

RECEIVED

AUG 16 2013

PUBLIC SERVICE
COMMISSION

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
[502] 223-3477
[502] 223-4124 Fax
www.stites.com

August 16, 2013

**HAND DELIVERED
(DROP BOX)**

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

RE: Case No. 2013-00144

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of the following materials:

- (a) Kentucky Power Company's Supplemental Response to Data Request KIUC 1-6 comprised of paper copies of the non-confidential portions of the response and a compact disc containing the confidential information for which protection is sought;
- (b) Kentucky Power Company's Motion For Confidential Treatment; and
- (c) Kentucky Power Company's Motion For Leave to Deviate From Filing Requirements.

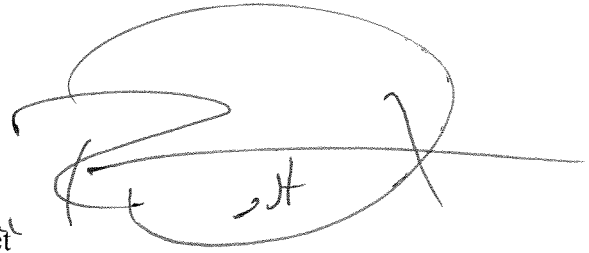
The Company's Supplemental Response to Data Request KIUC 1-6 is being served by overnight delivery on the persons identified below by copy of this letter.

Please do not hesitate to contact me if you have any questions.

Jeff R. Derouen
August 16, 2013
Page 2

Very truly yours,

Mark R. Overstreet

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right. The signature is positioned to the right of the typed name 'Mark R. Overstreet'.

MRO

cc: Jennifer B. Hans
Michael L. Kurtz

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 16 2013

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

APPLICATION OF KENTUCKY POWER COMPANY FOR)
APPROVAL OF THE TERMS AND CONDITIONS OF THE)
RENEWABLE ENERGY PURCHASE AGREEMENT FOR)
BIOMASS ENERGY RESOURCES BETWEEN THE)
COMPANY AND ECOPOWER GENERATION-HAZARD)
LLC; AUTHORIZATION TO ENTER INTO THE)
AGREEMENT; GRANT OF CERTAIN DECLARATORY)
RELIEF; AND GRANT OF ALL OTHER REQUIRED)
APPROVALS AND RELIEF)

Case No. 2013-00144

KENTUCKY POWER COMPANY SUPPLEMENTAL RESPONSE TO
KIUC'S FIRST SET OF DATA REQUEST ITEM NO. 6

August 16, 2013

VERIFICATION

The undersigned, Gregory G. Pauley, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

Gregory G. Pauley
Gregory G. Pauley

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2013-00144
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Gregory G. Pauley, this the 16th day of August 2013.

Judy K. Rosquist 481393
Notary Public

My Commission Expires: January 23, 2017

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
AUG 16 2013
PUBLIC SERVICE
COMMISSION

In The Matter Of:

The Application Of Kentucky Power Company For:)
(1) The Approval Of The Terms And Conditions Of The)
Renewable Energy Purchase Agreement For Biomass)
Energy Resources Between The Company And) Case No. 2013-00144
ecoPower Generation-Hazard LLC; (2) Authorization)
To Enter Into The Agreement; (3) The Grant Of Certain)
Declaratory Relief; And (4) The Grant Of All)
Other Required Approvals and Relief)

AFFIDAVIT OF JAY F. GODFREY

Jay F. Godfrey, first being duly sworn, states:

Background

1. I am of the age of majority and competent to make this affidavit. I have personal knowledge of the matters set forth in this affidavit.

2 I am employed by American Electric Power Service Corporation (AEPSC), a wholly owned subsidiary of American Electric Power Company, Inc. (AEP). AEP is the parent company of Kentucky Power Company (Kentucky Power). I am employed as Managing Director - Renewable Energy for AEPSC. In that capacity, I manage AEP's and its subsidiaries' portfolio of Renewable Energy Purchase Agreements (REPAs). As part of these duties I am responsible for negotiating, in conjunction with AEP and operating company management, the terms of the REPAs entered into by AEP's operating companies and subsidiaries. I also have

personal knowledge of the negotiations concerning other purchase power agreements (PPAs) entered into by AEP operating companies and subsidiaries.

3. In close collaboration with Kentucky Power management, I headed the team that negotiated the March 15, 2013 Biomass REPA between Kentucky Power and ecoPower Generation-Hazard, LLC (ecoPower) that is the subject of the Company's application in Commission Case No. 2013-00144.

4. I am familiar with the negotiations leading to the Biomass REPA between Kentucky Power and ecoPower, its terms, and other confidential information relating to the Biomass REPA that the Company seeks to protect from public disclosure. I am also familiar with the terms of REPAs entered into between other AEP affiliate operating companies and various renewable and non-renewable project owners (Projects.) Kentucky Power is not a party to these other Project REPAs. However, other AEP affiliate operating companies will be at risk if confidential information about the other Projects is disclosed because they have entered into confidentiality agreements with each of the twenty (20) plus renewable Project owners. Accordingly, the confidential treatment AEP affiliates have sought, and received in other jurisdictions, has also benefitted Kentucky Power and its customers in the same manner.

5. I have specific personal knowledge of the confidential, proprietary, and competitively sensitive nature of the confidential information that is the subject of Kentucky Power's petition (Confidential Information) through direct contact with this information and through my investigation with other AEPSC and Kentucky Power employees who work directly with the confidential information. I also have personal knowledge of efforts taken by Kentucky Power and AEPSC to maintain the secrecy of the Confidential Information through direct involvement in these efforts, and through my investigation of these efforts with other employees

who work directly with these procedures. Finally, I have personal knowledge through my investigation, along with other AEPSC and Kentucky Power employees who work directly with the Confidential Information, of the effect the public disclosure of the Confidential Information would have on the Company's competitive efforts in securing such contracts.

ecoPower REPA

6. The ecoPower Biomass REPA is the result of extended arms-length negotiations between two unaffiliated entities for the purchase by Kentucky Power of renewable energy resources. In negotiating renewable energy purchase power agreements such as the ecoPower Biomass REPA, AEPSC and Kentucky Power seek to obtain the lowest reasonable cost and risk for the Company and its customers upon the most advantageous terms. Suppliers, on the other hand, are interested in obtaining the highest price possible for their commodity, and seek to push additional risks from themselves onto buyers such as Kentucky Power.

7. In the course of the negotiations that resulted in the ecoPower Biomass REPA each side made concessions to the other concerning the terms of the REPA. These concessions were based upon the particulars of the transaction, or in response to concessions received. Many of the REPA's terms thus are unique to this particular transaction and represent the results of this *quid pro quo* process.

The Information For Which Confidential Treatment Is Being Sought

8. Kentucky Power seeks confidential protection for four categories of information:
- (a) Information evidencing the negotiation positions taken or strategy used by Kentucky Power in negotiating the terms of the Biomass REPA;
 - (b) Specific pricing information (draft and final);

(c) Specific terms of material contract provisions (draft and final), including risk allocation; and

(d) The existence of certain contract provisions (draft and final).

This information is confidential, proprietary, competitively sensitive, and a trade secret. Similar information relating to other REPAs entered into by AEP subsidiaries is confidential and protected from public disclosure.

**Public Disclosure Of The Confidential Information
Will Provide An Unfair Commercial Advantage To Competitors Of Kentucky Power & It's**

Affiliates.

9. The market for REPAs is extremely competitive. There are multiple sellers of renewable energy seeking the highest prices and most advantageous terms for their capacity and energy. Likewise, with the advent of renewable portfolio standards in many states, Kentucky Power and its affiliates face competition among purchasers of renewable energy products.

10. Kentucky Power and the other AEP operating affiliates may negotiate similar contracts with other suppliers of both renewable and non-renewable energy in the future, including the current Kentucky Power All-Source RFP for generation and other resources. If the Confidential Information became publicly known or available, parties with which Kentucky Power and the other AEP affiliate operating companies may negotiate could use this knowledge to the detriment of Kentucky Power, its customers, and affiliates. Knowledge of the Confidential Information by other potential suppliers would give those parties insight into the Kentucky Power's negotiating strategies and establish certain benchmarks in future negotiations, thereby potentially increasing costs incurred by customers of Kentucky Power and its affiliates. In other words, other suppliers would insist on the same or better terms as those negotiated in this purchase agreement.

11. Knowledge of the provisions by potential power supply competitors could enable them to gain an unfair advantage in future competitive situations. For example, the Confidential Information also could be used by other purchasers competing for such contracts to “cherry-pick” the most favorable contracts, thereby depriving Kentucky Power of the ability to obtain the most advantageous prices for its customers. In sum, the public disclosure of the information for which confidential treatment is sought will result in Kentucky Power’s competitors gaining an unfair commercial advantage. Likewise it will result in the other AEP affiliate operating companies and the Project owners with whom they’ve contracted being subject to an unfair commercial disadvantage.

12. In negotiating renewable energy purchase power agreements, AEPSC and Kentucky Power seek to obtain the lowest reasonable cost and risk for the Company’s customers. Suppliers, on the other hand, are interested in obtaining the highest price possible for their commodity, and seek to push additional risks from themselves to Kentucky Power and other purchasers. Thus, disclosure of the pricing terms could likewise serve to establish a floor for future agreements.

13. Sellers of renewable energy products such as ecoPower likewise seek to protect the terms of the agreements. The public disclosure of the Confidential Information will impede the ability of Kentucky Power and AEPSC to obtain the lowest reasonable cost on the most advantageous terms for Kentucky Power’s customers by discouraging potential future bidders from submitting bids because of concern that confidential terms will become public knowledge. As such, the public dissemination of the Confidential Information will provide an unfair economic advantage to Kentucky Power's competitors as well as to those of it’s affiliates.

The Confidential Information Is Not Available Or Ascertainable By Other Parties

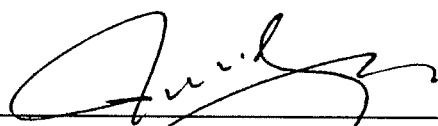
14. The Confidential Information is not available or ascertainable by other parties through normal or proper means. No reasonable amount of independent research could yield this information to other parties.

15. The Confidential Information has been the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Kentucky Power and AEPSC limit public access to buildings housing the Confidential Information by use of security guards. Persons not employed by Kentucky Power and AEPSC who are allowed past security guards at buildings where Confidential Information is kept are not permitted to walk within such buildings without an escort. Kentucky Power's and AEPSC's files containing the Confidential Information are maintained separately from Kentucky Power's and AEPSC's general records and access to those files is restricted. Within Kentucky Power and AEPSC, access to this information has been and will continue to be disclosed only to those employees, officers and representatives of Kentucky Power and AEPSC who have a need to know about such information due to their job and management responsibilities. Outside Kentucky Power and AEPSC, this information is only provided to certain persons who have a legitimate need to review the information to participate in this Cause and who sign a confidentiality agreement.

16. In connection with the Biomass REPA and other PPAs, AEPSC on behalf of itself and its affiliates, entered into confidentiality agreements with each party submitting a response. Such agreements are customary in the industry, and are a necessary prerequisite to AEPSC and Kentucky Power being able to solicit the widest possible response to the request for proposal. Under the confidentiality agreements, AEPSC on behalf of itself and its affiliates including Kentucky Power, agreed to restrict the access of information to only those employees, officers

and representatives of Kentucky Power and AEPSC who have a need to know about such information due to their job and management responsibilities. ecoPower and Kentucky Power entered into such a confidentiality agreement with respect to the Confidential Information and other information contained in my testimony and the exhibits thereto. Likewise, the Project owners for all of the transactions involving the other AEP affiliate operating companies entered into such agreements. Kentucky Power and AEPSC have an obligation under these agreements to protect Confidential Information about the other Projects from public disclosure.

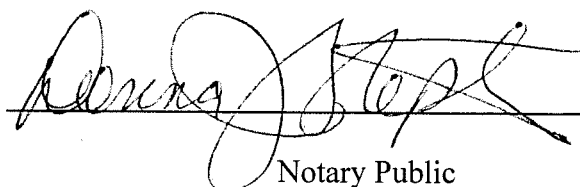
17. Further the Affiant sayeth naught.



Jay F. Godfrey

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public, in and for said County and State this
14th day of August, 2013.



Notary Public



Donna J. Stephens
Notary Public, State of Ohio
My Commission Expires 01-04-2014

Kentucky Power Company

REQUEST

Beyond those materials already provided in response to questions Q1-1 through Q1-5 above, provide a copy of all other correspondence and documents exchanged between Kentucky Power and ecoPower regarding the transactions described in the Application.

RESPONSE

The Company objects to this request to the extent it seeks communications and documents protected by the attorney-client privilege and/or the attorney work-product doctrine.

The Company further objects to this request to the extent it seeks all documents regarding the transaction between the Company and ecoPower, as such the request is overly broad and unduly burdensome. The request purports to require a search of documents involving potentially thousands of corporate records, and their review concerning confidentiality and privilege. As of May 22, 2013 over 5,000 documents were identified as being potentially responsive to this request.

Without waiving its objections, the Company states as follows:

The Company is searching the electronic files of the following individuals for responsive documents:

Jay Godfrey
Joe Karrasch
Jay Jadwin
Greg Pauley
Mark Overstreet

Documents will be produced on an ongoing basis.

Supplemental Response filed August 16, 2013

August 16, 2013 Supplemental Response:

The Company reiterates its objections above. Please see the enclosed CD and attached printouts for copies of documents identified as non-privileged and responsive to this request.

Confidential treatment is being sought for the contents of the CD in entirety.

WITNESS: Gregory G Pauley

07/13/2011 11:55 5825646151

SENDEM

Commonwealth of Kentucky
HOUSE OF REPRESENTATIVES

GREGORY D. STUMBO
95th Legislative District
PO Box 1475
108 Kentucky Drive
Prestonsburg, Kentucky 41653



STATE CAPITOL
Room 309
Frankfort, Kentucky 40601
(502) 566-3366

SPEAKER OF THE HOUSE

July 7, 2011

Mr. Gregory G. Pauley
President and COO
AEP - Kentucky Power Company
101A Enterprise Drive
Frankfort KY 40601

Dear Mr. Pauley:

It has come to my attention that your company is considering purchasing power from the planned ecoPower Generation plant in Hazard, Kentucky. I have followed the development of this project and am very encouraged by and supportive of the benefits it brings to Eastern Kentucky. I work diligently to diversify the economy, create jobs, and increase income in the region. This project is an important element of that effort. Economic impact analysis indicates that it will create about 500 permanent jobs, 250 construction jobs, and inject over \$18 million annually into the local economy.

I am aware that impending EPA regulations may force Kentucky Power to retire some existing Eastern Kentucky generation capacity and replace it with new sources of generation. While the ecoPower project is not large enough to meet all replacement generation needs, it offers a local solution to a portion of Kentucky Power's environmental compliance requirements. I believe that a local solution is extremely important because it generates local income rather than exporting wealth to other states through purchase power agreements.

Like everyone else, I am concerned about the impact of environmental compliance on future power costs. There is no escaping the fact that electricity rates are going to be higher in the future. I also recognize the cost of biomass generation will be somewhat higher than traditional generation, but want to assure you of my support of your cost recovery of these additional costs at the PSC and among my constituents, should Kentucky Power choose to purchase electricity from ecoPower.

I, therefore, urge you to give serious consideration to the ecoPower power purchase opportunity.

Sincerely,

Gregory D. Stumbo
Speaker of the House

Commonwealth of Kentucky

HOUSE OF REPRESENTATIVES



ROCKY ADKINS
STATE REPRESENTATIVE
99th Legislative District
P.O. Box 688
Sandy Hook, Kentucky 41171
Office: (606) 928-0407
Home: (606) 738-4242

HOUSE MAJORITY FLOOR LEADER

July 13, 2011

STATE CAPITOL
Room 304
Frankfort, Kentucky 40601
(502) 564-7460

CAPITOL ANNEX
Room 309
(502) 564-5565
Fax: (502) 564-1687

Mr. Gregory G. Pauley
President and COO
AEP – Kentucky Power Company
101A Enterprise Drive
Frankfort KY 40601

Dear Mr. Pauley:

It has come to my attention that your company is considering purchasing power from the planned ecoPower Generation plant in Hazard, Kentucky. I have followed the development of this project and am very encouraged by and supportive of the benefits it brings to Eastern Kentucky. I work diligently to diversify the economy, create jobs, and increase income in the region. This project is an important element of that effort. Economic impact analysis indicates that it will create about 500 permanent jobs, 250 construction jobs, and inject over \$18 million annually into the local economy.

I am aware that impending EPA regulations are putting undo pressure on AEP and Kentucky Power to look for new sources of electrical generation. The ecoPower project offers a local solution to a portion of Kentucky Power's environmental compliance requirements. I believe that a local solution is extremely important because it generates local income rather than exporting wealth to other states through purchase power agreements.

Like everyone else, I am concerned about the impact of environmental compliance on future power costs. There is no escaping the fact that electricity rates are going to be higher in the future. I also recognize the cost of biomass generation will be somewhat higher than traditional generation, but want to assure you of my support of your cost recovery of these additional costs at the PSC and among my constituents, should Kentucky Power choose to purchase electricity from ecoPower.

I, therefore, urge you to give serious consideration to the ecoPower power purchase opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Rocky Adkins".

Rocky Adkins
Majority Floor Leader

07/15/2011 15:24 5025643650

LRC RM367

Commonwealth of Kentucky
HOUSE OF REPRESENTATIVES

245 East Cedar Drive
Pikeville, Kentucky 41501



STATE CAPITOL ANNEX
Room 373C
Frankfort, Kentucky 40601
(502) 564-8100, Ext. 669
1-800-372-7181
E-mail: leslie.combs@irs.ky.gov

LESLIE A. COMBS
94th LEGISLATIVE DISTRICT
July 15, 2011

Mr. Gregory G. Pauley
President and COO
AEP – Kentucky Power Company
101A Enterprise Drive
Frankfort, Kentucky 40601

Dear Mr. Pauley:

It has come to my attention that your company is considering purchasing power from the planned ecoPower Generation plant in Hazard, Kentucky. I have followed the development of this project and am very encouraged by and supportive of the benefits it brings to Eastern Kentucky. While I also strongly support Coal, I work diligently to diversify the economy, create jobs, and increase income in the region. This project is an important element of that effort. The information I have received indicates the economic impact will create many jobs. In fact, what I have received to date, is that 500 permanent jobs will be re-created as a result of the plant along with 250 construction jobs, and inject over \$18 million annually into the local economy.

I am aware that impending EPA regulations are putting undo pressure on AEP and Kentucky Power to look for new sources of electrical generation. The ecoPower project offers a local solution to a portion of Kentucky Power's environmental compliance requirements. I believe that a local solution is extremely important because it generates local income rather than exporting wealth to other states through purchase power agreements.

Like everyone else, I am concerned about the impact of environmental compliance on future power costs. There is no escaping the fact that electricity rates are going to be higher in the future. I also recognize the cost biomass generation will be somewhat higher than traditional generation, but want to assure you my support of your cost recovery of these additional costs at the PSC and among my constituents, should Kentucky Power choose to purchase electricity from ecoPower.

