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February 14, 2011

HAND DELIVERED

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

2010-00490

RE: Certain Kentucky Power Company Fuel Purchases Between June, 2010 and November, 2010

Dear Mr. Derouen:

Between June and November, 2010 Kentucky Power Company ("Kentucky Power" or the "Company") purchased 217,888.75 tons of coal for its Big Sandy plant from Magnum Coal Sales, LLC, Arch Coal Sales Company, Inc., and Central Coal Company, as agent for Coal River Energy, LLC. For reasons discussed below, the coal, which was subject to contracts between the sellers and Appalachian Power Company ("Appalachian Power"), was consigned by Appalachian Power to Kentucky Power. Kentucky Power has not received any consigned coal since November, 2010.

In preparing testimony and answering data requests in connection with Kentucky Power's current two-year fuel adjustment clause review, Case No. 2010-00490, the Company discovered that it had not previously provided documentation to the Commission regarding the consignment. The purpose of this letter is to explain the nature and reason for the consignments, to address a potential misperception regarding the nature of the consignments that could be caused by the Company's monthly fuel adjustment clause filings for June-November, 2010 (filed August, 2010-January, 2011), and to provide documentation regarding the consignments.

The Consignments.

Kentucky Power's sister company, Appalachian Power, is a party to coal supply contracts with Magnum Coal Sales, LLC, Arch Coal Sales Company, Inc., and Central Coal Company, as agent for Coal River Energy, LLC. In June, 2010 Kentucky Power determined its inventory levels for the remainder of 2010 would be below the target levels. Conversely, Appalachian Power's low-sulfur coal inventory levels for the same period were expected to exceed its 2010 target levels. In filling Kentucky Power's "open" position for the remainder of 2010, the

Jeff R. Derouen
February 14, 2011
Page 2

Company considered two options: purchasing the coal from the CSX rail market, or taking delivery of a blend of orders then scheduled for delivery at Appalachian Power facilities under that company's existing contracts. In evaluating the alternatives, Kentucky Power compared market data for the CSX Rail market from Argus Coal Daily, ICAP United and TFS Energy with Appalachian Power's obligations under its low-sulfur coal supply agreements. The June, 2010 comparison revealed that for June and the third quarter of 2010 Kentucky Power would receive the lowest cost of coal available to fill its open position by taking delivery of low-sulfur coal consigned by Appalachian Power. In fact, the blended price for the consigned coal was less than the market price at the time the comparison was made.

A similar comparison was performed in September, 2010, with similar results for the fourth quarter of 2010.

The consigned coal was not purchased by Kentucky Power from Appalachian Power. Rather, it was purchased by Kentucky Power from the suppliers upon the Appalachian Power contract terms, including price, directly from the suppliers in partial fulfillment of Appalachian Power's contractual obligations.

The weighted average delivered cost for consigned coal for June, 2010 and the third quarter of 2010 was \$3.92 per ton and 5.06 cents per MMBTU below the spot market delivered costs for the same period. Similarly, for the fourth quarter of 2010 the weighted average delivered cost for consigned coal was \$6.25 per ton and 14.94 cents per MMBTU below the spot market delivered costs for the fourth quarter. Provided in the attached table are the amount of consigned coal delivered each month by each coal company, along with the delivered cost per ton and other information supporting the above calculations.

Kentucky Power Company's FAC Filings.

The Fuel Purchase Schedule (Analysis of Coal Purchases) included as part of the Company's monthly FAC filings categorized the consignment purchases as long-term contracts. In fact, while there is a long term contract between Appalachian Power and each of the coal suppliers, Kentucky Power was not a party to those contracts. Rather, Kentucky Power simply received coal that was scheduled to be delivered to Appalachian Power. Kentucky Power received the consigned coal for only six months, and the Company twice compared contract and spot prices during the period the consigned coal was being delivered to determine whether to fill Kentucky Power's "open" position with spot or consigned coal. As such, the consignments were improperly categorized as long term contracts on the Company's Fuel Purchase Schedule.

Kentucky Power apologizes for any confusion that might have arisen from its categorization of the consignment purchases as long-term contract obligations. The form used by Kentucky does not expressly recognize consignment purchases. If Kentucky Power makes

Jeff R. Derouen
February 14, 2011
Page 3

any future consignment purchases it will clearly and adequately identify them as such by appropriately annotating the Fuel Purchase Schedule included as part of its monthly filings.

Documentation.

There is no contractual relationship between Kentucky Power and the three coal suppliers that provided the consigned coal, and hence no contracts between the Company and the suppliers. To document the transactions, the Company has prepared for filing with the Commission a Consignment Form modeled on a similar form used by other American Electric Power operating companies when making consignment purchases. The Consignment Form shows the term and delivery period for the consignment, the quantity to be consigned, and the price. The Consignment Form also incorporates the pertinent Appalachian Power contract terms governing the consignment. Copies of the Consignment Forms are being filed with this letter.

Kentucky Power apologizes to the Commission for not providing the Commission with this documentation at the time the consignment decisions were made. It has taken steps to ensure that such documentation is provided in a more timely fashion in the future if it were to make future consignment purchases.

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

Very truly yours,


Mark R. Overstreet

MRO

cc: Michael L. Kurtz
Dennis G. Howard II

Table A

Table A

Month-Year	Company	Tons Delivered	Delivered Cost \$/ton	Delivered Cost ¢/MMBTU
June-10	Central Coal	10,399.70	\$77.39	322.46
July-10	Arch Coal	20,100.60	\$54.11	225.46
August-10	Arch Coal	31,791.45	\$52.72	219.67
	Central Coal	20,341.10	\$81.07	337.79
	Magnum Coal	10,337.90	\$79.52	325.90
September-10	Arch Coal	20,909.90	\$66.78	278.25
	Central Coal	31,653.30	\$78.83	328.46
	Magnum Coal	21,200.20	\$75.53	309.55
3rd Quarter and June Weighted Average Delivered Costs			\$69.17	287.29
3rd Quarter and June Spot Market Delivered Costs			\$73.09	292.35
3rd Quarter and June Savings to KPCo			\$3.92	5.06
Month-Year	Company	Tons Delivered	Delivered Cost \$/ton	Delivered Cost ¢/MMBTU
October-10	Central Coal	10,482.40	\$77.10	321.25
	Magnum Coal	20,021.80	\$74.32	304.59
November-10	Central Coal	10,230.00	\$79.50	331.25
	Magnum Coal	10,420.40	\$75.51	309.47
4th Quarter Weighted Average Delivered Costs			\$76.17	314.74
4th Quarter Spot Market Delivered Costs			\$82.42	329.68
4th Quarter Savings to KPCo			\$6.25	14.94

Arch Coal Sales Company, Inc.

(3rd Quarter 2010).



AEP: America's Energy Partner®

Consignment

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

Seller: Arch Coal Sales Company, Inc.
CityPlace One, Suite 300
St. Louis, MO 63141
Attn: Jerry Bonacorsi
Phone: (314) 994-2851
Fax: (314) 994-2719

Buyer: Kentucky Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Kimberly Chilcote
Phone: (614) 583-6301
Fax: (614) 583-1627

Primary Plant: Big Sandy

Effective June 21, 2010, Appalachian Power Company consigns, as provided below, certain coal deliveries under AEP Coal Supply Agreement No. 02-40-05-901 to Kentucky Power Company for delivery to its Big Sandy Plant.

Term: July 1, 2010 – September 30, 2010

Quantity: Approximately 72,669 tons delivered during the term of the consignment.

Price: \$48.91 per ton FOB railcar at the Delivery Point, except as set forth hereafter in Quality Adjustments.

Shipment Schedule: On or before the first day of each Month during the Term, Seller will submit to Buyer a written schedule setting forth Seller's good faith estimate of the tonnages of Coal that it expects to ship from each CSX rate district and sub-district for each of the subsequent three (3) Months.

Transportation Specifications: (a) Seller shall load all Coal to be shipped hereunder into railcars provided by Buyer or its carrier at the Designated Delivery Point(s) listed on Schedule 3.1-A (attached hereto and hereby made a part hereof) and properly consign such Shipment and the relevant provisions of Buyer's rail transportation contract (a summary of which is attached hereto and made a part hereof as Schedule 2.3), as such provisions are amended or superseded from time-to-time.

(b) Except when in conflict with the provisions of this Agreement, (in which case, such provisions shall control), the loading at each Designated Delivery Point shall be accomplished according to the standard tariff or contract agreements governing such operations between the Coal tipple operator and carrier, including but not limited to free time and demurrage charges. Buyer shall not be responsible for any additional charges assessed at the origin by carrier including, but not limited to, detention charges (the "Carrier Origin Charges"), except to the extent the same are due to the fault of Buyer; provided however, that

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Transportation
Specifications:
(Continued)**

Buyer hereby authorizes Seller to dispute, negotiate and compromise, at Seller's own cost and for Seller's own account, any and all such Carrier Origin Charges, provided, further, that Seller's actions do not negatively affect Buyer's rights under its rail transportation contract(s) with the carrier and the sole relief provided in any such compromise or settlement is limited to monetary damages.

