are generally as follows:

- No security in excess of 5% of all equities.
- Cash equivalents must be less than 10% of an investment manager's equity portfolio.
- No individual stock may be more than 10% and 7% for pension and OPEB investments, respectively, of each manager's equity portfolio.
- No securities may be bought or sold on margin or other use of leverage.

For fixed income investments, each investment manager's portfolio is compared to investment grade, diversified long and intermediate benchmark indices.

A portion of the pension assets is invested in real estate funds to provide diversification, add return and hedge against inflation. Real estate properties are illiquid, difficult to value and not actively traded. The pension plan uses external real estate investment managers to invest in commingled funds that hold real estate properties. To mitigate investment risk in the real estate portfolio, commingled real estate funds are used to ensure that holdings are diversified by region, property type and risk classification. Real estate holdings include core, value-added and opportunistic classifications.

A portion of the pension assets is invested in private equity. Private equity investments add return and provide diversification and typically require a long-term time horizon to evaluate investment performance. Private equity is classified as an alternative investment because it is illiquid, difficult to value and not actively traded. The pension plan uses limited partnerships to invest across the private equity investment spectrum. The private equity holdings are with multiple general partners who help monitor the investments and provide investment selection expertise. The holdings are currently comprised of venture capital, buyout and hybrid debt and equity investments.

AEP participates in a securities lending program with BNY Mellon to provide incremental income on idle assets and to provide income to offset custody fees and other administrative expenses. AEP lends securities to borrowers approved by BNY Mellon in exchange for collateral. All loans are collateralized by at least 102% of the loaned asset's market value and the collateral is invested. The difference between the rebate owed to the borrower and the collateral rate of return determines the earnings on the loaned security. The securities lending program's objective is to provide modest incremental income with a limited increase in risk. As of December 31, 2020 and 2019, the fair value of securities on loan as part of the program was $177.1 million and $246.3 million, respectively. Cash and securities obtained as collateral exceeded the fair value of the securities loaned as of December 31, 2020 and 2019.

Trust owned life insurance (TOLI) underwritten by The Prudential Insurance Company is held in the OPEB plan trusts. The strategy for holding life insurance contracts in the taxable Voluntary Employees' Beneficiary Association trust is to minimize taxes paid on the asset growth in the trust. Earnings on plan assets are tax-deferred within the TOLI contract and can be tax-free if held until claims are paid. Life insurance proceeds remain in the trust and are used to fund future retiree medical benefit liabilities. With consideration to other investments held in the trust, the cash value of the TOLI contracts is invested in two diversified funds. A portion is invested in a commingled fund with underlying investments in stocks that are actively traded on major international equity exchanges. The other portion of the TOLI cash value is invested in a diversified, commingled fixed income fund with underlying investments in government bonds, corporate bonds and asset-backed securities.

Cash and cash equivalents are held in each trust to provide liquidity and meet short-term cash needs. Cash equivalent funds are used to provide diversification and preserve principal. The underlying holdings in the cash funds are investment grade money market instruments including commercial paper, certificates of deposit, treasury bills and other types of investment grade short-term debt securities. The cash funds are valued each business day and provide daily liquidity.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) has two components: net income (loss) and other comprehensive income (loss).

COVID-19

In March 2020, COVID-19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention. Its rapid spread around the world and throughout the United States prompted many countries, including the United States, to institute restrictions on travel, public gatherings and certain business operations. These restrictions significantly disrupted economic activity in AEP's service territory and reduced demand for energy, particularly from commercial and industrial customers in 2020. KPCo has taken steps to mitigate the potential risks to customers, suppliers and employees posed by the spread of COVID-19.

As of December 31, 2020 and through the date of this report, KPCo assessed certain accounting matters that require consideration of forecasted financial information, including, but not limited to, the allowance for credit losses and the carrying value of long-lived assets. While there were not any impairments or significant increases in credit allowances resulting from these assessments for the year ended December 31, 2020, the ultimate impact of COVID-19 also depends on factors beyond management's knowledge or control, including the duration and severity of this outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects. Therefore, management cannot estimate the potential future impact to financial position, results of operations and cash flows, but the impacts could be material.

Earnings Per Share (EPS)

KPCo is a wholly-owned subsidiary of AEP. Therefore, KPCo is not required to report EPS.

Reclassifications

Certain reclassifications have been made in the 2019 financial statements and notes to conform to the 2020 presentation.

Supplementary Income Statement Information

The following table provides the components of Depreciation and Amortization for the years ended December 31, 2020 and 2019:

Depreciation and Amortization	Years Ended December 31, 2020	2019
	(in thousands)	
Depreciation and Amortization of Property, Plant and Equipment	$ 95,472	$ 91,279
Amortization of Regulatory Assets and Liabilities	5,813	6,601
Total Depreciation and Amortization	$ 101,285	$ 97,880

Subsequent Events

Management reviewed subsequent events through February 25, 2021, the date that KPCo's 2020 annual report was available to be issued.

Storm Costs

Based on the information currently available, KPCo currently estimates significant February 2021 storm restoration expenditures ranging from $75 million to $95 million. Management currently anticipates the storm restoration expenditures will be more heavily weighted towards other operation and maintenance expenses as compared to capital expenditures. Management will continue to refine these storm cost estimates as restoration efforts are completed and final costs become available. Management plans to seek regulatory recovery of these costs. If any of the storm costs are not recoverable, it could reduce future net income and cash flows and impact financial condition.

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to KPCo's business. The following standards will impact the financial statements.

ASU 2016-13 "Measurement of Credit Losses on Financial Instruments" (ASU 2016-13)

In June 2016, the FASB issued ASU 2016-13 requiring the recognition of an allowance for expected credit losses for financial instruments within its scope. Examples of financial instruments that are in scope include trade receivables, certain financial guarantees and held-to-maturity debt securities. The allowance for expected credit losses should be based on historical information, current conditions and reasonable and supportable forecasts. Entities are required to evaluate, and if necessary, recognize expected credit losses at the inception or initial acquisition of a financial instrument (or pool of financial instruments that share similar risk characteristics) subject to ASU 2016-13, and subsequently as of each reporting date. The new standard also revises the other-than-temporary impairment model for available-for-sale debt securities.

New standard implementation activities included: (a) the identification and evaluation of the population of financial instruments within the AEP system that are subject to the new standard, (b) the development of supporting valuation models to also contemplate appropriate metrics for current and supportable forecasted information and (c) the development of disclosures to comply with the requirements of ASU 2016-13. As required by ASU 2016-13, the financial instruments subject to the new standard were evaluated on a pool-basis to the extent such financial instruments shared similar risk characteristics.

Management adopted ASU 2016-13 and its related implementation guidance effective January 1, 2020, by means of an immaterial cumulative-effect adjustment to Retained Earnings on the balance sheets. The adoption of the new standard did not have a material impact to financial position and had no impact on the results of operations or cash flows. Additionally, the adoption of the new standard did not result in any changes to current accounting systems.

ASU 2020-04 "Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04)

In March 2020, the FASB issued ASU 2020-04 providing guidance to ease the potential burden in accounting for Reference Rate Reform on financial reporting. The new standard is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of Reference Rate Reform. The new standard establishes a general contract modification principle that entities can apply in other areas that may be affected by Reference Rate Reform and certain elective hedge accounting expedients. Under the new standard, an entity may make a one-time election to sell or to transfer to the available-for-sale or trading classifications (or both sell and transfer), debt securities that both reference an affected rate, and were classified as held-to-maturity before January 1, 2020.

Management adopted ASU 2020-04 and its related implementation guidance effective January 1, 2021. There was no impact to results of operations, financial position or cash flows upon initial adoption. Management is applying the accounting guidance as relevant contract and hedge accounting relationship modifications are made during the course of the reference rate reform transition period, which ends on December 31, 2022. The guidance generally allows for contract modifications solely related to the replacement of the reference rate to be accounted for as a continuation of the existing contract instead of as an extinguishment of the contract, and would therefore, not trigger certain accounting impacts that would otherwise be required. It also allows entities to change certain critical terms of existing hedge accounting relationships that are affected by reference rate reform. These changes would not require de-designating the hedge accounting relationship.

3. COMPREHENSIVE INCOME

Presentation of Comprehensive Income

The following tables provide the components of changes in AOCI and details of reclassifications from AOCI for the years ended December 31, 2020 and 2019. The amortization of pension and OPEB AOCI components are included in the computation of net periodic pension and OPEB costs. See Note 7 - Benefit Plans for additional details.

	Pension and OPEB		
For the Year Ended December 31, 2020	**Amortization of Deferred Costs**	**Changes in Funded Status**	**Total**
		(in thousands)	
Balance in AOCI as of December 31, 2019	$ 3,134	$ (2,344)	$ 790
Change in Fair Value Recognized in AOCI	—	195	195
Amount of (Gain) Loss Reclassified from AOCI			
Amortization of Prior Service Cost (Credit)	(228)	—	(228)
Amortization of Actuarial (Gains) Losses	93	—	93
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(135)	—	(135)
Income Tax (Expense) Benefit	(28)	—	(28)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(107)	—	(107)
Net Current Period Other Comprehensive Income (Loss)	(107)	195	88
Balance in AOCI as of December 31, 2020	$ 3,027	$ (2,149)	$ 878

	Pension and OPEB		
For the Year Ended December 31, 2019	**Amortization of Deferred Costs**	**Changes in Funded Status**	**Total**
		(in thousands)	
Balance in AOCI as of December 31, 2018	$ 3,171	$ (3,383)	$ (212)
Change in Fair Value Recognized in AOCI	—	1,039	1,039
Amount of (Gain) Loss Reclassified from AOCI			
Amortization of Prior Service Cost (Credit)	(223)	—	(223)
Amortization of Actuarial (Gains) Losses	176	—	176
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(47)	—	(47)
Income Tax (Expense) Benefit	(10)	—	(10)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(37)	—	(37)
Net Current Period Other Comprehensive Income (Loss)	(37)	1,039	1,002
Balance in AOCI as of December 31, 2019	$ 3,134	$ (2,344)	$ 790

4. RATE MATTERS

KPCo is involved in rate and regulatory proceedings at the FERC and the KPSC. Rate matters can have a material impact on net income, cash flows and possibly financial condition. KPCo's recent significant rate orders and pending rate filings are addressed in this note.

COVID-19 Pandemic

During the first quarter of 2020, AEP's electric utility operating companies informed both retail customers and state regulators that disconnections for non-payment were temporarily suspended. Continuing adverse economic conditions may result in the inability of customers to pay for electric service, which could affect revenue recognition and the collectability of accounts receivable.

In September 2020, the KPSC issued an order ending the moratorium on disconnections for non-payment effective in October 2020. The order continued suspension of late payment fees for residential customers through December 2020 but permitted the resumption of late payment fees for non-residential customers effective in October 2020. KPCo resumed disconnections for non-payment for non-residential customers in October 2020 and residential customers in January 2021. Further, KPCo is required to establish default payment plans of 6 months or longer for all residential customers with an arrearage balance.

In December 2020, the KPSC issued two orders addressing the deferral of lost revenues (reduced sales, late fees and reconnection fees) and incremental expenses incurred due to COVID-19. The orders denied Kentucky utilities, including KPCo, from deferring any lost revenues and incremental expenses incurred due to COVID-19 as a regulatory asset.

Storm-Related Costs

In April 2020, severe storms impacted KPCo's service territory resulting in customer outages and damage to KPCo utility assets. Management previously estimated that KPCo would incur incremental other operation and maintenance expenses relating to these storms ranging from \$0.7 million to \$5.8 million. In November 2020, KPCo's estimate of incremental other operation and maintenance expense related to these storms was finalized as \$9.5 million, which included \$646 thousand related to a January 2020 major storm. KPCo filed a request with the KPSC seeking recovery of these prudently-incurred costs. In February 2021, the KPSC issued an order granting deferral authority. KPCo will seek recovery of the deferral in its next base rate case.

In December 2020, a snow storm impacted KPCo's service territory resulting in customer outages and damage to KPCo utility assets. KPCo provided notice to the KPSC that a deferral would be recorded in December 2020 for approximately \$1.2 million. An application seeking deferral authority will be filed within 90 days of the December 2020 snow storm.

If any of these incremental storm costs are not recoverable, it will reduce future net income and cash flows and impact financial condition.

2020 Kentucky Base Rate Case

In June 2020, KPCo filed a request with the KPSC for a \$65 million net annual increase in base rates based upon a proposed 10% ROE with the increase to be implemented no earlier than January 2021. The filing proposes that KPCo would offset the first year of rate increases by refunding Excess ADIT that is not subject to normalization requirements to customers. Additionally, KPCo requested recovery of the previously authorized deferral of \$50 million of Rockport Plant Unit Power Agreement expenses and related carrying charges over a 5-year period beginning in December 2022, through an existing purchased power rider.

In January 2021, the KPSC issued an order approving an annual increase in base rates of \$52.4 million based upon an ROE of 9.3% effective with billing cycles mid-January 2021. The order shortened the previously authorized refund period for Excess ADIT that is not subject to normalization requirements being refunded through a rider from 18 years to 3 years. In addition, the order approved recovery of certain annual PJM OATT expenses above/

below the corresponding level recovered in base rates through a rider until KPCo's next base case; however, recovery of these transmission costs will be re-examined by the KPSC in KPCo's next base case. The KPSC deferred KPCo's request to authorize a specific recovery period and mechanism for the previously authorized deferral of $50 million of Rockport Plant Unit Power Agreement expenses and related carrying charges to a future proceeding. The order requires KPCo to submit its next base case in June 2023 for rates effective in January 2024.

In February 2021, KPCo filed for rehearing with the KPSC challenging various adjustments that were made in the order and requesting certain clarifications. Also in February 2021, the KPSC issued an order on rehearing that modified the approved annual increase in base rates from $52.4 million to $52.7 million and clarified several items, including the timing of the future proceeding to address a specific recovery period and mechanism for the previously authorized deferral of $50 million of Rockport Plant Unit Power Agreement expenses and related carrying charges. The KPSC will initiate a future proceeding to address a specific recovery period and mechanism for the deferral after KPCo makes a written filing identifying the capacity replacement for the Rockport Unit Power Agreement, including the name of the capacity resource and related reasonably anticipated costs.

5. EFFECTS OF REGULATION

Regulatory Assets and Liabilities

Regulatory assets and liabilities are comprised of the following items:

Regulatory Assets:	December 31, 2020	2019	Remaining Recovery Period
	(in thousands)		
Noncurrent Regulatory Assets			
Regulatory assets pending final regulatory approval:			
Regulatory Assets Currently Earning a Return			
Kentucky Deferred Purchased Power Expenses	$ 41,267	$ 30,165	
Total Regulatory Assets Currently Earning a Return	41,267	30,165	
Regulatory Assets Currently Not Earning a Return			
Storm Related Costs	10,708	—	
Other Regulatory Assets Pending Final Regulatory Approval (a)	2,065	1,333	
Total Regulatory Assets Currently Not Earning a Return	12,773	1,333	
Total Regulatory Assets Pending Final Regulatory Approval	54,040	31,498	
Regulatory assets approved for recovery:			
Regulatory Assets Currently Earning a Return			
Plant Retirement Costs	203,967	207,221	20 years
Plant Retirement Costs - Asset Retirement Obligation Costs	107,136	87,359	20 years
Plant Retirement Costs - Materials and Supplies	3,016	3,016	20 years
Other Regulatory Assets Approved for Recovery	926	1,105	various
Total Regulatory Assets Currently Earning a Return	315,045	298,701	
Regulatory Assets Currently Not Earning a Return			
Pension and OPEB Funded Status	29,050	43,732	12 years
Fuel and Purchased Power Rider	22,470	—	2 years
Plant Retirement Costs - Asset Retirement Obligation Costs	9,917	28,715	20 years
Environmental Costs	6,146	4,348	2 years
Storm Related Costs	4,233	6,300	3 years
Postemployment Benefits	3,437	3,169	3 years
Other Regulatory Assets Approved for Recovery	5,807	5,158	various
Total Regulatory Assets Currently Not Earning a Return	81,060	91,422	
Total Regulatory Assets Approved for Recovery	396,105	390,123	
Total Noncurrent Regulatory Assets	$ 450,145	$ 421,621	

(a) In January 2021, the KPSC issued an order approving recovery of these regulatory assets as part of the 2020 Kentucky Base Rate Case.

Regulatory Liabilities:	December 31, 2020	December 31, 2019	Remaining Refund Period
	(in thousands)		
Current Regulatory Liability			
Over-recovered Fuel Costs - does not pay a return	$ 313	$ 223	1 year
Total Current Regulatory Liabilities	$ 313	$ 223	
Noncurrent Regulatory Liabilities Deferred Investment Tax Credits			
Regulatory liabilities pending final regulatory determination:			
Regulatory Liabilities Currently Not Paying a Return			
Other Regulatory Liabilities Pending Final Regulatory Determination	$ 1,332	$ —	
Total Regulatory Liabilities Pending Final Regulatory Determination	1,332	—	
Regulatory liabilities approved for payment:			
Regulatory Liabilities Currently Paying a Return			
Asset Removal Costs	39,729	22,646	(b)
Total Regulatory Liabilities Currently Paying a Return	39,729	22,646	
Regulatory Liabilities Currently Not Paying a Return			
PJM Transmission Enhancement Refund	2,636	3,149	5 years
Purchased Power Adjustment Rider	—	1,190	
Other Regulatory Liabilities Approved for Payment	958	1,308	various
Total Regulatory Liabilities Currently Not Paying a Return	3,594	5,647	
Income Tax Related Regulatory Liabilities (a)			
Excess ADIT Associated with Certain Depreciable Property	125,876	131,393	(c)
Excess ADIT that is Not Subject to Rate Normalization Requirements	118,165	124,847	3 years
Income Taxes Subject to Flow Through	(155,453)	(148,847)	23 years
Total Income Tax Related Regulatory Liabilities	88,588	107,393	
Total Regulatory Liabilities Approved for Payment	131,911	135,686	
Total Noncurrent Regulatory Liabilities and Deferred Investment Tax Credits	$ 133,243	$ 135,686	

(a) This balance primarily represents regulatory liabilities for Excess ADIT as a result of the reduction in the corporate federal income tax rate from 35% to 21% related to the enactment of Tax Reform. The regulatory liability balance predominately pays a return due to the inclusion of Excess ADIT in rate base.

(b) Relieved as removal costs are incurred.

(c) Refunded using Average Rate Assumption Method.

6. COMMITMENTS, GUARANTEES AND CONTINGENCIES

KPCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, KPCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation against KPCo cannot be predicted. Management accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, management discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements.

COMMITMENTS

KPCo has substantial commitments to support its business. KPCo purchases fuel, energy and capacity contracts as part of its normal course of business. Certain contracts contain penalty provisions for early termination.

In accordance with the accounting guidance for "Commitments", the following table summarizes KPCo's actual contractual commitments as of December 31, 2020:

Contractual Commitments	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years	Total
			(in thousands)		
Fuel Purchase Contracts (a)	$ 94,564	$ 100,559	$ 12,002	$ 32,459	$ 239,584
Energy and Capacity Purchase Contracts	58,464	58,917	—	—	117,381
Total	$ 153,028	$ 159,476	$ 12,002	$ 32,459	$ 356,965

(a) Represents contractual commitments to purchase coal, natural gas and other consumables as fuel for electric generation along with related transportation of the fuel.

GUARANTEES

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

Indemnifications and Other Guarantees

Contracts

KPCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, sale agreements, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. With respect to sale agreements, exposure generally does not exceed the sale price. As of December 31, 2020, there were no material liabilities recorded for any indemnifications.

AEPSC conducts power purchase-and-sale activity on behalf of APCo, I&M, KPCo and WPCo, who are jointly and severally liable for activity conducted on their behalf.

Lease Obligations

KPCo leases certain equipment under master lease agreements. See "Master Lease Agreements" section of Note 11 for additional information.

CONTINGENCIES

Insurance and Potential Losses

KPCo maintains insurance coverage normal and customary for an electric utility, subject to various deductibles. KPCo also maintains property and casualty insurance that may cover certain physical damage or third-party injuries caused by cyber security incidents. Insurance coverage includes all risks of physical loss or damage to assets, subject to insurance policy conditions and exclusions. Covered property generally includes power plants, substations, facilities and inventories. Excluded property generally includes transmission and distribution lines, poles and towers. The insurance programs also generally provide coverage against loss arising from certain claims made by third-parties and are in excess of KPCo's retentions. Coverage is generally provided by a combination of the protected cell of EIS and/or various industry mutual and/or commercial insurance carriers.

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities, including, but not limited to, liabilities relating to a cyber security incident. Future losses or liabilities, if they occur, which are not completely insured, unless recovered from customers, could reduce future net income and cash flows and impact financial condition.

The Comprehensive Environmental Response Compensation and Liability Act (Superfund) and State Remediation

By-products from the generation of electricity include materials such as ash, slag and sludge. Coal combustion by-products, which constitute the overwhelming percentage of these materials, are typically treated and deposited in captive disposal facilities or are beneficially utilized. In addition, the generation plants and transmission and distribution facilities have used asbestos, polychlorinated biphenyls and other hazardous and non-hazardous materials. KPCo currently incurs costs to dispose of these substances safely.

Superfund addresses clean-up of hazardous substances that are released to the environment. The Federal EPA administers the clean-up programs. Several states enacted similar laws. As of December 31, 2020, there is one site for which KPCo has received an information request which could lead to a Potentially Responsible Party designation. In the instance where KPCo has been named a defendant, disposal or recycling activities were in accordance with the then-applicable laws and regulations. Superfund does not recognize compliance as a defense, but imposes strict liability on parties who fall within its broad statutory categories. Liability has been resolved for a number of sites with no significant effect on net income.

Management evaluates the potential liability for each site separately, but several general statements can be made about potential future liability. Allegations that materials were disposed at a particular site are often unsubstantiated and the quantity of materials deposited at a site can be small and often non-hazardous. Although Superfund liability has been interpreted by the courts as joint and several, typically many parties are named for each site and several of the parties are financially sound enterprises. As of December 31, 2020, management's estimates do not anticipate material clean-up costs for the identified site.

Claims Challenging Transition of American Electric Power System Retirement Plan to Cash Balance Formula

The American Electric Power System Retirement Plan (the Plan) has received a letter written on behalf of four participants (the Claimants) making a claim for additional plan benefits and purporting to advance such claims on behalf of a class. When the Plan's benefit formula was changed in the year 2000, AEP provided a special provision for employees hired before January 1, 2001, allowing them to continue benefit accruals under the then benefit formula for a full 10 years alongside of the new cash balance benefit formula then being implemented. Employees who were hired on or after January 1, 2001 accrued benefits only under the new cash balance benefit formula. The Claimants have asserted claims that: (a) the Plan violates the requirements under the Employee Retirement Income Security Act (ERISA) intended to preclude back-loading the accrual of benefits to the end of a participant's career, (b) the Plan violates the age discrimination prohibitions of ERISA and the Age Discrimination in Employment Act and (c) the company failed to provide required notice regarding the changes to the Plan. AEP has responded to the Claimants providing a reasoned explanation for why each of their claims have been denied. The denial of those claims was appealed to the AEP System Retirement Plan Appeal Committee and the Committee upheld the denial of claims. Management will continue to defend against the claims. Management is unable to determine a range of potential losses that is reasonably possible of occurring.

7. BENEFIT PLANS

For a discussion of investment strategy, investment limitations, target asset allocations and the classification of investments within the fair value hierarchy, see "Fair Value Measurements of Assets and Liabilities" and "Investments Held in Trust for Future Liabilities" sections of Note 1.

KPCo participates in an AEP sponsored qualified pension plan and two unfunded non-qualified pension plans. Substantially all of KPCo's employees are covered by the qualified plan or both the qualified and non-qualified pension plans. KPCo also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees.

KPCo recognizes its funded status associated with defined benefit pension and OPEB plans on its balance sheets. Disclosures about the plans are required by the "Compensation - Retirement Benefits" accounting guidance. KPCo recognizes an asset for a plan's overfunded status or a liability for a plan's underfunded status and recognizes, as a component of other comprehensive income, the changes in the funded status of the plan that arise during the year that are not recognized as a component of net periodic benefit cost. KPCo records a regulatory asset instead of other comprehensive income for qualifying benefit costs of regulated operations that for rate-making purposes are deferred for future recovery. The cumulative funded status adjustment is equal to the remaining unrecognized deferrals for unamortized actuarial losses or gains, prior service costs and transition obligations, such that remaining deferred costs result in an AOCI equity reduction or regulatory asset and deferred gains result in an AOCI equity addition or regulatory liability.

Actuarial Assumptions for Benefit Obligations

The weighted-average assumptions used in the measurement of benefit obligations are shown in the following table:

	Pension Plans		OPEB	
	December 31,			
Assumptions	**2020**	**2019**	**2020**	**2019**
Discount Rate	2.50 %	3.25 %	2.55 %	3.30 %
Interest Crediting Rate	4.00 %	4.00 %	NA	NA
Rate of Compensation Increase	4.80 % (a)	4.50 % (a)	NA	NA

(a) Rates are for base pay only. In addition, an amount is added to reflect target incentive compensation for exempt employees and overtime and incentive pay for nonexempt employees.
NA Not applicable.

A duration-based method is used to determine the discount rate for the plans. A hypothetical portfolio of high quality corporate bonds is constructed with cash flows matching the benefit plan liability. The composite yield on the hypothetical bond portfolio is used as the discount rate for the plan.

For 2020, the rate of compensation increase assumed varies with the age of the employee, ranging from 3% per year to 11.5% per year, with an average increase of 4.8%.

Actuarial Assumptions for Net Periodic Benefit Costs

The weighted-average assumptions used in the measurement of benefit costs are shown in the following table:

	Pension Plans		OPEB	
	Year Ended December 31,			
Assumptions	**2020**	**2019**	**2020**	**2019**
Discount Rate	3.25 %	4.30 %	3.30 %	4.30 %
Interest Crediting Rate	4.00 %	4.00 %	NA	NA
Expected Return on Plan Assets	5.75 %	6.25 %	5.50 %	6.25 %
Rate of Compensation Increase	4.80 % (a)	4.60 % (a)	NA	NA

(a) Rates are for base pay only. In addition, an amount is added to reflect target incentive compensation for exempt employees and overtime and incentive pay for nonexempt employees.
NA Not applicable.

The expected return on plan assets was determined by evaluating historical returns, the current investment climate (yield on fixed income securities and other recent investment market indicators), rate of inflation, third-party forecasts and current prospects for economic growth.

The health care trend rate assumptions used for OPEB plans measurement purposes are shown below:

	December 31,	
Health Care Trend Rates	**2020**	**2019**
Initial	6.50 %	6.00 %
Ultimate	4.50 %	4.50 %
Year Ultimate Reached	2029	2026

Significant Concentrations of Risk within Plan Assets

In addition to establishing the target asset allocation of plan assets, the investment policy also places restrictions on securities to limit significant concentrations within plan assets. The investment policy establishes guidelines that govern maximum market exposure, security restrictions, prohibited asset classes, prohibited types of transactions, minimum credit quality, average portfolio credit quality, portfolio duration and concentration limits. The guidelines were established to mitigate the risk of loss due to significant concentrations in any investment. The plans are monitored to control security diversification and ensure compliance with the investment policy. As of December 31, 2020, the assets were invested in compliance with all investment limits. See "Investments Held in Trust for Future Liabilities" section of Note 1 for limit details.

Benefit Plan Obligations, Plan Assets and Funded Status

For the year ended December 31, 2020, the pension plans had an actuarial loss primarily due to a decrease in the discount rate, partially offset by a decrease in the assumed rate used to convert account balances to annuities. For the year ended December 31, 2020, the OPEB plans had an actuarial loss primarily due to a decrease in the discount rate and an update to the health care trend assumption, partially offset by updated projected per capita claims costs due to rate negotiations for Medicare advantage premium rates. For the year ended December 31, 2019, the pension plans had an actuarial loss due to a decrease in the discount rate, partially offset by updates to the mortality table. For the year ended December 31, 2019, the OPEB plans had an actuarial loss due to a decrease in the discount rate and an update to the persistency assumption, partially offset by an update to the projected per capita cost assumption as well as savings resulting from legislation signed in December 2019 which eliminated two Affordable Care Act taxes. The following table provides a reconciliation of the changes in the plans' benefit obligations, fair value of plan assets and funded status. The benefit obligation for the defined benefit pension and OPEB plans are the projected benefit obligation and the accumulated benefit obligation, respectively.

	Pension Plans		OPEB	
	2020	2019	2020	2019
Change in Benefit Obligation	(in thousands)			
Benefit Obligation as of January 1,	$ 188,085	$ 173,375	$ 45,550	$ 43,743
Service Cost	3,119	2,844	299	261
Interest Cost	5,971	7,292	1,493	1,856
Actuarial Loss	13,995	16,574	2,110	3,336
Plan Amendments	—	—	(470)	(442)
Benefit Payments	(12,737)	(12,000)	(5,514)	(4,619)
Participant Contributions	—	—	1,579	1,403
Medicare Subsidy	—	—	11	12
Benefit Obligation as of December 31,	$ 198,433	$ 188,085	$ 45,058	$ 45,550
Change in Fair Value of Plan Assets				
Fair Value of Plan Assets as of January 1,	$ 186,407	$ 173,637	$ 68,972	$ 59,238
Actual Gain on Plan Assets	32,107	24,770	10,882	12,949
Company Contributions	2,775	—	1	1
Participant Contributions	—	—	1,579	1,403
Benefit Payments	(12,737)	(12,000)	(5,514)	(4,619)
Fair Value of Plan Assets as of December 31,	$ 208,552	$ 186,407	$ 75,920	$ 68,972
Funded (Underfunded) Status as of December 31,	$ 10,119	$ (1,678)	$ 30,862	$ 23,422

Amounts Recognized on the Balance Sheets

	Pension Plans		OPEB	
	December 31,			
	2020	2019	2020	2019
	(in thousands)			
Employee Benefits and Pension Assets – Prepaid Benefit Costs	$ 10,200	$ —	$ 30,862	$ 23,422
Other Current Liabilities – Accrued Short-term Benefit Liability	(1)	(1)	—	—
Employee Benefits and Pension Obligations – Accrued Long-term Benefit Liability	(80)	(1,677)	—	—
Funded (Underfunded) Status	$ 10,119	$ (1,678)	$ 30,862	$ 23,422

Amounts Included in Regulatory Assets, Deferred Income Taxes and AOCI

The following table shows the components of the plans included in Regulatory Assets, Deferred Income Taxes and AOCI:

	Pension Plans		OPEB	
	December 31,			
	2020	2019	2020	2019
Components	(in thousands)			
Net Actuarial Loss	$ 35,498	$ 47,010	$ 710	$ 5,983
Prior Service Credit	—	—	(8,270)	(10,261)
Recorded as				
Regulatory Assets	$ 34,593	$ 45,839	$ (5,543)	$ (2,107)
Deferred Income Taxes	190	246	(424)	(456)
Net of Tax AOCI	715	925	(1,593)	(1,715)

Components of the change in amounts included in Regulatory Assets, Deferred Income Taxes and AOCI were as follows:

	Pension Plans		OPEB	
	2020	2019	2020	2019
Components	(in thousands)			
Actuarial (Gain) Loss During the Year	$ (8,220)	$ 2,714	$ (5,034)	$ (6,113)
Amortization of Actuarial Loss	(3,292)	(2,020)	(239)	(853)
Prior Service Credit	—	—	(461)	(302)
Amortization of Prior Service Credit	—	—	2,452	2,425
Change for the Year Ended December 31,	$ (11,512)	$ 694	$ (3,282)	$ (4,843)

Determination of Pension Expense

The determination of pension expense or income is based on a market-related valuation of assets which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return.

Pension and OPEB Assets

The fair value tables within Pension and OPEB Assets present the classification of assets for AEP within the fair value hierarchy. All Level 1, 2, 3 and Other amounts can be allocated to KPCo using the percentages below:

Pension Plan		OPEB	
December 31,			
2020	2019	2020	2019
3.8 %	3.7 %	3.9 %	3.9 %

The following table presents the classification of pension plan assets for AEP within the fair value hierarchy as of December 31, 2020:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities (a):						
Domestic	$ 542.3	$ —	$ —	$ —	$ 542.3	9.7 %
International	676.3	—	—	—	676.3	12.2 %
Common Collective Trusts (c)	—	—	—	650.0	650.0	11.7 %
Subtotal – Equities	1,218.6	—	—	650.0	1,868.6	33.6 %
Fixed Income (a):						
United States Government and Agency Securities	(1.4)	1,134.1	—	—	1,132.7	20.4 %
Corporate Debt	—	1,425.0	—	—	1,425.0	25.6 %
Foreign Debt	—	214.0	—	—	214.0	3.9 %
State and Local Government	—	56.0	—	—	56.0	1.0 %
Other – Asset Backed	—	0.8	—	—	0.8	— %
Subtotal – Fixed Income	(1.4)	2,829.9	—	—	2,828.5	50.9 %
Infrastructure (c)	—	—	—	91.1	91.1	1.6 %
Real Estate (c)	—	—	—	231.6	231.6	4.2 %
Alternative Investments (c)	—	—	—	431.8	431.8	7.8 %
Cash and Cash Equivalents (c)	—	49.3	—	58.2	107.5	1.9 %
Other – Pending Transactions and Accrued Income (b)	—	—	—	(2.5)	(2.5)	— %
Total	$ 1,217.2	$ 2,879.2	$ —	$ 1,460.2	$ 5,556.6	100.0 %

(a) Includes investment securities loaned to borrowers under the securities lending program. See the "Investments Held in Trust for Future Liabilities" section of Note 1 for additional information.
(b) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(c) Amounts in "Other" column represent investments for which fair value is measured using net asset value per-share.

The following table presents the classification of OPEB plan assets for AEP within the fair value hierarchy as of December 31, 2020:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities:						
Domestic	$ 399.9	$ —	$ —	$ —	$ 399.9	20.6 %
International	290.7	—	—	—	290.7	14.9 %
Common Collective Trusts (b)	—	—	—	264.7	264.7	13.6 %
Subtotal – Equities	690.6	—	—	264.7	955.3	49.1 %
Fixed Income:						
Common Collective Trust Debt (b)	—	—	—	186.4	186.4	9.6 %
United States Government and Agency Securities	(0.2)	199.7	—	—	199.5	10.2 %
Corporate Debt	—	248.7	—	—	248.7	12.8 %
Foreign Debt	—	34.9	—	—	34.9	1.8 %
State and Local Government	73.9	13.1	—	—	87.0	4.5 %
Subtotal – Fixed Income	73.7	496.4	—	186.4	756.5	38.9 %
Trust Owned Life Insurance:						
International Equities	—	64.8	—	—	64.8	3.3 %
United States Bonds	—	135.9	—	—	135.9	7.0 %
Subtotal – Trust Owned Life Insurance	—	200.7	—	—	200.7	10.3 %
Cash and Cash Equivalents (b)	26.3	—	—	5.7	32.0	1.6 %
Other – Pending Transactions and Accrued Income (a)	—	—	—	2.2	2.2	0.1 %
Total	$ 790.6	$ 697.1	$ —	$ 459.0	$ 1,946.7	100.0 %

(a) Amounts in “Other” column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(b) Amounts in “Other” column represent investments for which fair value is measured using net asset value per-share.

The following table presents the classification of pension plan assets for AEP within the fair value hierarchy as of December 31, 2019:

Asset Class	Level 1	Level 2	Level 3 (in millions)	Other	Total	Year End Allocation
Equities (a):						
Domestic	$ 387.8	$ —	$ —	$ —	$ 387.8	7.8 %
International	609.1	—	—	—	609.1	12.1 %
Common Collective Trusts (c)	—	—	—	547.3	547.3	10.9 %
Subtotal – Equities	996.9	—	—	547.3	1,544.2	30.8 %
Fixed Income (a):						
United States Government and Agency Securities	(5.8)	1,248.6	—	—	1,242.8	24.8 %
Corporate Debt	—	1,143.7	—	—	1,143.7	22.8 %
Foreign Debt	—	211.6	—	—	211.6	4.2 %
State and Local Government	—	55.1	—	—	55.1	1.1 %
Other – Asset Backed	—	3.6	—	—	3.6	0.1 %
Subtotal – Fixed Income	(5.8)	2,662.6	—	—	2,656.8	53.0 %
Infrastructure (c)	—	—	—	85.8	85.8	1.7 %
Real Estate (c)	—	—	—	239.4	239.4	4.8 %
Alternative Investments (c)	—	—	—	448.3	448.3	8.9 %
Cash and Cash Equivalents (c)	—	24.4	—	37.2	61.6	1.2 %
Other – Pending Transactions and Accrued Income (b)	—	—	—	(20.7)	(20.7)	(0.4)%
Total	$ 991.1	$ 2,687.0	$ —	$ 1,337.3	$ 5,015.4	100.0 %

(a) Includes investment securities loaned to borrowers under the securities lending program. See the "Investments Held in Trust for Future Liabilities" section of Note 1 for additional information.
(b) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(c) Amounts in "Other" column represent investments for which fair value is measured using net asset value per-share.

The following table presents the classification of OPEB plan assets for AEP within the fair value hierarchy as of December 31, 2019:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities:						
Domestic	$ 312.2	$ —	$ —	$ —	$ 312.2	17.5 %
International	251.5	—	—	—	251.5	14.1 %
Common Collective Trusts (b)	—	—	—	260.8	260.8	14.7 %
Subtotal – Equities	563.7	—	—	260.8	824.5	46.3 %
Fixed Income:						
Common Collective Trust – Debt (b)	—	—	—	177.6	177.6	10.0 %
United States Government and Agency Securities	(0.1)	214.4	—	—	214.3	12.0 %
Corporate Debt	—	206.7	—	—	206.7	11.6 %
Foreign Debt	—	35.5	—	—	35.5	2.0 %
State and Local Government	58.8	14.8	—	—	73.6	4.1 %
Other – Asset Backed	—	0.2	—	—	0.2	— %
Subtotal – Fixed Income	58.7	471.6	—	177.6	707.9	39.7 %
Trust Owned Life Insurance:						
International Equities	—	60.2	—	—	60.2	3.4 %
United States Bonds	—	151.6	—	—	151.6	8.5 %
Subtotal – Trust Owned Life Insurance	—	211.8	—	—	211.8	11.9 %
Cash and Cash Equivalents (b)	26.7	—	—	6.7	33.4	1.9 %
Other – Pending Transactions and Accrued Income (a)	—	—	—	4.2	4.2	0.2 %
Total	$ 649.1	$ 683.4	$ —	$ 449.3	$ 1,781.8	100.0 %

(a) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(b) Amounts in "Other" column represent investments for which fair value is measured using net asset value per-share.

Accumulated Benefit Obligation

The accumulated benefit obligation for the pension plans is as follows:

	December 31, 2020	December 31, 2019
	(in thousands)	
Qualified Pension Plan	$ 191,045	$ 182,529
Nonqualified Pension Plan	19	12
Total Accumulated Benefit Obligation	$ 191,064	$ 182,541

Obligations in Excess of Fair Values

The tables below show the underfunded pension plans that had obligations in excess of plan assets.

Projected Benefit Obligation

	Underfunded Pension Plans December 31, 2020	2019
	(in thousands)	
Projected Benefit Obligation	$ 81	$ 188,085
Fair Value of Plan Assets	—	186,407
Underfunded Projected Benefit Obligation	$ (81)	$ (1,678)

Accumulated Benefit Obligation

	Underfunded Pension Plans December 31, 2020	2019
	(in thousands)	
Accumulated Benefit Obligation	$ 19	$ 12
Fair Value of Plan Assets	—	—
Underfunded Accumulated Benefit Obligation	$ (19)	$ (12)

Estimated Future Benefit Payments and Contributions

KPCo expects contributions and payments for the Pension and OPEB plans of $4.4 million and $50 thousand, respectively, during 2021. The estimated contributions to the pension trust are at least the minimum amount required by the Employee Retirement Income Security Act and additional discretionary contributions may also be made to maintain the funded status of the plan.

The table below reflects the total benefits expected to be paid from the plan or from KPCo's assets. The payments include the participants' contributions to the plan for their share of the cost. Future benefit payments are dependent on the number of employees retiring, whether the retiring employees elect to receive pension benefits as annuities or as lump sum distributions, future integration of the benefit plans with changes to Medicare and other legislation, future levels of interest rates and variances in actuarial results. The estimated payments for pension benefits and OPEB are as follows:

	Estimated Payments Pension Plans	OPEB
	(in thousands)	
2021	$ 12,416	$ 5,081
2022	12,754	5,022
2023	12,780	4,719
2024	13,105	4,746
2025	13,304	4,702
Years 2026 to 2030, in Total	61,323	21,924

Components of Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost (credit):

	Pension Plans		OPEB	
	Years Ended December 31,			
	2020	2019	2020	2019
	(in thousands)			
Service Cost	$ 3,119	$ 2,844	$ 299	$ 261
Interest Cost	5,971	7,292	1,493	1,856
Expected Return on Plan Assets	(9,891)	(10,910)	(3,763)	(3,639)
Amortization of Prior Service Credit	—	—	(2,452)	(2,425)
Amortization of Net Actuarial Loss	3,292	2,020	239	853
Net Periodic Benefit Cost (Credit)	2,491	1,246	(4,184)	(3,094)
Capitalized Portion	(1,371)	(1,195)	(131)	(110)
Net Periodic Benefit Cost (Credit) Recognized in Expense	$ 1,120	$ 51	$ (4,315)	$ (3,204)

American Electric Power System Retirement Savings Plan

KPCo participates in an AEP sponsored defined contribution retirement savings plan, the American Electric Power System Retirement Savings Plan, for substantially all employees. This qualified plan offers participants an opportunity to contribute a portion of their pay, includes features under Section 401(k) of the Internal Revenue Code and provides for matching contributions. The matching contributions to the plan are 100% of the first 1% of eligible employee contributions and 70% of the next 5% of contributions. The cost for matching contributions totaled $2.3 million in 2020 and $2.2 million in 2019.

8. DERIVATIVES AND HEDGING

OBJECTIVES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS

AEPSC is agent for and transacts on behalf of KPCo.

KPCo is exposed to certain market risks as a major power producer and participant in the electricity, natural gas, coal and emission allowance markets. These risks include commodity price risk, interest rate risk and credit risk. These risks represent the risk of loss that may impact KPCo due to changes in the underlying market prices or rates. Management utilizes derivative instruments to manage these risks.

STRATEGIES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS TO ACHIEVE OBJECTIVES

Risk Management Strategies

The strategy surrounding the use of derivative instruments primarily focuses on managing risk exposures, future cash flows and creating value utilizing both economic and formal hedging strategies. The risk management strategies also include the use of derivative instruments for trading purposes which focus on seizing market opportunities to create value driven by expected changes in the market prices of the commodities. To accomplish these objectives, KPCo primarily employs risk management contracts including physical and financial forward purchase-and-sale contracts and, to a lesser extent, OTC swaps and options. Not all risk management contracts meet the definition of a derivative under the accounting guidance for “Derivatives and Hedging.” Derivative risk management contracts elected normal under the normal purchases and normal sales scope exception are not subject to the requirements of this accounting guidance.

KPCo utilizes power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other commodity contracts to manage the risk associated with the energy business. KPCo utilizes interest rate derivative contracts in order to manage the interest rate exposure associated with its commodity portfolio. For disclosure purposes, such risks are grouped as “Commodity,” as these risks are related to energy risk management activities. KPCo may also utilize derivative contracts to manage interest rate risk associated with debt financing. For disclosure purposes, these risks are grouped as “Interest Rate.” The amount of risk taken is determined by the Commercial Operations and Finance groups in accordance with the established risk management policies as approved by the Finance Committee of the Board of Directors.

The following table represents the gross notional volume of KPCo’s outstanding derivative contracts:

Primary Risk Exposure	December 31, 2020	December 31, 2019	Unit of Measure
	(in thousands)		
Commodity:			
Power	8,249	11,383	MWhs
Heating Oil and Gasoline	270	273	Gallons

Cash Flow Hedging Strategies

KPCo utilizes cash flow hedges on certain derivative transactions for the purchase-and-sale of power ("Commodity") in order to manage the variable price risk related to forecasted purchases-and-sales. Management monitors the potential impacts of commodity price changes and, where appropriate, enters into derivative transactions to protect profit margins for a portion of future electricity sales and purchases. KPCo does not hedge all commodity price risk.

KPCo may utilize a variety of interest rate derivative transactions in order to manage interest rate risk exposure. KPCo may also utilize interest rate derivative contracts to manage interest rate exposure related to future borrowings of fixed-rate debt. KPCo does not hedge all interest rate exposure.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND THE IMPACT ON KPCo's FINANCIAL STATEMENTS

The accounting guidance for "Derivatives and Hedging" requires recognition of all qualifying derivative instruments as either assets or liabilities on the balance sheets at fair value. The fair values of derivative instruments accounted for using MTM accounting or hedge accounting are based on exchange prices and broker quotes. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes and assumptions. In order to determine the relevant fair values of the derivative instruments, KPCo applies valuation adjustments for discounting, liquidity and credit quality.

Credit risk is the risk that a counterparty will fail to perform on the contract or fail to pay amounts due. Liquidity risk represents the risk that imperfections in the market will cause the price to vary from estimated fair value based upon prevailing market supply and demand conditions. Since energy markets are imperfect and volatile, there are inherent risks related to the underlying assumptions in models used to fair value risk management contracts. Unforeseen events may cause reasonable price curves to differ from actual price curves throughout a contract's term and at the time a contract settles. Consequently, there could be significant adverse or favorable effects on future net income and cash flows if market prices are not consistent with management's estimates of current market consensus for forward prices in the current period. This is particularly true for longer term contracts. Cash flows may vary based on market conditions, margin requirements and the timing of settlement of risk management contracts.

According to the accounting guidance for "Derivatives and Hedging," KPCo reflects the fair values of derivative instruments subject to netting agreements with the same counterparty net of related cash collateral. For certain risk management contracts, KPCo is required to post or receive cash collateral based on third-party contractual agreements and risk profiles. For the December 31, 2020 and 2019 balance sheets, KPCo netted $96 thousand and $129 thousand, respectively, of cash collateral received from third-parties against short-term and long-term risk management assets and $0 and $150 thousand, respectively, of cash collateral paid to third-parties against short-term and long-term risk management liabilities.

The following tables represent the gross fair value of KPCo's derivative activity on the balance sheets:

	December 31, 2020		
Balance Sheet Location	**Risk Management Contracts – Commodity (a)**	**Gross Amounts Offset in the Statement of Financial Position (b)**	**Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)**
		(in thousands)	
Current Risk Management Assets	$ 6,751	$ (3,599)	$ 3,152
Long-term Risk Management Assets	139	(116)	23
Total Assets	6,890	(3,715)	3,175
Current Risk Management Liabilities	3,746	(3,533)	213
Long-term Risk Management Liabilities	105	(86)	19
Total Liabilities	3,851	(3,619)	232
Total MTM Derivative Contract Net Assets (Liabilities)	$ 3,039	$ (96)	$ 2,943

	December 31, 2019		
Balance Sheet Location	**Risk Management Contracts – Commodity (a)**	**Gross Amounts Offset in the Statement of Financial Position (b)**	**Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)**
		(in thousands)	
Current Risk Management Assets	$ 21,653	$ (14,775)	$ 6,878
Long-term Risk Management Assets	160	(135)	25
Total Assets	21,813	(14,910)	6,903
Current Risk Management Liabilities	16,285	(14,805)	1,480
Long-term Risk Management Liabilities	128	(127)	1
Total Liabilities	16,413	(14,932)	1,481
Total MTM Derivative Net Assets	$ 5,400	$ 22	$ 5,422

(a) Derivative instruments within this category are reported gross. These instruments are subject to master netting agreements and are presented on the balance sheets on a net basis in accordance with the accounting guidance for "Derivatives and Hedging."

(b) Amounts include counterparty netting of risk management and hedging contracts and associated cash collateral in accordance with the accounting guidance for "Derivatives and Hedging."

(c) All derivative contracts subject to a master netting arrangement or similar agreement are offset in the statement of financial position.

The table below presents KPCo's amount of gain (loss) recognized on risk management contracts:

	Years Ended December 31,	
Location of Gain (Loss)	**2020**	**2019**
	(in thousands)	
Electric Generation, Transmission and Distribution Revenues	$ 182	$ 72
Purchased Electricity for Resale	103	120
Other Operation	(61)	(27)
Maintenance	(98)	(32)
Regulatory Assets (a)	437	(416)
Regulatory Liabilities (a)	7,642	4,577
Total Gain on Risk Management Contracts	$ 8,205	$ 4,294

(a) Represents realized and unrealized gains and losses subject to regulatory accounting treatment recorded as either current or noncurrent on the balance sheets.

Certain qualifying derivative instruments have been designated as normal purchase or normal sale contracts, as provided in the accounting guidance for "Derivatives and Hedging." Derivative contracts that have been designated as normal purchases or normal sales under that accounting guidance are not subject to MTM accounting treatment and are recognized on the statements of income on an accrual basis.

The accounting for the changes in the fair value of a derivative instrument depends on whether it qualifies for and has been designated as part of a hedging relationship and further, on the type of hedging relationship. Depending on the exposure, management designates a hedging instrument as a fair value hedge or a cash flow hedge.

For contracts that have not been designated as part of a hedging relationship, the accounting for changes in fair value depends on whether the derivative instrument is held for trading purposes. Unrealized and realized gains and losses on derivative instruments held for trading purposes are included in revenues on a net basis on KPCo's statements of income. Unrealized and realized gains and losses on derivative instruments not held for trading purposes are included in revenues or expenses on KPCo's statements of income depending on the relevant facts and circumstances. Certain derivatives that economically hedge future commodity risk are recorded in the same expense line item on the statements of income as that of the associated risk. However, unrealized and some realized gains and losses for both trading and non-trading derivative instruments are recorded as regulatory assets (for losses) or regulatory liabilities (for gains), in accordance with the accounting guidance for "Regulated Operations."

Accounting for Cash Flow Hedging Strategies

For cash flow hedges (i.e. hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), KPCo initially reports the gain or loss on the derivative instrument as a component of Accumulated Other Comprehensive Income (Loss) on the balance sheets until the period the hedged item affects Net Income.

Realized gains and losses on derivative contracts for the purchase-and-sale of power designated as cash flow hedges are included in Total Revenues or Purchased Electricity for Resale on KPCo's statements of income or in Regulatory Assets or Regulatory Liabilities on KPCo's balance sheets, depending on the specific nature of the risk being hedged. During the years ended 2020 and 2019 KPCo did not apply cash flow hedging to outstanding power derivatives.

KPCo reclassifies gains and losses on interest rate derivative hedges related to debt financings from Accumulated Other Comprehensive Income (Loss) on its balance sheets into Interest Expense on its statements of income in those periods in which hedged interest payments occur. During the years ended 2020 and 2019, KPCo did not apply cash flow hedging to outstanding interest rate derivatives.

There was no impact of cash flow hedges included in Accumulated Other Comprehensive Income (Loss) on KPCo's balance sheets as of December 31, 2020 and 2019.

The actual amounts that KPCo reclassifies from Accumulated Other Comprehensive Income (Loss) to Net Income can differ due to market price changes. As of December 31, 2020, KPCo is not hedging (with contracts subject to the accounting guidance for "Derivatives and Hedging") its exposure to variability in future cash flows related to forecasted transactions.

Credit Risk

Management mitigates credit risk in KPCo's wholesale marketing and trading activities by assessing the creditworthiness of potential counterparties before entering into transactions with them and continuing to evaluate their creditworthiness on an ongoing basis. Management uses credit agency ratings and current market-based qualitative and quantitative data as well as financial statements to assess the financial health of counterparties on an ongoing basis.

Master agreements are typically used to facilitate the netting of cash flows associated with a single counterparty and may include collateral requirements. Collateral requirements in the form of cash, letters of credit, surety bonds and parental/affiliate guarantees may be obtained as security from counterparties in order to mitigate credit risk. Some master agreements include margining, which requires a counterparty to post cash or letters of credit in the event exposure exceeds the established threshold. The threshold represents an unsecured credit limit which may be supported by a parental/affiliate guaranty, as determined in accordance with AEP's credit policy. In addition, master agreements allow for termination and liquidation of all positions in the event of a default including failure or inability to post collateral when required.

Collateral Triggering Events

Credit Downgrade Triggers

A limited number of derivative contracts include collateral triggering events, which include a requirement to maintain certain credit ratings. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these collateral triggering events in contracts. KPCo has not experienced a downgrade below a specified credit rating threshold that would require the posting of additional collateral. As of December 31, 2020 and 2019, KPCo did not have derivative contracts with collateral triggering events in a net liability position.

Cross-Default Triggers

In addition, a majority of KPCo's non-exchange-traded commodity contracts contain cross-default provisions that, if triggered, would permit the counterparty to declare a default and require settlement of the outstanding payable. These cross-default provisions could be triggered if there was a non-performance event by Parent or the obligor under outstanding debt or a third-party obligation that is $50 million or greater. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these cross-default provisions in the contracts. The following table represents: (a) the fair value of these derivative liabilities subject to cross-default provisions prior to consideration of contractual netting arrangements, (b) the amount this exposure has been reduced by cash collateral posted and (c) if a cross-default provision would have been triggered, the settlement amount that would be required after considering contractual netting arrangements:

	December 31, 2020	December 31, 2019
	(in thousands)	
Liabilities for Contracts with Cross Default Provisions Prior to Contractual Netting Arrangements	$ 154	$ 419
Additional Settlement Liability if Cross Default Provision is Triggered	16	65

9. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Long-term Debt

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

The book values and fair values of KPCo's Long-term Debt are summarized in the following table:

	December 31,			
	2020		2019	
	Book Value	Fair Value	Book Value	Fair Value
	(in thousands)			
Long-term Debt	$ 992,650	$ 1,166,298	$ 867,553	$ 970,437

Fair Value Measurements of Financial Assets and Liabilities

For a discussion of fair value accounting and the classification of assets and liabilities within the fair value hierarchy, see the "Fair Value Measurements of Assets and Liabilities" section of Note 1.

The following tables set forth, by level within the fair value hierarchy, KPCo's financial assets and liabilities that were accounted for at fair value on a recurring basis. As required by the accounting guidance for "Fair Value Measurements and Disclosures," financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There have not been any significant changes in management's valuation techniques.

Assets and Liabilities Measured at Fair Value on a Recurring Basis
December 31, 2020

	Level 1	Level 2	Level 3	Other	Total
Assets:			(in thousands)		
Risk Management Assets					
Risk Management Commodity Contracts (a) (b)	$ —	$ 3,669	$ 3,204	$ (3,698)	$ 3,175
Liabilities:					
Risk Management Liabilities					
Risk Management Commodity Contracts (a) (b)	$ —	$ 3,655	$ 179	$ (3,602)	$ 232

Assets and Liabilities Measured at Fair Value on a Recurring Basis
December 31, 2019

	Level 1	Level 2	Level 3	Other	Total
Assets:			(in thousands)		
Risk Management Assets					
Risk Management Commodity Contracts (a) (b)	$ —	$ 14,758	$ 7,054	$ (14,909)	$ 6,903
Liabilities:					
Risk Management Liabilities					
Risk Management Commodity Contracts (a) (b)	$ —	$ 15,059	$ 1,352	$ (14,930)	$ 1,481

(a) Amounts in "Other" column primarily represent counterparty netting of risk management and hedging contracts and associated cash collateral under the accounting guidance for "Derivatives and Hedging."
(b) Substantially comprised of power contracts.

The following tables set forth a reconciliation of changes in the fair value of net trading derivatives classified as Level 3 in the fair value hierarchy:

Year Ended December 31, 2020	Net Risk Management Assets (Liabilities) (in thousands)
Balance as of December 31, 2019	$ 5,702
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)	4,084
Settlements	(9,900)
Transfers out of Level 3 (d)	130
Changes in Fair Value Allocated to Regulated Jurisdictions (e)	3,009
Balance as of December 31, 2020	$ 3,025

Year Ended December 31, 2019	Net Risk Management Assets (Liabilities) (in thousands)
Balance as of December 31, 2018	$ 5,804
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)	1,282
Settlements	(6,762)
Transfers into Level 3 (c) (d)	(86)
Transfers out of Level 3 (d)	(120)
Changes in Fair Value Allocated to Regulated Jurisdictions (e)	5,584
Balance as of December 31, 2019	$ 5,702

(a) Included in revenues on KPCo’s statements of income.
(b) Represents the change in fair value between the beginning of the reporting period and the settlement of the risk management commodity contract.
(c) Represents existing assets or liabilities that were previously categorized as Level 2.
(d) Transfers are recognized based on their value at the beginning if the period that the transfer occurred.
(e) Relates to the net gains (losses) of those contracts that are not reflected on KPCo’s statements of income. These net gains (losses) are recorded as regulatory assets/liabilities.

The following tables quantify the significant unobservable inputs used in developing the fair value of Level 3 positions as of December 31, 2020 and 2019:

Significant Unobservable Inputs
December 31, 2020

	Fair Value		Valuation	Significant Unobservable	Input/Range		
	Assets	Liabilities	Technique	Input (a)	Low	High	Weighted Average (b)
	(in thousands)						
Energy Contracts	$ 190	$ 121	Discounted Cash Flow	Forward Market Price	$ 10.84	$ 41.09	$ 25.08
FTRs	3,014	58	Discounted Cash Flow	Forward Market Price	0.17	4.18	1.03
Total	$ 3,204	$ 179					

Significant Unobservable Inputs
December 31, 2019

	Fair Value		Valuation	Significant Unobservable	Input/Range		
	Assets	Liabilities	Technique	Input (a)	Low	High	Weighted Average (b)
	(in thousands)						
Energy Contracts	$ 1,049	$ 475	Discounted Cash Flow	Forward Market Price	$ 12.70	$ 41.20	$ 25.92
FTRs	6,005	877	Discounted Cash Flow	Forward Market Price	(0.47)	4.07	1.30
Total	$ 7,054	$ 1,352					

(a) Represents market prices in dollars per MWh.
(b) The weighted-average is the product of the forward market price of the underlying commodity and volume weighted by term.

The following table provides the measurement uncertainty of fair value measurements to increases (decreases) in significant unobservable inputs related to Energy Contracts and FTRs as of December 31, 2020 and 2019:

Uncertainty of Fair Value Measurements

Significant Unobservable Input	Position	Change in Input	Impact on Fair Value Measurement
Forward Market Price	Buy	Increase (Decrease)	Higher (Lower)
Forward Market Price	Sell	Increase (Decrease)	Lower (Higher)

10. INCOME TAXES

Income Tax Expense (Benefit)

The details of KPCo's Income Tax Expense (Benefit) are as follows:

	Years Ended December 31, 2020	2019
	(in thousands)	
Federal:		
Current	$ (9,655)	$ (990)
Deferred	8,830	476
Total Federal	(825)	(514)
State and Local:		
Current	245	1,736
Deferred	(3,463)	(1,201)
Total State and Local	(3,218)	535
Income Tax Expense (Benefit)	$ (4,043)	$ 21

The following is a reconciliation between the federal income taxes computed by multiplying pretax income by the federal statutory tax rate and the income taxes reported:

	Years Ended December 31, 2020	2019
	(in thousands)	
Net Income	$ 41,017	$ 53,300
Income Tax Expense (Benefit)	(4,043)	21
Pretax Income	$ 36,974	$ 53,321
Income Taxes on Pretax Income at Statutory Rate (21%)	$ 7,765	$ 11,197
Increase (Decrease) in Income Taxes Resulting from the Following Items:		
Depreciation	1,738	1,471
State and Local Income Taxes, Net	(2,542)	423
Removal Costs	(1,885)	(1,441)
Tax Reform Excess ADIT Reversal	(8,293)	(10,868)
Other	(826)	(761)
Income Tax Expense (Benefit)	$ (4,043)	$ 21
Effective Income Tax Rate	(10.9)%	— %

Net Deferred Tax Liability

The following table shows elements of KPCo's net deferred tax liability and significant temporary differences:

	December 31,	
	2020	2019
	(in thousands)	
Deferred Tax Assets	$ 101,993	$ 105,810
Deferred Tax Liabilities	(548,047)	(527,668)
Net Deferred Tax Liabilities	$ (446,054)	$ (421,858)
Property Related Temporary Differences	$ (300,947)	$ (300,134)
Amounts Due to Customers for Future Income Taxes	62,526	66,167
Deferred State Income Taxes	(120,361)	(113,945)
Regulatory Assets	(92,015)	(86,590)
All Other, Net	4,743	12,644
Net Deferred Tax Liabilities	$ (446,054)	$ (421,858)

AEP System Tax Allocation Agreement

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

Federal Income Tax Audit Status

The statute of limitations for the IRS to examine KPCo and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, KPCo and other AEP subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified KPCo and other AEP subsidiaries that it was beginning an examination of these amended returns, including the net operating losses carryback to 2015 that originated in the 2017 return. As of December 31, 2020, the IRS has not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount KPCo and other AEP subsidiaries claimed on the amended returns.

Net Income Tax Operating Loss Carryforward

KPCo has state net income tax operating loss carryforwards of $159 million and $137 million in 2020 and 2019, respectively. As a result, KPCo recognized deferred state income tax benefits in 2020 and 2019 of $10 million and $7 million, respectively. Management anticipates future taxable income will be sufficient to realize the state net income tax operating loss tax benefits before the state carryforward begins expiring in 2035.

11. LEASES

Management adopted ASU 2016-02 effective January 1, 2019 by means of a cumulative-effect adjustment to the balance sheets.

KPCo leases property, plant and equipment including, but not limited to, fleet, information technology and real estate leases. These leases require payments of non-lease components, including related property taxes, operating and maintenance costs. KPCo does not separate non-lease components from associated lease components. Many of these leases have purchase or renewal options. Leases not renewed are often replaced by other leases. Options to renew or purchase a lease are included in the measurement of lease assets and liabilities if it is reasonably certain that KPCo will exercise the option.

Lease obligations are measured using the discount rate implicit in the lease when that rate is readily determinable. KPCo has visibility into the rate implicit in the lease when assets are leased from selected financial institutions under master leasing agreements. When the implicit rate is not readily determinable, KPCo measures its lease obligation using its estimated secured incremental borrowing rate. Incremental borrowing rates are comprised of an underlying risk-free rate and a secured credit spread relative to the lessee on a matched maturity basis.

Operating lease rentals and finance lease amortization costs are generally charged to Other Operation and Maintenance expense in accordance with rate-making treatment for regulated operations. Interest on finance lease liabilities is generally charged to Interest Expense. Lease costs associated with capital projects are included in Property, Plant and Equipment on the balance sheets. For regulated operations with finance leases, a finance lease asset and offsetting liability are recorded at the present value of the remaining lease payments for each reporting period. Finance leases for nonregulated property are accounted for as if the assets were owned and financed. The components of rental costs were as follows:

Lease Rental Costs	Years Ended December 31, 2020	2019
	(in thousands)	
Operating Lease Cost	$ 2,660	$ 2,300
Finance Lease Cost:		
Amortization of Finance Leases	808	634
Interest on Finance Leases	138	114
Total Lease Rental Costs (a)	$ 3,606	$ 3,048

(a) Excludes variable and short-term lease costs, which were immaterial.

Supplemental information related to leases are shown in the tables below.

Lease Type	Weighted-Average Remaining Lease Term (years):		Weighted-Average Discount Rate	
	December 31,			
	2020	2019	2020	2019
Operating Leases	6.45	6.55	3.44 %	3.73 %
Finance Leases	5.00	5.59	4.08 %	4.42 %

	Years Ended December 31, 2020		Years Ended December 31, 2019	
	(in thousands)			
Cash Paid for Amounts Included in the Measurement of Lease Liabilities				
Operating Cash Flows Used for Operating Leases	$	2,660	$	2,237
Operating Cash Flows Used for Finance Leases		138		114
Financing Cash Flows Used for Finance Leases		808		634
Non-cash Acquisitions Under Operating Leases	$	3,915	$	1,829

The following tables show the property, plant and equipment under finance leases and noncurrent assets under operating leases and related obligations recorded on KPCo's balance sheets. Unless shown as a separate line on the balance sheets due to materiality, net operating lease assets are included in Deferred Charges and Other Noncurrent Assets, current finance lease obligations are included in Other Current Liabilities and long-term finance lease obligations are included in Deferred Credits and Other Noncurrent Liabilities on the balance sheets. Lease obligations are not recognized on the balance sheets for lease agreements with a lease term of less than twelve months.

	December 31, 2020		December 31, 2019	
	(in thousands)			
Property, Plant and Equipment Under Finance Leases				
Generation	$	1,406	$	1,445
Other Property, Plant and Equipment		4,273		3,617
Total Property, Plant and Equipment Under Finance Leases		5,679		5,062
Accumulated Amortization		2,236		1,759
Net Property, Plant and Equipment Under Finance Leases	$	3,443	$	3,303
Obligations Under Finance Leases				
Noncurrent Liability	$	2,577	$	2,576
Liability Due Within One Year		866		727
Total Obligations Under Finance Leases	$	3,443	$	3,303

	December 31, 2020		December 31, 2019	
	(in thousands)			
Operating Lease Assets	$	11,928	$	10,120
Obligations Under Operating Leases				
Noncurrent Liability	$	9,672	$	8,154
Liability Due Within One Year		2,296		2,005
Total Obligations Under Operating Leases	$	11,968	$	10,159

Future minimum lease payments consisted of the following as of December 31, 2020:

Future Minimum Lease Payments	Finance Leases	Operating Leases
	(in thousands)	
2021	$ 986	$ 2,670
2022	819	2,394
2023	647	2,111
2024	573	1,788
2025	308	1,404
Later Years	486	2,997
Total Future Minimum Lease Payments	3,819	13,364
Less: Imputed Interest	376	1,396
Estimated Present Value of Future Minimum Lease Payments	$ 3,443	$ 11,968

Future minimum lease payments consisted of the following as of December 31, 2019:

Future Minimum Lease Payments	Finance Leases	Operating Leases
	(in thousands)	
2020	$ 845	$ 2,401
2021	770	2,154
2022	594	1,759
2023	486	1,460
2024	440	1,105
Later Years	602	2,657
Total Future Minimum Lease Payments	3,737	11,536
Less: Imputed Interest	434	1,377
Estimated Present Value of Future Minimum Lease Payments	$ 3,303	$ 10,159

Master Lease Agreements

KPCo leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, KPCo is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed. As of December 31, 2020, the maximum potential loss for these lease agreements was $1.9 million assuming the fair value of the equipment is zero at the end of the lease term.

Lessor Activity

KPCo's lessor activity was immaterial as of and for the twelve months ended December 31, 2020 and December 31, 2019, respectively.

12. FINANCING ACTIVITIES

Long-term Debt

The following table details long-term debt outstanding:

Type of Debt	Maturity	Weighted-Average Interest Rate as of December 31, 2020	Interest Rate Ranges as of December 31, 2020	2019	Outstanding as of December 31, 2020	2019
					(in thousands)	
Senior Unsecured Notes	2021-2047	4.69%	3.13%-8.13%	3.13%-8.13%	$ 728,166	$ 727,922
Pollution Control Bonds	2020-2023 (a)	2.35%	2.35%	2.00%	64,734	64,977
Other Long-term Debt	2022	1.10%	0.81%-1.60%	3.18%	199,750	74,654
Total Long-term Debt Outstanding					$ 992,650	$ 867,553

(a) KPCo's Pollution Control Bond is subject to redemption earlier than the maturity date.

As of December 31, 2020, outstanding long-term debt was payable as follows:

	2021	2022	2023	2024	2025	After 2025	Total
				(in thousands)			
Principal Amount	$ 40,000	$ 200,000	$ 65,000	$ 65,000	$ —	$ 625,000	$ 995,000
Debt Issuance Costs							(2,350)
Total Long-term Debt Outstanding							$ 992,650

Dividend Restrictions

KPCo pays dividends to Parent provided funds are legally available. Various financing arrangements and regulatory requirements may impose certain restrictions on the ability of KPCo to transfer funds to Parent in the form of dividends.

All of the dividends declared by KPCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

KPCo has credit agreements that contain a covenant that limit its debt to capitalization ratio to 67.5%. As of December 31, 2020, KPCo did not exceed its debt to capitalization limit. The method for calculating outstanding debt and capitalization is contractually-defined in the credit agreements.

The most restrictive dividend limitation for KPCo is through the Federal Power Act. As of December 31, 2020, the maximum amount of restricted net assets of KPCo that may not be distributed to Parent in the form of a loan, advance or dividend was $577.5 million.

The Federal Power Act restriction does not limit the ability of KPCo to pay dividends out of retained earnings. The credit agreement covenant restrictions can limit the ability of KPCo to pay dividends out of retained earnings. As of December 31, 2020, there were no restrictions on KPCo's ability to pay dividends out of retained earnings.

Corporate Borrowing Program – AEP System

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC. The amounts of outstanding borrowings from the Utility Money Pool as of December 31, 2020 and 2019 are included in Advances from Affiliates on KPCo's balance sheets. KPCo's Utility Money Pool activity and corresponding authorized borrowing limits are described in the following table:

Years Ended December 31,	Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Borrowings from the Utility Money Pool as of December 31,	Authorized Short-Term Borrowing Limit
			(in thousands)			
2020	$ 126,742	$ 6,572	$ 50,064	$ 5,020	$ 65,647	$ 180,000
2019	114,818	—	59,492	—	113,175	180,000

Maximum, minimum and average interest rates for funds either borrowed from or loaned to the Utility Money Pool are summarized in the following table:

Years Ended December 31,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2020	2.70 %	0.27 %	2.08 %	1.80 %	1.18 %	1.81 %
2019	3.43 %	1.77 %	— %	— %	2.39 %	— %

Interest expense and interest income related to the Utility Money Pool are included in Interest Expense and Interest Income, respectively, on KPCo's statements of income. For amounts borrowed from and advances to the Utility Money Pool, KPCo incurred the following amounts of interest expense and earned the following amounts of interest income:

	Years Ended December 31, 2020	2019
	(in thousands)	
Interest Expense	$ 676	$ 1,470
Interest Income	48	—

Securitized Accounts Receivables – AEP Credit

Under an affiliated receivables sales arrangement, KPCo sells, without recourse, certain of its customer accounts receivable and accrued unbilled revenue balances to AEP Credit. KPCo is charged a fee for each sale that is based on AEP Credit's financing costs, administrative costs and uncollectible accounts experience from previous purchases of KPCo's customer accounts receivable. No allowance for uncollectible accounts is recognized within KPCo's financial statements for customer accounts receivable sold to AEP Credit, and any bad debt stemming from these receivables would be recognized by AEP Credit. The costs of customer accounts receivable sold are reported in Other Operation expense on KPCo's statements of income. KPCo manages and services its accounts receivable sold.

In May 2020, AEP Credit entered into an amendment on the receivables securitization agreement to increase the eligibility criteria related to aged receivable requirements for the participating affiliated utility subsidiaries as a response to the COVID-19 pandemic. During the third quarter of 2020, AEP Credit breached the eligibility criteria on the receivables securitization agreement related to the accounts receivables acquired from KPCo and entered into waivers with the bank conduits in October 2020. To the extent that KPCo is deemed ineligible under the agreement, KPCo would no longer participate in the receivables securitization agreement and KPCo would need to finance working capital through other funding mechanisms. As of December 31, 2020, KPCo has issued approximately $125 million in long-term debt and borrowed approximately $65.6 million from the Utility Money Pool with an authorized borrowing limit of $180 million. Management believes KPCo has adequate liquidity under existing funding mechanisms, taking into consideration the adverse impact on cash flows, if KPCo would no longer participate in the securitization of accounts receivables. To the extent that future access to capital markets or cost of funding is adversely affected by COVID-19, it could reduce future net income and cash flows and impact financial condition.

AEP Credit's receivables securitization agreement provides a commitment of $750 million from bank conduits to purchase receivables and expires in September 2022.

KPCo's amounts of accounts receivable and accrued unbilled revenues under the sale of receivables agreement were $54.8 million and $41.6 million as of December 31, 2020 and 2019, respectively.

The fees paid by KPCo to AEP Credit for customer accounts receivable sold were $7.1 million and $3.9 million for the years ended December 31, 2020 and 2019, respectively.

KPCo's proceeds on the sale of receivables to AEP Credit were $501.9 million and $558.9 million for the years ended December 31, 2020 and 2019, respectively.

13. RELATED PARTY TRANSACTIONS

For other related party transactions, also see "AEP System Tax Allocation Agreement" section of Note 10 in addition to "Corporate Borrowing Program – AEP System" and "Securitized Accounts Receivables – AEP Credit" sections of Note 12.

Power Coordination Agreement

Effective January 1, 2014, the FERC approved the PCA. Under the PCA, APCo, I&M, KPCo and WPCo are individually responsible for planning their respective capacity obligations. The PCA allows, but does not obligate, APCo, I&M, KPCo and WPCo to participate collectively under a common fixed resource requirement capacity plan in PJM and to participate in specified collective off-system sales and purchase activities.

AEPSC conducts power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other risk management activities on behalf of APCo, I&M, KPCo, PSO, SWEPCo and WPCo. Certain power and natural gas risk management activities for APCo, I&M, KPCo and WPCo are allocated based on the four member companies' respective equity positions, while power and natural gas risk management activities for PSO and SWEPCo are allocated based on the Operating Agreement.

System Integration Agreement

Under the SIA, AEPSC allocates physical and financial revenues and expenses from transactions with neighboring utilities, power marketers and other power and natural gas risk management activities based upon the location of such activity. Margins resulting from trading and marketing activities originating in PJM generally accrue to the benefit of APCo, I&M, KPCo and WPCo, while trading and marketing activities originating in SPP generally accrue to the benefit of PSO and SWEPCo. Margins resulting from other transactions are allocated among APCo, I&M, KPCo, PSO, SWEPCo and WPCo based upon the equity positions of these companies.

Affiliated Revenues and Purchases

The table below shows the revenues derived from auction sales to affiliates, net transmission agreement sales and other revenues as follows:

Related Party Revenues	Years Ended December 31, 2020	2019
	(in thousands)	
Sales under Interconnection Agreement	$ 149	$ 285
Auction Sales to OPCo (a)	975	2,069
Transmission Agreement Sales	9,367	13,465
Other Revenues	1,506	1,008
Total Affiliated Revenues	$ 11,997	$ 16,827

(a) Refer to the Ohio Auctions section below for further information regarding this amount.

The table below shows the purchased power expenses incurred for purchases from affiliates as follows:

Related Party Purchases	Years Ended December 31, 2020	2019
	(in thousands)	
Direct Purchases from AEGCo (a)	$ 74,055	$ 92,084
Total Affiliated Purchases	$ 74,055	$ 92,084

(a) Refer to the "Unit Power Agreements" section below for further information regarding this amount.

The above summarized related party revenues and expenses are reported in Sales to AEP Affiliates and Purchased Electricity from AEP Affiliates on KPCo's statements of income.

PJM Transmission Service Charges

The AEP East Companies are parties to the TA, which defines how transmission costs through PJM OATT are allocated among the AEP East Companies on a 12-month average coincident peak basis. Additional costs for transmission services provided by AEPTCo and other transmission affiliates are billed to KPCo through the PJM OATT.

KPCo's net charges recorded as a result of the TA for the years ended December 31, 2020 and 2019 were $48.1 million and $44 million, respectively, and were recorded in Other Operation expenses on KPCo's statements of income.

Ohio Auctions

In connection with OPCo's June 2012 - May 2015 ESP, the PUCO ordered OPCo to conduct energy and capacity auctions for its entire SSO load for delivery beginning in June 2015. Certain affiliated entities, including KPCo, participate in the auction process and have been awarded tranches of OPCo's SSO load. Refer to the Affiliated Revenues and Purchases section above for amounts related to these transactions.

Unit Power Agreements

UPA between AEGCo and I&M

A UPA between AEGCo and I&M (the I&M Power Agreement) provides for the sale by AEGCo to I&M of all the power (and the energy associated therewith) available to AEGCo at the Rockport Plant unless it is sold to another utility. Subsequently, I&M assigns 30% of the power to KPCo. I&M is obligated, whether or not power is available from AEGCo, to pay as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M) net of amounts received by AEGCo from any other sources, sufficient to enable AEGCo to pay all its operating and other expenses, including a rate of return on the common equity of AEGCo as approved by the FERC. In November 2020, management announced that AEP will not renew the Rockport Plant, Unit 2 lease when it expires in December 2022. The I&M Power Agreement will continue in effect until the debt obligations of AEGCo secured by the Rockport Plant have been satisfied and discharged (currently expected to be December 2028).

UPA between AEGCo and KPCo

Pursuant to an assignment between I&M and KPCo and a UPA between AEGCo and KPCo, AEGCo sells KPCo 30% of the power (and the energy associated therewith) available to AEGCo from both units of the Rockport Plant. KPCo pays to AEGCo in consideration for the right to receive such power the same amounts which I&M would have paid AEGCo under the terms of the I&M Power Agreement for such entitlement. In November 2020, management announced that AEP will not renew the Rockport Plant, Unit 2 lease when it expires in December 2022. The KPCo UPA ends in December 2022.

I&M Barging, Urea Transloading and Other Services

I&M provides barging, urea transloading and other transportation services to affiliates. Urea is a chemical used to control NO_x emissions at certain generation plants in the AEP System. KPCo recorded expenses of $3.2 million and $4.8 million in 2020 and 2019, respectively, for urea transloading provided by I&M. These expenses were recorded as fuel expenses or other operation expenses.

Central Machine Shop

APCo operates a facility which repairs and rebuilds specialized components for the generation plants across the AEP System. APCo defers the cost of performing these services on the balance sheet and then transfers the cost to the affiliate for reimbursement. KPCo recorded its assigned portion of these billings as capital or maintenance expenses depending on the nature of the services received. These billings are recoverable from customers. KPCo's billed amounts were $854 thousand and $1.4 million for the years ended December 31, 2020 and 2019, respectively.