I, therefore, urge you to give serious consideration to the ecoPower purchase opportunity.

Very truly yours,

A handwritten signature in black ink that reads "Leslie A. Combs".

Leslie A. Combs
State Representative

LAC/lfr

KENTUCKY STATE SENATE

The Capitol
Frankfort, KY 40601
502-564-6136
johnnyray.turner@lrc.ky.gov



29th District
P.O. Box 5
Drift, KY 41619

Johnny Ray Turner
Democratic Caucus Chair

July 7, 2011

Mr. Gregory G. Pauley
President and COO
AEP – Kentucky Power Company
101A Enterprise Drive
Frankfort, KY 40601

Dear Mr. Pauley,

It has come to my attention that your company is considering purchasing power from the planned ecoPower Generation plant in Hazard, KY. I have followed the development of this project and am very encouraged by and supportive of the benefits it brings to Eastern Kentucky. I work diligently to diversify the economy, create jobs and increase income in the region. This project is an important element of that effort. Economic impact analysis indicates that it will create about 500 permanent jobs, 250 construction jobs, and inject over \$18 million annually into the local economy.

I am aware that the impending EPA regulations may force Kentucky Power to retire some existing Eastern Kentucky generation capacity and replace it with new sources of generation. While the ecoPower project is not large enough to meet all replacement generation needs, it offers a local solution to a portion of Kentucky Power's environmental compliance requirements. I believe that a local solution is extremely important because it generates local income rather than exporting wealth to other states through purchase power agreements.

Like everyone else, I am concerned about the impact of environmental compliance on future power costs. There is no escaping the fact that electricity rates are going to be higher in the future. I also recognize the cost of biomass generation will be somewhat higher than traditional generation, but I want to assure you of my support of your cost recovery of these additional costs at the PSC and among my constituents, should Kentucky Power choose to purchase electricity from ecoPower.

I, therefore, urge you to give serious consideration to the ecoPower power purchase opportunity.

Sincerely,

A handwritten signature in cursive script that reads "Johnny Ray Turner".

Johnny Ray Turner
Senate Minority Caucus Chair

Commonwealth of Kentucky

SENATOR BRANDON D. SMITH
30TH LEGISLATIVE DISTRICT
CAPITOL ANNEX, ROOM 204
702 CAPITOL AVENUE
FRANKFORT, KY 40601
(502) 564-8100, EXT. 661
BRANDON.SMITH@LRC.KY.GOV



SENATE

Appropriations & Revenue
Banking & Insurance
Natural Resources & Energy - Chair
Transportation, Co-Chair
Special Subcommittee on Energy, Co-Chair
Program Review & Investigations

July 12, 2011

Mr. Gregory G. Pauley
President and COO
AEP – Kentucky Power Company
101A Enterprise Drive
Frankfort, Kentucky 40601

Dear Mr. Pauley:

It has come to my attention that your company is considering purchasing power from the planned ecoPower Generation plant in Hazard, Kentucky. I have followed the development of this project and am very encouraged by and supportive of the benefits it brings to eastern Kentucky. I work diligently to diversify the economy, create jobs, and increase income in the region. This project is an important element of that effort. Economic Impact analysis indicates that it will create about 500 permanent jobs, 250 construction jobs, and inject over \$18 million annually into the local economy.

I am aware that impending EPA regulations may force Kentucky Power to retire some existing eastern Kentucky generation capacity and replace it with new generation. While the ecoPower project is not large enough to meet all replacement generation needs, it offers a local solution to a portion of Kentucky Power's potential generation needs. I believe that a local solution is extremely important because it generates local income rather than exporting wealth to other regions through fuel and power imports.

Like everyone else, I am concerned about the impact of environmental compliance on future power costs. There is no escaping the fact that electricity rates are going to be higher in the future. I also recognize the cost of biomass generation will be somewhat higher than traditional generation initially, but will produce longer term savings for the consumer.

I, therefore, urge you to give serious consideration to the ecoPower power purchase opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Brandon D. Smith".

Senator Brandon D. Smith

Commonwealth of Kentucky

STATE SENATE

RAY S. JONES, II
STATE SENATOR
CAPITOL ANNEX
FRANKFORT, KY 40601
(502) 564-8100 EXT. 681



P.O. DRAWER 3850
PIKEVILLE, KY 41502
(606) 432-5777

31st SENATE DISTRICT

July 13, 2011

Mr. Gregory G. Pauley
President and COO
AEP – Kentucky Power Company
101A Enterprise Drive
Frankfort KY 40601

Dear Mr. Pauley:

It has come to my attention that your company is considering purchasing power from the planned ecoPower Generation plant in Hazard, Kentucky. I have followed the development of this project and am very encouraged by and supportive of the benefits it brings to Eastern Kentucky. I work diligently to diversify the economy, create jobs, and increase income in the region. This project is an important element of that effort. Economic impact analysis indicates that it will create about 500 permanent jobs, 250 construction jobs, and inject over \$18 million annually into the local economy.

I am aware that impending EPA regulations are putting undo pressure on AEP and Kentucky Power to look for new sources of electrical generation. The ecoPower project offers a local solution to a portion of Kentucky Power's environmental compliance requirements. I believe that a local solution is extremely important because it generates local income rather than exporting wealth to other states through purchase power agreements.

Like everyone else, I am concerned about the impact of environmental compliance on future power costs. There is no escaping the fact that electricity rates are going to be higher in the future. I also recognize the cost of biomass generation will be somewhat higher than traditional generation, but want to assure you of my support of your cost recovery of these additional costs at the PSC and among my constituents, should Kentucky Power choose to purchase electricity from ecoPower.

I, therefore, urge you to give serious consideration to the ecoPower power purchase opportunity.

Sincerely,

A handwritten signature in black ink that reads "Ray S. Jones, II".

Ray S. Jones, II
Kentucky State Senate

HAROLD ROGERS
5TH DISTRICT, KENTUCKY
COMMITTEE ON APPROPRIATIONS
CHAIRMAN



Congress of the United States
House of Representatives
Washington, DC 20515-1705

PLEASE RESPOND TO:

- WASHINGTON OFFICE:
2406 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1705
(202) 225-4501
- DISTRICT OFFICES:
551 CLIFTY STREET
SOMERSET, KY 42503
(606) 675-4348 OR
1-800-632-8588
- 601 MAIN STREET
HAZARD, KY 41701
(606) 438-8784
- 110 RESOURCE COURT
SUITE A
PRESTONSBURG, KY 41663
(606) 888-0654

July 14, 2011

Mr. Gregory G. Pauley
President and COO
Kentucky Power Company
P.O. Box 5190
101-A Enterprise Drive
Frankfort, KY 40602

Dear Mr. Pauley:

I write to bring to your attention a project underway in my Congressional District that provides a business partnership opportunity for Kentucky Power Company, (KPC). It has come to my attention that Lexington-based ecoPower Generation plans to utilize Kentucky forest products to fuel a 58 MW biomass-fired generation project at the Coal Fields Regional Industrial Park near Hazard. I have learned that ecoPower has submitted a proposal to KPC, and as you review this proposal, I would encourage you to provide fair consideration of the merits of the project and its value to both Eastern Kentucky and the entire American Electric Power (AEP) system.

It is my understanding that this plant, once constructed and operational, will supply a reliable source of biomass-generated energy, which could help KPC to achieve its required replacement of needed plant capacity. Because of the vast timber resources available in the Appalachian Mountain region, approximately nine times the required fuel resources (over 500,000 green tons) are available within a one-hour trucking radius on a sustainable basis. ecoPower's sister company, Pine Mountain Lumber, has operated log yards in the area for 20 years and will supply approximately 40% of the project's fuel needs, to include: low grade wood, timber harvest residuals, and mill residuals. Throughout my tenure in the U.S. Congress, I have supported an "All of the Above" approach to energy security, and I am therefore extremely interested in ecoPower's efforts to develop sustainable green energy right in our backyard.

In addition to supporting the greater usage of green energy, this project will benefit short- and long-term economic development in my region of Kentucky and within your service area. ecoPower projects that this plant will support hundreds of construction jobs in the short-term, up to 40 permanent plant positions, and more than 400 long-term logging, trucking, and other jobs indirectly. As you doubtless are aware, this region of Appalachia suffers from chronically low employment figures -- and any job-creating enterprise, large or small, contributes substantially to

the economic development of the area. For this reason, I encourage you to duly consider this opportunity proposed by ecoPower Generation.

Thank you for your consideration. If you have further questions or concerns, please do not hesitate to contact Megan O'Donnell of my staff at (202) 225-4601, or via email at megan.o'donnell@mail.house.gov.

Sincerely,


HAROLD ROGERS
Member of Congress

From: James E Keeton/AS1/AEPIN <jekeeton@aep.com>
1. George.Siemens@lge-ku.com
2. David.Freibert@lge-ku.com
To: 3. van.needham@duke-energy.com
4. dyates@kaec.org
5. jtalbert@bigrivers.coop
6. barry.mayfield@ekpc.coop
CC: Gregory G Pauley/OR3/AEPIN
Subject: Special Subcommittee on Energy Agenda Oct 21
Sent: 2011-10-14 13:59:31.290000 UTC
Attachments : Oct212011 agenda5.docx

The franchise bill and Eco Power are on the agenda.

[Embedded BMP, 132x47x8]

Jimmy Keeton
Governmental & Environmental Affairs Manager
Kentucky Power
502-696-7005
Audinet 605-7005
Cell 502-545-7005
Fax 502-696-7006
jekeeton@aep.com

From: Gregory G Pauley/OR3/AEPIN <ggpauley@aep.com>
To: "James E Keeton" <jekeeton@aep.com>
Subject: Re: Governor Meeting IMPORTANT PLEASE READ
Sent: 2013-02-07 20:09:44.370000 UTC

Let's meet. Thx

On Feb 7, 2013, at 3:01 PM, "James E Keeton" <jekeeton@aep.com> wrote:

> Just received a call from the Gov's office. He cannot meet with us tomorrow however, his Duputy Chief of Staff (Jamie link) is available and can meet. I'm told that Jamie is familiar with the situation (Eco Power) and it's just a matter of do you want to meet with him. The meeting will be at 4pm and Sec Peters would also be joining us.

>

> Do you want to meet with Jamie and the Secretary or would you rather wait on the Governor?

>

> Jimmy Keeton
> Governmental & Environmental Affairs Manager
> Kentucky Power
> 502-696-7005
> Audinet 605-7005
> Cell 502-545-7005
> Fax 502-696-7006
> jekeeton@aep.com

Gregory G. Pauley
President & COO
AEP - Kentucky Power Co.
101A Enterprise Drive
Frankfort, Kentucky 40601

Office 502-696-7007
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From: Gregory G Pauley/OR3/AEPIN <ggpauley@aep.com>
To: 1. "James E Keeton" <jekeeton@aep.com>
2. "Brad Hall" <bnhall@aep.com>
CC: "Gregory Pauley" <ggpauley@aep.com>
Subject : Re: (H) Tourism Development & Energy ~ Thursday 2/14/2013
Sent: 2013-02-14 03:05:43.490000 UTC

If asked, we do not have a contract and the passing of this bill does not mean we will.

On Feb 13, 2013, at 9:29 PM, "James E Keeton" <jekeeton@aep.com> wrote:

Eco Power bill might be heard in committee tomorrow. I will let you know the outcome.

JK

Jimmy Keeton
Governmental & Environmental Affairs Manager
Kentucky Power
502-696-7005
Audinet 605-7005
Cell 502-545-7005
Fax 502-696-7006
jekeeton@aep.com

----- Forwarded by James E Keeton/AS1/AEPIN on 02/13/2013 09:26 PM -----

"Baker, Terry (LRC)"
<terry.baker@lrc.ky.gov>
02/13/2013 10:32 AM

To Keeton@mail7, Jimmy
<jekeeton@aep.com>
cc "LD ALL (ldall@listserv.ky.gov)"
<ldall@listserv.ky.gov>
Subject FW: (H) Tourism Development
& Energy ~ Thursday
2/14/2013

From: Brooker, Rebecca (LRC)
Sent: Wednesday, February 13, 2013 10:27 AM)
Subject: (H) Tourism Development & Energy ~ Thursday 2/14/2013

Good morning,

Attached you will find the agenda for the first meeting of the House Standing Committee on Tourism Development & Energy, which will be held tomorrow, Thursday, February 14, 2013 at 10 AM, in Room 131, Capitol Annex. Please do not hesitate to contact me if you have any further questions.

Thank you and have a great day!

Becky Brooker
Committee Assistant
Legislative Research Commission
(502) 564-8100 Ext 806
rebecca.brooker@lrc.ky.gov

You are currently subscribed to ldonly as: jekeeton@aep.com.
To unsubscribe, send a blank e-mail to leave-lonly@listserv.ky.gov

<TDEAgendaMtg1.docx>

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From: Brad N Hall/AEPIN <bnhall@aep.com>
To: "ggpauley@aep.com" <ggpauley@aep.com>
1. "jekeeton@aep.com" <jekeeton@aep.com>
CC: 2. "bnhall@aep.com" <bnhall@aep.com>
3. "ggpauley@aep.com" <ggpauley@aep.com>
Subject : Re: (H) Tourism Development & Energy ~ Thursday 2/14/2013
Sent: 2013-02-14 03:15:42.800000 UTC
Understood.

Brad Hall
Kentucky Power
Sent from my iPhone

On Feb 13, 2013, at 10:05 PM, ggpauley@aep.com wrote:

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<ldall@listserv.ky.gov>
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Thank you and have a great day!

Becky Brooker
Committee Assistant
Legislative Research Commission
(502) 564-8100 Ext 806
rebecca.brooker@lrc.ky.gov

You are currently subscribed to ldonly as: jekeeton@aep.com.
To unsubscribe, send a blank e-mail to leave-lonly@listserv.ky.gov

<TDEAgendaMtg1.docx>
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Independent Statistics & Analysis

U.S. Energy Information
Administration

July 2012

Levelized Cost of New Generation Resources in the Annual Energy Outlook 2012

This paper presents average levelized costs for generating technologies that are brought on line in 2017¹ as represented in the National Energy Modeling System (NEMS) for the *Annual Energy Outlook 2012* (AEO2012) reference case.²

Levelized cost is often cited as a convenient summary measure of the overall competitiveness of different generating technologies. It represents the per-kilowatt-hour cost (in real dollars) of building and operating a generating plant over an assumed financial life and duty cycle. Key inputs to calculating levelized costs include overnight capital costs, fuel costs, fixed and variable operations and maintenance (O&M) costs, financing costs, and an assumed utilization rate for each plant type.³ The importance of the factors varies among the technologies. For technologies such as solar and wind generation that have no fuel costs and relatively small O&M costs, the levelized cost changes in rough proportion to the estimated overnight capital cost of generation capacity. For technologies with significant fuel cost, both fuel cost and overnight cost estimates significantly affect the levelized cost. The availability of various incentives, including state or federal tax credits, can also impact the calculation of levelized cost. The values shown in the tables below do not incorporate any such incentives⁴. As with any projection, there is uncertainty about all of these factors and their values can vary regionally and across time as technologies evolve.

It is important to note that, while levelized costs are a convenient summary measure of the overall competitiveness of different generating technologies, actual plant investment decisions are affected by the specific technological and regional characteristics of a project, which involve numerous other considerations. The *projected utilization rate*, which depends on the load shape and the existing resource mix in an area where additional capacity is needed, is one such factor. The *existing resource mix* in a region can directly affect the economic viability of a new investment through its effect on the economics surrounding the displacement of existing resources. For example, a wind resource that would primarily displace existing natural gas generation will usually have a different value than one that would displace existing coal generation.

¹ 2017 is shown because the long lead time needed for some technologies means that the plant could not be brought on line prior to 2017 unless it was already under construction.

² The full report is available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2012\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2012).pdf).

³ The specific assumptions for each of these factors are given in the *Assumptions to the Annual Energy Outlook*, available at <http://www.eia.doe.gov/oiaf/aeo/index.html>.

⁴ These results do not include targeted tax credits such as the production or investment tax credit available for some technologies. Costs are estimated using tax depreciation schedules consistent with current law, which vary by technology.

A related factor is the *capacity value*, which depends on both the existing capacity mix and load characteristics in a region. Since load must be balanced on a continuous basis, units whose output can be varied to follow demand (dispatchable technologies) generally have more value to a system than less flexible units (non-dispatchable technologies) or those whose operation is tied to the availability of an intermittent resource. The levelized costs for dispatchable and nondispatchable technologies are listed separately in Tables 1 and 2, because caution should be used when comparing them to one another.

Policy-related factors, such as investment or production tax credits for specified generation sources, can also impact investment decisions. Finally, although levelized cost calculations are generally made using an assumed set of capital and operating costs, the inherent uncertainty about future fuel prices and future policies, may cause plant owners or investors who finance plants to place a value on *portfolio diversification*. While EIA considers all of these factors in its analysis of technology choice in the electricity sector, these concepts are not well represented in the context of levelized cost figures

The levelized cost shown for each utility-scale generation technology in the tables below are calculated based on a 30-year cost recovery period, using a real after tax weighted average cost of capital (WACC) of 6.8 percent. However, in the AEO2012 reference case a 3-percentage point increase in the cost of capital is added when evaluating investments in greenhouse gas (GHG) intensive technologies like coal-fired power and coal-to-liquids (CTL) plants without carbon control and sequestration (CCS). While the 3-percentage point adjustment is somewhat arbitrary, in levelized cost terms its impact is similar to that of an emissions fee of \$15 per metric ton of carbon dioxide (CO₂) when investing in a new coal plant without CCS, similar to the costs used by utilities and regulators in their resource planning. The adjustment should not be seen as an increase in the actual cost of financing, but rather as representing the implicit hurdle being added to GHG-intensive projects to account for the possibility they may eventually have to purchase allowances or invest in other GHG emission-reducing projects that offset their emissions. As a result, the levelized capital costs of coal-fired plants without CCS are higher than would otherwise be expected.

Some technologies, notably solar photovoltaic (PV), are used in both utility-scale plants and distributed end-use residential and commercial applications. As noted above, the levelized cost calculations presented in the tables apply only to utility-scale use of those technologies.

In the tables below, the levelized cost for each technology is evaluated based on the capacity factor indicated, which generally corresponds to the high end of its likely utilization range. Simple combustion turbines (conventional or advanced technology) that are typically used for peak load duty cycles are evaluated at a 30-percent capacity factor. The duty cycle for intermittent renewable resources, wind and solar, is not operator controlled, but dependent on the weather or solar cycle (that is, sunrise/sunset) and so will not necessarily correspond to operator dispatched duty cycles. As a result, their levelized costs are not directly comparable to those for other technologies (even where the average annual capacity factor may be similar) and therefore are shown in separate sections within the table. The capacity factors shown for

solar, wind, and hydroelectric resources are simple averages of the capacity factor for the marginal site in each region. These capacity factors can vary significantly by region and can represent resources that may or may not get built in EIA capacity projections. These capacity factors should not be interpreted as representing EIA's estimate or projection of the gross generating potential of resources actually projected to be built.