(c) Seller shall not have the right to ship Coal under this Agreement from any rail shipping origin(s) other than the approved Designated Delivery Point(s) listed on Schedule 3.1-A, as the same may be amended from time to time. Title to the Coal and risk of loss thereof shall pass to Buyer as the loaded railcars are pulled from any such origin, but shall revert to Seller immediately upon any rejection or nonacceptance by Buyer in accordance with the terms of this Agreement. Seller warrants that it has title to the Coal and will ship the Coal to Buyer free and clear of all liens, claims, and encumbrances arising prior to the transfer of title to Buyer.

(d) Seller shall maintain loading facilities at the Designated Delivery Points capable of loading unit trainloads of not less than one hundred and fifty (150) railcars each, and shall load the railcars that are supplied at such loading facilities to a minimum weight equal to ninety-eight percent (98%) of the total of the marked load limit of all such cars in not more than four and one half (4½) hours; provided, however, that subject to the provisions hereinafter, Seller may tender trainload Shipments of less than one hundred and fifty (150) railcars from a Designated Delivery Point that is otherwise not capable of loading unit trainloads of one hundred and fifty (150) railcars. Seller shall add the following notation on each bill of lading or mine card documents, "Subject to Contract No. CSXT-C-04254", or such other contract as designated from time to time by Buyer.

(e) Seller shall cause Shipments to be loaded into railcars on any day of the week. Seller shall cause loadings to commence at any hour of the day that scheduled railcars are made available for loading, and loading time for each unit train shipped hereunder shall not exceed four and one half (4½) hours from the time the unit train is placed for loading at the Designated Delivery Point by the rail carrier. On or before the eighteenth (18th) day of each Month, Seller shall provide to Buyer a proposed shipping schedule for the following Month. Buyer shall advise Seller of any objections it has to such proposed shipping schedule within three (3) Business Days of its receipt of Seller's proposed shipping schedule. In the event Buyer objects to Seller's proposed shipping schedule, the Parties shall work together in good faith to establish a reasonable and mutually acceptable loading schedule by no later than the twenty-fifth (25th) day of the Month.

**Transportation Specifications:
(Continued)**

(f) If at any time Seller through its own fault or negligence ships Coal that results in Buyer being charged for improper consignment or otherwise results in Buyer being charged a transportation charge for delivering such Coal (including but not limited to any demurrage charge) which exceeds the minimum transportation charge then in effect for Shipments of not less than one hundred and fifty (150) railcars loaded in not more than four and one half (4½) hours and meeting all other railroad requirements necessary for the minimum transportation rate set forth in the contract for shipping Coal originating from the Basis Mines in carrier-provided railcars, then any such improper consignment charge or excess transportation charge shall be credited to Buyer.

(g) Should Seller not originate Shipments in accordance with this Section, Seller shall pay Buyer for any resulting charges incurred by Buyer which are assessed by the railroad in excess of the charges that would have been incurred by Buyer had Seller strictly complied therewith.

Transportation of Rejected Shipments:

(a) Should Buyer reject any railcar load(s) of Coal in any Shipment pursuant to Section 3.3 below, Seller shall arrange for the removal of the rejected railcar(s). All costs assessed by the railroad, including but not limited to reconsignment charges, transportation charges, and demurrage charges, shall be to the account of Seller. In addition, if the rejected railcar(s) are in Buyer-provided railcar(s), then Seller shall also pay the per diem and mileage charges as defined in the Car Hire Tables of the Official Railway Equipment Register, as amended. Such per diem charges shall be effective as of the first 7:00 a.m. following Buyer's rejection until the railcar(s) are unloaded at a destination specified by Seller and then returned to a destination specified by Buyer (or by the railroad, if applicable) for further utilization. Such mileage charges shall be based on the loaded and empty miles traveled by the rejected railcar(s) from the point of rejection to such specified return destination.

(b) Should Buyer reject any barge load(s) of Coal in accordance with the provisions of the Rejection and Suspension Section hereof, then Seller shall pay all railroad, transloading, railcar (if Buyer-provided railcars were used), and barge transportation costs associated with said barge load(s), including a daily barge demurrage rate of \$200 for each such barge and all other costs incurred by Buyer with respect to said barge(s) until the barge(s) are unloaded and transported to a destination specified by Buyer for further utilization. Such daily barge usage rate shall be charged for each day or part of a day effective as of the first 7:00 a.m., following Buyer's rejection and continuing through the date such barge reaches the destination specified by Buyer.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Freeze Treating or
Side Release
Agents:**

During periods of freezing temperatures, Buyer shall provide notice regarding freeze-treating (which shall include the application of side-release agents when directed by Buyer, said freeze-treating and side-release agents being hereinafter referred to collectively as the "Agents") of unit train Shipments. When directed by Buyer to apply any Agents, Seller shall cause such Agents to be properly applied during loading in sufficient quantity for the Coal to comply with the free flowing requirements expressed elsewhere in this Agreement (the specific Agent[s] to be used will be mutually agreed upon by Buyer and Seller annually, however, the specific supplier of the agreed upon Agents shall be determined solely by Seller), and Seller shall include the statement "Freeze Treatment Applied" on the shipping manifests. For each Ton of Coal delivered under this Agreement to which such Agents have been applied in strict accordance herewith, Buyer shall reimburse Seller the actual costs incurred by Seller in obtaining the Agents so applied, provided that the per unit cost of the Agents reimbursed by Buyer shall be no higher than the per unit cost of such Agents for coal shipped by Seller to its other customers. Reimbursement of Seller for the application of Agents shall be made on a Half-Month basis; such Half-Month payment shall be made by Buyer as provided for under the Payment Section.

**Indemnity of
Railcars:**

Each Party shall indemnify, save harmless, and defend the other Party and its Affiliates (referred to collectively in this Section when receiving indemnity as the "Indemnified Party") from and against any liabilities, expenses, claims, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon the Indemnified Party (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part, the railcars furnished hereunder (as applicable), during the time that such railcars are, with respect to Buyer, on the property of the Plant (or on the property of the generating plant of an Affiliated Entity) or, with respect to Seller, on the property of the Designated Delivery Point, regardless in either case of whether the railcars at such location are under the control of a Party or its agent or rail carrier, except for that portion of any such liabilities that arise out of the Indemnified Party's (or its agent's) contributing negligent acts or negligent omissions. Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to the Indemnified Party by the Indemnifying Party immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

Consignment of Shipments:

The Coal herein contracted for (unless and until otherwise directed by Buyer as hereinafter provided) shall be properly consigned by Seller, rail freight collect, for initial rail delivery to Buyer's John E. Amos Plant (also referred to in this Agreement as "Plant"). It is understood and agreed that, Buyer shall have the option to change the identity of the Plant on one occasion during the Term of this Agreement from its John E. Amos Plant to any other plant owned or operated by Buyer or its Affiliates or for which Buyer or its Affiliates have the right or obligation to procure coal, provided that such change shall be at no additional cost or expense to Seller. If Buyer exercises said option, it shall provide Seller with ninety (90) days prior written notice of the same. In addition, at any time and from time to time during this Agreement, Buyer shall have the right at its sole expense, but not the obligation, to have all or any of such Coal consigned for delivery to alternative destinations, including without limitation having the Coal transloaded into barges for subsequent barge delivery

Shipment Notices:

For each unit train Shipment of Coal hereunder, Seller, within twenty-four (24) hours of the completion of loading of such Shipment, shall e-mail or transmit by facsimile (as specified by Buyer) to the Plant (or to the applicable consigned destination, if other than the Plant), and to American Electric Power Service Corporation ("AEPSC"), Marketing and Transportation Section, 1 Riverside Plaza, Columbus, Ohio 43215-2373, a shipping notice showing unit train and railcar number(s), estimated weight of the Coal in each railcar, shipping date, the rail shipping origin from which such Shipment was consigned, and this Agreement's contract number 02-40-05-901.

Quality Analysis:

Short Proximate Analysis. Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded into railcars, analyze the sample(s) so obtained, and notify Buyer and the consigned destination, by facsimile or other electronic transmission (as specified by Buyer), of the short proximate (calorific value per pound, percent moisture, percent ash, and percent sulfur) average analytical results of each Shipment. Seller's notification shall include the identifying number(s) of the railcars comprising such Shipment, and shall be provided within twenty-four (24) hours after the Coal is loaded into railcars. The Coal shall be sampled and analyzed at Seller's expense in accordance with American Society for Testing Materials (ASTM) standards, or other such methods which shall be mutually agreeable to Buyer and Seller. The sampling and analysis performed in accordance with the Quality Analysis Section shall, except as otherwise provided in Buyers Weights and Analysis Section, be used in determining any adjustment in price for quality.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Approved
Production
Sources:**

(a) The Coal to be shipped under this Agreement will be produced by Seller at the Samples Mine Complex and/or the Hobet 21 Mine Complex (the "Basis Mines") and loaded at the Designated Delivery Point associated therewith, as identified on Schedule 3.1-A. Except as limited by other provisions of this Section 3.1, Seller will have the right, but not the obligation, to provide up to one hundred percent (100%) of the Monthly tonnage of Coal from other Approved Production Sources identified on Schedule 3.1-A and to load such tonnages at the Designated Delivery Point associated with that Approved Production Source.