Sales and Purchases of Property

KPCo had affiliated sales and purchases of electric property individually amounting to $100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transactions. The table below shows the sales and purchases, recorded at net book value, as follows:

	Years Ended December 31,	
	2020	2019
	(in thousands)	
Sales	$ 825	$ 1,304
Purchases	1,464	90

The amounts above are recorded in Property, Plant and Equipment on the balance sheets.

Charitable Contributions to AEP Foundation

The American Electric Power Foundation is funded by American Electric Power and its utility operating units. The Foundation provides a permanent, ongoing resource for charitable initiatives and multi-year commitments in the communities served by AEP and initiatives outside of AEP's 11-state service area. In 2020, there were no charitable contributions made to the AEP Foundation. In 2019, KPCo contributed $2.5 million to the AEP Foundation which was recorded in Other Operation on the statements of income.

Intercompany Billings

KPCo performs certain utility services for other AEP subsidiaries when necessary or practical. The costs of these services are billed on a direct-charge basis, whenever possible, or on reasonable basis of proration for services that benefit multiple companies. The billings for services are made at cost and include no compensation for the use of equity capital.

14. VARIABLE INTEREST ENTITIES

The accounting guidance for "Variable Interest Entities" is a consolidation model that considers if a company has a variable interest in a VIE. A VIE is a legal entity that possesses any of the following conditions: the entity's equity at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, equity owners are unable to direct the activities that most significantly impact the legal entity's economic performance (or they possess disproportionate voting rights in relation to the economic interest in the legal entity), or the equity owners lack the obligation to absorb the legal entity's expected losses or the right to receive the legal entity's expected residual returns. Entities are required to consolidate a VIE when it is determined that they have a controlling financial interest in a VIE and therefore, are the primary beneficiary of that VIE, as defined by the accounting guidance for "Variable Interest Entities." In determining whether KPCo is the primary beneficiary of a VIE, management considers whether KPCo has the power to direct the most significant activities of the VIE and is obligated to absorb losses or receive the expected residual returns that are significant to the VIE. Management believes that significant assumptions and judgments were applied consistently. KPCo is not the primary beneficiary of any VIE and has not provided financial or other support to any VIE that was not previously contractually required.

AEPSC provides certain managerial and professional services to AEP's subsidiaries. Parent is the sole equity owner of AEPSC. AEP management controls the activities of AEPSC. The costs of the services are based on a direct-charge or on a prorated basis and billed to the AEP subsidiary companies at AEPSC's cost. AEP subsidiaries have not provided financial or other support outside the reimbursement of costs for services rendered. AEPSC finances its operations through cost reimbursement from other AEP subsidiaries. There are no other terms or arrangements between AEPSC and any of the AEP subsidiaries that could require additional financial support from an AEP subsidiary or expose them to losses outside of the normal course of business. AEPSC and its billings are subject to regulation by the FERC. AEP subsidiaries are exposed to losses to the extent they cannot recover the costs of AEPSC through their normal business operations. AEP subsidiaries are considered to have a significant interest in AEPSC due to their activity in AEPSC's cost reimbursement structure. However, AEP subsidiaries do not have control over AEPSC. AEPSC is consolidated by AEP. In the event AEPSC would require financing or other support outside the cost reimbursement billings, this financing would be provided by AEP. KPCo's total billings from AEPSC for the years ended December 31, 2020 and 2019 were $70.4 million and $77 million, respectively. The carrying amount of liabilities associated with AEPSC as of December 31, 2020 and 2019 was $9.8 million and $9.9 million, respectively. Management estimates the maximum exposure of loss to be equal to the amount of such liability.

AEGCo, a wholly-owned subsidiary of Parent, is consolidated by AEP. AEGCo owns a 50% ownership interest in Rockport Plant, Unit 1 and leases a 50% interest in Rockport Plant, Unit 2. AEGCo sells all the output from the Rockport Plant to I&M and KPCo. AEP has agreed to provide AEGCo with the funds necessary to satisfy all of the debt obligations of AEGCo. KPCo is considered to have a significant interest in AEGCo due to these transactions. KPCo is exposed to losses to the extent it cannot recover the costs of AEGCo through its normal business operations. Due to AEP management's control over AEGCo, KPCo is not considered the primary beneficiary of AEGCo. In the event AEGCo would require financing or other support outside the billings to KPCo, this financing would be provided by AEP. Total billings from AEGCo for the years ended December 31, 2020 and 2019 were $74.1 million and $92.1 million, respectively. The carrying amount of liabilities associated with AEGCo as of December 31, 2020 and 2019 was $4.4 million and $5.1 million, respectively. Management estimates the maximum exposure of loss to be equal to the amount of such liability.

15. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is shown functionally on the face of KPCo's balance sheets. The following table includes KPCo's total plant balances as of December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	(in thousands)			
Regulated Property, Plant and Equipment				
Generation	$	1,231,387	$	1,219,454
Transmission		703,309		651,091
Distribution		955,501		897,247
Other		112,532		104,068
CWIP		83,008		98,671
Less: Accumulated Depreciation		1,052,111		1,005,279
Total Regulated Property, Plant and Equipment - Net		2,033,626		1,965,252
Nonregulated Property, Plant and Equipment - Net		8,271		8,194
Total Property, Plant and Equipment - Net	$	2,041,897	$	1,973,446

Depreciation

KPCo provides for depreciation of Property, Plant and Equipment on a straight-line basis over the estimated useful lives of property, generally using composite rates by functional class. The following table provides total regulated annual composite depreciation rates and depreciable lives for KPCo. Nonregulated depreciation rate ranges and depreciable life ranges are not applicable or not meaningful for 2020 and 2019.

	2020		2019	
Functional Class of Property	**Annual Composite Depreciation Rate**	**Depreciable Life Ranges**	**Annual Composite Depreciation Rate**	**Depreciable Life Ranges**
		(in years)		(in years)
Generation	2.8%	69 - 73	3.0%	69 - 73
Transmission	2.6%	37 - 75	2.6%	37 - 75
Distribution	3.4%	11 - 75	3.4%	11 - 75
Other	9.5%	5 - 75	9.5%	5 - 75

The composite depreciation rate generally includes a component for non-asset retirement obligation (non-ARO) removal costs, which is credited to Accumulated Depreciation and Amortization on the balance sheets. Actual removal costs incurred are charged to Accumulated Depreciation and Amortization. Any excess of accrued non-ARO removal costs over actual removal costs incurred is reclassified from Accumulated Depreciation and Amortization and reflected as a regulatory liability.

Asset Retirement Obligations (ARO)

KPCo records ARO in accordance with the accounting guidance for "Asset Retirement and Environmental Obligations" for the retirement of ash disposal facilities and asbestos removal. KPCo has identified, but not recognized, ARO liabilities related to electric transmission and distribution assets, as a result of certain easements on property on which assets are owned. Generally, such easements are perpetual and require only the retirement and removal of assets upon the cessation of the property's use. The retirement obligation is not estimable for such easements since KPCo plans to use its facilities indefinitely. The retirement obligation would only be recognized if and when KPCo abandons or ceases the use of specific easements, which is not expected.

The following is a reconciliation of the 2020 and 2019 aggregate carrying amounts of ARO for KPCo:

Year	ARO as of January 1,	Accretion Expense	Liabilities Incurred	Liabilities Settled (a)	Revisions in Cash Flow Estimates (a)	ARO as of December 31,
			(in thousands)			
2020	$ 43,588	$ 1,691	$ 77	$ (20,426)	$ (365)	$ 24,565
2019	41,681	2,405	—	(23,564)	23,066	43,588

(a) Primarily related to ash pond closure and asbestos abatement.

Allowance for Funds Used During Construction

KPCo's amounts of allowance for equity and borrowed funds used during construction are summarized in the following table:

	Years Ended December 31, 2020	2019
	(in thousands)	
Allowance for Equity Funds Used During Construction	$ 1,170	$ 1,230
Allowance for Borrowed Funds Used During Construction	1,099	2,266

Jointly-owned Electric Facilities

KPCo, jointly with WPCo, owns Unit 1 and Unit 2 of the Mitchell Generating Station. KPCo and WPCo each have a 50% ownership of Unit 1 and Unit 2 of the Mitchell Generating Station. Using its own financing, each participating company is obligated to pay its share of the costs in the same proportion as its ownership interest. KPCo's proportionate share of the operating costs associated with this facility is included in its statements of income and the investment and accumulated depreciation are reflected in its balance sheets under Property, Plant and Equipment as follows:

	Fuel Type	Percent of Ownership	Utility Plant in Service	Construction Work in Progress	Accumulated Depreciation
				(in thousands)	
KPCo's Share as of December 31, 2020					
Mitchell Generating Station, Units 1 and 2 (a)	Coal	50.0 %	$ 1,047,564	$ 4,024	$ 465,764
KPCo's Share as of December 31, 2019					
Mitchell Generating Station, Units 1 and 2 (a)	Coal	50.0 %	$ 1,047,407	$ 4,978	$ 443,277

(a) Operated by KPCo.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

The table below represents KPCo's revenues from contracts with customers, net of respective provisions for refund, by type of revenue:

	Years Ended December 31, 2020	2019
	(in thousands)	
Retail Revenues:		
Residential Revenues	$ 236,325	$ 246,959
Commercial Revenues	138,813	151,334
Industrial Revenues	121,907	151,595
Other Retail Revenues	1,889	1,980
Total Retail Revenues	498,934	551,868
Wholesale Revenues:		
Generation Revenues (a)	13,787	28,565
Transmission Revenues (b)	22,864	19,400
Total Wholesale Revenues	36,651	47,965
Other Revenues from Contracts with Customers (a)	13,153	15,097
Total Revenues from Contracts with Customers	548,738	614,930
Other Revenues:		
Alternative Revenues (a)	1,185	4,527
Total Other Revenues	1,185	4,527
Total Revenues	$ 549,923	$ 619,457

(a) Amounts included affiliate and nonaffiliated revenues.
(b) Amounts included affiliate and nonaffiliated revenues. The affiliated revenues were $10.6 million and $9.1 million for years ended December 31, 2020 and 2019, respectively.

Performance Obligations

KPCo has performance obligations as part of its normal course of business. A performance obligation is a promise to transfer a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to a customer. The invoice practical expedient within the accounting guidance for "Revenue from Contracts with Customers" allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. KPCo elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from the respective revenue streams are representative of services or goods provided to date to the customer. Performance obligations for KPCo are summarized as follows:

Retail Revenues

KPCo has performance obligations to generate, transmit and distribute electricity for sale to rate-regulated retail customers. The performance obligation to deliver electricity is satisfied over time as the customer simultaneously receives and consumes the benefits provided. Revenues are variable as they are subject to the customer's usage requirements.

Rate-regulated retail customers typically have the right to discontinue receiving service at will, therefore these contracts between KPCo and their customers for rate-regulated services are generally limited to the services requested and received to date for such arrangements. Retail customers are generally billed on a monthly basis, and payment is typically due within 15 to 20 days after the issuance of the invoice.

Wholesale Revenues - Generation

KPCo has performance obligations to sell electricity to wholesale customers from generation assets in PJM. The performance obligation to deliver electricity from generation assets is satisfied over time as the customer simultaneously receives and consumes the benefits provided. Wholesale generation revenues are variable as they are subject to the customer's usage requirements.

KPCo also has performance obligations to stand ready in order to promote grid reliability. Stand ready services are sold into PJM's Reliability Pricing Model (RPM) capacity market. RPM entails a base auction and at least three incremental auctions for a specific PJM delivery year, with the incremental auctions spanning three years. The performance obligation to stand ready is satisfied over time and the consideration for which is variable until the occurrence of the final incremental auction, at which point the performance obligation becomes fixed.

Payments from the RTO for stand ready services are typically received within one week from the issuance of the invoice, which is typically issued weekly. Gross margin resulting from generation sales are primarily subject to margin sharing agreements with customers, where the revenues are reflected gross in the disaggregated revenues table above.

Wholesale Revenues - Transmission

KPCo has performance obligations to transmit electricity to wholesale customers through assets owned and operated by KPCo and other AEP subsidiaries. The performance obligation to provide transmission services in PJM encompass a time frame greater than a year, where the performance obligation within PJM is partially fixed for a period of one year or less. Payments from the RTO for transmission services are typically received within one week from the issuance of the invoice, which is issued weekly for PJM.

KPCo collects revenues through Transmission Formula Rates. The FERC-approved rates establish the annual transmission revenue requirement (ATRR) and transmission service rates for transmission owners. The formula rates establish rates for a one year period and also include a true-up calculation for the prior year's billings, allowing for over/under-recovery of the transmission owner's ATRR. The annual true-ups meet the definition of alternative revenues in accordance with the accounting guidance for "Regulated Operations," and are therefore presented as such in the disaggregated revenues table above.

The AEP East Companies are parties to the TA, which defines how transmission costs are allocated among the AEP East Companies on a 12-month average coincident peak basis. AEPTCo is a load serving entity within PJM providing transmission services to affiliates in accordance with the OATT and TA. Affiliate revenues as a result of the TA are reflected as Transmission Revenues in the disaggregated revenues table above.

Fixed Performance Obligations

The following table represents KPCo's remaining fixed performance obligations satisfied over time as of December 31, 2020. Fixed performance obligations primarily include wholesale transmission services, electricity sales for fixed amounts of energy and stand ready services into PJM's RPM market. The amounts shown in the table below include affiliated and nonaffiliated revenues.

2021	2022-2023	2024-2025	After 2025	Total
		(in thousands)		
$ 22,597	$ 2,870	$ 2,870	$ 1,435	$ 29,772

Contract Assets and Liabilities

Contract assets are recognized when KPCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. KPCo did not have material contract assets as of December 31, 2020.

When KPCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. KPCo's contract liabilities typically arise from advanced payments of services provided primarily with respect to joint use agreements for utility poles. KPCo did not have material contract liabilities as of December 31, 2020.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on KPCo's balance sheets within the Accounts Receivable - Customers line item. KPCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Accounts Receivable - Customers were not material as of December 31, 2020. See "Securitized Accounts Receivable - AEP Credit" section of Note 12 for additional information.

The amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable - Affiliated Companies on KPCo's balance sheets were $8.3 million and $7 million, respectively, as of December 31, 2020 and December 31, 2019.

Contract Costs

Contract costs to obtain or fulfill a contract are accounted for under the guidance for "Other Assets and Deferred Costs" and presented as a single asset and neither bifurcated nor reclassified between current and noncurrent assets on KPCo's balance sheets. Contract costs to acquire a contract are amortized in a manner consistent with the transfer of goods or services to the customer in Other Operation on KPCo's statements of income. KPCo did not have material contract costs as of December 31, 2020.

Annex 2.5(a)(i) 2019 Kentucky Power Financial Statements

Kentucky Power Company

2019 Annual Report

Audited Financial Statements

KENTUCKY POWER

An AEP Company

BOUNDLESS ENERGY

TABLE OF CONTENTS

GLOSSARY OF TERMS

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

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned consolidated subsidiaries and consolidated affiliates.
AEP Credit	AEP Credit, Inc., a consolidated variable interest entity of AEP which securitizes accounts receivable and accrued utility revenues for affiliated electric utility companies.
AEP East Companies	APCo, I&M, KPCo and OPCo.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, a wholly-owned subsidiary of AEP Transmission Holdco, is an intermediate holding company that owns the State Transcos.
AFUDC	Allowance for Funds Used During Construction.
AGR	AEP Generation Resources Inc., a competitive AEP subsidiary that acquired the generation assets and liabilities of OPCo.
AOCI	Accumulated Other Comprehensive Income.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
ASU	Accounting Standards Update.
CWIP	Construction Work in Progress.
EIS	Energy Insurance Services, Inc., a nonaffiliated captive insurance company and consolidated variable interest entity of AEP.
ESP	Electric Security Plans, a PUCO requirement for electric utilities to adjust their rates by filing with the PUCO.
FAC	Fuel Adjustment Clause.
FASB	Financial Accounting Standards Board.
Federal EPA	United States Environmental Protection Agency.
FERC	Federal Energy Regulatory Commission.
FTR	Financial Transmission Right, a financial instrument that entitles the holder to receive compensation for certain congestion-related transmission charges that arise when the power grid is congested resulting in differences in locational prices.
GAAP	Accounting Principles Generally Accepted in the United States of America.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IRS	Internal Revenue Service.
ITC	Investment Tax Credit
KGPCo	Kingsport Power Company, an AEP electric utility subsidiary.
KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
KPSC	Kentucky Public Service Commission.
kV	Kilovolt.
MMBtu	Million British Thermal Units.
MTM	Mark-to-Market.
MW	Megawatt.
MWh	Megawatthour.
NO_x	Nitrogen oxide.
OATT	Open Access Transmission Tariff.
OPCo	Ohio Power Company, an AEP electric utility subsidiary.
OPEB	Other Postretirement Benefits.

Term	Meaning
Operating Agreement	Agreement, dated January 1, 1997, as amended, by and among PSO and SWEPCo governing generating capacity allocation, energy pricing, and revenues and costs of third party sales. AEPSC acts as the agent.
OTC	Over the counter.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PCA	Power Coordination Agreement among APCo, I&M, KPCo and WPCo.
PJM	Pennsylvania – New Jersey – Maryland regional transmission organization.
PSO	Public Service Company of Oklahoma, an AEP electric utility subsidiary.
PUCO	Public Utilities Commission of Ohio.
Risk Management Contracts	Trading and non-trading derivatives, including those derivatives designated as cash flow and fair value hedges.
Rockport Plant	A generation plant, consisting of two 1,310 MW coal-fired generating units near Rockport, Indiana. AEGCo and I&M jointly-own Unit 1. In 1989, AEGCo and I&M entered into a sale-and-leaseback transaction with Wilmington Trust Company, an unrelated, unconsolidated trustee for Rockport Plant, Unit 2.
RTO	Regional Transmission Organization, responsible for moving electricity over large interstate areas.
SIA	System Integration Agreement, effective June 15, 2000, as amended, provides contractual basis for coordinated planning, operation and maintenance of the power supply sources of the combined AEP.
SO_2	Sulfur dioxide.
SPP	Southwest Power Pool regional transmission organization.
SSO	Standard service offer.
SWEPCo	Southwestern Electric Power Company, an AEP electric utility subsidiary.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the "Tax Cuts and Jobs Act" (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
UPA	Unit Power Agreement.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
VIE	Variable Interest Entity.
WPCo	Wheeling Power Company, an AEP electric utility subsidiary.

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Report of Independent Auditors

To the Board of Directors and Management of
Kentucky Power Company

We have audited the accompanying financial statements of Kentucky Power Company, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, comprehensive income (loss), changes in common shareholder's equity and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Power Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 11 to the financial statements, the Company changed the manner in which it accounts for leases in 2019. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

February 20, 2020

KENTUCKY POWER COMPANY
STATEMENTS OF INCOME
For the Years Ended December 31, 2019 and 2018
(in thousands)

	Years Ended December 31, 2019	2018
REVENUES		
Electric Generation, Transmission and Distribution	$ 601,497	$ 628,673
Sales to AEP Affiliates	16,827	12,330
Other Revenues	1,133	1,068
TOTAL REVENUES	619,457	642,071
EXPENSES		
Fuel and Other Consumables Used for Electric Generation	101,539	102,103
Purchased Electricity for Resale	37,286	50,599
Purchased Electricity from AEP Affiliates	92,084	101,961
Other Operation	110,984	94,474
Maintenance	64,622	70,282
Depreciation and Amortization	97,880	97,770
Taxes Other Than Income Taxes	28,376	23,854
TOTAL EXPENSES	532,771	541,043
OPERATING INCOME	86,686	101,028
Other Income (Expense):		
Interest Income	37	44
Carrying Costs Income	6	17
Allowance for Equity Funds Used During Construction	1,230	2,002
Non-Service Cost Components of Net Periodic Benefit Cost	3,816	4,052
Interest Expense	(38,454)	(37,998)
INCOME BEFORE INCOME TAX EXPENSE	53,321	69,145
Income Tax Expense	21	5,999
NET INCOME	$ 53,300	$ 63,146

The common stock of KPCo is wholly-owned by Parent.

See Notes to Financial Statements beginning on page 11.

KENTUCKY POWER COMPANY
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2019 and 2018
(in thousands)

	Years Ended December 31, 2019	2018
Net Income	$ 53,300	$ 63,146
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		
Amortization of Pension and OPEB Deferred Costs, Net of Tax of $(10) and $(24) in 2019 and 2018, Respectively	(37)	(89)
Pension and OPEB Funded Status, Net of Tax of $276 and $(117) in 2019 and 2018, Respectively	1,039	(441)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	1,002	(530)
TOTAL COMPREHENSIVE INCOME	$ 54,302	$ 62,616

See Notes to Financial Statements beginning on page 11.

KENTUCKY POWER COMPANY
STATEMENTS OF CHANGES IN COMMON SHAREHOLDER'S EQUITY
For the Years Ended December 31, 2019 and 2018
(in thousands)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2017	$ 50,450	$ 526,135	$ 93,416	$ 262	$ 670,263
ASU 2018-02 Adoption			(56)	56	—
Net Income			63,146		63,146
Other Comprehensive Loss				(530)	(530)
TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2018	50,450	526,135	156,506	(212)	732,879
Common Stock Dividends			(5,000)		(5,000)
Net Income			53,300		53,300
Other Comprehensive Income				1,002	1,002
TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2019	$ 50,450	$ 526,135	$ 204,806	$ 790	$ 782,181

See Notes to Financial Statements beginning on page 11.

KENTUCKY POWER COMPANY
BALANCE SHEETS
ASSETS
December 31, 2019 and 2018
(in thousands)

	December 31, 2019	December 31, 2018
CURRENT ASSETS		
Cash and Cash Equivalents	$ 849	$ 1,168
Accounts Receivable:		
Customers	14,749	20,242
Affiliated Companies	20,663	29,018
Accrued Unbilled Revenues	13,550	8,931
Miscellaneous	145	57
Allowance for Uncollectible Accounts	(346)	(85)
Total Accounts Receivable	48,761	58,163
Fuel	29,855	10,621
Materials and Supplies	18,011	17,207
Risk Management Assets	6,878	5,722
Accrued Tax Benefits	2,205	2,732
Regulatory Asset for Under-Recovered Fuel Costs	—	2,379
Margin Deposits	600	882
Prepayments and Other Current Assets	2,892	3,203
TOTAL CURRENT ASSETS	110,051	102,077
PROPERTY, PLANT AND EQUIPMENT		
Electric:		
Generation	1,219,454	1,195,701
Transmission	651,091	603,317
Distribution	897,247	845,821
Other Property, Plant and Equipment	112,529	98,280
Construction Work in Progress	98,671	84,748
Total Property, Plant and Equipment	2,978,992	2,827,867
Accumulated Depreciation and Amortization	1,005,546	961,457
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET	1,973,446	1,866,410
OTHER NONCURRENT ASSETS		
Regulatory Assets	421,621	391,745
Long-term Risk Management Assets	25	159
Employee Benefit and Pension Assets	23,421	15,819
Operating Lease Assets	10,120	—
Deferred Charges and Other Noncurrent Assets	33,815	36,221
TOTAL OTHER NONCURRENT ASSETS	489,002	443,944
TOTAL ASSETS	$ 2,572,499	$ 2,412,431

See Notes to Financial Statements beginning on page 11.

KENTUCKY POWER COMPANY
BALANCE SHEETS
LIABILITIES AND COMMON SHAREHOLDER'S EQUITY
December 31, 2019 and 2018
(dollars in thousands)

	December 31, 2019	December 31, 2018
CURRENT LIABILITIES		
Advances from Affiliates	$ 113,175	$ 27,871
Accounts Payable:		
General	63,350	51,022
Affiliated Companies	23,449	30,615
Long-term Debt Due Within One Year – Nonaffiliated	65,000	—
Risk Management Liabilities	1,480	95
Customer Deposits	30,954	30,149
Accrued Taxes	33,108	30,479
Accrued Interest	6,365	6,550
Obligations Under Operating Leases	2,005	—
Regulatory Liability for Over-Recovered Fuel Costs	223	—
Asset Retirement Obligations	15,480	20,961
Other Current Liabilities	25,080	24,213
TOTAL CURRENT LIABILITIES	379,669	221,955
NONCURRENT LIABILITIES		
Long-term Debt – Nonaffiliated	802,553	867,128
Long-term Risk Management Liabilities	1	44
Deferred Income Taxes	421,858	402,070
Regulatory Liabilities and Deferred Investment Tax Credits	135,686	155,682
Asset Retirement Obligations	28,108	20,720
Employee Benefits and Pension Obligations	7,496	5,989
Obligations Under Operating Leases	8,154	—
Deferred Credits and Other Noncurrent Liabilities	6,793	5,964
TOTAL NONCURRENT LIABILITIES	1,410,649	1,457,597
TOTAL LIABILITIES	1,790,318	1,679,552
Rate Matters (Note 4)		
Commitments and Contingencies (Note 6)		
COMMON SHAREHOLDER'S EQUITY		
Common Stock – Par Value – $50 Per Share:		
Authorized – 2,000,000 Shares		
Outstanding – 1,009,000 Shares	50,450	50,450
Paid-in Capital	526,135	526,135
Retained Earnings	204,806	156,506
Accumulated Other Comprehensive Income (Loss)	790	(212)
TOTAL COMMON SHAREHOLDER'S EQUITY	782,181	732,879
TOTAL LIABILITIES AND COMMON SHAREHOLDER'S EQUITY	$ 2,572,499	$ 2,412,431

See Notes to Financial Statements beginning on page 11.

KENTUCKY POWER COMPANY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
(in thousands)

	Years Ended December 31, 2019	2018
OPERATING ACTIVITIES		
Net Income	$ 53,300	$ 63,146
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	97,880	97,770
Deferred Income Taxes	(725)	5,459
Allowance for Equity Funds Used During Construction	(1,230)	(2,002)
Mark-to-Market of Risk Management Contracts	320	(4,126)
Deferred Fuel Over/Under-Recovery, Net	2,602	(2,865)
Deferred Rockport Capacity Costs	(15,688)	(14,477)
Asset Retirement Obligation	(21,160)	(29,417)
Change in Other Noncurrent Assets	(13,692)	(26,166)
Change in Other Noncurrent Liabilities	(8,712)	5,537
Changes in Certain Components of Working Capital:		
Accounts Receivable, Net	10,043	396
Fuel, Materials and Supplies	(19,882)	7,583
Accounts Payable	(4,312)	(2,136)
Accrued Taxes, Net	3,156	9,871
Accrued Interest	(185)	(1,298)
Other Current Assets	658	11,826
Other Current Liabilities	(1,360)	(1,178)
Net Cash Flows from Operating Activities	81,013	117,923
INVESTING ACTIVITIES		
Construction Expenditures	(162,502)	(136,016)
Proceeds from Sales of Assets	1,304	627
Other Investing Activities	29	745
Net Cash Flows Used for Investing Activities	(161,169)	(134,644)
FINANCING ACTIVITIES		
Issuance of Long-term Debt - Nonaffiliated	—	74,498
Change in Advances from Affiliates, Net	85,304	18,230
Retirement of Long-term Debt - Nonaffiliated	—	(75,000)
Principal Payments for Finance Lease Obligations	(634)	(845)
Dividends Paid on Common Stock	(5,000)	—
Other Financing Activities	167	97
Net Cash Flows from Financing Activities	79,837	16,980
Net Increase (Decrease) in Cash and Cash Equivalents	(319)	259
Cash and Cash Equivalents at Beginning of Period	1,168	909
Cash and Cash Equivalents at End of Period	$ 849	$ 1,168
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest, Net of Capitalized Amounts	$ 38,599	$ 38,671
Net Cash Paid (Received) for Income Taxes	84	(3,303)
Noncash Acquisitions Under Finance Leases	1,424	596
Construction Expenditures Included in Current Liabilities as of December 31,	32,520	21,849

See Notes to Financial Statements beginning on page 11.

INDEX OF NOTES TO FINANCIAL STATEMENTS

1. <u>ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

ORGANIZATION

As a public utility, KPCo engages in the generation and purchase of electric power, and the subsequent sale, transmission and distribution of that power to 165,000 retail customers in its service territory in eastern Kentucky. KPCo also sells power at wholesale to municipalities.

Under the FERC approved PCA, APCo, I&M, KPCo and WPCo are individually responsible for planning their respective capacity obligations. The PCA allows, but does not obligate, APCo, I&M, KPCo and WPCo to participate collectively under a common fixed resource requirement capacity plan in PJM and to participate in specified collective off-system sales and purchase activities.

AEPSC conducts power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other risk management activities on behalf of APCo, I&M, KPCo and WPCo. Power and natural gas risk management activities are allocated based on the member companies' respective equity positions. Risk management activities primarily include power and natural gas physical transactions, financially-settled swaps and exchange-traded futures. AEPSC settles the majority of the physical forward contracts by entering into offsetting contracts. KPCo shared in the revenues and expenses associated with these risk management activities with the member companies.

Under a unit power agreement with AEGCo, an affiliated company, KPCo purchases 390 MWs of Rockport Plant capacity which is 30% of AEGCo's 50% share of the 2,620 MW Rockport Plant. The unit power agreement expires in December 2022. KPCo pays a demand charge for the right to receive the power, which is payable even if the power is not taken.

Under the SIA, AEPSC allocates physical and financial revenues and expenses from transactions with neighboring utilities, power marketers and other power and natural gas risk management activities based upon the location of such activity, with margins resulting from trading and marketing activities originating in PJM generally accruing to the benefit of APCo, I&M, KPCo and WPCo and trading and marketing activities originating in SPP generally accruing to the benefit of PSO and SWEPCo. Margins resulting from other transactions are allocated among APCo, I&M, KPCo, PSO, SWEPCo and WPCo based upon the common shareholder's equity of these companies.

To minimize the credit requirements and operating constraints when operating within PJM, participating AEP companies, including KPCo, agreed to a netting of certain payment obligations incurred by the participating AEP companies against certain balances due to such AEP companies and to hold PJM harmless from actions that any one or more AEP companies may take with respect to PJM.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rates and Service Regulation

KPCo's rates are regulated by the FERC and the KPSC. The FERC also regulates KPCo's affiliated transactions, including AEPSC intercompany service billings which are generally at cost, under the 2005 Public Utility Holding Company Act and the Federal Power Act. The FERC also has jurisdiction over the issuances and acquisitions of securities of public utility subsidiaries, the acquisition or sale of certain utility assets and mergers with another electric utility or holding company. For non-power goods and services, the FERC requires a nonregulated affiliate to bill an affiliated public utility company at no more than market while a public utility must bill the higher of cost or market to a nonregulated affiliate. The KPSC also regulates certain intercompany transactions under its affiliate statutes. Both the FERC and state regulatory commissions are permitted to review and audit the relevant books and records of companies within a public utility holding company system.

The FERC regulates wholesale power markets, wholesale power transactions and wholesale transmission operations and rates. KPCo's wholesale power transactions are generally market-based. Wholesale power transactions are cost-based regulated when KPCo negotiates and files a cost-based contract with the FERC or the FERC determines that

KPCo has “market power” in the region where the transaction occurs. KPCo has entered into wholesale power supply contracts with various municipalities that are FERC-regulated, cost-based contracts. These contracts are generally formula rate mechanisms, which are trued up to actual costs annually.

The KPSC regulates all of the distribution operations and rates and retail transmission rates on a cost basis. The KPSC also regulates retail generation/power supply operations and rates.

In addition, the FERC regulates the SIA and the Transmission Agreement, which allocate shared system costs and revenues among the utility subsidiaries that are parties to each agreement. The FERC also regulates the PCA. See Note 13 - Related Party Transactions for additional information.

Accounting for the Effects of Cost-Based Regulation

As a rate-regulated electric public utility company, KPCo’s financial statements reflect the actions of regulators that result in the recognition of certain revenues and expenses in different time periods than enterprises that are not rate-regulated. In accordance with accounting guidance for “Regulated Operations,” KPCo records regulatory assets (deferred expenses) and regulatory liabilities (deferred revenue reductions or refunds) to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching income with its passage to customers in cost-based regulated rates.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates include but are not limited to inventory valuation, allowance for doubtful accounts, long-lived asset impairment, unbilled electricity revenue, valuation of long-term energy contracts, the effects of regulation, long-lived asset recovery, storm costs, the effects of contingencies and certain assumptions made in accounting for pension and postretirement benefits. The estimates and assumptions used are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could ultimately differ from those estimates.

Cash and Cash Equivalents

Cash and Cash Equivalents include temporary cash investments with original maturities of three months or less.

Inventory

Fossil fuel inventories and materials and supplies inventories are carried at average cost.

Accounts Receivable

Customer accounts receivable primarily include receivables from wholesale and retail energy customers, receivables from energy contract counterparties related to risk management activities and customer receivables primarily related to other revenue-generating activities.

Revenue is recognized from electric power sales when power is delivered to customers. To the extent that deliveries have occurred but a bill has not been issued, KPCo accrues and recognizes, as Accrued Unbilled Revenues on the balance sheets, an estimate of the revenues for energy delivered since the last billing.

AEP Credit factors accounts receivable on a daily basis, excluding receivables from risk management activities, for KPCo. See “Securitized Accounts Receivables - AEP Credit” section of Note 12 for additional information.

Allowance for Uncollectible Accounts

Generally, AEP Credit records bad debt expense related to receivables purchased from KPCo under a sale of receivables agreement. For customer accounts receivables relating to risk management activities, accounts receivables are reviewed for bad debt reserves at a specific counterparty level basis. For miscellaneous accounts receivable, bad debt expense is recorded for all amounts outstanding 180-days or greater at 100%, unless specifically identified. Miscellaneous accounts receivable items open less than 180-days may be reserved using specific identification for bad debt reserves.

Concentrations of Credit Risk and Significant Customers

KPCo had a significant customer which accounts for the following percentages of Total Revenues for the years ended December 31 and Accounts Receivable – Customers as of December 31:

Significant Customer of KPCo: Marathon Petroleum Company	**2019**	**2018**
Percentage of Total Revenues	12%	12%
Percentage of Accounts Receivable – Customers	34%	24%

Management monitors credit levels and the financial condition of KPCo's customers on a continuous basis to minimize credit risk. The KPSC allows recovery in rates for a reasonable level of bad debt costs. Management believes adequate provision for credit loss has been made in the accompanying financial statements.

Property, Plant and Equipment

Electric utility property, plant and equipment are stated at original cost. Additions, major replacements and betterments are added to the plant accounts. Under the group composite method of depreciation, continuous interim routine replacements of items such as boiler tubes, pumps, motors, etc. result in original cost retirements, less salvage, being charged to accumulated depreciation. The group composite method of depreciation assumes that on average, asset components are retired at the end of their useful lives and thus there is no gain or loss. The equipment in each primary electric plant account is identified as a separate group. The depreciation rates that are established take into account the past history of interim capital replacements and the amount of removal cost incurred and salvage received. These rates and the related lives are subject to periodic review. Removal costs accrued are typically recorded as regulatory liabilities when the revenue received for removal costs accrued exceeds actual removal costs incurred. The asset removal costs liability is relieved as removal costs are incurred. A regulatory asset balance will occur if actual removal costs incurred exceed accumulated removal costs accrued.

The costs of labor, materials and overhead incurred to operate and maintain plant and equipment are included in operating expenses.

Long-lived assets are required to be tested for impairment when it is determined that the carrying value of the assets may no longer be recoverable or when the assets meet the held-for-sale criteria under the accounting guidance for "Impairment or Disposal of Long-Lived Assets." When it becomes probable that an asset in service or an asset under construction will be abandoned and regulatory cost recovery has been disallowed or is not probable, the cost of that asset shall be removed from plant-in-service or CWIP and charged to expense.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, as opposed to a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for the measurement, if available. In the absence of quoted prices for identical or similar assets in active markets, fair value is estimated using various internal and external valuation methods including cash flow analysis and appraisals.

Allowance for Funds Used During Construction

AFUDC represents the estimated cost of borrowed and equity funds used to finance construction projects that is capitalized and recovered through depreciation over the service life of regulated electric utility plant. KPCo records the equity component of AFUDC in Allowance for Equity Funds Used During Construction and the debt component of AFUDC as a reduction to Interest Expense.

Valuation of Nonderivative Financial Instruments

The book values of Cash and Cash Equivalents, Advances from Affiliates, Accounts Receivable and Accounts Payable approximate fair value because of the short-term maturity of these instruments.

Fair Value Measurements of Assets and Liabilities

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

For commercial activities, exchange-traded derivatives, namely futures contracts, are generally fair valued based on unadjusted quoted prices in active markets and are classified as Level 1. Level 2 inputs primarily consist of OTC broker quotes in moderately active or less active markets, as well as exchange-traded derivatives where there is insufficient market liquidity to warrant inclusion in Level 1. Management verifies price curves using these broker quotes and classifies these fair values within Level 2 when substantially all of the fair value can be corroborated. Management typically obtains multiple broker quotes, which are nonbinding in nature but are based on recent trades in the marketplace. When multiple broker quotes are obtained, the quoted bid and ask prices are averaged. In certain circumstances, a broker quote may be discarded if it is a clear outlier. Management uses a historical correlation analysis between the broker quoted location and the illiquid locations. If the points are highly correlated, these locations are included within Level 2 as well. Certain OTC and bilaterally executed derivative instruments are executed in less active markets with a lower availability of pricing information. Illiquid transactions, complex structured transactions, FTRs and counterparty credit risk may require nonmarket-based inputs. Some of these inputs may be internally developed or extrapolated and utilized to estimate fair value. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized as Level 3. The main driver of contracts being classified as Level 3 is the inability to substantiate energy price curves in the market. A portion of the Level 3 instruments have been economically hedged which limits potential earnings volatility.

AEP utilizes its trustee's external pricing service to estimate the fair value of the underlying investments held in the benefit plan trusts. AEP's investment managers review and validate the prices utilized by the trustee to determine fair value. AEP's management performs its own valuation testing to verify the fair values of the securities. AEP receives audit reports of the trustee's operating controls and valuation processes.

Assets in the benefits trusts are classified using the following methods. Equities are classified as Level 1 holdings if they are actively traded on exchanges. Items classified as Level 1 are investments in money market funds, fixed income and equity mutual funds and equity securities. They are valued based on observable inputs primarily unadjusted quoted prices in active markets for identical assets. Items classified as Level 2 are primarily investments in individual fixed income securities. Fixed income securities generally do not trade on exchanges and do not have an official closing price but their valuation inputs are based on observable market data. Pricing vendors calculate bond valuations using financial models and matrices. The models use observable inputs including yields on benchmark securities, quotes by securities brokers, rating agency actions, discounts or premiums on securities compared to par prices, changes in yields for U.S. Treasury securities, corporate actions by bond issuers, prepayment schedules and histories, economic events and, for certain securities, adjustments to yields to reflect changes in the rate of inflation. Other securities with model-derived valuation inputs that are observable are also classified as Level 2 investments. Investments with unobservable valuation inputs are classified as Level 3 investments. Investments classified as Other are valued using Net Asset Value as a practical expedient. Items classified as Other are primarily cash equivalent funds, common collective trusts, commingled funds, structured products, private equity, real estate, infrastructure and alternative credit investments. These investments do not have a readily determinable fair value or they contain redemption restrictions which may include the right to suspend redemptions under certain circumstances. Redemption restrictions may also prevent certain investments from being redeemed at the reporting date for the underlying value.

Deferred Fuel Costs

The cost of fuel and related emission allowances and emission control chemicals/consumables is charged to Fuel and Other Consumables Used for Electric Generation expense when the fuel is burned or the allowance or consumable is utilized. Fuel cost over-recoveries (the excess of fuel-related revenues over applicable fuel costs incurred) are generally deferred as current regulatory liabilities and under-recoveries (the excess of applicable fuel costs incurred over fuel-related revenues) are generally deferred as current regulatory assets. Fuel cost over-recovery and under-recovery balances are classified as noncurrent when there is a commission-approved plan to delay refunds or recoveries beyond a one year period. These deferrals are amortized when refunded or when billed to customers in later months with the KPSC's review and approval. The amount of an over-recovery or under-recovery can also be affected by actions of the KPSC. On a routine basis, the KPSC reviews and/or audits KPCo's fuel procurement policies and practices, the fuel cost calculations and FAC deferrals. FAC deferrals are adjusted when costs are no longer probable of recovery or when refunds of fuel reserves are probable. Changes in fuel costs, including purchased power, are reflected in rates in a timely manner through the FAC. A portion of margins from off-system sales are given to customers through the FAC.

Revenue Recognition

Regulatory Accounting

KPCo's financial statements reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate-regulated. Regulatory assets (deferred expenses or alternative revenues recognized in accordance with the guidance for "Regulated Operations") and regulatory liabilities (deferred revenue reductions or refunds) are recorded to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching revenue with its passage to customers in cost-based regulated rates.

When regulatory assets are probable of recovery through regulated rates, KPCo records them as assets on its balance sheets. KPCo tests for probability of recovery at each balance sheet date or whenever new events occur. Examples of new events include the issuance of a regulatory commission order or passage of new legislation. If it is determined that recovery of a regulatory asset is no longer probable, KPCo derecognizes that regulatory asset as a charge against income.

Electricity Supply and Delivery Activities

KPCo recognizes revenues from retail and wholesale electricity sales and electricity transmission and distribution delivery services. KPCo recognizes the revenues on the statements of income upon delivery of the energy to the customer and includes unbilled as well as billed amounts. Wholesale transmission revenue is based on FERC approved formula rate filings made for each calendar year using estimated costs. The annual rate filing is compared to actual costs with an over- or under-recovery being trued-up with interest and refunded or recovered in a future year's rates. In accordance with the accounting guidance for "Regulated Operations - Revenue Recognition", KPCo recognizes revenue and expense related to the rate true-ups immediately following the annual FERC filings. Any portion of the true-ups applicable to an affiliated company is recorded as Accounts Receivable - Affiliated Companies or Accounts

Payable - Affiliated Companies on the balance sheets. Any portion of the true-ups applicable to third parties is recorded as Regulatory Assets or Regulatory Liabilities on the balance sheets.

Most of the power produced at KPCo's generation plants is sold to PJM. KPCo purchases power from PJM to supply power to its customers. Generally, these power sales and purchases are reported on a net basis in revenues on the statements of income. However, purchases of power in excess of sales to PJM, on an hourly net basis, used to serve retail load are recorded gross as Purchased Electricity for Resale on the statements of income.

Physical energy purchases arising from non-derivative contracts are accounted for on a gross basis in Purchased Electricity for Resale on the statements of income. Energy purchases arising from non-trading derivative contracts are recorded based on the transaction's facts and circumstances. Purchases under non-trading derivatives used to serve accrual based obligations are recorded in Purchased Electricity for Resale on the statements of income. All other non-trading derivative purchases are recorded net in revenues.

In general, KPCo records expenses when purchased electricity is received and when expenses are incurred, with the exception of certain power purchase contracts that are derivatives and accounted for using MTM accounting. KPCo defers the unrealized MTM amounts as regulatory assets (for losses) and regulatory liabilities (for gains).

Energy Marketing and Risk Management Activities

KPCo engages in power marketing as a major power producer and participant in electricity markets. KPCo also engages in power, capacity, coal, natural gas and, to a lesser extent, heating oil, gasoline and other commodity risk management activities focused on markets where the AEP System owns assets and on adjacent markets. These activities include the purchase-and-sale of energy under forward contracts at fixed and variable prices. These contracts include physical transactions, exchange-traded futures, and to a lesser extent, OTC swaps and options. Certain energy marketing and risk management transactions are with RTOs.

KPCo recognizes revenues from marketing and risk management transactions that are not derivatives as the performance obligation of delivering the commodity is satisfied. Expenses from marketing and risk management transactions that are not derivatives are also recognized upon delivery of the commodity.

KPCo uses MTM accounting for marketing and risk management transactions that are derivatives unless the derivative is designated in a qualifying cash flow hedge relationship or elected normal under the normal purchase normal sale election. The realized gains and losses on marketing and risk management transactions are included in revenues or expense based on the transaction's facts and circumstances. The unrealized MTM amounts are deferred as regulatory assets (for losses) and regulatory liabilities (for gains). Unrealized MTM gains and losses are included on the balance sheets as Risk Management Assets or Liabilities as appropriate.

Certain qualifying marketing and risk management derivative transactions are designated as hedges of variability in future cash flows as a result of forecasted transactions (cash flow hedge). In the event KPCo designates a cash flow hedge, the cash flow hedge's gain or loss is initially recorded as a component of AOCI. When the forecasted transaction is realized and affects net income, KPCo subsequently reclassifies the gain or loss on the hedge from AOCI into revenues or expenses within the same financial statement line item as the forecasted transaction on the statements of income. See "Accounting for Cash Flow Hedging Strategies" section of Note 8.

Maintenance

Maintenance costs are expensed as incurred. If it becomes probable that KPCo will recover specifically-incurred costs through future rates, a regulatory asset is established to match the expensing of those maintenance costs with their recovery in cost-based regulated revenues.

Income Taxes and Investment Tax Credits

KPCo uses the liability method of accounting for income taxes. Under the liability method, deferred income taxes are provided for all temporary differences between the book and tax basis of assets and liabilities which will result in a future tax consequence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. KPCo revalued deferred tax assets and liabilities at the new federal corporate income tax rate of 21% in December 2017. See Note 10 for additional information related to Tax Reform.

When the flow-through method of accounting for temporary differences is reflected in regulated revenues (that is, when deferred taxes are not included in the cost of service for determining regulated rates for electricity), deferred income taxes are recorded and related regulatory assets and liabilities are established to match the regulated revenues and tax expense.

KPCo applies the deferral methodology for the recognition of ITC. Deferred ITC is amortized to income tax expense over the life of the asset. Amortization of deferred ITC begins when the asset is placed into service, except where regulatory commissions reflect ITC in the rate-making process, then amortization begins when the cash tax benefit is recognized.

KPCo accounts for uncertain tax positions in accordance with the accounting guidance for "Income Taxes." KPCo classifies interest expense or income related to uncertain tax positions as interest expense or income as appropriate and classifies penalties as Other Operation expense. KPCo's uncertain tax positions are immaterial to the financial statements.

Excise Taxes

As an agent for some state and local governments, KPCo collects from customers certain excise taxes levied by those state or local governments on customers. KPCo does not recognize these taxes as revenue or expense.

Debt

Gains and losses from the reacquisition of debt used to finance regulated electric utility plants are deferred and amortized over the remaining term of the reacquired debt in accordance with their rate-making treatment unless the debt is refinanced. If the reacquired debt is refinanced, the reacquisition costs are generally deferred and amortized over the term of the replacement debt consistent with its recovery in rates.

Debt discount or premium and debt issuance expenses are deferred and amortized generally utilizing the straight-line method over the term of the related debt. The straight-line method approximates the effective interest method and is consistent with the treatment in rates for regulated operations. The net amortization expense is included in Interest Expense on the statements of income.

Pension and OPEB Plans

KPCo participates in an AEP sponsored qualified pension plan and an unfunded nonqualified pension plan. Substantially all of KPCo's employees are covered by the qualified plan or both the qualified and nonqualified pension plans. KPCo also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees. KPCo accounts for its participation in the AEP sponsored pension and OPEB plans using multiple-employer accounting. See Note 7 - Benefit Plans for additional information including significant accounting policies associated with the plans.

Investments Held in Trust for Future Liabilities

AEP has several trust funds with significant investments intended to provide for future payments of pension and OPEB benefits. All of the trust funds' investments are diversified and managed in compliance with all laws and regulations. The investment strategy for the trust funds is to use a diversified portfolio of investments to achieve an acceptable rate of return while managing the investment risk of the assets relative to the associated liabilities. To minimize investment risk, the trust funds are broadly diversified among classes of assets, investment strategies and investment managers. Management regularly reviews the actual asset allocations and periodically rebalances the investments to targeted allocations when appropriate. Investment policies and guidelines allow investment managers in approved strategies to use financial derivatives to obtain or manage market exposures and to hedge assets and liabilities. The investments are reported at fair value under the "Fair Value Measurements and Disclosures" accounting guidance.

Benefit Plans

All benefit plan assets are invested in accordance with each plan's investment policy. The investment policy outlines the investment objectives, strategies and target asset allocations by plan.

The investment philosophies for AEP's benefit plans support the allocation of assets to minimize risks and optimize net returns. Strategies used include:

- Maintaining a long-term investment horizon.
- Diversifying assets to help control volatility of returns at acceptable levels.
- Managing fees, transaction costs and tax liabilities to maximize investment earnings.
- Using active management of investments where appropriate risk/return opportunities exist.
- Keeping portfolio structure style-neutral to limit volatility compared to applicable benchmarks.
- Using alternative asset classes such as real estate and private equity to maximize return and provide additional portfolio diversification.

The objective of the investment policy for the pension fund is to maintain the funded status of the plan while providing for growth in the plan assets to offset the growth in the plan liabilities. The current target asset allocations are as follows:

Pension Plan Assets	Target
Equity	30%
Fixed Income	54%
Other Investments	15%
Cash and Cash Equivalents	1%

OPEB Plans Assets	Target
Equity	48%
Fixed Income	50%
Cash and Cash Equivalents	2%

The investment policy for each benefit plan contains various investment limitations. The investment policies establish concentration limits for securities and prohibit the purchase of securities issued by AEP (with the exception of proportionate and immaterial holdings of AEP securities in passive index strategies or certain commingled funds). However, the investment policies do not preclude the benefit trust funds from receiving contributions in the form of AEP securities, provided that the AEP securities acquired by each plan may not exceed the limitations imposed by law.

For equity investments, the concentration limits are generally as follows:

- No security in excess of 5% of all equities.
- Cash equivalents must be less than 10% of an investment manager's equity portfolio.
- No individual stock may be more than 10% and 7% for pension and OPEB investments, respectively, of each manager's equity portfolio.
- No securities may be bought or sold on margin or other use of leverage.

For fixed income investments, each investment manager's portfolio is compared to investment grade, diversified long and intermediate benchmark indices.

A portion of the pension assets is invested in real estate funds to provide diversification, add return and hedge against inflation. Real estate properties are illiquid, difficult to value and not actively traded. The pension plan uses external real estate investment managers to invest in commingled funds that hold real estate properties. To mitigate investment risk in the real estate portfolio, commingled real estate funds are used to ensure that holdings are diversified by region, property type and risk classification. Real estate holdings include core, value-added and opportunistic classifications.

A portion of the pension assets is invested in private equity. Private equity investments add return and provide diversification and typically require a long-term time horizon to evaluate investment performance. Private equity is classified as an alternative investment because it is illiquid, difficult to value and not actively traded. The pension plan uses limited partnerships and commingled funds to invest across the private equity investment spectrum. The private equity holdings are with multiple general partners who help monitor the investments and provide investment selection expertise. The holdings are currently comprised of venture capital, buyout and hybrid debt and equity investments.

AEP participates in a securities lending program with BNY Mellon to provide incremental income on idle assets and to provide income to offset custody fees and other administrative expenses. AEP lends securities to borrowers approved by BNY Mellon in exchange for collateral. All loans are collateralized by at least 102% of the loaned asset's market value and the collateral is invested. The difference between the rebate owed to the borrower and the collateral rate of return determines the earnings on the loaned security. The securities lending program's objective is to provide modest incremental income with a limited increase in risk. As of December 31, 2019 and 2018, the fair value of securities on loan as part of the program was $246.3 million and $240.7 million, respectively. Cash and securities obtained as collateral exceeded the fair value of the securities loaned as of December 31, 2019 and 2018.

Trust owned life insurance (TOLI) underwritten by The Prudential Insurance Company is held in the OPEB plan trusts. The strategy for holding life insurance contracts in the taxable Voluntary Employees' Beneficiary Association trust is to minimize taxes paid on the asset growth in the trust. Earnings on plan assets are tax-deferred within the TOLI contract and can be tax-free if held until claims are paid. Life insurance proceeds remain in the trust and are used to fund future retiree medical benefit liabilities. With consideration to other investments held in the trust, the cash value of the TOLI contracts is invested in two diversified funds. A portion is invested in a commingled fund with underlying investments in stocks that are actively traded on major international equity exchanges. The other portion of the TOLI cash value is invested in a diversified, commingled fixed income fund with underlying investments in government bonds, corporate bonds and asset-backed securities.

Cash and cash equivalents are held in each trust to provide liquidity and meet short-term cash needs. Cash equivalent funds are used to provide diversification and preserve principal. The underlying holdings in the cash funds are investment grade money market instruments including commercial paper, certificates of deposit, treasury bills and other types of investment grade short-term debt securities. The cash funds are valued each business day and provide daily liquidity.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) has two components: net income (loss) and other comprehensive income (loss).

Earnings Per Share (EPS)

KPCo is a wholly-owned subsidiary of AEP. Therefore, KPCo is not required to report EPS.

Reclassifications

Certain reclassifications have been made in the 2018 financial statements and notes to conform to the 2019 presentation.

Supplementary Income Statement Information

The following table provides the components of Depreciation and Amortization for the years ended December 31, 2019 and 2018:

	Years Ended December 31,	
Depreciation and Amortization	**2019**	**2018**
	(in thousands)	
Depreciation and Amortization of Property, Plant and Equipment	$ 91,279	$ 89,798
Amortization of Regulatory Assets and Liabilities	6,601	7,972
Total Depreciation and Amortization	$ 97,880	$ 97,770

Subsequent Events

Management reviewed subsequent events through February 20, 2020, the date that KPCo's 2019 annual report was available to be issued.

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to KPCo's business. The following standards will impact the financial statements.

ASU 2016-02 "Accounting for Leases" (ASU 2016-02)

In February 2016, the FASB issued ASU 2016-02 increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheets and disclosing key information about leasing arrangements. Under the new standard, an entity must recognize an asset and liability for operating leases on the balance sheets. Additionally, capital leases are known as finance leases going forward. Leases with terms of 12 months or longer are also subject to the new requirements. Fundamentally, the criteria used to determine lease classification remains the same, but is more subjective under the new standard.

New leasing standard implementation activities included the identification of the lease population within the AEP System as well as the sampling of representative lease contracts to analyze accounting treatment under the new accounting guidance. Based upon the completed assessments, management also prepared a gap analysis to outline new disclosure compliance requirements.

Management adopted ASU 2016-02 effective January 1, 2019 by means of a cumulative-effect adjustment to the balance sheets. Management elected the following practical expedients upon adoption:

Practical Expedient	Description
Overall Expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to reassess whether any expired or existing contracts are/or contain leases, do not need to reassess the lease classification for any expired or existing leases and do not need to reassess initial direct costs for any existing leases.
Lease and Non-lease Components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component.
Short-term Lease (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases.
Existing and expired land easements not previously accounted for as leases	Elect optional transition practical expedient to not evaluate under Topic 842 existing or expired land easements that were not previously accounted for as leases under the current leases guidance in Topic 840.
Cumulative-effect adjustment in the period of adoption	Elect the optional transition practical expedient to adopt the new lease requirements through a cumulative-effect adjustment on the balance sheet in the period of adoption.

Management concluded that the result of adoption would not materially change the volume of contracts that qualify as leases going forward. The adoption of the new standard did not materially impact results of operations or cash flows, but did have a material impact on the balance sheets. See Note 11 - Leases for additional disclosures required by the new standard.

ASU 2016-13 "Measurement of Credit Losses on Financial Instruments" (ASU 2016-13)

In June 2016, the FASB issued ASU 2016-13 requiring the recognition of an allowance for expected credit losses for financial instruments within its scope. Examples of financial instruments that are in scope include trade receivables, certain financial guarantees, and held-to-maturity debt securities. The allowance for expected credit losses should be based on historical information, current conditions and reasonable and supportable forecasts. Entities are required to evaluate, and if necessary, recognize expected credit losses at the inception or initial acquisition of a financial instrument (or pool of financial instruments that share similar risk characteristics) subject to ASU 2016-13, and subsequently as of each reporting date. The new standard also revises the other-than-temporary impairment model for available-for-sale debt securities.

Management adopted ASU 2016-13 and its related implementation guidance effective January 1, 2020, by means of a cumulative-effect adjustment to the balance sheet. The adoption of the new standard did not have a material impact to financial position, and had no impact on the results of operations or cash flows. Additionally, the adoption of the new standard did not result in any changes to current accounting systems.

Implementation activities included: (1) the identification and evaluation of the population of financial instruments within the AEP system that are subject to the new standard and, (2) the development of supporting valuation models to also contemplate appropriate metrics for current and supportable forecasted information. As required by ASU 2016-13, the financial instruments subject to the new standard were evaluated on a pool-basis to the extent such financial instruments shared similar risk characteristics.

Management continues to develop disclosures to comply with the requirements of ASU 2016-13 that are required in the first quarter of 2020. Management will continue to monitor for any potential industry implementation issues.

3. COMPREHENSIVE INCOME

Presentation of Comprehensive Income

The following tables provide the components of changes in AOCI and details of reclassifications from AOCI for the years ended December 31, 2019 and 2018. The amortization of pension and OPEB AOCI components are included in the computation of net periodic pension and OPEB costs. See Note 7 - Benefit Plans for additional details.

	Pension and OPEB		
For the Year Ended December 31, 2019	**Amortization of Deferred Costs**	**Changes in Funded Status**	**Total**
		(in thousands)	
Balance in AOCI as of December 31, 2018	$ 3,171	$ (3,383)	$ (212)
Change in Fair Value Recognized in AOCI	—	1,039	1,039
Amount of (Gain) Loss Reclassified from AOCI			
Amortization of Prior Service Cost (Credit)	(223)	—	(223)
Amortization of Actuarial (Gains) Losses	176	—	176
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(47)	—	(47)
Income Tax (Expense) Benefit	(10)	—	(10)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(37)	—	(37)
Net Current Period Other Comprehensive Income (Loss)	(37)	1,039	1,002
Balance in AOCI as of December 31, 2019	$ 3,134	$ (2,344)	$ 790

	Pension and OPEB		
For the Year Ended December 31, 2018	**Amortization of Deferred Costs**	**Changes in Funded Status**	**Total**
		(in thousands)	
Balance in AOCI as of December 31, 2017	$ 3,260	$ (2,998)	$ 262
Change in Fair Value Recognized in AOCI	—	(441)	(441)
Amount of (Gain) Loss Reclassified from AOCI			
Amortization of Prior Service Cost (Credit)	(224)	—	(224)
Amortization of Actuarial (Gains) Losses	111	—	111
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(113)	—	(113)
Income Tax (Expense) Benefit	(24)	—	(24)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(89)	—	(89)
Net Current Period Other Comprehensive Income (Loss)	(89)	(441)	(530)
ASU 2018-02 Adoption	—	56	56
Balance in AOCI as of December 31, 2018	$ 3,171	$ (3,383)	$ (212)

4. RATE MATTERS

KPCo is involved in rate and regulatory proceedings at the FERC and the KPSC. Rate matters can have a material impact on net income, cash flows and possibly financial condition. KPCo's recent significant rate orders and pending rate filings are addressed in this note.

FERC Transmission Complaint - AEP's PJM Participants

In 2016, seven parties filed a complaint at the FERC that alleged the base return on common equity used by AEP's transmission owning subsidiaries within PJM, including KPCo, in calculating formula transmission rates under the PJM OATT is excessive and should be reduced from 10.99% to 8.32%, effective upon the date of the complaint. In March 2018, AEP's transmission owning subsidiaries within PJM and six of the complainants filed a settlement agreement with the FERC (the seventh complainant abstained). The settlement agreement: (a) established a base ROE for AEP's transmission owning subsidiaries within PJM of 9.85% (10.35% inclusive of the RTO incentive adder of 0.5%), effective January 1, 2018, (b) required AEP's transmission owning subsidiaries within PJM to provide a onetime refund of $50 million, attributable from the date of the complaint through December 31, 2017, which was credited to customer bills in the second quarter of 2018 and (c) increased the cap on the equity portion of the capital structure to 55% from 50%. As part of the settlement agreement, AEP's transmission owning subsidiaries within PJM, including KPCo, also filed updated transmission formula rates incorporating the reduction in the corporate federal income tax rate due to Tax Reform, effective January 1, 2018 and providing for the amortization of the portion of the Excess ADIT that is not subject to rate normalization requirements over a ten-year period through credits to the federal income tax expense component of the revenue requirement. In May 2019, the FERC approved the settlement agreement.

5. EFFECTS OF REGULATION

Regulatory Assets and Liabilities

Regulatory assets and liabilities are comprised of the following items:

Regulatory Assets:	**December 31, 2019**	**December 31, 2018**	**Remaining Recovery Period**
	(in thousands)		
Current Regulatory Assets			
Under-recovered Fuel Costs - does not earn a return	$ —	$ 2,379	
Total Current Regulatory Assets	$ —	$ 2,379	
Noncurrent Regulatory Assets			
Regulatory assets pending final regulatory approval:			
Regulatory Assets Currently Earning a Return			
Kentucky Deferred Purchased Power Expenses	$ 30,165	$ 14,477	
Total Regulatory Assets Currently Earning a Return	30,165	14,477	
Regulatory Assets Currently Not Earning a Return			
Other Regulatory Assets Pending Final Regulatory Approval	1,333	1,148	
Total Regulatory Assets Currently Not Earning a Return	1,333	1,148	
Total Regulatory Assets Pending Final Regulatory Approval	31,498	15,625	
Regulatory assets approved for recovery:			
Regulatory Assets Currently Earning a Return			
Plant Retirement Costs	207,221	210,123	21 years
Plant Retirement Costs - Asset Retirement Obligation Costs	87,359	64,332	21 years
Plant Retirement Costs - Materials and Supplies	3,016	3,016	21 years
Other Regulatory Assets Approved for Recovery	1,105	1,049	various
Total Regulatory Assets Currently Earning a Return	298,701	278,520	
Regulatory Assets Currently Not Earning a Return			
Pension and OPEB Funded Status	43,732	46,613	11 years
Plant Retirement Costs - Asset Retirement Obligation Costs	28,715	28,707	21 years
Storm Related Costs	6,300	8,366	4 years
Environmental Costs	4,348	4,644	2 years
Postemployment Benefits	3,169	2,809	4 years
Other Regulatory Assets Approved for Recovery	5,158	6,461	various
Total Regulatory Assets Currently Not Earning a Return	91,422	97,600	
Total Regulatory Assets Approved for Recovery	390,123	376,120	
Total Noncurrent Regulatory Assets	$ 421,621	$ 391,745	

Regulatory Liabilities:	December 31, 2019	December 31, 2018	Remaining Refund Period
	(in thousands)		
Current Regulatory Liability			
Over-recovered Fuel Costs - does not pay a return	$ 223	$ —	1 year
Total Current Regulatory Liabilities	$ 223	$ —	
Noncurrent Regulatory Liabilities and Deferred Investment Tax Credits			
Regulatory liabilities pending final regulatory determination:			
Income Tax Related Regulatory Liabilities (a)			
Excess ADIT Associated with Certain Depreciable Property	$ —	$ 1,465	
Total Regulatory Liabilities Pending Final Regulatory Determination	—	1,465	
Regulatory liabilities approved for payment:			
Regulatory Liabilities Currently Paying a Return			
Asset Removal Costs	22,646	10,265	(b)
Total Regulatory Liabilities Currently Paying a Return	22,646	10,265	
Regulatory Liabilities Currently Not Paying a Return			
PJM Transmission Enhancement Refund	3,149	7,615	6 years
Purchased Power Adjustment Rider	1,190	3,864	2 years
Unrealized Gain on Forward Commitments	2	4,085	5 years
Other Regulatory Liabilities Approved for Payment	1,306	2,280	various
Total Regulatory Liabilities Currently Not Paying a Return	5,647	17,844	
Income Tax Related Regulatory Liabilities (a)			
Excess ADIT Associated with Certain Depreciable Property	131,393	134,360	(c)
Excess ADIT that is Not Subject to Rate Normalization Requirements	124,847	135,911	17 years
Income Taxes Subject to Flow Through	(148,847)	(144,163)	20 years
Total Income Tax Related Regulatory Liabilities	107,393	126,108	
Total Regulatory Liabilities Approved for Payment	135,686	154,217	
Total Noncurrent Regulatory Liabilities and Deferred Investment Tax Credits	$ 135,686	$ 155,682	

(a) This balance primarily represents regulatory liabilities for excess accumulated deferred income taxes (Excess ADIT) as a result of the reduction in the corporate federal income tax rate from 35% to 21% related to the enactment of Tax Reform. The regulatory liability balance predominately pays a return due to the inclusion of Excess ADIT in rate base.

(b) Relieved as removal costs are incurred.

(c) Refunded using Average Rate Assumption Method.

6. COMMITMENTS, GUARANTEES AND CONTINGENCIES

KPCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, KPCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation against KPCo cannot be predicted. Management accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, management discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements.

COMMITMENTS

KPCo has substantial commitments to support its business. KPCo purchases fuel, energy and capacity contracts as part of its normal course of business. Certain contracts contain penalty provisions for early termination.

In accordance with the accounting guidance for "Commitments", the following table summarizes KPCo's actual contractual commitments as of December 31, 2019:

Contractual Commitments	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years	Total
			(in thousands)		
Fuel Purchase Contracts (a)	$ 117,059	$ 143,857	$ 13,666	$ 43,843	$ 318,425
Energy and Capacity Purchase Contracts	52,524	120,879	—	—	173,403
Total	$ 169,583	$ 264,736	$ 13,666	$ 43,843	$ 491,828

(a) Represents contractual commitments to purchase coal, natural gas and other consumables as fuel for electric generation along with related transportation of the fuel.

GUARANTEES

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

Indemnifications and Other Guarantees

Contracts

KPCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, sale agreements, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. With respect to sale agreements, exposure generally does not exceed the sale price. As of December 31, 2019, there were no material liabilities recorded for any indemnifications.

AEPSC conducts power purchase and sale activity on behalf of APCo, I&M, KPCo and WPCo, who are jointly and severally liable for activity conducted on their behalf.

Lease Obligations

KPCo leases certain equipment under master lease agreements. See "Master Lease Agreements" section of Note 11 for additional information.

CONTINGENCIES

Insurance and Potential Losses

KPCo maintains insurance coverage normal and customary for an electric utility, subject to various deductibles. KPCo also maintains property and casualty insurance that may cover certain physical damage or third-party injuries caused by cyber security incidents. Insurance coverage includes all risks of physical loss or damage to assets, subject to insurance policy conditions and exclusions. Covered property generally includes power plants, substations, facilities and inventories. Excluded property generally includes transmission and distribution lines, poles and towers. The insurance programs also generally provide coverage against loss arising from certain claims made by third-parties and are in excess of KPCo's retentions. Coverage is generally provided by a combination of the protected cell of EIS and/or various industry mutual and/or commercial insurance carriers.

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities, including, but not limited to, liabilities relating to a cyber security incident. Future losses or liabilities, if they occur, which are not completely insured, unless recovered from customers, could reduce future net income and cash flows and impact financial condition.

The Comprehensive Environmental Response Compensation and Liability Act (Superfund) and State Remediation

By-products from the generation of electricity include materials such as ash, slag and sludge. Coal combustion by-products, which constitute the overwhelming percentage of these materials, are typically treated and deposited in captive disposal facilities or are beneficially utilized. In addition, the generation plants and transmission and distribution facilities have used asbestos, polychlorinated biphenyls and other hazardous and non-hazardous materials. KPCo currently incurs costs to dispose of these substances safely.

Superfund addresses clean-up of hazardous substances that are released to the environment. The Federal EPA administers the clean-up programs. Several states enacted similar laws. As of December 31, 2019, there is one site for which KPCo has received an information request which could lead to a Potentially Responsible Party designation. In the instance where KPCo has been named a defendant, disposal or recycling activities were in accordance with the then-applicable laws and regulations. Superfund does not recognize compliance as a defense, but imposes strict liability on parties who fall within its broad statutory categories. Liability has been resolved for a number of sites with no significant effect on net income.

Management evaluates the potential liability for each site separately, but several general statements can be made about potential future liability. Allegations that materials were disposed at a particular site are often unsubstantiated and the quantity of materials deposited at a site can be small and often non-hazardous. Although Superfund liability has been interpreted by the courts as joint and several, typically many parties are named for each site and several of the parties are financially sound enterprises. As of December 31, 2019, management's estimates do not anticipate material clean-up costs for the identified site.

Claims Challenging Transition of American Electric Power System Retirement Plan to Cash Balance Formula

The American Electric Power System Retirement Plan (the Plan) has received a letter written on behalf of four participants (the Claimants) making a claim for additional plan benefits and purporting to advance such claims on behalf of a class. When the Plan's benefit formula was changed in the year 2000, AEP provided a special provision for employees hired before January 1, 2001, allowing them to continue benefit accruals under the then benefit formula for a full 10 years alongside of the new cash balance benefit formula then being implemented. Employees who were hired on or after January 1, 2001 accrued benefits only under the new cash balance benefit formula. The Claimants have asserted claims that (a) the Plan violates the requirements under the Employee Retirement Income Security Act (ERISA) intended to preclude back-loading the accrual of benefits to the end of a participant's career; (b) the Plan violates the age discrimination prohibitions of ERISA and the Age Discrimination in Employment Act (ADEA); and (c) the company failed to provide required notice regarding the changes to the Plan. AEP has responded to the Claimants providing a reasoned explanation for why each of their claims have been denied, and offering an opportunity to appeal those determinations. Management will continue to defend against the claims. Management is unable to determine a range of potential losses that are reasonably possible of occurring.

7. BENEFIT PLANS

For a discussion of investment strategy, investment limitations, target asset allocations and the classification of investments within the fair value hierarchy, see "Fair Value Measurements of Assets and Liabilities" and "Investments Held in Trust for Future Liabilities" sections of Note 1.

KPCo participates in an AEP sponsored qualified pension plan and two unfunded nonqualified pension plans. Substantially all of KPCo's employees are covered by the qualified plan or both the qualified and nonqualified pension plans. KPCo also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees.

KPCo recognizes its funded status associated with defined benefit pension and OPEB plans on its balance sheets. Disclosures about the plans are required by the "Compensation - Retirement Benefits" accounting guidance. KPCo recognizes an asset for a plan's overfunded status or a liability for a plan's underfunded status and recognizes, as a component of other comprehensive income, the changes in the funded status of the plan that arise during the year that are not recognized as a component of net periodic benefit cost. KPCo records a regulatory asset instead of other comprehensive income for qualifying benefit costs of regulated operations that for ratemaking purposes are deferred for future recovery. The cumulative funded status adjustment is equal to the remaining unrecognized deferrals for unamortized actuarial losses or gains, prior service costs and transition obligations, such that remaining deferred costs result in an AOCI equity reduction or regulatory asset and deferred gains result in an AOCI equity addition or regulatory liability.

Actuarial Assumptions for Benefit Obligations

The weighted-average assumptions used in the measurement of benefit obligations are shown in the following table:

	Pension Plans		OPEB	
	December 31,			
Assumptions	**2019**	**2018**	**2019**	**2018**
Discount Rate	3.25%	4.30%	3.30%	4.30%
Interest Crediting Rate	4.00%	4.00%	NA	NA
Rate of Compensation Increase	4.70% (a)	4.50% (a)	NA	NA

(a) Rates are for base pay only. In addition, an amount is added to reflect target incentive compensation for exempt employees and overtime and incentive pay for nonexempt employees.
NA Not applicable.

A duration-based method is used to determine the discount rate for the plans. A hypothetical portfolio of high quality corporate bonds is constructed with cash flows matching the benefit plan liability. The composite yield on the hypothetical bond portfolio is used as the discount rate for the plan.

For 2019, the rate of compensation increase assumed varies with the age of the employee, ranging from 3% per year to 11.5% per year, with an average increase of 4.7%.

Actuarial Assumptions for Net Periodic Benefit Costs

The weighted-average assumptions used in the measurement of benefit costs are shown in the following table:

	Pension Plans		OPEB	
	Year Ended December 31,			
Assumptions	**2019**	**2018**	**2019**	**2018**
Discount Rate	4.30%	3.65%	4.30%	3.60%
Interest Crediting Rate	4.00%	4.00%	NA	NA
Expected Return on Plan Assets	6.25%	6.00%	6.25%	6.00%
Rate of Compensation Increase	4.60% (a)	4.50% (a)	NA	NA

(a) Rates are for base pay only. In addition, an amount is added to reflect target incentive compensation for exempt employees and overtime and incentive pay for nonexempt employees.

NA Not applicable.

The expected return on plan assets was determined by evaluating historical returns, the current investment climate (yield on fixed income securities and other recent investment market indicators), rate of inflation, third party forecasts and current prospects for economic growth.

The health care trend rate assumptions used for OPEB plans measurement purposes are shown below:

	December 31,	
Health Care Trend Rates	**2019**	**2018**
Initial	6.00%	6.25%
Ultimate	4.50%	5.00%
Year Ultimate Reached	2026	2024

Significant Concentrations of Risk within Plan Assets

In addition to establishing the target asset allocation of plan assets, the investment policy also places restrictions on securities to limit significant concentrations within plan assets. The investment policy establishes guidelines that govern maximum market exposure, security restrictions, prohibited asset classes, prohibited types of transactions, minimum credit quality, average portfolio credit quality, portfolio duration and concentration limits. The guidelines were established to mitigate the risk of loss due to significant concentrations in any investment. The plans are monitored to control security diversification and ensure compliance with the investment policy. As of December 31, 2019, the assets were invested in compliance with all investment limits. See “Investments Held in Trust for Future Liabilities” section of Note 1 for limit details.

Benefit Plan Obligations, Plan Assets and Funded Status

For the year ended December 31, 2019, the pension plans had an actuarial loss due to a decrease in the discount rate, partially offset by updates to the mortality table. For the year ended December 31, 2019, the OPEB plans had an actuarial loss due to a decrease in the discount rate and an update to the persistency assumption, partially offset by an update to the projected per capita cost assumption as well as savings resulting from legislation signed in December 2019 which eliminated two Affordable Care Act taxes. For the year ended December 31, 2018, the pension and OPEB plans had an actuarial gain due to an increase in the discount rate as well as updated estimates for future medical expenses in the OPEB plans.

	Pension Plans		OPEB	
	2019	2018	2019	2018
Change in Benefit Obligation	(in thousands)			
Benefit Obligation as of January 1,	$ 173,375	$ 185,395	$ 43,743	$ 48,362
Service Cost	2,844	2,812	261	328
Interest Cost	7,292	6,745	1,856	1,726
Actuarial (Gain) Loss	16,574	(10,039)	3,336	(2,885)
Plan Amendments	—	—	(442)	—
Benefit Payments	(12,000)	(11,538)	(4,619)	(5,184)
Participant Contributions	—	—	1,403	1,381
Medicare Subsidy	—	—	12	15
Benefit Obligation as of December 31,	$ 188,085	$ 173,375	$ 45,550	$ 43,743
Change in Fair Value of Plan Assets				
Fair Value of Plan Assets as of January 1,	$ 173,637	$ 188,876	$ 59,238	$ 66,524
Actual Gain (Loss) on Plan Assets	24,770	(3,701)	12,949	(3,484)
Company Contributions	—	—	1	1
Participant Contributions	—	—	1,403	1,381
Benefit Payments	(12,000)	(11,538)	(4,619)	(5,184)
Fair Value of Plan Assets as of December 31,	$ 186,407	$ 173,637	$ 68,972	$ 59,238
Funded (Underfunded) Status as of December 31,	$ (1,678)	$ 262	$ 23,422	$ 15,495

Amounts Recognized on the Balance Sheets

	Pension Plans		OPEB	
	December 31,			
	2019	2018	2019	2018
	(in thousands)			
Employee Benefits and Pension Assets – Prepaid Benefit Costs	$ —	$ 324	$ 23,422	$ 15,495
Other Current Liabilities – Accrued Short-term Benefit Liability	(1)	(1)	—	—
Employee Benefits and Pension Obligations – Accrued Long-term Benefit Liability	(1,677)	(61)	—	—
Funded (Underfunded) Status	$ (1,678)	$ 262	$ 23,422	$ 15,495

Amounts Included in Regulatory Assets, Deferred Income Taxes and AOCI

The following table shows the components of the plans included in Regulatory Assets, Deferred Income Taxes and AOCI:

	Pension Plans		OPEB	
	December 31,			
	2019	2018	2019	2018
Components	(in thousands)			
Net Actuarial Loss	$ 47,010	$ 46,316	$ 5,983	$ 12,949
Prior Service Credit	—	—	(10,261)	(12,384)
Recorded as				
Regulatory Assets	$ 45,839	$ 44,992	$ (2,107)	$ 1,621
Deferred Income Taxes	246	278	(456)	(222)
Net of Tax AOCI	925	1,046	(1,715)	(834)

Components of the change in amounts included in Regulatory Assets, Deferred Income Taxes and AOCI were as follows:

	Pension Plans		OPEB	
	2019	2018	2019	2018
Components	(in thousands)			
Actuarial (Gain) Loss During the Year	$ 2,714	$ 4,268	$ (6,113)	$ 4,541
Amortization of Actuarial Loss	(2,020)	(3,019)	(853)	(362)
Prior Service Credit	—	—	(302)	—
Amortization of Prior Service Cost (Credit)	—	(1)	2,425	2,424
Change for the Year Ended December 31,	$ 694	$ 1,248	$ (4,843)	$ 6,603

Determination of Pension Expense

The determination of pension expense or income is based on a market-related valuation of assets which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return.