As mentioned above, the costs shown in Table 1 are national averages. However, there is significant local variation in costs based on local labor markets and the cost and availability of fuel or energy resources such as windy sites (Table 2). For example, levelized wind costs for incremental capacity coming on line in 2017 range from \$77/MWh in the region with the best available resources in 2017 to \$112/MWh in regions where the best sites have been claimed by 2017. Costs shown for wind may include additional costs associated with transmission upgrades needed to access remote resources, as well as other factors that markets may or may not internalize into the market price for wind power.

Table 1. Estimated Levelized Cost of New Generation Resources, 2017

U.S. Average Levelized Costs (2010 \$/megawatthour) for Plants						
Entering Service in 2017						
Plant Type	Capacity Factor (%)	Levelized Capital Cost	Fixed O&M	Variable O&M (including fuel)	Transmission Investment	Total System Levelized Cost
Dispatchable Technologies						
Conventional Coal	85	64.9	4.0	27.5	1.2	97.7
Advanced Coal	85	74.1	6.6	29.1	1.2	110.9
Advanced Coal with CCS	85	91.8	9.3	36.4	1.2	138.8
Natural Gas-fired						
Conventional Combined Cycle	87	17.2	1.9	45.8	1.2	66.1
Advanced Combined Cycle	87	17.5	1.9	42.4	1.2	63.1
Advanced CC with CCS	87	34.3	4.0	50.6	1.2	90.1
Conventional Combustion Turbine	30	45.3	2.7	76.4	3.6	127.9
Advanced Combustion Turbine	30	31.0	2.6	64.7	3.6	101.8
Advanced Nuclear	90	87.5	11.3	11.6	1.1	111.4
Geothermal	91	75.1	11.9	9.6	1.5	98.2
Biomass	83	56.0	13.8	44.3	1.3	115.4
Non-Dispatchable Technologies						
Wind	33	82.5	9.8	0.0	3.8	96.0
Solar PV ¹	25	140.7	7.7	0.0	4.3	152.7
Solar Thermal	20	195.6	40.1	0.0	6.3	242.0
Hydro ²	53	76.9	4.0	6.0	2.1	88.9

¹ Costs are expressed in terms of net AC power available to the grid for the installed capacity.

² As modeled, hydro is assumed to have seasonal storage so that it can be dispatched within a season, but overall operation is limited by resources available by site and season.

Note: These results do not include targeted tax credits such as the production or investment tax credit available for some technologies, which could significantly affect the levelized cost estimate. For example, new solar thermal and PV plants are eligible to receive a 30-percent investment tax credit on capital expenditures if placed in service before the end of 2016, and 10 percent thereafter. New wind, geothermal, biomass, hydroelectric, and landfill gas plants are eligible to receive either: (1) a \$22 per MWh (\$11 per MWh for technologies other than wind, geothermal and closed-loop biomass) inflation-adjusted production tax credit over the plant's first ten years of service or (2) a 30-percent investment tax credit, if placed in service before the end of 2013 (or 2012, for wind only).

Source: U.S. Energy Information Administration, Annual Energy Outlook 2012, June 2012, DOE/EIA-0383(2012)

Table 2. Regional Variation in Levelized Cost of New Generation Resources, 2017

Range for Total System Levelized Costs (2010 \$/megawatthour)

for Plants Entering Service in 2017

Plant Type	Minimum	Average	Maximum
Dispatchable Technologies			
Conventional Coal	90.5	97.7	114.3
Advanced Coal	102.5	110.9	124.0
Advanced Coal with CCS	127.7	138.8	158.2
Natural Gas-fired			
Conventional Combined Cycle	59.5	66.1	81.0
Advanced Combined Cycle	56.8	63.1	76.4
Advanced CC with CCS	80.1	90.1	108.5
Conventional Combustion Turbine	91.9	127.9	152.4
Advanced Combustion Turbine	77.7	101.8	122.6
Advanced Nuclear	107.2	111.4	118.7
Geothermal	84.0	98.2	112.0
Biomass	97.8	115.4	136.7
Non-Dispatchable Technologies			
Wind	77.0	96.0	112.2
Solar PV ¹	119.0	152.7	238.8
Solar Thermal	176.1	242.0	386.2
Hydro ²	57.8	88.9	147.6

¹ Costs are expressed in terms of net AC power available to the grid for the installed capacity.

² As modeled, hydro is assumed to have seasonal storage so that it can be dispatched within a season, but overall operation is limited by resources available by site and season.

Source: U.S. Energy Information Administration, Annual Energy Outlook 2012, June 2012, DOE/EIA-0383(2012)

From: Roy Palk <thepalks@insightbb.com>
To: "tcmosher@aep.com" <tcmosher@aep.com>
1. "Gary T. Crawford" <gcrawford@ecopg.com>
CC: 2. Richard Sturgill <rsturgill@pmlumber.com>
3. "jfgodfrey@aep.com" <jfgodfrey@aep.com>
4. "amweaver@aep.com" <amweaver@aep.com>

Subject : Re: Telephone conference call

Sent: 2009-10-22 14:24:22 UTC

I just talked with Ashley and gave her a brief description of the project plus who I think may participate on the call from our side .
Roy

On Oct 22, 2009, at 10:15 AM, tcmosher@aep.com wrote:

Gary, That will work just fine. We'll set up a bridge and send you the information. Tim

T. C. Mosher
President & COO
Kentucky Power
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"Gary T. Crawford" <gcrawford@ecopg.com>

To <tcmosher@aep.com>

cc "Roy M. Palk" <thepalks@insightbb.com>, "Richard Sturgill "

<rsturgill@pmlumber.com>

10/22/2009 08:32 AM

Subject RE: Telephone conference call

Tim,

Good to hear from you. I have contacted Roy and November 2 at 1:30 pm works for both of us. Is that acceptable?

Regards,

Gary T. Crawford
Chief Executive Officer
ecoPower Generation, LLC
Phone: 859.685.1106
859.749.2051 (cell
gcrawford@ecopg.com

From: tcmosher@aep.com [mailto:tcmosher@aep.com]
Sent: Wednesday, October 21, 2009 2:27 PM
To: gcrawford@ecopg.com
Subject: Telephone conference call

Gary, I do apologize that we had to reschedule the conference call from this morning. The meeting at the Commission went well, but as usual, we all got an assignment. Anyway, the next best opportunity for the right people from Columbus is Monday November 2nd between 1 PM and 4 PM. Please contact Roy and let me know what works for your team. Thanks, Tim

T. C. Mosher
President & COO
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From: Timothy C Mosher/AS1/AEPIN <tcmosher@aep.com>
1. Venita McCellon-Allen/AEPIN <vmccellon-allen@aep.com>
2. Jay F Godfrey/AEPIN <jfgodfrey@aep.com>
3. Todd D Busby/AEPIN <tdbusby@aep.com>
4. Nicholas K Akins/AEPIN <nkakins@aep.com>
To: 5. Errol K Wagner/AS1/AEPIN <ekwagner@aep.com>
6. Ranie K Wohnhas/OR3/AEPIN <rkwohnhas@aep.com>
7. James E Keeton/AS1/AEPIN <jekeeton@aep.com>
8. Michael G Lasslo/AS1/AEPIN <mglasslo@aep.com>
9. Everett G Phillips/AS1/AEPIN <egphillips@aep.com>
Subject : Fw: FYI: Siting Board Receives Application for Plant in Perry County

Sent: 2010-02-22 19:02:17.370000 UTC

We've met with ecoPower several times and put them in touch with the right folks at PJM.
Tim

Siting Board Receives Application for Plant in Perry County

Proposed facility would be fueled with low-grade wood and wood waste

The Kentucky State Board on Electric Generation and Transmission Siting has received an application requesting a construction certificate for an electric generating plant in northern Perry County. A review has determined that the application is complete as amended on Feb. 18, 2010.

The proposal, from ecoPower Generation, LLC, of Lexington proposes construction of a 50-megawatt (MW) plant on about 125 acres in the Coal Fields Regional Industrial Park, located about 10 miles north of Hazard. The site is a reclaimed coal mine. According to ecoPower's application, fuel for the plant would come from nearby industrial facilities and forest product operations and would include low-grade logs and wood wastes such as sawdust, wood chips, bark and sawmill wastes. The wood material would be burned to produce steam, which would power turbines that produce electricity.

The plant would be connected to the grid through a substation owned by American Electric Power Co. The electricity would be sold on the open, wholesale market. The application and related documents are available on the Siting Board Web site:

http://psc.ky.gov/efs/efs_search.aspx?case=2009-00530

The Siting Board is an agency within the Energy and Environment Cabinet. Under a law passed in 2002 by the Kentucky General Assembly, the Siting Board is charged with reviewing applications for merchant power plants, also known as independent power producers (IPPs), which sell electricity on the wholesale, unregulated market.

IPPs are not regulated by the Kentucky Public Service Commission (PSC). Applicants to the Siting Board are not required to meet the criteria set by the PSC for new facilities built by regulated utilities, and thus do not need to prove that the proposed facility is necessary to meet demand for electricity.

The Siting Board considers issues such as noise, visual impact, traffic, economic impacts and effects of the proposed facility on Kentucky's electric grid.

Environmental matters such as air emissions, water quality and solid waste are the subject of separate proceedings before the Kentucky Department of Environmental Protection.

By law, the Siting Board has 120 days after an application is deemed complete to decide whether to approve that application. The law and associated regulations set certain requirements and deadlines for public participation in the review process.

Persons or entities with a specific interest in the case may apply to the Siting Board to become parties to the case (intervenors).

Intervenors are full participants in the case, with the right to request information from the applicant or other parties to the case and to cross-examine witnesses in the evidentiary hearing.

Intervenors are not required to reside in the county in which the facility is proposed, but must present a specific reason for seeking intervention that is within the Siting Board's jurisdiction. Requests for intervenor status, citing the case number and the reason for intervention, must be made in writing to the Siting Board at the above address within 30 days of the filing of a complete application. A formal evidentiary hearing may be held at the request of parties to the case or on the motion of the Siting Board. Participation in the hearing is limited to the applicants and to parties to the case.

Testimony is taken under oath. Requests for a formal hearing must be made in writing to the Siting Board within 30 days of the filing of a complete application.

A local public hearing will be held if requested by a local government entity and may be held if requested by at least three residents of the county in which the facility is proposed. The local public hearing would provide an opportunity for the general public to be heard by the Siting Board in an informal setting. Requests for an informal local public hearing must be made in writing to the Siting Board within 30 days of the filing of a complete application. The deadline to file requests for intervention, a formal evidentiary hearing or a local public hearing in the ecoPower case is March 22, 2010.

More information on the public participation process is available on the Siting Board Web site. Any hearings in the case will be

announced as they are scheduled.

The ecoPower application is the Siting Board's first request to certify a generating facility since 2005. To date, the Siting Board has issued five such certificates, two of which were subsequently vacated. Two other approved facilities, in Knott County and in Estill County, have not yet been built.

The only generating facility approved by the Siting Board that has been constructed is a 750-MW coal-burning facility nearing completion in Trimble County. The Siting Board's certificate applied only to the 25 percent of the facility that is jointly owned by the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency. The remaining 75 percent of the plant is owned by Louisville Gas & Electric Co. and Kentucky Utilities Co., which are regulated by the PSC.

The case number for ecoPower Generation, LLC is 2009-00530. By law, the Siting Board consists of the three members of the PSC, the secretary Kentucky Energy and Environmental Cabinet or his designee, the secretary of the Kentucky Economic Development Cabinet or his designee and two local members appointed by the governor to serve for a specific case. The chairman of the PSC serves as chairman of the Siting Board.

In addition the PSC commissioners, the Siting Board members for the ecoPower case are Robert Amato, designated by Kentucky Energy and Environmental Cabinet Secretary Leonard Peters; Ken Robinson, designated by Kentucky Economic Development Cabinet Secretary Larry Hayes; and two members named by Governor Steve Beshear: Perry County Judge/Executive Denny Ray Noble and Hazard resident Charles Earl May, who is the Perry County agriculture extension agent..

The PSC's 100 employees provide staff and administrative support to the Siting Board.

T. C. Mosher
President & COO
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From: Jay F Godfrey/AEPIN <jfgodfrey@aep.com>
To: Joseph A Karrasch/OR4/AEPIN <jakarrasch@aep.com>
Subject: Fw: FYI: Siting Board Receives Application for Plant in Perry County
Sent: 2010-02-22 19:53:03.780000 UTC

Jay Godfrey
Managing Director
Renewable Energy
American Electric Power
155 W. Nationwide Blvd
Columbus, OH 43215
Phone: (614) 583-6162
Fax: (614) 583-1615
jfgodfrey@aep.com

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— Forwarded by Jay F Godfrey/AEPIN on 02/22/2010 02:52 PM —
Timothy C Mosher/AS1/AEPIN
02/22/2010 02:02 PM

To

Venita McCellon-Allen/AEPIN@AEPIN, Jay F Godfrey/AEPIN@AEPIN, Todd D Busby/AEPIN@AEPIN, Nicholas K Atkins/AEPIN@AEPIN, Errol K Wagner/AS1/AEPIN@AEPIN, Randle K Wohnhas/OR3/AEPIN@AEPIN, James E Keaton/AS1/AEPIN@AEPIN, Michael G Lassio/AS1/AEPIN@AEPIN, Jennifer G Phillips/AS1/AEPIN@AEPIN

cc
Subject

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http://psc.ky.gov/efs/efs_search.aspx?case=2009-00530

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IPPs are not regulated by the Kentucky Public Service Commission (PSC). Applicants to the Siting Board are not required to meet the criteria set by the PSC for new facilities built by regulated utilities, and thus do not need to prove that the proposed facility is necessary to meet demand for electricity.

The Siting Board considers issues such as noise, visual impact, traffic, economic impacts and effects of the proposed facility on Kentucky's electric grid. Environmental matters such as air emissions, water quality and solid waste are the subject of separate proceedings before the Kentucky Department of Environmental Protection.

By law, the Siting Board has 120 days after an application is deemed complete to decide whether to approve that application. The law and associated regulations set certain requirements and deadlines for public participation in the review process.

Persons or entities with a specific interest in the case may apply to the Siting Board to become parties to the case (intervenor). Intervenor are full participants in the case, with the right to request information from the applicant or other parties to the case and to cross-examine witnesses in the evidentiary hearing.

Intervenor are not required to reside in the county in which the facility is proposed, but must present a specific reason for seeking intervention that is within the Siting Board's jurisdiction. Requests for intervenor status, citing the case number and the reason for intervention, must be made in writing to the Siting Board at the above address within 30 days of the filing of a complete application.

A formal evidentiary hearing may be held at the request of parties to the case or on the motion of the Siting Board. Participation in the hearing is limited to the applicants and to parties to the case. Testimony is taken under oath. Requests for a formal hearing must be made in writing to the Siting Board within 30 days of the filing of a complete application.

A local public hearing will be held if requested by a local government entity and may be held if requested by at least three residents of the county in which the facility is proposed. The local public hearing would provide an opportunity for the general public to be heard by the Siting Board in an informal setting. Requests for an informal local public hearing must be made in writing to the Siting Board within 30 days of the filing of a complete application.

The deadline to file requests for intervention, a formal evidentiary hearing or a local public hearing in the ecoPower case is March 22, 2010. More information on the public participation process is available on the Siting Board Web site. Any hearings in the case will be announced as they are scheduled.

The ecoPower application is the Siting Board's first request to certify a generating facility since 2005. To date, the Siting Board has issued five such certificates, two of which were subsequently vacated. Two other approved facilities, in Knott County and in Estill County, have not yet been built.

The only generating facility approved by the Siting Board that has been constructed is a 750-MW coal-burning facility nearing completion in Trimble County. The Siting Board's certificate applied only to the 25 percent of the facility that is jointly owned by the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency. The remaining 75 percent of the plant is owned by Louisville Gas & Electric Co. and Kentucky Utilities Co., which are regulated by the PSC.

The case number for ecoPower Generation, LLC is 2009-00530. By law, the Siting Board consists of the three members of the PSC, the secretary Kentucky Energy and Environmental Cabinet or his designee, the secretary of the Kentucky Economic Development Cabinet or his designee and two local members appointed by the governor to serve for a specific case. The chairman of the PSC serves as chairman of the Siting Board.

In addition the PSC commissioners, the Siting Board members for the ecoPower case are Robert Amato, designated by Kentucky Energy and Environmental Cabinet Secretary Leonard Peters; Ken Robinson, designated by Kentucky Economic Development Cabinet Secretary Larry Hayes; and two members named by Governor Steve Beshear: Perry County Judge/Executive Denny Ray Noble and Hazard resident Charles Earl May, who is the Perry County agriculture extension agent.

The PSC's 100 employees provide staff and administrative support to the Siting Board. T. C. Mosher

President & COO
Kentucky Power
Attn: 603-7037
502-695-7007
Cell: 502-545-7007
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101A Enterprise Dr.
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From: "Ron Taglieri" <ron.taglieri@summitenergy.com>
To: <jfgodfrey@aep.com>
Subject: ecoPower Generation overview materials
Sent: 2010-03-30 20:51:42 UTC
Attachments: ecoPower Generation Campaign Document.pdf
Jay,

I was referred to you by Peggy Simmons as the person to best speak to regarding development projects involving long-term renewable electricity supply. I work for Summit Energy, an energy manager, and we are representing ecoPower Generation, who is developing an approximately 50 MW capacity biomass generator scheduled to be operational in 2013.

Please find attached the project overview of the ecoPower Generation proposed facility near Hazard, KY that will be interconnected with PJM. I understand you will require further materials to make a studied consideration of the project's merits, but hopefully this provides some answers to questions you might already have.

We are looking out sending out bid documents within the next few days, but I will also provide some support materials to assist in price discovery as well.

Thanks again for your time and attention on this.

Best Regards,

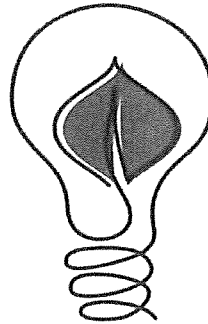
Ron

Ron Taglieri

Vice President, Rates | Direct: 502.753.3172 | Mobile:
502.641.2662

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ecoPower Generation

Energizing America with Clean Power

The Biomass Difference

*Reliable, diverse and widely distributed renewable energy to help
achieve renewable energy and economic development goals*

Distributed by:



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Energizing America with Clean Power

ecoPower Generation, LLC (ecoPower) is soliciting interest in a unique opportunity to secure a multi-year power purchase agreement (PPA) for carbon neutral electricity. ecoPower is in advanced stages of development for a 50 megawatt (MW) biomass-fired power facility to be located near Hazard, Kentucky (the "Hazard Project"). The fuel source will be secured in an environmentally sensitive manner from the by-products of primary and secondary hardwood manufacturers and from low-grade logs generated from sustainable forest management.