(b) In addition to the Approved Production Sources and Designated Delivery Points listed on Schedule 3.1-A, other coal mines wholly owned or operated by Seller with associated rail delivery points located on the CSX railway in the Kanawha Rate District (which includes the Kanawha, Coal River I, Coal River II, Logan I and Logan II sub-districts, all the boundaries of which are reflected on the map attached to this Agreement as Schedule 3.1-B), may be added to Schedule 3.1-A as Approved Production Sources.

**Quality
Specifications:**

(a) The Coal to be shipped hereunder shall be crushed run-of-mine, partially washed, or fully washed, as required to comply with all provisions of this Agreement, bituminous coal, and shall (i) have a maximum top size of 2", (ii) be substantially free from any extraneous materials (including, but not limited to mining debris, synthetic fuel, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (iii) be substantially consistent in quality throughout a Shipment, and (iv) have no intermediate sizes (including fines) added or removed.

(b) The Coal shipped and accepted hereunder shall conform to the specifications set forth in Schedule 3.2.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Rejection and
Suspension:**

In addition to all other remedies at law or in equity, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements set forth.

(a) Buyer shall have the right to reject: (i) any railcar (or barge, if the Coal in such railcar is transloaded into a barge, provided however, that rejection of a barge may not be based upon the presence of any material pre-existing in said barge at the time of such transloading) if the Coal therein fails to conform to any requirement set forth. or (ii) any Shipment (including any portion of such rejectable Shipment which has been transloaded into barge(s)) which fails to meet the defined minimum or exceeds the defined maximum "Applicable Lot Rejection" specifications set forth in Schedule 3.2. Should Buyer exercise any such right of rejection, it shall notify Seller by telephone within a reasonably prompt period of its discovery of the nonconformance, such notification to be promptly confirmed in writing.

Seller's Weights:

(a) The Coal to be shipped hereunder shall be crushed run-of-mine, partially washed, or fully washed, as required to comply with all provisions of this Agreement, bituminous coal, and shall (i) have a maximum top size of 2", (ii) be substantially free from any extraneous materials (including, but not limited to mining debris, synthetic fuel, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (iii) be substantially consistent in quality throughout a Shipment, and (iv) have no intermediate sizes (including fines) added or removed.

(b) The Coal shipped and accepted hereunder shall conform to the specifications set forth in Schedule 3.2.

**Invoicing and
Payment:**

Buyer shall pay Seller by electronic funds transfer in United States Dollars for all Coal shipped and accepted hereunder. Seller shall submit to Buyer an invoice providing the Agent costs, the weight, and the quality adjustments of all Coal shipped during each Half-Month within five (5) days after such Half-Month period. Such invoice shall include a reference to this Agreement's contract number 02-40-05-901. If Seller submits an invoice to Buyer within five (5) days of the end of the Half-Month in accordance with this paragraph, Buyer shall make payment by electronic transfer to Seller on or before the twentieth (20th) day after the close of the applicable Half-Month, provided, however, that if Seller submits an invoice complying with the provisions of this paragraph after the end of such five (5) day period, then Buyer will make payment within fifteen (15) days after receipt of Seller's invoice. Payment detail shall include the applicable invoice number. Buyer shall provide Seller with adequate documentation detailing any payment adjustments made to the invoice.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Invoicing and
Payment:
(Continued)**

During the period commencing February 16, 2009, and ending December 15, 2010, Buyer shall make a preliminary payment by electronic transfer to Seller on or before the fifth (5th) day after the close of the applicable Half-Month, provided, Seller submits an invoice to Buyer within three (3) days of the end of the Half-Month in an amount not to exceed eighty (80%) percent of the product of: (i) the Tons of Coal loaded by Seller into barges during such Half-Month period, times (ii) the applicable Base Price. Reconciliation of Shipments and preliminary payments with actual quantity and quality of Shipments will be done by Buyer in accordance with the Agreement.

Disputed Invoices. If any Party in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest (the prime rate of interest for United States Dollars as published from time to time under the section titled "Money Rates" by *The Wall Street Journal*, plus two percent [2%] per annum, but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]). If any Party fails to pay amounts under this Agreement when due, unless such amount is the subject of a dispute as provided above, or is delayed due to a disruption of services at all the Buyer's banking facilities, in addition to the rights and remedies provided in this Agreement, the aggrieved Party shall have the right to suspend performance under this Agreement until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

Changes in Law:

(i) Seller hereby certifies that, as of December 31, 2008, to the best of its knowledge and belief, it was in good faith compliance with the rules, practices, and standards issued by any and all governmental agency(ies) with respect to legislation, regulations, rules, or mandates which are in effect and enforceable against it as of such Certification Date. For the period thereafter, the "Certification Date" shall be December 31, 2008.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Changes in Law:
(Continued)**

(ii) In the event the enactment, modification or revision of any federal, state, or local legislation, regulations, rules, administrative or court orders, or mandates issued pursuant thereto, (including but not limited to the Federal Mine Safety & Health Act of 1977 and the Surface Mining Control and Reclamation Act of 1977) which affects the bituminous Coal industry with respect to taxes; reclamation; conservation; mine safety; mine working conditions and practices; ventilation; health and health care; occupational hazards; reclamation, and conservation of mined areas (a "Change in Law") occurs after a Certification Date (for purposes of clarification, a Change in Law which occurs prior to a Certification Date but has an effective date or is otherwise implemented after that same Certification Date will not be eligible for a Change in Law adjustment hereunder); and such Change in Law increases or decreases Seller's cost to mine Coal under this Agreement from the Basis Mines, an adjustment upward or downward, as appropriate, will be made to the then current Base Price (including without limitation to any Base Prices for Tier I Tons and Tier II Tons established in accordance with Section 6.4 below) to reflect such changed cost. Notwithstanding the foregoing, the Parties expressly agree that: (A) there shall be no changes made in the Base Price pursuant to this Section 6.3(b)(ii) for changed costs associated with labor or labor-related benefits or taxes, real or personal property taxes, corporate net income and franchise taxes, nor for Federal Reclamation Fee, Federal Black Lung Excise Tax, West Virginia Special Reclamation Tax, West Virginia Mines and Minerals Operations Fund Tax, and West Virginia Severance Tax, inasmuch as the exclusive adjustments for such items are provided for in Section 6.3(a) hereof, (should any such item listed for exclusion become known by a different name, or should a new tax or assessment be levied for the same purpose[s], there shall likewise be no change under this Section 6.3(b)(ii) for any such item), but (B) the then current Base Price shall be adjusted in an amount equal to the increase or decrease in Seller's per Ton cost of mining the Coal resulting from the enactment of the West Virginia Workers' Compensation Debt Reduction Act, which adjustment shall become effective on the first date upon which said Act causes such an increase in Seller's cost. If any adjustment under this Section 6.3(b) causes the Base Price to be increased by more than five percent (5%) of its then current amount, or should the total of all adjustments made under this Section 6.3(b) since the immediately preceding Certification Date cause the Base Price to be increased by more than two dollars and twenty-six cents (\$2.26), Buyer shall have the right, but not the obligation,

**Changes in Law:
(Continued)**

for a period of sixty (60) days following the date upon which the amount of any such adjustment is agreed upon by the Parties or otherwise finally determined (as set forth in the next paragraph), to terminate this Agreement. Solely as it relates to Contract Years 2010 and 2011, as specified in Section 2.1 of this Agreement, if the total of all cumulative Change in Law adjustments made under this Section 6.3(b) after the Certification Date cause the Base Price to be increased by more than four dollars and twenty-six cents (\$4.26) in 2010, then Buyer may elect to pay the increase in costs over four dollars and twenty-six cents (\$4.26) in 2010. Should Buyer not elect to pay the increased costs over four dollars and twenty-six cents (\$4.26) in 2010 then Seller shall have the right to terminate this Agreement upon thirty (30) days written notice to Buyer.

(iii) In the event of any governmental action applicable under this Section, Seller shall notify Buyer within one hundred and eighty (180) days following such governmental action, and shall submit detailed documentation to allow determination of any such adjustment. If Seller and Buyer are unable to agree within ninety (90) days of receipt by Buyer of Seller's documentation as to the amount the Base Price per Ton should be adjusted or as to whether the event is applicable, then the matter shall be submitted to a firm of mining engineers and/or independent certified public accountants mutually agreeable to the Parties for final determination, which shall be binding upon the Parties. The costs associated with any such mining engineers' and/or certified public accountants' review shall be shared equally by the Buyer and Seller

(iv) If upon agreement or final determination, an adjustment in the Base Price per Ton is found to be appropriate, appropriate credit for such amount on all Tons shipped and accepted on and after the effective date of any such change resulting in such Base Price adjustment, plus interest computed at the prime rate in effect at Citibank, NA, commencing sixty (60) days after the effective date of such change, shall be made to the Party to whom the benefit of such credit is due; provided, however, that Seller shall not be entitled to any such credit for any Tons shipped prior to the date upon which Seller's written request for such adjustment is received by Buyer, nor for interest for a period of sixty (60) days subsequent to such date of Buyer's receipt.