Pension and OPEB Assets

The fair value tables within Pension and OPEB Assets present the classification of assets for AEP within the fair value hierarchy. All Level 1, 2, 3 and Other amounts can be allocated to KPCo using the percentages below:

Pension Plan		OPEB	
December 31,			
2019	2018	2019	2018
3.7%	3.7%	3.9%	3.9%

The following table presents the classification of pension plan assets for AEP within the fair value hierarchy as of December 31, 2019:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities (a):						
Domestic	$ 387.8	$ —	$ —	$ —	$ 387.8	7.8 %
International	609.1	—	—	—	609.1	12.1 %
Common Collective Trusts (c)	—	—	—	547.3	547.3	10.9 %
Subtotal – Equities	996.9	—	—	547.3	1,544.2	30.8 %
Fixed Income (a):						
United States Government and Agency Securities	(5.8)	1,248.6	—	—	1,242.8	24.8 %
Corporate Debt	—	1,143.7	—	—	1,143.7	22.8 %
Foreign Debt	—	211.6	—	—	211.6	4.2 %
State and Local Government	—	55.1	—	—	55.1	1.1 %
Other – Asset Backed	—	3.6	—	—	3.6	0.1 %
Subtotal – Fixed Income	(5.8)	2,662.6	—	—	2,656.8	53.0 %
Infrastructure (c)	—	—	—	85.8	85.8	1.7 %
Real Estate (c)	—	—	—	239.4	239.4	4.8 %
Alternative Investments (c)	—	—	—	448.3	448.3	8.9 %
Cash and Cash Equivalents (c)	—	24.4	—	37.2	61.6	1.2 %
Other – Pending Transactions and Accrued Income (b)	—	—	—	(20.7)	(20.7)	(0.4)%
Total	$ 991.1	$ 2,687.0	$ —	$ 1,337.3	$ 5,015.4	100.0 %

(a) Includes investment securities loaned to borrowers under the securities lending program. See the "Investments Held in Trust for Future Liabilities" section of Note 1 for additional information.
(b) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(c) Amounts in "Other" column represent investments for which fair value is measured using net asset value per share.

The following table presents the classification of OPEB plan assets for AEP within the fair value hierarchy as of December 31, 2019:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities:						
Domestic	$ 312.2	$ —	$ —	$ —	$ 312.2	17.5%
International	251.5	—	—	—	251.5	14.1%
Common Collective Trusts (b)	—	—	—	260.8	260.8	14.7%
Subtotal – Equities	563.7	—	—	260.8	824.5	46.3%
Fixed Income:						
Common Collective Trust Debt (b)	—	—	—	177.6	177.6	10.0%
United States Government and Agency Securities	(0.1)	214.4	—	—	214.3	12.0%
Corporate Debt	—	206.7	—	—	206.7	11.6%
Foreign Debt	—	35.5	—	—	35.5	2.0%
State and Local Government	58.8	14.8	—	—	73.6	4.1%
Other – Asset Backed	—	0.2	—	—	0.2	—%
Subtotal – Fixed Income	58.7	471.6	—	177.6	707.9	39.7%
Trust Owned Life Insurance:						
International Equities	—	60.2	—	—	60.2	3.4%
United States Bonds	—	151.6	—	—	151.6	8.5%
Subtotal – Trust Owned Life Insurance	—	211.8	—	—	211.8	11.9%
Cash and Cash Equivalents (b)	26.7	—	—	6.7	33.4	1.9%
Other – Pending Transactions and Accrued Income (a)	—	—	—	4.2	4.2	0.2%
Total	$ 649.1	$ 683.4	$ —	$ 449.3	$ 1,781.8	100.0%

(a) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(b) Amounts in "Other" column represent investments for which fair value is measured using net asset value per share.

The following table presents the classification of pension plan assets for AEP within the fair value hierarchy as of December 31, 2018:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities (a):						
Domestic	$ 277.3	$ —	$ —	$ —	$ 277.3	5.9%
International	384.1	—	—	—	384.1	8.2%
Options	—	18.3	—	—	18.3	0.4%
Common Collective Trusts (c)	—	—	—	370.1	370.1	7.9%
Subtotal – Equities	661.4	18.3	—	370.1	1,049.8	22.4%
Fixed Income (a):						
United States Government and Agency Securities	0.2	1,512.5	—	—	1,512.7	32.2%
Corporate Debt	—	1,082.9	—	—	1,082.9	23.0%
Foreign Debt	—	221.6	—	—	221.6	4.7%
State and Local Government	—	28.2	—	—	28.2	0.6%
Other – Asset Backed	—	7.4	—	—	7.4	0.2%
Subtotal – Fixed Income	0.2	2,852.6	—	—	2,852.8	60.7%
Infrastructure (c)	—	—	—	72.2	72.2	1.5%
Real Estate (c)	—	—	—	220.4	220.4	4.7%
Alternative Investments (c)	—	—	—	444.6	444.6	9.5%
Cash and Cash Equivalents (c)	(0.4)	36.3	—	11.9	47.8	1.0%
Other – Pending Transactions and Accrued Income (b)	—	—	—	8.3	8.3	0.2%
Total	$ 661.2	$ 2,907.2	$ —	$ 1,127.5	$ 4,695.9	100.0%

(a) Includes investment securities loaned to borrowers under the securities lending program. See the "Investments Held in Trust for Future Liabilities" section of Note 1 for additional information.
(b) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(c) Amounts in "Other" column represent investments for which fair value is measured using net asset value per share.

The following table presents the classification of OPEB plan assets for AEP within the fair value hierarchy as of December 31, 2018:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
			(in millions)			
Equities:						
Domestic	$ 233.3	$ —	$ —	$ —	$ 233.3	15.2 %
International	185.9	—	—	—	185.9	12.1 %
Options	—	4.3	—	—	4.3	0.3 %
Common Collective Trusts (b)	—	—	—	226.2	226.2	14.7 %
Subtotal – Equities	419.2	4.3	—	226.2	649.7	42.3 %
Fixed Income:						
Common Collective Trust – Debt (b)	—	—	—	163.6	163.6	10.7 %
United States Government and Agency Securities	0.2	181.5	—	—	181.7	11.8 %
Corporate Debt	—	188.6	—	—	188.6	12.3 %
Foreign Debt	—	35.0	—	—	35.0	2.3 %
State and Local Government	41.8	11.8	—	—	53.6	3.5 %
Other – Asset Backed	—	0.2	—	—	0.2	— %
Subtotal – Fixed Income	42.0	417.1	—	163.6	622.7	40.6 %
Trust Owned Life Insurance:						
International Equities	—	49.4	—	—	49.4	3.2 %
United States Bonds	—	154.4	—	—	154.4	10.1 %
Subtotal – Trust Owned Life Insurance	—	203.8	—	—	203.8	13.3 %
Cash and Cash Equivalents (b)	54.4	—	—	4.8	59.2	3.9 %
Other – Pending Transactions and Accrued Income (a)	—	—	—	(1.2)	(1.2)	(0.1)%
Total	$ 515.6	$ 625.2	$ —	$ 393.4	$ 1,534.2	100.0 %

(a) Amounts in “Other” column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(b) Amounts in “Other” column represent investments for which fair value is measured using net asset value per share.

Accumulated Benefit Obligation

The accumulated benefit obligation for the pension plans is as follows:

	December 31, 2019	December 31, 2018
	(in thousands)	
Qualified Pension Plan	$ 182,529	$ 167,534
Nonqualified Pension Plan	12	12
Total Accumulated Benefit Obligation	$ 182,541	$ 167,546

Obligations in Excess of Fair Values

The tables below show the underfunded pension plans that had obligations in excess of plan assets.

Projected Benefit Obligation

	Underfunded Pension Plans December 31,	
	2019	2018
	(in thousands)	
Projected Benefit Obligation	$ 188,085	$ 62
Fair Value of Plan Assets	186,407	—
Underfunded Projected Benefit Obligation	$ (1,678)	$ (62)

Accumulated Benefit Obligation

	Underfunded Pension Plans December 31,	
	2019	2018
	(in thousands)	
Accumulated Benefit Obligation	$ 12	$ 12
Fair Value of Plan Assets	—	—
Underfunded Accumulated Benefit Obligation	$ (12)	$ (12)

Estimated Future Benefit Payments and Contributions

KPCo expects contributions and payments for the OPEB plans of $1 thousand and $48 thousand, respectively, during 2020. The estimated contributions to the pension trust are at least the minimum amount required by the Employee Retirement Income Security Act and additional discretionary contributions may also be made to maintain the funded status of the plan.

The table below reflects the total benefits expected to be paid from the plan or from KPCo's assets. The payments include the participants' contributions to the plan for their share of the cost. Future benefit payments are dependent on the number of employees retiring, whether the retiring employees elect to receive pension benefits as annuities or as lump sum distributions, future integration of the benefit plans with changes to Medicare and other legislation, future levels of interest rates and variances in actuarial results. The estimated payments for pension benefits and OPEB are as follows:

	Estimated Payments	
	Pension Plans	OPEB
	(in thousands)	
2020	$ 12,529	$ 5,055
2021	12,596	4,965
2022	12,665	4,975
2023	12,707	4,854
2024	12,920	4,798
Years 2025 to 2029, in Total	63,732	22,499

Components of Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost (credit):

	Pension Plans		OPEB	
	Years Ended December 31,			
	2019	2018	2019	2018
	(in thousands)			
Service Cost	$ 2,844	$ 2,812	$ 261	$ 328
Interest Cost	7,292	6,745	1,856	1,726
Expected Return on Plan Assets	(10,910)	(10,605)	(3,639)	(3,944)
Amortization of Prior Service Cost (Credit)	—	1	(2,425)	(2,424)
Amortization of Net Actuarial Loss	2,020	3,019	853	362
Net Periodic Benefit Cost (Credit)	1,246	1,972	(3,094)	(3,952)
Capitalized Portion	(1,195)	(1,069)	(110)	(125)
Net Periodic Benefit Cost (Credit) Recognized in Expense	$ 51	$ 903	$ (3,204)	$ (4,077)

American Electric Power System Retirement Savings Plan

KPCo participates in an AEP sponsored defined contribution retirement savings plan, the American Electric Power System Retirement Savings Plan, for substantially all employees. This qualified plan offers participants an opportunity to contribute a portion of their pay, includes features under Section 401(k) of the Internal Revenue Code and provides for matching contributions. The matching contributions to the plan are 100% of the first 1% of eligible employee contributions and 70% of the next 5% of contributions. The cost for matching contributions totaled $2.2 million in 2019 and $2.3 million in 2018.

8. DERIVATIVES AND HEDGING

OBJECTIVES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS

AEPSC is agent for and transacts on behalf of KPCo.

KPCo is exposed to certain market risks as a major power producer and participant in the electricity, natural gas, coal and emission allowance markets. These risks include commodity price risk, interest rate risk and credit risk. These risks represent the risk of loss that may impact KPCo due to changes in the underlying market prices or rates. Management utilizes derivative instruments to manage these risks.

STRATEGIES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS TO ACHIEVE OBJECTIVES

Risk Management Strategies

The strategy surrounding the use of derivative instruments primarily focuses on managing risk exposures, future cash flows and creating value utilizing both economic and formal hedging strategies. The risk management strategies also include the use of derivative instruments for trading purposes which focus on seizing market opportunities to create value driven by expected changes in the market prices of the commodities. To accomplish these objectives, KPCo primarily employs risk management contracts including physical and financial forward purchase-and-sale contracts and, to a lesser extent, OTC swaps and options. Not all risk management contracts meet the definition of a derivative under the accounting guidance for "Derivatives and Hedging." Derivative risk management contracts elected normal under the normal purchases and normal sales scope exception are not subject to the requirements of this accounting guidance.

KPCo utilizes power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other commodity contracts to manage the risk associated with the energy business. KPCo utilizes interest rate derivative contracts in order to manage the interest rate exposure associated with its commodity portfolio. For disclosure purposes, such risks are grouped as "Commodity," as these risks are related to energy risk management activities. KPCo may also utilize derivative contracts to manage interest rate risk associated with debt financing. For disclosure purposes, these risks are grouped as "Interest Rate." The amount of risk taken is determined by the Commercial Operations and Finance groups in accordance with the established risk management policies as approved by the Finance Committee of the Board of Directors.

The following table represents the gross notional volume of KPCo's outstanding derivative contracts:

Notional Volume of Derivative Instruments

Primary Risk Exposure	Volume December 31, 2019	Volume December 31, 2018	Unit of Measure
	(in thousands)		
Commodity:			
Power	11,383	12,140	MWhs
Natural Gas	—	698	MMBtus
Heating Oil and Gasoline	273	329	Gallons

Cash Flow Hedging Strategies

KPCo utilizes cash flow hedges on certain derivative transactions for the purchase-and-sale of power ("Commodity") in order to manage the variable price risk related to forecasted purchases and sales. Management monitors the potential impacts of commodity price changes and, where appropriate, enters into derivative transactions to protect profit margins for a portion of future electricity sales and purchases. KPCo does not hedge all commodity price risk.

KPCo may utilize a variety of interest rate derivative transactions in order to manage interest rate risk exposure. KPCo may also utilize interest rate derivative contracts to manage interest rate exposure related to future borrowings of fixed-rate debt. KPCo does not hedge all interest rate exposure.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND THE IMPACT ON KPCo's FINANCIAL STATEMENTS

The accounting guidance for "Derivatives and Hedging" requires recognition of all qualifying derivative instruments as either assets or liabilities on the balance sheets at fair value. The fair values of derivative instruments accounted for using MTM accounting or hedge accounting are based on exchange prices and broker quotes. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes, supply and demand market data and assumptions. In order to determine the relevant fair values of the derivative instruments, KPCo applies valuation adjustments for discounting, liquidity and credit quality.

Credit risk is the risk that a counterparty will fail to perform on the contract or fail to pay amounts due. Liquidity risk represents the risk that imperfections in the market will cause the price to vary from estimated fair value based upon prevailing market supply and demand conditions. Since energy markets are imperfect and volatile, there are inherent risks related to the underlying assumptions in models used to fair value risk management contracts. Unforeseen events may cause reasonable price curves to differ from actual price curves throughout a contract's term and at the time a contract settles. Consequently, there could be significant adverse or favorable effects on future net income and cash flows if market prices are not consistent with management's estimates of current market consensus for forward prices in the current period. This is particularly true for longer term contracts. Cash flows may vary based on market conditions, margin requirements and the timing of settlement of risk management contracts.

According to the accounting guidance for "Derivatives and Hedging," KPCo reflects the fair values of derivative instruments subject to netting agreements with the same counterparty net of related cash collateral. For certain risk management contracts, KPCo is required to post or receive cash collateral based on third party contractual agreements and risk profiles. For the December 31, 2019 and 2018 balance sheets, KPCo netted $129 thousand and $227 thousand, respectively, of cash collateral received from third parties against short-term and long-term risk management assets and $150 thousand and $117 thousand, respectively, of cash collateral paid to third parties against short-term and long-term risk management liabilities.

The following tables represent the gross fair value of KPCo's derivative activity on the balance sheets:

Fair Value of Derivative Instruments
December 31, 2019

Balance Sheet Location	Risk Management Contracts – Commodity (a)	Gross Amounts Offset in the Statement of Financial Position (b)	Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)
		(in thousands)	
Current Risk Management Assets	$ 21,653	$ (14,775)	$ 6,878
Long-term Risk Management Assets	160	(135)	25
Total Assets	21,813	(14,910)	6,903
Current Risk Management Liabilities	16,285	(14,805)	1,480
Long-term Risk Management Liabilities	128	(127)	1
Total Liabilities	16,413	(14,932)	1,481
Total MTM Derivative Net Assets	$ 5,400	$ 22	$ 5,422

Fair Value of Derivative Instruments
December 31, 2018

Balance Sheet Location	Risk Management Contracts – Commodity (a)	Gross Amounts Offset in the Statement of Financial Position (b)	Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)
		(in thousands)	
Current Risk Management Assets	$ 15,430	$ (9,708)	$ 5,722
Long-term Risk Management Assets	546	(387)	159
Total Assets	15,976	(10,095)	5,881
Current Risk Management Liabilities	9,694	(9,599)	95
Long-term Risk Management Liabilities	430	(386)	44
Total Liabilities	10,124	(9,985)	139
Total MTM Derivative Contract Net Assets (Liabilities)	$ 5,852	$ (110)	$ 5,742

(a) Derivative instruments within this category are reported gross. These instruments are subject to master netting agreements and are presented on the balance sheets on a net basis in accordance with the accounting guidance for "Derivatives and Hedging."

(b) Amounts include counterparty netting of risk management and hedging contracts and associated cash collateral in accordance with the accounting guidance for "Derivatives and Hedging."

(c) All derivative contracts subject to a master netting arrangement or similar agreement are offset in the statement of financial position.

The table below presents KPCo's activity of derivative risk management contracts:

Amount of Gain (Loss) Recognized on
Risk Management Contracts

Location of Gain (Loss)	Years Ended December 31, 2019	2018
	(in thousands)	
Electric Generation, Transmission and Distribution Revenues	$ 72	$ (530)
Purchased Electricity for Resale	120	140
Other Operation	(27)	58
Maintenance	(32)	79
Regulatory Assets (a)	(416)	(155)
Regulatory Liabilities (a)	4,577	12,090
Total Gain on Risk Management Contracts	$ 4,294	$ 11,682

(a) Represents realized and unrealized gains and losses subject to regulatory accounting treatment recorded as either current or noncurrent on the balance sheets.

Certain qualifying derivative instruments have been designated as normal purchase or normal sale contracts, as provided in the accounting guidance for "Derivatives and Hedging." Derivative contracts that have been designated as normal purchases or normal sales under that accounting guidance are not subject to MTM accounting treatment and are recognized on the statements of income on an accrual basis.

The accounting for the changes in the fair value of a derivative instrument depends on whether it qualifies for and has been designated as part of a hedging relationship and further, on the type of hedging relationship. Depending on the exposure, management designates a hedging instrument as a fair value hedge or a cash flow hedge.

For contracts that have not been designated as part of a hedging relationship, the accounting for changes in fair value depends on whether the derivative instrument is held for trading purposes. Unrealized and realized gains and losses on derivative instruments held for trading purposes are included in revenues on a net basis on KPCo's statements of income. Unrealized and realized gains and losses on derivative instruments not held for trading purposes are included in revenues or expenses on KPCo's statements of income depending on the relevant facts and circumstances. Certain derivatives that economically hedge future commodity risk are recorded in the same expense line item on the statements of income as that of the associated risk. However, unrealized and some realized gains and losses for both trading and non-trading derivative instruments are recorded as regulatory assets (for losses) or regulatory liabilities (for gains) in accordance with the accounting guidance for "Regulated Operations."

Accounting for Cash Flow Hedging Strategies

For cash flow hedges (i.e. hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), KPCo initially reports the gain or loss on the derivative instrument as a component of Accumulated Other Comprehensive Income (Loss) on the balance sheets until the period the hedged item affects Net Income.

Realized gains and losses on derivative contracts for the purchase-and-sale of power designated as cash flow hedges are included in Total Revenues or Purchased Electricity for Resale on KPCo's statements of income or in Regulatory Assets or Regulatory Liabilities on KPCo's balance sheets, depending on the specific nature of the risk being hedged. During the years ended 2019 and 2018 KPCo did not apply cash flow hedging to outstanding power derivatives.

KPCo reclassifies gains and losses on interest rate derivative hedges related to debt financings from Accumulated Other Comprehensive Income (Loss) on its balance sheets into Interest Expense on its statements of income in those periods in which hedged interest payments occur. During the years ended 2019 and 2018, KPCo did not apply cash flow hedging to outstanding interest rate derivatives.

There was no impact of cash flow hedges included in Accumulated Other Comprehensive Income (Loss) on KPCo's balance sheets as of December 31, 2019 and 2018.

The actual amounts that KPCo reclassifies from Accumulated Other Comprehensive Income (Loss) to Net Income can differ due to market price changes. As of December 31, 2019, KPCo is not hedging (with contracts subject to the accounting guidance for "Derivatives and Hedging") its exposure to variability in future cash flows related to forecasted transactions.

Credit Risk

Management mitigates credit risk in KPCo's wholesale marketing and trading activities by assessing the creditworthiness of potential counterparties before entering into transactions with them and continuing to evaluate their creditworthiness on an ongoing basis. Management uses credit agency ratings and current market-based qualitative and quantitative data as well as financial statements to assess the financial health of counterparties on an ongoing basis.

Master agreements are typically used to facilitate the netting of cash flows associated with a single counterparty and may include collateral requirements. Collateral requirements in the form of cash, letters of credit and parental/affiliate guarantees may be obtained as security from counterparties in order to mitigate credit risk. Some master agreements include margining, which requires a counterparty to post cash or letters of credit in the event exposure exceeds the established threshold. The threshold represents an unsecured credit limit which may be supported by a parental/affiliate guaranty, as determined in accordance with AEP's credit policy. In addition, master agreements allow for termination and liquidation of all positions in the event of a default including failure or inability to post collateral when required.

Collateral Triggering Events

Credit Downgrade Triggers

A limited number of derivative contracts include collateral triggering events, which include a requirement to maintain certain credit ratings. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these collateral triggering events in contracts. KPCo has not experienced a downgrade below a specified credit rating threshold that would require the posting of additional collateral. As of December 31, 2019 and 2018, KPCo did not have derivative contracts with collateral triggering events in a net liability position.

Cross-Default Triggers

In addition, a majority of KPCo's non-exchange-traded commodity contracts contain cross-default provisions that, if triggered, would permit the counterparty to declare a default and require settlement of the outstanding payable. These cross-default provisions could be triggered if there was a non-performance event by Parent or the obligor under outstanding debt or a third-party obligation that is $50 million or greater. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these cross-default provisions in the contracts. The following table represents: (a) the fair value of these derivative liabilities subject to cross-default provisions prior to consideration of contractual netting arrangements, (b) the amount this exposure has been reduced by cash collateral posted and (c) if a cross-default provision would have been triggered, the settlement amount that would be required after considering contractual netting arrangements:

	December 31,	
	2019	2018
	(in thousands)	
Liabilities for Contracts with Cross Default Provisions Prior to Contractual Netting Arrangements	$ 419	$ 165
Additional Settlement Liability if Cross Default Provision is Triggered	65	4

9. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Long-term Debt

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

The book values and fair values of KPCo's Long-term Debt are summarized in the following table:

	December 31,			
	2019		2018	
	Book Value	Fair Value	Book Value	Fair Value
	(in thousands)			
Long-term Debt	$ 867,553	$ 970,437	$ 867,128	$ 903,690

Fair Value Measurements of Financial Assets and Liabilities

For a discussion of fair value accounting and the classification of assets and liabilities within the fair value hierarchy, see the "Fair Value Measurements of Assets and Liabilities" section of Note 1.

The following tables set forth, by level within the fair value hierarchy, KPCo's financial assets and liabilities that were accounted for at fair value on a recurring basis. As required by the accounting guidance for "Fair Value Measurements and Disclosures," financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There have not been any significant changes in management's valuation techniques.

Assets and Liabilities Measured at Fair Value on a Recurring Basis
December 31, 2019

	Level 1	Level 2	Level 3	Other	Total
Assets:			(in thousands)		
Risk Management Assets					
Risk Management Commodity Contracts (a) (b)	$ —	$ 14,758	$ 7,054	$ (14,909)	$ 6,903
Liabilities:					
Risk Management Liabilities					
Risk Management Commodity Contracts (a) (b)	$ —	$ 15,059	$ 1,352	$ (14,930)	$ 1,481

Assets and Liabilities Measured at Fair Value on a Recurring Basis
December 31, 2018

	Level 1	Level 2	Level 3	Other	Total
Assets:			(in thousands)		
Risk Management Assets					
Risk Management Commodity Contracts (a) (b)	$ 23	$ 10,083	$ 5,867	$ (10,092)	$ 5,881
Liabilities:					
Risk Management Liabilities					
Risk Management Commodity Contracts (a) (b)	$ 34	$ 10,024	$ 63	$ (9,982)	$ 139

(a) Amounts in "Other" column primarily represent counterparty netting of risk management and hedging contracts and associated cash collateral under the accounting guidance for "Derivatives and Hedging."
(b) Substantially comprised of power contracts.

The following tables set forth a reconciliation of changes in the fair value of net trading derivatives classified as Level 3 in the fair value hierarchy:

Year Ended December 31, 2019		Net Risk Management Assets (Liabilities)
		(in thousands)
Balance as of December 31, 2018	$	5,804
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)		1,282
Settlements		(6,762)
Transfers into Level 3 (c) (d)		(86)
Transfers out of Level 3 (d)		(120)
Changes in Fair Value Allocated to Regulated Jurisdictions (e)		5,584
Balance as of December 31, 2019	$	5,702

Year Ended December 31, 2018		Net Risk Management Assets (Liabilities)
		(in thousands)
Balance as of December 31, 2017	$	1,813
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)		6,645
Settlements		(8,312)
Changes in Fair Value Allocated to Regulated Jurisdictions (e)		5,658
Balance as of December 31, 2018	$	5,804

(a) Included in revenues on KPCo’s statements of income.
(b) Represents the change in fair value between the beginning of the reporting period and the settlement of the risk management commodity contract.
(c) Represents existing assets or liabilities that were previously categorized as Level 2.
(d) Transfers are recognized based on their value at the beginning if the period that the transfer occurred.
(e) Relates to the net gains (losses) of those contracts that are not reflected on KPCo’s statements of income. These net gains (losses) are recorded as regulatory assets/liabilities.

The following tables quantify the significant unobservable inputs used in developing the fair value of Level 3 positions as of December 31, 2019 and 2018:

Significant Unobservable Inputs
December 31, 2019

	Fair Value		Valuation	Significant Unobservable	Input/Range		
	Assets	Liabilities	Technique	Input (a)	Low	High	Weighted Average (b)
	(in thousands)						
Energy Contracts	$ 1,049	$ 475	Discounted Cash Flow	Forward Market Price	$ 12.70	$ 41.20	$ 25.92
FTRs	6,005	877	Discounted Cash Flow	Forward Market Price	(0.47)	4.07	1.30
Total	$ 7,054	$ 1,352					

Significant Unobservable Inputs
December 31, 2018

	Fair Value		Valuation	Significant Unobservable	Input/Range		
	Assets	Liabilities	Technique	Input (a)	Low	High	Weighted Average (b)
	(in thousands)						
Energy Contracts	$ 430	$ 63	Discounted Cash Flow	Forward Market Price	$ 16.82	$ 62.65	$ 37.00
FTRs	5,437	—	Discounted Cash Flow	Forward Market Price	0.05	6.21	1.62
Total	$ 5,867	$ 63					

(a) Represents market prices in dollars per MWh.
(b) The weighted average is the product of the forward market price of the underlying commodity and volume weighted by term.

The following table provides the measurement uncertainty of fair value measurements to increases (decreases) in significant unobservable inputs related to Energy Contracts and FTRs as of December 31, 2019 and 2018:

Uncertainty of Fair Value Measurements

Significant Unobservable Input	Position	Change in Input	Impact on Fair Value Measurement
Forward Market Price	Buy	Increase (Decrease)	Higher (Lower)
Forward Market Price	Sell	Increase (Decrease)	Lower (Higher)

10. INCOME TAXES

Income Tax Expense

The details of KPCo's Income Tax Expense are as follows:

	Years Ended December 31, 2019	Years Ended December 31, 2018
	(in thousands)	
Federal:		
Current	$ (990)	$ 1,103
Deferred	476	3,777
Total Federal	(514)	4,880
State and Local:		
Current	1,736	(563)
Deferred	(1,201)	1,682
Total State and Local	535	1,119
Income Tax Expense	$ 21	$ 5,999

The following is a reconciliation between the federal income taxes computed by multiplying pretax income by the federal statutory tax rate and the income taxes reported:

	Years Ended December 31, 2019	Years Ended December 31, 2018
	(in thousands)	
Net Income	$ 53,300	$ 63,146
Income Tax Expense	21	5,999
Pretax Income	$ 53,321	$ 69,145
Income Taxes on Pretax Income at Statutory Rate (21%)	$ 11,197	$ 14,520
Increase (Decrease) in Income Taxes Resulting from the Following Items:		
Depreciation	1,214	2,600
AFUDC	(258)	(413)
Removal Costs	(1,470)	(1,079)
State and Local Income Taxes, Net	423	884
Tax Reform Excess ADIT Reversal	(10,868)	(10,456)
Other	(217)	(57)
Income Tax Expense	$ 21	$ 5,999
Effective Income Tax Rate	— %	8.7 %

Net Deferred Tax Liability

The following table shows elements of KPCo's net deferred tax liability and significant temporary differences:

	December 31,			
	2019		2018	
	(in thousands)			
Deferred Tax Assets	$	105,810	$	87,019
Deferred Tax Liabilities		(527,668)		(489,089)
Net Deferred Tax Liabilities	$	(421,858)	$	(402,070)
Property Related Temporary Differences	$	(300,134)	$	(281,168)
Amounts Due to Customers for Future Income Taxes		66,167		53,538
Deferred State Income Taxes		(113,945)		(107,951)
Deferred Income Taxes on Other Comprehensive (Income)/Loss		—		56
Regulatory Assets		(86,590)		(74,806)
All Other, Net		12,644		8,261
Net Deferred Tax Liabilities	$	(421,858)	$	(402,070)

AEP System Tax Allocation Agreement

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

Federal and State Income Tax Audit Status

KPCo and other AEP and subsidiaries are no longer subject to U.S. federal examination by the IRS for all years through 2015. During the third quarter of 2019, AEP and subsidiaries elected to amend the 2014 and 2015 federal returns and as such the IRS may examine only the amended items on the 2014 and 2015 federal returns.

KPCo and other AEP subsidiaries file income tax returns in various state and local jurisdictions. These taxing authorities routinely examine the tax returns. KPCo and other AEP subsidiaries are currently under examination in several state and local jurisdictions. However, it is possible that previously filed tax returns have positions that may be challenged by these tax authorities. Management believes that adequate provisions for income taxes have been made for potential liabilities resulting from such challenges and that the ultimate resolution of these audits will not materially impact net income. KPCo is no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 2007.

Net Income Tax Operating Loss Carryforward

KPCo has Kentucky state net income tax operating loss carryforwards of $137 million and $122 million in 2019 and 2018, respectively. As a result, KPCo recognized deferred state income tax benefits in 2019 and 2018 of $7 million and $6 million, respectively. Management anticipates future taxable income will be sufficient to realize the state net income tax operating loss tax benefits before the state carryforward expires for Kentucky in 2035.

State Tax Legislation

In April 2018, the Kentucky legislature enacted House Bill (H.B.) 487. H.B. 487 adopts mandatory unitary combined reporting for state corporate income tax purposes applicable for taxable years beginning on or after January 1, 2019. H.B. 487 also adopts the 80% federal net operating loss (NOL) limitation under Internal Revenue Code Section 172(a) for NOLs generated after January 1, 2018 and the federal unlimited carryforward period for unused NOLs generated after January 1, 2018. In addition, H.B. 366 was also enacted in April 2018, which among other things, replaces the graduated corporate tax rate structure with a flat 5% tax rate for business income and adopts a single-sales factor apportionment formula for apportioning a corporation's business income to Kentucky. The enacted legislation did not materially impact KPCo's net income.

11. LEASES

KPCo leases property, plant and equipment including, but not limited to, fleet, information technology and real estate leases. These leases require payments of non-lease components, including related property taxes, operating and maintenance costs. As of the adoption date of ASU 2016-02, management elected not to separate non-lease components from associated lease components in accordance with the accounting guidance for “Leases.” Many of these leases have purchase or renewal options. Leases not renewed are often replaced by other leases. Options to renew or purchase a lease are included in the measurement of lease assets and liabilities if it is reasonably certain that KPCo will exercise the option.

Lease obligations are measured using the discount rate implicit in the lease when that rate is readily determinable. KPCo has visibility into the rate implicit in the lease when assets are leased from selected financial institutions under master leasing agreements. When the implicit rate is not readily determinable, KPCo measures its lease obligation using its estimated secured incremental borrowing rate. Incremental borrowing rates are comprised of an underlying risk free rate and a secured credit spread relative to the lessee on a matched maturity basis.

Operating lease rentals and finance lease amortization costs are generally charged to Other Operation and Maintenance expense in accordance with rate-making treatment for regulated operations. Effective in 2019, interest on finance lease liabilities is generally charged to Interest Expense. Finance lease interest for periods prior to 2019 were charged to Other Operation and Maintenance expense. Lease costs associated with capital projects are included in Property, Plant and Equipment on the balance sheets. For regulated operations with finance leases, a finance lease asset and offsetting liability are recorded at the present value of the remaining lease payments for each reporting period. Finance leases for nonregulated property are accounted for as if the assets were owned and financed. The components of rental costs were as follows:

	Years Ended December 31,	
Lease Rental Costs	**2019**	**2018**
	(in thousands)	
Operating Lease Cost	$ 2,300	$ 2,204
Finance Lease Cost:		
Amortization of Finance Leases	634	845
Interest on Finance Leases	114	107
Total Lease Rental Costs (a)	$ 3,048	$ 3,156

(a) Excludes variable and short-term lease costs, which were immaterial for the twelve months ended December 31, 2019.

Supplemental information related to leases as of and for the twelve months ended December 31, 2019 are shown in the tables below.

Lease Type	Weighted-Average Remaining Lease Term (years):	Weighted-Average Discount Rate
Operating Leases	6.55	3.73%
Finance Leases	5.59	4.42%

Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
	(in thousands)
Operating Cash Flows Used for Operating Leases	$ 2,237
Operating Cash Flows Used for Finance Leases	114
Financing Cash Flows Used for Finance Leases	634
Non-cash Acquisitions Under Operating Leases	$ 1,829

The following tables show the property, plant and equipment under finance leases and noncurrent assets under operating leases and related obligations recorded on KPCo's balance sheets. Unless shown as a separate line on the balance sheets due to materiality, net operating lease assets are included in Deferred Charges and Other Noncurrent Assets, current finance lease obligations are included in Other Current Liabilities and long-term finance lease obligations are included in Deferred Credits and Other Noncurrent Liabilities on the balance sheets. Lease obligations are not recognized on the balance sheets for lease agreements with a lease term of less than twelve months.

	December 31, 2019	December 31, 2018
	(in thousands)	
Property, Plant and Equipment Under Finance Leases		
Generation	$ 1,445	$ 1,949
Other Property, Plant and Equipment	3,617	2,992
Total Property, Plant and Equipment Under Finance Leases	5,062	4,941
Accumulated Amortization	1,759	2,410
Net Property, Plant and Equipment Under Finance Leases	$ 3,303	$ 2,531
Obligations Under Finance Leases		
Noncurrent Liability	$ 2,576	$ 1,929
Liability Due Within One Year	727	602
Total Obligations Under Finance Leases	$ 3,303	$ 2,531

	December 31, 2019
	(in thousands)
Operating Lease Assets	$ 10,120
Obligations Under Operating Leases	
Noncurrent Liability	$ 8,154
Liability Due Within One Year	2,005
Total Obligations Under Operating Leases	$ 10,159

Future minimum lease payments consisted of the following as of December 31, 2019:

Future Minimum Lease Payments	Finance Leases	Operating Leases
	(in thousands)	
2020	$ 845	$ 2,401
2021	770	2,154
2022	594	1,759
2023	486	1,460
2024	440	1,105
Later Years	602	2,657
Total Future Minimum Lease Payments	3,737	11,536
Less: Imputed Interest	434	1,377
Estimated Present Value of Future Minimum Lease Payments	$ 3,303	$ 10,159

Future minimum lease payments consisted of the following as of December 31, 2018:

Future Minimum Lease Payments	Finance Leases	Operating Leases
	(in thousands)	
2019	$ 703	$ 2,196
2020	552	2,024
2021	473	1,743
2022	325	1,456
2023	220	1,165
Later Years	649	2,367
Total Future Minimum Lease Payments	2,922	$ 10,951
Less: Imputed Interest	391	
Estimated Present Value of Future Minimum Lease Payments	$ 2,531	

Master Lease Agreements

KPCo leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, KPCo is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed. As of December 31, 2019, the maximum potential loss for these lease agreements was $1.7 million assuming the fair value of the equipment is zero at the end of the lease term.

Lessor Activity

KPCo's lessor activity was immaterial as of and for the twelve months ended December 31, 2019.

12. FINANCING ACTIVITIES

Long-term Debt

The following table details long-term debt outstanding:

Type of Debt	Maturity	Weighted-Average Interest Rate as of December 31, 2019	Interest Rate Ranges as of December 31, 2019	Interest Rate Ranges as of December 31, 2018	Outstanding as of December 31, 2019	Outstanding as of December 31, 2018
					(in thousands)	
Senior Unsecured Notes	2021-2047	4.69%	3.13%-8.13%	3.13%-8.13%	$ 727,922	$ 727,678
Pollution Control Bonds (a)	2020	2.00%	2.00%	2.00%	64,977	64,921
Other Long-term Debt	2022	3.18%	3.18%	3.89%	74,654	74,529
Total Long-term Debt Outstanding					$ 867,553	$ 867,128

(a) KPCo's Pollution Control Bond is subject to redemption earlier than the maturity date.

As of December 31, 2019, outstanding long-term debt was payable as follows:

	2020	2021	2022	2023	2024	After 2024	Total
				(in thousands)			
Principal Amount	$ 65,000	$ 40,000	$ 75,000	$ —	$ 65,000	$ 625,000	$ 870,000
Debt Issuance Costs							(2,447)
Total Long-term Debt Outstanding							$ 867,553

Dividend Restrictions

KPCo pays dividends to Parent provided funds are legally available. Various financing arrangements and regulatory requirements may impose certain restrictions on the ability of KPCo to transfer funds to Parent in the form of dividends.

All of the dividends declared by KPCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

KPCo has credit agreements that contain a covenant that limit its debt to capitalization ratio to 67.5%. As of December 31, 2019, KPCo did not exceed its debt to capitalization limit. The method for calculating outstanding debt and capitalization is contractually-defined in the credit agreements.

The most restrictive dividend limitation for KPCo is through the Federal Power Act. As of December 31, 2019, the maximum amount of restricted net assets of KPCo that may not be distributed to Parent in the form of a loan, advance or dividend was $577.4 million.

The Federal Power Act restriction does not limit the ability of KPCo to pay dividends out of retained earnings. The credit agreement covenant restrictions can limit the ability of KPCo to pay dividends out of retained earnings. As of December 31, 2019, there were no restrictions on KPCo's ability to pay dividends out of retained earnings.

Corporate Borrowing Program – AEP System

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC. The amounts of outstanding borrowings from the Utility Money Pool as of December 31, 2019 and 2018 are included in Advances from Affiliates on KPCo's balance sheets. KPCo's Utility Money Pool activity and corresponding authorized borrowing limits are described in the following table:

Years Ended December 31,	Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Borrowings from the Utility Money Pool as of December 31,	Authorized Short-Term Borrowing Limit
			(in thousands)			
2019	$ 114,818	$ —	$ 59,492	$ —	$ 113,175	$ 180,000
2018	27,871	13,667	9,077	4,641	27,871	180,000

Maximum, minimum and average interest rates for funds either borrowed from or loaned to the Utility Money Pool are summarized in the following table:

Years Ended December 31,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2019	3.43%	1.77%	—%	—%	2.39%	—%
2018	2.97%	1.81%	2.91%	1.82%	2.32%	1.98%

Interest expense and interest income related to the Utility Money Pool are included in Interest Expense and Interest Income, respectively, on KPCo's statements of income. For amounts borrowed from and advances to the Utility Money Pool, KPCo incurred the following amounts of interest expense and earned the following amounts of interest income:

	Years Ended December 31, 2019	2018
	(in thousands)	
Interest Expense	$ 1,470	$ 163
Interest Income	—	2

Securitized Accounts Receivables – AEP Credit

Under a sale of receivables arrangement, KPCo sells, without recourse, certain of its customer accounts receivable and accrued unbilled revenue balances to AEP Credit and is charged a fee based on AEP Credit's financing costs, administrative costs and uncollectible accounts experience for KPCo's receivables. The costs of customer accounts receivable sold are reported in Other Operation expense on KPCo's statements of income. KPCo manages and services its accounts receivable sold.

AEP Credit's receivables securitization agreement provides a commitment of $750 million from bank conduits to purchase receivables and expires in July 2021.

KPCo's amounts of accounts receivable and accrued unbilled revenues under the sale of receivables agreement were $41.6 million and $43.2 million as of December 31, 2019 and 2018, respectively.

The fees paid by KPCo to AEP Credit for customer accounts receivable sold were $3.9 million and $3.8 million for the years ended December 31, 2019 and 2018, respectively.

KPCo's proceeds on the sale of receivables to AEP Credit were $558.9 million and $591.3 million for the years ended December 31, 2019 and 2018, respectively.

13. RELATED PARTY TRANSACTIONS

For other related party transactions, also see "AEP System Tax Allocation Agreement" section of Note 10 in addition to "Corporate Borrowing Program – AEP System" and "Securitized Accounts Receivables – AEP Credit" sections of Note 12.

Power Coordination Agreement

Effective January 1, 2014, the FERC approved the PCA. Under the PCA, APCo, I&M, KPCo and WPCo are individually responsible for planning their respective capacity obligations. The PCA allows, but does not obligate, APCo, I&M, KPCo and WPCo to participate collectively under a common fixed resource requirement capacity plan in PJM and to participate in specified collective off-system sales and purchase activities.

AEPSC conducts power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other risk management activities on behalf of APCo, I&M, KPCo, PSO, SWEPCo and WPCo. Certain power and natural gas risk management activities for APCo, I&M, KPCo and WPCo are allocated based on the four member companies' respective equity positions, while power and natural gas risk management activities for PSO and SWEPCo are allocated based on the Operating Agreement.

System Integration Agreement

Under the SIA, AEPSC allocates physical and financial revenues and expenses from transactions with neighboring utilities, power marketers and other power and natural gas risk management activities based upon the location of such activity. Margins resulting from trading and marketing activities originating in PJM generally accrue to the benefit of APCo, I&M, KPCo and WPCo, while trading and marketing activities originating in SPP generally accrue to the benefit of PSO and SWEPCo. Margins resulting from other transactions are allocated among APCo, I&M, KPCo, PSO, SWEPCo and WPCo based upon the equity positions of these companies.

Affiliated Revenues and Purchases

The table below shows the revenues derived from auction sales to affiliates, net transmission agreement sales and other revenues as follows:

	Years Ended December 31,	
Related Party Revenues	**2019**	**2018**
	(in thousands)	
Sales under Interconnection Agreement	$ 285	$ 110
Auction Sales to OPCo (a)	2,069	1,108
Transmission Agreement Sales	13,465	10,183
Other Revenues	1,008	929
Total Affiliated Revenues	$ 16,827	$ 12,330

(a) Refer to the Ohio Auctions section below for further information regarding this amount.

The table below shows the purchased power expenses incurred for purchases from affiliates as follows:

Related Party Purchases	Years Ended December 31, 2019	2018
	(in thousands)	
Direct Purchases from AEGCo (a)	$ 92,084	$ 101,961
Total Affiliated Purchases	$ 92,084	$ 101,961

(a) Refer to the "Unit Power Agreements" section below for further information regarding this amount.

The above summarized related party revenues and expenses are reported in Sales to AEP Affiliates and Purchased Electricity from AEP Affiliates on KPCo's statements of income.

PJM Transmission Service Charges

APCo, I&M, KGPCo, KPCo, OPCo and WPCo are parties to the Transmission Agreement (TA), which defines how transmission costs through PJM OATT are allocated among the AEP East Companies, KGPCo and WPCo on a 12-month average coincident peak basis. Additional costs for transmission services provided by AEPTCo and other transmission affiliates are billed to KPCo through the PJM OATT.

KPCo's net charges recorded as a result of the TA for the years ended December 31, 2019 and 2018 were $44 million and $24.7 million, respectively, and were recorded in Other Operation expenses on KPCo's statements of income.

Ohio Auctions

In connection with OPCo's June 2012 - May 2015 ESP, the PUCO ordered OPCo to conduct energy and capacity auctions for its entire SSO load for delivery beginning in June 2015. Certain affiliated entities, including KPCo, participate in the auction process and have been awarded tranches of OPCo's SSO load. In April 2018, the PUCO issued an order approving the ESP extension stipulation agreement, with no significant changes for the period June 1, 2018 through May 2024. In October 2018, an intervenor filed an appeal with the Ohio Supreme Court challenging various approved riders. In January 2020, the Ohio Supreme Court affirmed the PUCO order, rejecting the filed appeal. Refer to the Affiliated Revenues and Purchases section above for amounts related to these transactions.

Unit Power Agreements

UPA between AEGCo and I&M

A UPA between AEGCo and I&M (the I&M Power Agreement) provides for the sale by AEGCo to I&M of all the power (and the energy associated therewith) available to AEGCo at the Rockport Plant unless it is sold to another utility. Subsequently, I&M assigns 30% of the power to KPCo. I&M is obligated, whether or not power is available from AEGCo, to pay as a demand charge for the right to receive such power (and as an energy charge for any associated energy taken by I&M) net of amounts received by AEGCo from any other sources, sufficient to enable AEGCo to pay all its operating and other expenses, including a rate of return on the common equity of AEGCo as approved by the FERC. The I&M Power Agreement will continue in effect until the expiration of the lease term of Unit 2 of the Rockport Plant unless extended in specified circumstances.

UPA between AEGCo and KPCo

Pursuant to an assignment between I&M and KPCo and a UPA between AEGCo and KPCo, AEGCo sells KPCo 30% of the power (and the energy associated therewith) available to AEGCo from both units of the Rockport Plant. KPCo pays to AEGCo in consideration for the right to receive such power the same amounts which I&M would have paid AEGCo under the terms of the I&M Power Agreement for such entitlement. Refer to the Affiliated Revenues and Purchases section above for amounts related to these transactions. The KPCo UPA ends in December 2022.

I&M Barging, Urea Transloading and Other Services

I&M provides barging, urea transloading and other transportation services to affiliates. Urea is a chemical used to control NO_x emissions at certain generation plants in the AEP System. KPCo recorded expenses of $4.8 million and $4.2 million in 2019 and 2018, respectively, for urea transloading provided by I&M. These expenses were recorded as fuel expenses or other operation expenses.

Central Machine Shop

APCo operates a facility which repairs and rebuilds specialized components for the generation plants across the AEP System. APCo defers the cost of performing these services on the balance sheet and then transfers the cost to the affiliate for reimbursement. KPCo recorded its assigned portion of these billings as capital or maintenance expenses depending on the nature of the services received. These billings are recoverable from customers. KPCo's billed amounts were $1.4 million and $1.7 million for the years ended December 31, 2019 and 2018, respectively.

Sales and Purchases of Property

KPCo had affiliated sales and purchases of electric property individually amounting to $100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transactions. The table below shows the sales and purchases, recorded at net book value, as follows:

	Years Ended December 31,	
	2019	2018
	(in thousands)	
Sales	$ 1,304	$ 472
Purchases	90	265

The amounts above are recorded in Property, Plant and Equipment on the balance sheets.

Charitable Contributions to AEP Foundation

The American Electric Power Foundation is funded by American Electric Power and its utility operating units. The Foundation provides a permanent, ongoing resource for charitable initiatives and multi-year commitments in the communities served by AEP and initiatives outside of AEP's 11-state service area. In 2019, KPCo contributed $2.5 million to the AEP Foundation which was recorded in Other Operation on the statements of income.

Intercompany Billings

KPCo performs certain utility services for other AEP subsidiaries when necessary or practical. The costs of these services are billed on a direct-charge basis, whenever possible, or on reasonable basis of proration for services that benefit multiple companies. The billings for services are made at cost and include no compensation for the use of equity capital.

14. VARIABLE INTEREST ENTITIES

The accounting guidance for "Variable Interest Entities" is a consolidation model that considers if a company has a variable interest in a VIE. A VIE is a legal entity that possesses any of the following conditions: the entity's equity at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support, equity owners are unable to direct the activities that most significantly impact the legal entity's economic performance (or they possess disproportionate voting rights in relation to the economic interest in the legal entity), or the equity owners lack the obligation to absorb the legal entity's expected losses or the right to receive the legal entity's expected residual returns. Entities are required to consolidate a VIE when it is determined that they have a controlling financial interest in a VIE and therefore, are the primary beneficiary of that VIE, as defined by the accounting guidance for "Variable Interest Entities." In determining whether KPCo is the primary beneficiary of a VIE, management considers whether KPCo has the power to direct the most significant activities of the VIE and is obligated to absorb losses or receive the expected residual returns that are significant to the VIE. Management believes that significant assumptions and judgments were applied consistently. KPCo is not the primary beneficiary of any VIE and has not provided financial or other support to any VIE that was not previously contractually required.

AEPSC provides certain managerial and professional services to AEP's subsidiaries. Parent is the sole equity owner of AEPSC. AEP management controls the activities of AEPSC. The costs of the services are based on a direct charge or on a prorated basis and billed to the AEP subsidiary companies at AEPSC's cost. AEP subsidiaries have not provided financial or other support outside the reimbursement of costs for services rendered. AEPSC finances its operations through cost reimbursement from other AEP subsidiaries. There are no other terms or arrangements between AEPSC and any of the AEP subsidiaries that could require additional financial support from an AEP subsidiary or expose them to losses outside of the normal course of business. AEPSC and its billings are subject to regulation by the FERC. AEP subsidiaries are exposed to losses to the extent they cannot recover the costs of AEPSC through their normal business operations. AEP subsidiaries are considered to have a significant interest in AEPSC due to their activity in AEPSC's cost reimbursement structure. However, AEP subsidiaries do not have control over AEPSC. AEPSC is consolidated by AEP. In the event AEPSC would require financing or other support outside the cost reimbursement billings, this financing would be provided by AEP. KPCo's total billings from AEPSC for the years ended December 31, 2019 and 2018 were $77 million and $71.2 million, respectively. The carrying amount of liabilities associated with AEPSC as of December 31, 2019 and 2018 was $9.9 million and $8.2 million, respectively. Management estimates the maximum exposure of loss to be equal to the amount of such liability.

AEGCo, a wholly-owned subsidiary of Parent, is consolidated by AEP. AEGCo owns a 50% ownership interest in Rockport Plant, Unit 1 and leases a 50% interest in Rockport Plant, Unit 2. AEGCo sells all the output from the Rockport Plant to I&M and KPCo. AEP has agreed to provide AEGCo with the funds necessary to satisfy all of the debt obligations of AEGCo. KPCo is considered to have a significant interest in AEGCo due to these transactions. KPCo is exposed to losses to the extent it cannot recover the costs of AEGCo through its normal business operations. Due to AEP management's control over AEGCo, KPCo is not considered the primary beneficiary of AEGCo. In the event AEGCo would require financing or other support outside the billings to KPCo, this financing would be provided by AEP. Total billings from AEGCo for the years ended December 31, 2019 and 2018 were $92.1 million and $102 million, respectively. The carrying amount of liabilities associated with AEGCo as of December 31, 2019 and 2018 was $5.1 million and $7.9 million, respectively. Management estimates the maximum exposure of loss to be equal to the amount of such liability.

15. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is shown functionally on the face of KPCo's balance sheets. The following table includes KPCo's total plant balances as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
	(in thousands)	
Regulated Property, Plant and Equipment		
Generation	$ 1,219,454	$ 1,195,701
Transmission	651,091	603,317
Distribution	897,247	845,821
Other	104,068	89,783
CWIP	98,671	84,748
Less: Accumulated Depreciation	1,005,279	961,181
Total Regulated Property, Plant and Equipment - Net	1,965,252	1,858,189
Nonregulated Property, Plant and Equipment - Net	8,194	8,221
Total Property, Plant and Equipment - Net	$ 1,973,446	$ 1,866,410

Depreciation

KPCo provides for depreciation of Property, Plant and Equipment on a straight-line basis over the estimated useful lives of property, generally using composite rates by functional class. The following table provides total regulated annual composite depreciation rates and depreciable lives for KPCo. Nonregulated depreciation rate ranges and depreciable life ranges are not applicable or not meaningful for 2019 and 2018.

	2019		2018	
Functional Class of Property	Annual Composite Depreciation Rate	Depreciable Life Ranges (in years)	Annual Composite Depreciation Rate	Depreciable Life Ranges (in years)
Generation	3.0%	69 - 73	3.1%	69 - 73
Transmission	2.6%	37 - 75	2.7%	37 - 75
Distribution	3.4%	11 - 75	3.4%	11 - 75
Other	9.5%	5 - 75	9.6%	5 - 75

The composite depreciation rate generally includes a component for non-asset retirement obligation (non-ARO) removal costs, which is credited to Accumulated Depreciation and Amortization on the balance sheets. Actual removal costs incurred are charged to Accumulated Depreciation and Amortization. Any excess of accrued non-ARO removal costs over actual removal costs incurred is reclassified from Accumulated Depreciation and Amortization and reflected as a regulatory liability.

Asset Retirement Obligations (ARO)

KPCo records ARO in accordance with the accounting guidance for "Asset Retirement and Environmental Obligations" for the retirement of ash disposal facilities and asbestos removal. KPCo has identified, but not recognized, ARO liabilities related to electric transmission and distribution assets, as a result of certain easements on property on which assets are owned. Generally, such easements are perpetual and require only the retirement and removal of assets upon the cessation of the property's use. The retirement obligation is not estimable for such easements since KPCo plans to use its facilities indefinitely. The retirement obligation would only be recognized if and when KPCo abandons or ceases the use of specific easements, which is not expected.

The following is a reconciliation of the 2019 and 2018 aggregate carrying amounts of ARO for KPCo:

Year	ARO as of January 1,	Accretion Expense	Liabilities Incurred	Liabilities Settled (a)	Revisions in Cash Flow Estimates (a)	ARO as of December 31,
			(in thousands)			
2019	$ 41,681	$ 2,405	$ —	$ (23,564)	$ 23,066	$ 43,588
2018	51,238	2,084	—	(31,501)	19,860	41,681

(a) Primarily related to ash pond closure and asbestos abatement.

Allowance for Funds Used During Construction

KPCo's amounts of allowance for equity and borrowed funds used during construction are summarized in the following table:

	Years Ended December 31, 2019	2018
	(in thousands)	
Allowance for Equity Funds Used During Construction	$ 1,230	$ 2,002
Allowance for Borrowed Funds Used During Construction	2,266	1,197

Jointly-owned Electric Facilities

KPCo, jointly with WPCo, owns Unit 1 and Unit 2 of the Mitchell Generating Station. KPCo and WPCo each have a 50% ownership of Unit 1 and Unit 2 of the Mitchell Generating Station. Using its own financing, each participating company is obligated to pay its share of the costs in the same proportion as its ownership interest. KPCo's proportionate share of the operating costs associated with this facility is included in its statements of income and the investment and accumulated depreciation are reflected in its balance sheets under Property, Plant and Equipment as follows:

	Fuel Type	Percent of Ownership	Utility Plant in Service	Construction Work in Progress	Accumulated Depreciation
				(in thousands)	
KPCo's Share as of December 31, 2019					
Mitchell Generating Station, Units 1 and 2 (a)	Coal	50.0%	$ 1,047,407	$ 4,978	$ 443,277
KPCo's Share as of December 31, 2018					
Mitchell Generating Station, Units 1 and 2 (a)	Coal	50.0%	$ 1,024,359	$ 16,101	$ 418,989

(a) Operated by KPCo.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

The table below represents KPCo's revenues from contracts with customers, net of respective provisions for refund, by type of revenue:

	Years Ended December 31, 2019	Years Ended December 31, 2018
	(in thousands)	
Retail Revenues:		
Residential Revenues	$ 246,959	$ 261,184
Commercial Revenues	151,334	157,578
Industrial Revenues	151,595	159,560
Other Retail Revenues	1,980	1,971
Total Retail Revenues	551,868	580,293
Wholesale Revenues:		
Generation Revenues (a)	28,565	29,832
Transmission Revenues (b)	19,400	20,839
Total Wholesale Revenues	47,965	50,671
Other Revenues from Contracts with Customers (a)	15,097	17,249
Total Revenues from Contracts with Customers	614,930	648,213
Other Revenues:		
Alternative Revenues (a)	4,527	(6,142)
Total Other Revenues	4,527	(6,142)
Total Revenues	$ 619,457	$ 642,071

(a) Amounts included affiliated and nonaffiliated revenues.
(b) Amounts included affiliated and nonaffiliated revenues. The affiliated revenue were $9.1 million and $15 million for years ended December 31, 2019 and 2018, respectively.

Performance Obligations

KPCo has performance obligations as part of its normal course of business. A performance obligation is a promise to transfer a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to a customer. The invoice practical expedient within the accounting guidance for "Revenue from Contracts with Customers" allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. KPCo elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from the respective revenue streams are representative of services or goods provided to date to the customer. Performance obligations for KPCo are summarized as follows:

Retail Revenues

KPCo has performance obligations to generate, transmit and distribute electricity for sale to rate-regulated retail customers. The performance obligation to deliver electricity is satisfied over time as the customer simultaneously receives and consumes the benefits provided. Revenues are variable as they are subject to the customer's usage requirements.

Rate-regulated retail customers typically have the right to discontinue receiving service at will, therefore these contracts between KPCo and their customers for rate-regulated services are generally limited to the services requested and received to date for such arrangements. Retail customers are generally billed on a monthly basis, and payment is typically due within 15 to 20 days after the issuance of the invoice.

Wholesale Revenues - Generation

KPCo has performance obligations to sell electricity to wholesale customers from generation assets in PJM. The performance obligation to deliver electricity from generation assets is satisfied over time as the customer simultaneously receives and consumes the benefits provided. Wholesale generation revenues are variable as they are subject to the customer's usage requirements.

KPCo also has performance obligations to stand ready in order to promote grid reliability. Stand ready services are sold into PJM's Reliability Pricing Model (RPM) capacity market. RPM entails a base auction and at least three incremental auctions for a specific PJM delivery year, with the incremental auctions spanning three years. The performance obligation to stand ready is satisfied over time and the consideration for which is variable until the occurrence of the final incremental auction, at which point the performance obligation becomes fixed.

Payments from the RTO for stand ready services are typically received within one week from the issuance of the invoice, which is typically issued weekly. Gross margin resulting from generation sales are primarily subject to margin sharing agreements with customers, where the revenues are reflected gross in the disaggregated revenues table above.

Wholesale Revenues - Transmission

KPCo has performance obligations to transmit electricity to wholesale customers through assets owned and operated by KPCo and other AEP subsidiaries. The performance obligation to provide transmission services in PJM encompass a time frame greater than a year, where the performance obligation within PJM is partially fixed for a period of one year or less. Payments from the RTO for transmission services are typically received within one week from the issuance of the invoice, which is issued weekly for PJM.

KPCo collects revenues through Transmission Formula Rates. The FERC-approved rates establish the annual transmission revenue requirement (ATRR) and transmission service rates for transmission owners. The formula rates establish rates for a one year period and also include a true-up calculation for the prior year's billings, allowing for over/under-recovery of the transmission owner's ATRR. The annual true-ups meet the definition of alternative revenues in accordance with the accounting guidance for "Regulated Operations," and are therefore presented as such in the disaggregated revenues table above.

APCo, I&M, KGPCo, KPCo, OPCo and WPCo (AEP East Companies) are parties to the Transmission Agreement (TA), which defines how transmission costs are allocated among the AEP East Companies on a 12-month average coincident peak basis. AEPTCo is a load serving entity within PJM providing transmission services to affiliates in accordance with the OATT and TA. Affiliate revenues as a result of the TA are reflected as Transmission Revenues in the disaggregated revenues table above.

Fixed Performance Obligations

The following table represents KPCo's remaining fixed performance obligations satisfied over time as of December 31, 2019. Fixed performance obligations primarily include wholesale transmission services, electricity sales for fixed amounts of energy and stand ready services into PJM's RPM market. The amounts shown in the table below include affiliated and nonaffiliated revenues.

2020	2021-2022	2023-2024	After 2024	Total
		(in thousands)		
$ 24,263	$ 2,870	$ 2,870	$ 1,435	$ 31,438

Contract Assets and Liabilities

Contract assets are recognized when KPCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. KPCo did not have material contract assets as of December 31, 2019.

When KPCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. KPCo's contract liabilities typically arise from advanced payments of services provided primarily with respect to joint use agreements for utility poles. KPCo did not have material contract liabilities as of December 31, 2019.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on KPCo's balance sheets within the Accounts Receivable - Customers line item. KPCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Accounts Receivable - Customers were not material as of December 31, 2019. See "Securitized Accounts Receivable - AEP Credit" section of Note 12 for additional information.

The amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable - Affiliated Companies on KPCo's balance sheets were $7 million and $8.4 million, respectively, as of December 31, 2019 and December 31, 2018.

Contract Costs

Contract costs to obtain or fulfill a contract are accounted for under the guidance for "Other Assets and Deferred Costs" and presented as a single asset and neither bifurcated nor reclassified between current and noncurrent assets on KPCo's balance sheets. Contract costs to acquire a contract are amortized in a manner consistent with the transfer of goods or services to the customer in Other Operation on KPCo's statements of income. KPCo did not have material contract costs as of December 31, 2019.

Kentucky Power Company

2021 Second Quarter Report

Financial Statements

TABLE OF CONTENTS	Page Number

GLOSSARY OF TERMS

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

Term	Meaning
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned consolidated subsidiaries and consolidated affiliates.
AEP Credit	AEP Credit, Inc., a consolidated variable interest entity of AEP which securitizes accounts receivable and accrued utility revenues for affiliated electric utility companies.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AFUDC	Allowance for Equity Funds Used During Construction.
AOCI	Accumulated Other Comprehensive Income.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
ASU	Accounting Standards Update.
CCR	Coal Combustion Residual.
COVID-19	Coronavirus 2019, a highly infectious respiratory disease. In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic.
CWIP	Construction Work in Progress.
ELG	Effluent Limitation Guidelines.
Excess ADIT	Excess accumulated deferred income taxes.
FASB	Financial Accounting Standards Board.
FERC	Federal Energy Regulatory Commission.
FTR	Financial Transmission Right, a financial instrument that entitles the holder to receive compensation for certain congestion-related transmission charges that arise when the power grid is congested resulting in differences in locational prices.
GAAP	Accounting Principles Generally Accepted in the United States of America.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IRS	Internal Revenue Service.
KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
KPSC	Kentucky Public Service Commission.
MTM	Mark-to-Market.
MWh	Megawatt-hour.
OPEB	Other Postretirement Benefits.
OTC	Over-the-counter.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PJM	Pennsylvania – New Jersey – Maryland regional transmission organization.
Risk Management Contracts	Trading and non-trading derivatives, including those derivatives designated as cash flow and fair value hedges.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the “Tax Cuts and Jobs Act” (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
WPCo	Wheeling Power Company, an AEP electric utility subsidiary.
WVPSC	Public Service Commission of West Virginia.

KENTUCKY POWER COMPANY
CONDENSED STATEMENTS OF INCOME
For the Three and Six Months Ended June 30, 2021 and 2020
(in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
REVENUES				
Electric Generation, Transmission and Distribution	$ 146,825	$ 119,520	$ 305,948	$ 263,479
Sales to AEP Affiliates	2,630	3,088	5,227	6,518
Other Revenues	279	168	502	412
TOTAL REVENUES	149,734	122,776	311,677	270,409
EXPENSES				
Fuel and Other Consumables Used for Electric Generation	22,841	16,525	40,591	40,505
Purchased Electricity for Resale	10,785	3,798	31,899	17,065
Purchased Electricity from AEP Affiliates	24,772	18,754	46,873	34,241
Other Operation	27,304	20,253	60,290	43,261
Maintenance	15,925	25,063	35,302	40,016
Depreciation and Amortization	27,132	25,032	56,652	49,452
Taxes Other Than Income Taxes	6,994	7,094	14,015	14,021
TOTAL EXPENSES	135,753	116,519	285,622	238,561
OPERATING INCOME	13,981	6,257	26,055	31,848
Other Income (Expense):				
Other Income	403	598	683	629
Non-Service Cost Components of Net Periodic Benefit Cost	1,036	1,014	2,071	2,028
Interest Expense	(8,903)	(9,522)	(17,856)	(19,438)
INCOME (LOSS) BEFORE INCOME TAX BENEFIT	6,517	(1,653)	10,953	15,067
Income Tax Benefit	(3,780)	(718)	(13,195)	(2,833)
NET INCOME (LOSS)	$ 10,297	$ (935)	$ 24,148	$ 17,900

The common stock of KPCo is wholly-owned by Parent.

See Condensed Notes to Condensed Financial Statements beginning on page 8.

KENTUCKY POWER COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Three and Six Months Ended June 30, 2021 and 2020
(in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net Income (Loss)	$ 10,297	$ (935)	$ 24,148	$ 17,900
OTHER COMPREHENSIVE LOSS, NET OF TAXES				
Amortization of Pension and OPEB Deferred Costs, Net of Tax of $(9) and $(7) for the Three Months Ended June 30, 2021 and 2020, Respectively, and $(18) and $(14) for the Six Months Ended June 30, 2021 and 2020, Respectively	(34)	(26)	(68)	(53)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 10,263	$ (961)	$ 24,080	$ 17,847

See Condensed Notes to Condensed Financial Statements beginning on page 8.

KENTUCKY POWER COMPANY
CONDENSED STATEMENTS OF CHANGES IN COMMON SHAREHOLDER'S EQUITY
For the Six Months Ended June 30, 2021 and 2020
(in thousands)
(Unaudited)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
TOTAL COMMON SHAREHOLDER'S EQUITY - DECEMBER 31, 2019	$ 50,450	$ 526,135	$ 204,806	$ 790	$ 782,181
ASU 2016-13 Adoption			48		48
Net Income			18,835		18,835
Other Comprehensive Loss				(27)	(27)
TOTAL COMMON SHAREHOLDER'S EQUITY - MARCH 31, 2020	50,450	526,135	223,689	763	801,037
Net Loss			(935)		(935)
Other Comprehensive Loss				(26)	(26)
TOTAL COMMON SHAREHOLDER'S EQUITY - JUNE 30, 2020	$ 50,450	$ 526,135	$ 222,754	$ 737	$ 800,076
TOTAL COMMON SHAREHOLDER'S EQUITY - DECEMBER 31, 2020	$ 50,450	$ 526,135	$ 245,871	$ 878	$ 823,334
Net Income			13,851		13,851
Other Comprehensive Loss				(34)	(34)
TOTAL COMMON SHAREHOLDER'S EQUITY - MARCH 31, 2021	50,450	526,135	259,722	844	837,151
Net Income			10,297		10,297
Other Comprehensive Loss				(34)	(34)
TOTAL COMMON SHAREHOLDER'S EQUITY - JUNE 30, 2021	$ 50,450	$ 526,135	$ 270,019	$ 810	$ 847,414

See Condensed Notes to Condensed Financial Statements beginning on page 8.

KENTUCKY POWER COMPANY
CONDENSED BALANCE SHEETS
ASSETS
June 30, 2021 and December 31, 2020
(in thousands)
(Unaudited)

	June 30, 2021	December 31, 2020
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,055	$ 1,533
Accounts Receivable:		
Customers	11,218	10,485
Affiliated Companies	24,371	21,019
Accrued Unbilled Revenues	14,028	18,918
Miscellaneous	33	80
Allowance for Uncollectible Accounts	(4)	(87)
Total Accounts Receivable	49,646	50,415
Fuel	20,218	22,487
Materials and Supplies	19,047	19,861
Risk Management Assets	6,452	3,152
Accrued Tax Benefits	2,893	468
Regulatory Asset for Under-Recovered Fuel Costs	653	—
Prepayments and Other Current Assets	1,678	3,034
TOTAL CURRENT ASSETS	101,642	100,950
PROPERTY, PLANT AND EQUIPMENT		
Electric:		
Generation	1,228,862	1,231,387
Transmission	717,931	703,309
Distribution	975,774	955,501
Other Property, Plant and Equipment	131,819	120,965
Construction Work in Progress	106,280	83,008
Total Property, Plant and Equipment	3,160,666	3,094,170
Accumulated Depreciation and Amortization	1,079,347	1,052,273
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET	2,081,319	2,041,897
OTHER NONCURRENT ASSETS		
Regulatory Assets	494,779	450,145
Long-term Risk Management Assets	—	23
Employee Benefits and Pension Assets	42,238	41,062
Operating Lease Assets	11,345	11,928
Deferred Charges and Other Noncurrent Assets	25,007	33,585
TOTAL OTHER NONCURRENT ASSETS	573,369	536,743
TOTAL ASSETS	$ 2,756,330	$ 2,679,590

See Condensed Notes to Condensed Financial Statements beginning on page 8.

KENTUCKY POWER COMPANY
CONDENSED BALANCE SHEETS
LIABILITIES AND COMMON SHAREHOLDER'S EQUITY
June 30, 2021 and December 31, 2020
(Unaudited)

	June 30, 2021	December 31, 2020
	(in thousands)	
CURRENT LIABILITIES		
Advances from Affiliates	$ 10,616	$ 65,647
Accounts Payable:		
General	54,651	47,157
Affiliated Companies	33,681	24,862
Long-term Debt Due Within One Year – Nonaffiliated	125,000	40,000
Risk Management Liabilities	285	213
Customer Deposits	31,360	30,774
Accrued Taxes	26,726	36,191
Accrued Interest	5,873	6,399
Obligations Under Operating Leases	2,249	2,296
Regulatory Liability for Over-Recovered Fuel Costs	—	313
Other Current Liabilities	25,040	26,767
TOTAL CURRENT LIABILITIES	315,481	280,619
NONCURRENT LIABILITIES		
Long-term Debt – Nonaffiliated	977,869	952,650
Long-term Risk Management Liabilities	—	19
Deferred Income Taxes	429,329	446,054
Regulatory Liabilities and Deferred Investment Tax Credits	148,511	133,243
Asset Retirement Obligations	15,951	21,544
Employee Benefits and Pension Obligations	7,731	7,970
Obligations Under Operating Leases	9,128	9,672
Deferred Credits and Other Noncurrent Liabilities	4,916	4,485
TOTAL NONCURRENT LIABILITIES	1,593,435	1,575,637
TOTAL LIABILITIES	1,908,916	1,856,256
Rate Matters (Note 4)		
Commitments and Contingencies (Note 5)		
COMMON SHAREHOLDER'S EQUITY		
Common Stock – Par Value – $50 Per Share:		
Authorized – 2,000,000 Shares		
Outstanding – 1,009,000 Shares	50,450	50,450
Paid-in Capital	526,135	526,135
Retained Earnings	270,019	245,871
Accumulated Other Comprehensive Income (Loss)	810	878
TOTAL COMMON SHAREHOLDER'S EQUITY	847,414	823,334
TOTAL LIABILITIES AND COMMON SHAREHOLDER'S EQUITY	$ 2,756,330	$ 2,679,590

See Condensed Notes to Condensed Financial Statements beginning on page 8.

KENTUCKY POWER COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2021 and 2020
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2021	2020
OPERATING ACTIVITIES		
Net Income	$ 24,148	$ 17,900
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	56,652	49,452
Deferred Income Taxes	(12,123)	2,339
Allowance for Equity Funds Used During Construction	(671)	(570)
Mark-to-Market of Risk Management Contracts	(3,224)	(797)
Property Taxes	9,900	9,906
Deferred Fuel Over/Under-Recovery, Net	(967)	4,336
Change in Regulatory Assets	(49,463)	(5,510)
Change in Other Noncurrent Assets	(8,554)	(20,470)
Change in Other Noncurrent Liabilities	1,171	(5,757)
Changes in Certain Components of Working Capital:		
Accounts Receivable, Net	1,100	(2,934)
Fuel, Materials and Supplies	3,136	3,765
Accounts Payable	11,291	(2,440)
Accrued Taxes, Net	(11,890)	(13,806)
Other Current Assets	1,331	1,590
Other Current Liabilities	(1,024)	(2,218)
Net Cash Flows from Operating Activities	20,813	34,786
INVESTING ACTIVITIES		
Construction Expenditures	(76,465)	(87,445)
Other Investing Activities	490	460
Net Cash Flows Used for Investing Activities	(75,975)	(86,985)
FINANCING ACTIVITIES		
Issuance of Long-term Debt – Nonaffiliated	150,000	124,624
Change in Advances from Affiliates, Net	(55,031)	(72,441)
Retirement of Long-term Debt – Nonaffiliated	(40,000)	—
Principal Payments for Finance Lease Obligations	(447)	(400)
Other Financing Activities	162	117
Net Cash Flows from Financing Activities	54,684	51,900
Net Decrease in Cash and Cash Equivalents	(478)	(299)
Cash and Cash Equivalents at Beginning of Period	1,533	849
Cash and Cash Equivalents at End of Period	$ 1,055	$ 550
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest, Net of Capitalized Amounts	$ 19,325	$ 20,174
Net Cash Paid (Received) for Income Taxes	2,196	(3,657)
Noncash Acquisitions Under Finance Leases	233	463
Construction Expenditures Included in Current Liabilities as of June 30,	22,864	18,710

See Condensed Notes to Condensed Financial Statements beginning on page 8.

INDEX OF CONDENSED NOTES TO CONDENSED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING MATTERS

General

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

In the opinion of management, the unaudited condensed interim financial statements reflect all normal and recurring accruals and adjustments necessary for a fair statement of the net income, financial position and cash flows for the interim periods. Net income for the three and six months ended June 30, 2021 is not necessarily indicative of results that may be expected for the year ending December 31, 2021. The condensed financial statements are unaudited and should be read in conjunction with the audited 2020 financial statements and notes thereto, which are included in KPCo's 2020 Annual Report.

Subsequent Events

Management reviewed subsequent events through July 22, 2021, the date that the second quarter 2021 report was available to be issued.

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to KPCo's business. There are no new standards expected to have a material impact on KPCo's financial statements.

3. COMPREHENSIVE INCOME

Presentation of Comprehensive Income

The following tables provide the components of changes in AOCI and details of reclassifications from AOCI. The amortization of pension and OPEB AOCI components are included in the computation of net periodic pension and OPEB costs. See Note 6 - Benefit Plans for additional information.

Three Months Ended June 30, 2021	Pension and OPEB (in thousands)
Balance in AOCI as of March 31, 2021	$ 844
Change in Fair Value Recognized in AOCI	—
Amount of (Gain) Loss Reclassified from AOCI	
Amortization of Prior Service Cost (Credit)	(58)
Amortization of Actuarial (Gains) Losses	15
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(43)
Income Tax (Expense) Benefit	(9)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(34)
Net Current Period Other Comprehensive Income (Loss)	(34)
Balance in AOCI as of June 30, 2021	$ 810

Three Months Ended June 30, 2020	Pension and OPEB (in thousands)
Balance in AOCI as of March 31, 2020	$ 763
Change in Fair Value Recognized in AOCI	—
Amount of (Gain) Loss Reclassified from AOCI	
Amortization of Prior Service Cost (Credit)	(57)
Amortization of Actuarial (Gains) Losses	24
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(33)
Income Tax (Expense) Benefit	(7)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(26)
Net Current Period Other Comprehensive Income (Loss)	(26)
Balance in AOCI as of June 30, 2020	$ 737

Six Months Ended June 30, 2021	Pension and OPEB
	(in thousands)
Balance in AOCI as of December 31, 2020	$ 878
Change in Fair Value Recognized in AOCI	—
Amount of (Gain) Loss Reclassified from AOCI	
Amortization of Prior Service Cost (Credit)	(117)
Amortization of Actuarial (Gains) Losses	31
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(86)
Income Tax (Expense) Benefit	(18)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(68)
Net Current Period Other Comprehensive Income (Loss)	(68)
Balance in AOCI as of June 30, 2021	$ 810

Six Months Ended June 30, 2020	Pension and OPEB
	(in thousands)
Balance in AOCI as of December 31, 2019	$ 790
Change in Fair Value Recognized in AOCI	—
Amount of (Gain) Loss Reclassified from AOCI	
Amortization of Prior Service Cost (Credit)	(114)
Amortization of Actuarial (Gains) Losses	47
Reclassifications from AOCI, before Income Tax (Expense) Benefit	(67)
Income Tax (Expense) Benefit	(14)
Reclassifications from AOCI, Net of Income Tax (Expense) Benefit	(53)
Net Current Period Other Comprehensive Income (Loss)	(53)
Balance in AOCI as of June 30, 2020	$ 737

4. RATE MATTERS

As discussed in KPCo's 2020 Annual Report, KPCo is involved in rate and regulatory proceedings at the FERC and the KPSC. The Rate Matters note within KPCo's 2020 Annual Report should be read in conjunction with this report to gain a complete understanding of material rate matters still pending that could impact net income, cash flows and possibly financial condition. The following discusses ratemaking developments in 2021 and updates KPCo's 2020 Annual Report.

Regulatory Assets Pending Final Regulatory Approval

Noncurrent Regulatory Assets	June 30, 2021	December 31, 2020
	(in thousands)	
Regulatory Assets Currently Earning a Return		
Kentucky Deferred Purchased Power Expenses	$ 44,380	$ 41,267
Regulatory Assets Currently Not Earning a Return		
Storm-Related Costs	53,092	10,708
Other Regulatory Assets Pending Final Regulatory Approval	563	2,065
Total Regulatory Assets Pending Final Regulatory Approval	$ 98,035	$ 54,040

If these costs are ultimately determined not to be recoverable, it could reduce future net income and cash flows and impact financial condition.

Storm-Related Costs

In December 2020, a snow storm impacted KPCo's service territory resulting in customer outages and damage to KPCo utility assets. In March 2021, KPCo filed an application seeking deferral authority of approximately $1 million related to the December 2020 storm.

In February 2021, a severe winter storm impacted KPCo's service territory resulting in customer outages and extensive damage to transmission and distribution infrastructure. Management currently estimates KPCo incurred incremental operations and maintenance expenses of $46.8 million related to the storm, of which $42.6 million has been deferred as a regulatory asset. Incremental capital expenditures are estimated to be $28.6 million.

In April, 2021 the KPSC approved KPCo's requests for deferral authority of the December 2020 and February 2021 storm-related costs. KPCo will seek recovery of the deferred storm costs in its next base rate case.

If any of these incremental storm costs are not recoverable, it could reduce future net income and cash flows and impact financial condition.

CCR/ELG Compliance Plan Filings

KPCo and WPCo each own a 50% interest in the Mitchell Plant. In December 2020 and February 2021, WPCo and KPCo filed requests with the WVPSC and KPSC, respectively, to obtain the regulatory approvals necessary to implement CCR and ELG compliance plans and seek recovery of the estimated $132 million investment for the Mitchell Plant that would allow the plant to continue operating through 2040. Within those requests, WPCo and KPCo also filed a $25 million alternative to implement only the CCR-related investments with the WVPSC and KPSC, respectively, which would allow the Mitchell Plant to continue operating only through 2028.