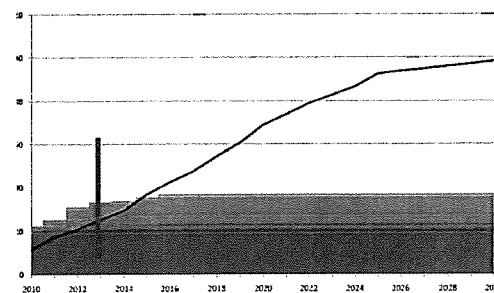
This project offers you the following opportunities:

- Biomass as a renewable fuel source provides baseload generation that is unlike many other "green" energy sources; a high level of availability that is not dependent on whether the sun is shining or the wind is blowing.
- For utilities and load-serving entities, biomass represents a low-cost, effective new source of renewable energy. In particular, wind and solar power have a higher cost profile due to intermittency, lower capacity factors, and scale.
- By entering into a PPA, the Hazard Project can assist your company in meeting its renewable portfolio standard (RPS) while utilizing a reliable fuel source to diversify your energy portfolio.
- Your participation in the Hazard Project will support regional economic development by retaining and creating jobs, and associated economic vitality in an economically depressed area of America.
- ecoPower will procure a portion of its biomass fuel from Forest Stewardship Council (FSC) certified timberlands. ecoPower supports the Kentucky Master Logging Program which enforces the utilization of Best Management Practices (BMPs) in timber harvest operations.
- ecoPower plans to develop additional biomass facilities across the Appalachian region providing a long term, scalable solution for meeting tiered RPS goals (i.e., increasing level of renewables required over time).

ecoPower Fast Facts

- 50 MW Biomass Facility
- Operations near Hazard, Kentucky
- Baseload Biomass Electricity Generation
- Secured cost-effective fuel supply
- Expected 372,000 MWh of annual Renewable Energy Production
- PJM Interconnection - Initial PJM Interconnection feasibility study complete
- Construction to begin by end of 2010
- Commercial operation planned for 2013
- Visit ecoPower Generation at www.ecopg.com

Projected PJM Renewable Generation Demand/Supply



ecoPower's project begins commercial operation in the year 2013, enabling entities within the PJM territory to meet the demands of RPS requirements. (Source: PJM GATS)

Key Advantages of the Hazard Project

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. Due to the relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has secured access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant, where there are more than 400,000 green tons of mill residuals available and 67.7 million green tons of standing low-grade tree resources which are growing at a rate of 1.01 million green tons annually. The 50 megawatt (MW) power plant located near Hazard, Kentucky will produce enough energy to power approximately 30,000 homes using biomass as its renewable fuel source.

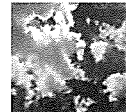
The Advantages of Biomass

Biomass is a baseload energy resource that can generate power 24-hours per day, 7 days per week (24/7) compared to wind and solar power which is weather dependent and intermittent. Therefore, renewable biomass generation can build upon installed "baseload" capacity, while helping you meet your RPS requirements and diversify your energy portfolio, as well as reduce future costs associated with carbon emissions.

	ecoPower Biomass	Solar	Wind
Baseload Resource	✓	×	×
Weather Independent	✓	×	×
GHG Reduction	✓	✓	✓



ecoPower's biomass is available all the time....



Solar energy needs the sun to shine ...



Wind energy needs the wind to blow...

Hazard Project Summary

- Woody biomass project with nominal capacity of 50 MW net
- Expected capacity factor of 85% or greater
- Completed first phase interconnection study with PJM
- Draft Air Permit Issued
- Secured fuel feedstock and identified further fuel resources within a 55-mile radius of ecoPower project
- Secured \$15 million in KY state tax incentives
- Expected to be operational by August 1, 2013 with construction starting in 2010

"As one of the most heavily forested states in the country, Kentucky is well positioned to capitalize on the growing demand for bioenergy products and make forests healthier in the process."

- Bob Cleaves, President
 Biomass Power Association

ecoPower has the answer to your environmental considerations and with your support will generate reliable, green power while helping you diversify your energy portfolio and meet any state mandated renewable energy targets.

ecoPower anticipates issuing a request for proposals by the end of the first quarter 2010. If you are interested in learning more about the ecoPower Generation 50 MW biomass project please contact Ron Taglieri of Summit Energy Services at ron.taglieri@summitenergy.com.

From: "Ron Taglieri" <ron.taglieri@summitenergy.com>
To: <jfgodfrey@aep.com>
Subject: ecoPower Generation Request for Proposal materials
Sent: 2010-03-31 20:30:24 UTC
Attachments: ecoPower RFP_v8.doc
Jay,

Thank you for taking the time you spent this morning discussing your perspective on biomass project challenges and your own experience purchasing renewable energy. I understand that you will not be actively bidding per se on this project, but I have requested an "ask" number from the ecoPower team, which I will forward to you for your consideration upon receipt.

As a follow up to our phone call, attached please find the Request for Proposal materials that further describe both the ecoPower Generation 50 MW biomass generation project in greater detail, as well as detailed instructions regarding the bidding process. This includes the following:

- Bidding parameters
- Timelines
- Representative Capacity/Generation Schedules
- Mutual Confidentiality Agreements
- Indication of Interest forms
- Credit Qualification materials

The first immediate deadline required to be submitted by AEP is an Indication of Interest Form (Appendix C), which is a simple form indicating that AEP would like further information to develop its bid. This is due by close of business, April 7, 2010.

I look forward to receiving any feedback and hope we are able to work further on this project together.

Best Regards

Ron

Ron Taglieri

Vice President, Rates | Direct: 502.753.3172 | Mobile:
502.641.2662

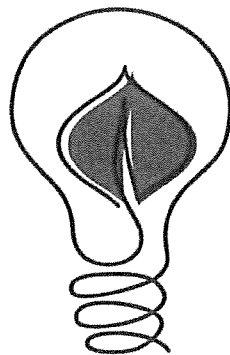
10350 Ormsby Park Place,
Louisville, Kentucky 40223

P: 502.429.3800

F: 502.753.2248

www.summitenergy.com

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ecoPower Generation

Energizing America with Clean Power

Request for Proposal *Solicitation for green power purchase agreement*

Bids due:

April 21, 2010 5:00 P.M EDT

Distributed by:



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Representative Capacity and Generation Schedule..... Appendix A

Mutual Confidentiality Agreement Appendix B

Expression of Interest..... Appendix C

Credit Application Appendix D

A. Company and Project Description

ecoPower Generation (ecoPower, www.ecopg.com) is in advanced stages of development for an approximately 50 megawatt (MW) woody biomass-fired power facility to be located near Hazard, Kentucky (the "Hazard Project"). The fuel source will be secured in an environmentally sensitive manner from the by-products of primary and secondary hardwood manufacturers and from low-grade logs generated from sustainable forest management. ecoPower is soliciting bids for the dedicated off take of bundled renewable electricity (*i.e.*, energy + capacity + renewable energy credits (RECs)) from the Project in the form of a long-term power purchase agreement (PPA). Alternatively, ecoPower is also interested in bids for the renewable energy credits (RECs) generated by the facility.

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. The ecoPower Executive Team has over 100 collective years of experience in utility scale generation projects and timber management. Team member bios can be found on www.ecopg.com. Due to the relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant, where there are more than 400,000 green tons of residuals available and 67.7 million green tons of standing low-grade tree resources which are growing at a rate of 1.01 million green tons annually. The fuel source for the project and associated electric power will be eligible as "renewable energy" under prevailing renewable portfolio standards (RPS) in the Pennsylvania-Jersey-Maryland (PJM) grid. The approximately 50 megawatt (MW) power plant will produce approximately 372,000 MWh per year of baseload energy (*i.e.*, "24/7") with an expected capacity factor of 85% or greater. RECs generated from the project will meet "new" renewable and Class/Tier I classifications under many eligible RPSs within PJM. A draft air permit has already been issued by the State of Kentucky and as such construction will start this year (2010) and the project will be operational by the third quarter (Q3) 2013.

B. Purpose of Solicitation

ecoPower is soliciting bids for the long-term purchase of approximately 50 MW of bundled renewable electricity from the Hazard Project for a minimum term of seven (7) years and up to a maximum of twenty (20) years. ecoPower will provide baseload power with a guaranteed annualized capacity factor of 85% or better of nameplate rated capacity (see specific "Representative Capacity and Generation Schedule" in Appendix A for additional details). The project will be operational not later than the third quarter (Q3) 2013.

ecoPower will consider alternative, component-based bidding structures such as energy and capacity only or RECs only bids from the project for a minimum term of seven (7) years up to a maximum of twenty (20) years.

ecoPower will base its selection on a combination of the following criteria:

- Term (duration) of the Power Purchase Agreement (PPA), with a favorable bias toward longer term structures
- Price
- Credit quality of purchaser

Proposals must be received by 5:00 PM EDT on Wednesday, April 21, 2010. Short listed proposals will be selected after in-depth evaluation of each proposal. ecoPower acknowledges that different types and forms of contractual agreements can be structured to meet this Request For Proposal (RFP) and will evaluate alternative proposals from bidders as well.

C. Technical Summary

Equipment

ecoPower will utilize proven, commercially available technology for the project. A fluidized bed combustion boiler will be used to combust woody biomass fuel provided from on-site handling equipment. Steam generated from the boiler will be passed across a conventional steam turbine generator (STG) with air cooled condenser. An economizer will be employed to recover heat that is re-circulated with the boiler combustion air. A general block diagram is provided below.

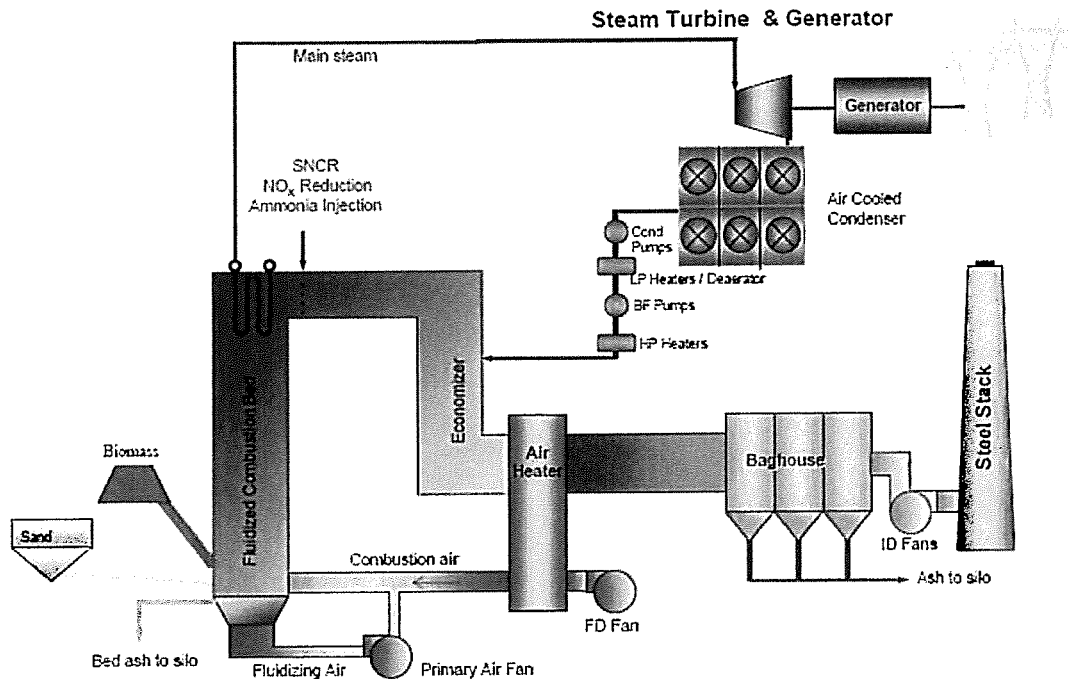


Figure 1. ecoPower generation plant schematic

Interconnection and Delivery Location

The Hazard Project will interconnect in PJM at the Engle substation (69 kV) located approximately one (1) mile southeast of the property. The Hazard Project has applied for interconnection with PJM (PJM Queue V3-055) and preliminary feasibility study has indicated no congestion issues in the area. A System Impact Study is in progress. An Interconnection Services Agreement is expected by July 15, 2010. Bidders will receive the bundled energy at the PJM interconnection busbar. Additional information on the PJM transmission planning study can be located at the following web address:

<http://www.pjm.com/documents/reports/~media/documents/reports/2009-rtep/2009-section12-4-ky.ashx>

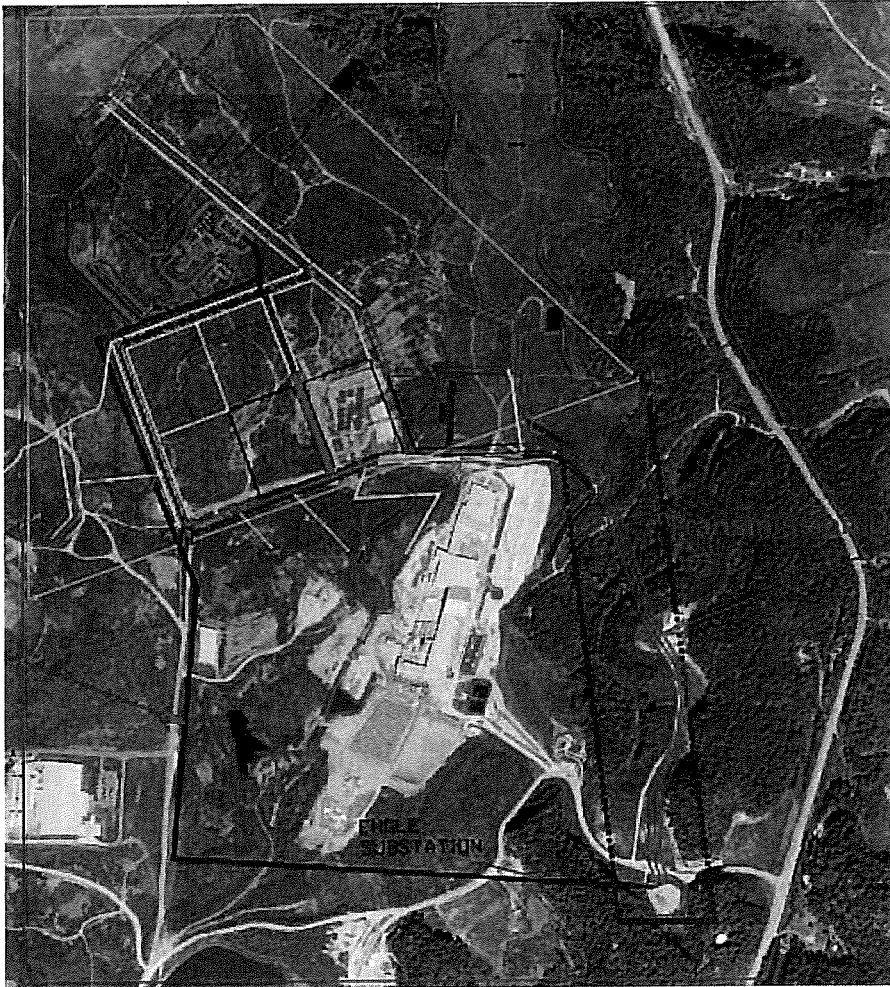


Figure 2. Map of Project Facility and interconnection point with Engle Substation

Section 12 State RTEP Overview

Table 12.18: Queued Generation Interconnection Requests in Eastern Kentucky

Queue	Project Name	MW	MWC	Status	Schedule	TO	Fuel Type
R44	Rockport 765 kW	485	485	ACTIVE	3/31/2011	AEP	Coal
U2-090	South Portsmouth 138 kW	134	134	ACTIVE	7/1/2011	AEP	Coal
V3-055	Engle 69 kW	50	50	ACTIVE	1/1/2013	AEP	Biomass

12.4.6 – Interconnection Requests for Generation Powered by Renewable Fuel Sources

As of the close of Queue V4 on January 31, 2010, PJM's queue contained one interconnection request for a 50 MW plant fueled by biomass in eastern Kentucky as listed in Table 12.18 and shown on Map 12.21.

Map 12.21: Queued Generation Interconnection Requests in Eastern Kentucky

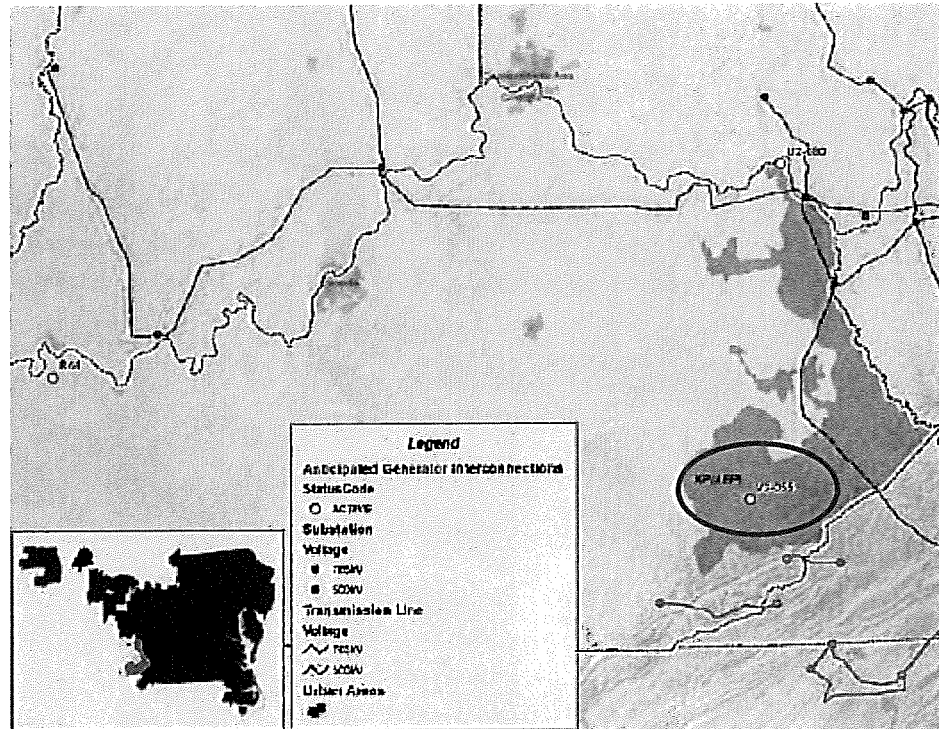


Figure 3. PJM Interconnection Data

Air Permitting

The facility will be a non-major emissions source for criteria pollutants and, thus, will not be subject to Prevention of Significant Deterioration (PSD) requirements. The facility will be classified as a new Synthetic Minor and Title V source. Combustion controls will be utilized to control NO_x, CO and VOC emissions as well as a Selective Non-Catalytic Reduction (SNCR) unit to reduce NO_x emissions. A fabric filter baghouse will be used to control particulate matter and acid gases. The facility has a draft air permit issued by the State of Kentucky (V-10-013) and there are no issues with permitting expected based on the investment in the selected control technologies.