**Price Adjustment
for Quality:**

In order to reflect variations in calorific value and the sulfur dioxide value of the Coal shipped hereunder, there shall be an amount(s) added to or subtracted from the Base Price as provided in this Section. The Base Price as adjusted in this Section shall be referred to as the Selling Price.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

BTU Adjustment: If the weighted average calorific value of all the Coal shipped and accepted hereunder during any Half-Month period is not 12,000 Btu per pound, then there shall be an amount added to the Base Price for all such Tons of Coal (if the weighted average calorific value of such Coal is greater than 12,000 Btu per pound) or subtracted from the Base Price for all such Tons of Coal (if such number is below 12,000 Btu per pound), as determined by the following formula, to arrive at the Selling Price for such Coal:

$$\text{Amount Per Ton of Increase or Decrease for Calorific Value} = \frac{(\text{Actual Btu} - 12,000 \text{ Btu})}{12,000 \text{ Btu}} \times \text{Base Price}$$

However, no premium will be due for the increment, if any, by which the annual weighted average calorific value of all Coal shipped during any Contract Year exceeds 12,400 Btu per pound. Seller shall pay Buyer any amount due as a result of the immediately preceding sentence by the twentieth (20th) day of January following each Contract Year.

Sulfur Dioxide Adjustment: An amount of three dollars (\$3.000) per Ton shall be deducted from the Base Price to arrive at the Selling Price for each Shipment of Coal having a sulfur dioxide (SO₂) value greater than the Maximum SO₂ content "Applicable Lot Rejection" specification set forth in Schedule 3.2. This deduction shall be in addition to any other quality adjustment(s) provided for in the other Sections.

Sampling and Analysis: Seller shall sample and analyze the Coal shipped hereunder, provided that the sampling system at the Designated Delivery Point meets applicable ASTM standards, and is otherwise suitable for the sampling of Coal. All sampling and analysis performed hereunder shall be performed by the Seller at its expense and shall comply with the governing ASTM procedures and specifications in effect at the time of such sampling and analysis. Coal hereunder shall be sampled during the loading process by the Seller, prior to its commingling with other Coals. The Coal samples shall then be prepared and analyzed by an independent commercial laboratory reasonably acceptable to Buyer, which the Parties agree shall initially be Standard Labs, Inc.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Sampling and
Analysis:
(Continued)**

Buyer may at its sole risk and expense observe the loading, sampling, sample preparation and analysis hereunder. Each Coal sample collected by the Seller shall be properly divided into at least two subsamples. One subsample shall be analyzed by the applicable laboratory for the governing contractual analysis hereunder. The remaining subsample is to be sealed in an airtight container and sent to the Buyer at the Buyer's request provided such request is made in writing within thirty (30) days after the date of such sampling. In the event that the Buyer does not so request, the Seller shall retain the second subsample for no less than thirty (30) days from the day of taking the sample. Seller's analysis shall be reported to the recipients designated by Buyer by facsimile or other electronic transmission, as specified by Buyer. For purposes of determining moisture hereunder, the two-stage procedure as defined in ASTM D3302 shall be used.

Sampling System Certification. All sampling shall be performed using a mechanical sample system that has been certified within the previous twenty-four (24) Months by an independent certified commercial contractor selected by the Party performing the sampling, to be free of bias and properly operated and maintained. In case of disagreement as to the results of the analysis reported by the Seller, Buyer may request analysis of the second subsample retained from Seller's sampling, by an independent referee laboratory mutually selected by the Parties, and the final governing analysis shall be the referee analysis. The cost of analyzing the second subsample shall be borne by Buyer.

Coal Not Sampled and/or Analyzed. Coal shipped and accepted hereunder that is not sampled or is sampled but not analyzed by either Party shall be taken into account as follows: If during any Monthly period at least fifty percent (50%) (by weight) of Coal shipped and accepted hereunder during such period has been sampled and analyzed, then the weighted average analytical results of such samples shall be applicable to all Coal shipped and accepted during such Monthly period. If more than fifty percent (50%) (by weight) of Coal shipped and accepted hereunder during any such Monthly period has not been sampled and analyzed, then the weighted average analytical results of the portion of sampled and analyzed Coal shall apply to such portion, and the weighted average analytical result of the last preceding-Month in which at least fifty percent (50%) (by weight) of the Coal shipped and accepted was sampled and analyzed shall be applicable to the portion of the Coal shipped and accepted which was not sampled and/or was not analyzed for such Monthly period.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

Compliance with Law:

Seller and Buyer shall make good faith efforts to comply with the provisions of all applicable federal, state, and other governmental laws, and any applicable orders and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a governmental agency or authority.

Warranties and Dedication:

Warranties. In addition to all other warranties and representations made by Seller in this Agreement, Seller represents and warrants that (i) Seller has sufficient reserves of Coal as defined in Schedule 3.1-A to satisfy the quantity and quality provisions of this Agreement; (ii) to the best of its ability, Seller is or will be, at the time specified for the first shipment of Coal hereunder, in compliance with all laws and regulations regarding the mining and sale of Coal (notices and orders issued under the Federal Mine Safety and Health Act and State and Federal Reclamation Acts excepted); and (iii) Seller will make its best efforts to file in a timely manner to obtain all licenses, permits, certificates, and other documents necessary for it to fulfill its obligations hereunder. Seller shall furnish within thirty (30) days of Buyer's request, which Buyer may make from time to time and at any time, a statement indicating the amount of reserves that remain to fulfill the quantity and quality requirements of this Agreement.

Dedication. Seller for itself and its Affiliated Entities as applicable under the foregoing paragraph, covenants that it will, and does hereby, dedicate to this Agreement such quantity of Coal reserves associated with the Basis Mines and appurtenant facilities as are required for the full performance of Seller's obligations hereunder, and that Coal from said reserves will not be sold or contracted for sale in such quantity and quality as to jeopardize its ability to ship the total quantity and quality of Coal called for by this Agreement. Nothing in this Section shall be construed as preventing the mining and selling of Coal from said reserves to others provided Seller complies with the foregoing provisions with respect thereto.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

Netting and Set Off:

If the Parties are required to pay any amount under this Agreement on the same day or in the same Month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement (or any other agreement between the Parties) may be offset against each other, set off or recouped therefrom, provided adequate supporting documentation is provided by the netting or setting off Party.

Assignment:

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns; but this Agreement may not be assigned by either Party without the prior written consent of the other, except that either Party may without the written consent of the other assign to any financing institution or institutions any monies due or to become due hereunder. Buyer may also without the consent of the Seller assign this Agreement (in whole or in part) to any Affiliated Entity of the American Electric Power Company, Inc. and upon such assignee or assignees expressly assuming in writing, to the extent of such assignment, the obligations of the Buyer hereunder, Seller shall, to the extent of such assignment, release Buyer from all further obligations under this Agreement. For financing purposes only, Buyer may also without the consent of Seller assign this Agreement in whole or in part to any financial corporation with which Buyer or any of said Affiliated Entities may contract for the purchase of Coal, but no such assignment shall relieve Buyer of its obligations under this Agreement to make payments to Seller for Coal shipped by Seller under this Agreement, in the event that the assignee shall not make such payments. Seller may also, without the consent of Buyer, assign this Agreement (in whole or in part) to any Affiliated Entity of Arch Coal Sales Company, Inc. Upon such assignment, assignee shall expressly assume in writing, to the extent of such assignment, the obligations of the Seller hereunder. Buyer shall to the extent of such assignment release Seller from all further obligations under this Agreement.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

**Assignment:
(Continued)**

Notwithstanding the provisions of the preceding paragraph to the contrary, either Party may, upon receipt of the other Party's written consent (which consent may be withheld in that Party's sole discretion), assign, in whole or in part, its rights and interests and delegate its obligations under this Agreement to a producer of Synfuel, on such terms and conditions as the Parties may mutually agree.

Written consent to one or more assignments shall not be construed as waiving the necessity of obtaining written consent to other and/or additional assignments.

Wire Payment:

Wire Payment Instructions. The Parties' wire instructions for all payments to be made related to this Agreement are set forth below and may be changed only by written notice given.

WIRE PAYMENTS TO BUYER:

Appalachian Power Co – Generation

██████████
██████████████████
██████████████████

WIRE PAYMENTS TO SELLER:

PNC Bank Pittsburgh

██████████████████
██████████████████
Pittsburgh, PA 15264

Confidentiality:

Neither Party shall disclose, either directly or indirectly, the terms of this Agreement to a third party without the written consent of the other Party (other than a Party's and its Affiliates' employees, lenders, counsel, accountants, lessors or prospective permitted purchasers), except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall use reasonable efforts to prevent or limit the disclosure in any proceeding in which a disclosure must be made.