In May 2021, intervenors in Kentucky and West Virginia submitted testimony with recommendations that only the CCR-related investments be constructed at the Mitchell Plant. In July 2021, the KPSC issued an order rejecting the full CCR and ELG compliance plans and approved the CCR only alternative. As of June 30, 2021, KPCo's share of the Mitchell Plant CCR and ELG investment balances in CWIP, was $795 thousand and $1.9 million, respectively. As of June 30, 2021, the net book value of KPCo's share of the Mitchell Plant, before cost of removal including CWIP and inventory, was $591.9 million.

If any of the CCR and ELG compliance plan costs are not approved for recovery and/or the retirement date of the Mitchell Plant is accelerated to 2028 without commensurate cost recovery, it would reduce future net income and cash flows and impact financial condition.

5. COMMITMENTS, GUARANTEES AND CONTINGENCIES

KPCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, KPCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation against KPCo cannot be predicted. Management accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, management discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements. The Commitments, Guarantees and Contingencies note within KPCo's 2020 Annual Report should be read in conjunction with this report.

GUARANTEES

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

Indemnifications and Other Guarantees

Contracts

KPCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, sale agreements, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. With respect to sale agreements, exposure generally does not exceed the sale price. As of June 30, 2021, there were no material liabilities recorded for any indemnifications.

AEPSC conducts power purchase and sale activity on behalf of APCo, I&M, KPCo and WPCo, who are jointly and severally liable for activity conducted on their behalf.

Master Lease Agreements

KPCo leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, KPCo is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed. As of June 30, 2021, the maximum potential loss for these lease agreements was $1.7 million assuming the fair value of the equipment is zero at the end of the lease term.

CONTINGENCIES

Claims Challenging Transition of American Electric Power System Retirement Plan to Cash Balance Formula

The American Electric Power System Retirement Plan (the Plan) has received a letter written on behalf of four participants (the Claimants) making a claim for additional plan benefits and purporting to advance such claims on behalf of a class. When the Plan's benefit formula was changed in the year 2000, AEP provided a special provision for employees hired before January 1, 2001, allowing them to continue benefit accruals under the then benefit formula for a full 10 years alongside of the new cash balance benefit formula then being implemented. Employees who were hired on or after January 1, 2001 accrued benefits only under the new cash balance benefit formula. The Claimants have asserted claims that: (a) the Plan violates the requirements under the Employee Retirement Income Security Act (ERISA) intended to preclude back-loading the accrual of benefits to the end of a participant's career, (b) the Plan violates the age discrimination prohibitions of ERISA and the Age Discrimination in Employment Act and (c) the company failed to provide required notice regarding the changes to the Plan. AEP has responded to the Claimants providing a reasoned explanation for why each of their claims have been denied. The denial of those claims was appealed to the AEP System Retirement Plan Appeal Committee and the Committee upheld the denial of claims. Management will continue to defend against the claims. Management is unable to determine a range of potential losses that is reasonably possible of occurring.

6. BENEFIT PLANS

KPCo participates in an AEP sponsored qualified pension plan and two unfunded nonqualified pension plans. Substantially all of KPCo's employees are covered by the qualified plan or both the qualified and nonqualified pension plans. KPCo also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees.

Components of Net Periodic Benefit Cost

The following tables provide the components of KPCo's net periodic benefit cost (credit) for the plans:

	Pension Plans		OPEB	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Service Cost	$ 870	$ 779	$ 70	$ 74
Interest Cost	1,210	1,492	274	374
Expected Return on Plan Assets	(2,145)	(2,472)	(870)	(940)
Amortization of Prior Service Credit	—	—	(624)	(613)
Amortization of Net Actuarial Loss	880	823	—	59
Net Periodic Benefit Cost (Credit)	$ 815	$ 622	$ (1,150)	$ (1,046)

	Pension Plans		OPEB	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Service Cost	$ 1,739	$ 1,559	$ 141	$ 149
Interest Cost	2,420	2,985	548	747
Expected Return on Plan Assets	(4,291)	(4,945)	(1,740)	(1,881)
Amortization of Prior Service Credit	—	—	(1,249)	(1,226)
Amortization of Net Actuarial Loss	1,761	1,646	—	119
Net Periodic Benefit Cost (Credit)	$ 1,629	$ 1,245	$ (2,300)	$ (2,092)

7. DERIVATIVES AND HEDGING

OBJECTIVES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS

AEPSC is agent for and transacts on behalf of KPCo.

KPCo is exposed to certain market risks as a major power producer and participant in the electricity, natural gas, coal and emission allowance markets. These risks include commodity price risk, interest rate risk and credit risk. These risks represent the risk of loss that may impact KPCo due to changes in the underlying market prices or rates. Management utilizes derivative instruments to manage these risks.

STRATEGIES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS TO ACHIEVE OBJECTIVES

Risk Management Strategies

The strategy surrounding the use of derivative instruments primarily focuses on managing risk exposures, future cash flows and creating value utilizing both economic and formal hedging strategies. The risk management strategies also include the use of derivative instruments for trading purposes which focus on seizing market opportunities to create value driven by expected changes in the market prices of the commodities. To accomplish these objectives, KPCo primarily employs risk management contracts including physical and financial forward purchase-and-sale contracts and, to a lesser extent, OTC swaps and options. Not all risk management contracts meet the definition of a derivative under the accounting guidance for "Derivatives and Hedging." Derivative risk management contracts elected normal under the normal purchases and normal sales scope exception are not subject to the requirements of this accounting guidance.

KPCo utilizes power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other commodity contracts to manage the risk associated with the energy business. KPCo utilizes interest rate derivative contracts in order to manage the interest rate exposure associated with its commodity portfolio. For disclosure purposes, such risks are grouped as "Commodity," as these risks are related to energy risk management activities. KPCo may also utilize derivative contracts to manage interest rate risk associated with debt financing. For disclosure purposes, these risks are grouped as "Interest Rate." The amount of risk taken is determined by the Commercial Operations and Finance groups in accordance with the established risk management policies as approved by the Finance Committee of the Board of Directors.

The following table represents the gross notional volume of KPCo's outstanding derivative contracts:

Primary Risk Exposure	June 30, 2021	December 31, 2020	Unit of Measure
	(in thousands)		
Commodity:			
Power	16,361	8,249	MWhs
Heating Oil and Gasoline	376	270	Gallons

Cash Flow Hedging Strategies

KPCo utilizes cash flow hedges on certain derivative transactions for the purchase and sale of power ("Commodity") in order to manage the variable price risk related to forecasted purchases and sales. Management monitors the potential impacts of commodity price changes and, where appropriate, enters into derivative transactions to protect profit margins for a portion of future electricity sales and purchases. KPCo does not hedge all commodity price risk.

KPCo may utilize a variety of interest rate derivative transactions in order to manage interest rate risk exposure. KPCo may also utilize interest rate derivative contracts to manage interest rate exposure related to future borrowings of fixed-rate debt. KPCo does not hedge all interest rate exposure.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND THE IMPACT ON KPCo's FINANCIAL STATEMENTS

The accounting guidance for "Derivatives and Hedging" requires recognition of all qualifying derivative instruments as either assets or liabilities on the balance sheets at fair value. The fair values of derivative instruments accounted for using MTM accounting or hedge accounting are based on exchange prices and broker quotes. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes and assumptions. In order to determine the relevant fair values of the derivative instruments, KPCo applies valuation adjustments for discounting, liquidity and credit quality.

Credit risk is the risk that a counterparty will fail to perform on the contract or fail to pay amounts due. Liquidity risk represents the risk that imperfections in the market will cause the price to vary from estimated fair value based upon prevailing market supply and demand conditions. Since energy markets are imperfect and volatile, there are inherent risks related to the underlying assumptions in models used to fair value risk management contracts. Unforeseen events may cause reasonable price curves to differ from actual price curves throughout a contract's term and at the time a contract settles. Consequently, there could be significant adverse or favorable effects on future net income and cash flows if market prices are not consistent with management's estimates of current market consensus for forward prices in the current period. This is particularly true for longer term contracts. Cash flows may vary based on market conditions, margin requirements and the timing of settlement of risk management contracts.

According to the accounting guidance for "Derivatives and Hedging," KPCo reflects the fair values of derivative instruments subject to netting agreements with the same counterparty net of related cash collateral. For certain risk management contracts, KPCo is required to post or receive cash collateral based on third-party contractual agreements and risk profiles. For the June 30, 2021 and December 31, 2020 balance sheets, KPCo netted $162 thousand and $96 thousand, respectively, of cash collateral received from third-parties against short-term and long-term risk management assets and $1.1 million and $0, respectively, of cash collateral paid to third-parties against short-term and long-term risk management liabilities.

The following tables represent the gross fair value of KPCo's derivative activity on the balance sheets:

Fair Value of Derivative Instruments
June 30, 2021

Balance Sheet Location	Risk Management Contracts – Commodity (a)	Gross Amounts Offset in the Statement of Financial Position (b)	Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)
		(in thousands)	
Current Risk Management Assets	$ 11,932	$ (5,480)	$ 6,452
Long-term Risk Management Assets	26	(26)	—
Total Assets	11,958	(5,506)	6,452
Current Risk Management Liabilities	6,726	(6,441)	285
Long-term Risk Management Liabilities	10	(10)	—
Total Liabilities	6,736	(6,451)	285
Total MTM Derivative Contract Net Assets	$ 5,222	$ 945	$ 6,167

December 31, 2020

Balance Sheet Location	Risk Management Contracts – Commodity (a)	Gross Amounts Offset in the Statement of Financial Position (b)	Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)
		(in thousands)	
Current Risk Management Assets	$ 6,751	$ (3,599)	$ 3,152
Long-term Risk Management Assets	139	(116)	23
Total Assets	6,890	(3,715)	3,175
Current Risk Management Liabilities	3,746	(3,533)	213
Long-term Risk Management Liabilities	105	(86)	19
Total Liabilities	3,851	(3,619)	232
Total MTM Derivative Contract Net Assets (Liabilities)	$ 3,039	$ (96)	$ 2,943

(a) Derivative instruments within this category are reported gross. These instruments are subject to master netting agreements and are presented on the balance sheets on a net basis in accordance with the accounting guidance for "Derivatives and Hedging."
(b) Amounts include counterparty netting of risk management and hedging contracts and associated cash collateral in accordance with the accounting guidance for "Derivatives and Hedging."
(c) All derivative contracts subject to a master netting arrangement or similar agreement are offset in the statement of financial position.

The table below presents KPCo's activity of derivative risk management contracts:

Amount of Gain (Loss) Recognized on Risk Management Contracts

Location of Gain (Loss)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
		(in thousands)		
Electric Generation, Transmission and Distribution Revenues	$ 1	$ (110)	$ —	$ 22
Purchased Electricity for Resale	22	43	37	44
Other Operation	23	(20)	31	(28)
Maintenance	26	(44)	47	(51)
Regulatory Assets (a)	(1,184)	1,674	(1,271)	280
Regulatory Liabilities (a)	1,571	2,909	2,389	3,333
Total Gain on Risk Management Contracts	$ 459	$ 4,452	$ 1,233	$ 3,600

(a) Represents realized and unrealized gains and losses subject to regulatory accounting treatment recorded as either current or noncurrent on the balance sheets.

Certain qualifying derivative instruments have been designated as normal purchase or normal sale contracts, as provided in the accounting guidance for "Derivatives and Hedging." Derivative contracts that have been designated as normal purchases or normal sales under that accounting guidance are not subject to MTM accounting treatment and are recognized on the statements of income on an accrual basis.

The accounting for the changes in the fair value of a derivative instrument depends on whether it qualifies for and has been designated as part of a hedging relationship and further, on the type of hedging relationship. Depending on the exposure, management designates a hedging instrument as a fair value hedge or a cash flow hedge.

For contracts that have not been designated as part of a hedging relationship, the accounting for changes in fair value depends on whether the derivative instrument is held for trading purposes. Unrealized and realized gains and losses on derivative instruments held for trading purposes are included in revenues on a net basis on KPCo's statements of income. Unrealized and realized gains and losses on derivative instruments not held for trading purposes are included in revenues or expenses on KPCo's statements of income depending on the relevant facts and circumstances. Certain derivatives that economically hedge future commodity risk are recorded in the same expense line item on the statements of income as that of the associated risk. However, unrealized and some realized gains and losses for both trading and non-trading derivative instruments are recorded as regulatory assets (for losses) or regulatory liabilities (for gains), in accordance with the accounting guidance for "Regulated Operations."

Accounting for Cash Flow Hedging Strategies

For cash flow hedges (i.e. hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), KPCo initially reports the gain or loss on the derivative instrument as a component of Accumulated Other Comprehensive Income (Loss) on the balance sheets until the period the hedged item affects Net Income.

Realized gains and losses on derivative contracts for the purchase and sale of power designated as cash flow hedges are included in Total Revenues or Purchased Electricity for Resale on KPCo's statements of income, or in Regulatory Assets or Regulatory Liabilities on KPCo's balance sheets, depending on the specific nature of the risk being hedged. During the three and six months ended June 30, 2021 and 2020, KPCo did not apply cash flow hedging to outstanding power derivatives.

KPCo reclassifies gains and losses on interest rate derivative hedges related to debt financings from Accumulated Other Comprehensive Income (Loss) on its balance sheets into Interest Expense on its statements of income in those periods in which hedged interest payments occur. During the three and six months ended June 30, 2021 and 2020, KPCo did not apply cash flow hedging to outstanding interest rate derivatives.

There was no impact of cash flow hedges included in Accumulated Other Comprehensive Income (Loss) on KPCo's balance sheets as of June 30, 2021 and December 31, 2020.

The actual amounts that KPCo reclassifies from Accumulated Other Comprehensive Income (Loss) to Net Income can differ due to market price changes. As of June 30, 2021, KPCo is not hedging (with contracts subject to the accounting guidance for "Derivatives and Hedging") its exposure to variability in future cash flows related to forecasted transactions.

Credit Risk

Management mitigates credit risk in KPCo's wholesale marketing and trading activities by assessing the creditworthiness of potential counterparties before entering into transactions with them and continuing to evaluate their creditworthiness on an ongoing basis. Management uses credit agency ratings and current market-based qualitative and quantitative data as well as financial statements to assess the financial health of counterparties on an ongoing basis.

Master agreements are typically used to facilitate the netting of cash flows associated with a single counterparty and may include collateral requirements. Collateral requirements in the form of cash, letters of credit, surety bonds and parental/affiliate guarantees may be obtained as security from counterparties in order to mitigate credit risk. Some master agreements include margining, which requires a counterparty to post cash or letters of credit in the event exposure exceeds the established threshold. The threshold represents an unsecured credit limit which may be supported by a parental/affiliate guaranty, as determined in accordance with AEP's credit policy. In addition, master agreements allow for termination and liquidation of all positions in the event of a default including failure or inability to post collateral when required.

Collateral Triggering Events

Credit Downgrade Triggers

A limited number of derivative contracts include collateral triggering events, which include a requirement to maintain certain credit ratings. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these collateral triggering events in contracts. KPCo has not experienced a downgrade below a specified credit rating threshold that would require the posting of additional collateral. As of June 30, 2021 and December 31, 2020, KPCo did not have derivative contracts with collateral triggering events in a net liability position.

Cross-Default Triggers

In addition, a majority of KPCo's non-exchange-traded commodity contracts contain cross-default provisions that, if triggered, would permit the counterparty to declare a default and require settlement of the outstanding payable. These cross-default provisions could be triggered if there was a non-performance event by Parent or the obligor under outstanding debt or a third-party obligation that is $50 million or greater. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these cross-default provisions in the contracts. The following table represents: (a) the fair value of these derivative liabilities subject to cross-default provisions prior to consideration of contractual netting arrangements, (b) the amount this exposure has been reduced by cash collateral posted and (c) if a cross-default provision would have been triggered, the settlement amount that would be required after considering contractual netting arrangements:

	June 30, 2021	December 31, 2020
	(in thousands)	
Liabilities for Contracts with Cross-Default Provisions Prior to Contractual Netting Arrangements	$ 116	$ 154
Additional Settlement Liability if Cross-Default Provision is Triggered	8	16

8. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy and Valuation Techniques

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

For commercial activities, exchange-traded derivatives, namely futures contracts, are generally fair valued based on unadjusted quoted prices in active markets and are classified as Level 1. Level 2 inputs primarily consist of OTC broker quotes in moderately active or less active markets, as well as exchange-traded derivatives where there is insufficient market liquidity to warrant inclusion in Level 1. Management verifies price curves using these broker quotes and classifies these fair values within Level 2 when substantially all of the fair value can be corroborated. Management typically obtains multiple broker quotes, which are nonbinding in nature but are based on recent trades in the marketplace. When multiple broker quotes are obtained, the quoted bid and ask prices are averaged. In certain circumstances, a broker quote may be discarded if it is a clear outlier. Management uses a historical correlation analysis between the broker quoted location and the illiquid locations. If the points are highly correlated, these locations are included within Level 2 as well. Certain OTC and bilaterally executed derivative instruments are executed in less active markets with a lower availability of pricing information. Illiquid transactions, complex structured transactions, FTRs and counterparty credit risk may require nonmarket-based inputs. Some of these inputs may be internally developed or extrapolated and utilized to estimate fair value. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized as Level 3. The main driver of contracts being classified as Level 3 is the inability to substantiate energy price curves in the market. A portion of the Level 3 instruments have been economically hedged which limits potential earnings volatility.

Fair Value Measurements of Long-term Debt

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

The book values and fair values of KPCo's Long-term Debt are summarized in the following table:

	June 30, 2021		December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
	(in thousands)			
Long-term Debt	$ 1,102,869	$ 1,239,500	$ 992,650	$ 1,166,298

Fair Value Measurements of Financial Assets and Liabilities

The following tables set forth, by level within the fair value hierarchy, KPCo's financial assets and liabilities that were accounted for at fair value on a recurring basis. As required by the accounting guidance for "Fair Value Measurements and Disclosures," financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There have not been any significant changes in management's valuation techniques.

Assets and Liabilities Measured at Fair Value on a Recurring Basis
June 30, 2021

	Level 1	Level 2	Level 3 (in thousands)	Other	Total
Assets:					
Risk Management Assets					
Risk Management Commodity Contracts (a) (b)	$ —	$ 5,145	$ 6,813	$ (5,506)	$ 6,452
Liabilities:					
Risk Management Liabilities					
Risk Management Commodity Contracts (a) (b)	$ —	$ 6,278	$ 458	$ (6,451)	$ 285

December 31, 2020

	Level 1	Level 2	Level 3 (in thousands)	Other	Total
Assets:					
Risk Management Assets					
Risk Management Commodity Contracts (a) (b)	$ —	$ 3,669	$ 3,204	$ (3,698)	$ 3,175
Liabilities:					
Risk Management Liabilities					
Risk Management Commodity Contracts (a) (b)	$ —	$ 3,655	$ 179	$ (3,602)	$ 232

(a) Amounts in "Other" column primarily represent counterparty netting of risk management and hedging contracts and associated cash collateral under the accounting guidance for "Derivatives and Hedging."
(b) Substantially comprised of power contracts.

The following tables set forth a reconciliation of changes in the fair value of net trading derivatives classified as Level 3 in the fair value hierarchy:

Three Months Ended June 30, 2021	Net Risk Management Assets (Liabilities)
	(in thousands)
Balance as of March 31, 2021	$ 1,043
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)	1,245
Settlements	(2,328)
Changes in Fair Value Allocated to Regulated Jurisdictions (d)	6,395
Balance as of June 30, 2021	$ 6,355

Three Months Ended June 30, 2020	Net Risk Management Assets (Liabilities)
	(in thousands)
Balance as of March 31, 2020	$ 1,250
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)	4,646
Settlements	(5,664)
Changes in Fair Value Allocated to Regulated Jurisdictions (d)	6,069
Balance as of June 30, 2020	$ 6,301

Six Months Ended June 30, 2021	Net Risk Management Assets (Liabilities)
	(in thousands)
Balance as of December 31, 2020	$ 3,025
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)	2,008
Settlements	(5,067)
Changes in Fair Value Allocated to Regulated Jurisdictions (d)	6,389
Balance as of June 30, 2021	$ 6,355

Six Months Ended June 30, 2020	Net Risk Management Assets (Liabilities)
	(in thousands)
Balance as of December 31, 2019	$ 5,702
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)	4,035
Settlements	(9,744)
Transfers out of Level 3 (c)	130
Changes in Fair Value Allocated to Regulated Jurisdictions (d)	6,178
Balance as of June 30, 2020	$ 6,301

(a) Included in revenues on KPCo’s statements of income.
(b) Represents the change in fair value between the beginning of the reporting period and the settlement of the risk management commodity contract.
(c) Transfers are recognized based on their value at the beginning of the reporting period that the transfer occurred.
(d) Relates to the net gains (losses) of those contracts that are not reflected on KPCo’s statements of income. These net gains (losses) are recorded as regulatory assets/liabilities or accounts payable.

The following tables quantify the significant unobservable inputs used in developing the fair value of Level 3 positions:

Significant Unobservable Inputs
June 30, 2021

	Fair Value		Valuation	Significant Unobservable	Input/Range		
	Assets	Liabilities	Technique	Input (a)	Low	High	Weighted Average (b)
	(in thousands)						
Energy Contracts	$ 50	$ 130	Discounted Cash Flow	Forward Market Price	$ 16.26	$ 55.49	$ 32.70
FTRs	6,763	328	Discounted Cash Flow	Forward Market Price	0.16	6.79	0.86
Total	$ 6,813	$ 458					

December 31, 2020

	Fair Value		Valuation	Significant Unobservable	Input/Range		
	Assets	Liabilities	Technique	Input (a)	Low	High	Weighted Average (b)
	(in thousands)						
Energy Contracts	$ 190	$ 121	Discounted Cash Flow	Forward Market Price	$ 10.84	$ 41.09	$ 25.08
FTRs	3,014	58	Discounted Cash Flow	Forward Market Price	0.17	4.18	1.03
Total	$ 3,204	$ 179					

(a) Represents market prices in dollars per MWh.
(b) The weighted average is the product of the forward market price of the underlying commodity and volume weighted by term.

The following table provides the measurement uncertainty of fair value measurements to increases (decreases) in significant unobservable inputs related to Energy Contracts and FTRs as of June 30, 2021 and December 31, 2020:

Uncertainty of Fair Value Measurements

Significant Unobservable Input	Position	Change in Input	Impact on Fair Value Measurement
Forward Market Price	Buy	Increase (Decrease)	Higher (Lower)
Forward Market Price	Sell	Increase (Decrease)	Lower (Higher)

9. INCOME TAXES

Effective Tax Rates (ETR)

KPCo's interim ETR reflects the estimated annual ETR for 2021 and 2020, adjusted for tax expense associated with certain discrete items.

KPCo includes the amortization of Excess ADIT not subject to normalization requirements in the annual estimated ETR when regulatory proceedings instruct KPCo to provide the benefits of Tax Reform to customers over multiple interim periods. Certain regulatory proceedings instruct KPCo to provide the benefits of Tax Reform to customers in a single period (e.g. by applying the Excess ADIT not subject to normalization requirements against an existing regulatory asset balance) and in these circumstances, KPCo recognizes the tax benefit discretely in the period recorded. The annual amount of Excess ADIT approved by KPCo's regulatory commissions may not impact the ETR ratably during each interim period due to the variability of pretax book income between interim periods and the application of an annual estimated ETR.

The ETR for KPCo is included in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
U.S. Federal Statutory Rate	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:				
State Income Tax, net of Federal Benefit	(5.2)%	7.7 %	(2.9)%	(5.0)%
Tax Reform Excess ADIT Reversal	(69.8)%	13.6 %	(135.2)%	(30.2)%
Flow Through	(2.1)%	(0.4)%	(1.9)%	0.3 %
AFUDC Equity	(2.0)%	0.9 %	(1.5)%	(2.0)%
Discrete Tax Adjustments	— %	— %	— %	(3.0)%
Other	0.1 %	0.6 %	— %	0.1 %
Effective Income Tax Rate	(58.0)%	43.4 %	(120.5)%	(18.8)%

Federal and State Income Tax Audit Status

The statute of limitations for the IRS to examine KPCo and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, KPCo and other AEP subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified AEP that it was beginning an examination of these amended returns, including the net operating loss carryback to 2015 that originated in the 2017 return. As of June 30, 2021, the IRS has not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount AEP claimed on the amended returns. AEP has agreed to extend the statute of limitations on the 2017 tax return to December 31, 2022 to allow time for the audit to be completed and the Congressional Joint Committee on Taxation to approve the associated refund claim.

10. FINANCING ACTIVITIES

Long-term Debt

Long-term debt issued during the first six months of 2021 is shown in the following table:

Type of Issuance	Principal Amount (a) (in thousands)	Interest Rate (%)	Due Date
Other Long-term Debt	$ 150,000	Variable	2023

(a) Amounts indicated on the statements of cash flows are net of issuance costs and premium or discount and may not tie to the issuance amounts.

Long-term debt retired during the first six months of 2021 is shown in the following table:

Type of Retirement	Principal Amount (a) (in thousands)	Interest Rate (%)	Due Date
Senior Unsecured Notes	$ 40,000	7.25	2021

Dividend Restrictions

KPCo pays dividends to Parent provided funds are legally available. Various financing arrangements and regulatory requirements may impose certain restrictions on the ability of KPCo to transfer funds to Parent in the form of dividends.

All of the dividends declared by KPCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

KPCo has credit agreements that contain a covenant that limit its debt to capitalization ratio to 67.5%. As of June 30, 2021, KPCo did not exceed its debt to capitalization limit. The method for calculating outstanding debt and capitalization is contractually-defined in the credit agreements.

The Federal Power Act restriction does not limit the ability of KPCo to pay dividends out of retained earnings.

Corporate Borrowing Program – AEP System

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of its agreement filed with the FERC. The amounts of outstanding borrowings from the Utility Money Pool as of June 30, 2021 and December 31, 2020 are included in Advances from Affiliates on KPCo's balance sheets. KPCo's Utility Money Pool activity and corresponding authorized borrowing limit for the six months ended June 30, 2021 are described in the following table:

Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Borrowings from the Utility Money Pool as of June 30, 2021	Authorized Short-Term Borrowing Limit
		(in thousands)			
$ 121,608	$ 43,730	$ 73,507	$ 43,730	$ 10,616	$ 180,000

Maximum, minimum and average interest rates for funds either loaned to or borrowed from the Utility Money Pool are summarized in the following table:

Six Months Ended June 30,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2021	0.40 %	0.25 %	0.34 %	0.34 %	0.34 %	0.34 %
2020	2.70 %	0.33 %	2.08 %	1.80 %	1.83 %	1.81 %

Securitized Accounts Receivables – AEP Credit

Under an affiliated receivables sales arrangement, KPCo sells, without recourse, certain of its customer accounts receivable and accrued unbilled revenue balances to AEP Credit. KPCo is charged a fee for each sale that is based on AEP Credit's financing costs, administrative costs and uncollectible accounts experience from previous purchases of KPCo's customer accounts receivable. No allowance for uncollectible accounts is recognized within KPCo's financial statements for customer accounts receivable sold to AEP Credit, and any bad debt stemming from these receivables would be recognized by AEP Credit. The costs of customer accounts receivable sold are reported in Other Operation expense on KPCo's statements of income. KPCo manages and services its accounts receivable sold.

In March 2021, AEP Credit amended its receivables securitization agreement to extend trigger levels established in October 2020 and to also provide a step down approach to these levels as management continues to monitor the accounts receivable balances for KPCo in response to the COVID-19 pandemic. As of June 30, 2021, KPCo was in compliance with all requirements under the agreement. To the extent that KPCo is deemed ineligible under the agreement, KPCo would no longer participate in the receivables securitization agreement and KPCo would need to finance working capital through other funding mechanisms. As of June 30, 2021, KPCo has issued approximately $150 million in long-term debt and borrowed approximately $10.6 million from the Utility Money Pool with an authorized borrowing limit of $180 million. Management believes KPCo has adequate liquidity under existing funding mechanisms, taking into consideration the adverse impact on cash flows, if KPCo would no longer participate in the securitization of accounts receivables. To the extent that future access to capital markets or cost of funding is adversely affected by COVID-19, it could reduce future net income and cash flows and impact financial condition.

AEP Credit's receivables securitization agreement provides a commitment of $750 million from bank conduits to purchase receivables and expires in September 2022.

KPCo's amounts of accounts receivable and accrued unbilled revenues sold under the sale of receivables agreement were $45.9 million and $54.8 million as of June 30, 2021 and December 31, 2020, respectively.

The fees paid by KPCo to (credits received from) AEP Credit for customer accounts receivable sold for the three months ended June 30, 2021 and 2020 were $(497) thousand and $1 million, respectively, and for the six months ended June 30, 2021 and 2020 were $(328) thousand and $2 million, respectively. In 2020, an increase in allowance for doubtful accounts was recognized in response to the anticipated impact of COVID-19 on the collectability of accounts receivable, which caused an increase in fees paid by KPCo. In 2021, due to higher than expected collections of accounts receivables, allowance for doubtful accounts was adjusted resulting in the issuance of credits to offset the higher fees previously paid.

KPCo's proceeds on the sale of receivables to AEP Credit for the three months ended June 30, 2021 and 2020 were $138.8 million and $110 million, respectively, and for the six months ended June 30, 2021 and 2020 were $292.5 million and $252.5 million, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

Asset Retirement Obligations (ARO)

KPCo records ARO in accordance with the accounting guidance for "Asset Retirement and Environmental Obligations" for the retirement of ash disposal facilities and asbestos removal.

The following is a reconciliation of the aggregate carrying amounts of ARO for KPCo:

ARO as of December 31, 2020	Accretion Expense	Liabilities Incurred	Liabilities Settled	Revisions in Cash Flow Estimates	ARO as of June 30, 2021
		(in thousands)			
$ 24,565	$ 537	$ —	$ (2,318)	$ (3,812)	$ 18,972

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

The table below represents KPCo's revenues from contracts with customers, net of respective provisions for refund, by type of revenue:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(in thousands)			
Retail Revenues:				
Residential Revenues	$ 61,009	$ 49,669	$ 138,326	$ 114,942
Commercial Revenues	38,034	31,144	76,226	66,390
Industrial Revenues	35,391	29,211	67,608	61,994
Other Retail Revenues	492	459	999	957
Total Retail Revenues	134,926	110,483	283,159	244,283
Wholesale Revenues:				
Generation Revenues (a)	7,334	3,027	14,623	6,294
Transmission Revenues (b)	5,458	5,708	10,920	11,433
Total Wholesale Revenues	12,792	8,735	25,543	17,727
Other Revenues from Contracts with Customers (a)	1,453	2,745	4,249	8,009
Total Revenues from Contracts with Customers	149,171	121,963	312,951	270,019
Other Revenues:				
Alternative Revenues	563	813	(1,274)	390
Total Other Revenues	563	813	(1,274)	390
Total Revenues	$ 149,734	$ 122,776	$ 311,677	$ 270,409

(a) Amounts include affiliated and nonaffiliated revenues.
(b) Amounts include affiliated and nonaffiliated revenues. The affiliated revenues were $2.3 million and $2.6 million for the three months ended June 30, 2021 and 2020, respectively, and $4.5 million and $5.3 million for the six months ended. June 30, 2021 and 2020, respectively.

Fixed Performance Obligations

The following table represents KPCo's remaining fixed performance obligations satisfied over time as of June 30, 2021. Fixed performance obligations primarily include wholesale transmission services, electricity sales for fixed amounts of energy and stand ready services into PJM's Reliability Pricing Model market. The amounts shown in the table below include affiliated and nonaffiliated revenues.

2021	2022-2023	2024-2025	After 2025	Total
		(in thousands)		
$ 13,692	$ 5,149	$ 2,870	$ 1,435	$ 23,146

Contract Assets and Liabilities

Contract assets are recognized when KPCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. KPCo did not have material contract assets as of June 30, 2021 and December 31, 2020.

When KPCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. KPCo's contract liabilities typically arise from advanced payments of services provided primarily with respect to joint use agreements for utility poles. KPCo did not have material contract liabilities as of June 30, 2021 and December 31, 2020.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on KPCo's balance sheets within the Accounts Receivable - Customers line item. KPCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Accounts Receivable - Customers were not material as of June 30, 2021 and December 31, 2020. See "Securitized Accounts Receivable - AEP Credit" section of Note 10 for additional information related to AEP Credit's securitized accounts receivable.

The amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable - Affiliated Companies on KPCo's balance sheets were $7.3 million and $8.3 million, respectively, as of June 30, 2021 and December 31, 2020.

THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ]	Resubmission No. ____

Form 1 Approved
OMB No.1902-0021
(Expires 11/30/2022)
Form 1-F Approved
OMB No.1902-0029
(Expires 11/30/2022)
Form 3-Q Approved
OMB No.1902-0205
(Expires 11/30/2022)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
AEP Kentucky Transmission Company, Inc.	**End of** 2020/Q4

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q)is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

(1) one million megawatt hours of total annual sales,
(2) 100 megawatt hours of annual sales for resale,
(3) 500 megawatt hours of annual power exchanges delivered, or
(4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: http://www.ferc.gov/docs-filing/forms/form-1/elec-subm-soft.asp. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

Reference Schedules	Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of ____________ , we have also reviewed schedules ___________________of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at http://www.ferc.gov/help/how-to.asp.

(g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from http://www.ferc.gov/docs-filing/forms/form-1/form-1.pdf and http://www.ferc.gov/docs-filing/forms.asp#3Q-gas .

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and

b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,168 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 168 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.

III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.

VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and" firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the

termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and “firm” means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) ’Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power; ......

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be field..."

General Penalties

The Commission may assess up to $1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent	02 Year/Period of Report
AEP Kentucky Transmission Company, Inc.	End of 2020/Q4

03 Previous Name and Date of Change *(if name changed during year)*

/ /

04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)*
1 Riverside Plaza, Columbus, OH 43215-2373

05 Name of Contact Person	06 Title of Contact Person
Jason M Johnson	Accountant

07 Address of Contact Person *(Street, City, State, Zip Code)*
AEP Service Corp, 1 Riverside Plaza, 26th Flr, Columbus, OH 43215-2373

08 Telephone of Contact Person, *Including Area Code*	09 This Report Is	10 Date of Report *(Mo, Da, Yr)*
(614) 716-1000	(1) [X] An Original (2) [ ] A Resubmission	/ /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
Jeffrey W. Hoersdig		
02 Title: Assistant Controller	Jeffrey W. Hoersdig	04/09/2021

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	N/A
4	Officers	104	
5	Directors	105	
6	Information on Formula Rates	106(a)(b)	
7	Important Changes During the Year	108-109	
8	Comparative Balance Sheet	110-113	
9	Statement of Income for the Year	114-117	
10	Statement of Retained Earnings for the Year	118-119	
11	Statement of Cash Flows	120-121	
12	Notes to Financial Statements	122-123	
13	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
14	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
15	Nuclear Fuel Materials	202-203	N/A
16	Electric Plant in Service	204-207	
17	Electric Plant Leased to Others	213	N/A
18	Electric Plant Held for Future Use	214	N/A
19	Construction Work in Progress-Electric	216	
20	Accumulated Provision for Depreciation of Electric Utility Plant	219	
21	Investment of Subsidiary Companies	224-225	N/A
22	Materials and Supplies	227	
23	Allowances	228(ab)-229(ab)	N/A
24	Extraordinary Property Losses	230	N/A
25	Unrecovered Plant and Regulatory Study Costs	230	N/A
26	Transmission Service and Generation Interconnection Study Costs	231	N/A
27	Other Regulatory Assets	232	
28	Miscellaneous Deferred Debits	233	
29	Accumulated Deferred Income Taxes	234	
30	Capital Stock	250-251	N/A
31	Other Paid-in Capital	253	
32	Capital Stock Expense	254	N/A
33	Long-Term Debt	256-257	
34	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
35	Taxes Accrued, Prepaid and Charged During the Year	262-263	
36	Accumulated Deferred Investment Tax Credits	266-267	N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Other Deferred Credits	269	
38	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	N/A
39	Accumulated Deferred Income Taxes-Other Property	274-275	
40	Accumulated Deferred Income Taxes-Other	276-277	
41	Other Regulatory Liabilities	278	
42	Electric Operating Revenues	300-301	
43	Regional Transmission Service Revenues (Account 457.1)	302	N/A
44	Sales of Electricity by Rate Schedules	304	N/A
45	Sales for Resale	310-311	N/A
46	Electric Operation and Maintenance Expenses	320-323	
47	Purchased Power	326-327	N/A
48	Transmission of Electricity for Others	328-330	
49	Transmission of Electricity by ISO/RTOs	331	N/A
50	Transmission of Electricity by Others	332	N/A
51	Miscellaneous General Expenses-Electric	335	
52	Depreciation and Amortization of Electric Plant	336-337	
53	Regulatory Commission Expenses	350-351	
54	Research, Development and Demonstration Activities	352-353	
55	Distribution of Salaries and Wages	354-355	N/A
56	Common Utility Plant and Expenses	356	N/A
57	Amounts included in ISO/RTO Settlement Statements	397	N/A
58	Purchase and Sale of Ancillary Services	398	N/A
59	Monthly Transmission System Peak Load	400	N/A
60	Monthly ISO/RTO Transmission System Peak Load	400a	N/A
61	Electric Energy Account	401	N/A
62	Monthly Peaks and Output	401	N/A
63	Steam Electric Generating Plant Statistics	402-403	N/A
64	Hydroelectric Generating Plant Statistics	406-407	N/A
65	Pumped Storage Generating Plant Statistics	408-409	N/A
66	Generating Plant Statistics Pages	410-411	N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Transmission Line Statistics Pages	422-423	N/A
68	Transmission Lines Added During the Year	424-425	N/A
69	Substations	426-427	
70	Transactions with Associated (Affiliated) Companies	429	
71	Footnote Data	450	
	Stockholders' Reports Check appropriate box: [X] Two copies will be submitted [ ] No annual report to stockholders is prepared		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Jeffrey W. Hoersdig
Assistant Controller
1 Riverside Plaza
Columbus, OH 43215

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Kentucky - October 2, 2009

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric - Kentucky

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

AEP Transmission Company, LLC, controls 100% of the Respondent as of December 31, 2020. AEP Transmission Holding Company, LLC, controls 100% of AEP Transmission Company, LLC as of December 31, 2020. American Electric Power Company, Inc., a registered holding company, controls 100% of AEP Transmission Holding Company, LLC as of December 31, 2020.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions
1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Not Applicable			
2				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	See Footnote		
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Schedule Page: 104 Line No.: 1 Column: a

Summary Compensation Table

The following table provides summary information concerning compensation earned by our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated executive officers, to whom we refer collectively as the named executive officers.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Nicholas K. Akins— Chairman of the Board and Chief Executive Officer	2020	1,521,615	—	9,615,116	3,500,000	698,612	168,091	15,503,434
Brian X. Tierney— Executive Vice President and Chief Financial Officer	2020	826,308	—	2,160,666	1,050,000	422,536	107,217	4,566,727
David M. Feinberg— Executive Vice President, General Counsel and Secretary	2020	699,339	—	1,512,527	847,000	235,404	81,738	3,376,008
Lisa M. Barton— Executive Vice President-Transmission	2020	665,077	—	1,620,475	856,000	206,833	81,600	3,429,985
Lana L. Hillebrand— Executive Vice President-Chief Administrative Officer	2020	637,365	—	1,688,344	771,862	247,260	1,186,196	4,531,027

(1) Amounts in the salary column are composed of executive salaries earned for the year shown, which include 262 days of pay for 2020. This is two days more than the standard 260 calendar work days and holidays in a year.

(2) The amounts reported in this column reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 of the performance shares, restricted stock units (RSUs) and unrestricted shares granted under our Long-Term Incentive Plan. See Note 15 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2020 for a discussion of the relevant assumptions used in calculating these amounts. The number of shares realized and the value of the performance shares, if any, will depend on the Company's performance during a 3 year performance period. The potential payout can range from 0 percent to 200 percent of the target number of performance shares, plus any dividend equivalents. The value of the 2020 performance shares will be based on three measures: a Board approved cumulative operating earnings per share measure (Cumulative EPS 50%), a total shareholder return measure (Relative TSR 40%) and a carbon free capacity mix (Carbon Free Capacity 10%). The grant date fair value of the 2020 performance shares that are based on Cumulative EPS was computed in accordance with FASB ASC Topic 718 and was measured based on the closing price of AEP's common stock on the grant date. The maximum amount payable for the 2020 performance shares that are based on Cumulative EPS is equal to $6,674,985 for Mr. Akins; $1,499,955 for Mr. Tierney; $1,050,051 for Mr. Feinberg; $1,124,966 for Ms. Barton and $824,996 for Ms. Hillebrand. The maximum amount payable for the 2020 performance shares that are based on Non-Emitting Generation Capacity is equal to $1,334,997 for Mr. Akins; $299,991 for Mr. Tierney; $210,010 for Mr. Feinberg; $224,993 for Ms. Barton and $164,999 (pro-rated $55,000) for Ms. Hillebrand. The grant date fair value of the 2020 performance shares that are based on Relative TSR is calculated using a Monte-Carlo model as of the date of grant, in accordance with FASB ASC Topic 718. Because the performance shares that are based on Relative TSR are subject to market conditions as defined under FASB ASC Topic 718, they did not have a maximum value on the grant date that differed from the grant date fair values presented in the table. Instead, the maximum value is factored into the calculation of the grant date fair value.

(3) The amounts shown in this column reflect annual incentive compensation.

(4) The amounts shown in this column are attributable to the increase in the actuarial values of each of the named executive officer's combined benefits under AEP's qualified and non-qualified defined benefit pension plans determined using interest rate and mortality assumptions consistent with those used in the Company's financial statements. See the Pension Benefits for 2020 table and related footnotes for additional information. See Note 8 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2020 for a discussion of the relevant assumptions. None of the named executive officers received preferential or above-market earnings on deferred compensation.

(5) Amounts shown in the All Other Compensation column for 2020 include: (a) Company matching contributions to the Company's Retirement Savings Plan, (b) Company matching contributions to the Company's Supplemental Retirement Savings Plan and (c) perquisites and (d) severance benefits. The 2020 values for these items are listed in the following table:

Type	Nicholas K. Akins	Brian X. Tierney	David M. Feinberg	Lisa M. Barton	Lana L. Hillebrand
Retirement Savings Plan Match	$ 12,825	$ 12,825	$ 12,825	$ 12,825	$ 12,825
Supplemental Retirement Savings Plan Match	$ 134,671	$ 74,392	$ 58,492	$ 54,989	$ 52,692
Perquisites	$ 20,595	$ 20,000	$ 10,421	$ 13,786	$ 13,804
Severance					$ 1,106,875
Total	**$ 168,091**	**$ 107,217**	**$ 81,738**	**$ 81,600**	**$ 1,186,196**

Perquisites provided in 2020 included: financial counseling and tax preparation services, and, for Mr. Akins, director's group travel accident insurance premium. Executive officers may also have the occasional personal use of event tickets when such tickets are not being used for business purposes, however, there is no associated incremental cost. From time to time executive officers may receive customary gifts from third parties that sponsor events (subject to our policies on conflicts of interest).

Mr. Akins has entered into an Aircraft Time Sharing Agreement that allows him to use our corporate aircraft for personal use for a limited number of hours each year. The Aircraft Time Sharing Agreement requires Mr. Akins to reimburse the Company for the cost of his personal use of corporate aircraft in accordance with limits set forth in Federal Aviation Administration regulations. The incremental costs incurred in connection with personal flights for which Mr. Akins fully reimbursed the Company under the Aircraft Timesharing Agreement include fuel, oil, hangar costs, crew travel expenses, catering, landing fees and other incremental airport fees. Accordingly, no value is shown for these amounts in the Summary Compensation Table. If the aircraft flies empty before picking up or after dropping off Mr. Akins at a destination on a personal flight, the cost of the empty flight is included in the incremental cost for which Mr. Akins reimburses the Company. Since AEP aircraft are used predominantly for business purposes, we do not include fixed costs that do not change in amount based on usage, such as depreciation and pilot salaries.

Ms. Hillebrand's employment as the Company's Chief Administrative Officer terminated effective December 31, 2020 due to the elimination of her position. In anticipation of this, the Company entered into a severance, stock award, release of all claims and noncompetition agreement with Ms. Hillebrand on October 21, 2020 pursuant to which the Company agreed to provide, among other benefits, $1,106,875 in severance benefits due to the elimination of her position and separation from service, effective December 31, 2020. This amount is equivalent to 1× her annual base salary and target annual incentive award, which is the current severance benefit for all participants under AEP's Executive Severance plan. Half of this amount will be paid 6 months after her termination date and the remainder will be paid over the following 13 biweekly pay periods. In addition, the Company agreed to provide Ms. Hillebrand $500,000 in unrestricted AEP shares under AEP's Long-Term Incentive Plan upon her separation from AEP service. Ms. Hillebrand is also qualified for 12 months of retiree medical and dental insurance at active employee rates for up to 12 months. Ms. Hillebrand also agreed to a one-year non-competition restriction and affirmed certain non-solicitation, confidentiality and cooperation obligations.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Nicholas K. Akins, Chairman of the Board,	Columbus, Ohio
2	and Chief Executive Officer	
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4	Mark C. McCullough, President	Columbus, Ohio
5	and Chief Operating Officer	
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7	Wade A. Smith, Vice President	Columbus, Ohio
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9	Brian X. Tierney, Vice President	Columbus, Ohio
10	and Chief Financial Officer	
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12	David M. Feinberg, Vice President	Columbus, Ohio
13	and Secretary	
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15	Note: Respondent does not have an Executive Committee	
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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2020/Q4

FOOTNOTE DATA

Schedule Page: 105   Line No.: 9   Column: a

Resigned effective 12/31/2020

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent have formula rates?	[X] Yes [ ] No

1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.

Line No.	FERC Rate Schedule or Tariff Number	FERC Proceeding
1	FERC OATT PJM Interconnections LLC - Attachment H-	ER17-406
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?

[X] Yes
[ ] No

2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website

Line No.	Accession No.	Document Date \ Filed Date	Docket No.	Description	Formula Rate FERC Rate Schedule Number or Tariff Number
1	20200527-5105	05/27/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
2	20200602-5074	06/02/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
3	20200821-5122	08/21/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
4	20200904-5069	09/04/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
5	20201102-5243	11/02/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
6	20201116-5097	11/16/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
7	20201119-5099	11/19/2020	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

INFORMATION ON FORMULA RATES
Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

Line No.	Page No(s).	Schedule	Column	Line No
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Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

1) None

2) None

3) None

4) None

5) None

6) AEP Kentucky Transmission Intercompany Note
$21M
FERC LTD Authority: ES-20-10-000
Issued: 4/1/2020
Maturity: 4/1/2050

7) None

8) None

9) None

10) None

11) (Reserved)

12) Not Used

13) Robert W Bradish elected as Vice President on Jan 28, 2020
Michael L Deggendorf elected as Vice President on July 31, 2020
Daniel J Rogier resigned as Vice President on July 31, 2020
David C House elected as Assistant Secretary on September 25, 2020
Thomas G Berkemeyer resigned as Assistant Secretary on September 25, 2020
Brian X Tierney resigned as Director, Chief Financial Officer & Vice President on December 31, 2020
Julia A Sloat resigned as Treasurer on December 31, 2020

14) Proprietary capital ratio exceeds 30%

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	129,738,863	124,616,586
3	Construction Work in Progress (107)	200-201	31,350,237	17,135,182
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		161,089,100	141,751,768
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	9,802,671	6,932,886
6	Net Utility Plant (Enter Total of line 4 less 5)		151,286,429	134,818,882
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		151,286,429	134,818,882
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		0	0
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		0	0
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		220,958	166,246
41	Other Accounts Receivable (143)		0	0
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	0
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		1,039,152	1,048,898
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	0	0
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		32,856	26,859
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		1,292,966	1,242,003
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		506,254	303,693
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	1,626,971	1,380,935
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	825,936	734,315
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	2,257,386	2,185,105
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		5,216,547	4,604,048
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		157,795,942	140,664,933

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [x] An Original (2) [ ] A Resubmission	/ /	end of 2020/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	0	0
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	41,707,500	40,707,500
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	21,042,883	19,854,292
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		62,750,383	60,561,792
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	64,000,000	43,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		16,111	18,833
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		204,486	205,305
24	Total Long-Term Debt (lines 18 through 23)		63,811,625	42,813,528
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		127,325	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		127,325	0
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		2,851,211	3,446,531
39	Notes Payable to Associated Companies (233)		1,366,425	10,357,607
40	Accounts Payable to Associated Companies (234)		1,681,496	630,303
41	Customer Deposits (235)		0	0
42	Taxes Accrued (236)	262-263	1,374,040	-246,737
43	Interest Accrued (237)		0	0
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	end of 2020/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		98	199,219
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		7,273,270	14,386,923
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	0	97
60	Other Regulatory Liabilities (254)	278	7,400,921	7,383,604
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		14,264,972	13,681,177
64	Accum. Deferred Income Taxes-Other (283)		2,167,446	1,837,812
65	Total Deferred Credits (lines 56 through 64)		23,833,339	22,902,690
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		157,795,942	140,664,933

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENT OF INCOME

Quarterly
1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	14,302,488	12,997,123		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	1,998,020	1,745,894		
5	Maintenance Expenses (402)	320-323	156,380	119,377		
6	Depreciation Expense (403)	336-337	2,753,067	2,512,078		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	265,337	187,920		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	435,383	251,898		
15	Income Taxes - Federal (409.1)	262-263	965,842	-1,091,087		
16	- Other (409.1)	262-263	119,081	34,401		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	1,748,712	13,065,391		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	1,147,170	10,326,042		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		7,294,652	6,499,830		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		7,007,836	6,497,293		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
14,302,488	12,997,123					2
						3
1,998,020	1,745,894					4
156,380	119,377					5
2,753,067	2,512,078					6
						7
265,337	187,920					8
						9
						10
						11
						12
						13
435,383	251,898					14
965,842	-1,091,087					15
119,081	34,401					16
1,748,712	13,065,391					17
1,147,170	10,326,042					18
						19
						20
						21
						22
						23
						24
7,294,652	6,499,830					25
7,007,836	6,497,293					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		7,007,836	6,497,293		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		37,852	3,939		
38	Allowance for Other Funds Used During Construction (419.1)		1,041,092	617,665		
39	Miscellaneous Nonoperating Income (421)		674	240		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		1,079,618	621,844		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		394	100,253		
46	Life Insurance (426.2)					
47	Penalties (426.3)		17	7		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		7,294	9,107		
49	Other Deductions (426.5)		2,535	1,471		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		10,240	110,838		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263		15		
53	Income Taxes-Federal (409.2)	262-263	-201,596	-22,799		
54	Income Taxes-Other (409.2)	262-263	6,398	-1,993		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	16,695	15,851		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	5,807	35,215		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-184,310	-44,141		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		1,253,688	555,147		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)		33,888	28,282		
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)		2,723	2,724		
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		2,249,281	1,777,216		
68	Other Interest Expense (431)		118,863	110,151		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		326,376	267,622		
70	Net Interest Charges (Total of lines 62 thru 69)		2,072,933	1,645,303		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		6,188,591	5,407,137		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		6,188,591	5,407,137		

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		19,854,292	14,447,155
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		6,188,591	5,407,137
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31	Common Stock		-5,000,000	
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-5,000,000	
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		21,042,883	19,854,292
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		21,042,883	19,854,292
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	6,188,591	5,407,137
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,018,404	2,699,998
5	Amortization of		
6			
7			
8	Deferred Income Taxes (Net)	612,430	2,719,985
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-44,966	904,141
11	Net (Increase) Decrease in Inventory		
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,700,877	-204,028
14	Net (Increase) Decrease in Other Regulatory Assets		
15	Net Increase (Decrease) in Other Regulatory Liabilities		
16	(Less) Allowance for Other Funds Used During Construction	1,041,092	617,665
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-133,406	-81,613
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	11,300,838	10,827,955
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-20,120,198	-20,165,064
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-1,041,092	-617,665
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-19,079,106	-19,547,399
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-19,079,106	-19,547,399
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	21,000,000	
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Long Term Issuances Costs	-230,550	
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68	Notes Payable to Associated Companies - Issued		8,719,444
69	Capital Contributions from Parent	1,000,000	
70	Cash Provided by Outside Sources (Total 61 thru 69)	21,769,450	8,719,444
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77	Notes Payable to Associated Companies - Retired	-8,991,182	
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-5,000,000	
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	7,778,268	8,719,444
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)		
87			
88	Cash and Cash Equivalents at Beginning of Period		
89			
90	Cash and Cash Equivalents at End of period		

Schedule Page: 120 Line No.: 18 Column: b

	2020 Cash Flow Incr / (Decr)	2019 Cash Flow Incr / (Decr)
Utility Plant, Net	10,021	(3,452)
Prepayments	(5,997)	(10,284)
Unamortized Debt Expense	27,989	20,091
Other Deferred Debits, Net	(91,621)	(236,802)
Unamortized Discount/Premium on Long-Term Debt	(1,905)	5,468
Accumulated Provisions - Misc	127,325	-
Current and Accrued Liabilities, Net	(199,121)	145,657
Other Deferred Credits, Net	(97)	(2,291)
Total	**$ (133,406)**	**$ (81,613)**

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

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SEE PAGE 123 FOR REQUIRED INFORMATION.

INDEX OF NOTES TO FINANCIAL STATEMENTS

GLOSSARY OF TERMS FOR NOTES

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

Term	Meaning
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned subsidiaries and affiliates.
AEP East Transmission Companies	APTCo, IMTCo, KTCo, OHTCo and WVTCo.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Texas	AEP Texas Inc., an AEP electric utility subsidiary.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEPEP	AEP Energy Partners, Inc., a subsidiary of AEP dedicated to wholesale marketing and trading, hedging activities, asset management and commercial and industrial sales in deregulated markets.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, and its consolidated State Transcos, a subsidiary of AEP Transmission Holdco.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
APTCo	AEP Appalachian Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
ARAM	Average Rate Assumption Method, an IRS approved method used to calculate the reversal of Excess ADIT for ratemaking purposes.
ASU	Accounting Standards Update.
ATRR	Annual Transmission Revenue Requirement.
CAA of 2021	Consolidated Appropriations Act of 2021 signed into law in December 2020.
CARES Act	Coronavirus Aid, Relief, and Economic Security Act signed into law in March 2020.
Excess ADIT	Excess accumulated deferred income taxes.
FASB	Financial Accounting Standards Board.
FERC	Federal Energy Regulatory Commission.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IMTCo	AEP Indiana Michigan Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
IRS	Internal Revenue Service.

KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
KPSC	Kentucky Public Service Commission.
KTCo	AEP Kentucky Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OATT	Open Access Transmission Tariff.
OHTCo	AEP Ohio Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OKTCo	AEP Oklahoma Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OPCo	Ohio Power Company, an AEP electric utility subsidiary.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PJM	Pennsylvania - New Jersey - Maryland regional transmission organization.
PSO	Public Service Company of Oklahoma, an AEP electric utility subsidiary.
ROE	Return on equity.
RTO	Regional Transmission Organization, responsible for moving electricity over large interstate areas.
SPP	Southwest Power Pool.
State Transcos	Wholly-owned AEPTCo transmission subsidiaries; APTCo, IMTCo, KTCo, OHTCo, OKTCo, SWTCo and WVTCo.
SWEPCo	Southwestern Electric Power Company, an AEP electric utility subsidiary.
SWTCo	AEP Southwestern Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the “Tax Cuts and Jobs Act” (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
Transource Energy	Transource Energy, LLC, a consolidated variable interest entity formed for the purpose of investing in utilities which develop, acquire, construct, own and operate transmission facilities in accordance with FERC-approved rates.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
WVTCo	AEP West Virginia Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

KTCo builds, owns and operates transmission facilities in Kentucky. KTCo is a member of PJM. AEPTCo owns all of KTCo's outstanding equity. Currently, all of KTCo's capital needs are provided by AEPTCo and the Utility Money Pool. AEPSC and other AEP subsidiaries provide services to KTCo through service agreements. KTCo does not have employees.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rates and Service Regulation

KTCo's rates are regulated by the FERC. Historically, the FERC formula rates for KTCo were established each July based on prior calendar year's financial activity and projected plant balances. Effective January 1, 2017, KTCo implemented the modified PJM OATT formula rate calculation which establishes the annual FERC formula rates on a calendar year basis using the projected calendar year's financial activity and projected plant balances. Refer to Note 3 for additional information. The FERC also regulates KTCo's, AEPSC's and AEPTCo's affiliated transactions, including AEPSC's and AEPTCo's billings at cost under the 2005 Public Utility Holding Company Act and the Federal Power Act. The FERC also has jurisdiction over the issuances and acquisitions of securities of KTCo, the acquisition or sale of certain utility assets and mergers with another electric utility or holding company. The FERC is permitted to review and audit the relevant books and records of KTCo.

Basis of Accounting

KTCo's accounting is subject to the requirements of the KPSC and the FERC. The financial statements have been prepared in accordance with the Uniform System of Accounts prescribed by the FERC. The principal differences from GAAP include:

- The requirement to report deferred tax assets and liabilities separately rather than as a single amount.
- The classification of accrued taxes as a single amount rather than as assets and liabilities.
- The classification of accrued non-ARO asset removal costs as accumulated depreciation rather than regulatory liabilities.
- The classification of regulatory assets and liabilities related to the accounting guidance for "Accounting for Income Taxes" as separate assets and liabilities rather than as a single amount.
- The classification of certain nonoperating revenues as miscellaneous nonoperating income instead of as operating revenue.
- The classification of certain nonoperating expenses as miscellaneous nonoperating expense instead of as operating expense.
- The separate classification of income tax expense for operating and nonoperating activities instead of as a single income tax expense.
- The classification of certain other assets and liabilities as noncurrent instead of current.
- The classification of debt issuance costs as noncurrent assets instead of noncurrent liabilities.
- The classification of interest on regulated finance leases as Operating Expense instead of Other Income (Expense).
- The classification of certain expenses in operating income rather than operating expenses.
- The classification of cloud computing implementation costs as Utility Plant rather than as a noncurrent asset.

Accounting for the Effects of Cost-Based Regulation

As a rate-regulated entity, KTCo's financial statements reflect the actions of regulators that result in the recognition of certain revenues and expenses in different time periods than enterprises that are not rate-regulated. Under KTCo's formula rate mechanism and in accordance with accounting guidance for "Regulated Operations," KTCo records regulatory assets (deferred expenses) and regulatory liabilities (deferred revenue reductions or refunds) to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching income with its passage to customers in cost-based regulated rates.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates include, but are not limited to, long-lived asset impairment, the effects of regulation, long-lived asset recovery and the effects of contingencies. The estimates and assumptions used are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could ultimately differ from those estimates.

Supplementary Information

	2020	2019
For the Twelve Months Ended December 31,	**(in thousands)**	
Cash Was Paid (Received) for:		
Interest (Net of Capitalized Amounts)	$ 1,735	$ 1,511
Income Taxes (Net of Refunds)	(260)	(534)
As of December 31,		
Construction Expenditures Included in Current and Accrued Liabilities	2,503	3,127

Accounts Receivable

Accounts receivable primarily includes receivables from PJM based on the monthly allocation of the tariff rates that were authorized by FERC order and receivables for sales to miscellaneous customers.

Transmission Property

Transmission property is stated at original cost. Additions, major replacements and betterments are added to the property accounts. Under the group composite method of depreciation, continuous interim routine replacements of items such as poles, transformers, etc. result in original cost retirements, less salvage, being charged to accumulated depreciation. The group composite method of depreciation assumes that on average, asset components are retired at the end of their useful lives and thus there is no gain or loss. The equipment in each primary electric plant account is identified as a separate group. The depreciation rates that are established take into account the past history of interim capital replacements and the amount of salvage received. These rates and the related lives are subject to periodic review. Removal costs are charged to accumulated depreciation. The costs of labor, materials and overhead incurred to operate and maintain the transmission property is included in operation expenses.

Long-lived assets are required to be tested for impairment when it is determined that the carrying value of the assets may no longer be recoverable or when the assets meet the held-for-sale criteria under the accounting guidance for “Impairment or Disposal of Long-Lived Assets.” When it becomes probable that an asset in service or an asset under construction will be abandoned and regulatory cost recovery has been disallowed, the cost of that asset shall be removed from plant-in-service or CWIP and charged to expense.

The fair value of an asset or investment is the amount at which that asset or investment could be bought or sold in a current transaction between willing parties, as opposed to a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for the measurement, if available. In the absence of quoted prices for identical or similar assets or investments in active markets, fair value is estimated using various internal and external valuation methods including cash flow analysis and appraisals.

Allowance for Funds Used During Construction (AFUDC)

AFUDC represents the estimated cost of borrowed and equity funds used to finance construction projects that is capitalized and recovered through depreciation over the service life of regulated transmission property.

Valuation of Nonderivative Financial Instruments

The book values of Notes Payable to Associated Companies, accounts receivable and accounts payable approximate fair value because of the short-term maturity of these instruments.

Fair Value Measurements of Assets and Liabilities

The accounting guidance for "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2.

Revenue Recognition

Regulatory Accounting

KTCo's financial statements reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate-regulated. Regulatory assets (deferred expenses or alternative revenues recognized in accordance with the guidance for "Regulated Operations") and regulatory liabilities (deferred revenue reductions or refunds) are recorded to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching revenue with its passage to customers in cost-based regulated rates.

When regulatory assets are probable of recovery through regulated rates, KTCo records them as assets on its balance sheets. KTCo tests for probability of recovery at each balance sheet date or whenever new events occur. Examples of new events include the issuance of a FERC order or passage of new legislation. If it is determined that recovery of a regulatory asset is no longer probable, that regulatory asset is derecognized as a charge against income.

Transmission Revenue Accounting

Pursuant to an order approved by the FERC, the AEP East Transmission Companies are included in the OATT administered by PJM. The FERC order implemented an ATRR for each of the AEP East Transmission Companies. Under this requirement, AEPSC, on behalf of the AEP East Transmission Companies, makes annual filings in order to recover prudently incurred costs and an allowed return on plant in service. An annual formula rate filing is made for each calendar year using projected costs, which is used to determine the billings to PJM ratepayers. The annual rate filing is compared to actual costs with any over- or under-recovery being trued-up with interest and recovered in a future year's rates.

In accordance with the accounting guidance for "Regulated Operations-Revenue Recognition", KTCo recognizes revenue related to OATT rate true-ups immediately following the annual FERC filings. Any portion of the true-ups applicable to an affiliated company is recorded as Accounts Receivable from Associated Companies or Accounts Payable to Associated Companies on the balance sheets. Any portion of the true-ups applicable to third parties is recorded as Other Regulatory Assets or Other Regulatory Liabilities on the balance sheets.

Income Taxes

KTCo uses the liability method of accounting for income taxes. Under the liability method, deferred income taxes are provided for all temporary differences between the book and tax basis of assets and liabilities which will result in a future tax consequence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

When the flow-through method of accounting for temporary differences is reflected in regulated revenues (that is, when deferred taxes are not included in the cost of service for determining regulated rates for electricity), deferred income taxes are recorded and related regulatory assets and liabilities are established to match the regulated revenues and tax expense.

KTCo accounts for uncertain tax positions in accordance with the accounting guidance for "Income Taxes." KTCo classifies interest expense or income related to uncertain tax positions as interest expense or income as appropriate and classifies penalties as Penalties on the statements of income.

Long-term Debt

Debt discount or premium and debt issuance expenses are deferred and amortized generally utilizing the straight-line method over the term of the related debt. The straight-line method approximates the effective interest method and is consistent with the treatment in rates for regulated operations. The net amortization expense is included in Amortization of Debt Discount and Expense.

COVID-19

In March 2020, COVID-19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention. Its rapid spread around the world and throughout the United States prompted many countries, including the United States, to institute restrictions on travel, public gatherings and certain business operations. These restrictions significantly disrupted economic activity in KTCo's service territory and reduced demand for energy, particularly from commercial and industrial customers in 2020. KTCo has taken steps to mitigate the potential risks to customers, suppliers and employees posed by the spread of COVID-19.

As of December 31, 2020 and through the date of this report, KTCo assessed certain accounting matters that require consideration of forecasted financial information, including, but not limited to, the allowance for credit losses and the carrying value of long-lived assets. While there were not any impairments or significant increases in credit allowances resulting from these assessments for the year ended December 31, 2020, the ultimate impact of COVID-19 also depends on factors beyond management's knowledge or control, including the duration and severity of this outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects. Therefore, management cannot estimate the potential future impact to financial position, results of operations and cash flows, but the impacts could be material.

Subsequent Events

Management has evaluated the impact of events occurring after December 31, 2020 through February 25, 2021, the date that AEP's Form 10-K was issued, and has updated such evaluation for disclosure purposes through April 9, 2021. These financial statements include all necessary adjustments and disclosures resulting from these evaluations.

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to KTCo's business. The following standard will impact KTCo's financial statements.

ASU 2020-04 "Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04)

In March 2020, the FASB issued ASU 2020-04 providing guidance to ease the potential burden in accounting for Reference Rate Reform on financial reporting. The new standard is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of Reference Rate Reform. The new standard establishes a general contract modification principle that entities can apply in other areas that may be affected by Reference Rate Reform and certain elective hedge accounting expedients. Under the new standard, an entity may make a one-time election to sell or to transfer to the available-for-sale or trading classifications (or both sell and transfer), debt securities that both reference an affected rate, and were classified as held-to-maturity before January 1, 2020.

Management adopted ASU 2020-04 and its related implementation guidance effective January 1, 2021. There was no impact to results of operations, financial position or cash flows upon initial adoption. Management is applying the accounting guidance as relevant contract modifications are made during the course of the reference rate reform transition period, which ends on December 31, 2022. The guidance generally allows for contract modifications solely related to the replacement of the reference rate to be accounted for as a continuation of the existing contract instead of as an extinguishment of the contract, and would therefore, not trigger certain accounting impacts that would otherwise be required.

3. RATE MATTERS

KTCo is involved in rate and regulatory proceedings at the FERC and the KPSC. This note discusses rate matters and related regulatory proceedings that could have a material effect on KTCo's results of operations, financial position and cash flows.

Formula Rate

The AEP East Transmission Companies, including KTCo, submit an annual filing with the FERC and PJM which establishes their projected transmission revenue requirement (PTRR). The new rates become effective at the beginning of the year and are subject to refund and true-up.

KTCo's 2019 PTRR was $14.3 million. KTCo refunded $351 thousand, including carrying charges, of 2017 over-recovered revenues in 2019. In 2019, KTCo had an over-recovery of revenues totaling $816 thousand, including carrying charges that were subject to refund and true-up. The 2019 true-up of revenues were incorporated in the 2021 PTRR discussed below.

KTCo's 2020 PTRR was $15.2 million. KTCo will refund $1.4 million, including carrying charges, of 2018 over-recovered revenues in 2020. The 2020 true-up of revenues will be incorporated in the 2022 PTRR.

KTCo's 2021 PTRR is $17.6 million. KTCo will refund $816 thousand, including carrying charges, of 2019 over-recovered revenues in 2021.

FERC Transmission ROE Methodology

Management continues to monitor FERC's 2019 Notice of Inquiry regarding base ROE policy, FERC's 2020 Notice of Proposed Rulemaking regarding transmission incentives policy, and various other matters pending before FERC with the potential to affect FERC transmission ROE methodology.

In the second quarter of 2019, FERC approved settlement agreements establishing base ROEs of 9.85% (10.35% inclusive of RTO incentive adder of 0.5%) and 10% (10.5% inclusive of RTO incentive adder of 0.5%) for certain AEP PJM and SPP transmission-owning subsidiaries, respectively. In the second quarter of 2020, FERC Order 569A determined the base ROE for MISO's transmission owning members, including AEP's MISO transmission-owning subsidiaries, should be 10.02% (10.52% inclusive of the RTO incentive adder of 0.5%).

If FERC makes any changes to its ROE and incentive policies, they would be applied, as applicable, to AEP's PJM, SPP and MISO transmission owning subsidiaries on a prospective basis, and could affect future net income and cash flows and impact financial condition.

AFUDC Waiver

In June 2020, FERC granted a temporary waiver providing utilities the option to elect to modify the existing AFUDC rate calculations in response to the COVID-19 pandemic. As a result of the waiver, the AFUDC formula for the 12-month period starting with March 2020 may be calculated using the simple average of the actual historical short-term debt balances for 2019, instead of current period short-term balances. All other aspects of the AFUDC formula remained unchanged. In July 2020, KTCo elected not to apply the waiver. In February 2021, FERC issued an order extending the waiver through September 2021.

4. EFFECTS OF REGULATION

Regulatory assets and liabilities are comprised of the following items:

Regulatory Assets:	December 31, 2020	December 31, 2019	Remaining Recovery Period
	(in thousands)		
Regulatory assets approved for recovery:			
Regulatory Assets Currently Not Earning a Return			
Income Tax Assets Subject to Flow Through	$ 1,627	$ 1,381	38 years
Total Regulatory Assets Currently Not Earning a Return	1,627	1,381	
Total Regulatory Assets Approved for Recovery	1,627	1,381	
Total FERC Account 182.3 Regulatory Assets	$ 1,627	$ 1,381	

Regulatory Liabilities:	December 31, 2020	December 31, 2019	Remaining Refund Period
	(in thousands)		
Regulatory liabilities approved for payment:			
Income Tax Related Regulatory Liabilities (a)			
Excess ADIT Associated with Certain Depreciable Property	$ 7,567	$ 7,570	(b)
Excess ADIT that is Not Subject to Rate Normalization Requirements	(166)	(186)	8 years
Total Income Tax Related Regulatory Liabilities	7,401	7,384	
Total Regulatory Liabilities Approved for Payment	7,401	7,384	
Total FERC Account 254 Regulatory Liabilities	$ 7,401	$ 7,384	

(a) This balance primarily represents regulatory liabilities for Excess ADIT as a result of the reduction in the corporate federal income tax rate from 35% to 21% related to the enactment of Tax Reform. The regulatory liability balance predominately pays a return due to the inclusion of Excess ADIT in rate base.

(b) Refunded using ARAM.

5. COMMITMENTS, GUARANTEES AND CONTINGENCIES

KTCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, KTCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation cannot be predicted. KTCo accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, KTCo discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements.

COMMITMENTS

KTCo has construction commitments to support its operations and investments. In managing the overall construction program and in the normal course of business, AEPSC provides project development services and KTCo contractually commits to third-party construction vendors for certain material purchases and other construction services. KTCo purchases materials, supplies, services and property, plant and equipment under contract as part of its normal course of business. Certain supply contracts contain penalty provisions for early termination.

In accordance with the accounting guidance for "Commitments", KTCo had no actual contractual commitments as of December 31, 2020.

GUARANTEES

Indemnifications

KTCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. As of December 31, 2020, there were no material liabilities recorded for any indemnifications.

CONTINGENCIES

Insurance and Potential Losses

KTCo maintains property insurance coverage normal and customary for an electric utility, subject to various deductibles. Insurance includes coverage for all risks of physical loss or damage to KTCo property, subject to insurance policy conditions and exclusions. Covered property generally includes substations, facilities and inventories. Excluded property generally includes transmission lines, poles and towers. KTCo's insurance program also generally provides coverage against loss arising from certain claims made by third parties in excess of retentions absorbed by KTCo. Coverage is generally provided by a combination of various industry mutual and/or commercial insurance carriers.

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities. Future losses or liabilities, if they occur, which are not completely insured, unless recovered from customers, could reduce future net income and cash flows and impact financial condition.

6. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Long-term Debt

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

The book value and fair value of Long-term Debt are summarized in the following table:

	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
	(in thousands)			
Long-term Debt	$ 63,812	$ 78,537	$ 42,814	$ 47,374

7. INCOME TAXES

Income Tax Expense

The details of KTCo's income taxes as reported are as follows:

	Years Ended December 31,	
	2020	**2019**
	(in thousands)	
Charged (Credited) to Operating Expenses, Net:		
Current	$ 1,084	$ (1,056)
Deferred	602	2,739
Total	1,686	1,683
Charged (Credited) to Non-Operating Income, Net:		
Current	(195)	(25)
Deferred	11	(19)
Total	(184)	(44)
Total Income Tax Expense	$ 1,502	$ 1,639

The following is a reconciliation of the difference between the amount of federal income taxes computed by multiplying book income before income taxes by the federal statutory tax rate and the amount of income taxes reported:

	Years Ended December 31, 2020	2019
	(in thousands)	
Net Income	$ 6,189	$ 5,407
Income Tax Expense	1,502	1,639
Pretax Income	$ 7,691	$ 7,046
Income Taxes on Pretax Income at Statutory Rate (21%)	$ 1,615	$ 1,480
Increase (Decrease) in Income Taxes Resulting from the Following Items:		
Allowance for Funds Used During Construction	(219)	(130)
State and Local Income Taxes, Net	294	277
Other	(188)	12
Income Tax Expense	$ 1,502	$ 1,639
Effective Income Tax Rate	19.5 %	23.3 %

The following table shows elements of KTCo's net deferred tax liability and significant temporary differences:

	December 31, 2020	2019
	(in thousands)	
Deferred Tax Assets	$ 2,257	$ 2,185
Deferred Tax Liabilities	(16,432)	(15,519)
Net Deferred Tax Liabilities	$ (14,175)	$ (13,334)
Property Related Temporary Differences	$ (14,573)	$ (13,980)
Amounts Due to Customers for Future Income Taxes	1,844	1,842
Deferred State Income Taxes	(1,469)	(1,253)
All Other, Net	23	57
Net Deferred Tax Liabilities	$ (14,175)	$ (13,334)

AEP System Tax Allocation Agreement

KTCo and other AEP subsidiaries join in the filing of a consolidated federal income tax return. The allocation of the AEP System's current consolidated federal income tax to the AEP System companies allocates the benefit of current tax loss of the parent company (Parent Company Loss Benefit) to the AEP System subsidiaries with taxable income reducing their current tax expense proportionately. The consolidated Net Operating Loss (NOL) of the AEP System is allocated to each company in the consolidated group with taxable losses. With the exception of the allocation of the consolidated AEP System NOL, the loss of the Parent and tax credits, the method of allocation reflects a separate return result for each company in the consolidated group.

Federal and State Income Tax Audit Status

The statute of limitations for the IRS to examine KTCo and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, KTCo and other AEP subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified KTCo and other AEP subsidiaries that it was beginning an examination of these amended returns, including the NOL carryback to 2015 that originated in the 2017 return. As of December 31, 2020, the IRS has not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount KTCo and other AEP subsidiaries claimed on the amended returns.

Federal Tax Legislation

In March 2020, the CARES Act was signed into law. The CARES Act includes tax relief provisions such as: (a) an Alternative Minimum Tax (AMT) Credit Refund, and (b) a 5-year NOL carryback from years 2018-2020. Pursuant to the CARES Act, KTCo and other AEP subsidiaries requested a partial refund of taxes paid in 2014 under the 5-year NOL carryback provision of the CARES Act. Management will continue to monitor potential legislation and any impacts to the AMT Credit and NOL refunds that were filed in 2020 pursuant to the CARES Act.

In December 2020, the CAA of 2021 was signed into law. The CAA of 2021 includes: (a) COVID-19 tax relief and tax extender provisions including extensions of time to begin construction on and placed in-service assets generating Production Tax Credits (PTCs) and Investment Tax Credits (ITCs), (b) 100% deductibility of business meals in 2021 and 2022 and (c) an extension of the work opportunity tax credit. The ITC percentage has been increased for projects starting construction through 2023 and placed in-service by the end of 2025. The PTC has been extended for an additional year, to include projects started in 2021 and completed in 2025. These provisions provide time and flexibility on the construction start and in-service dates.

In September and November 2020, the IRS issued final regulations that provide guidance regarding the additional first-year depreciation deduction under Section 168(k). The final regulations reflect changes as a result of Tax Reform, which affects taxpayers with qualified depreciable property acquired and placed in-service after September 27, 2017. Generally, AEP's regulated utilities will not be eligible for any bonus depreciation for property acquired and placed in-service after December 31, 2017. KTCo and other AEP subsidiaries' competitive businesses will be eligible for 100%

expensing.

The IRS issued final regulations in 2020 that provide guidance concerning potential limitations on the deduction of business interest expense. These regulations require an allocation of net interest expense between regulated and competitive businesses within the consolidated tax return. This allocation is based upon net tax basis, and the proposed regulations provide de minimis tests under which all interest is deductible if less than 10% is allocable to the competitive businesses. KTCo and other AEP subsidiaries will deduct materially all business interest expense under this de minimis provision.

On December 30, 2020, the IRS issued regulations that provide guidance on the non-deductibility of certain executives compensation above $1 million under Internal Revenue Code Section 162(m). The regulations clarify the application of rules passed under Tax Reform that expanded the application of Section 162(m) to SEC registered companies that issue either public equity or debt. These rules also expanded the type of compensation and the number of executives subject to this deduction disallowance. KTCo and other AEP subsidiaries limit certain executives compensation to the $1 million limitation on its federal income tax return.

8. FINANCING ACTIVITIES

Long-term Debt

The following table details Long-term Debt outstanding as follows:

Type of Debt	Maturity	Weighted Average Interest Rate as of December 31, 2020	Interest Rate Ranges as of December 31, 2020	2019	Outstanding as of December 31, 2020	2019
					(in thousands)	
Notes Payable - Affiliated	2025 - 2050	3.72%	3.10% - 4.05%	3.10% - 4.05%	$ 64,000	$ 43,000
Unamortized Discount, Net					(188)	(186)
Total Long-term Debt					$ 63,812	$ 42,814

Long-term Debt outstanding as of December 31, 2020 is payable as follows:

	(in thousands)
2021	$ —
2022	—
2023	—
2024	—
2025	7,000
After 2025	57,000
Principal Amount	64,000
Unamortized Discount, Net	(188)
Total Long-term Debt	$ 63,812

Dividend Restrictions

KTCo pays dividends to AEPTCo provided funds are legally available. Various financing arrangements and regulatory requirements may impose certain restrictions on the ability of KTCo to transfer funds to AEPTCo in the form of dividends.

All of the dividends declared by KTCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

The most restrictive dividend limitation for KTCo is through the Federal Power Act restriction. As of December 31, 2020, the maximum amount of restricted net assets of KTCo that may not be distributed to the AEPTCo in the form of a loan, advance or dividend was $41.7 million.