D. Fuel Plan

Fuel Plan: ecoPower understands that a successful biomass project depends on secure, long-term fuel reserves and production of the necessary quality fuel, as well as day-to-day management of that fuel supply.

The Hazard Project has a defined fuel procurement strategy with regional wood suppliers to provide the required volume of material to ecoPower and provides for the management for any fuel price risk/volatility and availability.

ecoPower will be utilizing the following renewable resources for the proposed generation:

- Wood wastes generated as a byproduct of the manufacturing process at Pine Mountain Lumber and other primary and secondary hardwood manufacturers.
- Vast, woody fuel resources including residuals and standing low-grade tree resources available within a 55-mile radius of the project site.
- "Opportunity Wood" resources such as low cost chips from transmission right of way clearing, construction and demolition debris and municipal yard and storm damage woody materials.

ecoPower is committed to the responsible sourcing of its biomass fuel. ecoPower's procurement policy states that it will not procure wood that is harvested: illegally or in violation of traditional or civil rights. ecoPower supports applicable state forestry regulations, the enforcement of Best Management Practices and forest sustainability.

In addition, ecoPower supports credible third-party forest certification standards which verify that the perpetual growing, harvesting and regeneration of trees is successfully integrated with the protection of wildlife and wildlife habitat, plants, soil, air and water quality. ecoPower does so to help assure a reliable supply of fiber from environmentally responsible sources and to help our customers meet their sustainability objectives. ecoPower is committed to increasing the amount of third-party certified wood fiber we use and to helping increase the overall amount of certified fiber in the global marketplace.

ecoPower will procure a portion of its biomass fuel from Forest Stewardship Council (FSC) certified timberlands. Pine Mountain Lumber is FSC Chain of Custody Certified. PML's procurement forestry staff is trained in the FSC Standard. ecoPower supports the Kentucky Master Logging Program which enforces the utilization of Best Management Practices (BMPs) in timber harvest operations.

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. Due to its relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has secured access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant. American Forest Management, an independent timber consulting firm, conducted an extensive Timber Resource Study within a 55 mile radius of the Hazard plant. The study verified on an annual basis there are more than 400,000 green tons of mill residuals from primary and secondary hardwood product manufacturers. The study also verified the existence of 67.7 million green tons of standing low-grade tree resources which are adding volume at a rate of 1.01 million green tons annually.

E. Renewable Attributes

Environmental Attributes: For purposes of this solicitation, means the environmental, power source, and emission characteristics, credits, allowances, reductions, and benefits associated with the generation of electricity from the Hazard Project. Environmental Attributes include avoided emissions of substances to air, soil, or water, including, carbon dioxide (CO₂), methane (CH₄), and other greenhouse gases (GHGs). Environmental Attributes do not include (i) any avoided emissions of sulfur dioxides (SO_x), mercury (Hg), or nitrogen oxides (NO_x) unless these attributes are conveyed in the form of an allowance, (ii) any avoided emission or pollutant that would not be considered part of the Environmental Attributes as the result of future changes in local, state, or federal laws, (iii) the energy, capacity, reliability, or other power attributes of the electricity, (iv) production tax credits, investment tax credits, or other financial incentives associated with the Eligible Renewable Resource. Environmental Attributes are expressed in MWh and are not a calculation of the quantity of avoided emissions, and (v) unless the Parties have expressly agreed otherwise, tradable emission allowances or other entitlements to produce emissions issued by a governmental authority and allocated to the Eligible Renewable Resource on a basis other than actual generation of avoided emissions associated with the generation of electricity by the Eligible Renewable Resource.

Renewable Energy Certificate means the Environmental Attributes associated with the generation of one (1) MWh of electricity

Tax Credits, Grants and Miscellaneous Project Incentives: ecoPower retains all rights to tax credits, grants and miscellaneous incentives related to the project.

F. Reservation of Rights

ecoPower reserves the right, without qualification and in its sole discretion, to reject any and/or all Proposals or to waive any informality, technicality or deficiency in Proposals received. ecoPower reserves the right to consider alternatives outside of this solicitation, in its sole discretion, to satisfy its needs. ecoPower reserves the right to select proposals that demonstrate innovative arrangements. Those who submit Proposals agree to do so without recourse against ecoPower for either rejection or failure to execute a PPA for any reason.

G. Confidentiality

ecoPower recognizes that certain information contained in proposals submitted may be confidential and may represent a competitive or business strategy. The bidder is responsible for identifying those portions of their proposal, which they consider confidential, and must clearly label the documents "confidential".

A Mutual Confidentiality Agreement (MCA) is included in Appendix B to be executed by each bidders submitting a bid.

H. RFP Schedule and Procedure

Schedule: The following schedule and deadlines apply to this RFP. ecoPower or its representatives reserve the right to extend or otherwise modify any portion of this schedule at any time or terminate the RFP process at its sole discretion.

- EDT or Eastern Daylight Time, which is in effect in Hazard, Kentucky on any date specified.
- All proposals are due by 5:00 p.m. EDT, April 21, 2010. ecoPower expects to execute agreements no later than May 31, 2010.

Activity	Timetable
Notice of Intent	April 7, 2010 (RFP release date March 31, 2010)
Proposals Due	April 21, 2010
Proposal Clarification	May 7, 2010
Selected Bidder(s) Notified	May 14, 2010
Letter of Intent (LOI) (exclusivity) Executed with Selected Bidder(s)	May 31, 2010
PPA / Contract	July 15, 2010

Submittal of Proposals

All forms should be completed in PDF format (with the exception of Attachment A; requested in Excel) and bidders should submit properly completed forms by the specified deadline by electronic mail to the specified ecoPower representative noted below:

ecoPower representative

Attn: Ron Taglieri, Vice President of Operations
Summit Energy Services, Inc.
10350 Ormsby Park Place
Suite 400
Louisville, Kentucky 40223
Email: ron.taglieri@summitenergy.com

By submitting a proposal in response to this RFP, the bidder certifies that it has not divulged, discussed or compared any commercial terms of its proposal with other bidders and has not colluded whatsoever with any other party believed to be a prospective bidder.

The preparation and submission of all project proposals will be at the expense of the bidder.

Solicitation of Additional Proposals

ecoPower reserves the right to solicit additional proposals if it is deemed necessary to do so and the right to submit additional information requests to bidders during the bid evaluation process.

Questions

All questions regarding this RFP should be submitted to the ecoPower representative as noted above. All answers to bidder questions will be distributed by e-mail to all bidders.

Timely Submission of Bids

It is the bidder's responsibility to submit all requested material by the deadlines specified in this RFP.

Clarification of Proposals

While evaluating proposals, ecoPower or its representatives may request additional information about any item in the proposal. All requests will be made to the main point of contact for the bidder.

Validity of Proposals

All proposals shall be valid for a minimum of sixty (60) days after the Proposal Due Date.

I. Proposal Content Requirements

Financial Capabilities

The financial viability of any proposal should be demonstrated to provide assurance that the bidder has adequate financial strength to meet the obligation. Each proposal must include a completed Appendix D "Bidder Credit Application".

Legal Proceedings

List all past or current lawsuits, regulatory proceedings, or arbitration concerning renewable power supply agreements in which the bidder or its affiliates or predecessors have been or are engaged. Identify the parties involved in such lawsuits, proceedings, or arbitration, and the final resolution or present status of such matters.

Type and Terms of Offer

Pricing:

The requested bid should include the purchase of capacity, energy and RECs according to the "Capacity and Generation Schedule" as provided in Appendix A. Proposals should include a completed copy of Attachment A – Bidder Pricing Sheet. Based upon the unique attributes of this project, bidders are encouraged to creatively bid, and shall be allowed to submit multiple bid packages based upon index, fixed price, or hybrid price structures.

- (1) Energy, capacity and REC prices may change each year and must be established in the bid proposal and will be applied in the corresponding year of the contract term.
- (2) Pricing for each component must be set on the following bases:
 - i. Energy price must be set on a \$/MWh basis
 - ii. Capacity price must be set on a \$/MW-day basis
 - iii. REC price must be set on a \$/MWh (REC) basis.
- (3) All prices listed in bidder's pricing proposal must be in future-year dollars.

The energy, capacity and REC prices provided by the bidder will comprise the total compensation to ecoPower.

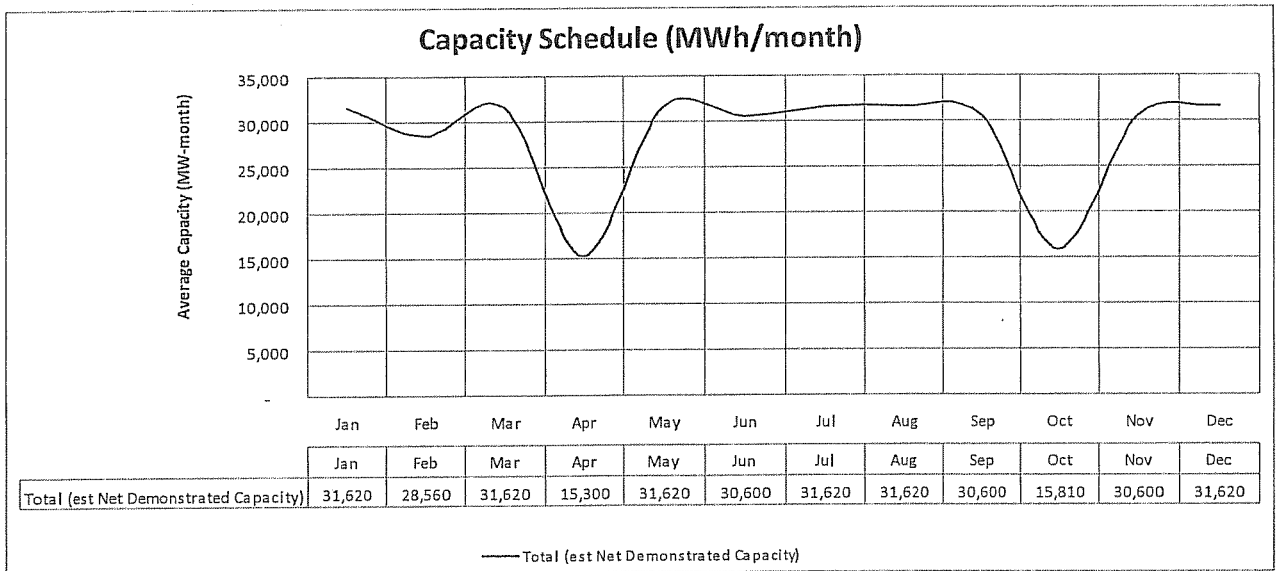
Term:

ecoPower prefers a twenty (20) year term, however will also evaluate alternative term options with a minimum of seven (7) years. Bidders should indicate term option(s) in submitted proposal. Multiple bidding structures will be accepted and considered (e.g., 20 year term, 10 year term).

J. Evaluation Process

ecoPower encourages and will assess all proposals to which, in ecoPower's sole opinion, are economical, innovative, and viable options for meeting ecoPower's needs. The assessment will take into account both price and non-price factors. Upon completion of this assessment, ecoPower will create a short list of qualified bidders and schedule further negotiations.

Appendix A – Representative Capacity and Generation Schedule



Generation Schedule (MWh/month)

	31	28	31	30	31	30	31	31	30	31	30	31		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Avg
Total (est Net Demonstrated Generation)	31,620	28,560	31,620	15,300	31,620	30,600	31,620	31,620	30,600	15,810	30,600	31,620	341,190	38.95

Appendix B – Mutual Confidentiality Agreement (MCA)

MUTUAL CONFIDENTIALITY AGREEMENT

THIS MUTUAL CONFIDENTIALITY AGREEMENT (this “Agreement”) is entered into as of _____, 2010, between _____, a _____ (“_____”), and **ecoPower Generation-Hazard, LLC**, a Kentucky limited liability company (“ecoPower”). _____ shall sometimes be individually referred to herein as a “Party” and collectively as “Parties.”

RECITALS:

A. The Parties, through an RFP process, may have discussions regarding entering into a possible power purchase agreement (the “Transaction”).

B. Each Party has expressed interest in the Transaction, and desires to make available to the other Party, from time to time, in connection with the Transaction, certain Confidential Information (as defined below) in order to enable each Party to evaluate the Transaction.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants hereinafter set forth, the Parties, intending to be legally bound, agree as follows:

Definitions. For purposes of this Agreement, each of the following terms has the meanings set forth below:

Affiliate means any entity which, directly or indirectly, controls or is controlled by or is under common control with a Party.

Disclosing Party means a Party disclosing Confidential Information that is subject to this Agreement.

Receiving Party means a Party receiving Confidential Information that is subject to this Agreement.

Representatives means the employees, officers, directors, partners, consultants, advisors, attorneys, accountants, agents and other representatives of a Party or any Affiliate of such Party who are assisting in any analysis undertaken by such Party or any Affiliate of such Party in connection with the Transaction.

1. **Non-Disclosure.** Subject to Section 5 below, the Receiving Party shall not disclose and shall keep strictly confidential all information concerning the Disclosing Party furnished to the Receiving Party or any Representative of the Receiving Party in writing, orally or electronically by the Disclosing Party or any Representative of the Disclosing Party in the course of the Parties’ evaluation of the Transaction, including, without limitation, (A) any such information (1) concerning the business, plans, budget, forecast or projections, financial condition, marketing, operations, customers, vendors, products, services, assets and/or liabilities of Disclosing Party, (2) which relates to technologies, know-how, patent applications, test results, research studies, intellectual property or capital, models, concepts

or ideas of the Disclosing Party, (3) of third parties that Disclosing Party is required under applicable law or contracts to keep confidential, and (4) whether or not such information has been identified as confidential, including any memorandum, analysis, compilation, summary, interpretation, study, report or other document, record or material that is or has been prepared by or for the Receiving Party or any Representative of the Receiving Party and that contains, reflects, interprets or is based directly or indirectly upon any of the foregoing, being herein referred to as "Confidential Information"); provided, however, that the Receiving Party may disclose Confidential Information (A) to any Representative of the Receiving Party but only to the extent such Representative needs to know such information for the specific and limited purpose of considering the Transaction, provided that (1) the Receiving Party shall advise each such Representative of the confidential nature of the Confidential Information, (2) the Receiving Party shall be responsible for each such Representative's compliance with the terms of this Agreement binding on the Receiving Party, and (3) the Receiving Party shall take reasonable measures to cause its Representatives to comply with the terms of this Agreement binding on the Receiving Party; and (B) to the extent that the Receiving Party or such Representative is required to disclose such information in order to avoid committing a violation of any applicable law, or governmental rule or regulation, including any rules or regulations of any securities association, stock exchange or national securities quotation system, provided that (1) the Receiving Party provides prompt advance written notice to Disclosing Party of the proposed disclosure, and (2) if applicable, takes the other actions required in connection with a required disclosure pursuant to Section 5 below.

2. Ownership of Confidential Information. All Confidential Information of the Disclosing Party shall be and remain the sole and exclusive property of the Disclosing Party.

3. Use Restriction. Neither the Receiving Party nor any of the Receiving Party's Representatives shall make use of any Confidential Information of the Disclosing Party except for the specific and limited purpose of considering the Transaction.

4. Exceptions to Confidential Information. Notwithstanding anything herein to the contrary, the term "Confidential Information" shall not include information that the Receiving Party can establish: (i) was known to or in the possession of the Receiving Party prior to the time it was first made available to the Receiving Party or any Representative of the Receiving Party by or on behalf of the Disclosing Party or any Representative of the Disclosing Party; (ii) becomes subsequently available to the Receiving Party on a non-confidential basis from a source other than one known, or that reasonably should have been known, by the Receiving Party to be bound by a confidentiality agreement or secrecy obligation owed to Disclosing Party; or (iii) is or becomes generally available to the public other than as a result of the disclosure of such information by the Receiving Party or any Representative of the Receiving Party. If only a portion of the Confidential Information falls under one of the foregoing exceptions, then only that portion shall not be deemed Confidential Information.

5. Required Disclosure. In the event that the Receiving Party or any Representative of the Receiving Party or any of its Affiliates is requested or required, pursuant to any applicable court order, administrative order, statute, regulation or other official order by any government or any agency or department thereof or by any rules or regulations of any securities association, stock exchange or national securities quotation system, to disclose any Confidential Information, the Receiving Party shall (i) provide Disclosing Party with prompt advance written notice (whenever possible) of any such request or requirement so that Disclosing Party may seek a protective order or other appropriate remedy and/or

waive compliance with the provisions of this Agreement; and (ii) reasonably cooperate with Disclosing Party to obtain such protective order or other remedy. In the event such protective order or other remedy is not obtained or Disclosing Party waives compliance with the relevant provisions of this Agreement, the Receiving Party agrees to furnish only that portion of the Confidential Information for which Disclosing Party has waived compliance with the relevant provisions of this Agreement, or for which the Receiving Party is advised by written opinion of legal counsel, that it is legally required to be disclosed.

6. Termination of Discussions; Return or Destruction of Confidential Information. Upon the written request of Disclosing Party, the Receiving Party will, and will cause all Representatives of the Receiving Party to promptly, return to Disclosing Party or destroy all original Confidential Information (whether written or electronic) furnished to the Receiving Party or any Representative of the Receiving Party by or on behalf of Disclosing Party, and (A) any copies of such Confidential Information (including any extracts therefrom), and (B) any portion of such Confidential Information that may be found in reports, analyses, notes, compilations, studies and other documents prepared by or for the Receiving Party. After the written request referenced in the foregoing sentence is given, upon written request of Disclosing Party for any reason, the Receiving Party shall cause one of its duly authorized officers to certify in writing to Disclosing Party that the requirements of the preceding sentence have been satisfied in full. Notwithstanding the termination of any discussions with respect to the Transaction or the return or destruction of any Confidential Information, the Parties will continue to be bound by terms of this Agreement as provided herein.

7. Term. This Agreement shall be effective as of the date hereof and will terminate 3 years from the date hereof.

8. Governing Law; Stricken Provisions. This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky, without regard to the principles of conflicts of laws thereof. If any provision of this Agreement is held by a court of competent jurisdiction in a final, non-appealable judgment to be invalid, illegal or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and any invalid, illegal or unenforceable provision shall be replaced with a valid, legal or enforceable provision, the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

10. Injunctive Relief. The Parties acknowledge and agree that money damages would not be a sufficient remedy for any breach of this Agreement by either Party or its Representatives and that no breaching Disclosing Party shall be entitled to seek equitable relief, including seeking an injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement, but shall be in addition to all other remedies available at law or equity.

IN WITNESS WHEREOF, each Party hereto has executed this Agreement, or caused this Agreement to be executed on its behalf, all as of the day and year first above written.

By: _____

[Name], [Title]

ecoPOWER GENERATION-HAZARD, LLC

By: _____

Its: _____

APPENDIX C

Expression of Interest Form

Email to: ron.taglieri@summitenergy.com

Due: By 5:00 p.m. EDT, April 7, 2010

Note that completion of all information is required.