AEP Purchase Order: 02-40-05-901

Dated: June 21, 2010

Definitions:

"ASTM" means the American Society for Testing and Materials.

"Btu" means the amount of energy required to raise the temperature of one (1) pound of pure water one (1) degree Fahrenheit from 59.5° Fahrenheit to 60.5° Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

"Business Day" means a day on which Federal Reserve member banks in New York City, New York, are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

"Coal" means crushed, bituminous coal to be sold by Seller and purchased by Buyer, the quality of which shall conform to the Quality Specifications set forth in Section 3.2, and which does not trigger Buyer's rejection rights under Section 3.3.

"Designated Delivery Point(s)" means the Coal loading facility(ies) described in item C of Schedule 3.1-A.

"Eastern Prevailing Time" means Eastern Standard Time or Eastern Daylight Savings Time in effect in New York City, New York, as the case may be on the relevant date.

"Half-Month" shall mean either the first fifteen (15) days of a Month or the days in a Month after the fifteenth (15th) day thereof, as the case may be.

"Month" shall mean a calendar month.

"NIST" means the National Institute of Standards and Technology Handbook #44.

"Shipment" means one unit trainload of Coal, which shall consist of the number of railcars delivered in a single lot to Seller by Buyer or its rail carrier for loading at a Designated Delivery Point, or one barge load of coal.

"Ton" means 2,000 pounds avoirdupois weight.

Accepted:

Consignee:

James D. Henry
Vice President, Fuel Procurement - East
On behalf of American Electric Power
Service Corporation, as agent for
Kentucky Power Company
Date: June 21, 2010

SCHEDULE 3.1-A
APPROVED PRODUCTION SOURCES, RESERVES OF COAL,
AND APPROVED DESIGNATED DELIVERY POINTS,
Revision Effective December 1, 2009 through April 30, 2010

- A. The Approved Production Sources to which reference is made in Section 3.1 consist of the following:
1. Samples Complex consisting of surface and deep mines extracting the Samples Complex Reserves (the "Samples Complex"). The Samples Complex is a Basis Mine.
 2. Hobet 21 Complex consisting of surface and deep mines extracting the Hobet 21 Complex Reserves (the "Hobet 21 Complex"). The Hobet 21 Complex is a Basis Mine.
 3. AOWV Complex consisting of surface and deep mines extracting the AOWV Complex Reserves (the "AOWV Complex").
 4. Phoenix/Holden Complex consisting of surface and deep mines extracting the Phoenix/Holden Complex Reserves (the "Phoenix/Holden Complex").
 5. Big Mountain Mine
- B. The reserves of Coal to which reference is made in Approved Sources consist of the following:
1. Samples Complex Reserves: The seams of mineable and merchantable coal reserves supporting the current and future production from this named mine complex as follows: the No. 7 Block, No. 6 Block, No. 5 Block, Stockton, Coalburg, Winifrede, Hernshaw, No. 2 Gas and Peerless seams of Coal located primarily in Kanawha County Virginia.
 2. Hobet 21 Complex Reserves: The seams of mineable and merchantable coal reserves supporting the current and future production from this named mine complex as follows: the Kittanning, No. 5 Block, Stockton, Coalburg, Chilton, Alma, and No. 2 Gas seams of Coal located primarily in Boone and Lincoln Counties, West Virginia.
 3. AOWV Complex Reserves: The seams of mineable and merchantable coal reserves supporting the current and future production from this named mine complex as follows: the No. 5 Block, Stockton, Coalburg, Buffalo Creek and Winifrede seams of Coal located primarily in Logan County, West Virginia.
 4. Phoenix/Holden Complex Reserves: The seams of mineable and merchantable coal reserves supporting the current and future production from this named mine complex as follows: the No. 5 Block, Stockton, and Coalburg seams of Coal located primarily in Logan County, West Virginia
- C. The Designated Delivery Points to which reference is made in Section 3.1 of this Agreement are:

<u>Origin Station</u>	<u>OPSL No.</u>
Tom's Fork Loadout	81750
Beth Station Loadout	81957
Fanco Loadout	82766
Holden 22 Loadout	81011
Prenter Loadout	82243

SCHEDULE 3.2
QUALITY SPECIFICATIONS

The Coal shipped hereunder shall meet the specifications of Section 3.2(a) and, based upon the analysis obtained pursuant to Section 8.1 or, if applicable, 3.5 of this Agreement, shall also meet the following specifications:

Weighted Average "As Received" Basis					
	Contracted Half-Monthly Specifications	Monthly Wtd. Avg. Suspension Specifications (A)*		Applicable Lot Rejection Specifications (B)*	
		Minimum	Maximum	Minimum	Maximum
Calorific Value (Btu/lb.)	\geq 12,000	11,850	N/A	11,800	N/A
Moisture (%)	\leq 8.00	N/A	8.50	N/A	9.00
Ash (%)	\leq 13.00	N/A	14.50	N/A	15.00
Volatile Matter (%)	\geq 32.00	N/A	N/A	25.00***	N/A
Hardgrove Grindability	\geq 45	N/A	N/A	(C)***	N/A
Sulfur Dioxide (lbs. SO ₂ /MMBtu)	\leq 1.35	N/A	1.55	N/A	1.60
Ash Fusion Temp. (H=1/2W) °F Red. Atm.	\geq 2,700	N/A	N/A	2,650***	N/A
N/A = Not Applicable					
* Definitions:					
(A) = the Monthly weighted average analysis result of all Coal shipped hereunder, irrespective of origin or destination					
2008-2 (B) = the analysis result of the sample (or composite of samples, if more than one) representing one "Lot" of Coal meaning, as applicable, (a) one Shipment or at Buyer's election a composite of two or more Shipments; or (b) the aggregate of single railcars loaded at the Designated Delivery Point on any one day in accordance with the Transportation Specifications Section (only where single car rates apply), or (c) when final delivery is by barge, the analysis result of the sample (or composite of samples, if more than one) representing each barge of coal, or at Buyer's election, a composite of two or more such barges.					
(C) = the suspension specification for grindability shall be no less than X, where X = 12,000 times 45 divided by the actual Monthly weighted average "as received" calorific value of the Coal for such Lot .					
** For all purposes hereunder in determining the pounds of sulfur dioxide (SO ₂) per million Btu, the figures shall be rounded to the nearest one hundredth. For example, 1.594 pounds SO ₂ per million Btu shall mean 1.59 pounds SO ₂ per million Btu, while 1.595 pounds SO ₂ per million Btu shall mean 1.60 pounds SO ₂ per million Btu, and shall be deemed, for example, not to have met a 1.59 pounds SO ₂ per million Btu specification. The Suspension Specification of 1.55 lbs. SO ₂ /MMBtu is to be measured over each Contract Year (not Monthly).					
*** The analytical results to be supplied by Seller under the Sampler Certification Section shall be required only to the extent that Buyer by written notice to Seller at any time elects that the analytical results for any one or more of these parameters be supplied for each trainload of rail origin Coal, or barge load of Coal shipped for any prospective time period as designated by Buyer in such notice. Buyer may only suspend when limits are exceeded only if it also cause problems at the Plant.					

**Central Coal Company As Agent for Coal
River Energy, LLC**

(3rd Quarter 2010).



AEP: America's Energy Partner®

Consignment

Dated: June 21, 2010

Seller: Central Coal Company
As Agent for Coal River Energy, LLC
148 Bristol East Road
Bristol, VA 24202
Attn: James Bunn

Buyer: Kentucky Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Kimberly Chilcote
Phone: (614) 583-6301
Fax: (614) 583-1627

Primary Plant: Big Sandy

Effective June 21, 2010, Appalachian Power Company consigns, as provided below, certain coal deliveries under AEP Coal Supply Agreement No. 02-40-08-901 to Kentucky Power Company for delivery to its Big Sandy Plant.

Term and Delivery Period: June 1, 2010 – September 30, 2010

Quantity: Approximately 63,318 tons delivered during the term of the consignment.

Price: \$71.476 per ton FOB railcar at the Delivery Point, except as set forth hereafter in Quality Adjustments.

Definitions: “**Approved Production Source(s)**” shall have the meaning set forth in Schedule 3.1-B.

“**BTU**” means the amount of energy required to raise the temperature of one (1) pound of pure water one (1) degree Fahrenheit from 59.5° Fahrenheit to 60.5° Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

“**Business Day**” means a day on which Federal Reserve member banks in New York City, New York are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

“**Coal**” means crushed, partially washed, bituminous coal to be sold by Seller and purchased by Buyer, the quality of which shall conform to the Quality Specifications Section, and which does not trigger Buyer’s rejection rights under the Rejection and Suspension Section, or is otherwise acceptable by Buyer under this Agreement. Such Coal shall (i) be substantially free from any extraneous materials (including, but not limited to mining debris, Synfuel, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (ii) be substantially consistent in quality throughout a Shipment, (iii) meet the size required, and (iv) have no intermediate sizes (including fines) added or removed.

“**Designated Delivery Point**” means FOB railcar at the coal loading facility described on Schedule 3.1-B.