Corporate Borrowing Program

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC.

KTCo's amounts of outstanding borrowings from the Utility Money Pool as of December 31, 2020 and 2019 are included in Notes Payable to Associated Companies on the balance sheets. KTCo's money pool activity and its corresponding authorized borrowing limits are described in the following table:

Years Ended December 31,	Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Borrowings from the Utility Money Pool	Authorized Short-term Borrowing Limit
			(in thousands)			
2020	$ 13,224	$ 9,075	$ 7,320	$ 3,767	$ 1,366	$ 75,000
2019	11,811	—	6,760	—	10,358	75,000

Maximum, minimum and average interest rates for funds borrowed from and loaned to the Utility Money Pool were as follows:

Years Ended December 31,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2020	2.24%	0.27%	2.70%	0.28%	1.87%	1.72%
2019	3.43%	1.77%	—%	—%	2.41%	—%

Interest expense and interest income related to the direct financing relationship to the Utility Money Pool are included in Interest on Debt to Associated Companies and Interest and Dividend Income, respectively, on IMTCo's statements of income. For amounts borrowed from and advanced to the Utility Money Pool, IMTCo incurred the following amounts of interest expense and earned the following amounts of interest income:

	Years Ended December 31, 2020	2019
	(in thousands)	
Interest Expense	$ 62	$ 165
Interest Income	37	—

Capital Contributions

In January 2021, KTCo received $4 million in capital contributions from AEPTCo.

9. RELATED PARTY TRANSACTIONS

For other related party transactions, also see "AEP System Tax Allocation Agreement" section of Note 7 in addition to "Corporate Borrowing Program" section of Note 8.

Affiliated Transmission Revenues

For the years ended December 31, 2020 and 2019, subsidiaries of AEP that are load serving entities within the PJM region incurred $11.7 million and $10.5 million, respectively, in PJM transmission services related to KTCo that were billed to them in accordance with the OATT and Transmission Agreement. KTCo recorded these affiliated transmission revenues in Operating Revenues.

Services Provided by AEP Subsidiaries

AEPSC provides certain managerial and professional services to AEP's subsidiaries. The costs of the services are based on a direct charge or on a prorated basis and billed to the AEP subsidiary companies at AEPSC's cost. AEPSC and its billings are subject to regulation by the FERC.

Other AEP subsidiaries perform certain transmission services for each other when necessary or practical. The costs of these services are billed on a direct-charge basis, whenever possible, or on reasonable basis of proration for services that benefit multiple companies. The billings for services are made at cost and included no compensation for the use of equity capital.

KTCo's net billings from AEP's subsidiaries were as follows:

Billing Company	Years Ended December 31, 2020	2019
	(in thousands)	
AEP Texas	$ 2	$ 3
AEPEP	1	1
AEPSC	3,198	3,210
APCo	18	21
I&M	2	1
KPCo	135	356
OHTCo	—	12
OPCo	6	100
Parent	—	4
PSO	2	1
SWEPCo	2	(6)
Transource Energy	—	2
WVTCo	—	(1)

Purchases of Property

KTCo purchased $222 thousand of transmission property at book value from KPCo during the year ended December 31, 2019. There were no gains or losses recorded on this transaction.

Joint License Agreement

In February 2011, KTCo and KPCo entered into a 50-year joint license agreement allowing either party to occupy the granting party's facilities or real property. After the expiration of the agreement, the term shall automatically renew for successive one-year terms unless either party provides notice. The joint license billing provides compensation to the granting party for the cost of carrying assets, including depreciation expense, property taxes, interest expense, ROE and income taxes. KTCo recorded costs of $415 thousand and $297 thousand in Operation Expenses for the years ended December 31, 2020 and 2019, respectively.

10. TRANSMISSION PROPERTY

Depreciation

KTCo provides for depreciation of Transmission Property on a straight-line basis over the estimated useful lives of property. KTCo's composite depreciation rates were as follows:

	2020	2019
Transmission Property	2.16 %	2.05 %

Asset Retirement Obligations (ARO)

KTCo has identified, but not recognized, ARO liabilities related to electric transmission assets, as a result of certain easements on property on which assets are owned. Generally, such easements are perpetual and require only the retirement and removal of assets upon the cessation of the property's use. The retirement obligation is not estimable for such easements since KTCo plans to use its facilities indefinitely. The retirement obligation would only be recognized if and when KTCo abandons or ceases the use of specific easements, which is not expected.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

KTCo's statements of income represent revenues from contracts with customers by type of revenue. KTCo had $506 thousand and $(959) thousand of alternative revenues for the years ended December 31, 2020 and 2019, respectively.

Performance Obligations

KTCo has performance obligations as part of its normal course of business. A performance obligation is a promise to transfer a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to a customer. The invoice practical expedient within the accounting guidance for "Revenue from Contracts with Customers" allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. KTCo elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from the respective revenue streams are representative of services or goods provided to date to the customer. Performance obligations for KTCo are summarized as follows:

Wholesale Revenues - Transmission

KTCo has performance obligations to transmit electricity to wholesale customers through assets owned and operated by KTCo and other AEP subsidiaries. The performance obligation of KTCo to provide transmission services to PJM encompasses a time frame greater than a year. Payments from PJM for transmission services are typically received within one week from the issuance of the invoice, which is issued weekly.

KTCo collects revenues through Transmission Formula Rates charged to affiliates and nonaffiliates. The FERC-approved rates establish the ATRR and transmission service rates for transmission owners. The formula rates establish rates for a one year period and also include a true-up calculation for the prior year's billings, allowing for over/under-recovery of the transmission owner's ATRR. The annual true-ups meet the definition of alternative revenues in accordance with the accounting guidance for "Regulated Operations."

Fixed Performance Obligations

The following table represents KTCo's remaining fixed performance obligations satisfied over time as of December 31, 2020. Fixed performance obligations primarily include wholesale transmission services. The amounts below include affiliated and nonaffiliated revenues.

2021	2022-2023	2024-2025	After 2025	Total
		(in thousands)		
$ 17,298	$ —	$ —	$ —	$ 17,298

Contract Assets and Liabilities

Contract assets are recognized when KTCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. KTCo did not have any material contract assets as of December 31, 2020 and 2019.

When KTCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheets in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. KTCo did not have any material contract liabilities as of December 31, 2020 and 2019.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on KTCo's balance sheets within the Customer Accounts Receivable. KTCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Customer Accounts Receivable were not material as of December 31, 2020 and 2019.

The amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable from Associated Companies on KTCo's balance sheets were $957 thousand and $963 thousand, respectively, as of December 31, 2020 and 2019.

Contract Costs

Contract costs to obtain or fulfill a contract for KTCo are accounted for under the guidance for "Other Assets and Deferred Costs" and presented as a single asset and neither bifurcated nor reclassified between current assets and deferred debits on the balance sheets. Contract costs to acquire a contract are amortized in a manner consistent with the transfer of goods or services to the customer in Operation Expenses on the statements of income. KTCo did not have material contract costs as of December 31, 2020 and 2019.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1					
2					
3					
4				5,407,137	5,407,137
5					
6					
7					
8					
9				6,188,591	6,188,591
10					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	125,653,886	125,653,886
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	4,084,977	4,084,977
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	129,738,863	129,738,863
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	31,350,237	31,350,237
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	161,089,100	161,089,100
14	Accum Prov for Depr, Amort, & Depl	9,802,671	9,802,671
15	Net Utility Plant (13 less 14)	151,286,429	151,286,429
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	9,210,060	9,210,060
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	592,611	592,611
22	Total In Service (18 thru 21)	9,802,671	9,802,671
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	9,802,671	9,802,671

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.
2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.

Line No.	Description of item (a)	Balance Beginning of Year (b)	Changes during Year Additions (c)
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)		
2	Fabrication		
3	Nuclear Materials		
4	Allowance for Funds Used during Construction		
5	(Other Overhead Construction Costs, provide details in footnote)		
6	SUBTOTAL (Total 2 thru 5)		
7	Nuclear Fuel Materials and Assemblies		
8	In Stock (120.2)		
9	In Reactor (120.3)		
10	SUBTOTAL (Total 8 & 9)		
11	Spent Nuclear Fuel (120.4)		
12	Nuclear Fuel Under Capital Leases (120.6)		
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)		
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)		
15	Estimated net Salvage Value of Nuclear Materials in line 9		
16	Estimated net Salvage Value of Nuclear Materials in line 11		
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing		
18	Nuclear Materials held for Sale (157)		
19	Uranium		
20	Plutonium		
21	Other (provide details in footnote):		
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

Changes during Year		Balance	Line
Amortization (d)	Other Reductions (Explain in a footnote) (e)	End of Year (f)	No.
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
			22

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant	1,419,674	358,208
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	1,419,674	358,208
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	642,859	
49	(352) Structures and Improvements	3,406,295	-4,610
50	(353) Station Equipment	106,680,528	1,372,874
51	(354) Towers and Fixtures		
52	(355) Poles and Fixtures	59,129	33,549
53	(356) Overhead Conductors and Devices	10,705,096	3,386,148
54	(357) Underground Conduit	1,262,732	123,941
55	(358) Underground Conductors and Devices	403,908	10,775
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	123,160,547	4,922,677
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights		
61	(361) Structures and Improvements		
62	(362) Station Equipment		
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures		
65	(365) Overhead Conductors and Devices		
66	(366) Underground Conduit		
67	(367) Underground Conductors and Devices		
68	(368) Line Transformers		
69	(369) Services		
70	(370) Meters		
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems		
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)		
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights		
87	(390) Structures and Improvements		
88	(391) Office Furniture and Equipment		
89	(392) Transportation Equipment		
90	(393) Stores Equipment		
91	(394) Tools, Shop and Garage Equipment		
92	(395) Laboratory Equipment		
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	36,365	31
95	(398) Miscellaneous Equipment		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	36,365	31
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	36,365	31
100	TOTAL (Accounts 101 and 106)	124,616,586	5,280,916
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	124,616,586	5,280,916

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
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118,112			1,659,770		4
118,112			1,659,770		5
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			642,859		48
			3,401,685		49
40,527			108,012,875		50
					51
			92,678		52
			14,091,244		53
			1,386,673		54
			414,683		55
					56
					57
40,527			128,042,697		58
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			36,396		94
					95
			36,396		96
					97
					98
			36,396		99
158,639			129,738,863		100
					101
					102
					103
158,639			129,738,863		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC PLANT LEASED TO OTHERS (Account 104)

Line No.	Name of Lessee (Designate associated companies with a double asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year (e)
1					
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46					
47	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.
2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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21	Other Property:			
22				
23				
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46				
47	Total			0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	KY TC TelecomModernization Pro	5,162,780
2	Pikeville Kentucky Transco SC	21,013,271
3	T/KYTC/TransCo Work	1,476,268
4	Other Minor Projects under $1,000,000	3,697,918
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43	TOTAL	31,350,237

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	6,487,500	6,487,500		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	2,753,067	2,753,067		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	2,753,067	2,753,067		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	40,527	40,527		
13	Cost of Removal	-10,020	-10,020		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	30,507	30,507		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	9,210,060	9,210,060		
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission	9,205,501	9,205,501		
26	Distribution				
27	Regional Transmission and Market Operation				
28	General	4,559	4,559		
29	TOTAL (Enter Total of lines 20 thru 28)	9,210,060	9,210,060		

Schedule Page: 219 Line No.: 13 Column: c

Includes ($10,021) of removal cost in retirement work in progress (RWIP).

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
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41				
42	Total Cost of Account 123.1 $ 0		TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues form investments, including such revenues form securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
				2
				3
				4
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)			
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)			
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)			
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)			
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2021 No. (d)	2021 Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2022		2023		Future Years		Totals		Line
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	No.
								1
								2
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2021 No. (d)	2021 Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2022		2023		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognised During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
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19						
20	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a)	Total Amount of Charges (b)	Costs Recognised During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
21						
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47						
48						
49	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2					
3					
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21	**Generation Studies**				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	SFAS 109 Deferred FIT	1,380,935	279,657	282/283	33,621	1,626,971
2						
3						
4						
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44	TOTAL	1,380,935	279,657		33,621	1,626,971

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $100,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	Deferred Property Taxes	592,000	777,082	Footnote	592,000	777,082
2						
3	Unamortized Credit Line Fees	72,435		Footnote	24,052	48,383
4	Amortized thru June 2022					
5						
6	Billings and Deferred Projects	67,992	1,568	Footnote	69,560	
7						
8	S-3 Filing Fees	1,888		431	1,417	471
9	Amortized through April 2021					
10						
11						
12						
13						
14						
15						
16						
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46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	734,315				825,936

FOOTNOTE DATA

Schedule Page: 233 Line No.: 1 Column: d

107,408

Schedule Page: 233 Line No.: 3 Column: d

146,234,431

Schedule Page: 233 Line No.: 6 Column: d

107,142

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Provision for Refunds	14,403	1,183
3	Accrued Book Removal Cost	2,105	12,975
4	DFIT on DSIT	333,173	390,397
5	TAX CREDIT C/F - DEF TAX ASSET	304	466
6			
7	Other	-25,916	
8	TOTAL Electric (Enter Total of lines 2 thru 7)	324,069	405,021
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Non Utility)	1,861,036	1,852,365
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	2,185,105	2,257,386

Notes

Line 17 Other - Detail	Balance at Beginning of Year	Balance at End of Year
Acc Def Income Taxes		
Non Utility Items-190.2	19,365	8,477
Sfas 109-Regulatory Assets - 190.3&190.4	1,841,671	1,843,888
Accu Def Income Taxes Pension-OCT		
Total	$1,861,036	$1,852,365

Line 18
Reconciliation of details applicable to Account 190, Line 18, Columns (b) and (c) :

Balance at Beginning of Year	$2,185,105
(Less) Amounts Debited to:	
(a) Account 410.1	(62,161)
(b) Account 410.2	(16,695)
(c) Various	(24,565)
(Plus) Amounts Credited to:	
(a) Account 411.1	143,114
(b) Account 411.2	5,807
(c) Various	26,781
Balance at End of Year	$2,257,386

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT AS REACQUIRED STOCK (Account 217)		HELD BY RESPONDENT IN SINKING AND OTHER FUNDS		Line No.
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
						2
						3
						4
						5
						6
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.
(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account #208 - Donations received from stockholders	
2	Capital Contributions from Parent prior to 2020	40,707,500
3	Capital Contributions from Parent in 2020	1,000,000
4	Subtotal - Account 208	41,707,500
5		
6		
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40	TOTAL	41,707,500

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
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9		
10		
11		
12		
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14		
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21		
22	TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Account 221 - None		
2	Account 222 - None		
3	Account 223		
4	Notes Payable Affiliated from AEP Transmission Company, LLC		
5	Senior Notes, Series C, Tranche H, 4.05%	4,000,000	16,785
6	Senior Notes, Series C, Tranche D, 3.66%	5,000,000	20,377
7	Senior Notes, Series C, Tranche E, 3.76%	2,000,000	8,105
8	Senior Notes, Series C, Tranche G, 4.01%	3,000,000	12,157
9	Senior Notes, Series D, Tranche G 3.10%	4,000,000	42,965
10			7,880 D
11	Senior Notes, Series E, Tranche G 4.00%	12,000,000	128,894
12			198,120 D
13	Senior Notes, Series D 3.10%	3,000,000	31,884
14			-24,960 P
15	Senior Notes, Series H 3.75%	10,000,000	106,261
16			24,100 D
17	Senior Notes, Series M 3.65%	21,000,000	228,030
18			7,560 D
19	Subtotal Account 223	64,000,000	808,158
20			
21	Account 224 - None		
22			
23			
24	Account 224 - None		
25			
26			
27			
28			
29			
30			
31			
32			
33	TOTAL	64,000,000	808,158

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
						2
						3
						4
11/14/14	11/14/34	11/14/14	11/14/34	4,000,000	162,000	5
3/16/15	3/16/25	3/16/15	3/16/25	5,000,000	183,000	6
6/15/15	6/15/25	6/15/15	6/15/25	2,000,000	75,200	7
6/15/15	6/15/30	6/15/15	6/15/30	3,000,000	120,300	8
11/21/16	12/21/26	11/21/16	12/21/26	4,000,000	124,000	9
						10
11/21/16	12/1/46	11/21/16	12/1/46	12,000,000	480,000	11
						12
09/28/2017	12/1/2026	09/28/2017	12/1/2026	3,000,000	93,000	13
						14
9/28/2017	12/1/2047	08/28/2017	12/1/2047	10,000,000	375,000	15
						16
4/1/2020	4/1/2050	4/1/2020	4/1/2050	21,000,000	574,875	17
						18
				64,000,000	2,187,375	19
						20
						21
						22
						23
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						26
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						32
				64,000,000	2,187,375	33

Schedule Page: 256   Line No.: 19   Column: i

The difference between the total interest on this schedule and the total of account 430 is due to interest on short-term advances from the AEP Money Pool.

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	6,188,591
2		
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	5,077,132
28	Show Computation of Tax:	
29		
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44		

Schedule Page: 261   Line No.: 28   Column: b

FOOTNOTE DATA

	$ in '000
Net Income for the Year per Page 117	6,189
Federal Income Taxes	1,130
State Income Taxes	372
Pre-Tax Book Income	**7,691**
AFUDC Interest/ Capitalized	(615)
Excess Tax vs Book Depreciation	(1,775)
Provsion for Revenue Refund	(63)
Charitable Contribution Carryforward	(80)
Capitalized Software	(36)
Other	62
Taxable Income before State Taxes	**5,184**
State & Local Current Tax	107
Federal Taxable Income	**5,077**
FIT on Current Year Taxable Income	1,066
Adjustment due to System Consolidation (a)	-
NOL Deferred Tax Asset	(15)
Tax Credits	-
Audit Settlement Adjustments	(127)
Alt Min	-
Tax Provision Adjustments	-
Estimated Tax Currently Payable (b)	**924**
Adjustments of Prior Year's Accruals	(160)
Tax Expense for R/C of Net Operating Loss (Prior Yr)	
Estimated Current Federal Income Taxes	**764**

FootNotes:

(a) Represents the allocation of estimated current year net operating tax income of American Electric Power Company, Inc.

(b) The Company joins in the filing of a consolidated Federal income tax return with its affiliated companies in the AEP system.

The allocation of the AEP System's consolidated Federal income tax to the System companies allocates the benefit of the current tax losses to the System companies giving rise to them in determining their current tax expense. The tax loss of the System parent company, American Electric Power Company, Inc. is allocated to its subisidiares with taxable income. With exception of the loss of the parent company, the method of allocation approximates a separate return result for each company in the consolidating group.

Instruction 2.

* The tax computation above represents an estimate of the Company's allocated portion of the System consolidated Federal Income Tax.

The computation of actual 2020 System Federal income taxes will not be available until the consolidated Federal Income tax return is filed by October 2021.The actual allocation of the System consolidated Federal income tax to the members of the consolidated group will not be available until after the Consolidated Federal Income Tax Return is filed.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
1	Federal Income	-1,097,787		764,246	-259,661	
2	FIN 48					
3	State of Kentucky Income					
4	2016	-540				
5	2017	-83,650				
6	2018	-14,518				
7	2019	32,408		119,825		
8	2020			5,655		
9	Franchise 2017	175				
10	2019	175				
11	2020			175		
12	State Lic/Registration Fee					
13	KY ST License Fee 2019					
14						
15	Real & Personal Property Tax					
16	2017			31	31	
17	2018	325,000		37,076	362,076	
18	2019	592,000				
19	2020			777,082		
20	KY Use Tax - 2020			294,282	275,149	
21						
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23						
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30						
31						
32						
33						
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35						
36						
37						
38						
39						
40						
41	TOTAL	-246,737		1,998,372	377,595	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
-73,880		965,842			-201,596	1
						2
						3
-540						4
-83,650						5
-14,518						6
152,233		118,143			1,682	7
5,655		939			4,716	8
175						9
175						10
175		175				11
						12
						13
						14
						15
		31				16
		37,076				17
592,000		398,100			-398,100	18
777,082					777,082	19
19,133					294,282	20
						21
						22
						23
						24
						25
						26
						27
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						40
1,374,040		1,520,306			478,066	41

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%						
6							
7							
8	TOTAL						
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
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16							
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47							
48							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10
			11
			12
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			14
			15
			16
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			21
			22
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			30
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			32
			33
			34
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			44
			45
			46
			47
			48

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	Green Hat Default	97	566	97		
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
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42						
43						
44						
45						
46						
47	TOTAL	97		97		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other (provide details in footnote):			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other (provide details in footnote):			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)			
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOTES

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	18,716,692	1,305,061	975,606
3	Gas			
4				
5	TOTAL (Enter Total of lines 2 thru 4)	18,716,692	1,305,061	975,606
6	SFAS109	-5,035,515		
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	13,681,177	1,305,061	975,606
10	Classification of TOTAL			
11	Federal Income Tax	13,681,177	1,305,061	975,606
12	State Income Tax			
13	Local Income Tax			

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS						
		Debits		Credits				
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
						19,046,147	2
							3
							4
						19,046,147	5
		1823/254	26,561	1823/254	280,901	-4,781,175	6
							7
							8
			26,561		280,901	14,264,972	9
							10
			26,561		280,901	14,264,972	11
							12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	NOL-STATE C/F-DEF STATE TAX AS	-3,631	3,631	
4	DSIT ENTRY - NORMALIZED	1,586,536	300,949	28,451
5	NOL-STATE C/F-DEF TAX ASSET-L/	-1,838	1,838	
6	Excess ADIT - Unprotected	-617,773	75,072	
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	963,294	381,490	28,451
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18	SFAS 109	874,518		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	1,837,812	381,490	28,451
20	Classification of TOTAL			
21	Federal Income Tax	251,276	80,541	
22	State Income Tax	1,586,536	300,949	28,451
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS						
		Debits		Credits				
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
							3
						1,859,034	4
							5
						-542,701	6
							7
							8
						1,316,333	9
							10
							11
							12
							13
							14
							15
							16
							17
		1823/254	124,225	1823/254	100,820	851,113	18
			124,225		100,820	2,167,446	19
							20
			124,225		100,820	308,412	21
						1,859,034	22
							23

NOTES (Continued)

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	SFAS 109 DEFERRED FIT	7,383,604	190/282/283	84,537	101,854	7,400,921
2						
3						
4						
5						
6						
7						
8						
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37						
38						
39						
40						
41	TOTAL	7,383,604		84,537	101,854	7,400,921

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales		
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)		
5	Large (or Ind.) (See Instr. 4)		
6	(444) Public Street and Highway Lighting		
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers		
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity		
13	(Less) (449.1) Provision for Rate Refunds	789,367	1,295,306
14	TOTAL Revenues Net of Prov. for Refunds	-789,367	-1,295,306
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues		
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property		
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues		
22	(456.1) Revenues from Transmission of Electricity of Others	15,091,855	14,292,429
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	15,091,855	14,292,429
27	TOTAL Electric Operating Revenues	14,302,488	12,997,123

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14

Line 12, column (b) includes $ 0 of unbilled revenues.

Line 12, column (d) includes 0 MWH relating to unbilled revenues

Schedule Page: 300 Line No.: 22 Column: b

See Page 328 for Revenue details

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

Line No.	Description of Service (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations)	Statistical Classifi-cation	FERC Rate Schedule or Tariff Number	Average Monthly Billing Demand (MW)	Actual Demand (MW)	
					Average Monthly NCP Demand	Average Monthly CP Demand
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
				0	0	0
				0	0	0
				0	**0**	**0**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
0	0	0	0	0	
0	**0**	**0**	**0**	**0**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)		
75	E. Other Power Supply Expenses		
76	(555) Purchased Power		
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses		
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)		
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)		
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	522,099	660,089
84			
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	87,329	94,916
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	19,037	16,073
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	36,997	36,536
94	(563) Overhead Lines Expenses	4,564	4,596
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others		
97	(566) Miscellaneous Transmission Expenses	143,563	181,089
98	(567) Rents	414,541	297,459
99	TOTAL Operation (Enter Total of lines 83 thru 98)	1,228,130	1,290,758
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	685	8,288
102	(569) Maintenance of Structures	524	2,016
103	(569.1) Maintenance of Computer Hardware	1,281	1,616
104	(569.2) Maintenance of Computer Software	27,913	28,815
105	(569.3) Maintenance of Communication Equipment	8,496	5,838
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	104,783	46,324
108	(571) Maintenance of Overhead Lines	3,063	1,046
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	9,625	25,412
111	TOTAL Maintenance (Total of lines 101 thru 110)	156,370	119,355
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	1,384,500	1,410,113

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering		
135	(581) Load Dispatching		
136	(582) Station Expenses		
137	(583) Overhead Line Expenses		
138	(584) Underground Line Expenses		
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses		
141	(587) Customer Installations Expenses		
142	(588) Miscellaneous Expenses		
143	(589) Rents		
144	TOTAL Operation (Enter Total of lines 134 thru 143)		
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment		
149	(593) Maintenance of Overhead Lines		
150	(594) Maintenance of Underground Lines		
151	(595) Maintenance of Line Transformers		
152	(596) Maintenance of Street Lighting and Signal Systems		
153	(597) Maintenance of Meters		
154	(598) Maintenance of Miscellaneous Distribution Plant		
155	TOTAL Maintenance (Total of lines 146 thru 154)		
156	TOTAL Distribution Expenses (Total of lines 144 and 155)		
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision		
160	(902) Meter Reading Expenses		
161	(903) Customer Records and Collection Expenses		
162	(904) Uncollectible Accounts		
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)		

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses		
169	(909) Informational and Instructional Expenses		
170	(910) Miscellaneous Customer Service and Informational Expenses		
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)		
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	332,958	314,777
182	(921) Office Supplies and Expenses	8,343	24,750
183	(Less) (922) Administrative Expenses Transferred-Credit	-84	-171
184	(923) Outside Services Employed	370,691	58,336
185	(924) Property Insurance	36,284	35,865
186	(925) Injuries and Damages	8,258	8,242
187	(926) Employee Pensions and Benefits	575	610
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	3,328	3,857
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	15	81
192	(930.2) Miscellaneous General Expenses	7,380	8,125
193	(931) Rents	1,974	322
194	TOTAL Operation (Enter Total of lines 181 thru 193)	769,890	455,136
195	Maintenance		
196	(935) Maintenance of General Plant	10	22
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	769,900	455,158
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	2,154,400	1,865,271

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier’s service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Total					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	PJM			FNO
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	TRANSFER OF ENERGY MegaWatt Hours Delivered (j)	Line No.
PJMOATT						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			0	**0**	**0**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS				
Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
		15,091,855	15,091,855	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
0	**0**	**15,091,855**	**15,091,855**	

Schedule Page: 328 Line No.: 1 Column: m

Revenue earned from PJM per the revenue requirement for transmission services filed with FERC.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION OF ELECTRICITY BY ISO/RTOs

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
4. In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

Line No.	Payment Received by (Transmission Owner Name) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Total Revenue by Rate Schedule or Tarirff (d)	Total Revenue (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	1,004
6	Corporate Memberships	4,704
7	Travel Expenses	1,051
8	Trustee Fees	621
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
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46	TOTAL	7,380

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			265,337		265,337
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant					
7	Transmission Plant	2,751,007				2,751,007
8	Distribution Plant					
9	Regional Transmission and Market Operation					
10	General Plant	2,060				2,060
11	Common Plant-Electric					
12	TOTAL	2,753,067		265,337		3,018,404

B. Basis for Amortization Charges

Section A Line 1 Column D represents amortization of capitalized software development costs over a 5 year life and costs associated with the Oracle strategic partnership which are over a 10 year life.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	TRANSMISSION						
13	350.1	-35					
14	352	3,402					
15	353	107,665					
16	353.16	104					
17	355	77					
18	356	1,307					
19	356.16	9,434					
20	357	1,273					
21	358.16	405					
22	TOTAL TRANSMISSION	123,667					
23							
24	GENERAL PLANT						
25	397	36					
26	TOTAL GENERAL PLANT	36					
27							
28	DEPRECIABLE SUM	123,703					
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
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50							

Schedule Page: 336   Line No.: 28   Column: b

The depreciable plant base is the November 30, 2020 total company depreciable plant.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Minor items < 25,000		3,328	3,328	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
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45					
46	TOTAL		3,328	3,328	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO							
Department (f)	Account No. (g)	Amount (h)	Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
Electric	928	3,328					1
							2
							3
							4
							5
							6
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							10
							11
							12
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		3,328					46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects.(Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).
2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:
- (1) Generation
  - a. hydroelectric
    - i. Recreation fish and wildlife
    - ii Other hydroelectric
  - b. Fossil-fuel steam
  - c. Internal combustion or gas turbine
  - d. Nuclear
  - e. Unconventional generation
  - f. Siting and heat rejection
- (2) Transmission
  - a. Overhead
  - b. Underground
- (3) Distribution
- (4) Regional Transmission and Market Operation
- (5) Environment (other than equipment)
- (6) Other (Classify and include items in excess of $50,000.)
- (7) Total Cost Incurred

B. Electric, R, D & D Performed Externally:
- (1) Research Support to the electrical Research Council or the Electric Power Research Institute

Line No.	Classification (a)	Description (b)
1	A(6): Other	2 items under $50,000
2		
3	A(6)g: Other	1 items under $50,000
4		
5	B: Electric, R, D & D Performed Externally	1 item under $50,000
6		
7	B(1): Research support to the electrical	7 items under $50,000
8	Research Council or the Electric	
9	Power Research Institute	
10		
11	B(4): R&D Support to Others (Classify)	2 item under $50,000
12		
13		
14		
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
(3) Research Support to Nuclear Power Groups
(4) Research Support to Others (Classify)
(5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing $50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under $50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D &D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR Account (e)	AMOUNTS CHARGED IN CURRENT YEAR Amount (f)	Unamortized Accumulation (g)	Line No.
797		566	797		1
					2
41		566	41		3
					4
	46	566	91		5
					6
	3,053	566	3,053		7
					8
					9
					10
	129	566	129		11
					12
					13
					14
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Regional Market			
6	Distribution			
7	Customer Accounts			
8	Customer Service and Informational			
9	Sales			
10	Administrative and General			
11	TOTAL Operation (Enter Total of lines 3 thru 10)			
12	Maintenance			
13	Production			
14	Transmission			
15	Regional Market			
16	Distribution			
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)			
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)			
21	Transmission (Enter Total of lines 4 and 14)			
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)			
24	Customer Accounts (Transcribe from line 7)			
25	Customer Service and Informational (Transcribe from line 8)			
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)			
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)			
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)			
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant			
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)			
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
78				
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86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts			
96	TOTAL SALARIES AND WAGES			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)				
3	Net Sales (Account 447)				
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
9					
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45					
46	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

		Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
Line No.	Type of Ancillary Service (a)	Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch						
2	Reactive Supply and Voltage						
3	Regulation and Frequency Response						
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplement						
7	Other						
8	Total (Lines 1 thru 7)						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
(5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Imports into ISO/RTO (e)	Exports from ISO/RTO (f)	Through and Out Service (g)	Network Service Usage (h)	Point-to-Point Service Usage (i)	Total Usage (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	
3	Steam				
4	Nuclear		23	Requirements Sales for Resale (See instruction 4, page 311.)	
5	Hydro-Conventional				
6	Hydro-Pumped Storage		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	
7	Other				
8	Less Energy for Pumping		25	Energy Furnished Without Charge	
9	Net Generation (Enter Total of lines 3 through 8)		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	
10	Purchases		27	Total Energy Losses	
11	Power Exchanges:		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
29	January				0	
30	February				0	
31	March				0	
32	April				0	
33	May				0	
34	June				0	
35	July				0	
36	August				0	
37	September				0	
38	October				0	
39	November				0	
40	December				0	
41	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: (b)			Plant Name: (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear						
2	Type of Constr (Conventional, Outdoor, Boiler, etc)						
3	Year Originally Constructed						
4	Year Last Unit was Installed						
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	0.00			0.00		
6	Net Peak Demand on Plant - MW (60 minutes)	0			0		
7	Plant Hours Connected to Load	0			0		
8	Net Continuous Plant Capability (Megawatts)	0			0		
9	When Not Limited by Condenser Water	0			0		
10	When Limited by Condenser Water	0			0		
11	Average Number of Employees	0			0		
12	Net Generation, Exclusive of Plant Use - KWh	0			0		
13	Cost of Plant: Land and Land Rights	0			0		
14	Structures and Improvements	0			0		
15	Equipment Costs	0			0		
16	Asset Retirement Costs	0			0		
17	Total Cost	0			0		
18	Cost per KW of Installed Capacity (line 17/5) Including	0			0		
19	Production Expenses: Oper, Supv, & Engr	0			0		
20	Fuel	0			0		
21	Coolants and Water (Nuclear Plants Only)	0			0		
22	Steam Expenses	0			0		
23	Steam From Other Sources	0			0		
24	Steam Transferred (Cr)	0			0		
25	Electric Expenses	0			0		
26	Misc Steam (or Nuclear) Power Expenses	0			0		
27	Rents	0			0		
28	Allowances	0			0		
29	Maintenance Supervision and Engineering	0			0		
30	Maintenance of Structures	0			0		
31	Maintenance of Boiler (or reactor) Plant	0			0		
32	Maintenance of Electric Plant	0			0		
33	Maintenance of Misc Steam (or Nuclear) Plant	0			0		
34	Total Production Expenses	0			0		
35	Expenses per Net KWh	0.0000			0.0000		
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)						
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)						
38	Quantity (Units) of Fuel Burned	0	0	0	0	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0	0	0	0	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0.000	0.000	0.000	0.000	0.000	0.000
41	Average Cost of Fuel per Unit Burned	0.000	0.000	0.000	0.000	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	0.000	0.000	0.000	0.000	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.000	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	0.000	0.000	0.000	0.000	0.000	0.000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: (d)	Plant Name: (e)	Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
0	0	0	8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
0	0	0	13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0	0	0	18
0	0	0	19
0	0	0	20
0	0	0	21
0	0	0	22
0	0	0	23
0	0	0	24
0	0	0	25
0	0	0	26
0	0	0	27
0	0	0	28
0	0	0	29
0	0	0	30
0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35

(d)	(d)	(d)	(e)	(e)	(e)	(f)	(f)	(f)	Line No.
									36
									37
0	0	0	0	0	0	0	0	0	38
0	0	0	0	0	0	0	0	0	39
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	40
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	41
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	42
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	43
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.
3. If net peak demand for 60 minutes is not available, give that which is available specifying period.
4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.

Line No.	Item (a)	FERC Licensed Project No. 0 Plant Name: (b)	FERC Licensed Project No. 0 Plant Name: (c)
1	Kind of Plant (Run-of-River or Storage)		
2	Plant Construction type (Conventional or Outdoor)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total installed cap (Gen name plate Rating in MW)	0.00	0.00
6	Net Peak Demand on Plant-Megawatts (60 minutes)	0	0
7	Plant Hours Connect to Load	0	0
8	Net Plant Capability (in megawatts)		
9	(a) Under Most Favorable Oper Conditions	0	0
10	(b) Under the Most Adverse Oper Conditions	0	0
11	Average Number of Employees	0	0
12	Net Generation, Exclusive of Plant Use - Kwh	0	0
13	Cost of Plant		
14	Land and Land Rights	0	0
15	Structures and Improvements	0	0
16	Reservoirs, Dams, and Waterways	0	0
17	Equipment Costs	0	0
18	Roads, Railroads, and Bridges	0	0
19	Asset Retirement Costs	0	0
20	TOTAL cost (Total of 14 thru 19)	0	0
21	Cost per KW of Installed Capacity (line 20 / 5)	0.0000	0.0000
22	Production Expenses		
23	Operation Supervision and Engineering	0	0
24	Water for Power	0	0
25	Hydraulic Expenses	0	0
26	Electric Expenses	0	0
27	Misc Hydraulic Power Generation Expenses	0	0
28	Rents	0	0
29	Maintenance Supervision and Engineering	0	0
30	Maintenance of Structures	0	0
31	Maintenance of Reservoirs, Dams, and Waterways	0	0
32	Maintenance of Electric Plant	0	0
33	Maintenance of Misc Hydraulic Plant	0	0
34	Total Production Expenses (total 23 thru 33)	0	0
35	Expenses per net KWh	0.0000	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."
6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.

FERC Licensed Project No. 0 Plant Name: (d)	FERC Licensed Project No. 0 Plant Name: (e)	FERC Licensed Project No. 0 Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
			8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
			13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0	0	0	18
0	0	0	19
0	0	0	20
0.0000	0.0000	0.0000	21
			22
0	0	0	23
0	0	0	24
0	0	0	25
0	0	0	26
0	0	0	27
0	0	0	28
0	0	0	29
0	0	0	30
0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants)

1. Large plants and pumped storage plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operating under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. Give project number.
3. If net peak demand for 60 minutes is not available, give the which is available, specifying period.
4. If a group of employees attends more than one generating plant, report on line 8 the approximate average number of employees assignable to each plant.
5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."

Line No.	Item (a)	FERC Licensed Project No. 0 Plant Name: (b)
1	Type of Plant Construction (Conventional or Outdoor)	
2	Year Originally Constructed	
3	Year Last Unit was Installed	
4	Total installed cap (Gen name plate Rating in MW)	
5	Net Peak Demaind on Plant-Megawatts (60 minutes)	
6	Plant Hours Connect to Load While Generating	
7	Net Plant Capability (in megawatts)	
8	Average Number of Employees	
9	Generation, Exclusive of Plant Use - Kwh	
10	Energy Used for Pumping	
11	Net Output for Load (line 9 - line 10) - Kwh	
12	Cost of Plant	
13	Land and Land Rights	
14	Structures and Improvements	
15	Reservoirs, Dams, and Waterways	
16	Water Wheels, Turbines, and Generators	
17	Accessory Electric Equipment	
18	Miscellaneous Powerplant Equipment	
19	Roads, Railroads, and Bridges	
20	Asset Retirement Costs	
21	Total cost (total 13 thru 20)	
22	Cost per KW of installed cap (line 21 / 4)	
23	Production Expenses	
24	Operation Supervision and Engineering	
25	Water for Power	
26	Pumped Storage Expenses	
27	Electric Expenses	
28	Misc Pumped Storage Power generation Expenses	
29	Rents	
30	Maintenance Supervision and Engineering	
31	Maintenance of Structures	
32	Maintenance of Reservoirs, Dams, and Waterways	
33	Maintenance of Electric Plant	
34	Maintenance of Misc Pumped Storage Plant	
35	Production Exp Before Pumping Exp (24 thru 34)	
36	Pumping Expenses	
37	Total Production Exp (total 35 and 36)	
38	Expenses per KWh (line 37 / 9)	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants) (Continued)

6. Pumping energy (Line 10) is that energy measured as input to the plant for pumping purposes.
7. Include on Line 36 the cost of energy used in pumping into the storage reservoir. When this item cannot be accurately computed leave Lines 36, 37 and 38 blank and describe at the bottom of the schedule the company's principal sources of pumping power, the estimated amounts of energy from each station or other source that individually provides more than 10 percent of the total energy used for pumping, and production expenses per net MWH as reported herein for each source described. Group together stations and other resources which individually provide less than 10 percent of total pumping energy. If contracts are made with others to purchase power for pumping, give the supplier contract number, and date of contract.

FERC Licensed Project No. 0 Plant Name: (c)	FERC Licensed Project No. 0 Plant Name: (d)	FERC Licensed Project No. 0 Plant Name: (e)	Line No.
			1
			2
			3
			4
			5
			6
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			10
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			35
			36
			37
			38

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity Name Plate Rating (In MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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14						
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16						
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46						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

Plant Cost (Incl Asset Retire. Costs) Per MW (g)	Operation Exc'l. Fuel (h)	Production Expenses: Fuel (i)	Production Expenses: Maintenance (j)	Kind of Fuel (k)	Fuel Costs (in cents (per Million Btu) (l)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
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						44
						45
						46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits
	From (a)	To (b)	Operating (c)	Designed (d)	(e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1	Nothing to report							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) Land (j)	Construction and Other Costs (k)	Total Cost (l)	EXPENSES, EXCEPT DEPRECIATION AND TAXES Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	Line No.
								1
								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
								13
								14
								15
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								17
								18
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								20
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								24
								25
								26
								27
								28
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								32
								33
								34
								35
								36

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q4

TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of competed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

Line No.	LINE DESIGNATION From (a)	LINE DESIGNATION To (b)	Line Length in Miles (c)	SUPPORTING STRUCTURE Type (d)	SUPPORTING STRUCTURE Average Number per Miles (e)	CIRCUITS PER STRUCTURE Present (f)	CIRCUITS PER STRUCTURE Ultimate (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44	TOTAL						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).
3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage KV (Operating)	LINE COST					Line No.
Size (h)	Specification (i)	Configuration and Spacing (j)	(k)	Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Asset Retire. Costs (o)	Total (p)	
									1
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	BAKER 345KV - KY	T	345.00	138.00	34.50
2	BAKER 765KV - KY	T	765.00		
3	BAKER 765KV - KY	T	765.00	345.00	34.50
4	BELLEFONTE 138KV - KY	T	138.00	70.50	36.20
5	BREAKS - KY	D	69.00		
6	STANVILLE - KY	T	69.00		
7	STANVILLE - KY	T	138.00	70.50	46.00
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	Line No.
	1					1
			REACTOR	4	400	2
7500	10					3
200	1					4
			STATCAP	1	14	5
			STATCAP	1	14	6
208	2					7
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2020/Q4

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is $250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	**Non-power Goods or Services Provided by Affiliated**			
2	Construction Services	AEPSC	107, 108	1,676,921
3	Transmission Expenses - Operation	AEPSC	See Footnotes	806,549
4	Use of Jointly Owned Facility	KPCo	567	414,541
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	**Non-power Goods or Services Provided for Affiliate**			
21				
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42				

Schedule Page: 429 Line No.: 3 Column: c

Accounts: 560, 561.2, 561.4, 561.5, 562, 563, 566, 920 & 923

INDEX

THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ]	Resubmission No. ____

Form 1 Approved
OMB No.1902-0021
(Expires 11/30/2022)
Form 1-F Approved
OMB No.1902-0029
(Expires 11/30/2022)
Form 3-Q Approved
OMB No.1902-0205
(Expires 11/30/2022)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	End of 2019/Q4

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q)is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

(1) one million megawatt hours of total annual sales,
(2) 100 megawatt hours of annual sales for resale,
(3) 500 megawatt hours of annual power exchanges delivered, or
(4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: http://www.ferc.gov/docs-filing/forms/form-1/elec-subm-soft.asp. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

Reference Schedules	Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of ___________ , we have also reviewed schedules __________________of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at http://www.ferc.gov/help/how-to.asp.

(g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from http://www.ferc.gov/docs-filing/forms/form-1/form-1.pdf and http://www.ferc.gov/docs-filing/forms.asp#3Q-gas .

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and

b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,168 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 168 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.

III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.

VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and” firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the

termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and “firm” means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) ’Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power; ......

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be field..."

General Penalties

The Commission may assess up to $1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent	02 Year/Period of Report
AEP Kentucky Transmission Company, Inc.	End of 2019/Q4

03 Previous Name and Date of Change *(if name changed during year)*

/ /

04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)*

1 Riverside Plaza, Columbus, OH 43215-2373

05 Name of Contact Person	06 Title of Contact Person
Jason M Johnson	Accountant

07 Address of Contact Person *(Street, City, State, Zip Code)*

AEP Service Corp, 1 Riverside Plaza, 26th Flr, Columbus, OH 43215-2373

08 Telephone of Contact Person, *Including Area Code*	09 This Report Is	10 Date of Report *(Mo, Da, Yr)*
(614) 716-1000	(1) [X] An Original (2) [ ] A Resubmission	/ /

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
Jeffrey W. Hoersdig		
02 Title		
Assistant Controller	Jeffrey W. Hoersdig	04/17/2020

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Other Deferred Credits	269	
38	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	N/A
39	Accumulated Deferred Income Taxes-Other Property	274-275	
40	Accumulated Deferred Income Taxes-Other	276-277	
41	Other Regulatory Liabilities	278	
42	Electric Operating Revenues	300-301	
43	Regional Transmission Service Revenues (Account 457.1)	302	N/A
44	Sales of Electricity by Rate Schedules	304	N/A
45	Sales for Resale	310-311	N/A
46	Electric Operation and Maintenance Expenses	320-323	
47	Purchased Power	326-327	N/A
48	Transmission of Electricity for Others	328-330	
49	Transmission of Electricity by ISO/RTOs	331	N/A
50	Transmission of Electricity by Others	332	N/A
51	Miscellaneous General Expenses-Electric	335	
52	Depreciation and Amortization of Electric Plant	336-337	
53	Regulatory Commission Expenses	350-351	
54	Research, Development and Demonstration Activities	352-353	
55	Distribution of Salaries and Wages	354-355	N/A
56	Common Utility Plant and Expenses	356	N/A
57	Amounts included in ISO/RTO Settlement Statements	397	N/A
58	Purchase and Sale of Ancillary Services	398	N/A
59	Monthly Transmission System Peak Load	400	N/A
60	Monthly ISO/RTO Transmission System Peak Load	400a	N/A
61	Electric Energy Account	401	N/A
62	Monthly Peaks and Output	401	N/A
63	Steam Electric Generating Plant Statistics	402-403	N/A
64	Hydroelectric Generating Plant Statistics	406-407	N/A
65	Pumped Storage Generating Plant Statistics	408-409	N/A
66	Generating Plant Statistics Pages	410-411	N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Transmission Line Statistics Pages	422-423	N/A
68	Transmission Lines Added During the Year	424-425	N/A
69	Substations	426-427	
70	Transactions with Associated (Affiliated) Companies	429	
71	Footnote Data	450	

Stockholders' Reports Check appropriate box:

[X] Two copies will be submitted

[ ] No annual report to stockholders is prepared

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Jeffrey W. Hoersdig
Assistant Controller
1 Riverside Plaza
Columbus, OH 43215

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Kentucky - October 2, 2009

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric - Kentucky

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

AEP Transmission Company, LLC, controls 100% of the Respondent as of December 31, 2019. AEP Transmission Holding Company, LLC, controls 100% of AEP Transmission Company, LLC as of December 31, 2019. American Electric Power Company, Inc., a registered holding company, controls 100% of AEP Transmission Holding Company, LLC as of December 31, 2019.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions
1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Not Applicable			
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Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	See Footnote		
2			
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Schedule Page: 104 Line No.: 1 Column: a

Summary Compensation Table

The following table provides summary information concerning compensation earned by our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated executive officers, to whom we refer collectively as the named executive officers.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Nicholas K. Akins— Chairman of the Board and Chief Executive Officer	2019	1,475,654	—	8,775,003	3,600,000	530,151	111,628	14,492,436
Brian X. Tierney— Executive Vice President and Chief Financial Officer	2019	793,039	—	4,064,681	1,088,000	470,138	95,560	6,511,418
David M. Feinberg— Executive Vice President, General Counsel and Secretary	2019	677,596	—	1,445,289	865,000	173,983	73,436	3,235,304
Lisa M. Barton— Executive Vice President-Transmission	2019	588,254	—	3,238,802	825,000	173,781	67,799	4,893,636
Lana L. Hillebrand— Executive Vice President-Chief Administrative Officer	2019	615,358	—	1,135,625	800,000	221,245	74,831	2,847,059

(1) Amounts in the salary column are composed of executive salaries earned for the year shown, which include 261 days of pay for 2019. This is one day more than the standard 260 calendar work days and holidays in a year.

(2) The amounts reported in this column reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 of the performance units and restricted stock units (RSUs) granted under our Long-Term Incentive Plan. See Note 15 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2019 for a discussion of the relevant assumptions used in calculating these amounts. The number of shares realized and the value of these performance shares, if any, will depend on the Company's performance during a 3 year performance period. The potential payout can range from 0 percent to 200 percent of the target number of performance shares, plus any dividend equivalents.

The value of the 2019 performance units will be based on two equally weighted measures: a Board approved cumulative operating earnings per share measure (Cumulative EPS) and a total shareholder return measure (Relative TSR). The grant date fair value of the 2019 performance units that are based on Cumulative EPS was computed in accordance with FASB ASC Topic 718 and was measured based on the closing price of AEP's common stock on the date of grant. The maximum amount payable for the 2019 performance units that are based on Cumulative EPS is equal to: $6,374,972 for Mr. Akins; $1,500,026 for Mr. Tierney; $1,050,010 for Mr. Feinberg; $900,032 for Ms. Barton and $825,042 for Ms. Hillebrand. The grant date fair value of the 2019 performance units that are based on Relative TSR is calculated using a Monte-Carlo model as of the date of grant, in accordance with FASB ASC Top 718. Because the performance shares that are based on Relative TSR are subject to market conditions as defined under FASB ASC Topic 718, they did not have a maximum value on the grant date that differed from the grant date fair values presented in the table. Instead, the maximum value is factored into the calculation of the grant date fair value.

(3) The amounts shown in this column are annual incentive compensation paid for the year shown.

(4) The amounts shown in this column are attributable to the increase in the actuarial values of each of the named executive officer's combined benefits under AEP's qualified and non-qualified defined benefit plans determined using interest rate and mortality assumptions consistent with those used in the Company's financial statements. See Note 8 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2019 for a discussion of the relevant assumptions.

(5) Amounts shown in the All Other Compensation column for 2019 include: (a) Company contributions to the Company's Retirement Savings Plan, (b) Company matching contributions to the Company's Supplemental Retirement Savings Plan and (c) perquisites. The amounts are listed in the following table:

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2019/Q4

FOOTNOTE DATA

Type		Nicholas K. Akins		Brian X. Tierney		David M. Feinberg		Lisa M. Barton		Lana L. Hillebrand
Retirement Savings Plan Match	$	12,600	$	12,600	$	12,600	$	12,600	$	12,600
Supplemental Retirement Savings Plan Match	$	77,400	$	62,960	$	47,199	$	39,613	$	41,951
Perquisites	$	21,628	$	20,000	$	13,637	$	15,586	$	20,280
Total	**$**	**111,628**	**$**	**95,560**	**$**	**73,436**	**$**	**67,799**	**$**	**74,831**

Perquisites provided in 2019 included: financial counseling and tax preparation services, and, for Mr. Akins, director's group travel accident insurance premium. Executive officers may also have the occasional personal use of event tickets when such tickets are not being used for business purposes, however, there is no associated incremental cost. From time to time executive officers may receive customary gifts from third parties that sponsor sporting events (subject to our policies on conflicts of interest).

Mr. Akins has entered into an Aircraft Time Sharing Agreement that allows him to use our corporate aircraft for personal use for a limited number of hours each year. The Aircraft Time Sharing Agreement requires Mr. Akins to reimburse the Company for the cost of his personal use of corporate aircraft in accordance with limits set forth in Federal Aviation Administration regulations. The incremental costs incurred in connection with personal flights for which Mr. Akins fully reimbursed the Company under the Aircraft Timesharing Agreement include fuel, oil, hangar costs, crew travel expenses, catering, landing fees, and other incremental airport fees. Accordingly, no value is shown for these amounts in the Summary Compensation Table. If the aircraft flies empty before picking up or after dropping off Mr. Akins at a destination on a personal flight, the cost of the empty flight is included in the incremental cost for which Mr. Akins reimburses the Company. Since AEP aircraft are used predominantly for business purposes, we do not include fixed costs that do not change in amount based on usage, such as depreciation and pilot salaries.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Nicholas K. Akins, Chairman of the Board,	Columbus, Ohio
2	and Chief Executive Officer	
3		
4	Mark C. McCullough, President	Columbus, Ohio
5	and Chief Operating Officer	
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7	Wade A. Smith, Vice President	Columbus, Ohio
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9	Brian X. Tierney, Vice President	Columbus, Ohio
10	and Chief Financial Officer	
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12	David M. Feinberg, Vice President	Columbus, Ohio
13	and Secretary	
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15	Note: Respondent does not have an Executive Committee	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent have formula rates?	[X] Yes [ ] No

1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.

Line No.	FERC Rate Schedule or Tariff Number	FERC Proceeding
1	FERC OATT PJM Interconnections LLC - Attachment H-	ER17-406
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?

[X] Yes
[ ] No

2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website

Line No.	Accession No.	Document Date \ Filed Date	Docket No.	Description	Formula Rate FERC Rate Schedule Number or Tariff Number
1	20191031-5289	10/31/2019	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
2	20190716-5113	07/16/2019	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
3	20190528-5200	05/28/2019	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
4	20190109-5146	01/09/2019	ER17-406	AEP PJM OATT Annual Formula Rate	PJM OATT Attachment H-20
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

INFORMATION ON FORMULA RATES
Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

Line No.	Page No(s).	Schedule	Column	Line No
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Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

1) None

2) None

3) None

4) None

5) None

6) None

7) None

8) None

9) None

10) None

11) (Reserved)

12) Not Used

13) Mark C. McCullough was elected Director, Jan. 1, 2019
Mark C. McCullough was elected President and Chief Operating Officer, Jan. 1, 2019
Julia A. Sloat was elected Vice President and Treasurer, Jan. 1, 2019
Antonio P. Smyth was elected Vice President, Jan. 29, 2019
Julie Williams resigned as Assistant Controller, Mar. 8, 2019

14) Proprietary capital ratio exceeds 30%

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	124,616,586	111,256,361
3	Construction Work in Progress (107)	200-201	17,135,182	10,055,612
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		141,751,768	121,311,973
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	6,932,886	4,533,125
6	Net Utility Plant (Enter Total of line 4 less 5)		134,818,882	116,778,848
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		134,818,882	116,778,848
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		0	0
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		0	0
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		166,246	165,855
41	Other Accounts Receivable (143)		0	0
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	0
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		1,048,898	1,953,427
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	0	0
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		26,859	16,575
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	3
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		1,242,003	2,135,860
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		303,693	323,784
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	1,380,935	1,230,677
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	734,315	497,513
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	2,185,105	1,778,242
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		4,604,048	3,830,216
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		140,664,933	122,744,924

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [x] An Original (2) [ ] A Resubmission	/ /	end of 2019/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	0	0
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	40,707,500	40,707,500
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	19,854,292	14,447,155
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		60,561,792	55,154,655
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	43,000,000	43,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		18,833	21,556
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		205,305	213,496
24	Total Long-Term Debt (lines 18 through 23)		42,813,528	42,808,060
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		0	0
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		3,446,531	2,560,413
39	Notes Payable to Associated Companies (233)		10,357,607	1,638,163
40	Accounts Payable to Associated Companies (234)		630,303	1,042,921
41	Customer Deposits (235)		0	0
42	Taxes Accrued (236)	262-263	-246,737	-140,727
43	Interest Accrued (237)		0	0
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	end of 2019/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		199,219	53,562
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		14,386,923	5,154,332
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	97	2,388
60	Other Regulatory Liabilities (254)	278	7,383,604	7,465,583
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		13,681,177	11,058,291
64	Accum. Deferred Income Taxes-Other (283)		1,837,812	1,101,615
65	Total Deferred Credits (lines 56 through 64)		22,902,690	19,627,877
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		140,664,933	122,744,924

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENT OF INCOME

Quarterly
1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	12,997,123	11,000,483		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	1,745,894	1,620,507		
5	Maintenance Expenses (402)	320-323	119,377	98,572		
6	Depreciation Expense (403)	336-337	2,512,078	1,757,120		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	187,920	136,706		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	251,898	123,783		
15	Income Taxes - Federal (409.1)	262-263	-1,091,087	-114,071		
16	- Other (409.1)	262-263	34,401	-8,427		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	13,065,391	9,218,852		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	10,326,042	7,505,871		
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		6,499,830	5,327,171		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		6,497,293	5,673,312		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
12,997,123	11,000,483					2
						3
1,745,894	1,620,507					4
119,377	98,572					5
2,512,078	1,757,120					6
						7
187,920	136,706					8
						9
						10
						11
						12
						13
251,898	123,783					14
-1,091,087	-114,071					15
34,401	-8,427					16
13,065,391	9,218,852					17
10,326,042	7,505,871					18
						19
						20
						21
						22
						23
						24
6,499,830	5,327,171					25
6,497,293	5,673,312					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		6,497,293	5,673,312		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		3,939	105,295		
38	Allowance for Other Funds Used During Construction (419.1)		617,665	1,254,832		
39	Miscellaneous Nonoperating Income (421)		240	348		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		621,844	1,360,475		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		100,253	1,144		
46	Life Insurance (426.2)					
47	Penalties (426.3)		7	14		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		9,107	9,181		
49	Other Deductions (426.5)		1,471	765		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		110,838	11,104		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	15			
53	Income Taxes-Federal (409.2)	262-263	-22,799	-3,148		
54	Income Taxes-Other (409.2)	262-263	-1,993	1,711		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	15,851	23,315		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	35,215	9,326		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-44,141	12,552		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		555,147	1,336,819		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)		28,282	28,233		
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)		2,724	2,722		
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		1,777,216	1,618,857		
68	Other Interest Expense (431)		110,151	91,067		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		267,622	393,152		
70	Net Interest Charges (Total of lines 62 thru 69)		1,645,303	1,342,283		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		5,407,137	5,667,848		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		5,407,137	5,667,848		

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AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		14,447,155	8,779,307
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		5,407,137	5,667,848
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		19,854,292	14,447,155
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		19,854,292	14,447,155
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

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AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	5,407,137	5,667,848
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	2,699,998	1,893,826
5	Amortization of		
6			
7			
8	Deferred Income Taxes (Net)	2,719,985	1,726,970
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	904,141	2,083,224
11	Net (Increase) Decrease in Inventory		
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-204,028	-10,601
14	Net (Increase) Decrease in Other Regulatory Assets		121,694
15	Net Increase (Decrease) in Other Regulatory Liabilities		
16	(Less) Allowance for Other Funds Used During Construction	617,665	1,254,832
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-81,613	-765,164
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	10,827,955	9,462,965
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-20,165,064	-29,376,417
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-617,665	-1,254,832
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-19,547,399	-28,121,585
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55	Change in Cash Advances to Affiliates		10,724,323
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-19,547,399	-17,397,262
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Long Term Issuances Costs		-3,866
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68	Notes Payable to Associated Companies	8,719,444	1,638,163
69	Capital Contributions from Parent		6,300,000
70	Cash Provided by Outside Sources (Total 61 thru 69)	8,719,444	7,934,297
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77			
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	8,719,444	7,934,297
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)		
87			
88	Cash and Cash Equivalents at Beginning of Period		
89			
90	Cash and Cash Equivalents at End of period		

Schedule Page: 120 Line No.: 18 Column: b

		2019 Cash Flow Incr / (Decr)		2018 Cash Flow Incr / (Decr)
Utility Plant, Net	$	(3,452)	$	(988)
Prepayments		(10,284)		(163)
Unamortized Debt Expense		20,091		20,323
Other Deferred Debits, Net		(236,802)		(234,891)
Unamortized Discount/Premium on Long-Term Debt		5,468		5,468
Current and Accrued Liabilities, Net		145,657		(557,301)
Other Deferred Credits, Net		(2,291)		2,388
Total	$	**(81,613)**	$	**(765,164)**

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

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SEE PAGE 123 FOR REQUIRED INFORMATION.

INDEX OF NOTES TO FINANCIAL STATEMENTS

GLOSSARY OF TERMS FOR NOTES

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

Term	Meaning
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned subsidiaries and affiliates.
AEP East Transmission Companies	APTCo, IMTCo, KTCo, OHTCo and WVTCo.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Texas	AEP Texas Inc., an AEP electric utility subsidiary.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEPEP	AEP Energy Partners, Inc., a subsidiary of AEP dedicated to wholesale marketing and trading, hedging activities, asset management and commercial and industrial sales in deregulated markets.
AEPSC	American Electric Power Service Corporation, an AEP service subsidiary providing management and professional services to AEP and its subsidiaries.
AEPTCo	AEP Transmission Company, LLC, and its consolidated State Transcos, a subsidiary of AEP Transmission Holdco.
APCo	Appalachian Power Company, an AEP electric utility subsidiary.
APTCo	AEP Appalachian Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
ARAM	Average Rate Assumption Method, an IRS approved method used to calculate the reversal of Excess ADIT for ratemaking purposes.
ASU	Accounting Standards Update.
ATRR	Annual Transmission Revenue Requirement.
Excess ADIT	Excess accumulated deferred income taxes.
FASB	Financial Accounting Standards Board.
FERC	Federal Energy Regulatory Commission.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IMTCo	AEP Indiana Michigan Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
IRS	Internal Revenue Service.
KPCo	Kentucky Power Company, an AEP electric utility subsidiary.
KTCo	AEP Kentucky Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.

OATT	Open Access Transmission Tariff.
OHTCo	AEP Ohio Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OKTCo	AEP Oklahoma Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OPCo	Ohio Power Company, an AEP electric utility subsidiary.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PJM	Pennsylvania - New Jersey - Maryland regional transmission organization.
PSO	Public Service Company of Oklahoma, an AEP electric utility subsidiary.
ROE	Return on equity.
RTO	Regional Transmission Organization, responsible for moving electricity over large interstate areas.
SPP	Southwest Power Pool.
State Transcos	Wholly-owned AEPTCo transmission subsidiaries; APTCo, IMTCo, KTCo, OHTCo, OKTCo, SWTCo and WVTCo.
SWEPCo	Southwestern Electric Power Company, an AEP electric utility subsidiary.
SWTCo	AEP Southwestern Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the “Tax Cuts and Jobs Act” (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
Transource Energy	Transource Energy, LLC, a consolidated variable interest entity formed for the purpose of investing in utilities which develop, acquire, construct, own and operate transmission facilities in accordance with FERC-approved rates.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
WVTCo	AEP West Virginia Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

KTCo builds, owns and operates transmission facilities in Kentucky. KTCo is a member of PJM. AEPTCo owns all of KTCo's outstanding equity. Currently, all of KTCo's capital needs are provided by AEPTCo and the Utility Money Pool. AEPSC and other AEP subsidiaries provide services to KTCo through service agreements. KTCo does not have employees.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rates and Service Regulation

KTCo's rates are regulated by the FERC. Historically, the FERC formula rates for KTCo were established each July based on prior calendar year's financial activity and projected plant balances. Effective January 1, 2017, KTCo implemented the modified PJM OATT formula rate calculation which establishes the annual FERC formula rates on a calendar year basis using the projected calendar year's financial activity and projected plant balances. Refer to Note 3 for additional information. The FERC also regulates KTCo's, AEPSC's and AEPTCo's affiliated transactions, including AEPSC's and AEPTCo's billings at cost under the 2005 Public Utility Holding Company Act and the Federal Power Act. The FERC also has jurisdiction over the issuances and acquisitions of securities of KTCo, the acquisition or sale of certain utility assets and mergers with another electric utility or holding company. The FERC is permitted to review and audit the relevant books and records of KTCo.

Basis of Accounting

KTCo's accounting is subject to the requirements of the KPSC and the FERC. The financial statements have been prepared in accordance with the Uniform System of Accounts prescribed by the FERC. The principal differences from GAAP include:

- The requirement to report deferred tax assets and liabilities separately rather than as a single amount.
- The classification of accrued taxes as a single amount rather than as assets and liabilities.
- The classification of accrued non-ARO asset removal costs as accumulated depreciation rather than regulatory liabilities.
- The classification of regulatory assets and liabilities related to the accounting guidance for "Accounting for Income Taxes" as separate assets and liabilities rather than as a single amount.
- The classification of certain nonoperating revenues as miscellaneous nonoperating income instead of as operating revenue.
- The classification of certain nonoperating expenses as miscellaneous nonoperating expense instead of as operating expense.
- The separate classification of income tax expense for operating and nonoperating activities instead of as a single income tax expense.
- The classification of certain other assets and liabilities as noncurrent instead of current.
- The classification of debt issuance costs as noncurrent assets instead of noncurrent liabilities.
- The classification of interest on regulated finance leases as Operating Expense instead of Other Income (Expense).

Accounting for the Effects of Cost-Based Regulation

As a rate-regulated entity, KTCo's financial statements reflect the actions of regulators that result in the recognition of certain revenues and expenses in different time periods than enterprises that are not rate-regulated. Under KTCo's formula rate mechanism and in accordance with accounting guidance for "Regulated Operations," KTCo records regulatory assets (deferred expenses) and regulatory liabilities (deferred revenue reductions or refunds) to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching income with its passage to customers in cost-based regulated rates.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates include, but are not limited to, long-lived asset impairment, the effects of regulation, long-lived asset recovery and the effects of contingencies. The estimates and assumptions used are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could ultimately differ from those estimates.

Supplementary Information

	2019	2018
For the Twelve Months Ended December 31,	**(in thousands)**	
Cash Was Paid (Received) for:		
Interest (Net of Capitalized Amounts)	$ 1,511	$ 1,292
Income Taxes (Net of Refunds)	(534)	254
As of December 31,		
Construction Expenditures Included in Current and Accrued Liabilities	3,127	2,555

Accounts Receivable

Accounts receivable primarily includes receivables from PJM based on the monthly allocation of the tariff rates that were authorized by FERC order and receivables for sales to miscellaneous customers.

Transmission Property

Transmission property is stated at original cost. Additions, major replacements and betterments are added to the property accounts. Under the group composite method of depreciation, continuous interim routine replacements of items such as poles, transformers, etc. result in original cost retirements, less salvage, being charged to accumulated depreciation. The group composite method of depreciation assumes that on average, asset components are retired at the end of their useful lives and thus there is no gain or loss. The equipment in each primary electric plant account is identified as a separate group. The depreciation rates that are established take into account the past history of interim capital replacements and the amount of salvage received. These rates and the related lives are subject to periodic review. Removal costs are charged to accumulated depreciation. The costs of labor, materials and overhead incurred to operate and maintain the transmission property is included in operation expenses.

Long-lived assets are required to be tested for impairment when it is determined that the carrying value of the assets may no longer be recoverable or when the assets meet the held-for-sale criteria under the accounting guidance for "Impairment or Disposal of Long-Lived Assets." When it becomes probable that an asset in service or an asset under construction will be abandoned and regulatory cost recovery has been disallowed, the cost of that asset shall be removed from plant-in-service or CWIP and charged to expense.

The fair value of an asset or investment is the amount at which that asset or investment could be bought or sold in a current transaction between willing parties, as opposed to a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for the measurement, if available. In the absence of quoted prices for identical or similar assets or investments in active markets, fair value is estimated using various internal and external valuation methods including cash flow analysis and appraisals.

Allowance for Funds Used During Construction (AFUDC)

AFUDC represents the estimated cost of borrowed and equity funds used to finance construction projects that is capitalized and recovered through depreciation over the service life of regulated transmission property.

Valuation of Nonderivative Financial Instruments

The book values of Notes Payable to Associated Companies, accounts receivable and accounts payable approximate fair value because of the short-term maturity of these instruments.

Fair Value Measurements of Assets and Liabilities

The accounting guidance for "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2.

Revenue Recognition

Regulatory Accounting

KTCo's financial statements reflect the actions of regulators that can result in the recognition of revenues and expenses in different time periods than enterprises that are not rate-regulated. Regulatory assets (deferred expenses or alternative revenues recognized in accordance with the guidance for "Regulated Operations") and regulatory liabilities (deferred revenue reductions or refunds) are recorded to reflect the economic effects of regulation in the same accounting period by matching expenses with their recovery through regulated revenues and by matching revenue with its passage to customers in cost-based regulated rates.

When regulatory assets are probable of recovery through regulated rates, KTCo records them as assets on its balance sheets. KTCo tests for probability of recovery at each balance sheet date or whenever new events occur. Examples of new events include the issuance of a FERC order or passage of new legislation. If it is determined that recovery of a regulatory asset is no longer probable, that regulatory asset is derecognized as a charge against income.

Transmission Revenue Accounting

Pursuant to an order approved by the FERC, the AEP East Transmission Companies are included in the OATT administered by PJM. The FERC order implemented an ATRR for each of the AEP East Transmission Companies. Under this requirement, AEPSC, on behalf of the AEP East Transmission Companies, makes annual filings in order to recover prudently incurred costs and an allowed return on plant in service. An annual formula rate filing is made for each calendar year using projected costs, which is used to determine the billings to PJM ratepayers. The annual rate filing is compared to actual costs with any over- or under-recovery being trued-up with interest and recovered in a future year's rates.

In accordance with the accounting guidance for "Regulated Operations-Revenue Recognition", KTCo recognizes revenue related to OATT rate true-ups immediately following the annual FERC filings. Any portion of the true-ups applicable to an affiliated company is recorded as Accounts Receivable from Associated Companies or Accounts Payable to Associated Companies on the balance sheets. Any portion of the true-ups applicable to third parties is recorded as Other Regulatory Assets or Other Regulatory Liabilities on the balance sheets.

Income Taxes

KTCo uses the liability method of accounting for income taxes. Under the liability method, deferred income taxes are provided for all temporary differences between the book and tax basis of assets and liabilities which will result in a future tax consequence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

When the flow-through method of accounting for temporary differences is reflected in regulated revenues (that is, when deferred taxes are not included in the cost of service for determining regulated rates for electricity), deferred income taxes are recorded and related regulatory assets and liabilities are established to match the regulated revenues and tax expense.

KTCo accounts for uncertain tax positions in accordance with the accounting guidance for "Income Taxes." KTCo classifies interest expense or income related to uncertain tax positions as interest expense or income as appropriate and classifies penalties as Penalties on the statements of income.

Long-term Debt

Debt discount or premium and debt issuance expenses are deferred and amortized generally utilizing the straight-line method over the term of the related debt. The straight-line method approximates the effective interest method and is consistent with the treatment in rates for regulated operations. The net amortization expense is included in Amortization of Debt Discount and Expense.

Subsequent Events

Management has evaluated the impact of events occurring after December 31, 2019 through February 20, 2020, the date that AEP's Form 10-K was issued, and has updated such evaluation for disclosure purposes through April 17, 2020. These financial statements include all necessary adjustments and disclosures resulting from these evaluations.

Coronavirus Outbreak

AEP is responding to the global outbreak (pandemic) of the 2019 novel coronavirus (COVID 19) by taking steps to mitigate the potential risks posed by its spread. AEP provides a critical service to its customers which means that it must keep its employees who operate its businesses safe and minimize unnecessary risk of exposure to the virus. AEP has updated and implemented a company-wide pandemic plan to address specific aspects of the coronavirus pandemic. AEP informed both retail customers and state regulators that disconnections for non-payment will be temporarily suspended. This is a rapidly evolving situation that could lead to extended disruption of economic activity in AEP's markets. AEP has instituted measures to ensure its supply chain remains open; however, there could be global shortages that will impact AEP's maintenance and capital programs that AEP cannot currently estimate. AEP will continue to monitor developments affecting both its workforce and its customers, and will take additional precautions that are determined to be necessary in order to mitigate the impacts. AEP continues to implement strong physical and cyber security measures to ensure that its systems remain functional in order to both serve its operational needs with a remote workforce and keep them running to ensure uninterrupted service to customers. AEP will continue to review and modify its plans as conditions change. Extended disruption of economic activity in AEP's markets may result in accounting and disclosure implications for AEP; however, management cannot estimate the potential impact on AEP's financial statements or results of operations. If any of these costs are not recoverable or a significant write-down of assets occur it could reduce future net income and cash flows and impact financial condition.

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to KTCo's business. The following standards will impact KTCo's financial statements.

ASU 2016-02 "Accounting for Leases" (ASU 2016-02)

In February 2016, the FASB issued ASU 2016-02 increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheets and disclosing key information about leasing arrangements. Under the new standard, an entity must recognize an asset and liability for operating leases on the balance sheets. Additionally, capital leases are known as finance leases going forward. Leases with terms of 12 months or longer are also subject to the new requirements. Fundamentally, the criteria used to determine lease classification remains the same, but is more subjective under the new standard.

New leasing standard implementation activities included the identification of the lease population within the AEP System as well as the sampling of representative lease contracts to analyze accounting treatment under the new accounting guidance. Based upon the completed assessments, management also prepared a gap analysis to outline new disclosure compliance requirements.

Management adopted ASU 2016-02 effective January 1, 2019 by means of a cumulative-effect adjustment to the balance sheets. Management elected the following practical expedients upon adoption:

Practical Expedient	Description
Overall Expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to reassess whether any expired or existing contracts are/or contain leases, do not need to reassess the lease classification for any expired or existing leases and do not need to reassess initial direct costs for any existing leases.
Lease and Non-lease Components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component.
Short-term Lease (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases.
Existing and expired land easements not previously accounted for as leases	Elect optional transition practical expedient to not evaluate under Topic 842 existing or expired land easements that were not previously accounted for as leases under the current leases guidance in Topic 840.
Cumulative-effect adjustment in the period of adoption	Elect the optional transition practical expedient to adopt the new lease requirements through a cumulative-effect adjustment on the balance sheets in the period of adoption.

Management concluded that the result of adoption would not materially change the volume of contracts that qualify as leases going forward. The adoption of the new standard did not materially impact results of operations, balance sheets or cash flows.

ASU 2016-13 "Measurement of Credit Losses on Financial Instruments" (ASU 2016-13)

In June 2016, the FASB issued ASU 2016-13 requiring the recognition of an allowance for expected credit losses for financial instruments within its scope. Examples of financial instruments that are in scope include trade receivables, certain financial guarantees, and held-to-maturity debt securities. The allowance for expected credit losses should be based on historical information, current conditions and reasonable and supportable forecasts. Entities are required to evaluate, and if necessary, recognize expected credit losses at the inception or initial acquisition of a financial instrument (or pool of financial instruments that share similar risk characteristics) subject to ASU 2016-13, and subsequently as of each reporting date. The new standard also revises the other-than-temporary impairment model for available-for-sale debt securities.

Management adopted ASU 2016-13 and its related implementation guidance effective January 1, 2020, by means of a cumulative-effect adjustment to the balance sheets. The adoption of the new standard did not have a material impact to financial position, and had no impact on the results of operations or cash flows. Additionally, the adoption of the new standard did not result in any changes to current accounting systems.

Implementation activities included: (1) the identification and evaluation of the population of financial instruments within the AEP system that are subject to the new standard and, (2) the development of supporting valuation models to also contemplate appropriate metrics for current and supportable forecasted information. As required by ASU 2016-13, the financial instruments subject to the new standard were evaluated on a pool-basis to the extent such financial instruments shared similar risk characteristics.

Management continues to develop disclosures to comply with the requirements of ASU 2016-13 that are required in the first quarter of 2020. Management will continue to monitor for any potential industry implementation issues.

3. RATE MATTERS

KTCo is involved in rate and regulatory proceedings at the FERC. This note discusses rate matters and related regulatory proceedings that could have a material effect on KTCo's results of operations, financial position and cash flows.

FERC Rate Matters

FERC Transmission Complaint

In 2016, seven parties filed a complaint at the FERC that alleged the base return on common equity used by AEP's transmission owning subsidiaries within PJM, including KTCo, in calculating formula transmission rates under the PJM OATT is excessive and should be reduced from 10.99% to 8.32%, effective upon the date of the complaint. In March 2018, AEP's transmission owning subsidiaries within PJM and six of the complainants filed a settlement agreement with the FERC (the seventh complainant abstained). The settlement agreement: (a) established a base ROE for AEP's transmission owning subsidiaries within PJM of 9.85% (10.35% inclusive of the RTO incentive adder of 0.5%), effective January 1, 2018, (b) required AEP's transmission owning subsidiaries within PJM to provide a one-time refund of $50 million, attributable from the date of the complaint through December 31, 2017, which was credited to customer bills in the second quarter of 2018 and (c) increased the cap on the equity portion of the capital structure to 55% from 50%. As part of the settlement agreement, AEP's transmission owning subsidiaries within PJM also filed updated transmission formula rates incorporating the reduction in the corporate federal income tax rate due to Tax Reform, effective January 1, 2018 and providing for the amortization of the portion of the excess accumulated deferred income taxes that are not subject to rate normalization requirements over a ten-year period through credits to the federal income tax expense component of the revenue requirement. In May 2019, the FERC approved the settlement agreement.

2016 and 2017 Transmission Rate Filings for AEP East Transmission Companies

The AEP East Transmission Companies, including KTCo, implemented a modified PJM OATT formula rate calculation which established the 2017 calendar year formula rates based on projected 2017 calendar year financial activity and projected plant balances. As accepted by the FERC, KTCo established 2017 calendar year rates based on a projected annual transmission revenue requirement of $10 million and refund of the remaining $101 thousand of 2015 over-recovered revenues included in its 2016 transmission rate filing. The new rates were effective January 2017, subject to refund and true up. In May 2017, AEPSC, on behalf of KTCo, filed its calendar year 2016 annual transmission revenue true up, consisting of an $813 thousand under-recovery of revenues excluding carrying charges, at the FERC and PJM. The 2016 and 2017 true-up of revenues, including carrying charges, were incorporated in the 2018 and 2019 projected transmission revenue requirements, respectively. If the FERC determines that any of these costs are not recoverable, it could reduce future net income and cash flows and impact financial condition.

Formula Rate

In 2017, AEP's eastern transmission subsidiaries, including KTCo, submitted its 2018 annual transmission revenue requirement with the FERC and PJM, which established the projected KTCo revenue requirement of $14 million. In April 2018, KTCo submitted a revised 2018 annual transmission revenue requirement with the FERC and PJM, which reduced the projected KTCo revenue requirement to $11 million, to reflect the lower federal income tax rate due to tax reform and the 206 settlement impact. The new rates were effective January 2018, subject to refund and true-up. The 2018 true-up of revenues were incorporated in the 2020 projected transmission revenue requirement.

In 2018, AEP's eastern transmission subsidiaries, including KTCo, submitted its 2019 annual transmission revenue requirement with the FERC and PJM. This filing established a projected KTCo revenue requirement of $14.3 million and will refund the remaining $351 thousand of 2017 over-recovered revenues included in its 2017 transmission rate filing. The new rates were effective January 2019, subject to refund and true-up. The 2019 true-up of revenues will be incorporated in the 2021 projected transmission revenue requirement.