This response is an indication of our interest in the ecoPower request for the purchase of approximately 50 MW of renewable electricity for the ecoPower project near Hazard, Kentucky. This response also establishes contact information for future communications regarding this RFP.

Company: _____
(legal name of entity of intended signatory to a contract)

Contact Name: _____

Contact Title: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____

Fax Number: _____

E-mail address: _____

Appendix D
Credit Application
Bidder's Credit-Related Information

Provide the following data to enable ecoPower to assess the financial viability of the bidder as well as the entity providing the credit support on behalf of the bidder (if applicable). Include any additional sheets and materials with this Appendix as necessary. As necessary, please specify whether the information provided is for the bidder, its parent or the entity providing the credit support on behalf of the bidder.

Full Legal Name of the Bidder: _____

Dun & Bradstreet No. of Bidder: _____

Federal Tax Identification No (FEIN): _____

Type of Organization: (Corporation, Partnership, etc.): _____

Full Legal Name(s) of Parent Corporation: _____

Dun & Bradstreet No. of Parent Corporation: _____

Will the Parent provide a Parental Guarantee for Bidder: _____

Entity Providing Credit Support on Behalf of Bidder (if applicable): _____

Dun & Bradstreet No. of Entity Providing Credit Support: _____

Is the Credit Support Provider backing the Parent or Bidder: _____

Address for each entity referenced (provide additional sheets, if necessary) _____

Type of Relationship/Affiliation _____

Current Senior Unsecured Debt Rating from each of S&P and Moody's Rating
Agencies (specify the entity these ratings are for) _____

OR, if bidder does not have a current Senior Unsecured Debt Rating, then

Tangible Net Worth (total assets minus intangible assets (e.g. goodwill) minus total liabilities) or 12-months
of Financials (Please attach if available) _____

Bank References & Name of Institution: _____

Bank Contact: Name, Title, Address and Phone Number: _____

Pending Legal Disputes, if any (describe): _____

Attachment A – Bidder's Pricing Schedule

Pricing Schedule:

Year	Energy (\$/MWh)	Capacity (\$/MW-day)	REC (\$/MWh)
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			

2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			

From: Jay F Godfrey/AEPIN
To: 1. "Timothy Mosher" <tcmosher@aep.com>
2. "Errol Wagner" <ekwagner@aep.com>
Subject: Part 1: ecoPower Generation overview materials
Sent: 2010-04-01 01:03:08.420000 UTC
Attachments
: ecoPower Generation Campaign Document.pdf

This was sent to me yesterday by ecopower's advisor

From: "Ron Taglieri" [ron.taglieri@summitenergy.com]
Sent: 03/30/2010 04:51 PM AST
To: Jay Godfrey
Subject: ecoPower Generation overview materials

Jay,

I was referred to you by Peggy Simmons as the person to best speak to regarding development projects involving long-term renewable electricity supply. I work for Summit Energy, an energy manager, and we are representing ecoPower Generation, who is developing an approximately 50 MW capacity biomass generator scheduled to be operational in 2013.

Please find attached the project overview of the ecoPower Generation proposed facility near Hazard, KY that will be interconnected with PJM. I understand you will require further materials to make a studied consideration of the project's merits, but hopefully this provides some answers to questions you might already have.

We are looking out sending out bid documents within the next few days, but I will also provide some support materials to assist in price discovery as well.

Thanks again for your time and attention on this.

Best Regards,

Ron

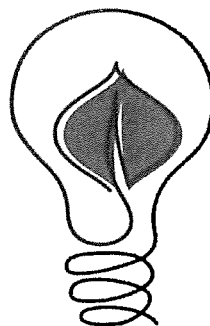
Ron Taglieri

Vice President, Rates | Direct: 502.753.3172 | Mobile:
502.641.2662

10350 Ormsby Park Place,
Louisville, Kentucky 40223
P: 502.429.3800
F: 502.753.2248
www.summitenergy.com

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ecoPower Generation

Energizing America with Clean Power

The Biomass Difference

*Reliable, diverse and widely distributed renewable energy to help
achieve renewable energy and economic development goals*

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Energizing America with Clean Power

ecoPower Generation, LLC (ecoPower) is soliciting interest in a unique opportunity to secure a multi-year power purchase agreement (PPA) for carbon neutral electricity. ecoPower is in advanced stages of development for a 50 megawatt (MW) biomass-fired power facility to be located near Hazard, Kentucky (the "Hazard Project"). The fuel source will be secured in an environmentally sensitive manner from the by-products of primary and secondary hardwood manufacturers and from low-grade logs generated from sustainable forest management.

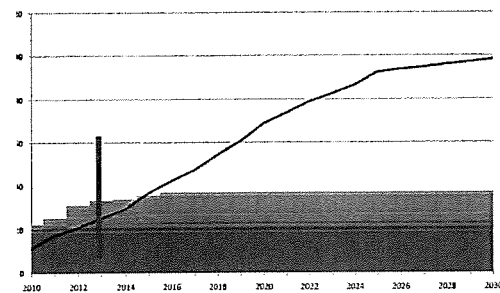
This project offers you the following opportunities:

- Biomass as a renewable fuel source provides baseload generation that is unlike many other "green" energy sources; a high level of availability that is not dependent on whether the sun is shining or the wind is blowing.
- For utilities and load-serving entities, biomass represents a low-cost, effective new source of renewable energy. In particular, wind and solar power have a higher cost profile due to intermittency, lower capacity factors, and scale.
- By entering into a PPA, the Hazard Project can assist your company in meeting its renewable portfolio standard (RPS) while utilizing a reliable fuel source to diversify your energy portfolio.
- Your participation in the Hazard Project will support regional economic development by retaining and creating jobs, and associated economic vitality in an economically depressed area of America.
- ecoPower will procure a portion of its biomass fuel from Forest Stewardship Council (FSC) certified timberlands. ecoPower supports the Kentucky Master Logging Program which enforces the utilization of Best Management Practices (BMPs) in timber harvest operations.
- ecoPower plans to develop additional biomass facilities across the Appalachian region providing a long term, scalable solution for meeting tiered RPS goals (i.e., increasing level of renewables required over time).

ecoPower Fast Facts

- 50 MW Biomass Facility
- Operations near Hazard, Kentucky
- Baseload Biomass Electricity Generation
- Secured cost-effective fuel supply
- Expected 372,000 MWh of annual Renewable Energy Production
- PJM Interconnection - Initial PJM interconnection feasibility study complete
- Construction to begin by end of 2010
- Commercial operation planned for 2013
- Visit ecoPower Generation at www.ecoopg.com

Projected PJM Renewable Generation Demand/Supply



ecoPower's project begins commercial operation in the year 2013, enabling entities within the PJM territory to meet the demands of RPS requirements. (Source: PJM GATS)

Key Advantages of the Hazard Project

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. Due to the relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has secured access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant, where there are more than 400,000 green tons of mill residuals available and 67.7 million green tons of standing low-grade tree resources which are growing at a rate of 1.01 million green tons annually. The 50 megawatt (MW) power plant located near Hazard, Kentucky will produce enough energy to power approximately 30,000 homes using biomass as its renewable fuel source.

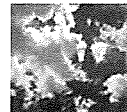
The Advantages of Biomass

Biomass is a baseload energy resource that can generate power 24-hours per day, 7 days per week (24/7) compared to wind and solar power which is weather dependent and intermittent. Therefore, renewable biomass generation can build upon installed "baseload" capacity, while helping you meet your RPS requirements and diversify your energy portfolio, as well as reduce future costs associated with carbon emissions.

	ecoPower Biomass	Solar	Wind
Baseload Resource	✓	✗	✗
Weather Independent	✓	✗	✗
GHG Reduction	✓	✓	✓



ecoPower's biomass is available all the time....



Solar energy needs the sun to shine ...



Wind energy needs the wind to blow...

Hazard Project Summary

- Woody biomass project with nominal capacity of 50 MW net
- Expected capacity factor of 85% or greater
- Completed first phase interconnection study with PJM
- Draft Air Permit Issued
- Secured fuel feedstock and identified further fuel resources within a 55-mile radius of ecoPower project
- Secured \$15 million in KY state tax incentives
- Expected to be operational by August 1, 2013 with construction starting in 2010

"As one of the most heavily forested states in the country, Kentucky is well positioned to capitalize on the growing demand for bioenergy products and make forests healthier in the process."

- Bob Cleaves, President
 Biomass Power Association

ecoPower has the answer to your environmental considerations and with your support will generate reliable, green power while helping you diversify your energy portfolio and meet any state mandated renewable energy targets.

ecoPower anticipates issuing a request for proposals by the end of the first quarter 2010. If you are interested in learning more about the ecoPower Generation 50 MW biomass project please contact Ron Taglieri of Summit Energy Services at ron.taglieri@summitenergy.com.

From: Jay F Godfrey/AEPIN <jfgodfrey@aep.com>
To: Matt W Nollenberger/OR4/AEPIN <mnollenberger@aep.com>
Subject: Fw: ecoPower Generation Request for Proposal materials
Sent: 2010-04-14 16:27:43.600000 UTC
Attachments: ecoPower RFP_v8.doc

Jay Godfrey
Managing Director
Renewable Energy
American Electric Power
155 W. Nationwide Blvd
Columbus, OH 43215
Phone: (614) 583-6162
Fax: (614) 583-1615
jfgodfrey@aep.com

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----- Forwarded by Jay F Godfrey/AEPIN on 04/14/2010 12:27 PM -----
"Ron Taglieri" <ron.taglieri@summitenergy.com>

03/17/2010 04:30 PM

<jfgodfrey@aep.com>

ecoPower Generation
Request for Proposal
materials

To
cc
Subject

Jay,

Thank you for taking the time you spent this morning discussing your perspective on biomass project challenges and your own experience purchasing renewable energy. I understand that you will not be actively bidding per se on this project, but I have requested an "ask" number from the ecoPower team, which I will forward to you for your consideration upon receipt.

As a follow up to our phone call, attached please find the Request for Proposal materials that further describe both the ecoPower Generation 50 MW biomass generation project in greater detail, as well as detailed instructions regarding the bidding process. This includes the following:

Bidding parameters

Timelines

Representative Capacity/Generation Schedules

Mutual Confidentiality Agreements

Indication of Interest forms

Credit Qualification materials

The first immediate deadline required to be submitted by AEP is an Indication of Interest Form (Appendix C), which is a simple form indicating that AEP would like further information to develop its bid. This is due by close of business, April 7, 2010.

I look forward to receiving any feedback and hope we are able to work further on this project together.

Best Regards

Ron

Ron Taglieri

Vice President, Rates | Direct: 502.753.3172 | Mobile: 502.641.2662
10350 Ormsby Park Place, Ste. 400
Cincinnati, OH 45240

P: 502.429.3800

F: 502.753.2248 www.summitenergy.com

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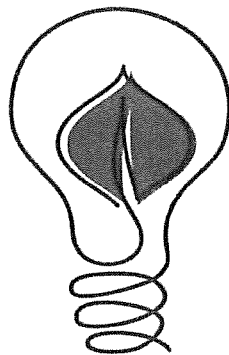
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ecoPower Generation

Energizing America with Clean Power

Request for Proposal *Solicitation for green power purchase agreement*

Bids due:

April 21, 2010 5:00 P.M EDT

Distributed by:



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Appendices

Representative Capacity and Generation Schedule.....	Appendix A
Mutual Confidentiality Agreement	Appendix B
Expression of Interest.....	Appendix C
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A. Company and Project Description

ecoPower Generation (ecoPower, www.ecopg.com) is in advanced stages of development for an approximately 50 megawatt (MW) woody biomass-fired power facility to be located near Hazard, Kentucky (the "Hazard Project"). The fuel source will be secured in an environmentally sensitive manner from the by-products of primary and secondary hardwood manufacturers and from low-grade logs generated from sustainable forest management. ecoPower is soliciting bids for the dedicated off take of bundled renewable electricity (*i.e.*, energy + capacity + renewable energy credits (RECs)) from the Project in the form of a long-term power purchase agreement (PPA). Alternatively, ecoPower is also interested in bids for the renewable energy credits (RECs) generated by the facility.

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. The ecoPower Executive Team has over 100 collective years of experience in utility scale generation projects and timber management. Team member bios can be found on www.ecopg.com. Due to the relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant, where there are more than 400,000 green tons of residuals available and 67.7 million green tons of standing low-grade tree resources which are growing at a rate of 1.01 million green tons annually. The fuel source for the project and associated electric power will be eligible as "renewable energy" under prevailing renewable portfolio standards (RPS) in the Pennsylvania-Jersey-Maryland (PJM) grid. The approximately 50 megawatt (MW) power plant will produce approximately 372,000 MWh per year of baseload energy (*i.e.*, "24/7") with an expected capacity factor of 85% or greater. RECs generated from the project will meet "new" renewable and Class/Tier I classifications under many eligible RPSs within PJM. A draft air permit has already been issued by the State of Kentucky and as such construction will start this year (2010) and the project will be operational by the third quarter (Q3) 2013.

B. Purpose of Solicitation

ecoPower is soliciting bids for the long-term purchase of approximately 50 MW of bundled renewable electricity from the Hazard Project for a minimum term of seven (7) years and up to a maximum of twenty (20) years. ecoPower will provide baseload power with a guaranteed annualized capacity factor of 85% or better of nameplate rated capacity (see specific "Representative Capacity and Generation Schedule" in Appendix A for additional details). The project will be operational not later than the third quarter (Q3) 2013.

ecoPower will consider alternative, component-based bidding structures such as energy and capacity only or RECs only bids from the project for a minimum term of seven (7) years up to a maximum of twenty (20) years.

ecoPower will base its selection on a combination of the following criteria:

- Term (duration) of the Power Purchase Agreement (PPA), with a favorable bias toward longer term structures
- Price
- Credit quality of purchaser

Proposals must be received by 5:00 PM EDT on Wednesday, April 21, 2010. Short listed proposals will be selected after in-depth evaluation of each proposal. ecoPower acknowledges that different types and forms of contractual agreements can be structured to meet this Request For Proposal (RFP) and will evaluate alternative proposals from bidders as well.

C. Technical Summary

Equipment

ecoPower will utilize proven, commercially available technology for the project. A fluidized bed combustion boiler will be used to combust woody biomass fuel provided from on-site handling equipment. Steam generated from the boiler will be passed across a conventional steam turbine generator (STG) with air cooled condenser. An economizer will be employed to recover heat that is re-circulated with the boiler combustion air. A general block diagram is provided below.

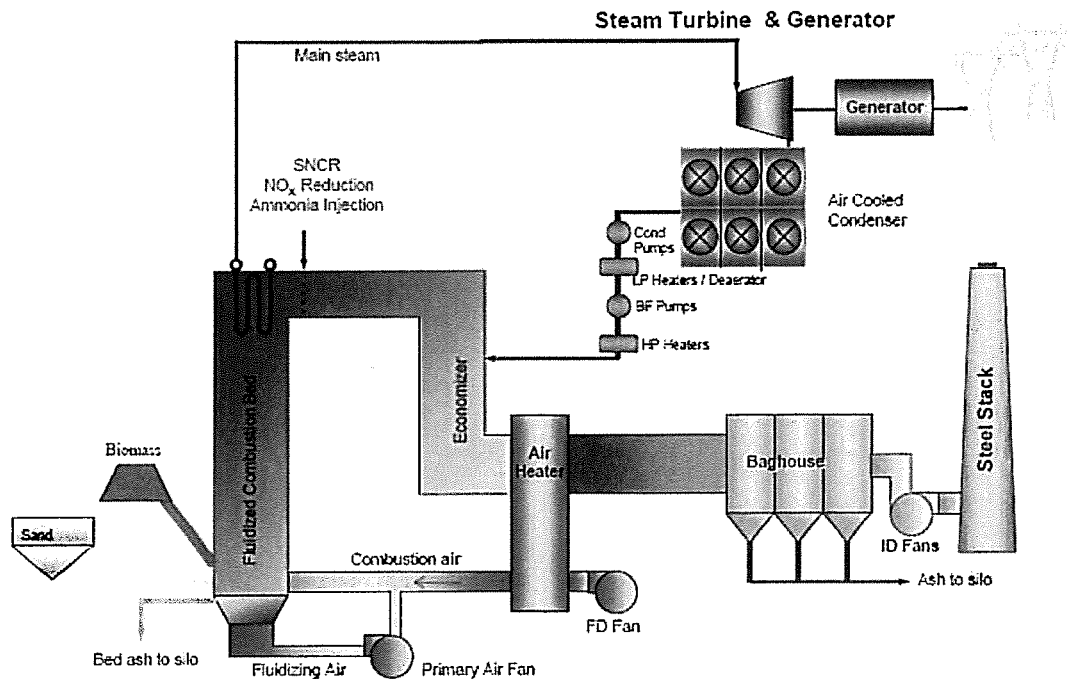


Figure 1. ecoPower generation plant schematic

Interconnection and Delivery Location

The Hazard Project will interconnect in PJM at the Engle substation (69 kV) located approximately one (1) mile southeast of the property. The Hazard Project has applied for interconnection with PJM (PJM Queue V3-055) and preliminary feasibility study has indicated no congestion issues in the area. A System Impact Study is in progress. An Interconnection Services Agreement is expected by July 15, 2010. Bidders will receive the bundled energy at the PJM interconnection busbar. Additional information on the PJM transmission planning study can be located at the following web address:

<http://www.pjm.com/documents/reports/~media/documents/reports/2009-rtep/2009-section12-4-ky.ashx>

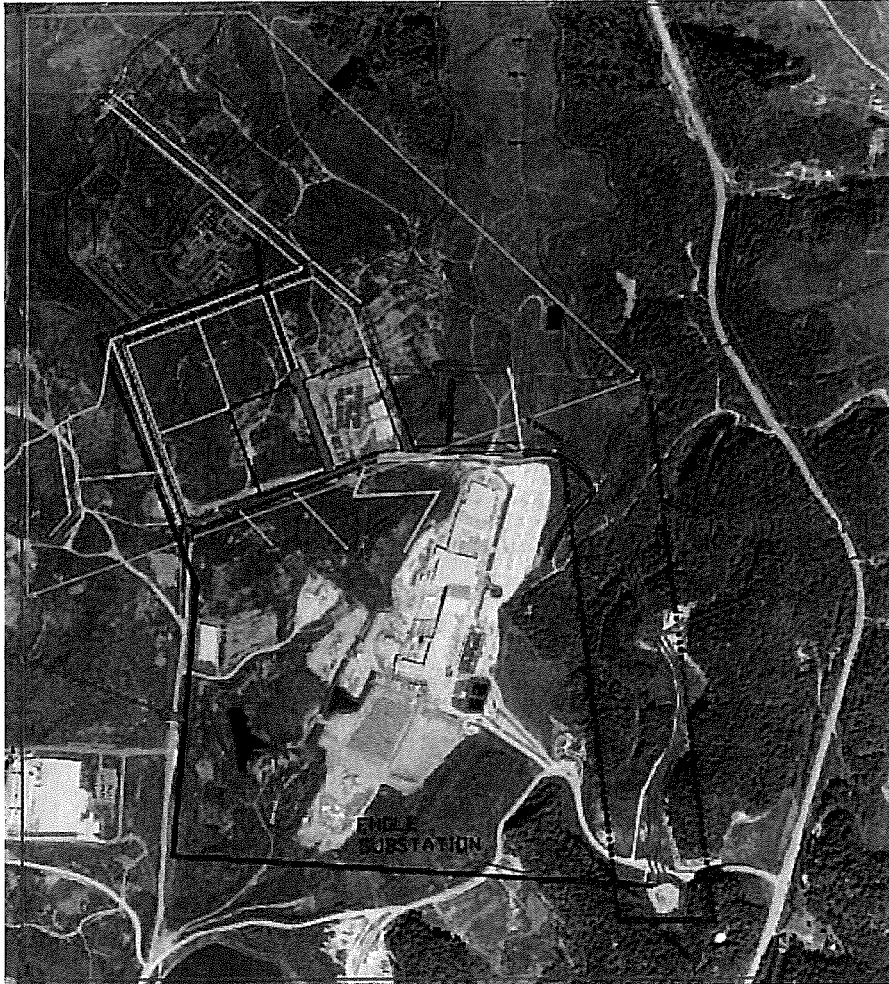


Figure 2. Map of Project Facility and interconnection point with Engle Substation

Section 12 State RIEP Overview

Table 12.18: Queued Generation Interconnection Requests in Eastern Kentucky

Queue	Project Name	MW	MWC	Status	Schedule	TO	Fuel Type
R44	Rockport 765 kW	435	485	ACTIVE	3/31/2011	SEP	Coal
U2-080	South Portsmouth 138 kW	134	134	ACTIVE	7/1/2011	SEP	Coal
Y3-055	Engle 69 kW	50	50	ACTIVE	1/1/2013	SEP	Biomass

12.4.6 – Interconnection Requests for Generation Powered by Renewable Fuel Sources

As of the close of Queue V4 on January 31, 2010, PJM's queue contained one interconnection request for a 50 MW plant fueled by biomass in eastern Kentucky as listed in Table 12.18 and shown on Map 12.21.