“**Eastern Prevailing Time**” means Eastern Standard Time or Eastern Daylight Savings Time in effect in New York, New York, as the case may be on the relevant date.

“**FOB**” shall have the meaning given to such term as provided in the Uniform Commercial Code of the State of New York.

“**Half-Month**” means, with respect to any calendar month, either (a) the period from and including the first day of such month through and including the fifteenth day of such month or (b) the period from and including the sixteenth day of such month through and including the last day of such month.

Dated: June 21, 2010

**Definitions:
(Continued)**

“Imaged Agreement” shall have the meaning set forth such section.

“Quality Specifications” means the quality characteristics on an “As-Received” basis, using ASTM standards, specified on Schedule 3.1 hereto.

“Shipment” means, as applicable: (a) one unit trainload or at Buyer’s election a composite of two or more unit trainloads; or (b) the aggregate of single railcars loaded on any one day (only where single car rates apply), or (c) one barge or at Buyer’s election a composite of two or more barges, or vessel load; or (d) the aggregate of the truckloads that are unloaded at the Designated Delivery Point on any one day in accordance with the applicable Transportation Specifications.

“SO₂” means sulfur dioxide and “SO₂ per MMBtu” means sulfur dioxide per million Btu.

“Ton” means 2,000 pounds avoirdupois weight.

“Transporter” means the entity or entities transporting Coal on behalf of Seller to and at the designated Delivery Point or on behalf of Buyer or Buyer’s designee from the Designated Delivery Point.

**Reconsignment
and/or Resale
Rights**

From time to time, and at any time, Buyer shall have the right, but not the obligation, to have all or any part of the Coal hereunder reconsigned for delivery to any destination, and/or to make all or any part of the Coal hereunder available for purchase by any person(s), whether or not affiliated with Buyer, through Buyer’s assignment of this Agreement or Buyer’s purchase and subsequent resale to others of such Coal.

Should Buyer exercise its right to reassign or resell Coal, Seller shall arrange for transport to the destination designated by Buyer, in accordance with the Transportation Specifications attached hereto as Schedule 2.4.

Scheduling:

Seller will advise Buyer of its desired loading dates and delivery schedule. The Parties will work together in good faith to agree on a reasonable and mutually acceptable delivery schedule within the Term and within each month during the Term.

Dated: June 21, 2010

Delivery:

The Coal shall be delivered to Buyer FOB railcar at the Designated Delivery Point in accordance with the Transportation Specifications detailed in Schedule 2.4.

Seller shall be responsible for any costs or charges imposed on or associated with the delivery of the Contract Quantity up to the Designated Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Contract Quantity upon taking title to the Coal at the Designated Delivery Point.

If a Party is charged for any increased transportation charges, penalties, or other costs, including demurrage, attributable to the other Party's failure to timely load or unload the Coal in accordance with the terms of this Agreement, including the timing and tonnage requirements of the Transportation Specifications, and if such failure is not due to Force Majeure, such failing Party shall reimburse the other for such charges.

Each Party shall immediately contact the other Party in the event of a curtailment or interruption in the delivery or receipt of Coal hereunder. Each Party shall contact the other Party with as much advance notice as reasonably possible regarding any such impending curtailment or interruption.

Rejection and Suspension:

In addition to all other remedies at law or in equity, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements as set forth in the Quality Section.

(a) Buyer shall have the right to reject any Shipment hereunder if the Coal therein fails to conform to any requirement set forth in the Quality Specifications Section. Should Buyer exercise such right of rejection, it shall notify Seller by telephone upon discovery of the nonconformance, such notification to be promptly confirmed in writing.

(b) Buyer shall have the right to suspend all further shipments of Coal hereunder if: (i) there are three (3) non-conforming Shipments, whether rejected or not, in any three (3)-month period; (ii) two (2) out of four (4) consecutive Shipments are non-conforming Shipments; or (iii) the Coal quality fails to meet the defined minimum or exceeds the defined maximum Contracted Half-Month "Suspension" specifications applicable the Quality Specifications Section. Should Buyer exercise such right to suspend further Shipments, Buyer shall notify Seller of its exercise of right of suspension within 15 calendar days after the day or Half-Month period in which such failure occurs.

(c) Upon receipt of Buyer's notice of suspension, Seller shall immediately suspend further Shipments and make every reasonable effort to correct the conditions giving rise to the Shipment(s) of Coal failing to conform to such specifications or requirements. Seller shall inform Buyer in writing on a weekly basis of such corrective actions taken by Seller.

Dated: June 21, 2010

**Rejection and
Suspension:
(Continued)**

During such suspension, Seller shall permit Buyer's full access to the production sources and related facilities hereunder and to all engineering data related thereto. Buyer shall have the right, but not the duty, to participate in any and all discussions relating to the matter and to recommend procedures to correct said matter.

Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing Shipment of Coal not in accordance with this Agreement have been corrected and that Seller can and shall deliver Coal meeting requirements and meeting the "Contracted Half-Month" specifications of Schedule 3.1-A (attached hereto and hereby made a part of this Agreement).

Upon receipt by Buyer of Seller's satisfactory written assurances, as determined by Buyer in its sole discretion, shipments shall be resumed at the rate specified in the Rejection and Suspension Section

(d) In the event that: (i) Seller fails to provide Buyer with such assurances within ten (10) days after the date of Buyer's notice of suspension as described in this Section ; or (ii) having provided such assurances, Seller fails to correct such conditions and resume shipments in the ensuing 30 days thereafter; or (iii) after such resumption of shipments, Seller's subsequent deliveries at any time during the ensuing 90 days fall below the minimum or exceed the maximum "Suspension" or rejection specifications applicable under the Quality Specifications Section; then such event shall constitute an Event of Default.

(e) Whether shipments suspended pursuant to this Section shall be made up, as well as the scheduling of such make up, shall be at Buyer's sole discretion. In the event Buyer exercises its right to require such make up, delivery of make up tonnage shall be scheduled so that such deliveries shall be shipped no later than 365 calendar days following resumption of shipments.

**Quality
Specifications:**

Seller shall cause all Coal delivered to Buyer, pursuant to this Agreement, to comply with Quality Specifications set forth on Schedule 3.1-A.

**Agents/Freeze-
Treating:**

At Buyer's verbal request to be promptly confirmed by facsimile, Seller shall cause a freeze-conditioning agent, and a side-release agent, (each, an "Agent") to be applied to the Coal. Seller will cause only the Agent(s) specified by Buyer to be used and will cause the Agent(s) to be applied in a reasonable manner as specified by Buyer. Buyer will provide reasonable advance notice of the dates for starting and ending the Agent(s) application. Buyer shall pay Seller an amount equal to Seller's actual costs (including the cost of such Agent[s]), provided Seller has caused the Agent(s) to be applied in strict accordance with this Agreement.

Dated: June 21, 2010

**Billing and
Payment:**

Buyer shall submit to Seller the weight, analytical, and cost data on such Coal taken into account during each Half-Month at each respective consigned destination within five (5) Business Days after each such Half-Month period. Thereafter, Seller shall submit to Buyer, within two (2) Business Days of receipt of such information, an invoice covering such Half-Month deliveries at each respective consigned destination, which invoice shall include a reference to this Agreement's contract number 02-40-08-901.

Buyer shall make payment by electronic transfer to Seller within 20 calendar days after the Half-Month period, provided Seller's invoice is submitted in accordance with the preceding paragraph. Seller shall provide Buyer all pertinent wire transfer instructions on each invoice. Buyer shall not be obligated to make payment to Seller for Shipments of Coal until the analytical results have been provided to Buyer.

Payment shall be made by wire transfer or electronic means in immediately available United States dollars for all coal received, unloaded, taken into account, and accepted hereunder. If not already provided in this Contract, Seller shall provide Buyer all pertinent remittance instructions in a letter (containing the bank name, account name, ABA number, and account number, as well as Seller's federal tax identification number) which shall be signed by a duly authorized representative of Seller. Any change in the remittance instructions shall be provided in the same manner.

If Buyer in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest (the prime rate of interest for United States dollars as published from time to time under the section titled, "Money Rates" by *The Wall Street Journal*, plus two percent [2%] per annum, but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]). If any Party fails to pay amounts under this Agreement when due, unless such amount is the subject of a dispute as provided above, or is excused by Force Majeure, in addition to the rights and remedies provided in this Agreement, the aggrieved Party shall have the right to suspend performance under this Agreement until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

Dated: June 21, 2010

Changes in Law: Seller hereby certifies that it is or will be in compliance with the rules, practices, and standards issued by any governmental agency with respect to legislation, regulations, rules or mandates which were in effect either by interim or final rules as of the Effective Date of this Agreement.