In 2019, AEP's eastern transmission subsidiaries, including KTCo, submitted its 2020 annual transmission revenue requirement with the FERC and PJM. This filing established a projected KTCo revenue requirement of $15.2 million and will refund the remaining $1.4 million of 2018 over-recovered revenues included in its 2018 transmission rate filing. The new rates were effective January 2020, subject to refund and true-up.

FERC Transmission ROE Methodology

In November 2019, the FERC issued Opinion No. 569, which adopted a revised methodology for determining whether an existing base ROE is just and reasonable under Federal Power Act and determined the base ROE for Midwest Independent Transmission System Operator's (MISO) transmission-owning members should be reduced to 9.88% (10.38% inclusive of RTO incentive adder of 0.5%). The revised ROE methodology relies on two financial models, which include the discounted cash flow model and the capital asset pricing model, to establish a composite zone of reasonableness. In December 2019, AEP filed multiple requests for rehearing and participated in filing comments and requests for rehearing on behalf of transmission owners and industry organizations. Management believes FERC Opinion No. 569 reverses the expectation of a four-model framework proposed by FERC in 2018 and vetted widely in FERC 2019 Notice of Inquiry regarding base ROE policy. Management does not believe this ruling will have a material impact on financial results for its MISO transmission-owning subsidiaries. In the second quarter of 2019, FERC approved settlement agreements establishing base ROEs of 9.85% (10.35% inclusive of RTO incentive adder of 0.5%) and 10% (10.5% inclusive of RTO incentive adder of 0.5%) for AEP's PJM and SPP transmission-owning subsidiaries, respectively. If FERC makes any changes to its ROE and incentive policies, they would be applied to AEP's PJM and SPP transmission owning subsidiaries on a prospective basis, and could affect future net income and cash flows and impact financial condition.

4. EFFECTS OF REGULATION

Regulatory assets and liabilities are comprised of the following items:

Regulatory Assets:	December 31, 2019	December 31, 2018	Remaining Recovery Period
	(in thousands)		
Regulatory assets approved for recovery:			
Regulatory Assets Currently Not Earning a Return			
Income Tax Assets Subject to Flow Through	$ 1,381	$ 1,231	40 years
Total Regulatory Assets Currently Not Earning a Return	1,381	1,231	
Total Regulatory Assets Approved for Recovery	1,381	1,231	
Total FERC Account 182.3 Regulatory Assets	$ 1,381	$ 1,231	

Regulatory Liabilities:	December 31, 2019	December 31, 2018	Remaining Refund Period
	(in thousands)		
Regulatory liabilities approved for payment:			
Income Tax Related Regulatory Liabilities (a)			
Excess ADIT Associated with Certain Depreciable Property	$ 7,570	$ 7,652	(b)
Excess ADIT that is Not Subject to Rate Normalization Requirements	(186)	(186)	9 years
Total Income Tax Related Regulatory Liabilities	7,384	7,466	
Total Regulatory Liabilities Approved for Payment	7,384	7,466	
Total FERC Account 254 Regulatory Liabilities	$ 7,384	$ 7,466	

(a) This balance primarily represents regulatory liabilities for Excess ADIT as a result of the reduction in the corporate federal income tax rate from 35% to 21% related to the enactment of Tax Reform. The regulatory liability balance predominately pays a return due to the inclusion of Excess ADIT in rate base. See “Federal Tax Reform” section of Note 7 for additional information.

(b) Refunded using ARAM.

5. COMMITMENTS, GUARANTEES AND CONTINGENCIES

KTCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, KTCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation cannot be predicted. KTCo accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, KTCo discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements.

COMMITMENTS

IMTCo has construction commitments to support its operations and investments. In managing the overall construction program and in the normal course of business, AEPSC provides project development services and IMTCo contractually commits to third-party construction vendors for certain material purchases and other construction services. IMTCo purchases materials, supplies, services and property, plant and equipment under contract as part of its normal course of business. Certain supply contracts contain penalty provisions for early termination.

In accordance with the accounting guidance for "Commitments", IMTCo had no actual contractual commitments as of December 31, 2019.

GUARANTEES

Indemnifications

KTCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. As of December 31, 2019, there were no material liabilities recorded for any indemnifications.

CONTINGENCIES

Insurance and Potential Losses

KTCo maintains property insurance coverage normal and customary for an electric utility, subject to various deductibles. Insurance includes coverage for all risks of physical loss or damage to KTCo property, subject to insurance policy conditions and exclusions. Covered property generally includes substations, facilities and inventories. Excluded property generally includes transmission lines, poles and towers. KTCo's insurance program also generally provides coverage against loss arising from certain claims made by third parties in excess of retentions absorbed by KTCo. Coverage is generally provided by a combination of various industry mutual and/or commercial insurance carriers.

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities. Future losses or liabilities, if they occur, which are not completely insured, unless recovered from customers, could reduce future net income and cash flows and impact financial condition.

6. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Assets and Liabilities

The accounting guidance for "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2.

Fair Value Measurements of Long-term Debt

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

The book value and fair value of Long-term Debt are summarized in the following table:

	December 31, 2019		December 31, 2018	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
		(in thousands)		
Long-term Debt	$ 42,814	$ 47,374	$ 42,808	$ 40,702

7. INCOME TAXES

Income Tax Expense (Credit)

The details of KTCo's income taxes as reported are as follows:

	Years Ended December 31, 2019	Years Ended December 31, 2018
	(in thousands)	
Charged (Credited) to Operating Expenses, Net:		
Current	$ (1,056)	$ (123)
Deferred	2,739	1,713
Total	1,683	1,590
Charged (Credited) to Non-Operating Income, Net:		
Current	(25)	(1)
Deferred	(19)	14
Total	(44)	13
Total Income Taxes	$ 1,639	$ 1,603

The following is a reconciliation of the difference between the amount of federal income taxes computed by multiplying book income before income taxes by the federal statutory tax rate and the amount of income taxes reported:

	Years Ended December 31, 2019	2018
	(in thousands)	
Net Income	$ 5,407	$ 5,668
Income Tax Expense	1,639	1,603
Pretax Income	$ 7,046	$ 7,271
Income Taxes on Pretax Income at Statutory Rate (21%)	$ 1,480	$ 1,527
Increase (Decrease) in Income Taxes Resulting from the Following Items:		
Depreciation	11	13
Allowance for Funds Used During Construction	(130)	(264)
State and Local Income Taxes, Net	277	358
Other	1	(31)
Income Tax Expense	$ 1,639	$ 1,603
Effective Income Tax Rate	23.3%	22.0%

The following table shows elements of KTCo's net deferred tax assets (liabilities) and significant temporary differences:

	December 31, 2019	2018
	(in thousands)	
Deferred Tax Assets	$ 2,185	$ 1,778
Deferred Tax Liabilities	(15,519)	(12,160)
Net Deferred Tax Liabilities	$ (13,334)	$ (10,382)
Property Related Temporary Differences	$ (13,980)	$ (11,058)
Amounts Due to Customers for Future Income Taxes	1,842	1,474
Deferred State Income Taxes	(1,253)	(552)
All Other, Net	57	(246)
Net Deferred Tax Liabilities	$ (13,334)	$ (10,382)

AEP System Tax Allocation Agreement

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

Federal and State Income Tax Audit Status

KTCo and other AEP subsidiaries are no longer subject to U.S. federal examination by the IRS for all years through 2015. During the third quarter of 2019, AEP and subsidiaries elected to amend the 2014 and 2015 federal returns and as such the IRS may examine only the amended items on the 2014 and 2015 federal returns.

Federal Tax Reform and Legislation

The IRS has issued new regulations that provide guidance regarding the additional first-year depreciation deduction under Section 168(k). The proposed regulations reflect changes as a result of Tax Reform and affect taxpayers with qualified depreciable property acquired and placed in-service after September 27, 2017. Generally, KTCo's regulated utilities will not be eligible for any bonus depreciation for property acquired and placed in-service after December 31, 2017.

During the fourth quarter of 2018, the IRS proposed new regulations that reflect changes as a result of Tax Reform concerning potential limitations on the deduction of business interest expense. These regulations require an allocation of net interest expense between regulated and competitive businesses within the consolidated tax return. This allocation is based upon net tax basis, and the proposed regulations provide a de minimis test under which all interest is deductible if less than 10% is allocable to the competitive businesses. Management continues to review and evaluate the proposed regulations and at this time expect to be able to deduct materially all business interest expense under this de minimis provision.

State Tax Legislation

In April 2018, the Kentucky legislature enacted House Bill (H.B.) 487. H.B. 487 adopts mandatory unitary combined reporting for state corporate income tax purposes applicable for taxable years beginning on or after January 1, 2019. H.B. 487 also adopts the 80% federal net operating loss (NOL) limitation under Internal Revenue Code Section 172(a) for NOLs generated after January 1, 2018 and the federal unlimited carryforward period for unused NOLs generated after January 1, 2018. In addition, H.B. 366 was also enacted in April 2018, which among other things, replaces the graduated corporate tax rate structure with a flat 5% tax rate for business income and adopts a single-sales factor apportionment formula for apportioning a corporation's business income to Kentucky. In the second quarter of 2018, AEP consolidated recorded an $18 million benefit to Income Tax Expense as a result of remeasuring Kentucky deferred taxes under a unitary filing group. The enacted legislation did not materially impact KTCo's net income.

8. FINANCING ACTIVITIES

Long-term Debt

The following table details Long-term Debt outstanding as follows:

Type of Debt	Maturity	Weighted Average Interest Rate as of December 31, 2019	Interest Rate Ranges as of December 31, 2019	2018	Outstanding as of December 31, 2019	2018
					(in thousands)	
Notes Payable - Affiliated	2025 - 2047	3.75%	3.10% - 4.05%	3.10% - 4.05%	$ 43,000	$ 43,000
Unamortized Discount, Net					(186)	(192)
Total Long-term Debt					$ 42,814	$ 42,808

Long-term Debt outstanding as of December 31, 2019 is payable as follows:

	(in thousands)
2020	$ —
2021	—
2022	—
2023	—
2024	—
After 2024	43,000
Principal Amount	43,000
Unamortized Discount, Net	(186)
Total Long-term Debt	$ 42,814

In April 2020, KTCo issued $21 million of Senior Unsecured Notes at an initial rate of 3.65% due in 2050.

Dividend Restrictions

KTCo pays dividends to AEPTCo provided funds are legally available. Various financing arrangements and regulatory requirements may impose certain restrictions on the ability of KTCo to transfer funds to AEPTCo in the form of dividends.

All of the dividends declared by KTCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

The most restrictive dividend limitation for KTCo is through the Federal Power Act restriction. As of December 31, 2019, the maximum amount of restricted net assets of KTCo that may not be distributed to the AEPTCo in the form of a loan, advance or dividend was $40.7 million.

Corporate Borrowing Program

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC.

KTCo's amounts of outstanding borrowings from the Utility Money Pool as of December 31, 2019 and 2018 are included in Notes Payable to Associated Companies on the balance sheets. KTCo's money pool activity and its corresponding authorized borrowing limits are described in the following table:

Years Ended December 31,	Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Borrowings from the Utility Money Pool	Authorized Short-term Borrowing Limit
	(in thousands)					
2019	$ 11,811	$ —	$ 6,760	$ —	$ 10,358	$ 75,000
2018	2,225	12,266	1,194	5,717	1,638	75,000

Maximum, minimum and average interest rates for funds borrowed from and loaned to the Utility Money Pool were as follows:

Years Ended December 31,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2019	3.43%	1.77%	—%	—%	2.41%	—%
2018	2.97%	2.00%	2.52%	1.81%	2.47%	2.18%

Interest expense and interest income related to the direct financing relationship to the Utility Money Pool are included in Interest on Debt to Associated Companies and Interest and Dividend Income, respectively, on IMTCo's statements of income. For amounts borrowed from and advanced to the Utility Money Pool, IMTCo incurred the following amounts of interest expense and earned the following amounts of interest income:

	Years Ended December 31, 2019	2018
	(in thousands)	
Interest Expense	$ 165	$ 5
Interest Income	—	105

9. RELATED PARTY TRANSACTIONS

For other related party transactions, also see "AEP System Tax Allocation Agreement" section of Note 7 in addition to "Corporate Borrowing Program" section of Note 8.

Affiliated Transmission Revenues

For the years ended December 31, 2019 and 2018, subsidiaries of AEP that are load serving entities within the PJM region incurred $10.5 million and $8.9 million, respectively, in PJM transmission services related to KTCo that were billed to them in accordance with the OATT and Transmission Agreement. KTCo recorded these affiliated transmission revenues in Operating Revenues.

Services Provided by AEP Subsidiaries

AEPSC provides certain managerial and professional services to AEP's subsidiaries. The costs of the services are based on a direct charge or on a prorated basis and billed to the AEP subsidiary companies at AEPSC's cost. AEPSC and its billings are subject to regulation by the FERC.

Other AEP subsidiaries perform certain transmission services for each other when necessary or practical. The costs of these services are billed on a direct-charge basis, whenever possible, or on reasonable basis of proration for services that benefit multiple companies. The billings for services are made at cost and included no compensation for the use of equity capital.

KTCo’s net billings from AEP's subsidiaries were as follows:

	Years Ended December 31,	
Billing Company	**2019**	**2018**
AEP Texas	$ 3	$ 41
AEPEP	1	—
AEPSC	3,210	4,873
APCo	21	(116)
I&M	1	5
KPCo	356	186
OHTCo	12	2
OPCo	100	158
Parent	4	—
PSO	1	—
SWEPCo	(6)	1
Transource Energy	2	1
WVTCo	(1)	—

Purchases of Property

KTCo purchased $222 thousand of transmission property at book value from KPCo during the year ended December 31, 2019. There were no gains or losses recorded on this transaction.

Joint License Agreement

In February 2011, KTCo and KPCo entered into a 50-year joint license agreement allowing either party to occupy the granting party’s facilities or real property. After the expiration of the agreement, the term shall automatically renew for successive one-year terms unless either party provides notice. The joint license billing provides compensation to the granting party for the cost of carrying assets, including depreciation expense, property taxes, interest expense, ROE and income taxes. KTCo recorded costs of $297 thousand and $227 thousand in Operation Expenses for the years ended December 31, 2019 and 2018, respectively.

10. TRANSMISSION PROPERTY

Depreciation

KTCo provides for depreciation of Transmission Property on a straight-line basis over the estimated useful lives of property. KTCo's composite depreciation rates were as follows:

	2019	2018
Transmission Property	2.05%	1.60%

Asset Retirement Obligations (ARO)

KTCo has identified, but not recognized, ARO liabilities related to electric transmission assets, as a result of certain easements on property on which assets are owned. Generally, such easements are perpetual and require only the retirement and removal of assets upon the cessation of the property's use. The retirement obligation is not estimable for such easements since KTCo plans to use its facilities indefinitely. The retirement obligation would only be recognized if and when KTCo abandons or ceases the use of specific easements, which is not expected.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

KTCo's statements of income represent revenues from contracts with customers by type of revenue. KTCo had $(959) thousand and $(733) thousand of alternative revenues for the years ended December 31, 2019 and 2018, respectively.

Performance Obligations

KTCo has performance obligations as part of its normal course of business. A performance obligation is a promise to transfer a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to a customer. The invoice practical expedient within the accounting guidance for "Revenue from Contracts with Customers" allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. KTCo elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from the respective revenue streams are representative of services or goods provided to date to the customer. Performance obligations for KTCo are summarized as follows:

Wholesale Revenues - Transmission

KTCo has performance obligations to transmit electricity to wholesale customers through assets owned and operated by KTCo and other AEP subsidiaries. The performance obligation of KTCo to provide transmission services to PJM encompasses a time frame greater than a year. Payments from PJM for transmission services are typically received within one week from the issuance of the invoice, which is issued weekly.

KTCo collects revenues through Transmission Formula Rates charged to affiliates and nonaffiliates. The FERC-approved rates establish the ATRR and transmission service rates for transmission owners. The formula rates establish rates for a one year period and also include a true-up calculation for the prior year's billings, allowing for over/under-recovery of the transmission owner's ATRR. The annual true-ups meet the definition of alternative revenues in accordance with the accounting guidance for "Regulated Operations."

Fixed Performance Obligations

The following table represents KTCo's remaining fixed performance obligations satisfied over time as of December 31, 2019. Fixed performance obligations primarily include wholesale transmission services. The amounts below include affiliated and nonaffiliated revenues.

2020	2021-2022	2023-2024	After 2024	Total
		(in thousands)		
$ 13,491	$ —	$ —	$ —	$ 13,491

Contract Assets and Liabilities

Contract assets are recognized when KTCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. KTCo did not have any material contract assets as of December 31, 2019 and 2018.

When KTCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. KTCo did not have any material contract liabilities as of December 31, 2019 and 2018.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on KTCo's balance sheets within the Customer Accounts Receivable. KTCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Customer Accounts Receivable were not material as of December 31, 2019 and 2018.

Amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable from Associated Companies on KTCo's balance sheets were $963 thousand and $793 thousand, respectively, as of December 31, 2019 and 2018.

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1				[redacted]	[redacted]
2					
3					
4				5,667,848	5,667,848
5				[redacted]	[redacted]
6					
7					
8					
9				5,407,137	5,407,137
10				[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	82,533,535	82,533,535
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	42,083,051	42,083,051
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	124,616,586	124,616,586
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	17,135,182	17,135,182
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	141,751,768	141,751,768
14	Accum Prov for Depr, Amort, & Depl	6,932,886	6,932,886
15	Net Utility Plant (13 less 14)	134,818,882	134,818,882
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	6,487,500	6,487,500
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	445,386	445,386
22	Total In Service (18 thru 21)	6,932,886	6,932,886
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	6,932,886	6,932,886

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
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					22
					23
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					25
					26
					27
					28
					29
					30
					31
					32
					33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.
2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.

Line No.	Description of item (a)	Balance Beginning of Year (b)	Changes during Year Additions (c)
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)		
2	Fabrication		
3	Nuclear Materials		
4	Allowance for Funds Used during Construction		
5	(Other Overhead Construction Costs, provide details in footnote)		
6	SUBTOTAL (Total 2 thru 5)		
7	Nuclear Fuel Materials and Assemblies		
8	In Stock (120.2)		
9	In Reactor (120.3)		
10	SUBTOTAL (Total 8 & 9)		
11	Spent Nuclear Fuel (120.4)		
12	Nuclear Fuel Under Capital Leases (120.6)		
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)		
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)		
15	Estimated net Salvage Value of Nuclear Materials in line 9		
16	Estimated net Salvage Value of Nuclear Materials in line 11		
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing		
18	Nuclear Materials held for Sale (157)		
19	Uranium		
20	Plutonium		
21	Other (provide details in footnote):		
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

Changes during Year: Amortization (d)	Changes during Year: Other Reductions (Explain in a footnote) (e)	Balance End of Year (f)	Line No.
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
			22

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant	966,664	453,010
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	966,664	453,010
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	-35,497	380
49	(352) Structures and Improvements	3,338,680	67,615
50	(353) Station Equipment	105,351,606	1,625,709
51	(354) Towers and Fixtures		
52	(355) Poles and Fixtures		59,129
53	(356) Overhead Conductors and Devices	221,178	10,483,918
54	(357) Underground Conduit	700,240	562,492
55	(358) Underground Conductors and Devices	572	403,336
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	109,576,779	13,202,579
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights		
61	(361) Structures and Improvements		
62	(362) Station Equipment		
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures		
65	(365) Overhead Conductors and Devices		
66	(366) Underground Conduit		
67	(367) Underground Conductors and Devices		
68	(368) Line Transformers		
69	(369) Services		
70	(370) Meters		
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems		
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)		
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights		
87	(390) Structures and Improvements		
88	(391) Office Furniture and Equipment		
89	(392) Transportation Equipment		
90	(393) Stores Equipment		
91	(394) Tools, Shop and Garage Equipment		
92	(395) Laboratory Equipment		
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	34,942	1,423
95	(398) Miscellaneous Equipment		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	34,942	1,423
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	34,942	1,423
100	TOTAL (Accounts 101 and 106)	110,578,385	13,657,012
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	110,578,385	13,657,012

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
			1,419,674		4
			1,419,674		5
					6
					7
					8
					9
					10
					11
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
		677,976	642,859		48
			3,406,295		49
296,787			106,680,528		50
					51
			59,129		52
			10,705,096		53
			1,262,732		54
			403,908		55
					56
					57
296,787		677,976	123,160,547		58
					59
					60
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					90
					91
					92
					93
			36,365		94
					95
			36,365		96
					97
					98
			36,365		99
296,787		677,976	124,616,586		100
					101
					102
					103
296,787		677,976	124,616,586		104

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC PLANT LEASED TO OTHERS (Account 104)

Line No.	Name of Lessee (Designate associated companies with a double asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year (e)
1					
2					
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45					
46					
47	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.
2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2				
3				
4				
5				
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15				
16				
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21	Other Property:			
22				
23				
24				
25				
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32				
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34				
35				
36				
37				
38				
39				
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41				
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46				
47	Total			0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	Pikeville Kentucky Transco SC	13,235,397
2	KYTransCo Sta/Line Failures	1,056,862
3	T/KYTC/TransCo Work	1,293,908
4	Other Minor Projects Which is under 5% or $1,000,000	1,549,015
5		
6		
7		
8		
9		
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43	TOTAL	17,135,182

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	4,275,660	4,275,660		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	2,512,078	2,512,078		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	2,512,078	2,512,078		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	296,787	296,787		
13	Cost of Removal	3,451	3,451		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	300,238	300,238		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	6,487,500	6,487,500		
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission	6,485,001	6,485,001		
26	Distribution				
27	Regional Transmission and Market Operation				
28	General	2,499	2,499		
29	TOTAL (Enter Total of lines 20 thru 28)	6,487,500	6,487,500		

Schedule Page: 219 Line No.: 13 Column: c

Includes $132 of removal cost in retirement work in progress (RWIP).

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
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41				
42	Total Cost of Account 123.1 $ 0		TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues form investments, including such revenues form securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
				2
				3
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)			
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)			
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)			
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)			
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2020 No. (d)	2020 Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2021 No. (f)	2021 Amt. (g)	2022 No. (h)	2022 Amt. (i)	Future Years No. (j)	Future Years Amt. (k)	Totals No. (l)	Totals Amt. (m)	Line No.
								1
								2
								3
								4
								5
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2020 No. (d)	2020 Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2021		2022		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognised During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
2						
3						
4						
5						
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8						
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12						
13						
14						
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16						
17						
18						
19						
20	TOTAL					

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a)	Total Amount of Charges (b)	Costs Recognised During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
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49	TOTAL					

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2					
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21	**Generation Studies**				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	SFAS 109 Deferred FIT	1,230,677	180,239	282/283	29,981	1,380,935
2						
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44	TOTAL	1,230,677	180,239		29,981	1,380,935

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $100,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	Deferred Property Taxes	325,000	592,000		325,000	592,000
2						
3	Unamortized Credit Line Fees	124,895		431	52,460	72,435
4	Amortized thru June 2022					
5						
6	Billings and Deferred Projects	44,313	38,801	Footnote	15,122	67,992
7						
8	S-3 Filing Fees	3,305		431	1,417	1,888
9						
10						
11						
12						
13						
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47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	497,513				734,315

Schedule Page: 233 Line No.: 6 Column: d

146,426,500,107,163,421

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2	Provision for Refunds	-14,853	14,403
3	Accrued Book Removal Cost	17,243	2,105
4	DFIT on DSIT	276,981	333,173
5	NOL-State C/F DEF State Tax Asset	25,138	-25,612
6			
7	Other	1	
8	TOTAL Electric (Enter Total of lines 2 thru 7)	304,510	324,069
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15		
17	Other (Non Utility)	1,473,732	1,861,036
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	1,778,242	2,185,105

Notes

Line 17 Other - Detail	Balance at Beginning of Year	Balance at End of Year
Acc Def Income Taxes		
Non Utility Items-190.2	-	19,365
Sfas 109-Regulatory Assets - 190.3&190.4	1,473,732	1,841,671
Accu Def Income Taxes Pension-OCT		
Total	$1,473,732	$1,861,036

Line 18

Reconciliation of details applicable to Account 190, Line 18, Columns (b) and (c) :

Balance at Beginning of Year	$1,778,242
(Less) Amounts Debited to:	
(a) Account 410.1	(140,267)
(b) Account 410.2	(15,851)
(c) Various	2,479,384
(Plus) Amounts Credited to:	
(a) Account 411.1	159,824
(b) Account 411.2	35,215
(c) Various	(2,111,442)
Balance at End of Year	$2,185,105

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
						2
						3
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.
(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account #208 - Donations received from stockholders	
2	Capital Contributions from Parent prior to 2019	40,707,500
3	Capital Contributions from Parent in 2019	
4	Subtotal - Account 208	40,707,500
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40	TOTAL	40,707,500

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
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21		
22	TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Account 221 - None		
2			
3	Account 222 - None		
4			
5	Account 223		
6	Notes Payable Affiliated from AEP Transmission Company, LLC		
7	Senior Notes, Series C, Tranche H, 4.05%	4,000,000	16,785
8	Senior Notes, Series C, Tranche D, 3.66%	5,000,000	20,377
9	Senior Notes, Series C, Tranche E, 3.76%	2,000,000	8,105
10	Senior Notes, Series C, Tranche G, 4.01%	3,000,000	12,157
11	Senior Notes, Series D, Tranche G 3.10%	4,000,000	42,965
12			7,880 D
13	Senior Notes, Series E, Tranche G 4.00%	12,000,000	128,894
14			198,120 D
15	Senior Notes, Series D 3.10%	3,000,000	31,884
16			-24,960 P
17	Senior Notes, Series H 3.75%	10,000,000	106,261
18			24,100 D
19	Subtotal Account 223	43,000,000	572,568
20			
21	Account 224 - None		
22			
23			
24	Account 224 - None		
25			
26			
27			
28			
29			
30			
31			
32			
33	TOTAL	43,000,000	572,568

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
						2
						3
						4
						5
						6
11/14/14	11/14/34	11/14/14	11/14/34	4,000,000	162,000	7
3/16/15	3/16/25	3/16/15	3/16/25	5,000,000	183,000	8
6/15/15	6/15/25	6/15/15	6/15/25	2,000,000	120,300	9
6/15/15	6/15/30	6/15/15	6/15/30	3,000,000	75,200	10
11/21/16	12/21/26	11/21/16	12/21/26	4,000,000	124,000	11
						12
11/21/16	12/1/46	11/21/16	12/1/46	12,000,000	480,000	13
						14
09/28/2017	12/1/2026	09/28/2017	12/1/2026	3,000,000	93,000	15
						16
9/28/2017	12/1/2047	08/28/2017	12/1/2047	10,000,000	375,000	17
						18
				43,000,000	1,612,500	19
						20
						21
						22
						23
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				43,000,000	1,612,500	33

Schedule Page: 256 Line No.: 19 Column: i

The difference between the total interest on this schedule and the total of account 430 is due to interest on short-term advances from the AEP Money Pool.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	5,407,137
2		
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	3,656,307
28	Show Computation of Tax:	
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Schedule Page: 261 Line No.: 28 Column: b

FOOTNOTE DATA

Schedule Page: 261 Line No.: 28 Column: b

	in $ 000's
Net Income for the Year per Page 117	5,407
Federal Income Taxes	1,287
State Income Taxes	351
Pre-Tax Book Income	7,045
AFUDC Interest/ Capitalized	(443)
Excess Tax vs Book Depreciation	(2,823)
Provsion for Revenue Refund	139
Charitable Contribution Carryforward	0
Capitalized Software	0
Other	(253)
Taxable Income before State Taxes	3,665
State & Local Current Tax	8
Federal Taxable Income	3,657
FIT on Current Year Taxable Income	768
Adjustment due to System Consolidation (a)	-
NOL Deferred Tax Asset	-
Tax Credits	(25)
Audit Settlement Adjustments	-
Alt Min	-
Tax Provision Adjustments	-
Estimated Tax Currently Payable (b)	743
Adjustments of Prior Year's Accruals	(1,857)
Tax Expense for R/C of Net Operating Loss (Prior Yr)	
Estimated Current Federal Income Taxes	(1,114)

Foot Notes:
(a) Represents the allocation of estimated current year net operating tax loss of American Electric Power Company, Inc.
(b) The Company joins in the filing of a consolidated Federal income tax return with its affiliated companies in the AEP system.
The allocation of the AEP System's consolidated Federal income tax to the System companies allocates the benefit of the current tax losses to the System companies giving rise to them in determining their current tax expense. The tax loss of the System parent company, American Electric Power Company, Inc. is allocated to its subisidiares with taxable income. With exception of the loss of the parent company, the method of allocation approximates a separate return result for each company in the consolidating group.

Instruction 2.

* The tax computation above represents an estimate of the Company's allocated portion of the System consolidated Federal Income Tax.
The computation of actual 2019 System Federal income taxes will not be available until the consolidated

Federal Income tax return is filed by October 2020.The actual allocation of the System consolidated Federal income tax to the members of the consolidated group will not be available until after the Consolidated Federal Income Tax Return is filed.

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AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust- ments (f)
1	Federal Income	-532,180		-1,113,886	-548,279	
2	FIN 48					
3	State of Kentucky					
4	Income 2015					
5	2016	-540				
6	2017	-83,650				
7	2018				14,518	
8	2019			32,408		
9	Franchise 2017	175				
10	2018	175			175	
11	2019			175		
12	State Lic/Registration Fee					
13	KY ST License Fee 2019			15	15	
14						
15	Real & Personal Property Tax					
16	2017	145,300		45,023	190,323	
17	2018	325,000				
18	2019			592,000		
19						
20	Use Tax - 2017					
21	Use Tax - 2018	4,993		339	5,332	
22	Use Tax -2019			15,372	15,372	
23						
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41	TOTAL	-140,727		-428,554	-322,544	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
-1,097,787		-1,091,087			-22,799	1
						2
						3
						4
-540						5
-83,650						6
-14,518						7
32,408		34,401			-1,993	8
175						9
						10
175		175				11
						12
					15	13
						14
						15
		45,023				16
325,000		206,700			-206,700	17
592,000					592,000	18
						19
						20
					339	21
					15,372	22
						23
						24
						25
						26
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						40
-246,737		-804,788			376,234	41

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year Account No. (c)	Deferred for Year Amount (d)	Allocations to Current Year's Income Account No. (e)	Allocations to Current Year's Income Amount (f)	Adjustments (g)
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%						
6							
7							
8	TOTAL						
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
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16							
17							
18							
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47							
48							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10
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			14
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			46
			47
			48

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	Green Hat Default	2,388	566	2,291		97
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
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16						
17						
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41						
42						
43						
44						
45						
46						
47	TOTAL	2,388		2,291		97

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other (provide details in footnote):			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other (provide details in footnote):			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)			
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		Balance at End of Year	Line No.
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
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							20
							21

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	15,832,962	11,806,576	8,922,846
3	Gas			
4				
5	TOTAL (Enter Total of lines 2 thru 4)	15,832,962	11,806,576	8,922,846
6	SFAS109	-4,774,671		
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	11,058,291	11,806,576	8,922,846
10	Classification of TOTAL			
11	Federal Income Tax	11,058,291	11,806,576	8,922,846
12	State Income Tax			
13	Local Income Tax			

NOTES

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits Account Credited (g)	Debits Amount (h)	Credits Account Debited (i)	Credits Amount (j)	Balance at End of Year (k)	Line No.
							1
						18,716,692	2
							3
							4
						18,716,692	5
		1823/ 254	6,667,877	1823/ 254	6,407,033	-5,035,515	6
							7
							8
			6,667,877		6,407,033	13,681,177	9
							10
			6,667,877		6,407,033	13,681,177	11
							12
							13

NOTES (Continued)

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Reg Asset-Pre-Formation Costs			
4	DSIT	1,318,959	386,630	119,053
5	Federal DFIT on State NOL Cfwd	5,279		5,279
6	Excess ADIT - Unprotected	-236,120	731,919	1,113,572
7	Other		-1	5,468
8				
9	TOTAL Electric (Total of lines 3 thru 8)	1,088,118	1,118,548	1,243,372
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18	SFAS 109	13,497		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	1,101,615	1,118,548	1,243,372
20	Classification of TOTAL			
21	Federal Income Tax	-217,344	731,918	1,124,319
22	State Income Tax	1,318,959	386,630	119,053
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS						
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		Balance at End of Year	Line No.
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
							2
							3
						1,586,536	4
							5
						-617,773	6
						-5,469	7
							8
						963,294	9
							10
							11
							12
							13
							14
							15
							16
							17
		1823/ 25	738,215	1823/ 25	1,599,236	874,518	18
			738,215		1,599,236	1,837,812	19
							20
			738,215		1,599,235	251,275	21
						1,586,536	22
							23

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	SFAS 109 DEFERRED FIT	7,465,583	See footnote	9,937,473	9,855,494	7,383,604
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3						
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41	TOTAL	7,465,583		9,937,473	9,855,494	7,383,604

Schedule Page: 278 Line No.: 1 Column: c

190.4
282.4
283.4

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales		
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)		
5	Large (or Ind.) (See Instr. 4)		
6	(444) Public Street and Highway Lighting		
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers		
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity		
13	(Less) (449.1) Provision for Rate Refunds	1,295,306	754,911
14	TOTAL Revenues Net of Prov. for Refunds	-1,295,306	-754,911
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues		
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property		
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues		
22	(456.1) Revenues from Transmission of Electricity of Others	14,292,429	11,755,394
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	14,292,429	11,755,394
27	TOTAL Electric Operating Revenues	12,997,123	11,000,483

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14

Line 12, column (b) includes $ 0 of unbilled revenues.

Line 12, column (d) includes 0 MWH relating to unbilled revenues

Schedule Page: 300 Line No.: 22 Column: b

See Page 328 for Revenue details

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

Line No.	Description of Service (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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16					
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31					
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33					
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35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	0	0	0	0	0.0000
42	Total Unbilled Rev.(See Instr. 6)	0	0	0	0	0.0000
43	TOTAL	0	0	0	0	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations)	Statistical Classifi-cation	FERC Rate Schedule or Tariff Number	Average Monthly Billing Demand (MW)	Actual Demand (MW)	
					Average Monthly NCP Demand	Average Monthly CP Demand
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
				0	0	0
				0	0	0
				0	**0**	**0**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
0	0	0	0	0	
0	**0**	**0**	**0**	**0**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)		
75	E. Other Power Supply Expenses		
76	(555) Purchased Power		
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses		
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)		
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)		
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	660,089	469,271
84			
85	(561.1) Load Dispatch-Reliability		4
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	94,916	72,204
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development	16,073	9,795
90	(561.6) Transmission Service Studies		1
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	36,536	22,917
94	(563) Overhead Lines Expenses	4,596	5,725
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others		
97	(566) Miscellaneous Transmission Expenses	181,089	198,355
98	(567) Rents	297,459	227,492
99	TOTAL Operation (Enter Total of lines 83 thru 98)	1,290,758	1,005,764
100	Maintenance		
101	(568) Maintenance Supervision and Engineering	8,288	5,821
102	(569) Maintenance of Structures	2,016	1,458
103	(569.1) Maintenance of Computer Hardware	1,616	1,419
104	(569.2) Maintenance of Computer Software	28,815	24,200
105	(569.3) Maintenance of Communication Equipment	5,838	1,302
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	46,324	47,782
108	(571) Maintenance of Overhead Lines	1,046	1,673
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	25,412	14,914
111	TOTAL Maintenance (Total of lines 101 thru 110)	119,355	98,569
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	1,410,113	1,104,333

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering		
135	(581) Load Dispatching		
136	(582) Station Expenses		
137	(583) Overhead Line Expenses		
138	(584) Underground Line Expenses		
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses		
141	(587) Customer Installations Expenses		
142	(588) Miscellaneous Expenses		
143	(589) Rents		
144	TOTAL Operation (Enter Total of lines 134 thru 143)		
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment		
149	(593) Maintenance of Overhead Lines		
150	(594) Maintenance of Underground Lines		
151	(595) Maintenance of Line Transformers		
152	(596) Maintenance of Street Lighting and Signal Systems		
153	(597) Maintenance of Meters		
154	(598) Maintenance of Miscellaneous Distribution Plant		
155	TOTAL Maintenance (Total of lines 146 thru 154)		
156	TOTAL Distribution Expenses (Total of lines 144 and 155)		
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision		
160	(902) Meter Reading Expenses		
161	(903) Customer Records and Collection Expenses		
162	(904) Uncollectible Accounts		
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses		
169	(909) Informational and Instructional Expenses		
170	(910) Miscellaneous Customer Service and Informational Expenses		
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)		
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	314,777	291,895
182	(921) Office Supplies and Expenses	24,750	15,093
183	(Less) (922) Administrative Expenses Transferred-Credit	-171	
184	(923) Outside Services Employed	58,336	264,018
185	(924) Property Insurance	35,865	24,807
186	(925) Injuries and Damages	8,242	6,224
187	(926) Employee Pensions and Benefits	610	993
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	3,857	3,404
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	81	80
192	(930.2) Miscellaneous General Expenses	8,125	7,901
193	(931) Rents	322	328
194	TOTAL Operation (Enter Total of lines 181 thru 193)	455,136	614,743
195	Maintenance		
196	(935) Maintenance of General Plant	22	3
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	455,158	614,746
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	1,865,271	1,719,079

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Total					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classifi-cation (d)
1	PJM			FNO
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
PJMOATT						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			0	**0**	**0**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS				
Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
		14,292,429	14,292,429	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
0	**0**	**14,292,429**	**14,292,429**	

Schedule Page: 328 Line No.: 1 Column: m

Revenue earned from PJM per the revenue requirement for transmission services filed with FERC.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION OF ELECTRICITY BY ISO/RTOs

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
4. In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

Line No.	Payment Received by (Transmission Owner Name) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Total Revenue by Rate Schedule or Tarirff (d)	Total Revenue (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
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35					
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37					
38					
39					
40	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY Magawatt-hours Received (c)	TRANSFER OF ENERGY Magawatt-hours Delivered (d)	EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	1,455
6	Corporate Memberships	3,907
7	Travel Expenses	2,265
8	Trustee Fees	498
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
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46	TOTAL	8,125

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			187,920		187,920
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant					
7	Transmission Plant	2,510,066				2,510,066
8	Distribution Plant					
9	Regional Transmission and Market Operation					
10	General Plant	2,012				2,012
11	Common Plant-Electric					
12	TOTAL	2,512,078		187,920		2,699,998

B. Basis for Amortization Charges

Section A Line 1 Column D represents amortization of capitalized software development costs over a 5 year life and costs associated with the Oracle strategic partnership which are over a 10 year life.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	TRANSMISSION						
13	350 (Rights)	-35					
14	352	3,401					
15	353	105,591					
16	353.16	103					
17	356	1,264					
18	356.16	9,353					
19	357	1,257					
20	358.16	401					
21	TOTAL TRANSMISSION	121,335					
22							
23	GENERAL PLANT						
24	397	36					
25	TOTAL GENERAL PLANT	36					
26							
27	DEPRECIABLE SUM	121,371					
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
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Schedule Page: 336   Line No.: 27   Column: b

The depreciable plant base is the November 30, 2019 total company depreciable plant.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Minor items < 25,000		3,857	3,857	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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46	TOTAL		3,857	3,857	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO							
Department (f)	Account No. (g)	Amount (h)	Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
	928	3,857					1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
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		3,857					46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects.(Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).
2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:
- (1) Generation
  - a. hydroelectric
    - i. Recreation fish and wildlife
    - ii Other hydroelectric
  - b. Fossil-fuel steam
  - c. Internal combustion or gas turbine
  - d. Nuclear
  - e. Unconventional generation
  - f. Siting and heat rejection
- (2) Transmission
  - a. Overhead
  - b. Underground
- (3) Distribution
- (4) Regional Transmission and Market Operation
- (5) Environment (other than equipment)
- (6) Other (Classify and include items in excess of $50,000.)
- (7) Total Cost Incurred

B. Electric, R, D & D Performed Externally:
- (1) Research Support to the electrical Research Council or the Electric Power Research Institute

Line No.	Classification (a)	Description (b)
1	A(6): Other	3 items under $50,000
2		
3	B: Electric, R, D & D Performed Externally	1 item under $50,000
4		
5	B(1): Research support to the electrical	8 items under $50,000
6	Research Council or the Electric	
7	Power Research Institute	
8		
9	B(4): R&D Support to Others (Classify)	2 item under $50,000
10		
11		
12		
13		
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
(3) Research Support to Nuclear Power Groups
(4) Research Support to Others (Classify)
(5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing $50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under $50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D &D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR Account (e)	AMOUNTS CHARGED IN CURRENT YEAR Amount (f)	Unamortized Accumulation (g)	Line No.
749		566	749		1
					2
	161	566	161		3
					4
	977	566	977		5
					6
					7
					8
	837	566	837		9
					10
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Regional Market			
6	Distribution			
7	Customer Accounts			
8	Customer Service and Informational			
9	Sales			
10	Administrative and General			
11	TOTAL Operation (Enter Total of lines 3 thru 10)			
12	Maintenance			
13	Production			
14	Transmission			
15	Regional Market			
16	Distribution			
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)			
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)			
21	Transmission (Enter Total of lines 4 and 14)			
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)			
24	Customer Accounts (Transcribe from line 7)			
25	Customer Service and Informational (Transcribe from line 8)			
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)			
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)			
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

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Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)			
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant			
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)			
72	Plant Removal (By Utility Departments)			
73	Electric Plant			
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)			
77	Other Accounts (Specify, provide details in footnote):			
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts			
96	TOTAL SALARIES AND WAGES			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)				
3	Net Sales (Account 447)				
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
9					
10					
11					
12					
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45					
46	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

		Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
Line No.	Type of Ancillary Service (a)	Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch						
2	Reactive Supply and Voltage						
3	Regulation and Frequency Response						
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplement						
7	Other						
8	Total (Lines 1 thru 7)						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
(5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Imports into ISO/RTO (e)	Exports from ISO/RTO (f)	Through and Out Service (g)	Network Service Usage (h)	Point-to-Point Service Usage (i)	Total Usage (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	
7	Other		27	Total Energy Losses	
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	
9	Net Generation (Enter Total of lines 3 through 8)				
10	Purchases				
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
29	January				0	
30	February				0	
31	March				0	
32	April				0	
33	May				0	
34	June				0	
35	July				0	
36	August				0	
37	September				0	
38	October				0	
39	November				0	
40	December				0	
41	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: (b)			Plant Name: (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear						
2	Type of Constr (Conventional, Outdoor, Boiler, etc)						
3	Year Originally Constructed						
4	Year Last Unit was Installed						
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	0.00			0.00		
6	Net Peak Demand on Plant - MW (60 minutes)	0			0		
7	Plant Hours Connected to Load	0			0		
8	Net Continuous Plant Capability (Megawatts)	0			0		
9	When Not Limited by Condenser Water	0			0		
10	When Limited by Condenser Water	0			0		
11	Average Number of Employees	0			0		
12	Net Generation, Exclusive of Plant Use - KWh	0			0		
13	Cost of Plant: Land and Land Rights	0			0		
14	Structures and Improvements	0			0		
15	Equipment Costs	0			0		
16	Asset Retirement Costs	0			0		
17	Total Cost	0			0		
18	Cost per KW of Installed Capacity (line 17/5) Including	0			0		
19	Production Expenses: Oper, Supv, & Engr	0			0		
20	Fuel	0			0		
21	Coolants and Water (Nuclear Plants Only)	0			0		
22	Steam Expenses	0			0		
23	Steam From Other Sources	0			0		
24	Steam Transferred (Cr)	0			0		
25	Electric Expenses	0			0		
26	Misc Steam (or Nuclear) Power Expenses	0			0		
27	Rents	0			0		
28	Allowances	0			0		
29	Maintenance Supervision and Engineering	0			0		
30	Maintenance of Structures	0			0		
31	Maintenance of Boiler (or reactor) Plant	0			0		
32	Maintenance of Electric Plant	0			0		
33	Maintenance of Misc Steam (or Nuclear) Plant	0			0		
34	Total Production Expenses	0			0		
35	Expenses per Net KWh	0.0000			0.0000		
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)						
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)						
38	Quantity (Units) of Fuel Burned	0	0	0	0	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0	0	0	0	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0.000	0.000	0.000	0.000	0.000	0.000
41	Average Cost of Fuel per Unit Burned	0.000	0.000	0.000	0.000	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	0.000	0.000	0.000	0.000	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.000	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	0.000	0.000	0.000	0.000	0.000	0.000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: (d)			Plant Name: (e)			Plant Name: (f)			Line No.
									1
									2
									3
									4
0.00			0.00			0.00			5
0			0			0			6
0			0			0			7
0			0			0			8
0			0			0			9
0			0			0			10
0			0			0			11
0			0			0			12
0			0			0			13
0			0			0			14
0			0			0			15
0			0			0			16
0			0			0			17
0			0			0			18
0			0			0			19
0			0			0			20
0			0			0			21
0			0			0			22
0			0			0			23
0			0			0			24
0			0			0			25
0			0			0			26
0			0			0			27
0			0			0			28
0			0			0			29
0			0			0			30
0			0			0			31
0			0			0			32
0			0			0			33
0			0			0			34
0.0000			0.0000			0.0000			35
									36
									37
0	0	0	0	0	0	0	0	0	38
0	0	0	0	0	0	0	0	0	39
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	40
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	41
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	42
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	43
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.
3. If net peak demand for 60 minutes is not available, give that which is available specifying period.
4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.

Line No.	Item (a)	FERC Licensed Project No. 0 Plant Name: (b)	FERC Licensed Project No. 0 Plant Name: (c)
1	Kind of Plant (Run-of-River or Storage)		
2	Plant Construction type (Conventional or Outdoor)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total installed cap (Gen name plate Rating in MW)	0.00	0.00
6	Net Peak Demand on Plant-Megawatts (60 minutes)	0	0
7	Plant Hours Connect to Load	0	0
8	Net Plant Capability (in megawatts)		
9	(a) Under Most Favorable Oper Conditions	0	0
10	(b) Under the Most Adverse Oper Conditions	0	0
11	Average Number of Employees	0	0
12	Net Generation, Exclusive of Plant Use - Kwh	0	0
13	Cost of Plant		
14	Land and Land Rights	0	0
15	Structures and Improvements	0	0
16	Reservoirs, Dams, and Waterways	0	0
17	Equipment Costs	0	0
18	Roads, Railroads, and Bridges	0	0
19	Asset Retirement Costs	0	0
20	TOTAL cost (Total of 14 thru 19)	0	0
21	Cost per KW of Installed Capacity (line 20 / 5)	0.0000	0.0000
22	Production Expenses		
23	Operation Supervision and Engineering	0	0
24	Water for Power	0	0
25	Hydraulic Expenses	0	0
26	Electric Expenses	0	0
27	Misc Hydraulic Power Generation Expenses	0	0
28	Rents	0	0
29	Maintenance Supervision and Engineering	0	0
30	Maintenance of Structures	0	0
31	Maintenance of Reservoirs, Dams, and Waterways	0	0
32	Maintenance of Electric Plant	0	0
33	Maintenance of Misc Hydraulic Plant	0	0
34	Total Production Expenses (total 23 thru 33)	0	0
35	Expenses per net KWh	0.0000	0.0000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."
6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.

FERC Licensed Project No. 0 Plant Name: (d)	FERC Licensed Project No. 0 Plant Name: (e)	FERC Licensed Project No. 0 Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
			8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
			13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0	0	0	18
0	0	0	19
0	0	0	20
0.0000	0.0000	0.0000	21
			22
0	0	0	23
0	0	0	24
0	0	0	25
0	0	0	26
0	0	0	27
0	0	0	28
0	0	0	29
0	0	0	30
0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants)

1. Large plants and pumped storage plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operating under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. Give project number.
3. If net peak demand for 60 minutes is not available, give the which is available, specifying period.
4. If a group of employees attends more than one generating plant, report on line 8 the approximate average number of employees assignable to each plant.
5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."

Line No.	Item (a)	FERC Licensed Project No. Plant Name: (b)
1	Type of Plant Construction (Conventional or Outdoor)	
2	Year Originally Constructed	
3	Year Last Unit was Installed	
4	Total installed cap (Gen name plate Rating in MW)	
5	Net Peak Demaind on Plant-Megawatts (60 minutes)	
6	Plant Hours Connect to Load While Generating	
7	Net Plant Capability (in megawatts)	
8	Average Number of Employees	
9	Generation, Exclusive of Plant Use - Kwh	
10	Energy Used for Pumping	
11	Net Output for Load (line 9 - line 10) - Kwh	
12	Cost of Plant	
13	Land and Land Rights	
14	Structures and Improvements	
15	Reservoirs, Dams, and Waterways	
16	Water Wheels, Turbines, and Generators	
17	Accessory Electric Equipment	
18	Miscellaneous Powerplant Equipment	
19	Roads, Railroads, and Bridges	
20	Asset Retirement Costs	
21	Total cost (total 13 thru 20)	
22	Cost per KW of installed cap (line 21 / 4)	
23	Production Expenses	
24	Operation Supervision and Engineering	
25	Water for Power	
26	Pumped Storage Expenses	
27	Electric Expenses	
28	Misc Pumped Storage Power generation Expenses	
29	Rents	
30	Maintenance Supervision and Engineering	
31	Maintenance of Structures	
32	Maintenance of Reservoirs, Dams, and Waterways	
33	Maintenance of Electric Plant	
34	Maintenance of Misc Pumped Storage Plant	
35	Production Exp Before Pumping Exp (24 thru 34)	
36	Pumping Expenses	
37	Total Production Exp (total 35 and 36)	
38	Expenses per KWh (line 37 / 9)	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants) (Continued)

6. Pumping energy (Line 10) is that energy measured as input to the plant for pumping purposes.
7. Include on Line 36 the cost of energy used in pumping into the storage reservoir. When this item cannot be accurately computed leave Lines 36, 37 and 38 blank and describe at the bottom of the schedule the company's principal sources of pumping power, the estimated amounts of energy from each station or other source that individually provides more than 10 percent of the total energy used for pumping, and production expenses per net MWH as reported herein for each source described. Group together stations and other resources which individually provide less than 10 percent of total pumping energy. If contracts are made with others to purchase power for pumping, give the supplier contract number, and date of contract.

FERC Licensed Project No. Plant Name: (c)	FERC Licensed Project No. Plant Name: (d)	FERC Licensed Project No. Plant Name: (e)	Line No.
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10
			11
			12
			13
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			23
			24
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			35
			36
			37
			38

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity Name Plate Rating (In MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
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46						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

Plant Cost (Incl Asset Retire. Costs) Per MW (g)	Operation Exc'l. Fuel (h)	Production Expenses: Fuel (i)	Production Expenses: Maintenance (j)	Kind of Fuel (k)	Fuel Costs (in cents (per Million Btu) (l)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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						38
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						44
						45
						46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits
	From (a)	To (b)	Operating (c)	Designed (d)	(e)	On Structure of Line Designated (f)	On Structures of Another Line (g)	(h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
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36					TOTAL			

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
								1
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of competed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

Line No.	LINE DESIGNATION		Line Length in Miles	SUPPORTING STRUCTURE		CIRCUITS PER STRUCTURE	
	From (a)	To (b)	(c)	Type (d)	Average Number per Miles (e)	Present (f)	Ultimate (g)
1	NO LINES ADDED						
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3							
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44	TOTAL						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).
3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage KV (Operating)	LINE COST					Line No.
Size (h)	Specification (i)	Configuration and Spacing (j)	(k)	Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Asset Retire. Costs (o)	Total (p)	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa) Primary (c)	Secondary (d)	Tertiary (e)
1	BAKER 765KV - KY	T	765.00		
2	BAKER 765KV - KY	T	765.00	345.00	34.50
3	BELLEFONTE 138KV - KY	T	138.00	70.50	36.20
4	BREAKS - KY	D	69.00		
5	STANVILLE - KY	T	69.00		
6	STANVILLE - KY	T	138.00	70.50	46.00
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	Line No.
			REACTOR	4	400	1
7500	10					2
200	1					3
			STATCAP	1	14	4
			STATCAP	1	14	5
208	2					6
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2019/Q4

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is $250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	**Non-power Goods or Services Provided by Affiliated**			
2	Construction Services	AEPSC	107, 108	1,747,889
3	Transmission Expenses - Operation	AEPSC	See Footnotes	952,834
4	Use of Jointly Owned Facility	KPCo	567	297,457
5	Construction Services	KPCo	107	341,389
6				
7				
8				
9				
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14				
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19				
20	**Non-power Goods or Services Provided for Affiliate**			
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Schedule Page: 429 Line No.: 3 Column: c

Accounts: 560, 561.2, 561.5, 562, 563, 566, 567, 920, 923

Schedule	Page No.

Schedule	Page No.

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

THIS FILING IS

Item 1: [X] An Initial (Original) Submission OR [ ] Resubmission No. ____

Form 1 Approved
OMB No.1902-0021
(Expires 11/30/2022)
Form 1-F Approved
OMB No.1902-0029
(Expires 11/30/2022)
Form 3-Q Approved
OMB No.1902-0205
(Expires 11/30/2022)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	End of 2021/Q2

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q)is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

(1) one million megawatt hours of total annual sales,
(2) 100 megawatt hours of annual sales for resale,
(3) 500 megawatt hours of annual power exchanges delivered, or
(4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: https://forms.ferc.gov/. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

Reference Schedules	Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of ____________ , we have also reviewed schedules ___________________of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at https://www.ferc.gov/ferc-online/overview.

(g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from https://www.ferc.gov/media/form-1 and https://www.ferc.gov/media/form1-3q.

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and

b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,168 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 168 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.

III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.

VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and” firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the

termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and “firm” means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) ’Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power; ......

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be field..."

General Penalties

The Commission may assess up to $1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

FERC FORM NO. 1/3-Q: REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent AEP Kentucky Transmission Company, Inc.	02 Year/Period of Report End of 2021/Q2
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1 Riverside Plaza, Columbus, OH 43215-2373	
05 Name of Contact Person Jason M. Johnson	06 Title of Contact Person Accountant
07 Address of Contact Person *(Street, City, State, Zip Code)* AEP Service Corp, 1 Riverside Plaza, 26th Flr, Columbus, OH 43215-2373	

08 Telephone of Contact Person, *Including Area Code* (614) 716-1000	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

QUARTERLY CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Jeffrey W. Hoersdig	03 Signature Jeffrey W. Hoersdig	04 Date Signed *(Mo, Da, Yr)* 08/25/2021
02 Title Assistant Controller		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission		End of 2021/Q2

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report is: (1) X An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2021/Q2

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

1) None

2) None

3) None

4) None

5) None

6) None

7) None

8) None

9) None

10) None

11) (Reserved)

12) Not Used

13) Scott P. Moore elected as Director on May 02, 2021
Scott P. Moore elected as Vice President on May 02, 2021
Wade A Smith resigned as Director on May 01, 2021
Wade A Smith resigned as Vice President on May 01, 2021

14) Proprietary capital ratio exceeds 30%

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	157,277,668	129,738,863
3	Construction Work in Progress (107)	200-201	13,421,301	31,350,237
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		170,698,969	161,089,100
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	11,258,798	9,802,671
6	Net Utility Plant (Enter Total of line 4 less 5)		159,440,171	151,286,429
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		159,440,171	151,286,429
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		0	0
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		0	0
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		244,046	220,958
41	Other Accounts Receivable (143)		18,834	0
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	0
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		1,211,088	1,039,152
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	0	0
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		0	32,856
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		1,473,968	1,292,966
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		494,792	506,254
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	1,753,719	1,626,971
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	362,433	825,936
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	2,038,687	2,257,386
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		4,649,631	5,216,547
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		165,563,770	157,795,942

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	0	0
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	48,707,500	41,707,500
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	24,407,064	21,042,883
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		73,114,564	62,750,383
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	64,000,000	64,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		14,749	16,111
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		200,265	204,486
24	Total Long-Term Debt (lines 18 through 23)		63,814,484	63,811,625
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		132,626	127,325
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		132,626	127,325
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		1,580,175	2,851,211
39	Notes Payable to Associated Companies (233)		313,129	1,366,425
40	Accounts Payable to Associated Companies (234)		835,744	1,681,496
41	Customer Deposits (235)		0	0
42	Taxes Accrued (236)	262-263	1,083,541	1,374,040
43	Interest Accrued (237)		0	0
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [x] An Original (2) [ ] A Resubmission	/ /	end of 2021/Q2

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		65,390	98
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		3,877,979	7,273,270
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	288,591	0
60	Other Regulatory Liabilities (254)	278	7,409,358	7,400,921
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		14,587,629	14,264,972
64	Accum. Deferred Income Taxes-Other (283)		2,338,539	2,167,446
65	Total Deferred Credits (lines 56 through 64)		24,624,117	23,833,339
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		165,563,770	157,795,942

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	8,001,522	6,722,603	3,664,134	2,965,050
3	Operating Expenses					
4	Operation Expenses (401)	320-323	1,192,471	964,234	626,124	439,403
5	Maintenance Expenses (402)	320-323	82,934	50,990	18,118	20,113
6	Depreciation Expense (403)	336-337	1,598,036	1,375,788	877,384	688,654
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	150,437	123,575	76,149	62,945
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	187,242	235,611	93,621	135,854
15	Income Taxes - Federal (409.1)	262-263	317,805	622,585	-148,392	307,888
16	- Other (409.1)	262-263	70,014	94,091	41,654	77,397
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	1,035,150	551,398	701,555	292,959
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	441,013	491,549	205,574	358,083
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		4,193,076	3,526,723	2,080,639	1,667,130
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		3,808,446	3,195,880	1,583,495	1,297,920

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
8,001,522	6,722,603					2
						3
1,192,471	964,234					4
82,934	50,990					5
1,598,036	1,375,788					6
						7
150,437	123,575					8
						9
						10
						11
						12
						13
187,242	235,611					14
317,805	622,585					15
70,014	94,091					16
1,035,150	551,398					17
441,013	491,549					18
						19
						20
						21
						22
						23
						24
4,193,076	3,526,723					25
3,808,446	3,195,880					26

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		3,808,446	3,195,880	1,583,495	1,297,920
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		148	34,437	71	34,031
38	Allowance for Other Funds Used During Construction (419.1)		570,085	253,210	182,364	200,754
39	Miscellaneous Nonoperating Income (421)		297	300	149	147
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		570,530	287,947	182,584	234,932
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		627	332	247	26
46	Life Insurance (426.2)					
47	Penalties (426.3)			16		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		3,707	2,852	1,545	1,290
49	Other Deductions (426.5)		1,838	1,129	604	387
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		6,172	4,329	2,396	1,703
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263	-51,661	-21,027	-44,389	-20,831
54	Income Taxes-Other (409.2)	262-263	-142	1,483	-66	1,532
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-51,803	-19,544	-44,455	-19,299
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		616,161	303,162	224,643	252,528
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)		18,250	15,786	9,178	8,715
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)		1,361	1,361	681	680
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		1,191,549	1,059,299	595,892	595,503
68	Other Interest Expense (431)		63,981	58,980	34,895	29,507
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		211,993	122,113	68,163	68,855
70	Net Interest Charges (Total of lines 62 thru 69)		1,060,426	1,010,591	571,121	564,190
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		3,364,181	2,488,451	1,237,017	986,258
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		3,364,181	2,488,451	1,237,017	986,258

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		21,042,883	19,854,292
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		3,364,181	2,488,451
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24	Common Stock			(5,000,000)
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			(5,000,000)
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		24,407,064	17,342,743
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		24,407,064	17,342,743
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	3,364,181	2,488,451
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	1,748,473	1,499,363
5	Amortization of		
6			
7			
8	Deferred Income Taxes (Net)	594,137	59,849
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-213,858	-492,687
11	Net (Increase) Decrease in Inventory		
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-1,263,157	1,125,656
14	Net (Increase) Decrease in Other Regulatory Assets		
15	Net Increase (Decrease) in Other Regulatory Liabilities		
16	(Less) Allowance for Other Funds Used During Construction	570,085	253,210
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	838,834	775,075
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	4,498,525	5,202,497
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-11,012,919	-7,862,185
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-570,085	-253,210
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-10,442,834	-7,608,975
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55	Notes Receivable from Associated Companies		-3,005,039
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-10,442,834	-10,614,014
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		21,000,000
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Long Term Issuances Costs	-2,395	-230,876
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69	Capital Contributions from Parent	7,000,000	
70	Cash Provided by Outside Sources (Total 61 thru 69)	6,997,605	20,769,124
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77	Notes Payable to Associated Companies - Retired	-1,053,296	-10,357,607
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		-5,000,000
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	5,944,309	5,411,517
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)		
87			
88	Cash and Cash Equivalents at Beginning of Period		
89			
90	Cash and Cash Equivalents at End of period		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2021/Q2

FOOTNOTE DATA

Schedule Page: 120 Line No.: 18 Column: b

	2021 Cash Flow Incr / (Decr)	2020 Cash Flow Incr / (Decr)
Utility Plant, Net	(33,425)	(195)
Prepayments	32,856	11,721
Unamortized Debt Expense	13,858	12,257
Other Deferred Debits, Net	463,502	401,495
Unamortized Discount/Premium on Long-Term Debt	2,859	(4,763)
Accumulated Provisions - Misc	132,626	127,325
Current and Accrued Liabilities, Net	(62,033)	(103,702)
Other Deferred Credits, Net	288,591	330,937
Total	**$ 838,834**	**$ 775,075**

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

INDEX OF NOTES TO FINANCIAL STATEMENTS

GLOSSARY OF TERMS FOR NOTES

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

Term	Meaning
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned subsidiaries and affiliates.
AEP East Transmission Companies	APTCo, IMTCo, KTCo, OHTCo and WVTCo.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AEP Transmission Holdco	AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of AEP.
AEPTCo	AEP Transmission Company, LLC, and its consolidated State Transcos, a subsidiary of AEP Transmission Holdco.
AFUDC	Allowance for Equity Funds Used During Construction.
APTCo	AEP Appalachian Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
Excess ADIT	Excess accumulated deferred income taxes.
FASB	Financial Accounting Standards Board.
FERC	Federal Energy Regulatory Commission.
IMTCo	AEP Indiana Michigan Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
IRS	Internal Revenue Service.

KPSC	Kentucky Public Service Commission.
KTCo	AEP Kentucky Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
MISO	Midwest Independent Transmission System Operator.
OHTCo	AEP Ohio Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
OKTCo	AEP Oklahoma Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
PJM	Pennsylvania - New Jersey - Maryland regional transmission organization.
ROE	Return on Equity.
RTO	Regional Transmission Organization, responsible for moving electricity over large interstate areas.
SPP	Southwest Power Pool.
State Transcos	Wholly-owned AEPTCo transmission subsidiaries; APTCo, IMTCo, KTCo, OHTCo, OKTCo, SWTCo and WVTCo.
SWTCo	AEP Southwestern Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the “Tax Cuts and Jobs Act” (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.
WVTCo	AEP West Virginia Transmission Company, Inc., a wholly-owned AEPTCo transmission subsidiary.

1. SIGNIFICANT ACCOUNTING MATTERS

General

The financial statements and footnotes were prepared in accordance with the Uniform System of Accounts prescribed by the FERC. The unaudited financial statements and footnotes should be read in conjunction with KTCo's 2020 FERC Form 1 (2020 Annual Report).

In the opinion of management, the unaudited interim financial statements reflect all normal and recurring accruals and adjustments necessary for a fair statement of the net income, financial position and cash flows for the interim periods. Net income for the three and six months ended June 30, 2021 is not necessarily indicative of results that may be expected for the year ending December 31, 2021.

Management reviewed subsequent events through August 25, 2021, the date that KTCo's second quarter 2021 report was issued.

Cash and Cash Equivalents

Cash and Cash Equivalents on the statements of cash flows include Cash, Working Fund and Temporary Cash Investments on the balance sheets with original maturities of three months or less. KTCo invests excess cash through the Utility Money Pool, which is recorded as Notes Receivable from Associated Companies on the balance sheets.

Supplementary Information

	2021	2020
For the Six Months Ended June 30,	**(in thousands)**	
Cash Was Paid (Received) for:		
Interest (Net of Capitalized Amounts)	$ 987	$ 747
Income Taxes (Net of Refunds)	410	(388)
As of June 30,		
Construction Expenditures Included in Current and Accrued Liabilities	1,358	1,268

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to KTCo's business. There are no new standards expected to have a material impact on KTCo's financial statements.

3. RATE MATTERS

As discussed in the 2020 Annual Report, KTCo is involved in rate and regulatory proceedings at the FERC and the KPSC. The Rate Matters note within the 2020 Annual Report should be read in conjunction with this report to gain a complete understanding of material rate matters still pending that could impact net income, cash flows and possibly financial condition. The following discusses ratemaking developments in 2021 and updates the 2020 Annual Report.

Formula Rate

The AEP East Transmission Companies, including KTCo, submit an annual filing with the FERC and PJM which establishes their projected transmission revenue requirement (PTRR). The new rates become effective at the beginning of the year and are subject to refund and true-up.

KTCo's 2019 PTRR was $14.3 million. KTCo refunded $351 thousand, including carrying charges, of 2017 over-recovered revenues in 2019. In 2019, KTCo had an over-recovery of revenues totaling $816 thousand, including carrying charges that were subject to refund and true-up. The 2019 true-up of revenues were incorporated in the 2021 PTRR discussed below.

KTCo's 2020 PTRR is $15.2 million. KTCo will refund $1.4 million, including carrying charges, of 2018 over-recovered revenues in 2020. The 2020 true-up of revenues will be incorporated in the 2022 PTRR.

KTCo's 2021 PTRR is $17.6 million. KTCo will refund $816 thousand, including carrying charges, of 2019 over-recovered revenues in 2021. The 2021 true-up of revenues will be incorporated in the 2023 PTRR.

FERC Notice of Proposed Rule Making (NOPR)

In April 2021, the FERC issued a supplemental Notice of Proposed Rulemaking (NOPR) proposing to modify its incentive for transmission owners that join RTOs (RTO Incentive). Under the supplemental NOPR, the RTO Incentive would be modified such that a utility would only be eligible for the RTO Incentive for the first three years after the utility joins a FERC-approved Transmission Organization. This is a significant departure from a previous NOPR issued in 2020 seeking to increase the RTO Incentive from 50 basis points to 100 basis points. The supplemental NOPR also required utilities that have received the RTO Incentive for three or more years to submit, within 30 days of the effective date of a final rule, a compliance filing to eliminate the incentive from its tariff prospectively. The supplemental NOPR is subject to a 60 day comment period followed by a 30 day period for reply comments. A final rule could be issued in the fourth quarter of 2021.

In 2019, the FERC approved settlement agreements establishing base ROEs of 9.85% (10.35% inclusive of RTO Incentive adder of 0.5%) and 10% (10.5% inclusive of RTO Incentive adder of 0.5%) for AEP's PJM and SPP transmission-owning subsidiaries, respectively. In 2020, the FERC determined the base ROE for MISO's transmission owning subsidiaries, should be 10.02% (10.52% inclusive of RTO Incentive adder of 0.5%).

In July 2021, the FERC issued an order denying Dayton Power and Light's request for a 50 basis point RTO incentive on the basis that its RTO participation was not voluntary, but rather is required by Ohio law. This precedent could have an impact on AEP's transmission owning subsidiaries whose RTO membership is not voluntary.

If the FERC modifies its RTO Incentive policy, it would be applied, as applicable, to AEP's PJM, SPP and MISO transmission owning subsidiaries on a prospective basis, and could affect future net income and cash flows and impact financial condition.

4. COMMITMENTS, GUARANTEES AND CONTINGENCIES

KTCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, KTCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation cannot be predicted. KTCo accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, KTCo discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements. The Commitments, Guarantees and Contingencies note within KTCo's 2020 Annual Report should be read in conjunction with this report.

GUARANTEES

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

Indemnifications and Other Guarantees

KTCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. As of June 30, 2021, there were no material liabilities recorded for any indemnifications.

5. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Assets and Liabilities

The accounting guidance for "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2.

Fair Value Measurements of Long-Term Debt

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

The book value and fair value of Long-Term Debt are summarized in the following table:

	June 30, 2021		December 31, 2020	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
	(in thousands)			
Long-Term Debt	$ 63,814	$ 73,740	$ 63,812	$ 78,537

6. INCOME TAXES

Effective Tax Rates (ETR)

The ETR for KTCo is included in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
U.S. Federal Statutory Rate	21.0 %	21.0 %	21.0 %	21.0 %
Increase (decrease) due to:				
State Income Tax, net of Federal benefit	3.9 %	3.9 %	3.9 %	3.9 %
Tax Reform Excess ADIT Reversal	0.2 %	0.2 %	0.2 %	0.2 %
AFUDC Equity	(2.2)%	(0.2)%	(1.8)%	(0.2)%
Parent Company Loss Benefit	(1.3)%	(1.8)%	(1.9)%	(1.8)%
Other	0.2 %	0.3 %	0.3 %	0.2 %
Effective Income Tax Rate	21.8 %	23.4 %	21.7 %	23.3 %

Federal and State Income Tax Audit Status

The statute of limitations for the IRS to examine KTCo and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, KTCo and other AEP subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified AEP that it was beginning an examination of these amended returns, including the net operating loss carryback to 2015 that originated in the 2017 return. As of June 30, 2021, the IRS has not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount AEP claimed on the amended returns. AEP has agreed to extend the statute of limitations on the 2017 tax return to December 31, 2022 to allow time for the audit to be completed and the Congressional Joint Committee on Taxation to approve the associated refund claim.

7. FINANCING ACTIVITIES

Long-Term Debt Activity

There was no Long-Term debt issued, retired or principal payments made during the first six months of 2021.

Dividend Restrictions

KTCo pays dividends provided funds are legally available. Various regulatory requirements may impose certain restrictions on the ability of KTCo to transfer funds in the form of dividends.

All of the dividends declared by KTCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

The Federal Power Act restriction does not limit the ability of KTCo to pay dividends out of retained earnings.

Corporate Borrowing Program

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC.

The amounts of outstanding borrowings from the Utility Money Pool as of June 30, 2021 and December 31, 2020 are included in Notes Payable to Associated Companies on KTCo's balance sheets. KTCo's money pool activity and its corresponding authorized borrowing limits for the six months ended June 30, 2021 are described in the following table:

Maximum Borrowings from the Utility Money Pool	Maximum Loans to Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to Utility Money Pool	Borrowings from the Utility Money Pool as of June 30, 2021	Authorized Short-term Borrowing Limit
(in thousands)					
$ 3,759	$ 1,427	$ 1,437	$ 652	$ 313	$ 75,000

Maximum, minimum and average interest rates for funds borrowed from the Utility Money Pool were as follows:

Six Months Ended June 30,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2021	0.40%	0.25%	0.36%	0.27%	0.33%	0.32%
2020	2.24%	1.76%	2.70%	0.33%	1.94%	2.12%

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

KTCo's statements of income represent revenues from contracts with customers by type of revenue. KTCo had $(512) thousand and $(466) thousand of alternative revenues for the six months ended June 30, 2021 and 2020, respectively, and $(315) thousand and $(142) thousand of alternative revenues for the six months ended June 30, 2021 and 2020, respectively.

Fixed Performance Obligations

The following table represents KTCo's remaining fixed performance obligations satisfied over time as of June 30, 2021. Fixed performance obligations primarily include wholesale transmission services. The amounts below include affiliated and nonaffiliated revenues.

2021	2022-2023	2024-2025	After 2025	Total
		(in thousands)		
$ 8,697	$ —	$ —	$ —	$ 8,697

Contract Assets and Liabilities

Contract assets are recognized when KTCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. KTCo did not have any material contract assets as of June 30, 2021 and December 31, 2020.

When KTCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. KTCo did not have any material contract liabilities as of June 30, 2021 and December 31, 2020.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on KTCo's balance sheets within the Customer Accounts Receivable. KTCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Customer Accounts Receivable were not material as of June 30, 2021 and December 31, 2020.

The amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable from Associated Companies on KTCo's balance sheets were $1.1 million and $957 thousand, respectively, as of June 30, 2021 and December 31, 2020.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1				[redacted]	
2					
3					
4				2,488,451	2,488,451
5				[redacted]	
6					
7					
8					
9				3,364,181	3,364,181
10				[redacted]	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	126,001,898	126,001,898
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	31,275,770	31,275,770
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	157,277,668	157,277,668
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	13,421,301	13,421,301
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	170,698,969	170,698,969
14	Accum Prov for Depr, Amort, & Depl	11,258,798	11,258,798
15	Net Utility Plant (13 less 14)	159,440,171	159,440,171
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	10,571,346	10,571,346
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	687,452	687,452
22	Total In Service (18 thru 21)	11,258,798	11,258,798
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	11,258,798	11,258,798

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Document Accession #: 20210825-8021 Filed Date: 08/25/2021

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
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					9
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					33

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

ELECTRIC PLANT IN SERVICE AND ACCUMULATED PROVISION FOR DEPRECIATION BY FUNCTION

1. Report below the original cost of plant in service by function. In addition to Account 101, include Account 102, and Account 106. Report in column (b) the original cost of plant in service and in column(c) the accumulated provision for depreciation and amortization by function.

Line No.	Item (a)	Plant in Service Balance at End of Quarter (b)	Accumulated Depreciation and Amortization Balance at End of Quarter (c)
1	Intangible Plant	1,757,438	687,452
2	Steam Production Plant		
3	Nuclear Production Plant		
4	Hydraulic Production - Conventional		
5	Hydraulic Production - Pumped Storage		
6	Other Production		
7	Transmission	134,710,075	10,431,978
8	Distribution		
9	Regional Transmission and Market Operation		
10	General	20,810,155	139,368
11	TOTAL (Total of lines 1 through 10)	157,277,668	11,258,798

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AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
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12					
13					
14					
15					
16					
17					
18					
19					
20					
21	**Generation Studies**				
22					
23					
24					
25					
26					
27					
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36					
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Document Accession #: 20210825-8021 Filed Date: 08/25/2021

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	SFAS 109 Deferred FIT	1,689,151	64,568			1,753,719
2						
3						
4						
5						
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7						
8						
9						
10						
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35						
36						
37						
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42						
43						
44	TOTAL	1,689,151	64,568		0	1,753,719

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2021/Q2

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	SFAS 109 Deferred FIT	7,404,296			5,062	7,409,358
2						
3						
4						
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41	TOTAL	7,404,296			5,062	7,409,358

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales		
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)		
5	Large (or Ind.) (See Instr. 4)		
6	(444) Public Street and Highway Lighting		
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers		
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity		
13	(Less) (449.1) Provision for Rate Refunds	709,808	
14	TOTAL Revenues Net of Prov. for Refunds	-709,808	
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues		
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property		
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues		
22	(456.1) Revenues from Transmission of Electricity of Others	8,711,330	
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	8,711,330	
27	TOTAL Electric Operating Revenues	8,001,522	

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
				2
				3
				4
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				12
				13
				14

Line 12, column (b) includes $ 0 of unbilled revenues.
Line 12, column (d) includes 0 MWH relating to unbilled revenues

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2021/Q2

FOOTNOTE DATA

Schedule Page: 300 Line No.: 22 Column: b

See page 328 for revenue details.

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	//	End of 2021/Q2

REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

Line No.	Description of Service (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1					
2					
3					
4					
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43					
44					
45					
46	TOTAL				

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period.

Line No.	Account (a)	Year to Date Quarter (b)
1	1. POWER PRODUCTION AND OTHER SUPPLY EXPENSES	
2	Steam Power Generation - Operation (500-509)	
3	Steam Power Generation - Maintenance (510-515)	
4	Total Power Production Expenses - Steam Power	
5	Nuclear Power Generation - Operation (517-525)	
6	Nuclear Power Generation – Maintenance (528-532)	
7	Total Power Production Expenses - Nuclear Power	
8	Hydraulic Power Generation - Operation (535-540.1)	
9	Hydraulic Power Generation – Maintenance (541-545.1)	
10	Total Power Production Expenses – Hydraulic Power	
11	Other Power Generation - Operation (546-550.1)	
12	Other Power Generation - Maintenance (551-554.1)	
13	Total Power Production Expenses - Other Power	
14	Other Power Supply Expenses	
15	Purchased Power (555)	
16	System Control and Load Dispatching (556)	
17	Other Expenses (557)	
18	Total Other Power Supply Expenses (line 15-17)	
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	313,634
23		
24	(561.1) Load Dispatch-Reliability	
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	40,032
26	(561.3) Load Dispatch-Transmission Service and Scheduling	
27	(561.4) Scheduling, System Control and Dispatch Services	
28	(561.5) Reliability, Planning and Standards Development	11,576
29	(561.6) Transmission Service Studies	
30	(561.7) Generation Interconnection Studies	
31	(561.8) Reliability, Planning and Standards Development Services	
32	(562) Station Expenses	16,230
33	(563) Overhead Line Expenses	2,523
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	
36	(566) Miscellaneous Transmission Expenses	66,549
37	(567) Rents	217,507
38	(567.1) Operation Supplies and Expenses (Non-Major)	

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Document Accession #: 20210825-8021 Filed Date: 08/25/2021

ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period.