Map 12.21: Queued Generation Interconnection Requests in Eastern Kentucky

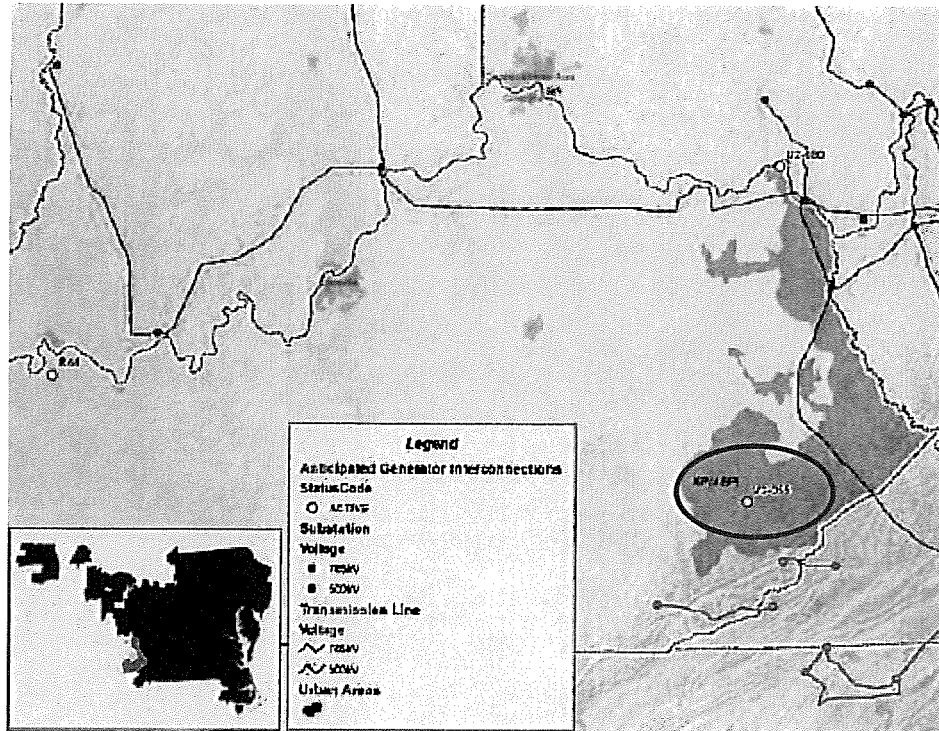


Figure 3. PJM Interconnection Data

Air Permitting

The facility will be a non-major emissions source for criteria pollutants and, thus, will not be subject to Prevention of Significant Deterioration (PSD) requirements. The facility will be classified as a new Synthetic Minor and Title V source. Combustion controls will be utilized to control NO_x, CO and VOC emissions as well as a Selective Non-Catalytic Reduction (SNCR) unit to reduce NO_x emissions. A fabric filter baghouse will be used to control particulate matter and acid gases. The facility has a draft air permit issued by the State of Kentucky (V-10-013) and there are no issues with permitting expected based on the investment in the selected control technologies.

D. Fuel Plan

Fuel Plan: ecoPower understands that a successful biomass project depends on secure, long-term fuel reserves and production of the necessary quality fuel, as well as day-to-day management of that fuel supply.

The Hazard Project has a defined fuel procurement strategy with regional wood suppliers to provide the required volume of material to ecoPower and provides for the management for any fuel price risk/volatility and availability.

ecoPower will be utilizing the following renewable resources for the proposed generation:

- Wood wastes generated as a byproduct of the manufacturing process at Pine Mountain Lumber and other primary and secondary hardwood manufacturers.
- Vast, woody fuel resources including residuals and standing low-grade tree resources available within a 55-mile radius of the project site.
- "Opportunity Wood" resources such as low cost chips from transmission right of way clearing, construction and demolition debris and municipal yard and storm damage woody materials.

ecoPower is committed to the responsible sourcing of its biomass fuel. ecoPower's procurement policy states that it will not procure wood that is harvested: illegally or in violation of traditional or civil rights. ecoPower supports applicable state forestry regulations, the enforcement of Best Management Practices and forest sustainability.

In addition, ecoPower supports credible third-party forest certification standards which verify that the perpetual growing, harvesting and regeneration of trees is successfully integrated with the protection of wildlife and wildlife habitat, plants, soil, air and water quality. ecoPower does so to help assure a reliable supply of fiber from environmentally responsible sources and to help our customers meet their sustainability objectives. ecoPower is committed to increasing the amount of third-party certified wood fiber we use and to helping increase the overall amount of certified fiber in the global marketplace.

ecoPower will procure a portion of its biomass fuel from Forest Stewardship Council (FSC) certified timberlands. Pine Mountain Lumber is FSC Chain of Custody Certified. PML's procurement forestry staff is trained in the FSC Standard. ecoPower supports the Kentucky Master Logging Program which enforces the utilization of Best Management Practices (BMPs) in timber harvest operations.

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. Due to its relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has secured access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant. American Forest Management, an independent timber consulting firm, conducted an extensive Timber Resource Study within a 55 mile radius of the Hazard plant. The study verified on an annual basis there are more than 400,000 green tons of mill residuals from primary and secondary hardwood product manufacturers. The study also verified the existence of 67.7 million green tons of standing low-grade tree resources which are adding volume at a rate of 1.01 million green tons annually.

E. Renewable Attributes

Environmental Attributes: For purposes of this solicitation, means the environmental, power source, and emission characteristics, credits, allowances, reductions, and benefits associated with the generation of electricity from the Hazard Project. Environmental Attributes include avoided emissions of substances to air, soil, or water, including, carbon dioxide (CO₂), methane (CH₄), and other greenhouse gases (GHGs). Environmental Attributes do not include (i) any avoided emissions of sulfur dioxides (SO_x), mercury (Hg), or nitrogen oxides (NO_x) unless these attributes are conveyed in the form of an allowance, (ii) any avoided emission or pollutant that would not be considered part of the Environmental Attributes as the result of future changes in local, state, or federal laws, (iii) the energy, capacity, reliability, or other power attributes of the electricity, (iv) production tax credits, investment tax credits, or other financial incentives associated with the Eligible Renewable Resource. Environmental Attributes are expressed in MWh and are not a calculation of the quantity of avoided emissions, and (v) unless the Parties have expressly agreed otherwise, tradable emission allowances or other entitlements to produce emissions issued by a governmental authority and allocated to the Eligible Renewable Resource on a basis other than actual generation of avoided emissions associated with the generation of electricity by the Eligible Renewable Resource.

Renewable Energy Certificate means the Environmental Attributes associated with the generation of one (1) MWh of electricity

Tax Credits, Grants and Miscellaneous Project Incentives: ecoPower retains all rights to tax credits, grants and miscellaneous incentives related to the project.

F. Reservation of Rights

ecoPower reserves the right, without qualification and in its sole discretion, to reject any and/or all Proposals or to waive any informality, technicality or deficiency in Proposals received. ecoPower reserves the right to consider alternatives outside of this solicitation, in its sole discretion, to satisfy its needs. ecoPower reserves the right to select proposals that demonstrate innovative arrangements. Those who submit Proposals agree to do so without recourse against ecoPower for either rejection or failure to execute a PPA for any reason.

G. Confidentiality

ecoPower recognizes that certain information contained in proposals submitted may be confidential and may represent a competitive or business strategy. The bidder is responsible for identifying those portions of their proposal, which they consider confidential, and must clearly label the documents "confidential".

A Mutual Confidentiality Agreement (MCA) is included in Appendix B to be executed by each bidders submitting a bid.

H. RFP Schedule and Procedure

Schedule: The following schedule and deadlines apply to this RFP. ecoPower or its representatives reserve the right to extend or otherwise modify any portion of this schedule at any time or terminate the RFP process at its sole discretion.

- EDT or Eastern Daylight Time, which is in effect in Hazard, Kentucky on any date specified.
- All proposals are due by 5:00 p.m. EDT, April 21, 2010. ecoPower expects to execute agreements no later than May 31, 2010.

Activity	Timetable
Notice of Intent	April 7, 2010 (RFP release date March 31, 2010)
Proposals Due	April 21, 2010
Proposal Clarification	May 7, 2010
Selected Bidder(s) Notified	May 14, 2010
Letter of Intent (LOI) (exclusivity) Executed with Selected Bidder(s)	May 31, 2010
PPA / Contract	July 15, 2010

Submittal of Proposals

All forms should be completed in PDF format (with the exception of Attachment A; requested in Excel) and bidders should submit properly completed forms by the specified deadline by electronic mail to the specified ecoPower representative noted below:

ecoPower representative

Attn: Ron Taglieri, Vice President of Operations
Summit Energy Services, Inc.
10350 Ormsby Park Place
Suite 400
Louisville, Kentucky 40223
Email: ron.taglieri@summitenergy.com

By submitting a proposal in response to this RFP, the bidder certifies that it has not divulged, discussed or compared any commercial terms of its proposal with other bidders and has not colluded whatsoever with any other party believed to be a prospective bidder.

The preparation and submission of all project proposals will be at the expense of the bidder.

Solicitation of Additional Proposals

ecoPower reserves the right to solicit additional proposals if it is deemed necessary to do so and the right to submit additional information requests to bidders during the bid evaluation process.

Questions

All questions regarding this RFP should be submitted to the ecoPower representative as noted above. All answers to bidder questions will be distributed by e-mail to all bidders.

Timely Submission of Bids

It is the bidder's responsibility to submit all requested material by the deadlines specified in this RFP.

Clarification of Proposals

While evaluating proposals, ecoPower or its representatives may request additional information about any item in the proposal. All requests will be made to the main point of contact for the bidder.

Validity of Proposals

All proposals shall be valid for a minimum of sixty (60) days after the Proposal Due Date.

I. Proposal Content Requirements

Financial Capabilities

The financial viability of any proposal should be demonstrated to provide assurance that the bidder has adequate financial strength to meet the obligation. Each proposal must include a completed Appendix D "Bidder Credit Application".

Legal Proceedings

List all past or current lawsuits, regulatory proceedings, or arbitration concerning renewable power supply agreements in which the bidder or its affiliates or predecessors have been or are engaged. Identify the parties involved in such lawsuits, proceedings, or arbitration, and the final resolution or present status of such matters.

Type and Terms of Offer

Pricing:

The requested bid should include the purchase of capacity, energy and RECs according to the "Capacity and Generation Schedule" as provided in Appendix A. Proposals should include a completed copy of Attachment A – Bidder Pricing Sheet. Based upon the unique attributes of this project, bidders are encouraged to creatively bid, and shall be allowed to submit multiple bid packages based upon index, fixed price, or hybrid price structures.

- (1) Energy, capacity and REC prices may change each year and must be established in the bid proposal and will be applied in the corresponding year of the contract term.
- (2) Pricing for each component must be set on the following bases:
 - i. Energy price must be set on a \$/MWh basis
 - ii. Capacity price must be set on a \$/MW-day basis
 - iii. REC price must be set on a \$/MWh (REC) basis.

- (3) All prices listed in bidder's pricing proposal must be in future-year dollars.

The energy, capacity and REC prices provided by the bidder will comprise the total compensation to ecoPower.

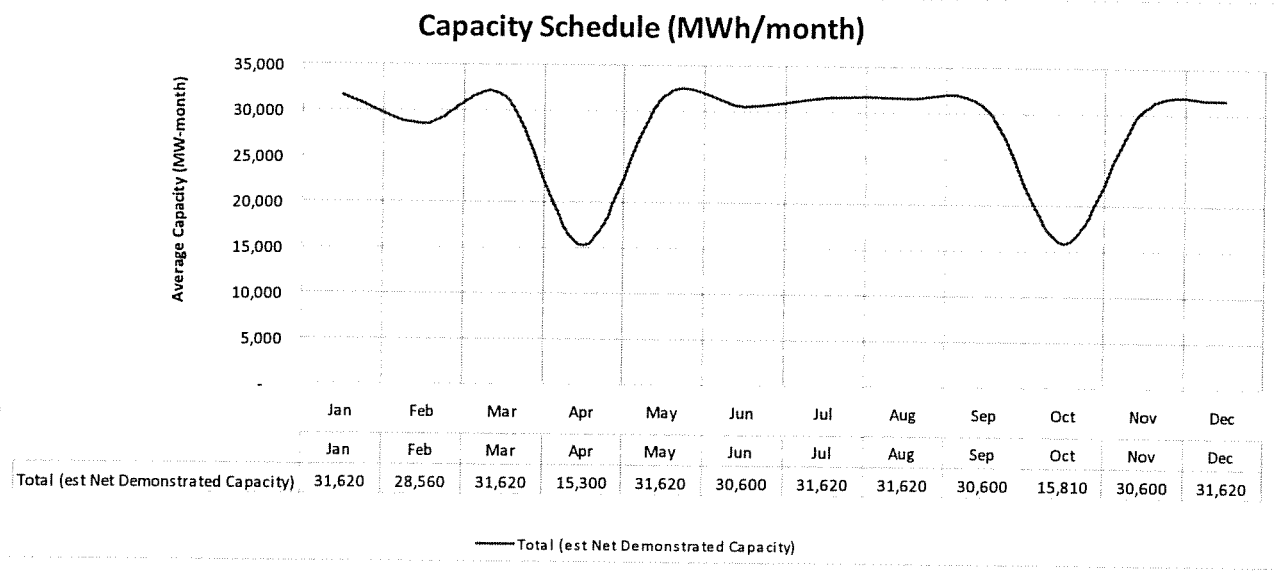
Term:

ecoPower prefers a twenty (20) year term, however will also evaluate alternative term options with a minimum of seven (7) years. Bidders should indicate term option(s) in submitted proposal. Multiple bidding structures will be accepted and considered (e.g., 20 year term, 10 year term).

J. Evaluation Process

ecoPower encourages and will assess all proposals to which, in ecoPower's sole opinion, are economical, innovative, and viable options for meeting ecoPower's needs. The assessment will take into account both price and non-price factors. Upon completion of this assessment, ecoPower will create a short list of qualified bidders and schedule further negotiations.

Appendix A – Representative Capacity and Generation Schedule



Generation Schedule (MWh/month)

	31	28	31	30	31	30	31	31	30	31	30	31		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Avg
Total (est Net Demonstrated Generation)	31,620	28,560	31,620	15,300	31,620	30,600	31,620	31,620	30,600	15,810	30,600	31,620	341,190	38.95

Appendix B – Mutual Confidentiality Agreement (MCA)

MUTUAL CONFIDENTIALITY AGREEMENT

THIS MUTUAL CONFIDENTIALITY AGREEMENT (this “Agreement”) is entered into as of _____, 2010, between _____, a _____ (“_____”), and **ecoPower Generation-Hazard, LLC**, a Kentucky limited liability company (“ecoPower”). _____ shall sometimes be individually referred to herein as a “Party” and collectively as “Parties.”

RECITALS:

A. The Parties, through an RFP process, may have discussions regarding entering into a possible power purchase agreement (the “Transaction”).

B. Each Party has expressed interest in the Transaction, and desires to make available to the other Party, from time to time, in connection with the Transaction, certain Confidential Information (as defined below) in order to enable each Party to evaluate the Transaction.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants hereinafter set forth, the Parties, intending to be legally bound, agree as follows:

Definitions. For purposes of this Agreement, each of the following terms has the meanings set forth below:

Affiliate means any entity which, directly or indirectly, controls or is controlled by or is under common control with a Party.

Disclosing Party means a Party disclosing Confidential Information that is subject to this Agreement.

Receiving Party means a Party receiving Confidential Information that is subject to this Agreement.

Representatives means the employees, officers, directors, partners, consultants, advisors, attorneys, accountants, agents and other representatives of a Party or any Affiliate of such Party who are assisting in any analysis undertaken by such Party or any Affiliate of such Party in connection with the Transaction.

1. **Non-Disclosure.** Subject to Section 5 below, the Receiving Party shall not disclose and shall keep strictly confidential all information concerning the Disclosing Party furnished to the Receiving Party or any Representative of the Receiving Party in writing, orally or electronically by the Disclosing Party or any Representative of the Disclosing Party in the course of the Parties’ evaluation of the Transaction, including, without limitation, (A) any such information (1) concerning the business, plans, budget, forecast or projections, financial condition, marketing, operations, customers, vendors, products, services, assets and/or liabilities of Disclosing Party, (2) which relates to technologies, know-how, patent applications, test results, research studies, intellectual property or capital, models, concepts

or ideas of the Disclosing Party, (3) of third parties that Disclosing Party is required under applicable law or contracts to keep confidential, and (4) whether or not such information has been identified as confidential, including any memorandum, analysis, compilation, summary, interpretation, study, report or other document, record or material that is or has been prepared by or for the Receiving Party or any Representative of the Receiving Party and that contains, reflects, interprets or is based directly or indirectly upon any of the foregoing, being herein referred to as "Confidential Information"); provided, however, that the Receiving Party may disclose Confidential Information (A) to any Representative of the Receiving Party but only to the extent such Representative needs to know such information for the specific and limited purpose of considering the Transaction, provided that (1) the Receiving Party shall advise each such Representative of the confidential nature of the Confidential Information, (2) the Receiving Party shall be responsible for each such Representative's compliance with the terms of this Agreement binding on the Receiving Party, and (3) the Receiving Party shall take reasonable measures to cause its Representatives to comply with the terms of this Agreement binding on the Receiving Party; and (B) to the extent that the Receiving Party or such Representative is required to disclose such information in order to avoid committing a violation of any applicable law, or governmental rule or regulation, including any rules or regulations of any securities association, stock exchange or national securities quotation system, provided that (1) the Receiving Party provides prompt advance written notice to Disclosing Party of the proposed disclosure, and (2) if applicable, takes the other actions required in connection with a required disclosure pursuant to Section 5 below.