In the event of the enactment, modification, or revision of any Federal, State or local legislation, regulations, rules or mandates issued pursuant thereto, including but not limited to the Federal Mine Safety & Health Act of 1977 and the Surface Mining Control and Reclamation Act of 1977, after the Effective Date of this Agreement, which affect the bituminous coal industry with respect to the coal reclamation, conservation, environmental protection, mine safety, mine working conditions and practices, ventilation, health, employee retirement programs, occupational hazards, research and reclamation and conservation of mined areas, (the "Change in Law Event") and which increases or decreases Seller's actual direct out-of-pocket costs of producing Coal under this Agreement, then, subject to the remaining provisions of this Section, an appropriate adjustment will be made to the current Contract Price to recognize such changed costs due to the Change in Law Event; provided, however, there shall be no changes made in the Contract Price for changed costs associated with (i) any past, present, or future requirements imposed by the Mine Improvement and New Emergency Response (MINER) Act of 2006 or any past, present, or future regulations, rules or mandates issued pursuant thereto; or (ii) labor related benefits or taxes, real or personal property taxes, corporate net income or franchise taxes. Further, time being of the essence, Seller shall provide Buyer with (i) written notice that Seller intends to request a price adjustment due to a Change in Law Event within ninety (90) days following the enactment, modification, or revision, which notice shall specify the Change in Law Event and a non-binding estimate of such resulting costs; and (ii) detailed documentation to allow a determination of the validity of the claim, and Seller's proposed adjustment for all resulting costs, within sixty (60) days following such written notice. Buyer shall then have one hundred eighty (180) days following its receipt of Seller's documentation to determine the validity of such claim and to accept, deny, or reach an agreement with Seller as to such claim. Buyer shall have the right to terminate this Agreement should the cumulative amount of any such adjustments cause the Contract Price to be increased by more than five percent (5.00%).

If Seller and Buyer are unable to agree within the time periods set forth above as to the amount the price per ton should be adjusted or as to whether the event is applicable, then the matter shall be submitted to a firm of mining engineers and/or independent certified public accountants mutually agreeable to the Parties for final determination, which shall be binding upon the Parties.

Dated: June 21, 2010

**Changes in Law:
(Continued)**

If upon agreement or final determination, an adjustment in the cost per ton is found to be appropriate, appropriate credit for such amount on all tons delivered on and after the effective date of any such change resulting in such price adjustment, plus interest at the Interest Rate, commencing sixty (60) days after the effective date of such change, shall be made to the party to whom the benefit of such credit is due; provided, however, that Seller shall not be entitled to any such credit for such tonnage delivered prior to the date upon which Seller's written request for such adjustment is received by Buyer, nor for interest for a period of sixty (60) days subsequent to such date of Buyer's receipt.

All capital costs requested due to any Change in Law Event shall be amortized over the anticipated average life of the assets and allocated on the basis of the number of tons to be produced from the approved production source utilizing such assets over their average life.

Each Party shall indemnify, release, defend, and hold harmless the other Party, its officers, directors, Affiliates, agents, and employees, from and against any and all Third Party Impositions with respect to the Coal that are the responsibility of such Party.

**Adjustments to
the Contract Price:**

Adjustments to the Contract Price for variances in quality shall be made in accordance with the provisions of Schedule 7.2 (attached hereto and hereby made a part of this Agreement). The Contract Price as adjusted by such provisions, rounded to the nearest cent (\$0.01), is referred to as the "Selling Price."

**Weighing,
Sampling and
Analysis:
Representations:**

Weighing, sampling, and analyses shall be performed by Seller in accordance with the provisions of Schedule 8.1.

On the Effective Date, each Party represents and warrants to the other Party that:

- (i) it is duly organized, validly existing and in good standing under the laws of jurisdiction of its formation;
- (ii) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (iii) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (iv) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses;

Dated: June 21, 2010

Representations:

- (v) Buyer and Seller are each acting for their own account; each Party has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- (vi) it is not bankrupt and there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- (vii) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (viii) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (ix) without expanding either Party's remedies beyond those set forth in this Agreement, it is a "forward contract merchant" and this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code;
- (x) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Coal referred to in this Agreement;
- (xi) all applicable information that is furnished in writing by it or on behalf of it to the other Party pursuant to this Agreement (as described on Schedule 10, attached hereto and hereby made a part of this Agreement) is as of the date provided true, accurate and complete in every material respect. For purposes of this representation, financial information provided via posting on the Internet shall be deemed to be written information provided to the other Party;
- (xii) no event or circumstance exists at any Approved Production Source (as provided under Schedule 3.1-B), that would constitute an event of Force Majeure under this Agreement.

Each Party represents that the individuals signing this Agreement on behalf of each of them has been duly authorized to do so. This Agreement will become a valid and binding contract only upon its execution by such persons authorized to bind both Parties.

Dated: June 21, 2010

Audit:

Each Party (and its representatives) has the right, at its sole expense during normal working hours and upon reasonable advance notice, to examine the records of the other Party, but only to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the requesting Party statements evidencing the quantities and qualities of Coal delivered or received at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statements and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made in writing, in reference hereto, prior to the lapse of two (2) years from the rendition thereof; and provided further, that for the purpose of such statement and payment objections, this Section will survive any termination of this Agreement.

Warranties:

In addition to all other warranties and representations made by Seller in this Agreement, Seller represents and warrants that (i) Seller, its Affiliates or subsidiaries, shall by the Effective Date of this Agreement, own or control sufficient reserves of Coal as defined in Schedule 3.1-B to satisfy the quantity and quality provisions for this Agreement; (ii) Seller hereby certifies that it is in good faith compliance with the rules, practices, and standards issued by any and all governmental agency(ies) with respect to legislation, regulations, rules, or mandates which were in effect either by interim or final rules, or passed, adopted, or promulgated but to go into later effect, as of the time specified for the first delivery of Coal hereunder, including all laws and regulations regarding the mining and sale of Coal (notices and orders issued under the Federal Coal Mine Health and Safety Act and State and Federal Reclamation Acts excepted); and (iii) Seller has filed or will have filed in a timely manner to have obtained by said time all licenses, permits, certificates and other documents necessary for it to fulfill its obligations hereunder. Seller shall furnish annually to Buyer a statement indicating the amount of reserves that remain to fulfill the quantity and quality requirements of this Agreement.

Seller covenants that it will, and does hereby, dedicate to this Agreement such quantity of said Coal reserves as is required for the full performance of Seller's obligations hereunder and that Seller will not sell nor contract to sell to others Coal from said reserves in such quantity and quality as to jeopardize its ability to deliver the total quantity and quality of Coal called for by this Agreement. Nothing in this Section shall be construed as preventing Seller from mining and selling Coal from said reserves to others provided the foregoing provisions with respect to said reserves are complied with.

Dated: June 21, 2010

Title, Risk of Loss and Indemnity:

Title for Coal conforming to this Agreement shall pass to Buyer as follows:

- a) Title to and risk of loss (except as provided in Schedule 2.4) of the Coal will pass to Buyer as the loaded railcars are pulled from the Designated Delivery Point.
- b) Title shall revert back to Seller immediately upon any Shipment rejection by Buyer as provided elsewhere in this Agreement.

Seller warrants that it has title to the Coal and will deliver the Coal to Buyer free and clear of all liens, claims, and encumbrances arising prior to the transfer of title to Buyer. Seller and Buyer shall each indemnify, defend, and save harmless the other Party, its officers, directors, Affiliates, agents, and employees from and against any liabilities, expenses, losses, claim, damages, penalties, causes of action, or suits arising out of or in connection with its failure to comply with its obligations under this Agreement.

Seller shall indemnify, save harmless, and defend Buyer and its Affiliates, its officers, directors, agents, and employees (all referred to in this sentence as "Buyer") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Buyer (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars (or barges, if applicable) furnished hereunder (as applicable), between the time that such railcars (or barges, if applicable) are delivered to Seller or Seller's agent and the time that custody thereof is properly returned to Buyer (or to Buyer's agent carrier, if applicable), or if deliveries are by truck, arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part, to trucking of Coal, whether such Coal is trucked by Seller or Seller's trucking contractor(s). Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to Buyer by Seller immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

Netting and Set Off:

If the Parties are required to pay any amount under this Agreement in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement or any other agreement between the Parties may be offset against each other, set off or recouped therefrom.

Dated: June 21, 2010

Addresses for Notices:

Notices required under this Agreement may be exercised verbally, but shall be provided to the other Party in writing as soon as practicable to the addresses shown herein. The Parties shall be legally bound from the date the notification is exercised.

Following each Shipment, Seller shall provide Buyer with a shipping notice that includes: (i) the applicable Agreement number; (ii) the Plant destination; (iii) the short proximate (calorific value per pound, percent moisture, percent ash, percent sulfur, and with respect to Illinois Basin coal, the sodium and chlorine content) average analytical results of each Shipment; (iv) Seller's weight determination and the identifying number(s) of each Shipment; and (v) the date the coal was loaded into the railcars or barges, with the starting and stopping times of the loading. If the coal is to be sold FOB rail, then the notice shall also include the transportation agreement number, the origin station, and the train number. If the coal is to be sold FOB barge, then the notice shall also include the shipping origin (dock name and milepost number) and barge number. Such notice shall be provided within 24 hours after the coal is loaded for shipment, or within 36 hours should the Shipment be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

Shipping notices shall be sent to fuels@aep.com, and the Plant.