Line No.	Account (a)	Year to Date Quarter (b)
39	TOTAL Transmission Operation Expenses (Lines 22 - 38)	668,051
40	Transmission Maintenance Expenses	
41	(568) Maintenance Supervision and Engineering	477
42	(569) Maintenance of Structures	1,774
43	(569.1) Maintenance of Computer Hardware	864
44	(569.2) Maintenance of Computer Software	10,556
45	(569.3) Maintenance of Communication Equipment	25,067
46	(569.4) Maintenance of Miscellaneous Regional Transmission Plant	
47	(570) Maintenance of Station Equipment	39,418
48	(571) Maintenance Overhead Lines	470
49	(572) Maintenance of Underground Lines	
50	(573) Maintenance of Miscellaneous Transmission Plant	4,297
51	(574) Maintenance of Transmission Plant	
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	82,923
53	Total Transmission Expenses (Lines 39 and 52)	750,974
54	3. REGIONAL MARKET EXPENSES	
55	Regional Market Operation Expenses	
56	(575.1) Operation Supervision	
57	(575.2) Day-Ahead and Real-Time Market Facilitation	
58	(575.3) Transmission Rights Market Facilitation	
59	(575.4) Capacity Market Facilitation	
60	(575.5) Ancillary Services Market Facilitation	
61	(575.6) Market Monitoring and Compliance	
62	(575.7) Market Facilitation, Monitoring and Compliance Services	
63	Regional Market Operation Expenses (Lines 55 - 62)	
64	Regional Market Maintenance Expenses	
65	(576.1) Maintenance of Structures and Improvements	
66	(576.2) Maintenance of Computer Hardware	
67	(576.3) Maintenance of Computer Software	
68	(576.4) Maintenance of Communication Equipment	
69	(576.5) Maintenance of Miscellaneous Market Operation Plant	
70	Regional Market Maintenance Expenses (Lines 65-69)	
71	TOTAL Regional Control and Market Operation Expenses (Lines 63,70)	
72	4. DISTRIBUTION EXPENSES	
73	Distribution Operation Expenses (580-589)	
74	Distribution Maintenance Expenses (590-598)	
75	Total Distribution Expenses (Lines 73 and 74)	

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

ELECTRIC CUSTOMER ACCOUNTS, SERVICE, SALES, ADMINISTRATIVE AND GENERAL EXPENSES

Report the amount of expenses for customer accounts, service, sales, and administrative and general expenses year to date.

Line No.	Account (a)	Year to Date Quarter (b)
1	(901-905) Customer Accounts Expenses	
2	(907-910) Customer Service and Information Expenses	
3	(911-917) Sales Expenses	
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	164,513
7	921 Office Supplies and Expenses	5,034
8	(Less) 922 Administrative Expenses Transferred-Credit	
9	923 Outside Services Employed	323,732
10	924 Property Insurance	16,710
11	925 Injuries and Damages	8,140
12	926 Employee Pensions and Benefits	113
13	927 Franchise Requirements	
14	928 Regulatory Commission Expenses	1,903
15	(Less) 929 Duplicate Charges-Credit	
16	930.1General Advertising Expenses	6
17	930.2Miscellaneous General Expenses	3,431
18	931 Rents	838
19	TOTAL Operation (Total of lines 6 thru 18)	524,420
20	Maintenance	
21	935 Maintenance of General Plant	11
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	524,431

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Document Accession #: 20210825-8021 Filed Date: 08/25/2021

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classifi-cation (d)
1	PJM			FNO
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	TRANSFER OF ENERGY MegaWatt Hours Delivered (j)	Line No.
PJMOATT						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			0	**0**	**0**	

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
		4,373,942	4,373,942	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
0	**0**	**4,373,942**	**4,373,942**	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) X An Original (2) __ A Resubmission	/ /	2021/Q2

FOOTNOTE DATA

Schedule Page: 328   Line No.: 1   Column: m

Revenue earned from PJM per the revenue requirement for transmission services filed with FERC.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

TRANSMISSION OF ELECTRICITY BY ISO/RTOs

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
4. In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

Line No.	Payment Received by (Transmission Owner Name) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Total Revenue by Rate Schedule or Tarirff (d)	Total Revenue (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY: Magawatt-hours Received (c)	TRANSFER OF ENERGY: Magawatt-hours Delivered (d)	EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS: Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

Depreciation, Depletion and Amortization of Electric Plant (Accts 403, 403.1, 404, and 405) (Except Amortization of Acquisition Adjustments)

1. Report the year to date amounts of depreciation expense, asset retirement cost depreciation, depletion and amortization, except amortization of acquisition adjustments for the accounts indicated and classified according to the plant functional groups described.

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Other Limited-Term Electric Plant (Account 404) (e)	Amortization of Other Electric Plant (Account 405) (e)	Total (f)
1	Intangible Plant			150,437		150,437
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant Conv					
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant					
7	Transmission Plant	1,463,227				1,463,227
8	Distribution Plant					
9	General Plant	134,809				134,809
10	Common Plant					
11	TOTAL ELECTRIC (lines 2 through 10)	1,598,036		150,437		1,748,473

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)				
3	Net Sales (Account 447)				
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

MONTHLY PEAKS AND OUTPUT

(1) (1) Report the monthly peak load and energy output. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non- integrated system. In quarter 1 report January, February, and March only. In quarter 2 report April, May, and June only. In quarter 3 report July, August, and September only.
(2) Report on column (b) by month the system's output in Megawatt hours for each month.
(3) Report on column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
(4) Report on column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
(5) Report on columns (e) and (f) the specified information for each monthly peak load reported on column (d).
(6) Report Monthly Peak Hours in military time; 0100 for 1:00 AM, 1200 for 12 AM, and 1830 for 6:30 PM, etc.

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (MWH) (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
1	January				0	0
2	February				0	0
3	March				0	0
4	Total					
5	April				0	0
6	May				0	0
7	June				0	0
8	Total					
9	July				0	0
10	August				0	0
11	September				0	0
12	Total					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
AEP Kentucky Transmission Company, Inc.	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2021/Q2

Document Accession #: 20210825-8021 Filed Date: 08/25/2021

MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
(5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Imports into ISO/RTO (e)	Exports from ISO/RTO (f)	Through and Out Service (g)	Network Service Usage (h)	Point-to-Point Service Usage (i)	Total Usage (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

INDEX

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Document Accession #: 20210825-8011   Filed Date: 08/25/2021

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Document Accession #: 20210825-8011 Filed Date: 08/25/2021

Document Content(s)

Section 2.5(c)
Liabilities

None

Section 2.7(c)
Sufficiency of Assets

1. The following real property is held in the name of Franklin Real Estate Company for the benefit of Kentucky Power, and will be transferred to Kentucky Power by deed or other transfer instrument in form reasonably acceptable to Purchaser prior to the Closing:

Site	**Grantor**	**Deed Recording Info**	**County**
Hazard Station	Darnell Brashear	Book 352, Page 575	Perry
Chadwick Station	C.M. Bates and Irene Bates	Book 456, Page 251	Boyd
St. Paul	William Estill Bentley and Pauline Bentley	Book 123, Page 385	Lewis
St. Paul	Orville Callihan and Margarette E. Callihan	Book 124, Page 106	Lewis
St. Paul	Elza D. Smith and Bertha Smith	Book 124, Page 110	Lewis
D&J or Flatwoods Subdivision	Donald Lee Davidson and Janice Davidson	Book 227, Page 265	Greenup
D&J or Flatwoods Subdivision	Kentucky Power	Book 289, Page 169	Greenup

2. Approximately 40 surface acres and 100,000 acres of coal mineral rights in multiple parcels scattered across multiple counties of southwestern Indiana are deeded in multiple deeds to Indiana Franklin Realty, Inc. and are held on the books as undivided interests by Indiana Michigan Power Company [redacted] and Kentucky Power [redacted] and known as the Posey Coal Fields (the "Posey Coal Fields"). The property is not currently economically viable to mine and we do not anticipate this property having an economic benefit to either Indiana Michigan Power Company or Kentucky Power in the near future. The Posey Coal Fields will be removed from Kentucky Power prior to Closing as described on in Section 4.1(f) of the Sellers Disclosure Letter.

Section 2.8(a)
Material Contracts of the Acquired Companies

(i)

- The Contracts listed under the remainder of Section 2.8(a) of the Sellers Disclosure Letter
- Any Contracts described in Section 4.1(a) of the Sellers Disclosure Letter
- **Consumables and Consumables Transportation**
    - Urea (Mitchell Plant)
        - Purchase and Sale Agreement No. AEPSC-06-U03 dated March 1, 2007 between AEPSC, as agent for the AEP Operating Companies (including Kentucky Power), and Yara North America, Inc.
    - Urea Terminal and Transportation (Mitchell Plant)
        - Barge Transportation Contract, B20008 dated July 1, 2020 between Campbell Transportation Company, Inc. and AEPSC as agent for certain Affiliates, including Kentucky Power
        - Agreement No. AEP-TR-08-900 dated December 1, 2008 between AEPSC, as agent for the AEP operating companies, and Bellaire Harbor Services, LLC, as amended (truck delivery to plant)
    - Hydrated Lime (Mitchell Plant)
        - AEP Order Number 03-HRH-20-001 dated September 1, 2020 between AEPSC, as agent for Kentucky Power, and Mississippi Lime Company (delivered by truck)
    - High Reactivity Hydrated Lime (Mitchell Plant)
        - AEP Order Number 03-20-HL-001 dated November 13, 2020 between Kentucky Power and Mississippi Lime Company
        - AEP Order Number 03-HRH-20-002 dated September 1, 2020 between AEPSC, as agent for Kentucky Power, and Lhoist North America of Missouri, Inc. (delivered by truck)
    - Limestone (Mitchell Plant)
        - Limestone Purchase and Sale Agreement No. 03-00-21-LS1 dated July 1, 2021 between AEPSC, as agent for Kentucky Power, and Hilltop Big Bend Quarry, LLC

- Limestone Purchase and Sale Agreement No. 03-00-21-LS0 dated August 1, 2021 between AEPSC, as agent for Kentucky Power, and Carmeuse Lime & Stone, Inc. (delivered by barge by Indiana Michigan Power Company River Transportation Division – see coal transportation below)

  - Trona (Mitchell Plant)

    - Agreement No. AEP-07-TR-901 dated January 1, 2008 between AEPSC, as agent for its affiliated companies (including Kentucky Power), and Solvay Chemicals, Inc., as amended (delivered by truck)

  - Fly Ash (Mitchell Plant)

    - Fly Ash Sale Agreement No. SC-16-S-003 dated January 1, 2017 between AEPSC, as agent for Kentucky Power, and Headwaters Resources, LLC (aka Boral)

  - CertainTeed Gypsum (Mitchell Plant)

    - Supply Agreement dated March 11, 2005 between CertainTeed Gypsum West Virginia Inc. ("CertainTeed", f/k/a BPB West Virginia Inc.) and Kentucky Power (as assignee of Ohio Power Company), as amended by Amendment No. 2010-1 dated August 2, 2010, as further amended by Amendment No. 2012-1 dated February 20, 2012, and as further amended by Amendment No. 2013-1 dated June 5, 2013 (the "CertainTeed Contract")

- **Other Contracts**

  - Unit Power Agreement dated August 1, 1984 between Kentucky Power and AEP Generating Company

  - Conner Run Impoundment Transition and Joint Use Operating Agreement dated July 2, 2015 between Kentucky Power and Consolidation Coal Company

  - Service Agreement dated June 15, 2000 between Kentucky Power and AEPSC

[redacted]

  - Transmission Agreement dated April 1, 1984, as amended November 1, 2010, among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC

  - PJM Transmission Formula Rate – Attachment H-14 (Kentucky Power) and H-20 (Kentucky TransCo) of PJM Open Access Transmission Tariff ("OATT") among

Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC

- AEP Open Access Transmission Tariff (OATT) dated June 20, 2017 among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Texas Inc. (formed via merger of AEP Texas Central Company and AEP Texas North Company), Public Service Company of Oklahoma, Southwestern Electric Power Company and AEPSC (including cancellation of the certificate of concurrence)

- Affiliated Transactions Agreement for Sharing Capitalized Spare Parts dated January 1, 2014 among AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company

- Affiliated Transactions Agreement for Sharing Materials and Supplies dated January 1, 2014 among AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company and AEP Generating Company

- Affiliated Transactions Agreement dated December 31, 1996 by and among AEPSC, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power, Kingsport Power Company, Ohio Power Company and Wheeling Power Company

- Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended by Amendment No. 1 dated September 12, 2013, as further amended by Amendment No. 2 dated May 9, 2019.

- Contract between Kentucky Power and Entact LLC, No. 02859746 for Big Sandy Pond Closure

- Contract between Kentucky Power and Early Construction Co, No. 03018207 for Pikeville Transmission Service Center Construction

- Contract between Kentucky Power and R B Jergens Inc., No. 80302613 for Mitchell Plant Disposal Operations

(ii)

- **Municipality Contracts**

    - Cost-Based Formula Rate Agreement for Full Requirements Electric Service dated December 14, 2005 among AEPSC, as agent for Kentucky Power, the City of Vanceburg, Kentucky, and the Electric Plant Board of the City of Vanceburg, Kentucky; with FERC Rate Schedule No. 51 Agreed Upon Revisions filed with FERC on December 6, 2007

    - Cost-Based Formula Rate Agreement for Full Requirements Electric Service dated December 21, 2005 between AEPSC, as agent for Kentucky Power, and the City of Olive Hill, Kentucky; with FERC Rate Schedule No. 52 Agreed Upon Revisions filed with FERC on January 9, 2008

- **Other Contracts**

    - PJM Transmission Formula Rate – Attachment H-14 (Kentucky Power) and H-20 (Kentucky TransCo) of PJM Open Access Transmission Tariff ("OATT") among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC

    - Reactive Supply and Voltage Control from Generation Service Tariff dated June 1, 2015 among Kentucky Power, Wheeling Power Company, Appalachian Power Company and Indiana Michigan Power Company (to remove the Kentucky Power portion of Mitchell Plant and Big Sandy Plant from the AEP Reactive Revenue Requirement in addition to withdrawal of Kentucky Power)

    - AEP Operating Companies Market Based Rate Tariff among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC (including termination of the certificate of concurrence)

    - FERC Electronic Tariff for Market-Based Sales Tariff dated March 1, 2019

    - Reactive Supply and Voltage Control from Generation Sources Service Rate Schedule no. 304

    - AEP Generating Company FERC Rate Schedule No. 2 Unit Power Service to Kentucky Power dated December 31, 2012

    - The following agreements related to participation in PJM

        - Consolidated Transmission Owners Agreement dated December 15, 2005 among Kentucky Power, Kentucky TransCo and the other Transmission Owners (as defined therein)

- Reliability Assurance Agreement dated June 1, 2007 among Kentucky Power, Kentucky TransCo and the other Members (as defined therein)
- Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. among Kentucky Power and the other Parties thereto (as defined therein)
- PJM Tariff

(iii)

- Note Purchase Agreement dated June 18, 2009 between Kentucky Power and American United Life Insurance Company, et al.

- Note Purchase Agreement dated July 10, 2014 between Kentucky Power and Teachers Insurance and Annuity Association of America, et al.

- Note Purchase Agreement dated September 12, 2017 between Kentucky Power and Pensionskasse Des Bundes Publica, et al.

- Loan Agreement dated June 15, 2014 between Kentucky Power and West Virginia Economic Development Authority as amended on June 1, 2020

- Prospectus Supplement dated June 10, 2003 to Prospectus dated June 10, 2003 for $75,000,000 5.625 Senior Notes Series D, due 2032

- Agreement of Resignation, Appointment and Acceptance dated September 26, 2018 among Kentucky Power, Deutsche Bank Trust Company Americas, and The Bank of New York Mellon Trust Company, N.A

- Indenture dated September 1, 1997 between Kentucky Power and Bankers Trust Company relating to certain of the Senior KPCo Notes

- The agreements disclosed on Section 4.16 of the Sellers Disclosure Letter and any replacements thereof entered into in accordance with Section 4.1(a)(viii)

(iv)

- The Contracts described in Section 4.9 of the Sellers Disclosure Letter

(v)

- Existing Mitchell Operating Agreement and the replacement thereof with the Mitchell Plant Ownership Agreement as of the Closing Date

- Existing PCA

- Grid Assurance LLC Amended and Restated Subscription Agreement dated April 2, 2019 among Grid Assurance LLC, Kentucky Power, and Kentucky TransCo and several other Affiliates, as amended. Kentucky Power participated in the Grid Assurance program in accordance with an Order entered on November 15, 2018 in Case No. 2018-00287 by the KPSC

- Amended and Restated Cook Coal Terminal Transfer Agreement dated December 16, 2013 between Kentucky Power, AEP Generating Company, Appalachian Power Company and Indiana Michigan Power Company

- Gypsum Letter Agreement dated December 31, 2013 among Cardinal Operating Company, Buckeye Power Cooperative LLC, and Kentucky Power

- Amended and Restated Urea Handling Agreement dated December 16, 2013 among Indiana Michigan Power Company, Kentucky Power and Appalachian Power Company

- AEP System Rail Car Use Agreement dated April 1, 1982 among Indiana Michigan Power Company, Appalachian Power Company, Ohio Power Company, Southwestern Electric Power Company, Public Service Company of Oklahoma and Kentucky Power, as amended by Amendment No. 1 dated July 1, 2006, as further amended by Amendment No. 2 dated September 12, 2013

- American Electric Power Company, Inc. and its Consolidated Affiliates Tax Agreement under Title 17, Chapter II of the Code of Federal Regulations Paragraph (C) of Section 250.45 Regarding Method of Allocating Consolidated Income Taxes

- Rail Car Maintenance Agreement dated August 1, 2013 among AEP Generating Company, Ohio Power Company, Appalachian Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company.

- Agreement between Kentucky Power and AEP Energy Services, Inc. dated July 7, 1983

- Purchase Contract dated March 31, 1975 between Kentucky Power and Indiana Franklin Realty, Inc.

- Purchase Contract dated June 7, 1963 between Kentucky Power and The Franklin Real Estate Company

- Affiliated Transactions Agreement for Sharing Materials, Equipment, Supplies, and Capitalized Spare Parts dated May 13, 2021 among (a) Appalachian Power Company, Wheeling Power Company, Indiana Michigan Power Company, Kentucky Power, Kingsport Power Company, Ohio Power Company; (b) Public Service Company of Oklahoma, Southwestern Electric Power Company, and AEP Oklahoma Transmission Company; and (c) American Electric Power Service Corporation, as agent

- Affiliated Transactions Agreement for Sharing Transmission Assets dated May 13, 2021 among (a) AEP Ohio Transmission Company, Inc., AEP West Virginia Transmission Company, Inc., AEP Appalachian Transmission Company, Inc., AEP Indiana Michigan Transmission Company, Inc., and Kentucky TransCo; (b) Appalachian Power Company, Wheeling Power Company, Indiana Michigan Power Company, Kentucky Power, Kingsport Power Company, Ohio Power Company; and (c) American Electric Power Service Corporation, as agent

- Assignment to Kentucky Power dated December 15, 2013 of Ohio Power Company's interest in Gypsum and Purge Stream Waste Disposal Agreement dated November 16, 2007 between Appalachian Power Company and Ohio Power Company
- Agreement between Kentucky Power and AEP Energy Solutions, Inc. dated September 27, 1996
- Bridge Agreement dated January 1, 2014 among Kentucky Power, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company and AEPSC (including cancellation of the certificate of concurrence)
- System Integration Agreement dated June 15, 2000, as amended June 1, 2015, among Kentucky Power, Wheeling Power Company, Appalachian Power Company, Indiana Michigan Power Company, Public Service Company of Oklahoma, Southwestern Electric Power Company and AEPSC, as amended (including cancellation of the certificate of concurrence)
- Transmission Agreement dated April 1, 1984, as amended November 1, 2010, among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC
- Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended
- Affiliated Transactions Agreement For Sharing Capitalized Spare Parts dated January 1, 2014 between AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company
- Central Machine Shop Agreement dated January 1, 1979 among Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Generating Company and AEP Generation Resources Inc.
- Unit Power Agreement dated August 1, 1984 between Kentucky Power and AEP Generating Company
- Service Agreement dated June 15, 2000 between Kentucky Power and AEPSC
- Transmission Agreement dated April 1, 1984, as amended November 1, 2010, among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company and AEPSC
- AEP Open Access Transmission Tariff (OATT) dated June 20, 2017 among Kentucky Power, Wheeling Power Company, Ohio Power Company, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Texas

Inc. (formed via merger of AEP Texas Central Company and AEP Texas North Company), Public Service Company of Oklahoma, Southwestern Electric Power Company and AEPSC, (including cancellation of the certificate of concurrence)

- Affiliated Transactions Agreement for Sharing Materials and Supplies, dated January 1, 2014 among AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company and AEP Generating Company

- Affiliated Transactions Agreement dated December 31, 1996 among American Electric Power Service Corporation, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power, Kingsport Power, Ohio Power Company and Wheeling Power Company

(vi)

[redacted]

(vii)

[redacted]

(viii)

None

(ix)

None

(x)

- Master Lease Agreement with Banc of America Leasing and Capital LLC dated September 2, 2014

- Master Leasing Agreement with The Huntington National Bank dated December 29, 2008

- Master Equipment Lease Agreement with Huntington Technology Finance, Inc. dated September 17, 2018

- Master Lease Agreement with RBS Asset Finance Inc. dated December 30, 2008

(xi)

Vendor Name	Contract	PO Description
ASPLUNDH TREE EXPERT LLC	03026984	ASPLUNDH - VEGETATION MANAGEMENT - KY - D
ELLIOT, DAVIS H CO INC	03006375	DAVIS H. ELLIOT - DIST. OVERHEAD LINE CONSTRUCTION - KENTUCKY
NELSON TREE SERVICE LLC	03029091	NELSON TREE SERVICE - VEGETATION MANAGEMENT - KENTUCKY - D
WRIGHT TREE SVC	03027670	WRIGHT TREE - VEGETATION MANAGEMENT - KENTUCKY - D
ASPLUNDH CONSTRUCTION LLC	400921	ASPLUNDH CONST -DISTRIBUTION STORM RESTORATION SERVICES
MEADE INC	20005777	RIGHT OF ENTRY -DISTR & TRANS LINE STORM SUPPORT
ASPLUNDH TREE EXPERT LLC	03026984	ASPLUNDH - VEGETATION MANAGEMENT - KY - T
PIKE ELECTRIC INC	02701237	Pike - Hazard-Wooton 161kV T-line KPCo - 42743085 - P13064029
BLACK & VEATCH CONSTRUCTION INC	02886854	B&V:CANNONSBURG-S NEAL EPC: CANNONSBURG-SOUTH NEAL REBUILD

(xii)

- The Contracts described in <u>Section 4.9 of the Sellers Disclosure Letter</u>

(xiii)

- Unit Power Agreement dated August 1, 1984 between Kentucky Power and AEP Generating Company

[redacted]

(xiv)

- **Fuel and Transportation Contracts**
    - Coal (Mitchell Plant)
        - Coal Purchase and Sale Agreement No. 07-77-05-900 dated January 6, 2006 between Kentucky Power and ACNR Coal Sales, Inc. (successor to Consolidation Coal Company and McElroy Coal Company), as amended

- Purchase Order 03-00-18-010 dated November 13, 2018 between Kentucky Power and Blackhawk Coal Sales, LLC
- Purchase Order 03-00-19-002 dated September 17, 2019 between Kentucky Power and Javelin Global Commodities (UK) Ltd
- Master Coal Purchase and Sale Agreement Number AEP-KPCO-CCS-19-001 dated March 22, 2019 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC)
- Confirmation Number 03-00-19-9M1 dated March 22, 2019 to Master Agreement Number AEP-KPCO-CCS-19-001 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC)
- Confirmation Number 03-00-19-9M3 dated September 17, 2019 to Master Agreement Number AEP-KPCO-CCS-19-001 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC)

o <u>Coal Transportation (Mitchell Plant)</u>

- Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended by Amendment No. 1 dated September 12, 2013 and Amendment No. 2 dated May 9, 2019

o <u>Natural Gas (Big Sandy Plant)</u>

- Gas purchased daily on the spot market from approximately 8-12 suppliers a month; credit approved suppliers effective March 15, 2021 include CNX Gas Company LLC, DTE Energy Trading, Inc., EDF Trading North America, LLC, Eco-Energy Natural Gas, LLC, Emera Energy Services, Inc., Interstate Gas Supply, Inc., J. Aron & Company LLC, Macquarie Energy LLC, Mercuria Energy America, LLC, NJR Energy Services Company, NextEra Energy Marketing, LLC, Range Resources – Appalachia, LLC, Respol Energy North America Corporation, Sequent Energy Management, L.P., ARM Energy Management, Atmos Energy Marketing, LLC, BioUrja Trading, LLC, Concord Energy LLC, Elevation Energy Group, LLC, Freepoint Commodities LLC, MIECO Inc., Snyder Brothers, Inc., Spire Marketing Inc., Spotlight Energy, LLC, Symmetry Energy Solutions, LLC, Tenaska Marketing Ventures, Texla Energy Management Inc., and Twin Eagle Resource Management, LLC

o <u>Natural Gas Transportation (Big Sandy Plant)</u>

- FTS Service Agreement No. 173522 dated May 31, 2016 between Kentucky Power and Columbia Gas Transmission, LLC, with Negotiated Rate Letter Agreement Appendix B dated May 27, 2016

- Master PAL (Park and Loan) Agreement No. 178682 dated July 8, 2016 between Kentucky Power and Columbia Gas Transmission, LLC
- SIT Service Agreement No. 177527 dated May 27, 2016 between Kentucky Power and Columbia Gas Transmission, LLC
- ITS (Interruptible) Service Agreement No. 184164 dated November 28, 2016 between Kentucky Power and Columbia Gas Transmission, LLC

- Fuel Oil (Mitchell Plant)

    - AEP Order No. 03-FO-20-001 dated June 22, 2020 between Kentucky Power and Pilot Travel Centers LLC (delivered by tanker truck)

(xv)

- All hedging transactions for the Acquired Companies are effected through an Affiliate and transacted by the Acquired Companies via the Existing PCA

(xvi)

None

(xvii)

- The Collective Bargaining Agreements disclosed on Section 2.14(b) of the Sellers Disclosure Letter

(xviii)

- The Existing Mitchell Operating Agreement and the replacement thereof with the Mitchell Plant Ownership Agreement as of the Closing Date

Section 2.8(b)
Material Contracts - Enforceability

[redacted]

Section 2.9
Company Registered Intellectual Property

Registered Trademarks

"Kentucky Power", registration number 1497111, owned by Kentucky Power

Internet Domain Names[3]

kentuckypower.com
kentuckypower.net
ketuckypower.org
kentuckypowersucks.com
kentuckypowerreallysucks.com
kentuckypower.mobi
kentuckypower-email.com
kentuckypower-aep.com
gridsmartkentucky.com
kentuckypower-mail.com

Patents and Applications

None

Registered Copyrights

None

[3] The domain names will be transferred from an account that is currently owned by AEPSC to an account in the name of Kentucky Power on or prior to Closing.

Section 2.10
Legal Proceedings

<u>Pending Litigation</u>:

Cambrian Holding Bankruptcy; Cambrian Holding Company, Inc., et al. v. Kentucky Power (Eastern District of Kentucky Bankruptcy Court). The Cambrian Holding debtors and the liquidating trustee of Cambrian Liquidating Trust have filed an adversary action against Kentucky Power in the amount of $2.226 million. The adversary Complaint to Avoid Transfers was filed on June 11, 2021.

<u>Threatened Claims</u>:

None

<u>Orders</u>:

The NSR Consent Decree

Section 2.12
Real Property

Certain Real Property is held by Franklin Real Estate Company, an Affiliate of Sellers, as set forth on Section 2.7(c) of the Sellers Disclosure Letter. Such interest in real property will be transferred to Kentucky Power by deed or other transfer instrument in form reasonably acceptable to Purchaser prior to the Closing.

Section 2.13(a)
Sellers Benefit Plans

- American Electric Power System Retirement Plan
- American Electric Power System Excess Benefit Plan
- AEP Retirement Savings 401(k) Plan
- American Electric Power System Supplemental Retirement Savings Plan
- American Electric Power System Comprehensive Medical Plan (which provides both medical and dental benefit options)
- American Electric Power System Comprehensive Vision Plan
- American Electric Power System Life & Accident Insurance Plan
- American Electric Power System Health Care Flexible Spending Account Program
- American Electric Power System Dependent Care Assistance Program
- American Electric Power Sick Pay Policy
- American Electric Power Vacation/Personal Time Off Policy
- American Electric Power Holiday Policy
- American Electric Power Leave of Absence Policies for Parental, FMLA, Military Leave, Jury Duty and Bereavement
- American Electric Power System Long-Term Disability Plan
- American Electric Power Group Legal Plan
- American Electric Power Company, Inc. Severance Plan
- American Electric Power Executive Severance Plan
- American Electric Power System Long-Term Incentive Plan 1
    - Performance Share Award Agreement
    - Restricted Stock Unit Award Agreement
- American Electric Power System Incentive Compensation Deferral Plan
- American Electric Power Annual Incentive Compensation Plan:
  - Utilities/Kentucky Power Plan
  - Energy Delivery Plan
  - Generation Plan
  - Corporate/Staff Plan

Section 2.13(f)
Sellers Benefit Plans – Triggering Events Caused by the Agreement

(i) [redacted]

(ii) None

(iii) The consummation of the transaction would be considered a Triggering Event under the Performance Share Award Agreements that have been effective for at least 6 months and issued to certain Acquired Employees who remain employed by an Acquired Company after the Closing Date. Upon a Triggering Event, a prorated portion of the performance shares remain outstanding (number of whole months from the Effective Date through the Closing Date divided by 36). The prorated portion that remains outstanding will vest as of the Vesting Date and will be subjected to the applicable Overall Performance Score for that award. The value of such performance shares will become payable after the conclusion of the three-year performance and vesting period.

An annex to this Section (file named "Annex 2.13(f) Long Term Incentive Awards") containing the names and grants of the outstanding performance awards was shared on a confidential basis in email from John Melly (Sellers' counsel) to Jun Won Kim (Purchaser's counsel) on October 26, 2021 at 12:46 AM ET.

(iv) None

[redacted]

Section 2.13(g)
ERISA Title IV Plans

Kentucky Power is charged with a portion of the contributions to the American Electric Power System Retirement Plan, which is a Benefit Plan that is subject to Title IV of ERISA.

Section 2.13(h)
Post Service Medical Benefits

AEP offers retiree medical, dental and life insurance benefits for its employees meeting age and years of service requirements and who were hired prior to January 1, 2014, and a portion of the liability for this has been allocated to Kentucky Power Business Units.

Section 2.14(a)
Labor Matters

Schedule (file named “Nickel Project Table for Insert into Schedule 2.14(a) - KY Power”) was shared on a confidential basis in email from Michael Espinoza (Sellers’ counsel) to Jun Won Kim (Purchaser’s counsel) on October 23, 2021 at 2:19 PM ET.

Section 2.14(b)
Labor Matters

- IBEW Local 978 represents a portion of hourly Kentucky Power employees. Specifically, Kentucky Power is a party to agreements that cover employees for Ashland, Hazard, Pikeville and the Big Sandy Plant. These agreements also cover employees of other companies in the AEP corporate group other than Kentucky Power. These agreements all expire on March 31, 2022. Certain AEPSC employees are represented under these agreements (Fleet, Stores, Line).

    1. AEP Companies/IBEW System Council U-9 Master Collective Bargaining Agreement, along with IBEW Locals 329, 386, 696, 738, 876, 934, 978, 1002, 1392 and 1466 ("IBEW Master") - This agreement is currently under negotiation for renewal and expected to be renewed before the end of 2021.
    2. Agreement between Kentucky Power and Local Union 978 Ashland District Bargaining Unit [5]
    3. Agreement between Kentucky Power and Local Union 978 Hazard Bargaining Unit
    4. Agreement between Kentucky Power and Local Union 978 Pikeville FRO Bargaining Unit
    5. Agreement between Kentucky Power Big Sandy Plant and Local 978, International Brotherhood of Electrical Workers
    6. Agreement between AEPSC and Local 1466 Unit 1, International Brotherhood of Electrical Workers

- UWUA Local 492 represents hourly Kentucky Power employees at the Mitchell Plant. This agreement expires on May 31, 2022. Negotiations for renewal on the UWUA Agreement will commence following the completion of negotiations on the IBEW Master Agreement.

    1. Agreement between Kentucky Power – Mitchell Plant and Local 492 Utility Workers Union of America AFL-CIO

Represented employee count as of 06/30/2021 (excluding vacancies)

IBEW 978 – Big Sandy	15
IBEW 978 -Pikeville – Field Rev	4
IBEW 978 -Ashland	32
IBEW 978 -Hazard, Whtsbrg	32
UWUA 492-Mitchell	124[6]

[5] Negotiations on the agreements listed in numbers 2-6 with the local bargaining units will commence at the conclusion of the renegotiation of the Master Agreement, and are expected to conclude in February 2022.
[6] Number includes Mitchell Employees.

Section 2.14(c)
Separation Programs

- Since January 1, 2018, a number of employees at the following locations have received benefits under the American Electric Power Severance Plan because of the elimination of their positions:
    - 14 employees at the Big Sandy Plant
    - 23 employees at the Mitchell Plant
    - 2 employees in Ashland, KY

- In June 2020, AEP announced a retirement incentive program that provided certain cash and stock awards to eligible employees who voluntarily retired as of July 31, 2020 or such later date as approved. Those eligible who were then employees of an Acquired Company were limited to employees at salary grades 11 through 16 who were at least age 55 with no less than 10 years of service as of July 31, 2020. Only one of them accepted the offer.

Section 2.14(d)
Sexual Harassment

None

Section 2.15
Taxes

[redacted]

[redacted]

Section 2.16(b)
Environmental Matters - Consent Decrees, Agreements or Orders

Kentucky Power is a party to the NSR Consent Decree.

Section 2.16(c)
Environmental Matters - Releases

None

Section 2.16(d)
Environmental Claims

AEP received a Notice of Violation dated October 19, 2021 ("NOV")from the Pennsylvania Department of Environmental Protection regarding a disposal of residual waste related to Mitchell Plant at the Arden Landfill in Chartiers Township, Washington County. Kentucky Power sold a Mitchell Plant transformer to a third party for scrap. The third party sent the industrial waste from the process to scrap the transformer to a Pennsylvania landfill, allegedly without a proper waste profile. Kentucky Power intends to respond to the NOV indicating that it was not the owner or generator of the waste. The NOV is not likely to result in any material Liability**.**

Section 2.16(e)
Assumed Environmental Liabilities

Asset Contribution Agreement between AEP Generation Resources Inc. and Newco Kentucky Inc. (merged into Kentucky Power) dated December 31, 2013 for the transfer of an undivided 50% interest in the Mitchell Plant

Kentucky Power has assumed certain liabilities under Environmental Law as a result of the NSR Consent Decree

Section 2.19
Insurance

See attached Annex 2.19

PROPERTY INSURANCE

INSURER	POLICY	TERM	LIMITS	% SHARE	DEDUCTIBLE	EXCESS OF
CONVENTIONAL PROPERTY INSURANCE						
Energy Insurance Services (EIS)	P003-190378	07/01/2021 -07/01/2022	VARIOUS		VARIOUS	
AEGIS	PO5307008P	07/01/2021 -07/01/2022	275,000,000.00	55.00%		15,000,000.00
Cedar Hamilton	CHPM21AA011A	07/01/2021 -07/01/2022	50,000,000.00	10.00%		
Lloyds (Travelers. Convex)	ME2122245	07/01/2021 -07/01/2022	25,000,000.00	5.00%		
Lancashire	ME2122414	07/01/2021 -07/01/2022	6,250,000.00	1.25%		
National Fire Insurance Company	080666468	07/01/2021 -07/01/2022	50,000,000.00	10.00%		
General Security Indemnity Company of AZ	FA0058943-2021-1	07/01/2021 -07/01/2022	50,000,000.00	10.00%		
			456,250,000.00	**91.25%**		
Convex Terroism Wrap	PF2109033	07/01/2021 -07/01/2022	6,250,000.00	1.25%		15,000,000.00
Lloyds (Argenta (4%), AEGIS (1.5%), CNA Hardy (1.25%))	ME2132020	07/01/2021 -07/01/2022	16,875,000.00	6.75%		15,000,000.00
Validus	AJA091749N21/AFZ204460G12	07/01/2021 -07/01/2022	5,000,000.00	2.00%		
			21,875,000.00	**8.75%**		
Convex Terroism Wrap	PF2109033	07/01/2021 -07/01/2022	16,875,000.00	6.75%		15,000,000.00
Arch	ME2032014	07/01/2021 -07/01/2022	4,375,000.00	1.75%		250,000,000.00
			4,375,000.00	1.8%		
Chubb Bermuda	ME2122269	07/01/2021 -07/01/2022	13,125,000.00	3.50%		250,000,000.00
HDI Global Specialty	ME2122269	07/01/2021 -07/01/2022	13,125,000.00	3.50%		
			26,250,000.00	**7.00%**		
Chubb Bermuda	ME2115262	07/01/2021 -07/01/2022	56,250,000.00	45.00%		500,000,000.00
Energy Insurance Mutual	311350-21-GP	07/01/2021 -07/01/2022	35,000,000.00	28.00%		
Cedar Hamilton	CHPM21AA011A	07/01/2021 -07/01/2022	25,000,000.00	20.00%		
			116,250,000.00	**93.00%**		
NOA	ME2120867	07/01/2021 -07/01/2022	25,000,000.00	20.0%		625,000,000.00
Lloyds (Argenta 10%, Travelers 5%,Convex 6%, Lancashire	ME2120789	07/01/2021 -07/01/2022	32,500,000.00	26.0%		
			57,500,000.00	**46.00%**		
Convex Terrorism Wrap	PF2109033	07/01/2021 -07/01/2022	**100,000,000.00**	**80.00%**		625,000,000.00
Liberty	ME2120824	07/01/2021 -07/01/2022	18,750,000.00	15.00%		625,000,000.00
EIS/ EIM	P003200381	07/01/2021 -07/01/2022	6,250,000.00	5.00%		
ARK	ME2120830	07/01/2021 -07/01/2022	30,000,000.00	24.00%		
Hiscox/Atrium	ME2120867	07/01/2021 -07/01/2022	12,500,000.00	10.00%		
			67,500,000.00	**54.00%**		
			750,000,000.00			
BOILER INSPECTIONS						
Hartford Steam Boiler	AIG JURISDICTIONAL	07/01/2021 -07/01/2022				
Conventional Property Insurance Total						
TRANSIT						

Lloyds of London	B0180PC1909397	11/01/2020-11/01/2021	**15,000,000.00**			
AUTOMOBILE PHYSICAL DAMAGE						
Energy Insurance Services Inc. (EIS)	P003-210430	03/01/2021-03/01/2022	Actual Cash Value		1,000/5,000	
AVIATION (PHYSICAL DAMAGE)						
Commerce and Industry Insurance Company	GM 005393070-28	08/01/2021-08/01/2022	**150,000,000.00**		0.00	
AVIATION (LIABILITY)						
Commerce and Industry Insurance Company	GM 005393070-28	08/01/2021-08/01/2022	**150,000,000.00**		0.00	

MARINE INSURANCE

INSURER	POLICY	TERM	LIMITS	% SHARE	DEDUCTIBLE	EXCESS OF
MARINE HULL						
U.S. Specialty Insurance Company	CUL50150.101	10/01/2021-10/01/2022	**5,000,000.00**		75,000.00	
Endurance Specialty Insurance	OBR10014748502	10/01/2021-10/01/2022	5,600,000.00	50%		
Eagle Ocean America	VCF3000065	10/01/2021-10/01/2022	3,360,000.00	30%		5,000,000.00
Liberty	LIUH0039401	10/01/2021-10/01/2022	2,240,000.00	20%		
			11,200,000.00			
Marine Hull Insurance Total			**16,200,000.00**			
PROTECTION AND INDEMNITY						
U.S. Specialty Insurance Company	CUL50150.101	10/01/2021-10/01/2022	**5,000,000.00**		150,000.00	
Endurance Specialty Insurance	OMX10014748602	10/01/2021-10/01/2022	5,000,000.00	25%		5,000,000.00
Starr Indemnity & Liabiity Company	MASILCH00215022	10/01/2021-10/01/2022	5,000,000.00	25%		
ASCOT	MAXS201000173001	10/01/2021-10/01/2022	5,000,000.00	25%		
Liberty	NYAB3LZD002	10/01/2021-10/01/2022	5,000,000.00	25%		
			20,000,000.00			
AEP Corporate Umbrella	VARIOUS	07/01/2020-07/01/2021	**425,000,000.00**			25,000,000.00
Protection and Indemnity Total						
VESSEL POLLUTION						
Safe Harbor	V1500221	10/01/2020-10/01/2021				

LIABILITY INSURANCE

INSURER	POLICY	TERM	LIMITS	% SHARE	DEDUCTIBLE	EXCESS OF
BUSINESS AUTO INSURANCE (FRONT)						
Old Republic Insurance Company	MWTB-316377	07/01/2021-07/01/2024	**1,000,000.00**		0.00	
COMMERCIAL GENERAL LIABILITY (FRONT)						
Old Republic Insurance Company	MWTB-316379	07/01/2021-07/01/2024	**1,000,000.00**		0.00	

PUBLIC LIABILITY DEDUCTIBLE REIMBURSEMENT

Energy Insurance Services Inc. (EIS)	P003-210429	03/01/2021-03/01/2022	**1,000,000.00**		0.00	

EXCESS PUBLIC LIABILITY

Energy Insurance Services Inc.	P003-210454	07/01/2021-07/01/2022	**9,000,000.00**		1,000,000.00	
Energy Insurance Services Inc.	P003-210456	07/01/2021-07/01/2022	**8,750,000.00**			10,000,000.00
AEGIS	XL5130310P	07/01/2021-07/01/2022	**26,250,000.00**			10,000,000.00
Energy Insurance Mutual	255028-21GL	07/01/2021-07/01/2022	**125,000,000.00**			45,000,000.00
Cedar Hamilton	CHXM21AA007A	07/01/2021-07/01/2022	**50,000,000.00**			170,000,000.00
Sompo	EXC10014633200	07/01/2021-07/01/2022	**15,000,000.00**			220,000,000.00
OCIL	U921087-0721	07/01/2021-07/01/2022	**10,000,000.00**			235,000,000.00
SCOR	18318BE21	07/01/2021-07/01/2022	10,000,000.00	33.00%		245,000,000.00
CVStarr	18318BE21	07/01/2021-07/01/2022	10,000,000.00	33.00%		
HDI Global Specialty SE	18319W19	07/01/2021-07/01/2022	10,000,000.00	34.00%		
			30,000,000.00	**100.00%**		
Helix	CASFO1000052BM2021	07/01/2021-07/01/2022	**15,000,000.00**			275,000,000.00
Argo	ARGOCASM00008913	07/01/2021-07/01/2022	**20,000,000.00**			290,000,000.00
AIG	13058224	07/01/2021-07/01/2022	**25,000,000.00**			310,000,000.00
Everest	XC5EX01034/2011	07/01/2021-07/01/2022	**15,000,000.00**			335,000,000.00
Chubb Bermuda	AEP-2077-AE03	07/01/2021-07/01/2022	**42,500,000.00**			350,000,000.00
Energy Insurance Services Inc.	P003-210453	07/01/2021-07/01/2022	**12,500,000.00**			392,500,000.00
AXA XL	BM00036242LI21A	07/01/2021-07/01/2022	**30,000,000.00**			405,000,000.00
Public Liability Total			**434,000,000.00**			

EXECUTIVE LIABILITY INSURANCE

INSURER	POLICY	TERM	LIMITS	% SHARE	DEDUCTIBLE	EXCESS OF
DIRECTORS AND OFFICERS LIABILITY						
Associated Electric & Gas Insurance Services Ltd	DP5006321P	05/1/2021-05/1/2022	35,000,000.00		7,500,000.00	
Energy Insurance Mutual Ltd	294983-21DO	05/1/2021-05/1/2022	50,000,000.00			35,000,000.00
Zurich American Insurance Co.	DOC 3635278-20	05/1/2021-05/1/2022	15,000,000.00			85,000,000.00
Continental Casualty Company	652219044	05/1/2021-05/1/2022	15,000,000.00			100,000,000.00
U.S. Specialty Insurance Company	14-MGU-21-A51703	05/1/2021-05/1/2022	15,000,000.00			115,000,000.00
XL Specialty Insurance Company	ELU174687-21	05/1/2021-05/1/2022	10,000,000.00			130,000,000.00
Arch Insurance Co.	DOX9300162-07	05/1/2021-05/1/2022	15,000,000.00			140,000,000.00
Travelers Casualty & Surety Co.	105581130	05/1/2021-05/1/2022	10,000,000.00			155,000,000.00
Westchester Fire Insurance Company	G2320467 016	05/1/2021-05/1/2022	10,000,000.00			165,000,000.00
Berkley Insurance Company	BPRO8062325	05/1/2021-05/1/2022	10,000,000.00			175,000,000.00
RSUI Indemnity Company	NHS693050	05/1/2021-05/1/2022	15,000,000.00			185,000,000.00
Markel American Insurance Company	MKLM6EL0006648	05/1/2021-05/1/2022	10,000,000.00			200,000,000.00
Freedom Specialty Insurance Company	XMF2101047	05/1/2021-05/1/2022	15,000,000.00			210,000,000.00
Arch Bermuda	DOX0032257-12	05/1/2021-05/1/2022	15,000,000.00			225,000,000.00
National Union Fire Insurance Company	01-232-79-44	05/1/2021-05/1/2022	10,000,000.00			240,000,000.00
Allianz Global Risks US Insurance Company	USF00084721	05/1/2021-05/1/2022	15,000,000.00			250,000,000.00
Berkshire Hathaway Specialty Insurance Company	47-EPC-315031-01	05/1/2021-05/1/2022	10,000,000.00			265,000,000.00
			275,000,000.00			
DIRECTORS AND OFFICERS LIABILITY - SIDE A ONLY			**SIDE A ONLY**			
U.S. Specialty Insurance Company	14-MGU-21-A51704	05/1/2021-05/1/2022	15,000,000.00			275,000,000.00
Travelers Casualty & Surety Co.	105758182	05/1/2021-05/1/2022	10,000,000.00			290,000,000.00
Arch Insurance Company	ABX1000225-00	05/1/2021-05/1/2022	10,000,000.00			300,000,000.00
Endurance American Insurance Co.	ADX10003905508	05/1/2021-05/1/2022	15,000,000.00			310,000,000.00

			50,000,000.00			
INDEPENDENT DIRECTORS LIABILITY						
XL Specialty Insurance Company	ELU174688-21	05/1/2021-05/1/2022	**15,000,000.00**			325,000,000.00
Directors and Officers Liability Total			**340,000,000.00**			
FIDUCIARY LIABILITY						
Associated Electric & Gas Insurance Services Ltd	FP5750604P	05/1/2021-05/1/2022	25,000,000.00		250,000/1,000,000	
U.S. Specialty Insurance Company	14-MGU-21-A51705	05/1/2021-05/1/2022	15,000,000.00			25,000,000.00
Energy Insurance Mutual Ltd	274982-21FL	05/1/2021-05/1/2022	25,000,000.00			40,000,000.00
Freedom Specialty Insurance Co.	XMF2101044	05/1/2021-05/1/2022	10,000,000.00			65,000,000.00
Fiduciary Liability Total			**75,000,000.00**			
COMMERCIAL CRIME						
XL Specialty Insurance Company	ELU173715-21	03/15/2021-03/15/2022	10,000,000.00		500,000.00	
Berkley Insurance Company	BCCR-45003841-21	03/15/2021-03/15/2022	10,000,000.00			10,000,000.00
Travelers Casualty & Surety Co. of America	106260495	03/15/2021-03/15/2022	7,500,000.00			20,000,000.00
Zurich American Insurance Company	FID 2944668-21	03/15/2021-03/15/2022	7,500,000.00			27,500,000.00
Commercial Crime Total			**35,000,000.00**			
PROFESSIONAL LIABILITY						
Energy Insurance Services Inc. (EIS)	P003-210431	04/01/2021-04/01/2022	**1,000,000.00**		5,000.00	
CYBER LIABILITY						
Associated Electric & Gas Insurance Services Ltd	CP5628507P	10/01/2021-10/01/2022	90,000,000.00	89%	5,000,000.00	
Cedar Hamilton (NEIL)	CHCM221AA009Z	10/01/2021-10/01/2022	90,000,000.00	11%		
Energy Insurance Mutual	245241-21CY	10/01/2021-10/01/2022	10,000,000.00			90,000,000.00
Cyber Liability Total			**100,000,000.00**			

NUCLEAR, WORKERS' COMPENSATION AND OTHER INSURANCE

INSURER	POLICY	TERM	LIMITS	% SHARE	DEDUCTIBLE	EXCESS OF
NUCLEAR PROPERTY						
Nuclear Electric Insurance, Ltd.	P20-047	05/01/2020-05/01/2021	1,460,000,000.00		5,000,000.00	
European Mutual	A11/998/2020/0	05/01/2020-05/01/2021	40,000,000.00	10% of $400,000,000	5,000,000.00	
			1,500,000,000.00			
Nuclear Energy Insurance, Ltd	X20-019	05/01/2020-05/01/2021	**1,250,000,000.00**			1,460,000,000.00
NUCLEAR - ACCIDENTAL OUTAGE						
Nuclear Electric Insurance, Ltd.	E20-019	05/01/2020-05/01/2021	**490,000,000.00**		12 Weeks	
Nuclear Property Total			**3,240,000,000.00**			

NUCLEAR ENERGY LIABILITY

American Nuclear Insurers	NF-0206	05/25/1972-Until Cancelled	**450,000,000.00**		
American Nuclear Insurers	NF-0206	05/25/1972-Until Cancelled	**13,623,271,200.00**		POTENTIAL UTILITY ASSESSMENT
ON-SITE WORKER: MASTER POLICY					
American Nuclear Insurers	NW-0587	12/15/1997-Until Cancelled	**450,000,000**		
NUCLEAR ENERGY LIABILITY - SECONDARY FINANCIAL PROTECTION LIABILITY					
American Nuclear Insurers	N-0045	08/01/1977-Until Cancelled	**450,000,000**		
American Nuclear Insurers	N-0064	08/01/1977-Until Cancelled			
NUCLEAR ENERGY LIABILITY - SUPPLIERS AND TRANSPORTERS FORM					
American Nuclear Insurers	NS-0328	09/27/1976-Until Cancelled	**450,000,000**		
Nuclear Liability Total			**15,423,271,200.00**		
WORKERS' COMPENSATION (Guaranted Cost)					
Liberty Mutual	WC2-691-544591-070	12/01/2020-12/01/2021	**Statutory**		
WORKERS' COMPENSATION- SELF INSURED EXCESS					
Liberty Mutual Insurance Company	EW5-69N-544591-050	12/01/2020-12/01/2021	**Statutory**		500,000.00
Workers' Compensation Total					
RAILROAD PROTECTIVE LIABILITY (FRONT)					
Old Republic Insurance Company	MWZZ-316378	07/01/2021-07/01/2024	**5,000,000.00**		
Old Republic Insurance Company - BNSF	MWZZ-316383	07/01/2021-07/01/2024	**5,000,000.00**		
Old Republic Insurance Company - CSX	MWZZ-316384	07/01/2021-07/01/2024	**5,000,000.00**		
Railroad Protective Liability (Front)			**5,000,000.00**		
DIRECTORS TRAVEL ACCIDENT					
Federal Insurance Company	6408-27-52	01/01/2020-01/01/2023	**1,000,000.00**	-	
DRONE PHYSICAL DAMAGE					
Energy Insurance Services Inc.	P003-210476	08/01/2021-08/01/2022	**Replacement Value**	5,000.00	
DRONE LIABILITY					
Commerce and Industry Insurance Company	UM 038413986-06	08/01/2021-08/01/2022	**50,000,000.00**		
PJM Capacity Performance Insurance - Merchant					
Underwriters at Lloyd's, London -Dyanmis Consortium	235811	06/01/2021-06/01/2022	**50,000,000.00**	10,000,000.00	
PJM Capacity Performance Insurance - AEPSC					
Associated Electric & Gas Insurance Services Limited	GC1003001P	06/01/2021-06/01/2022	**150,000,000.00**	3,000,000.00	

Section 4.1(a)
Conduct of Business

(i)

[redacted]

Kentucky Power intends to terminate its sale of receivables to AEP Credit, Inc. in connection with its receivables financing program and the Third Amended and Restated Purchase Agreement with AEP Credit, Inc. dated August 25, 2004, as amended, in accordance with Section 4.8 of the Agreement. It is anticipated that Kentucky Power will be removed prospectively from this receivables financing program approximately 90 days prior to the anticipated Closing Date.

(ii)

None.

(iii)

Kentucky Power will be withdrawn from the Grid Assurance LLC Amended and Restated Subscription Agreement dated April 2, 2019 among Grid Assurance LLC, Kentucky Power, and Kentucky TransCo and several other Affiliates, as amended. Kentucky Power participated in the Grid Assurance program in accordance with an Order entered on November 15, 2018 in Case No. 2018-00287 by the KPSC.

[redacted]

The following coal agreements expire at the end of 2021 and 2022 as indicated: (a) Coal Purchase and Sale Agreement No. 07-77-05-900 dated January 6, 2006 between Kentucky Power and ACNR Coal Sales, Inc. (successor to Consolidation Coal Company and McElroy Coal Company), as amended (expires 12/31/2022), (b) Purchase Order 03-00-18-010 dated November 13, 2018 between Kentucky Power and Blackhawk Coal Sales, LLC (expires 12/31/2021), (c) Purchase Order 03-00-19-002 dated September 17, 2019 between Kentucky Power and Javelin Global Commodities (UK) Ltd (expires 12/31/2021), (d)

Confirmation Number 03-00-19-9M1 dated March 22, 2019 to Master Agreement Number AEP-KPCO-CCS-19-001 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC) (expires 12/31/2021), and (e) Confirmation Number 03-00-19-9M3 dated September 17, 2019 to Master Agreement Number AEP-KPCO-CCS-19-001 between Kentucky Power and Alpha Metallurgical Coal Sales, LLC dba Alpha Thermal Coal Sales Company (f/k/a Contura Coal Sales, LLC) (expires 12/31/2022). [redacted]

[redacted]

Kentucky Power is preparing to submit an application to the KPSC requesting a certificate of Public Convenience and Necessity in the 4th quarter of 2021 with a proposed timeline for the deployment of Advanced Metering Infrastructure from 2023 through 2026. After receipt of the Certificate of Public Convenience and Necessity, Kentucky Power will begin to execute contracts in connection therewith due to long lead times on ordering AMI meters. The filing of the Certificate of Public Convenience and Necessity will be made only after determining any compatibility issues with Purchaser's metering system.

[redacted]

Kentucky Power intends to terminate its sale of receivables to AEP Credit, Inc. in connection with its receivables financing program and the Third Amended and Restated Purchase Agreement with AEP Credit, Inc. dated August 25, 2004, as amended, in accordance with Section 4.8 of the Agreement, as described under subsection (i) of this Section 4.1(a) of the Sellers Disclosure Letter.

Kentucky Power may amend any Intercompany Arrangement that will be terminated with respect to the Acquired Companies on or prior to the Closing in accordance with Section 4.8 of the Agreement, provided that such amendment does not increase the obligations or liability of an Acquired Company or discharge any accrued obligations owed by the Seller Entities in favor of the Acquired Companies.

The domain names set forth on <u>Section 2.9 of the Sellers Disclosure Letter</u> will be transferred from an account that is currently owned by or held in the name of AEPSC to an account in the name of Kentucky Power on or prior to Closing.

Kentucky Power intends to make expenditures and take actions reasonably necessary to comply with the CCR (Coal Combustion Residuals) requirements. Bottom ash pond closure work necessary to comply with CCR requirements began in September 2021 and will be complete in November 2023. If Wheeling Power Company does not move forward with ELG, then construction of a new CCR compliant ash pond would be scheduled to begin in April 2022.

Kentucky Power intends to make elections to bid into any PJM capacity auctions occurring prior to Closing in conjunction with the Bridge PCA.

Kentucky Power has entered into a letter of intent to potentially build and prepare a site, including providing all of the required power, to fulfill the technical and operational requirements of the counterparty in connection with its 250 MW equivalent of high-capacity computing hardware.

(iv)

None

(v)

[Reserved]

(vi)

None

(vii)

None

(viii)

Kentucky TransCo may refinance its existing long term debt owed to Affiliates in the amount of approximately $65 million by replacing or refinancing such debt with funds provided under the Utility Money Pool Agreement.

The Credit Agreement, by and among Kentucky Power, the lenders party thereto and Key Bank National Association, dated as of March 6, 2020, will terminate on March 6, 2022 (if not earlier). If the Closing has not occurred prior to the maturity or if Kentucky Power determines it is reasonable to do so prior to maturity, Kentucky Power may draw funds under the Utility Money Pool Agreement to repay/refinance that maturity in total or in part.

The Amended and Restated Credit Agreement, by and among Kentucky Power, the lenders party thereto, and Fifth Third Bank, dated as of October 26, 2018 will terminate on October 26, 2022 (if not earlier). If the Closing has not occurred by such time or if Kentucky Power determines it is reasonable to do so prior to maturity, Kentucky Power may draw funds under the Utility Money Pool Agreement to repay/refinance that maturity in total or in part.

In the event of a Change in Control Prepayment Event (as defined in the Senior Note Purchase Agreement), Kentucky Power must offer to prepay all of the Senior KPCo Notes held by the holders thereof pursuant to the terms and conditions in the applicable Senior Note Purchase Agreements.

(ix)

None

(x)

None

(xi)

None

(xii)

None

(xiii)

[redacted]

The tax accounting changes set forth under "Accounting Changes" on Section 2.15 of the Sellers Disclosure Letter

(xiv)

None

(xv)

Kentucky Power intends to submit an application to the KPSC requesting a Certificate of Public Convenience and Necessity to deploy Advanced Metering Infrastructure in the fourth quarter of 2021 and to begin such deployment in accordance with commission's approval of such rollout. The planned rollout is expected to take place in from 2023 through 2026 due to long lead times on ordering AMI meters. The filing of the Certificate of Public Convenience and Necessity will be made only after determining any compatibility issues with Purchaser's metering system.

[redacted]

Kentucky Power intends to submit an informational filing to advise the KPSC of planned replacement capacity for the Rockport Unit Power Agreement in the fourth quarter of 2021.

Kentucky Power intends to submit an application and/or obtain such further orders and clarifications from the KPSC and any other Governmental Entity reasonably necessary to address compliance with the CCR (Coal Combustion Residuals) requirements and/or ELG (Effluent Limitation Guidelines) at Mitchell.

(xvi)

None

(xvii)

None

(xviii)

None

(xix)

None, other than as listed on this <u>Section 4.1(a) of the Sellers Disclosure Letter</u>

Section 4.1(c)
Capital Expenditures

See attached Annex 4.1(c)

Annex 4.1(c) Capital Expenditures

GLBU	Plant Item	Plant Account	Project	Jul - 2021	Aug - 2021	Sep - 2021	Oct - 2021	Nov - 2021	Dec - 2021	Jan - 2022	Feb - 2022	Mar - 2022	Apr - 2022	May - 2022	Jun - 2022	Jul - 2022	Aug - 2022	Sep - 2022	Oct - 2022	Nov - 2022	Dec - 2022
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	B110KYSRR: D/KY/Non-Specific Work - Sta	55,872	53,310	52,872	52,949	55,011	54,852	50,929	51,599	50,889	51,986	51,977	51,886	51,904	51,083	51,706	51,696	49,882	49,677
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	CORPR110C: Corporate Reserve - KYPCO Corp							15	15	15	15	15	15	15	15	15	15	15	15
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN100577: Ds-Kp-Ai Ckt Inspections	132,407	130,058	129,530	129,649	131,703	131,600	130,036	132,233	132,871	132,748	132,729	132,680	132,739	132,300	132,635	132,715	131,599	131,445
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000001745: KP Reliability Improvements	27,407	26,406	26,227	26,260	27,076	27,017	207,451	210,456	208,954	211,766	211,730	211,464	211,545	209,141	210,966	210,934	205,540	204,914
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000008169: KP Asset Imp Eng Support	81,650	80,201	79,876	79,949	81,216	81,152	72,298	79,173	79,555	81,361	81,192	81,162	81,198	80,929	81,135	81,130	80,447	80,353
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000008184: KP Asset Programs Eng Support	12,155	11,939	11,891	11,902	12,090	12,081	10,815	11,856	11,913	12,189	12,164	12,159	12,164	12,124	12,155	12,154	12,052	12,038
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN014680: Ds-Kp-Ai Pole Replacement	115,411	112,339	111,738	111,859	114,429	114,265	180,607	184,428	184,693	176,656	176,836	176,724	176,798	175,790	176,558	176,543	174,159	173,859
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN100232: Ds-Kp-Ai Urd Program	722	710	707	707	719	718	710	722	725	724	724	724	724	722	724	724	718	717
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN014687: Ds-Kp-Ai Aepc Make Ready	1,461	1,435	1,429	1,431	1,453	1,452	1,393	1,417	1,424	1,422	1,422	1,422	1,422	1,418	1,421	1,421	1,409	1,407
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN014720: Ds-Kp-Ai Recloser Replacement	65,569	62,011	61,421	61,521	64,360	64,134	60,003	61,660	60,496	62,235	62,432	62,299	62,320	61,124	62,031	62,016	59,393	59,100
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000008154: KP Cust Serv Eng Support	166,947	163,985	163,320	163,469	166,059	165,929	147,466	162,116	162,898	165,795	166,308	166,246	166,320	165,770	166,190	166,181	164,783	164,590
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN100033: Ds/Kp/C&I New	111,935	107,704	106,949	107,088	110,533	110,282	102,817	109,113	108,269	110,261	111,102	110,958	111,000	109,706	110,689	113,227	110,304	109,965
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN014651: Ds/Kp/Cs-New Customers	259,639	252,607	251,239	251,513	257,387	257,007	236,536	248,665	248,384	250,615	252,218	252,014	252,118	250,282	251,678	252,133	247,883	247,366
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000016528: KYCutout-Arrester	53,045	50,692	50,287	50,359	52,255	52,111	49,342	50,228	49,609	50,597	50,643	50,560	50,578	49,828	50,397	50,387	48,725	48,536
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000007615: KP-Cust Req Relocate	9,708	9,347	9,282	9,294	9,588	9,567	8,912	9,331	9,261	9,399	9,468	9,456	9,459	9,350	9,433	9,432	9,186	9,158
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN014658: Ds/Kp/Cs-Upgrades	5,015	4,926	4,906	4,911	4,988	4,984	4,615	4,988	5,012	5,026	5,090	5,088	5,090	5,073	5,086	5,086	5,043	5,037
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000002241: KP-Damage Claims-Reimburse	(1,910)	(2,103)	(2,126)	(2,124)	(1,981)	(1,996)	(1,662)	(1,555)	(1,701)	(1,528)	(1,490)	(1,500)	(1,501)	(1,590)	(1,523)	(1,524)	(1,710)	(1,729)
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000014717: KY/DOP/Copper Theft	11,418	11,073	11,008	11,021	11,306	11,287	10,472	11,090	11,057	11,169	11,273	11,262	11,267	11,171	11,244	11,242	11,023	10,997
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000007599: KP-Failed Equip No Outage	122,680	117,563	116,670	116,830	120,971	120,661	111,928	117,164	115,934	118,123	118,857	118,678	118,722	117,114	118,334	119,287	115,704	115,293
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000018432: Major Storm Reserve - KY	69,449	68,217	67,940	68,002	69,080	69,026	65,908	67,021	67,344	67,282	67,273	67,248	67,277	67,055	67,225	67,221	66,656	66,578
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN011333: Customer Meter/Kp	66,379	61,994	61,289	61,404	64,874	64,588	60,730	61,368	59,707	61,988	61,975	61,805	61,823	60,293	61,453	61,434	58,103	57,735
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000001818: KY/Svc Restoration NonMjr Evt	275,093	269,511	268,317	268,575	273,378	273,112	223,359	230,504	231,187	231,300	231,394	231,276	231,376	230,320	231,125	231,217	228,655	228,322
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN014694: Ds-Kp-Ai Other Make Ready	28,163	26,878	26,658	26,697	27,731	27,652	25,737	27,183	26,835	27,441	27,683	27,637	27,647	27,231	27,547	27,541	26,621	26,517
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000005234: KyPCo-D Capital Software Dev	15,374	15,094	15,546	15,035	15,274	15,645	14,782	14,358	14,929	14,678	14,675	15,171	14,678	14,630	15,168	14,673	14,550	15,031
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	KYCAPTOOL: KY Purch. Cap Tools	332	24,958	304	24,703	324	322	303	306	296	309	309	308	308	300	306	306	288	286
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000008206: KP PPR Eng Support	447	439	437	437	444	444	394	432	434	444	443	443	443	442	443	443	439	438
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EDN012370: Ds/Kp/Public Relocation	169,604	165,239	164,377	164,551	168,215	167,983	150,938	162,678	162,635	163,950	166,031	165,908	165,977	164,868	165,712	165,696	163,112	162,794
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000007558: KP-PQ-QOS Mitigation	99,453	95,621	94,941	95,065	98,181	97,953	91,239	95,084	94,281	96,139	96,389	96,259	96,295	95,122	96,012	96,589	93,962	93,659
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000007562: WP PQ QOS Mitigation	(1)	(1)	(1)	(1)	(1)	(1)												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000007818: KP/Small Local Asset Improv	264,880	256,275	254,682	254,986	262,068	261,576	146,720	151,160	149,506	152,333	152,858	152,623	152,679	150,560	152,168	153,446	148,727	148,188
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	EON011326: Line Transformer/Kp	240,187	227,066	224,891	225,259	235,726	234,893	221,046	223,707	219,380	225,631	225,588	225,100	225,172	220,767	224,107	224,052	214,393	213,313
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - General	000025223: 2018 Gen Plt Cap Blkt - AEPSC	9,623	9,453	9,414	9,423	9,572	9,565	8,762	8,910	8,953	8,944	8,943	8,940	8,944	8,914	8,937	8,936	8,861	8,851
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - General	000025229: 2018 Gen Plt Cap Blkt - KYPC-D	17,154	16,849	16,781	16,796	17,062	17,049	15,975	16,245	16,323	16,308	16,306	16,300	16,307	16,253	16,295	16,294	16,157	16,138
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	CFOCAPPRJ: CFO CAPITAL PROJECTS	4,737	4,653	4,635	4,639	4,712	4,688	2,000	2,034	2,043	2,042	2,041	2,041	2,041	2,035	2,040	2,040	2,023	2,020
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	DIGITAHUB: Digital Hub Project	30,003	29,468	29,840	29,367	29,833	30,308	33,678	34,635	35,283	35,010	35,005	35,472	35,008	34,892	35,461	34,986	34,692	35,129
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITCAPPROJ: It Capital Projects	71,005	69,656	75,934	69,295	70,411	76,848	98,901	95,083	102,003	99,719	99,650	106,061	99,681	99,347	106,049	99,679	98,841	105,137
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITCHR0001: IT Chairman Blanket	647	636	633	634	644	638	595	605	608	608	608	608	608	606	607	607	602	601
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITPFP0002: IT Pol Fin & Strat Pln Blanket	906	890	887	887	902	893	834	848	852	851	851	851	851	848	850	850	843	842
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1436: Security Blanket	70,349	74,581	74,278	74,346	75,524	75,467	79,323	80,663	81,052	80,977	80,966	80,936	80,971	80,704	80,908	80,904	80,223	80,129
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1753: Cyber-Audit Remediation																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV0003: IT Shared Services Blanket	294,685	289,458	288,283	287,680	292,239	292,009	323,928	329,399	330,989	331,025	330,978	330,856	331,002	329,907	330,744	329,440	326,668	326,287
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITUOP0005: IT Utility Operations Blanket	79,666	78,253	77,936	78,007	79,243	79,181	115,351	117,299	117,865	117,756	117,740	117,696	117,748	117,359	117,657	117,650	116,660	116,524
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITCB10300: AEP Service Corp - Telecom	(217)	(213)	(212)	(213)	(216)	(216)												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITCB11000: KENTUCKY POWER - DIST	55,435	52,691	52,228	52,308	54,508	54,336	50,536	51,177	50,349	51,585	51,576	51,476	51,494	50,596	51,277	51,265	49,289	49,067
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17CC1001: KPCo - Kentucky D Projects							(1)	0	0	0	0	0	0	0	0	0	0	0
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	TA1692804: KPCo Major Eq/Spares Chkbk-Dis	(0)	552,345	1,095,604	0	227,985	340,997												774,742
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	ITCUS1722: CIS-Net Meter/Spc Bill	27,221	26,738	26,629	26,654	27,076	27,055	12,019	12,222	12,281	12,270	12,268	12,264	12,269	12,228	12,259	12,259	12,156	12,141
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	ITCUS1723: CIS-Smart Grid Gateway	13,611	13,369	13,315	13,327	13,539	13,528	6,010	6,111	6,141	6,135	6,134	6,132	6,135	6,114	6,130	6,129	6,078	6,071
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	ITCUS1724: CIS-Meter Enhancements	24,953	24,511	24,411	24,434	24,821	24,801	11,018	11,204	11,258	11,247	11,246	11,242	11,247	11,209	11,238	11,237	11,143	11,130
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	ITSSV1820: TCOM Ciena Blu Plan Inven	2,405	2,363	2,353	2,355	2,393	2,391												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000012320: KY Cpp Capacity Pot	175,044	171,939	171,241	171,398	174,114	173,977	1,304	1,327	1,333	1,332	1,332	1,331	1,332	1,327	1,331	1,330	1,319	1,318
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	000021168: KY Capacity Capital Forecast	94,588	92,910	92,533	92,618	94,085	94,011	289,551	294,442	295,863	295,590	295,548	295,439	295,569	294,592	295,339	295,322	292,838	292,496
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DP16K03A0: Tygart Sta - D line	75,951	74,604	74,301	74,369	75,547	75,488												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DP16K03B0: Tygart Sta - Dist Station	52,344	51,416	51,207	51,254	52,066	52,025												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DP16K03C0: Tygart Sta - T line work	5,134	5,043	5,022	5,027	5,106	5,102												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DP16K03C1: Tygart Sta - T line work	5,069	4,979	4,958	4,963	5,042	5,038												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DP16K03D0: Tygart Sta - Millbrook Pk work	3,109	3,054	3,042	3,045	3,093	3,090												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DP16K03T0: Tygart Sta - T line ROW	101	100	99	99	101	101												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	REDEPLOY1: Redeployment Bucket - Capital	718	705	703	703	714	714	246	244	246	243	242	244	243	242	244	242	240	241
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	KY5YCYCLE: KY D 2017-00179	235,038	230,869	229,932	230,142	233,789	233,605	223,575	228,186	229,287	229,354	229,298	229,213	229,314	228,556	229,136	229,123	227,195	226,930
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	TREEREL19: ROW Capital Widening & Removal	(0)	(0)	(0)	(0)	(0)	(0)												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	TREEREL21: ROW Capital Widening & Removal	610,253	599,429	596,996	597,542	607,010	606,533												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - General	BLDCS: Building Projects Cap Std	2,417	2,373	2,363	2,365	2,402	2,379	2,284	2,196	2,207	2,246	2,245	2,245	2,246	2,238	2,244	2,244	2,225	2,222
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	000007652: OOC Capital Projects	1,261	1,238	1,233	1,235	1,254	1,242	1,160	1,180	1,185	1,184	1,184	1,184	1,184	1,180	1,183	1,183	1,173	1,172
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITCOP1807: RTO Modernization	12,700	12,474	12,424	12,435	12,632	12,622												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITDIS1823: Dist GE Digital 2021-2022	12,026	11,812	11,764	11,774	11,960	11,951	15,723	15,830	15,907	15,853	15,850	15,844	15,852	15,799	15,839	15,838	15,705	15,686
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITGEN1758: Maximo Upgrade Enhancements																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITPFP1331: Cognos Implementation	82	81	80	80	82	82	9	10	10	10	10	10	10	10	10	10	10	10
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1556: Cyber IronNet	921	904	901	901	916	915												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1567: Cisco Security ELA-CAP	3,591	3,527	3,513	3,516	3,572	3,569												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1678: Cyber-Service Acct Remediation																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1720: Cyber DPPG Data Gov&Compliance	360	353	352	352	358	355												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1737: CYBER MCAFEE SLA	2,622	2,575	2,565	2,567	2,608	2,606	1,325	1,347	1,354	1,352	1,352	1,352	1,352	1,348	1,351	1,351	1,340	1,338
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1752: Cyber-Security Analytics	1,348	1,324	1,319	1,320	1,341	1,340	1,228	1,248	1,254	1,253	1,253	1,253	1,253	1,249	1,252	1,252	1,242	1,240
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1795: Cyber-VulnextPh2ConfigMgt	790	776	773	774	786	779												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1808: Cyber-MDR	5,579																	
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1819: Cyber-IronNet	4,823	4,737	4,718	4,722	4,797	4,793	3,299	3,355	3,371	3,368	3,368	3,366	3,368	3,357	3,365	3,365	3,337	3,333
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSEC1826: Cyber-NetwrkDefUpgrd 2020																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV1471: Oracle 12.1 Upgrade																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV1619: Mobility BarCode RFID	6,642	6,524	6,497	6,503	6,606	6,601												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV1750: IT INFR Windows 2012	3,146	3,090	3,077	3,080	3,129	3,127	4,044	4,112	4,132	4,128	4,127	4,126	4,128	4,114	4,125	4,124	4,090	4,085
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV1766: ITRM CyberArk PW Vault	451	443	441	442	449	448	335	340	342									
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV1775: IT GDC Bndl Recovery Auto	3,454	3,392	3,379	3,382	3,435	3,433												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITSSV1803: IT RSA to F5 App Config	2,546	2,501	2,491	2,493	2,533	2,531												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITUOP1404: WebEOC Implementation	71	70	69	69	71	70	64	65	65	65	65	65	65	65	65	65	65	65
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Intang	ITUOP1620: Risk Informed Inv Pln	205	201	201	201	204	204	193	196	197	197	197	196	197	196	196	196	195	195
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	SMRTCRC: Smart Circuit Budget Only	212,299	208,533	207,687	207,877	211,171	211,005	119,415	121,432	122,019	121,906	121,889	121,844	121,897	121,494	121,802	121,796	120,771	120,630
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17076011: Distribution work at Kenwood	(1)	0					(0)											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	TA1975002: KY D Sta Failures Ckbk noWO				1,097,199			(0)										1,037,259	
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	CORPR110D: Corporate Reserve - KYPCO Dist							(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	TCDISTPRJ: Telecom Dist BU Labor	2,927	2,875	2,864	2,866	2,912	2,909	2,665	2,710	2,723	2,721	2,720	2,719	2,721	2,712	2,718	2,718	2,695	2,692
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710056: Jeff Station TTMP																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710057: Daisy Station TTMP																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710072: Raccoon Station TTMP	2,193	2,092	0	0	0	0												