2. Ownership of Confidential Information. All Confidential Information of the Disclosing Party shall be and remain the sole and exclusive property of the Disclosing Party.

3. Use Restriction. Neither the Receiving Party nor any of the Receiving Party's Representatives shall make use of any Confidential Information of the Disclosing Party except for the specific and limited purpose of considering the Transaction.

4. Exceptions to Confidential Information. Notwithstanding anything herein to the contrary, the term "Confidential Information" shall not include information that the Receiving Party can establish: (i) was known to or in the possession of the Receiving Party prior to the time it was first made available to the Receiving Party or any Representative of the Receiving Party by or on behalf of the Disclosing Party or any Representative of the Disclosing Party; (ii) becomes subsequently available to the Receiving Party on a non-confidential basis from a source other than one known, or that reasonably should have been known, by the Receiving Party to be bound by a confidentiality agreement or secrecy obligation owed to Disclosing Party; or (iii) is or becomes generally available to the public other than as a result of the disclosure of such information by the Receiving Party or any Representative of the Receiving Party. If only a portion of the Confidential Information falls under one of the foregoing exceptions, then only that portion shall not be deemed Confidential Information.

5. Required Disclosure. In the event that the Receiving Party or any Representative of the Receiving Party or any of its Affiliates is requested or required, pursuant to any applicable court order, administrative order, statute, regulation or other official order by any government or any agency or department thereof or by any rules or regulations of any securities association, stock exchange or national securities quotation system, to disclose any Confidential Information, the Receiving Party shall (i) provide Disclosing Party with prompt advance written notice (whenever possible) of any such request or requirement so that Disclosing Party may seek a protective order or other appropriate remedy and/or

waive compliance with the provisions of this Agreement; and (ii) reasonably cooperate with Disclosing Party to obtain such protective order or other remedy. In the event such protective order or other remedy is not obtained or Disclosing Party waives compliance with the relevant provisions of this Agreement, the Receiving Party agrees to furnish only that portion of the Confidential Information for which Disclosing Party has waived compliance with the relevant provisions of this Agreement, or for which the Receiving Party is advised by written opinion of legal counsel, that it is legally required to be disclosed.

6. Termination of Discussions; Return or Destruction of Confidential Information. Upon the written request of Disclosing Party, the Receiving Party will, and will cause all Representatives of the Receiving Party to promptly, return to Disclosing Party or destroy all original Confidential Information (whether written or electronic) furnished to the Receiving Party or any Representative of the Receiving Party by or on behalf of Disclosing Party, and (A) any copies of such Confidential Information (including any extracts therefrom), and (B) any portion of such Confidential Information that may be found in reports, analyses, notes, compilations, studies and other documents prepared by or for the Receiving Party. After the written request referenced in the foregoing sentence is given, upon written request of Disclosing Party for any reason, the Receiving Party shall cause one of its duly authorized officers to certify in writing to Disclosing Party that the requirements of the preceding sentence have been satisfied in full. Notwithstanding the termination of any discussions with respect to the Transaction or the return or destruction of any Confidential Information, the Parties will continue to be bound by terms of this Agreement as provided herein.

7. Term. This Agreement shall be effective as of the date hereof and will terminate 3 years from the date hereof.

8. Governing Law; Stricken Provisions. This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky, without regard to the principles of conflicts of laws thereof. If any provision of this Agreement is held by a court of competent jurisdiction in a final, non-appealable judgment to be invalid, illegal or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and any invalid, illegal or unenforceable provision shall be replaced with a valid, legal or enforceable provision, the effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

10. Injunctive Relief. The Parties acknowledge and agree that money damages would not be a sufficient remedy for any breach of this Agreement by either Party or its Representatives and that no breaching Disclosing Party shall be entitled to seek equitable relief, including seeking an injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement, but shall be in addition to all other remedies available at law or equity.

IN WITNESS WHEREOF, each Party hereto has executed this Agreement, or caused this Agreement to be executed on its behalf, all as of the day and year first above written.

By: _____

[Name], [Title]

ecoPOWER GENERATION-HAZARD, LLC

By: _____

Its: _____

APPENDIX C

Expression of Interest Form

Email to: ron.taglieri@summitenergy.com

Due: By 5:00 p.m. EDT, April 7, 2010

Note that completion of all information is required.

This response is an indication of our interest in the ecoPower request for the purchase of approximately 50 MW of renewable electricity for the ecoPower project near Hazard, Kentucky. This response also establishes contact information for future communications regarding this RFP.

Company: _____
(legal name of entity of intended signatory to a contract)

Contact Name: _____

Contact Title: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____

Fax Number: _____

E-mail address: _____

Appendix D
Credit Application
Bidder's Credit-Related Information

Provide the following data to enable ecoPower to assess the financial viability of the bidder as well as the entity providing the credit support on behalf of the bidder (if applicable). Include any additional sheets and materials with this Appendix as necessary. As necessary, please specify whether the information provided is for the bidder, its parent or the entity providing the credit support on behalf of the bidder.

Full Legal Name of the Bidder: _____

Dun & Bradstreet No. of Bidder: _____

Federal Tax Identification No (FEIN): _____

Type of Organization: (Corporation, Partnership, etc.): _____

Full Legal Name(s) of Parent Corporation: _____

Dun & Bradstreet No. of Parent Corporation: _____

Will the Parent provide a Parental Guarantee for Bidder: _____

Entity Providing Credit Support on Behalf of Bidder (if applicable): _____

Dun & Bradstreet No. of Entity Providing Credit Support: _____

Is the Credit Support Provider backing the Parent or Bidder: _____

Address for each entity referenced (provide additional sheets, if necessary) _____

Type of Relationship/Affiliation _____

Current Senior Unsecured Debt Rating from each of S&P and Moody's Rating
Agencies (specify the entity these ratings are for) _____

OR, if bidder does not have a current Senior Unsecured Debt Rating, then

Tangible Net Worth (total assets minus intangible assets (e.g. goodwill) minus total liabilities) or 12-months
of Financials (Please attach if available) _____

Bank References & Name of Institution: _____

Bank Contact: Name, Title, Address and Phone Number: _____

Pending Legal Disputes, if any (describe): _____

Attachment A – Bidder's Pricing Schedule

Pricing Schedule:

Year	Energy (\$/MWh)	Capacity (\$/MW-day)	REC (\$/MWh)
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			

2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			

From: Jay F Godfrey/AEPIN <jfgodfrey@aep.com>
Matt W Nollenberger/OR4/AEPIN
To: <mnollenberger@aep.com>
Subject: Fw: ecoPower Generation overview materials
Sent: 2010-04-14 16:27:55-860000 UTC
Attachments: ecoPower Generation Campaign Document.pdf
Embedded graphics: 1

Jay Godfrey
Managing Director
Renewable Energy
American Electric Power
155 W. Nationwide Blvd
Columbus, OH 43215
Phone: (614) 583-6162
Fax: (614) 583-1615
jfgodfrey@aep.com

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----- Forwarded by Jay F Godfrey/AEPIN on 04/14/2010 12:27 PM -----
"Ron Taglieri" <ron.taglieri@summitenergy.com>
02/20/2010 04:51 PM

<jfgodfrey@aep.com>
ecoPower Generation
overview materials

To
cc
Subject

Jay,

I was referred to you by Peggy Simmons as the person to best speak to regarding development projects involving long-term renewable electricity supply. I work for Summit Energy, an energy manager, and we are representing ecoPower Generation, who is developing an approximately 50 MW capacity biomass generator scheduled to be operational in 2013. Please find attached the project overview of the ecoPower Generation proposed facility near Hazard, KY that will be interconnected with PJM. I understand you will require further materials to make a studied consideration of the project's merits, but hopefully this provides some answers to questions you might already have.

We are looking out sending out bid documents within the next few days, but I will also provide some support materials to assist in price discovery as well. Thanks again for your time and attention on this.

Best Regards,

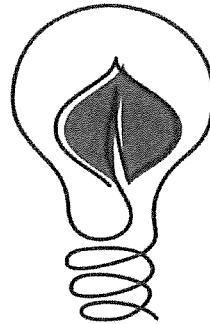
Ron

Ron Taglieri

Vice President, Rates | Direct: 502.753.3172 | Mobile: 502.641.2662
10350 Omshy Park Place, Ste. 400
Louisville, Kentucky 40223

Cell: 502.753.3500
Fax: 502.753.4249 www.summitenergy.com

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ecoPower Generation

Energizing America with Clean Power

The Biomass Difference

*Reliable, diverse and widely distributed renewable energy to help
achieve renewable energy and economic development goals*

Distributed by:



866.90.SUMMIT | www.summitenergy.com

Energizing America with Clean Power

ecoPower Generation, LLC (ecoPower) is soliciting interest in a unique opportunity to secure a multi-year power purchase agreement (PPA) for carbon neutral electricity. ecoPower is in advanced stages of development for a 50 megawatt (MW) biomass-fired power facility to be located near Hazard, Kentucky (the "Hazard Project"). The fuel source will be secured in an environmentally sensitive manner from the by-products of primary and secondary hardwood manufacturers and from low-grade logs generated from sustainable forest management.

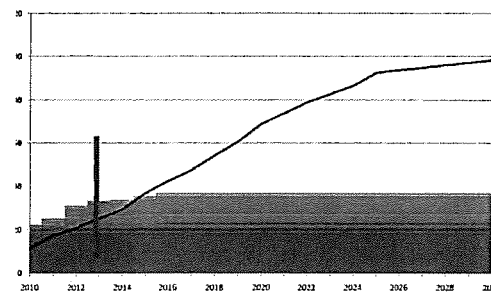
This project offers you the following opportunities:

- Biomass as a renewable fuel source provides baseload generation that is unlike many other "green" energy sources; a high level of availability that is not dependent on whether the sun is shining or the wind is blowing.
- For utilities and load-serving entities, biomass represents a low-cost, effective new source of renewable energy. In particular, wind and solar power have a higher cost profile due to intermittency, lower capacity factors, and scale.
- By entering into a PPA, the Hazard Project can assist your company in meeting its renewable portfolio standard (RPS) while utilizing a reliable fuel source to diversify your energy portfolio.
- Your participation in the Hazard Project will support regional economic development by retaining and creating jobs, and associated economic vitality in an economically depressed area of America.
- ecoPower will procure a portion of its biomass fuel from Forest Stewardship Council (FSC) certified timberlands. ecoPower supports the Kentucky Master Logging Program which enforces the utilization of Best Management Practices (BMPs) in timber harvest operations.
- ecoPower plans to develop additional biomass facilities across the Appalachian region providing a long term, scalable solution for meeting tiered RPS goals (i.e., increasing level of renewables required over time).

ecoPower Fast Facts

- 50 MW Biomass Facility
- Operations near Hazard, Kentucky
- Baseload Biomass Electricity Generation
- Secured cost-effective fuel supply
- Expected 372,000 MWh of annual Renewable Energy Production
- PJM Interconnection - Initial PJM interconnection feasibility study complete
- Construction to begin by end of 2010
- Commercial operation planned for 2013
- Visit ecoPower Generation at www.ecopg.com

Projected PJM Renewable Generation Demand/Supply



ecoPower's project begins commercial operation in the year 2013, enabling entities within the PJM territory to meet the demands of RPS requirements. (Source: PJM GATS)

Key Advantages of the Hazard Project

ecoPower was founded by the senior management of Pine Mountain Lumber, LLC, the largest manufacturer of hardwood in Kentucky. Due to the relationship with Pine Mountain Lumber, the Hazard Project has a significant advantage for fuel procurement. ecoPower has secured access to a vast, woody fuel resource available within a 55-mile radius of the Perry County, Kentucky plant, where there are more than 400,000 green tons of mill residuals available and 67.7 million green tons of standing low-grade tree resources which are growing at a rate of 1.01 million green tons annually. The 50 megawatt (MW) power plant located near Hazard, Kentucky will produce enough energy to power approximately 30,000 homes using biomass as its renewable fuel source.

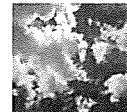
The Advantages of Biomass

Biomass is a baseload energy resource that can generate power 24-hours per day, 7 days per week (24/7) compared to wind and solar power which is weather dependent and intermittent. Therefore, renewable biomass generation can build upon installed "baseload" capacity, while helping you meet your RPS requirements and diversify your energy portfolio, as well as reduce future costs associated with carbon emissions.

	ecoPower Biomass	Solar	Wind
Baseload Resource	✓	×	×
Weather Independent	✓	×	×
GHG Reduction	✓	✓	✓



ecoPower's biomass is available all the time....



Solar energy needs the sun to shine ...



Wind energy needs the wind to blow...

Hazard Project Summary

- Woody biomass project with nominal capacity of 50 MW net
- Expected capacity factor of 85% or greater
- Completed first phase interconnection study with PJM
- Draft Air Permit Issued
- Secured fuel feedstock and identified further fuel resources within a 55-mile radius of ecoPower project
- Secured \$15 million in KY state tax incentives
- Expected to be operational by August 1, 2013 with construction starting in 2010

"As one of the most heavily forested states in the country, Kentucky is well positioned to capitalize on the growing demand for bioenergy products and make forests healthier in the process."

- Bob Cleaves, President
 Biomass Power Association

ecoPower has the answer to your environmental considerations and with your support will generate reliable, green power while helping you diversify your energy portfolio and meet any state mandated renewable energy targets.

ecoPower anticipates issuing a request for proposals by the end of the first quarter 2010. If you are interested in learning more about the ecoPower Generation 50 MW biomass project please contact Ron Taglieri of Summit Energy Services at ron.taglieri@summitenergy.com.

From: Ronn G Robinson/FW1/AEPIN <rgrobinson@aep.com>
1. egphillips@aep.com
2. dkborden@aep.com
3. rsshurtleff@aep.com
4. Michael G Lasslo/AS1/AEPIN
5. Julie A Sherwood/AEPIN
6. Charles R Patton/AEPIN
7. jhmatheney@aep.com@AEPIN
To: 8. Jay F Godfrey/AEPIN
9. Bette J Rozsa/OR4/AEPIN
10. Richard E Munczinski/OR3/AEPIN
11. Shelli A Sloan/OR1/AEPIN
12. Lila P Munsey/OR3/AEPIN
13. amsink@aep.com
14. Brad N Hall/AEPIN <bnhall@aep.com>
15. James E Keeton/AS1/AEPIN <jekeeton@aep.com>
1. Graham Dodson/AEPIN
2. Theresa M Flora/OR3/AEPIN
3. Sarah L Bodner/AEPIN
4. Thomas A Holliday/OR3/AEPIN
CC: 5. Steven M Young/AEPIN
6. Phil Moye
7. Andrea Chancellor/AEPIN
8. Kenneth M Drenten/OR3/AEPIN
9. David P Waitkus/OR3/AEPIN
Subject: Kentucky Power Files REPA application with KPSC
Sent: 2013-04-10 18:43:57.530000 UTC
Attachments ecoPower release.doc
:

Attached is a press release issued today concerning Kentucky Power's application for a REPA for approximately 58 MW of electricity from a future biomass plant in Perry County.

[Embedded BMP, 157x34x8]

Ronn Robinson
Kentucky Power
101A Enterprise Drive
Frankfort, KY 40601
502.696.7003 phone
502.696.7006 fax



A unit of American Electric Power

NEWS from Kentucky Power

Contact:

Ronn Robinson
Communications Manager
502.696.7003

KENTUCKY POWER SEEKS APPROVAL FOR LOCAL RENEWABLE ENERGY PURCHASE AGREEMENT

FRANKFORT, KY, April 10, 2013 – Kentucky Power Company, an operating unit of American Electric Power (NYSE: AEP), filed an application today with the Kentucky Public Service Commission asking for approvals related to a Renewable Energy Purchase Agreement (REPA) for Biomass Energy Resources between Kentucky Power and ecoPower Generation-Hazard LLC. The REPA would be for a 20-year period to purchase up to approximately 58 megawatts of electricity from a biomass power generating facility ecoPower plans to construct in Perry County and expects to be operational in 2017.

According to ecoPower, the facility will be located approximately 10 miles northwest of Hazard on 125 acres of a reclaimed coal mine in the Coal Fields Regional Industrial Park. The plant will produce electricity using biomass materials including sawdust, bark, wood chips, tip wood and low-quality logs. ecoPower anticipates the plant could add up to 30 full-time jobs to the local economy and hundreds of ancillary jobs in the construction, timber and trucking industries. Kentucky Power will play no role in constructing, operating, maintaining or owning the facility.

Although any rate increase related to this agreement would not become effective until approved by the Commission and when the facility becomes operational, Kentucky Power estimates a rate impact on customers of about 7 percent. However, the actual increase will not be known until the plant begins commercial operation. Kentucky Power may terminate the agreement if the requested approvals are not obtained.

In its application, Kentucky Power states the REPA would allow it an opportunity to satisfy a portion of its customers' energy needs through a Kentucky-based, renewable-energy facility, which would help the company diversify its fuel use while fostering economic development in Eastern Kentucky. The REPA is also consistent with Strategy Two of Gov. Steve Beshear's November 2008 "Intelligent Choices for Kentucky's Future" Energy Plan.

The company has asked the Commission to render a decision on the application no later than Sept. 9, 2013.

Kentucky Power is an operating unit of American Electric Power and provides electricity to approximately 173,000 customers in all or parts of 20 Eastern Kentucky counties. The company is headquartered in Frankfort and has major operating facilities in Ashland, Hazard, Louisa and Pikeville.

American Electric Power is one of the largest electric utilities in the United States, delivering electricity to more than 5 million customers in 11 states. AEP ranks among the nation's largest generators of electricity, owning nearly 38,000 megawatts of generating capacity in the U.S. AEP also owns the nation's largest electricity transmission system, a nearly 39,000-mile network that includes more 765-kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP's transmission system directly or indirectly serves about 10 percent of the electricity demand in the Eastern Interconnection, the interconnected transmission system that covers 38 eastern and central U.S. states and eastern Canada, and approximately 11 percent of the electricity demand in ERCOT, the transmission system that covers much of Texas. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). AEP's headquarters are in Columbus, Ohio.

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