110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710075: Belhaven Station TTMP	8,086	7,715	7,652	7,663	1	1												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710076: Russell Station TTMP	0	0	0	0	0	0												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710079: Hitchins Station TTMP	0	0	0	0	0	0												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710080: Tenth Street Station TTMP	11,597	1	1	1	1	1												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710085: Olive Hill Station TTMP	9,004	8,591	8,520	1	1	1												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A15710086: Hayward Station TTMP	2,194	2,093	1	1	1	1												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A19442002: City of Hamilton Meter Mod 118							118	177	202	236	325	294	266	203	265	323	312	197
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A19442003: City of Hamilton Meter Mod 579							118	177	202	236	325	294	266	203	265	323	312	197
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A19442004: City of Hamilton Meter Mod 400							134	203	233	272	374	341	306	234	305	372	359	228
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A19442006: Olive Hill Meter Mod							43	67	77	89	123	112	100	77	100	122	118	75
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A19502006: 2BCXLD Wurtland Meter Mod																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A20018101: KP - D TFS Station Budget			28,082	28,127			2,164	3,289	3,784	4,418	6,073	5,512	4,962	3,798	4,943	6,040	5,829	3,694
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A20705058: Falcon Station 46kV removal	18,090	17,260	17,118	17,143	17,811	17,760	575	583	575	587	587	586	586	577	584	584	563	561
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A21222009: Tygart Station							1,208	1,834	2,111	2,464	3,389	3,075	2,769	2,119	2,758	3,370	3,252	2,061
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A21222010: Wurtland Station TTMP							275	419	482	563	773	701	632	483	629	768	741	470
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A21222011: Highland Station TTMP							275	419	482	563	773	701	632	483	629	768	741	470
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	A21222015: Jackson Sta TTMP							1,843	2,800	3,222	3,762	5,172	4,693	4,225	3,234	4,209	5,144	4,963	3,145
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P14030009: Stinnett Station & Telecom	137	101	130	158	164	104	15	22	25	29	41	37	34	26	34	41	39	25
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17076002: Kenwood Station	1	0	1	(1)			(0)											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17083016: McKinney Station Work	1,652	1,580	81,609	1,574	1,688	2,665	3,307	3,889	649,556	6,061	7,240	7,945	9,187	10,019	10,762	12,087	12,200	13,485
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17083030: Garrett Station (Distribution)	21,734	421,065	18,556	18,200	74,978	21,087	21,793	93,551	26,561	28,736	32,179	33,560	37,179	39,115	40,812	43,553	43,016	46,681
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17083033: Garrett Land Purchase	12,466	15,273	17,527	21,439	24,875	25,638	1,405	1,314	1,466	1,482	1,564	1,543	1,505	1,537	1,653	1,084	3,293	3,323
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17084009: Cancel Replaced by P19036002						2	0											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17084014: CancelHenry Clay Station Retir	45	33	43	52	55	34	0	0	0	0	0	0	0	0	0	0	0	0
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17084025: Elwood Station Retirement	(0)	(0)	(0)	(0)	(0)	(0)												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17225006: Ramey Station	(1)	(0)	(1)	0	(1)	0	(0)											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17225007: Ramey Station - Distribution	1	0	0	0	1	1	0											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17225010: Hoods Creek Conversion	1	1	1	(0)	0	1	1	0	0	0	0	0						
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P17225011: Hoods Creek Land Purchase	0	0	0	0	0	0												
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P18025001: Kewanee Station - Baseline Wor	123,761	235,751	217,261	194,958	188,092	191,861	205,511	199,816	192,440	188,366	191,111	182,148	180,431	263,410	262,970	262,846	249,848	248,295
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P18025003: Do Not Use																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P18025004: Do Not Use																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P18025011: Fords Branch Retirement Work							43,842	44,419	43,808	44,753	44,745	44,666	44,682	43,975	44,511	44,502	42,941	46,564
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19092002: Allen Station (Dist)						1	1											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19092014: Prestonsburg Remote End							(0)											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19092016: McKinney Remote End Work							(0)											
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19092022: Allen Station Land Purchase																		
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19305013: Orinoco KPCO D	35,648	38,718	32,567	30,277	30,243	13,211	1,699	5,167	9,060	9,255	9,254	10,392	15,593	11,937	10,356	9,203	8,881	8,844
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P20035005: Remote End at Prestonsburg									0					3,411				
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P18221011: Collier Remote End	2,116	1,570	2,002	2,449	2,545	1,616						45,527						
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P18221016: Cancelled - Jackhorn Dist work	153,678	142,885	229,226	252,690	128,191	156,393	881	54,885	56,490	52,274	50,294	45,016	42,895	305,244	34,549	32,400	27,321	465,017
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19215015: Coalton Remote End	29,864	33,088	33,040	31,867	26,869	21,104	10,120	2,302										
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	P19215016: Cannonsburg Station Work	4,546	4,692	4,526	4,338	3,727	3,059	1,773	602										
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - General	ITCW11004: KY Next Generation Radio Sys	710,277	697,679	694,847	695,482	706,502	705,948												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - General	ITCB10300: AEP Service Corp - Telecom	(166)	(156)	(161)	(162)	(169)	(174)												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	GWSCB: Cap Blkt - Prod Plant Blnkt	(3)	(3)	(3)	(3)	(3)	(3)	282	284	289	286	282	282	284	282	280	287	285	286
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	000005237: KyPCo-G Capital Software Dev	36,465	34,376	36,732	35,621	37,079	39,193	33,332	31,897	33,644	33,003	32,480	33,568	32,707	32,549	33,435	33,088	32,932	34,088
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	CFOCAPPRJ: CFO CAPITAL PROJECTS	7,307	6,892	7,121	7,147	7,439	7,619	1,110	1,112	1,133	1,130	1,112	1,111	1,119	1,114	1,106	1,132	1,126	1,127
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	DIGITAHUB: Digital Hub Project	26,428	24,923	26,178	25,839	26,894	28,191	27,517	27,869	28,806	28,519	28,067	28,441	28,260	28,123	28,325	28,582	28,447	28,868
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITCAPPROJ: It Capital Projects	58,537	55,162	60,679	57,125	59,467	64,952	55,349	51,132	55,574	53,742	52,889	56,242	53,265	53,006	56,024	53,902	53,647	57,140
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITCHR0001: IT Chairman Blanket	1,536	1,448	1,496	1,502	1,563	1,598	1,343	1,345	1,371	1,367	1,345	1,344	1,354	1,348	1,339	1,369	1,363	1,364
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITCOP0001: IT Commercial Ops Blanket	9,473	8,929	9,223	9,254	9,634	9,767	8,114	8,156	8,312	8,430	8,298	8,295	8,359	8,316	8,257	8,445	8,407	8,416
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITGEN0004: IT Generation Blanket	11,671	11,008	11,374	11,416	11,882	11,990	10,076	10,095	10,289	10,257	10,094	10,088	10,164	10,115	10,047	10,277	10,229	10,237
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITPFP0002: IT Pol Fin & Strat Pln Blanket	2,150	2,028	2,095	2,103	2,189	2,237	1,880	1,883	1,919	1,913	1,883	1,882	1,896	1,887	1,874	1,917	1,908	1,910
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1436: Security Blanket	28,873	29,468	30,447	30,559	31,807	32,805	32,174	32,233	32,855	32,752	32,232	32,212	32,453	32,297	32,081	32,816	32,661	32,687
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1753: Cyber-Audit Remediation																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV0003: IT Shared Services Blanket	234,348	221,028	228,369	228,551	237,879	245,293	267,364	267,852	273,024	272,300	267,980	267,816	269,820	268,520	266,723	271,904	270,618	270,834
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	000018412: FEL IT Projects	18,099	17,071	17,638	17,703	18,425	18,592	15,181	15,209	15,502	15,454	15,208	15,199	15,313	15,239	15,137	15,484	15,411	15,423
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1VP2005: ID FAN 11/12OUTLET COM HZ EJ																25,186		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML221VP01: RPL #21 ID FAN OUTLET HUB CYL																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML221VP02: REPLACE #22 ID FAN OUTLET CYL																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2VP2502: ML2 FGD CAPITAL OUTAGE PROJECT										65,259	64,224							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPBENVR: Other Environ Repl <100k										7,251		14,263	14,370					
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML021VP01: ML - NON OUTAGE PPB FGD	15,316	14,445	14,925	14,980	15,592	16,077												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML022VP01: ML - NON OUTAGE PPB FGD							14,246	14,272	14,548	14,502	14,272	14,263	14,370	14,301	14,205	14,531	14,462	14,473
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML118SP07: REPL DFA FILTER SEPARTOR BAGS											8,373	8,368						
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML218SP09: REPL DFA FILTER SEPARATOR BAGS											8,373	8,368						
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML21VPN02: ML0 V BALL MILL REBUILD	46,908																	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML22VPN02: ML0 V BALL MILL REBUILD												40,650	40,954					
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP20VP04: ML V CO2 Monitors	1,143	1,078	1,114	1,118	1,164	1,200												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	FHGCAPCUT: FHG Capital Cuts	260,598	245,786	253,949	254,885	265,288	273,557	8,358	8,373	8,535	8,508	8,373	8,368	8,430	8,390	8,333	8,524	8,484	8,491
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPB0002: Boiler & Auxiliaries PPB<100k									70,315	38,551	37,940							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPB0003: Boiler MU Water Supply PPB<100															71,025	72,653		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPB0013: Other Costs PPB<$100k	3,110	2,933	3,030	3,041	3,166	3,255	14,168	14,193	53,262	22,318	21,964	21,949	14,290	14,222	14,126	14,450	14,382	14,389
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPBS339: REPLACE 15 BREAKERS "A" BUS										253,784	249,759							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPBS340: REPLACE 15 BREAKERS "B" BUS										253,784	249,759							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPBS358: BS1 REPL BLR COMBUSTION COILS											14,272	19,018	19,160	19,068				
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML018EP01: ML REPLACEMENT OF TRANSMITTERS	4,828	4,554	4,705	4,723	4,915	5,069	4,129	4,186	4,267	4,259	4,199	4,204	4,235	4,215	4,155	4,251	4,263	4,090
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML018NP01: ML CAPITAL TOOLS	4,572	4,312	4,455	4,472	4,654	4,798	7,915	7,929	8,082	8,057	7,929	7,924	7,983	7,945	7,892	8,073	8,034	8,039
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML018SP01: PULVERIZER REBUILD CAPITAL(#XX								80,877	43,644	43,506					80,495	87,183		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML018SP02: PULVERIZER REBUILD CAPITAL(#YY			187,120												165,725			
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML022EP04: ML E HVAC UNIT REPLACEMENTS												9,509	9,580					
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML118EP02: DEMINERALIZER VALVE REPLACEMNT											28,544							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML118SP13: REPLACE U1 PULVERIZER YOKE									24,247	24,170								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML122EP01: REPAIR BFP REMOVED IN2021- PPB									28,284	28,195	27,747	27,738	27,945	27,810				
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1SP1801: ML 1 GAS OUTLET EXP JT REPLACE															49,717	50,857	50,616	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML218SP20: ML REPLACE U2 PULVERIZER YOKE									24,247	24,170								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML222EP03: REPAIR BFP REMOVED IN2021- PPB												55,474	55,889	55,621				
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2E25C04: LPA ROTOR REPAIR at CMS								95,149	112,573	112,218	15,293							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP18EP02: ML E MOTOR REWIND / REPL +10HP	2,743	2,587	2,673	2,683	2,793	2,880	2,374	2,379	2,425	2,417	2,379	2,377	2,395	2,383	2,367	2,422	2,410	2,412
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP18EP03: ML E PUMP REPLACEMENT DR 10 HP	11,756	11,088	11,456	5,366	11,968	12,343	4,749	4,757	4,849	10,358	4,757	10,188	10,264	10,214	10,146	4,844	10,330	10,340
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP18EP04: ML E LIGHTING PANEL REPLACE	19,202			18,781	13,963					12,085			16,765			16,952	12,052	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP18EP06: MLP E VALVE REPLACEMENT 6 IN G	5,486	11,384	5,346	11,805	5,585	12,670	4,749	4,757	4,849	10,635	4,757	10,460	4,790	10,487	4,735	10,656	4,821	10,614
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP21MP01: MLP MH COAL CHUTE REPLACEMENT	41,147	38,808	40,097															
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP21MP02: MLP MH CONVEYOR BELT REPLACE	16,002	15,092	15,594	15,651	16,290	16,795												

117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP21NP01: MLP NP LABOR CAPITAL	20,573	19,404	20,048	20,122	20,944	21,601	17,505	18,045	18,393	18,379	18,161	18,222	18,359	18,270	17,827	18,236	18,476	18,494
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP21SP01: ML SAFETY VALVES (4)	6,858	6,468	6,683	6,708	6,981	7,199												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP22MP01: MLP MH COAL CHUTE REPLACEMENT													59,875	59,586	59,187			
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP22MP02: MLP MH CONVEYOR BELT REPLACE							13,851	13,876	14,144	14,099	13,876	13,867	13,971	13,904	13,811	14,127	14,060	14,070
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP22MP03: ML MH ST-3 CHUTE REPLACEMENT										48,340	47,573							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP22SP01: ML SAFETY VALVES (4)							5,936	5,947	6,062	6,042	5,947	5,943	5,987	5,959	5,919	6,054	6,026	6,031
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BS0000039: Big Sandy 1 DFLP Overhaul									484,930	483,399	475,731	475,439						
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BS0000040: Rewedge Generator U1									67,284	67,072	66,008	65,967						
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPBOUT1: Unit 1PPB Outage<100k		4,657	114,365						136,235	135,805	64,670	64,629		15,254	169,513			
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	BSPPBS359: BS1 HEAT RATE INSTRUMENTATION															71,025			
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML121EP01: REPLACE BFP ROTATING ELEMENT					44,680													
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML122EP02: ML RPL UNIT 1 FGD BATTERIES															18,151	18,567	18,479	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1E23C01: LPA Do Not Use - See ML1E21C01																373,919	372,151	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1NP2111: ML1 INSULATION & LAGGING RPL				13,415	97,738													
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML217EP04: REPLACE #22 RDV to NASH PUMP									61,829	61,633								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML221EP01: ML U2 EXCITER DOGHOUSE RECTIFI																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML221EP02: ML U2 M TURBINE REDUNDANT LVDT								5,947	6,062	6,042	5,947							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML221EP03: ML U2 REDUNDANT LVDT FEED PUMP																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML221SC04: ML S LOWER SIDEWALL WELD OVLAY								158,581	355,615	354,493	95,146							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML222EP01: ML RPL U2 BFP ROTATING ELE PPB								19,030	19,397									
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2E24C01: LPA TURBINE INSPECTION								277,517	282,876	281,983								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2E24C02: LPB TURBINE INSPECTION								277,517	282,876	281,983								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2EP1701: ML2 HIGH ENERGY PIPING																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2NP2211: ML2 INSULATION LAGGING REPLACE										48,340	47,573							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2SP1802: ML 2 GAS OUTLET EXP JT REPLACE									53,342	53,174	52,330							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLP222PPI: ML2 PPB OUTAGE PROJECT							21,766	21,805	22,226	22,156	21,805	21,791	21,954	21,849	21,702	22,200	22,095	22,109
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	MLU122PPB: ML1 PPB OUTAGE PROJECT							21,766	21,805	22,226	22,156	21,805	21,791	21,954	21,849	21,702	22,200	22,095	22,109
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000007562: WP PQ QOS Mitigation	(1)	(1)	(1)	(1)	(1)	(2)												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - General	BLDCS: Building Projects Cap Std	5,732	5,404	5,584	5,603	5,832	5,959	5,151	4,880	4,974	5,050	4,970	4,967	5,004	4,980	4,947	5,059	5,035	5,039
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	TSCREDITC: Tech Servics Cap Offset Credit	(45,719)	(43,120)	(44,552)	(44,717)	(46,542)	(47,992)	(39,573)	(39,645)	(40,411)	(40,283)	(39,644)	(39,620)	(39,916)	(39,724)	(39,458)	(40,363)	(40,172)	(40,204)
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	000007652: OOC Capital Projects	2,990	2,820	2,914	2,925	3,044	3,111	2,616	2,621	2,671	2,663	2,621	2,619	2,639	2,626	2,608	2,668	2,655	2,658
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITCOP1644: COPSFUEL Gas Procur Settle	369	348	359	360	375	379	313	315	321	327	322	321	324	322	320	327	326	326
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITCOP1807: RTO Modernization	5,397	5,090	5,260	5,279	5,494	5,666												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITGEN1758: Maximo Upgrade Enhancements																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITPFP1331: Cognos Implementation	35	33	34	34	36	37	4	4	4	4	4	4	4	4	4	4	4	4
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1556: Cyber IronNet	685	646	668	670	697	719												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1567: Cisco Security ELA-CAP	1,526	1,439	1,487	1,493	1,554	1,602												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1678: Cyber-Service Acct Remediation																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1720: Cyber DPPG Data Gov&Compliance	831	783	809	812	845	864												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1737: CYBER MCAFEE SLA	1,114	1,051	1,086	1,090	1,134	1,170	535	536	547	545	536	536	540	537	534	546	543	544
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1752: Cyber-Security Analytics	573	540	558	560	583	602	496	497	507	505	497	497	500	498	495	506	504	504
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1795: Cyber-VulnextPh2ConfigMgt	1,874	1,768	1,827	1,833	1,908	1,951												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1808: Cyber-MDR	2,371																	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1819: Cyber-IronNet	2,050	1,933	1,997	2,005	2,087	2,152	1,333	1,335	1,361	1,357	1,335	1,335	1,345	1,338	1,329	1,360	1,353	1,354
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSEC1826: Cyber-NetwrkDefUpgrd 2020																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1471: Oracle 12.1 Upgrade																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1619: Mobility BarCode RFID	771	727	751	754	785	809												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1750: IT INFR Windows 2012	1,337	1,261	1,303	1,308	1,361	1,403	1,634	1,637	1,668	1,663	1,637	1,636	1,648	1,640	1,629	1,666	1,659	1,660
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1766: ITRM CyberArk PW Vault	192	181	187	187	195	201	135	136	138									
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1775: IT GDC Bndl Recovery Auto	1,468	1,384	1,430	1,436	1,494	1,541												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1803: IT RSA to F5 App Config	1,082	1,021	1,055	1,058	1,102	1,136												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITSSV1820: TCOM Ciena Blu Plan Inven	1,834	1,730	1,787	1,794	1,867	1,925												
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	ITUOP1404: WebEOC Implementation	168	159	164	164	171	175	144	144	147	147	144	144	145	145	144	147	146	147
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	X00000288: For Property Acctg Use Only	19,875	19,351	19,641	19,668	20,034	20,326	20,402	20,489	20,652	20,743	20,816	20,734	20,782	20,741	20,687	20,875	20,835	20,844
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	X00000290: For Property Acctg Use Only	147,227	144,693	146,101	146,201	147,964	149,381	153,471	151,465	152,233	153,737	152,892	153,219	153,378	153,187	152,948	153,801	153,612	153,667
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML121SC01: AIR HEATER BASKET REPLACEMENT									175,545						749,708	766,889	763,263	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML122SC03: ML S LOWER SIDEWALL WELD OVLAY									323,286	322,266	317,155							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1E21C01: HP/1st RH LPA Trb Rtr Insp CI															535,055	547,317	544,729	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1E25C02: ML1 E COOLING TOWER REPLACMENT															473,500	1,453,054	482,061	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML220SC01: AIR HEATER BASKET REPLACEMENT			64,512	64,750	67,392			753,262	767,806	765,382								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2E24C04: ML2 E COOLING TOWER COMPONENTS			1,069,258	1,032,957				136,539	484,930	483,399								
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Intang	GWSCS: Cap Stnd - Prod Plant Stnd							47	47	48	48	47	47	47	47	47	48	48	48
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML1VC1801: Mitchell Catalyst Replacement	275,096	259,459		223,985	233,126		28,352											
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML2VC1801: ML2 V CATALYST REPLACEMENT 4 L									412,191	516,754	104,185							
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML122SC02: PARTIAL REMOVAL OF OLD STACK										74,927	73,738	73,693	74,245	73,887	73,392			
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML0E26C01: ML E U1 Spare GSU Replacement									698,299									
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000022309: ML U2 ESP Upgrades	0	0	1,951	2,683	41,888	23,037	287,100	227,550	385,417	942,586	1,085,149	658,542	84,620	2,383	2,367	2,422		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000022392: ML LANDFILL EXPANSION - PH 3			5,495	273,666											171,606			
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000025624: Mitchell Haul Road Relocate							23,744	23,787	24,247	38,395	368,692	368,466	371,223	369,434	366,962	24,218	168,721	
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	ML020SP01: ML MITCHELL DSI PROJECT							103,801	106,369	111,333	110,981	109,221	239,900	109,971	252,924	109,182	256,990	111,156	410,118
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000026033: 20 MW Solar 2023 (Pikeville)													4,964,902	4,940,971	4,907,918	5,020,394	4,996,655	5,000,633
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	NRCCPKPCO: NERC CIP KYPCO																		
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000020310: ML U0 ELG Compliance	1,401,180	5,551,713	1,228,032	917,701	899,875	841,176	4,096,846	2,661,116	3,214,103	3,541,872	3,323,516	3,097,611	2,937,116	2,204,313	1,712,506	1,373,531	1,229,824	823,155
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	000025756: KPCo CCR Placeholder																85,641	85,236	85,304
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	INCCAPINV: Incremental Capital Investment	182,736	172,350	178,074	178,731	186,025	191,823	205,192	205,566	209,535	208,873	205,560	205,434	206,972	205,974	204,596	209,285	208,295	208,461
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - General	B103SCTRE: AEP Service Corp Tools Blanket	12,476	12,286	12,096	12,076	11,840	11,879	12,365	12,238	12,298	12,353	12,254	12,014	11,964	12,003	11,670	11,655	11,789	11,858
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	B180KYLRC: T/KY/Non-Specific Work - Line	190,820	187,612	184,382	184,056	180,061	180,728	189,097	186,960	187,971	188,892	187,218	183,136	182,288	182,958	177,289	177,041	179,311	180,483
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	B180KYSRC: T/KY/Non-Specific Work-Station	24,003	23,599	23,191	23,150	22,647	22,733	23,784	23,516	23,643	23,759	23,549	23,035	22,929	23,013	22,300	22,268	22,554	22,701
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	B180KYSRR: T/KY/Non-Specific Work - Stati	67,302	66,170	65,032	64,916	63,507	63,742	66,694	65,940	66,297	66,622	66,031	64,591	64,292	64,529	62,529	62,442	63,242	63,656
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	CORPR180T: Corporate Reserve - KYPCO Tran							16	16	16	16	16	16	16	16	16	16	16	16
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - General	ITCB10300: AEP Service Corp - Telecom	(43)	(43)	(42)	(42)	(41)	(41)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - General	ITCB18000: KENTUCKY POWER - TRANSM	5,731	5,633	5,534	5,524	5,402	5,422	5,679	5,614	5,645	5,673	5,622	5,497	5,471	5,491	5,317	5,310	5,379	5,415
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	CFOCAPPRJ: CFO CAPITAL PROJECTS	1,883	1,855	1,826	1,823	1,787	1,781	319	315	317	318	316	310	308	309	301	300	304	306
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	DIGITAHUB: Digital Hub Project	(436)	(429)	(423)	(422)	(414)	(415)	887	907	912	911	903	886	882	885	860	859	869	874
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITCAPPROJ: It Capital Projects	6,126	6,029	6,220	5,920	5,805	6,029	6,580	6,153	6,480	6,364	6,313	6,480	6,165	6,185	6,295	6,009	6,078	6,401
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITCHR0001: IT Chairman Blanket	398	392	386	385	378	376	398	394	396	398	395	387	386	387	376	376	380	382
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITPFP0002: IT Pol Fin & Strat Pln Blanket	557	549	540	539	529	526	558	552	555	557	553	542	540	542	526	526	532	535
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSEC1436: Security Blanket	(416)	(410)	(403)	(403)	(395)	(394)	84	84	84	84	84	82	82	82	80	80	80	81
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSSV0003: IT Shared Services Blanket	(996)	(981)	(965)	(1,135)	(1,112)	(1,116)	6,802	6,732	6,765	6,795	6,741	6,609	6,582	6,603	6,420	6,154	6,224	6,261
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITTRN1272: Transmission IT Projects Blank	22,295	21,956	21,615	21,581	21,158	21,229	24,088	23,841	23,957	24,064	23,871	23,404	23,306	23,383	22,734	22,705	22,965	23,100
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITTRN1814: TRA NERC Compliance Rptg	932	918	903	902	884	887												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITTRN1815: Customer Data Linkage	1,118	1,101	1,084	1,082	1,061	1,065												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020803: TOPS_HW Infrastructure Texas	208	205	202	201	197	198												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020804: TOPS_HW Infrastructure All Ea	208	205	202	201	197	198												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020805: TOPS_HW Infrastructure All No	312	307	302	302	296	297												

180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	000005273: KyPCo-T Capital Software Dev	30,244	29,781	29,631	29,264	28,692	29,013	30,501	29,749	30,221	30,200	29,958	29,691	29,251	29,347	28,842	28,501	28,827	29,312
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	000007562: WP PQ QOS Mitigation	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	ESTCOR180: T/KP/TBCORP180 Estimate				990,000	990,000	1,020,000												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	OPS103SWU: GLBU - 103 WOs	10,294	10,137	9,980	9,964	9,769	9,801	9,302	9,206	9,251	9,292	9,218	9,038	9,000	9,029	8,779	8,768	8,868	8,920
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	TTKY180NN: Forestry KP T non-NERC	188,871	144,430	182,498	222,658	217,825	139,129	71,193	105,581	123,844	142,229	193,833	172,370	154,414	120,541	150,179	183,296	185,647	118,910
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	TTKY180NR: Forestry KY T NERC	39,341	30,084	38,014	46,379	45,372	28,980	14,681	21,773	25,539	29,330	39,972	35,546	31,843	24,858	30,970	37,799	38,284	24,521
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - General	BLDCS: Building Projects Cap Std	1,486	1,463	1,440	1,437	1,409	1,401	1,529	1,431	1,438	1,471	1,459	1,430	1,425	1,429	1,390	1,388	1,404	1,412
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000007652: OOC Capital Projects	775	763	751	750	736	731	776	768	772	776	769	754	751	754	733	732	740	744
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITGEN1758: Maximo Upgrade Enhancements																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSEC1556: Cyber IronNet	173	171	168	168	165	165												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSEC1720: Cyber DPPG Data Gov&Compliance	215	212	209	208	204	203												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSEC1795: Cyber-VulnextPh2ConfigMgt	486	478	471	470	461	459												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSEC1826: Cyber-NetwrkDefUpgrd 2020																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSSV1471: Oracle 12.1 Upgrade																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITSSV1619: Mobility BarCode RFID	67	66	65	65	64	64												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITTRN1728: ESRI ArcGIS Utility Network	1,009	994	978	977	958	961												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITTRN1745: Int Design and Construct	1,703	1,677	1,651	1,649	1,617	1,622	1,329	1,316	1,322	1,328	1,317	1,291	1,286	1,290	1,254	1,253	1,267	1,275
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	ITUOP1404: WebEOC Implementation	44	43	42	42	41	41	43	42	43	43	42	42	41	42	40	40	41	41
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000015430: TOPSRTO ERCOT MARKET INTERFAC	104	102	101	101	99	99												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000019438: TOPSgridSMART Iniative	104	102	101	101	99	99												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020786: TOPS Network Apps	344	339	333	333	326	327												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020787: TOPS ERCOT Reliability Apps	777	765	753	752	738	740												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020788: TOPS East Cont Cnt Apps	445	438	431	430	422	423												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020789: TOPS West Cont Cnt Apps	59	58	58	57	56	56												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000020790: TOPS-eTerravision App Enhanc	244	241	237	236	232	233												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000021172: TTOPSTOA Phase 2	104	102	101	101	99	99												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Intang	000021579: TTOPSNew Technology for TOPS	416	410	403	403	395	396												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17CC1004: KPCo - Local T Projects							(1)	0	0	0	0	0	0	0	0	0	0	0
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17CC1005: KPCo - RTO T Projects							1	0	0	0	0	0	0	0	0	0	0	0
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17CC1006: KPCo - Customer T Projects							(1)	0	0	0	0	0	0	0	0	0	0	0
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	TA1692803: KPCo Major Eq/Spares Chkbk-Tra	1	(1)	864,687	431,577	422,211	423,775												796,285
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	ITSSV1820: TCOM Ciena Blu Plan Inven	479	472	465	464	455	457												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	000021578: TTOPSOffice Furnishings - 1R	10	10	10	10	10	10												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18EST032: MOE - REV METERING LC/TE - ASH	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18EST033: SCADA - SERVERS - KPCO	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO002: 693 Applications	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO003: CE - CIP APPLICATIONS	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO004: CE - Hardware ORP (DR)	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO005: CE - HARDWARE - DALLAS	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO006: EMS - NET SECUR APPS - ERCOT	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO008: EMS - SCC APPLICATIONS - PJM	0	0	0	0	0	0	0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO009: EMS - SERVERS - ORP	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO010: OFFICE/FACILITY - ORP	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO011: OFFICE/FACILITY - DALLAS	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO012: ORP - NON-PC/SERVER HARDWARE	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO013: RTO - ERCOT INTERFACES	0	0	0	0	0	0	(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO014: RTO - HARDWARE - ORP	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO015: RTO - HARDWARE - DALLAS	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO016: RTO - MISO INTERFACES	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO017: RTO - PJM INTERFACES	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO018: RTO - SPP INTERFACES/NEW MRKT	0	0	0	0	0	0	(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO019: SCADA - APPLICATIONS - EAST	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO020: SCADA - APPLICATIONS - WEST	(0)	(0)	(0)	(0)	(0)	(0)	(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO021: SCC - NON-PC/SERVER HARDWARE	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO022: SE - DTS IMPROVEMENTS - ERCOT	0	0	0	0	0	0	0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO023: SE - DTS IMPROVEMENTS-PJM/SPP	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO026: SE-TRAIN DELIVERY ENHANCEMENTS	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO027: TDC - NON-PC/SERVER HARDWARE	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO029: TECH - ASSET HEALTH CENTER	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO030: TECH - GE/ALSTOM APPL ENHANCE	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO031: TECH - LINEAR STATE ESTIMATOR	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO032: TECH - NETWORK MODEL MNGT	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO034: TECH - TARA ORA	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO036: TECH - TOA/DOL	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18SCO037: TECH - MV90	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	000012898: Forestry KP T non-NERC	0	0	0	0	0	0	(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - General	TCTRANPRJ: Telecom Trans BU Labor	14,348	14,130	13,910	13,888	13,616	13,662	14,220	14,074	14,143	14,206	14,092	13,816	13,759	13,804	13,421	13,404	13,557	13,637
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - General	P15BAT001: AEP Wildlife HCP	353	348	343	342	335	337												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A14068001: Baker 765kV Physical Security	111,858	109,978	367,446	107,895	0	1	177,982	263,956	309,614	355,578	484,588	430,928	386,040	301,357	375,453	458,244	464,121	297,280
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A15702029: Leslie 161/69kV XF Replacement	4,577	18,453	63,385	312,114	327,432	225,106	177,935	2,518	2,767	622,399	553,368	2,544	2,619	2,644	2,504	2,616	1,496	(126)
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A15702041: Hazard CB/XF Replacements						108,933	1					2,276,331			2,085,848	2,603,657	105,482	637,028
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A15710058: Hazard Station TTMP																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A15710061: Johns Creek Station TTMP																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A15710071: Morehead Station TTMP	4,055	3,987	1	1	1	1												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A17750002: KYT Sta/Line Failures Cbk noWO	(0)	0	(0)	(1)	1,319,409	1	(0)										1,318,525	
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A19442005: INCO - KY (M) Meter Mod	3,225	2,466	3,116	3,802	3,720	2,376	342	509	595	685	932	829	743	579	722	882	893	572
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A19442007: KY Elect Steel (M) Meter Mod	3,837	2,935	3,708	4,524	4,426	2,827	408	606	710	816	1,111	988	885	691	860	1,050	1,064	682
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A19442008: Calgon Carbon Corp Meter Mod	3,225	2,466	3,116	3,802	3,720	2,376	342	509	595	685	932	829	743	579	722	882	893	572
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A19442009: Air Products (M) Meter Mod	3,049	2,333	2,947	3,595	3,517	2,247	325	479	563	646	882	783	702	548	683	834	844	541
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A20018117: KP - T TFS Station Budget			139,629	139,382			11,365	16,855	19,770	22,705	30,943	27,517	24,651	19,243	23,975	29,261	29,636	18,983
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A20705035: Middle Creek-Falcon 46kV Remvl	37,450	57,012	36,187	36,123	35,339	35,469	1,072	2,296	2,663	3,211	3,183	3,459	3,443	3,131	2,846	2,696	2,730	2,748
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A20705036: Middle Creek-Prestonsburg Rebu	51,450	50,585	49,714	49,626	48,831	49,579	3,572	10,961	12,351	14,271	14,512	17,295	10,832	10,726	10,394	10,379	10,512	3,409
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A21222008: South Portsmouth Sta Fiber							289	429	503	579	787	700	628	490	611	744	754	483
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A21222012: 2BCXNLD Morehead Station Fiber							289	429	503	579	787	700	628	490	611	744	754	483
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A21222013: 2BCXNLDMorgan County Sta Fiber							1,269	1,880	2,206	2,533	3,453	3,070	2,751	2,147	2,675	3,265	3,307	2,118
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	A21222014: 2BCXNLD Lee City Sta Fiber							289	429	503	579	787	700	628	490	611	744	754	483
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	O18001001: TOps Situational Awareness	16,619	16,367	16,112	16,087	15,772	15,824												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P10115001: TKPJohns Creek-RetRem MOABs	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P10115013: Johns Creek Change to KPCo																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P11063002: TKYHazard Station Improvemen	194	6,788	6,665	6,658	8,556	8,658	148,553	604,302	8,414	576,131	317	300						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P13064002: T/KP/Hazard Station / OPCO	277,707	273,038	212,753	156,247	152,261													
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P13064003: T/KP/Wooton Station - Station	23,491	23,096	22,698	22,658	22,166	22,248												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P13064029: Hazard-Wooton Change to KPCo																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P13064030: Hazard Station Change to KPCo	165,160	168,315	203,888	299,869	120,250													
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P13064031: Hazard 161/138 Spare KPCo	1,178	1,901	776	801	379													

180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030002: Stinnett Loop Install OPGW	5,194	3,972	5,019	6,123	5,991	3,827	90	133	156	180	244	217	194	152	189	231	234	150
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030008: T/KP/Leslie Station Work	1	1	1	1	1	(0)	8	13	15	17	23	21	19	15	18	22	22	15
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030010: Leslie Loop ROW KPCo							0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030011: Wooton-Leslie ROW KPCo	0	(1)	(1)	(0)	(1)	(1)	(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030013: Wooton Relaying Work & Telecom							(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030015: Lesile - Stinnett Removal							0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030016: Leslie - Stinnett ROW (KPCo)							0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030101: Leslie - Clover Fork Line Work							1											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030102: Leslie - Wooton TL to KPCo	10,067	7,698	9,728	11,868	11,611	7,416	3,572	5,296	6,212	7,135	9,724	8,647	7,747	6,047	7,535	9,195	9,313	5,965
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030103: Leslie - Stinnett TL to KPCo	35,804	27,380	34,596	42,209	41,293	26,375	3,432	5,089	5,970	6,856	9,343	8,308	7,442	5,810	7,238	8,835	8,948	5,732
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P14030104: Leslie Ext Install to KPCo							0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P16116003: Stinnett - Pineville ROW KPCo	0	(1)	1	0	1	0	(1)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P16116005: Stinnett -Pineville T-line	1	2	(0)	1	1	(0)	7,734	11,468	13,452	15,449	19,140	26,212	22,364	26,187	21,750	7,240	7,333	9,226
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17076001: Kenwood Extension TLINE	1	0	2	1			(1)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17076005: Prestonsburg - Thelma 69kV	102,353	100,632	69,948	98,724	96,581	96,939	309,745	306,245	307,901	309,410	306,668	686,299	298,593	299,690	290,403	289,997	293,716	295,635
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17076010: Van Lear - Kenwood Str Replace		(1)					(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083001: Garrett-Soft Shell 138kV TLINE	52,634	191,846	110,566	140,173	160,226	202,771	0						1,591,731	1,597,580	1,548,076	1,545,908	1,565,733	1,575,967
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083002: Garrett - Soft Shell 138kV ROW	1,226	1,205	1,147	1,183	1,119	1,161	130,278	196,125	292,902	171,281	248,107	162,148	39,598	37,419	31,290	30,261	27,310	27,055
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083003: Garrett Switch (Removal)	242	186	234	286	280	179	(414)	(485)	(19)	(718)	(838)	(889)	(1,007)	(1,094)	(1,089)	(1,172)	(1,175)	(1,229)
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083005: Hays Branch S.S			29,004				1,469	2,177	2,554	2,934	3,998	3,555	3,186	2,486	3,098	3,781	3,829	2,453
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083006: Garrett - Eastern 138 TLN	3,520	3,451	3,286	3,365	3,192	930,449	884	518,223	73,605	96,724	95,810	93,637	94,415	96,863	79,901	55,669	55,645	45,228
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083007: Garrett - Eastern 138 ROW	66,745	64,457	28,935	28,723	59,016	59,004	80,364	74,828	76,942	139,812	28,232	25,291	24,538	23,122	20,294	23,894	22,158	21,605
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083008: Hays Br. - Morgan Frk. 138 TLN	13,742	13,402	12,643	12,938	12,147	12,495	12,444	11,022	12,170	11,735	836,371	11,182	11,401	11,341	10,540	10,779	10,469	10,790
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083009: Hays Br. Morgan Frk. 138 ROW	5,021	4,545	3,960	3,708	3,182	3,143	6,388	5,469	5,862	5,506	5,439	4,960	4,907	4,726	4,249	4,196	3,926	3,891
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083017: Spring Fork Tap Retirement															471,923			
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083019: McKinney - Garrett Retirement						9,535	167,080								1,902			
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083020: Lackey S.S Retirement																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083026: Hays Br-Soft Shell Trans Fiber	1,119	(0)	(0)	0	(0)	6,768	7,105	24,381	24,513	23,522	16,277	15,923	15,849	15,907	15,414	15,393	15,590	15,692
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083031: Eastern-Hays Branch SS TLINE	31,739	22,030	21,380	21,352	20,631	20,709	450,025	502,174	1,720,995	474,693	472,990	249,055	238,722	190,320	184,670	187,465	406,207	194,475
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17083034: Morgan Fork Remote End	3,283	4,791	3,171	3,167	3,096	3,110	2,436	2,227	2,275	2,497	2,322	2,156	1,105	15,303	176	128	(249)	(553)
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084007: Myra 138kV Extension TLINE	0	0	(1)	(0)	1	0	1											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084008: Myra 138kV Extension ROW	(0)	(0)	0	(0)	(0)		0	0	0	0	0	0	0	0	0	0	0	0
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084019: Elwood - Cedar Cr. Reconfig.	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084020: Elwood - Henry Cl. Recon. @ EL	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084021: DO NOT USE	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084029: CancelNew Henry Clay Extension	36	28	35	44	43	27												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084036: DO NOT USE	(0)	(0)	(0)	(0)	(0)	(0)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17084041: Beaver Creek-Elwood Retire ROW	120,326	118,303	116,266	116,060									1,072,335	1,076,275	1,042,924	1,041,464	1,054,820	1,061,715
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17110001: Chadwick Station Work	85,512	122,074	142,891	54,497	211,097	106,074	20,794	2,860	2,867	2,475	1,187							
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17110002: Bellefonte - Grangston Cut in	21,138	9,789	16,066	2,459	(757)	159,097	10,967	7,743	8,160	7,490	4,663	1,716	797					
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17110003: Bellefonte Remote end Work	28,638	25,174	21,478	10,736	4,337	4,174	4,039	3,320	3,381	2,976	1,450							
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17110005: Chadwick - Leach Relocation	29,180	33,516	35,391	26,315	6,932	6,694	7,584	6,268	6,428	5,715	2,812							
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17110006: Chadwick - Tri State #1 Reloca	1,476	5,370	5,867	1,182	1,111	1,076	992	822	847	756	374							
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17110007: Chadwick - Tri State #2 Reloca	302	2,389	2,390															
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225001: Moore Hollow 138kV Station	1	0	2															
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225003: Moore Hollow 138kV Extension	1	1	1	1	1	(2)	0	0	0	0	0	0	0	0	0	0	0	0
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225013: Ramey 138 kV Extension TLINE	(1)	(2)	(2)	(1)	(1)	(2)	(0)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225014: Ramey 138 kV Extension ROW							0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225015: East Park - Princess 138kV TL	(2)	(2)	(2)	(2)	(1)	(1)	1											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225016: East Park - Princess 138kV ROW	(2)	(1)	(2)	(1)	(1)	(0)	(1)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225017: Bellefonte - Coalton 138 kV TL	0	1	(0)	(0)	(0)	(1)	0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225018: Bellefonte - Coalton 138kV ROW	(2)	(2)	(1)	(1)	(1)	0	0											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225019: Bellefonte-S.Point 69kV Retire		0	0	0	0	0	0	0	0	0	0	0						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225020: Bellefonte - Coalton 69 kV Ret		0	0	0	0	0	0	0	0	0	0	0						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225022: Coalton Station		0	0	0	0	0	0	0	0	0	0	0						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225023: Ramey Fiber Termination		0	0	0	0	0	0	0	0	0	0	0						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225024: Moore Hollow Supplemental Work	0	(1)	(0)	(2)	(1)	(2)												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225025: Moore Hollow Metering	(1)	(1)	(0)	(0)	(1)	1												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225027: Chadwick Remote End																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225028: Ashland SC-Bellefonte Fib. Cab		0	0	0	0	0	0	0	0	0	0	0						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P17225030: Princess Stat. Supplemental	0	(0)	(2)	(1)	(1)	0	1											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025005: Kewanee 138 Ext TLINE	146,545	118,391	194,263	619,511	1,085,897	1,506,094	925,174	749,885	210,394	212,629	225,466	222,958	230,804	240,423	230,755	242,866	145,210	175,940
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025006: Kewanee 138 Ext ROW	463,058	15,354	15,088	15,063	18,161	14,791	204,636	15,351	15,438	15,510	15,376	15,038	14,971	15,026	14,558	14,540	14,724	137,997
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025007: Cedar Creek Remote End	6,375	6,268	6,160	6,149	6,015	48,416	53,587	8,468	8,514	8,556	8,480	8,295	8,257	8,287	7,594	7,584	7,681	7,735
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025009: Cedar Creek Fiber Extension	2,952	2,902	2,852	2,847	2,785	2,796	5,161	5,102	5,130	5,155	5,109	4,998	4,975	6,069	5,881	13,609	11,222	12,705
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025010: Kewanee Fiber Termination	847	833	818	817	799	802	2,958	2,696	2,496	2,508	2,486	3,798	5,040	3,506	1,311	2,350	1,959	1,266
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025012: Cedar Creek - Elwood TLINE Wor	2,237	2,200	2,162	2,158	2,111	3,484	12,479	10,037	9,953	6,668	6,609	6,464	6,435	6,458	6,258	7,226	7,384	6,683
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025013: Sprigg - Beaver Cr. TLINE Work	23,281	33,887	33,304	33,245	32,523	32,644	72,720	72,382	72,773	73,130	49,006	43,968	43,765	33,163	33,177	33,131	33,556	33,775
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18025014: S.Pike - Dorton Fiber Cable	4,963	4,879	4,795	4,787	4,683	9,997	24,325	23,960	21,855	21,962	21,768	10,521	10,472	10,511	10,185	10,171	10,301	5,060
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19036003: Osborne Extension TLINE	169,760	169,887	140,600	122,806	105,838	106,230	2,789	5,464	6,237	5,804	31,136	29,482	35,855	7,645	6,536	6,309	31,070	38,592
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19037006: Poor Bottom Extension	99,854	98,175	96,485	96,314	94,223	94,591		11,771	14,793	14,866	14,734	14,413	14,346	17,855	17,301	17,277	17,499	17,613
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19091001: Cancel Middle Creek BESS	(0)	0	(0)	(1)	1	(0)	(1)											
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19091011: Middle Creek BESS	5,366	577,470	624,960	722,774	758,242	863,133							1,070,337	1,074,270	1,040,982	1,039,524	1,052,855	1,059,737
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092005: Cancel - Allen - Dwale TLINE	120,810	92,383	116,733	142,421	139,329	88,994	222,479	219,964	221,153	222,237	220,267	215,465						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092006: Cancel - Allen - Dwale ROW	27,966	27,496	27,022	26,974	26,389	26,486												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092007: Allen -East Prestonsburg TLINE	4,608	3,523	4,452	5,432	5,315	3,394							107,234	107,628	104,293	104,147	105,482	
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092009: Cancel Dwale-PrestonsburgTLINE	177,075	174,098	171,100	170,797	167,090	167,710	176,091	174,101	175,042	175,900	174,341	170,540						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092010: Cancel Dwale-Prestonsburg ROW	0	0	0	0	0	0												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092011: McKinney -Allen Reconfigure						0	55,620	54,992	55,289	55,560	55,067	53,867						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092012: Betsy Layne - Allen Reconfigur						0	55,620	54,992	55,289	55,560	55,067	53,867						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19092013: Allen - Prestonsburg TLINE						0	55,620	54,992	55,289	55,560	55,067	53,867						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19104010: Bellefonte Ext (KY) Line work	255,250	304,249	340,495	381,491	275,903	295,768	356,202	292,112	281,525	221,903	172,946	78,238	5,685	3,232	2,882	2,820	2,611	2,556
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19294004: Big Sandy Remote End	5,594	344,219	5,405	5,395	2,635		5,562	5,499	5,529	5,556	5,507	4,543						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19294008: Inez Metering	187,072	5,610	5,518	5,518	5,403	5,435	3,489	143	166	169	181	346	192	200	195	209		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19305001: Orinoco - Stone TLINE	198,365	222,893	164,292	164,001	160,441	161,035	3,572	15,008	15,089	15,163	15,029	15,565	18,076	18,143	17,580	14,212	14,394	14,488
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19305002: Orinoco - Stone ROW	67,116	54,990	43,234	37,762	15,833	10,594	715	1,308	1,479	1,605	1,591	1,903	1,549	1,555	1,395	1,393	1,411	1,410
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19305009: Hatfield Station Work	13,400	13,175	12,948	6,462	6,322		715	883	1,242	1,249	1,767	2,249	2,238	1,901	1,673	1,004	847	682
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19305010: Stone Station Work	36,601	35,986	23,577	23,536	11,512	11,555	357	883	1,597	1,605	1,767	2,249	2,066	1,901	1,673	1,504	1,524	1,534
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P20035002: Cancel-MiddleCreek-Falc RemROW	17,245	16,956	16,664	16,634	16,273	16,333			3,930									
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P20035004: Middle Creek-Prestonsburg ROW	80,052	67,468	49,725	33,091	26,979	21,663	535	883	1,419	1,426	1,767	1,383	1,376	2,073	2,009	1,337	1,354	1,023
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P20035007: MiddleCreek-Preston Telecom										2,101	2,082							
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221002: Dorton - Fleming 138kV	4,114	3,146	3,975	4,850	4,745	3,030	53,063	52,463	52,747	53,005	52,535	51,390	51,152	51,340				
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221003: Hazard - Fleming 69kV	133,750						78,533	77,646	78,065	78,448	77,753	76,057	75,705	75,983				
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221004: Fleming - Fremont 69kV	16,828	227,834					138,249	136,687	137,426	138,099	136,875	133,891	133,271	133,761				
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221005: Beaver Creek - Fleming 69kV							164,341	162,484	163,363	164,163	162,708	159,161	158,424	159,006				

180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221006: Canclled -Dorton - Fleming ROW	13,234	13,012	12,788	12,765	12,488	12,534	64	94	110	127	172	153	137	107	133	163	165	105
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221007: Hazard - Fleming 69kV ROW	13,695	13,465	13,233	13,209	12,923	12,971												
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221008: Fleming - Fremont 69kV ROW																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221009: Cancelled Beaver Ck-Flemin ROW																		
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221010: Dorton Remote End												16,624						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221013: Beaver Creek Remote End	25,835	12,700	6,241	4,983	4,875	4,893	42,293	41,816	67,520	67,850	67,249	46,855	90,450	90,783	37,935			
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P18221014: Fleming (Jackhorn) 138KV ADSS												148,270						
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215001: Leach Station Work	17,362	19,590	19,221	18,327	14,388	11,163	5,668	1,005										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215003: Chadwick - England Hill TLINE	345,764	400,026	396,158	380,548	294,726	257,064	76,839	21,441										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215004: Chadwick - England Hill ROW	34,861	20,495	(254)	(239)	(205)	(192)	(219)	(110)										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215005: Chadwick - Leach TLINE	77,465	86,573	84,571	72,085	55,918	42,296	20,090	1,728										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215006: Chadwick - Leach ROW	27,617	10,521	2,023	9,539	8,231	482	596	97										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215012: Leach - South Neal KY TLINE	54,533	61,685	60,481	57,415	44,652	34,018	16,215	1,938										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215013: Leach - South Neal KY ROW	116	114	107	112	105	110	115	62										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	P19215014: Leach Area Fiber	23,995	27,876	27,726	26,522	20,709	15,827	7,364	854										
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	TOPSWO180: TOps BPID w/ WOs 180	2,237	2,200	2,162	2,158	2,111			2,199	2,211	2,222	2,202	2,154	2,144	2,152	2,086	2,083	2,109	
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	KPCO T Adjustment to Target							12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209	12,209
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	KPCO G Adjustment to Target	(740,845)	(740,845)	(740,845)	(740,845)	(740,845)	(740,845)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)	(1,418,175)
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	KPCO D Adjustment to Target	452,634	452,634	452,634	452,634	452,634	452,634	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351	52,351
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Bellefonte Substation	20,833	20,833	20,833	20,833	20,833	20,833	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Dewey Substation	8,333	8,333	8,333	8,333	8,333	8,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Hatfield	8,333	8,333	8,333	8,333	8,333	8,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Engle Radial Loop	41,667	41,667	41,667	41,667	41,667	41,667	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Hazard 69kV lines	20,833	20,833	20,833	20,833	20,833	20,833	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Sprigg area	20,833	20,833	20,833	20,833	20,833	20,833	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Prestonsburg - Thelma 46kV	8,333	8,333	8,333	8,333	8,333	8,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Stanville - S. Pikeville 69kV	8,333	8,333	8,333	8,333	8,333	8,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Hatfield - Johns Creek 69kV	8,333	8,333	8,333	8,333	8,333	8,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Morehead Area 69kV	8,333	8,333	8,333	8,333	8,333	8,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
180: Kentucky Power Co - Trans	Capital Expenditures	KyPCO - Transm (180)	Big Sandy - Thelma 138kV	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	Tree Out of ROW Mitigation	382,500	382,500	382,500	382,500	382,500	382,500	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	Additional Distribution Sources and Radial Circuits	561,041	561,041	561,041	561,041	561,041	561,041	685,989	685,989	685,989	685,989	685,989	685,989	685,989	685,989	685,989	685,989	685,989	685,989
110: Kentucky Power Co - Dist	Capital Expenditures	KyPCO - Distr (110)	DACR (Distribution Automation and Circuit Reconfiguratio	313,775	313,775	313,775	313,775	313,775	313,775	701,792	701,792	701,792	701,792	701,792	701,792	701,792	701,792	701,792	701,792	701,792	701,792
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	Mitchell ELG Capital Reduction	(1,401,180)	(5,551,713)	(1,228,032)	(917,701)	(899,875)	(841,176)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)	(2,517,959)
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Steam (117)	Mitchell Capital Reductions	(123,049)	(123,049)	(123,049)	(123,049)	(123,049)	(123,049)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)	(65,444)
117: Kentucky Power Co - Gene	Capital Expenditures	KyPCO - Renewables	KPCO Solar 150MW In Service 12/31/2023							6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989	6,985,989
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	B103SCTRE: AEP Service Corp Tools Blanket	1,303	1,302	1,303	1,310	1,334	1,295	1,480	1,413	1,406	1,447	1,427	1,456	1,414	1,427	1,474	1,423	1,491	1,382
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	CORPR384T: Corporate Reserve-KYPCO Trnsco							1	1	1	1	1	1	1	1	1	1	1	1
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	CFOCAPPRJ: CFO CAPITAL PROJECTS	462	461	462	464	473	456	106	101	101	104	102	104	101	102	106	102	107	99
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	DIGITAHUB: Digital Hub Project	(120)	(120)	(120)	(120)	(123)	(119)	279	276	274	281	277	282	274	277	286	276	289	268
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITCAPPROJ: It Capital Projects	3,577	3,571	3,719	3,591	3,656	3,656	4,346	3,941	4,082	4,122	4,064	4,313	4,027	4,067	4,368	4,057	4,250	4,098
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITCHR0001: IT Chairman Blanket	94	94	94	94	96	92	108	103	102	105	104	106	103	104	107	104	109	101
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITPFP0002: IT Pol Fin & Strat Pln Blanket	131	131	131	132	135	129	151	144	143	147	145	148	144	145	150	145	152	141
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSEC1436: Security Blanket	(106)	(106)	(106)	(106)	(108)	(105)	27	25	25	26	26	26	25	26	26	26	27	25
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSSV0003: IT Shared Services Blanket	(274)	(273)	(273)	(324)	(330)	(320)	2,141	2,045	2,034	2,093	2,064	2,106	2,045	2,065	2,132	1,976	2,070	1,919
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITTRN1272: Transmission IT Projects Blank	5,260	5,254	5,259	5,289	5,384	5,227	6,512	6,218	6,186	6,367	6,277	6,404	6,219	6,281	6,485	6,262	6,561	6,080
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITTRN1814: TRA NERC Compliance Rptg	220	220	220	221	225	218												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITTRN1815: Customer Data Linkage	264	263	264	265	270	262												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	000019775: AEP KY Trans Co Cap Software	2,172	2,170	2,171	2,184	2,223	2,158	2,467	2,355	2,343	2,412	2,378	2,426	2,356	2,379	2,457	2,372	2,485	2,303
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	000020803: TOPS_HW Infrastructure Texas	22	22	22	22	22	22												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	000020804: TOPS_HW Infrastructure All Ea	22	22	22	22	22	22												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	000020805: TOPS_HW Infrastructure All No	33	33	33	33	33	32												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	000007562: WP PQ QOS Mitigation	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	ITCB10300: AEP Service Corp - Telecom	(12)	(12)	(12)	(12)	(12)	(12)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	B384KYSRE: T/KYTC/Non-Specific Work Stat	4,409	4,404	4,407	4,433	4,512	4,381	5,007	4,781	4,756	4,895	4,826	4,924	4,782	4,829	4,986	4,815	5,044	4,674
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	ESTBLK384: KYTC Capital Blanket Estimate							(0)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	ESTCOR384: KYTC Blnkt Proj <3M Estimate				660,000	660,000	680,000												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	OPS103SWU: GLBU - 103 WOs	1,075	1,074	1,075	1,081	1,101	1,069	1,113	1,063	1,058	1,089	1,073	1,095	1,063	1,074	1,109	1,071	1,122	1,039
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000007652: OOC Capital Projects	183	183	183	184	187	180	210	200	199	205	202	206	200	202	209	202	211	196
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITGEN1758: Maximo Upgrade Enhancements																		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSEC1556: Cyber IronNet	48	48	48	48	49	47												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSEC1720: Cyber DPPG Data Gov&Compliance	51	51	51	51	52	50												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSEC1795: Cyber-VulnextPh2ConfigMgt	115	114	115	115	117	113												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSEC1826: Cyber-NetwrkDefUpgrd 2020																		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSSV1471: Oracle 12.1 Upgrade																		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITSSV1619: Mobility BarCode RFID	1	1	1	1	1	1												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITTRN1728: ESRI ArcGIS Utility Network	238	238	238	239	244	237												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITTRN1745: Int Design and Construct	402	401	402	404	411	399	359	343	341	351	346	353	343	347	358	346	362	335
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	ITUOP1404: WebEOC Implementation	10	10	10	10	11	10	12	11	11	11	11	11	11	11	12	11	12	11
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000015430: TOPSRTO ERCOT MARKET INTERFAC	11	11	11	11	11	11												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000019438: TOPSgridSMART Iniative	11	11	11	11	11	11												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000020786: TOPS Network Apps	36	36	36	36	37	36												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000020787: TOPS ERCOT Reliability Apps	81	81	81	82	83	81												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000020788: TOPS East Cont Cnt Apps	46	46	46	47	48	46												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000020789: TOPS West Cont Cnt Apps	6	6	6	6	6	6												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000020790: TOPS-eTerravision App Enhanc	26	25	26	26	26	25												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000021172: TTOPSTOA Phase 2	11	11	11	11	11	11												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Intangible	000021579: TTOPSNew Technology for TOPS	43	43	43	44	44	43												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	BLDCS: Building Projects Cap Std	351	350	350	352	359	345	413	373	371	389	384	391	380	384	396	383	401	372
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17CC1088: KYTC - MREGT Projects	0	(1)	(0)	(0)	0	(0)	(1)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17CC1089: KYTC - MNERN Projects	0	0	0	0	0	0	(2)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17CC1090: KYTC - MCUSP Projects	0	0	0	0	0	0	1											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	ITSSV1820: TCOM Ciena Blu Plan Inven	132	132	132	132	135	131												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	000021578: TTOPSOffice Furnishings - 1R	1	1	1	1	1	1												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO002: 693 Applications	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO003: CE - CIP APPLICATIONS	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO004: CE - Hardware ORP (DR)	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO005: CE - HARDWARE - DALLAS	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO006: EMS - NET SECUR APPS - ERCOT	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO008: EMS - SCC APPLICATIONS - PJM	0	0	0	0	0	0	0											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO009: EMS - SERVERS - ORP	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO010: OFFICE/FACILITY - ORP	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO011: OFFICE/FACILITY - DALLAS	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO012: ORP - NON-PC/SERVER HARDWARE	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO013: RTO - ERCOT INTERFACES	0	0	0	0	0	0	(0)											

384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO014: RTO - HARDWARE - ORP	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO015: RTO - HARDWARE - DALLAS	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO016: RTO - MISO INTERFACES	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO017: RTO - PJM INTERFACES	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO018: RTO - SPP INTERFACES/NEW MRKT	0	0	0	0	0	0	(0)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO019: SCADA - APPLICATIONS - EAST	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO020: SCADA - APPLICATIONS - WEST	(0)	(0)	(0)	(0)	(0)	(0)	(0)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO021: SCC - NON-PC/SERVER HARDWARE	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO022: SE - DTS IMPROVEMENTS - ERCOT	0	0	0	0	0	0	0											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO023: SE - DTS IMPROVEMENTS-PJM/SPP	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO026: SE-TRAIN DELIVERY ENHANCEMENTS	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO027: TDC - NON-PC/SERVER HARDWARE	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO029: TECH - ASSET HEALTH CENTER	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO030: TECH - GE/ALSTOM APPL ENHANCE	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO031: TECH - LINEAR STATE ESTIMATOR	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO032: TECH - NETWORK MODEL MNGT	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO034: TECH - TARA ORA	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO036: TECH - TOA/DOL	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18SCO037: TECH - MV90	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	DP16K03Y0: Tygart Sta - Transco work	23,396	9,023	44,513				132,992	218,186	217,043	223,395	220,242	224,715	217,500	222,383	97,866			
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	TA1501213: KY Transco Spares-MajorEquipt	(0)	(0)	(1)	(0)	(0)	0	0											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A14068002: Baker765 Transco Stat Phy Sec	9,004	8,994	9,001	9,053	9,215		42,587	40,662	40,449	41,633	41,045	41,879	40,670	41,071	42,410	40,950	42,903	
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	TCTRANPRJ: Telecom Trans BU Labor	3,385	3,381	3,384	3,404	3,465	3,364	3,845	3,671	3,652	3,758	3,705	3,781	3,672	3,708	3,829	3,697	3,873	3,589
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	384ADMINC: AEP KY Transco Acctg Transacts	(5,197)	106,065	(107,925)	133,388	(4,480)	(123,591)	(1,636)	1,413	5,233	(1,983)	1,427	1,456	(6,190)	125,298	(131,776)	156,113	(5,517)	(142,306)
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710066: Leach Station Fiber Cable Ext	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710067: Chadwick Sta Fiber Cable Ext	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710068: England Hill Sta Fiber Cable	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710069: CANCELLEDColeman-Sprigg Statio	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710070: Raccoon Station Fiber Cable	(2)	(2)	(2)	(2)	(2)	(2)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710073: Ashland SC - Bellefonte 138kV	123,448	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710074: Russell Station Fiber Cable	8,847	8,837	8,844	8,895	9,054	8,791												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710077: Ramey Station-Ashland PoP Fib	(0)	(0)	(0)	(0)	(0)	(0)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710078: Bellefonte 138 Station Fiber	0	0	0	0	0	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710081: Hitchins Station Fiber Cable	12,855	12,841	12,851	12,925	13,157	(1)												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710082: Olive Hill Station Fiber Cable	0	0	0	0	0	0								24,969				
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710083: Hayward Station Fiber Cable	0	0	0	0	0	0							61,064	61,665	63,676	61,483		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710084: Morehead Station Fiber Cable	(1)	(1)	(1)	(1)	(1)	(1)							92,723	93,636	96,689	93,360		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710087: Coleman Sta FCE TelModFib	159,848																	
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710091: Vicco - Jeff TelModFib	3,467	2,693	3,466	4,260	4,336	2,679												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710092: Jeff - Hazard TelModFib	90	69	90	111	113	69												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710093: Jeff - Daisy TelModFib	3,690	2,866	3,689	4,533	4,614	2,851												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A15710096: Pikesville SC-Johns Creek TelM	3,603	2,799	3,602	4,428	4,507	2,784												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A17750004: KYTCo Sta/LineFailures CbknoWO	0	0	(0)	1	0	0	0											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A20018081: 2021-2030 Ky Transco Spre Proj						1,476,289									222,152	268,131	337,101	
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A20018082: 2021-2030 Ky Transco Fail Proj	99,048	98,935	792,137	746,889	405,479	98,420												1,171,433
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222001: South Portsmouth-Tygart Fib							11,657	16,693	19,374	22,789	30,893	28,656	25,045	19,672	26,117	30,821	32,291	19,042
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222002: Tygart Station TelModFib							31,152	44,617	51,780	60,910	82,570	76,588	66,939	52,577	69,803	82,378	86,306	50,894
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222003: Wurtland Station TelModFib							4,662	6,678	7,749	9,116	12,357	11,463	10,019	7,868	10,447	12,329	12,917	7,616
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222004: Highland Sta-Russell Sta Fiber							11,657	16,693	19,374	22,789	30,893	28,656	25,045	19,672	26,117	30,821	32,291	19,042
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222005: Morehead Sta-Morgan Co							42,385	60,704	70,451	82,871	112,340	104,200	91,074	71,534	94,970	112,079	117,424	69,245
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222006: Morgan Co-Jackson sta							35,691	51,119	59,326	69,786	94,601	87,748	76,694	60,238	79,975	94,382	98,883	58,311
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	A21222007: 2BCXNLD Lee City FCE							4,662	6,677	7,749	9,116	12,357	11,463	10,019	7,868	10,447	12,328	12,916	7,616
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	O18001001: TOps Situational Awareness	1,736	1,734	1,736	1,746	1,777	1,725												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P11063004: Hazard - 138kV breaker install	1	(0)	0	1	0	2	266,132	254,105	252,773	260,171	256,499							
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P15BAT001: AEP Wildlife HCP	37	37	37	37	38	37												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17083010: Eastern Land Purchase	444	41,356	0	0	102	0												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17083011: Snag Fork S.S	21	20	20	7,117	21	24,332	0											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17083012: Snag Fork Land Purchase	(0)	(0)	0	(0)	0	1												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17083027: Softshell Station (KY Transco)	299	438	560	1,144	1,353	1,478	1											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17083028: Garrett (KY Transco)	26,946	26,011	24,394	24,394	23,575	26,027	0											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17083029: Eastern Station	1,192	1,191	1,193	1,199	2,323	13,164	(0)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P17110011: Chadwick Sta. Work KY Transco	1,188,566	1,484,026	792,137	398,340	81,095	17,439	10,706	8,179	7,846	6,619	3,007							
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P18025015: Kewanee Station (KY Transco)	29,555	29,496	29,457	29,628	283,512	422,882	29,421	12,108	12,564	2,581	2,544	2,591	2,515	2,536	2,615	2,522	2,638	3,336
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P19092001: Do Not Use (KY Transco)	43,657	33,917	43,644	53,648	54,610	33,740	3,528	3,890	3,425	3,511	3,535	59,119	175,462	60,809	9,925	21,943	18,130	16,896
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P19092015: Stanville Remote End							(0)											
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P19294001: Cancel Inez Station Transco	247,618	89,536	129,217	129,958	106,945	79,227	134,404	234,829	233,599	78,079	73,102	92,483	68,275	15,162	15,499	8,682		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P19294007: Cancel InezXFReplaceBaselin	15,951	12,393	15,947	19,602	19,954	12,329		47,586	55,903									
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P19305007: ReplBelfryw/OrinocoTR cancel	7,429	6,183	6,188	2,489	2,534	1,231												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P19305011: New Camp TR - to be cancelled	4,210	3,710	3,713	3,631	2,534	1,332												
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	TBB384001: Budget/Pikeville Trans SrvcCtr																		
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	P18221015: Cancelled Jackhorn Sta (KYTr)	374,776	448,398	578,269	581,586	676,431	574,777	51,003	35,506	35,320	36,354	35,841	125,485	120,972	122,164	99,667			
384: AEP Kentucky Trans Co	Capital Expenditures	Kentucky Transco (384) - Trans	KY Transco Adjust to Target							2,090	2,090	2,090	2,090	2,090	2,090	2,090	2,090	2,090	2,090	2,090	2,090
			Total	15,642,396	16,997,625	19,085,920	20,672,554	19,346,122	19,784,328	21,982,572	23,052,639	27,380,062	27,319,190	25,143,751	24,244,586	28,151,136	27,453,274	30,797,503	31,506,255	29,895,385	27,644,687

Section 4.1(f)
Certain Additional Matters

1. At least 90 days prior to the Closing Date, enter into an Interconnection and Local Delivery Service Agreement between Kentucky Power and Appalachian Power Company governing wholesale delivery of power across the Kentucky Power system, in form customarily used by AEP and reasonably acceptable to Purchaser.

2. At least 90 days prior to the Closing Date, enter into an Interconnection and Local Delivery Service Agreement between Appalachian Power Company and Kentucky Power governing wholesale delivery of power across the Appalachian Power system, in form customarily used by AEP and reasonably acceptable to Purchaser.

3. Kentucky Power and Appalachian Power Company cause the filing by PJM with FERC of each of the Interconnection and Local Delivery Service Agreements specified in items 1 and 2 above (the "ILDSAs"), pursuant to FPA Section 205 at least 90 days prior to the Closing Date to become effective as of the Closing Date.

4. Kentucky Power shall transfer at net book value to any Seller or any of its Affiliates (other than the Acquired Companies), and such Seller or its Affiliates shall accept and fully assume all of Kentucky Power's right, title and interest, including all Liabilities, with respect to the Posey Coal Fields, which is to be effected pursuant to a book entry on each party's accounting records together with customary documentation of such assumption of Liabilities reasonably satisfactory to Purchaser.

Section 4.8(a)(i)
Intercompany Arrangements - Approvals

The acceptances/approvals and notices set forth under the following headings as set forth on Section 2.4(a) of the Sellers Disclosure Letter (other than those listed under "The following new agreements and/or submission applications"):

- FERC acceptance/approval of the following items pursuant to Section 205 of the FPA:
- Post-Closing notice to FERC regarding:
- Approval of the WVPSC regarding the following:
- Notice to the Indiana Utility Regulatory Commission regarding the following:
- Approval of the Virginia State Corporation Commission regarding the following:

Pursuant to the Order of the KPSC under Case No. 2018-0087, notice to the KPSC regarding the change to the "Sparing Service" under Grid Assurance LLC Amended and Restated Subscription Agreement dated April 2, 2019 among Grid Assurance LLC, Kentucky Power, and Kentucky TransCo and several other Affiliates, as amended due to the withdrawal of Kentucky Power

Section 4.8(a)(ii)
Continuing Intercompany Arrangements

- The following agreements will be executed on or prior to the Closing Date on terms and conditions reasonably satisfactory to Purchaser:
  - Leases between AEPSC or an Affiliate, as lessee, and Kentucky Power, as lessor, for the lease of space on certain radio towers in order to maintain radio network coverage for AEP's Affiliates
  - AEP will cause AEPSC as agent for certain AEP Affiliates to enter into the Operational Procedure Document
  - Transmission Interconnection Agreement(s) between: (i) Kentucky Power and Ohio Power Company (ii) Kentucky Power and Appalachian Power Company and (iii) Kentucky Power and Indiana Michigan Power Company
  - ILDSAs (as described on Section 4.1(f) of the Sellers Disclosure Letter)
  - Power Sale Agreement between an AEP Affiliate or Affiliates and Kentucky Power for the purchase by Kentucky Power of the amount of capacity it will need to meet the PJM FRR election for the 2022/2023 and 2023/2024 plan years (the "New Power Sale Agreement") (see description on Section 4.8(b) of the Sellers Disclosure Letter)
  - Bridge PCA (see description on Section 4.8(b) of the Sellers Disclosure Letter)
- The parties thereto will enter into the Mitchell Plant O&M Agreement in accordance with the Agreement
- The parties thereto will enter into the Mitchell Plant Ownership Agreement in accordance with the Agreement
- The following Intercompany Arrangements will continue by their terms:
  - Unit Power Agreement dated August 1, 1984 between Kentucky Power and AEP Generating Company
  - Amended and Restated Cook Coal Terminal Transfer Agreement dated December 16, 2013 between Kentucky Power, AEP Generating Company, Appalachian Power Company and Indiana Michigan Power Company, and neither the Acquired Companies nor AEP and its Affiliates shall seek to terminate Kentucky Power as a party to the agreement earlier than the date on which the expiration or termination of the Unit Power Agreement is effective

Section 4.8(b)
Intercompany Arrangements – Power Coordination

Bridge PCA

Kentucky Power will enter into the PCA Bridge with AEP and/or its Affiliates (all parties to the PCA Bridge other than Kentucky Power, the "AEP Parties") on terms and conditions reasonably acceptable to Purchaser. The Bridge PCA will address the following issues:

- Kentucky Power's participation in the PJM Fixed Resource Requirement with the other AEP Companies and related sales of capacity from the AEP's FRR plan into the PJM Reliability Pricing Model Market. AEP FRR plan participation is anticipated to be through the 2023/2024 PJM Planning Year and the 2024/2025 PJM Planning Year if the Closing Date occurs after the FRR commitment date for that Planning Year in mid-April 2022.

- Kentucky Power remaining a transmission owner and load serving entity for its service territory in PJM and in AEP's Load Zone in PJM through January 1 of the calendar year after it is no longer a party to AEP's FRR plan.

- Kentucky Power's sharing in the costs and benefits of the coal, energy, capacity and related contracts entered into by AEP to support the AEP Parties (where that includes Kentucky Power) until those positions expire or are wound-down by AEP.

- The commitments that will be made by AEP on behalf of Kentucky Power in the normal course of business related to its participation in PJM, such as nominating and managing the Auction Revenue Rights or Financial Transmission Rights for transmission paths associated with Kentucky Power's service of its retail and wholesale customer loads.

- Establishment of stand-alone PJM accounts for Kentucky Power's PJM settlement activity and transitioning charges and credits for Kentucky Power activity from AEP to Kentucky Power.

New Power Sale Agreement

In connection with the Bridge PCA and the amount of capacity Kentucky Power will need to meet the PJM FRR election for the 2022/2023 and 2023/2024 plan years, on or prior to the Closing Date, Kentucky Power will enter into an agreement or agreements on terms and conditions reasonably acceptable to Purchaser, with AEP or an Affiliate to purchase from AEP or an Affiliate the amount of capacity it believes it will need to meet the amount of its FRR commitment that is in excess of its expected generation for those periods [redacted]

Section 4.9
Support Obligations

- Self-Insurers' Guarantee Agreement dated June 3, 2011 made by AEP to assume and guarantee to pay or otherwise discharge promptly all the liabilities and obligations of Kentucky Power, AEPSC, AEP Kentucky Coal, LLC and AEP River Operations LLC which are provided for under the provisions of the Workers' Compensation Act of the Commonwealth of Kentucky per KRS Chapter 342

- Unconditional and Continuing Parental Guaranty In the Matter of Self-Insurance of Subsidiaries of said Guarantor dated December 15, 2008 among AEPSC, Appalachian Power Company, Ohio Power Company, Wheeling Power Company, Kentucky Power and Indiana Michigan Power Company and AEP

Section 4.12
D&O Indemnification Agreements

- Section XII of Kentucky Power's By-Laws as amended on March 20, 2008 sets forth Kentucky Power's obligations to indemnify any person who was or is made a party to a proceeding because such person is or was a director, officer or employee of Kentucky Power, as well as others as set forth in such Section XII.

- Section XII of Kentucky TransCo's By-Laws dated October 29, 2009 sets forth Kentucky TransCo's obligations to indemnify any person who was or is made a party to a proceeding because such person is or was a director, officer or employee of Kentucky TransCo, as well as others as set forth in such Section XII.

Section 4.16
Existing Debt Arrangements; Senior Notes

- Bond Purchase and Continuing Covenants Agreement dated June 1, 2017 between Kentucky Power and Key Government Finance, Inc.

- Credit Agreement dated March 6, 2020 among Kentucky Power, the lenders party thereto, and Key Bank National Association

- Amended and Restated Credit Agreement dated October 26, 2018 among Kentucky Power, the lenders party thereto, and Fifth Third Bank

- Credit Agreement dated June 17, 2021 among Kentucky Power, the lenders party thereto, and Canadian Imperial Bank of Commerce, New York Branch

- Senior Note Purchase Agreements and Senior KPCo Notes

- Utility Money Pool Agreement

- TransCo Intercompany Notes

Section 4.17
Business Separation Matters

The Business Separation Plan to be developed during the Interim Period shall address the following:

- Reconfigure the AEP telecom network to exclude Kentucky Power. As a part of the overall telecom project and to ensure sufficient ongoing radio network coverage, installation by Kentucky Power at or prior to Closing of certain equipment and facilities on radio towers and the execution at or prior to Closing of a perpetual rent free lease between AEPSC or an Affiliate, as lessee, and Kentucky Power, as lessor, for the lease of such towers in order to maintain radio network coverage for AEP's Affiliates.

- Establish the installation of meters and cumulative usage data aggregation and profiling processes on un-metered intra-company distribution lines across KY, WV and VA in order to calculate separate jurisdictional/system load of Kentucky Power and AEP Affiliates

- Certain substation, interconnection and related facilities and real estate interests located at Mitchell will need to be bifurcated (from a contractual and perhaps an ownership perspective) to separate out those facilities and real estate interests that are properly allocable to Mitchell and those which are properly allocable to AEPSC and its utility Affiliates. It is anticipated that this separation work may involve, among other things, AEPSC or one or more of its Affiliates granting easement or other access rights to certain facilities to the Acquired Companies, and vice versa, pursuant to customary easement and access agreements

- The real property held by Franklin Real Estate Company as set forth on Section 2.7(c) of the Sellers Disclosure Letter will be transferred to Kentucky Power by deed prior to the Closing.

- Any real property, permits or leases used exclusively in the business of the Acquired Companies held in the name of other AEP affiliates including AEPSC. If any is found, rights to such real property, permits or leases will be transferred to the applicable Acquired Company via title, assignment, lease, easement or other applicable land interest, as appropriate, prior to the Closing.

- Items identified in the "Nickel Separation Approach and AEPSC Overview for Bidders August 23 2021" in the Data Room.

- Such other items mutually identified and agreed to prior to Closing, including, if applicable, the addition of services and terms to the Transition Services Agreement.

Section 4.18
NERC Registration

Purchaser selects the following option to address registration with NERC for the bulk electric system facilities of Kentucky Power and Kentucky TransCo, except in connection with Kentucky Power's interest in the Mitchell Facility whereby Wheeling Power Company, as the operator, shall be the registered entity for the bulk electric system assets associated with the Mitchell Facility and responsible for NERC compliance for such assets under 18 C.F.R. § 39.2.

- Option: Purchaser shall establish a new registered entity with NERC, which shall be registered under the following functional registration categories for the newly-acquired bulk electric system assets: DP, GO, GOP, RP, TO, TOP, and TP. That registered entity shall be certified as a TOP for the newly-acquired bulk electric system transmission facilities. That registered entity shall implement a compliance program for compliance with (i) all reliability standards applicable to the new Registered Entity for the new-acquired bulk electric system assets under 18 C.F.R. § 39.2; (ii) the NERC Rules of Procedure; and (iii) the PJM TO/TOP Matrix.

Section 4.19
Master Leases

- Master Lease Agreement with Banc of America Leasing and Capital LLC dated September 2, 2014
- Master Leasing Agreement with The Huntington National Bank dated December 29, 2008
- Master Equipment Lease Agreement with Huntington Technology Finance, Inc. dated September 17, 2018
- Master Lease Agreement with RBS Asset Finance Inc. dated December 30, 2008

Section 4.20(a)
Mitchell Operator Assets

The tugboat W. M. Robinson

Interconnection Services Agreement dated December 31, 2013 between Kentucky Power and Appalachian Power Company (for Mitchell)

The benefit of certain assets under the Master Lease Agreements currently identified as benefiting Kentucky Power

The Contracts set forth under the headings "Coal (Mitchell Plant), Coal Transportation (Mitchell Plant), Fuel Oil (Mitchell Plant), Urea (Mitchell Plant), Urea Terminal and Transportation (Mitchell Plant), Hydrated Lime (Mitchell Plant), High Reactivity Hydrated Lime (Mitchell Plant), Limestone (Mitchell Plant), Trona (Mitchell Plant), Fly Ash (Mitchell Plant), and CertainTeed Gypsum (Mitchell Plant) in Section 2.8 of the Sellers Disclosure Letter

Barge Transportation Agreement dated May 1, 1986 between certain operating companies of the American Electric Power System, including Kentucky Power, and Indiana Michigan Power Company, as amended

Affiliated Transactions Agreement For Sharing Capitalized Spare Parts dated January 1, 2014 between AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company and AEP Generating Company

Central Machine Shop Agreement dated January 1, 1979 among Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Kingsport Power Company, AEP Generating Company and AEP Generation Resources Inc.

Interconnection Services Agreement dated December 31, 2013 between Kentucky Power and Appalachian Power Company (for Mitchell)

Agreement between Kentucky Power – Mitchell Plant and Local 492 Utility Workers Union of America AFL-CIO

Certain substation, interconnection and related facilities and real estate interests located at Mitchell will need to be bifurcated (from a contractual and perhaps an ownership perspective) to separate out those facilities and real estate interests that are properly allocable to Mitchell and those which are properly allocable to AEPSC and its utility Affiliates. It is anticipated that this separation work may involve, among other things, AEPSC or one or more of its Affiliates granting easement or other access rights to certain facilities to the Acquired Companies, and vice versa, pursuant to customary easement and access agreements

The Permits set forth in the tables in Section 2.4(a) of the Sellers Disclosure Letter

[redacted]

Section 4.20(e)

[redacted]

Section 4.22
Insurance Claims

None

Section 5.2
Non-Covered Employees

The President of Kentucky Power will not be an employee of an Acquired Company as of the Closing Date.

Section 9.2(a)
Certain Indemnification Matters

[redacted]

Section 5.19
Support Employees

Schedule (file named "Latest Version of Schedule 5.19") was shared on a confidential basis in email from Michael Espinoza (Sellers' counsel) to Jun Won Kim (Purchaser's counsel) on October 23, 2021 at 2:19 PM ET.

Section A(i)
Knowledge of Purchaser

Kevin Melnyk, Senior Vice President, Regulated Infrastructure Development

Sarah Knowlton, General Counsel, Liberty Utilities

Section A(ii)
Knowledge of Sellers

Charles E. Zebula, Executive Vice President, Portfolio Optimization

Stephan T. Haynes, Senior Vice President, Strategy & Transformation

Mark J. Leskowitz, Vice President, Regulated Fuel Procurement

John C. Crespo, Deputy General Counsel

James D. Fawcett, Managing Director, Labor Relations

Brett Mattison, President and COO, Kentucky Power

Gary O. Spitznogle, Vice President, Environmental Services

Marty Rosenthal, Senior Counsel, Legal – Tax

Gina Mazzei-Smith, Associate General Counsel & Chief Compliance Officer

Section A(iii)
Certain Permitted Encumbrances

None

Section A(iv)
Mitchell Plant Approvals

- Approval of the WVPSC pursuant to West Virginia Code § 24-2-12 of the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement, including any changes
- Approval of the KPSC pursuant to Kentucky Revised Statutes §§ 278.2207 and 278.218 of the Mitchell Plant Ownership Agreement and pursuant to Kentucky Revised Statutes § 278.2207 of the Mitchell Plant O&M Agreement, including any changes
- Approvals of or acceptance by FERC under Section 205 of the FPA for the termination or replacement of the Existing Mitchell Plant Operating Agreement and the execution of the Mitchell Plant Ownership Agreement and the Mitchell Plant O&M Agreement, including any changes

Section A(v)
Required Regulatory Approvals

- Approval of FERC under Section 203 of the FPA
- Expiration of applicable waiting periods, or clearance or approval under, the HSR Act
- Approval of the KPSC pursuant to Kentucky Revised Statutes §§ 278.020(6) & (7)
- Approval of the Federal Communications Commission for the indirect transfer of radio licenses held by Kentucky Power
- The CFIUS Clearance