Confidentiality:

Neither Party shall disclose, either directly or indirectly, the terms of this Agreement to a third party without the written consent of the other Party (other than a Party's and its Affiliates' employees, lenders, counsel, accountants or prospective permitted purchasers), except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

Imaged Agreement:

Any original executed Agreement or other related document may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, it shall be considered as admissible evidence. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule, or other rule of evidence.

Accepted:

Consignee:

James D. Henry
Vice President, Fuel Procurement - East
On behalf of American Electric Power
Service Corporation, as agent for
Kentucky Power Company
Date: June 21, 2010

SCHEDULE 2.4
TRANSPORTATION SPECIFICATIONS
RAIL

Seller shall load Coal that is to be delivered hereunder into railcars provided by Buyer, or its agent, at the Designated Delivery Point(s) listed on Schedule 3.1-B of this Agreement. Requests for any additional rail shipping origin(s) shall be proposed by Seller in writing and shall be subject to Buyer's written approval. Such approval shall be subject to Buyer's reasonable discretion.

Except when in conflict with provisions of this Agreement, (in which case, such provisions shall control), the loading at the shipping origin shall be accomplished according to the standard tariff or contract agreements governing such operations between the Coal tipple operator and carrier, including but not limited to free time and demurrage charges. Buyer shall not be responsible for any charges assessed at the origin by carrier including, but not limited to, detention charges, overloading, underloading, or hot coal.

Seller shall not have the right to ship Coal to be delivered under this Agreement from any rail shipping origin(s) other than the Designated Delivery Point(s) listed on Schedule 3.1-B unless Seller shall first have obtained Buyer's written approval of such additional shipping origin that is owned or controlled by Seller, such approval by Buyer shall not be unreasonably withheld. Such written approval shall be subject to Buyer's sole discretion, and upon Seller's agreement to pay any increased transportation cost differential (based on carrier-provided cars) that would be incurred by Buyer (any decreased transportation cost differential shall be to Buyer's benefit) if shipments were made from such proposed rail shipping origin as compared to the Fork Creek Loadout, West Virginia.

Seller shall cause the loadings hereunder to be tendered in unit trainload lot shipments of not less than 90 railcars each, shall be loaded to a minimum weight equal to ninety-eight percent (98%) of the total of the marked load limit of all the cars in the unit train, and shall be loaded in not more than four (4) hours from the Designated Delivery Point(s); provided, however, that subject to the provisions hereinafter, Seller may tender trainload lot shipments of less than 90 railcars from a Designated Delivery Point(s) that is otherwise not capable of loading trainload lot shipments of 90 railcars. Seller shall add the following notation on each bill of lading or mine card documents: "Subject to Contract No. CSXT-82845" or such other contract number as designated from time to time by Buyer.

Seller shall cause deliveries to be loaded on any day of the week. Seller shall cause loadings to commence at any hour of the day that scheduled railcars are made available for loading, and loading time for each unit train shipped hereunder shall not exceed four (4) hours from the time the unit train is placed for loading at the origin by the rail carrier. Seller shall provide to Buyer, at least ten (10) days prior to the beginning of each month, a proposed shipping schedule. Buyer shall review the schedule to verify if it can be accomplished with the railroad and that, when combined with deliveries from all Designated Delivery Point(s) (if more than one), it does not exceed the quantity obligation under this Agreement, and advise Seller of acceptance or nonacceptance.

If at any time Seller ships Coal that results in Buyer being charged for improper consignment or otherwise results in Buyer being charged a transportation charge for delivering such Coal (including but not limited to any demurrage charge) which exceeds the minimum transportation charge then in effect for shipments of not less than 90 railcars loaded in not more than four (4) hours and meeting all other railroad requirements necessary for the minimum transportation rate set forth in the contract for shipping Coal from the Fork Creek Loadout origin in carrier-provided railcars, then any such improper consignment charge or excess transportation charge shall be credited to Buyer.

Should Seller not originate shipments in accordance with these Transportation Specifications, Seller shall pay Buyer for any resulting charges incurred by Buyer which are assessed by the railroad in excess of the charges that would have been incurred by Buyer had Seller strictly complied herewith.

Should Buyer reject any railcar load(s) of Coal in any shipment, Seller shall arrange for the removal of such rejected railcar(s). All costs assessed by the railroad, including but not limited to reconsignment charges, transportation charges, and demurrage charges, shall be to the account of Seller. In addition, if the rejected railcar(s) of Coal are Buyer-provided railcar(s), then Seller shall also pay the per diem and mileage charges as defined in the Car Hire Tables of the Official Railway Equipment Register, as amended. Such per diem charges shall be effective as of the first 7:00 a.m. following Buyer's rejection until the railcar(s) are unloaded at a destination specified by Seller and then returned to a destination specified by Buyer (or by the railroad, if applicable) for further utilization. Such mileage charges shall be based on the loaded and empty miles traveled by the rejected railcar(s) from the point of rejection to such specified return destination.

SCHEDULE 3.1-A
QUALITY SPECIFICATIONS

The Coal required and delivered hereunder at the Designated Delivery Point shall meet the following "Contracted Monthly" specifications. Further, for the purposes of this Schedule, the following "Suspension" specifications shall be applicable to such Coal.

SPECIFICATIONS:

	<u>"As-Received" Basis</u>		
	<u>Contracted</u> <u>Monthly</u>	<u>Monthly (A)*</u> <u>Suspension Limit</u>	<u>Shipment (B)*</u> <u>Suspension Limit (D)*</u>
Calorific Value (Btu/lb.)	12,000	11,800 minimum	11,800 minimum
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*	1.60	1.60 maximum	1.60 maximum
Moisture (%)	7.50	8.00 maximum	9.00 maximum
Ash (%)	12.50	13.00 maximum	13.50 maximum
Volatile Matter (%)	30.0	Not Applicable	28.0 minimum
Hardgrove Grindability	45 HGI	Not Applicable	42 minimum
Ash Fusion Temp.(H=1/2w) °F Red. Atm.	2,700	Not Applicable	2,650 minimum

Definitions:

(A) = the Monthly weighted average analysis result

(B) = the analysis result of the sample (or composite of samples, if more than one) representing each Shipment of Coal, or, at Buyer's election, a composite of two or more such Shipments.

(C) = For the purpose of determining the pounds of sulfur dioxide per million Btu and pounds Ash per million Btu, the figures shall be rounded to the nearest one hundredth. For example, 1.504 pounds SO₂ per million Btu shall mean 1.50 pounds SO₂ per million Btu, while 1.505 pounds SO₂ per million Btu shall mean 1.501 pounds SO₂ per million Btu and shall be deemed, for example, not to have met a 1.50 pounds SO₂ per million Btu specification.

(D) = Buyer shall also have the right to reject any Coal that: 1) has a maximum topsize exceeding two inches or exceeds 45% capable of passing a one quarter inch (1/4") square wire cloth sieve; 2) is not free flowing and free of extraneous material upon unloading; and 3) has intermediate sizes (including fines) added or removed.

SCHEDULE 3.1-B
APPROVED PRODUCTION SOURCE(S), APPROVED RESERVE(S) OF COAL,
AND DESIGNATED DELIVERY POINT(S)

The Approved Production Source(s) to which reference is made to in this Agreement consist of the following:

Coal River Energy mine (as depicted on the map attached hereto and hereby made a part hereof) consisting of deep and surface mines, extracting the reserves consisting of the No. 5 Block and Stockton seams of coal in Boone, Lincoln, and Kanawha Counties, West Virginia.

The Approved Reserve(s) of coal to which reference is made in this Agreement consist of the following:

Coal River Energy reserve (as depicted on the map attached hereto and hereby made a part hereof) consisting of deep and surface mines, extracting the reserves consisting of the No. 5 Block, and Stockton seams of coal in Boone, Lincoln, and Kanawha Counties, West Virginia.

The Designated Delivery Point(s) to which reference is made in this Agreement are:

<u>Rail Loading Facility</u>	<u>OPSL NO.</u>
Fork Creek Loadout	82202

SCHEDULE 7.2
QUALITY ADJUSTMENTS

In order for the Selling Price to accommodate variations in calorific value, sulfur dioxide value, and ash value of the Coal delivered hereunder, there shall be an amount(s) added to or subtracted from the Contract Prices as provided for in this Schedule. These price adjustments shall be in addition to any rights which Buyer may have as provided or referenced under the Rejection and Suspension Section of this Consignment.

(a) If the weighted average calorific value of the Coal unloaded and taken into account hereunder in a Half-Month is not equal to the Contract Monthly Btu Specification, then there shall be an amount added to the Contract Price (if the calculated number is positive) or subtracted from the Contract Price (if such number is negative), as determined by the following formula, to arrive at the adjusted price for such Coal:

$$\text{Amount Per Ton of Increase or Decrease for Calorific Value} = \frac{(\text{Actual Btu} - \text{Contracted Btu})}{\text{Contracted Btu}} \times \text{Contract Price}$$

provided, however, no premium will be paid for Calorific Value which exceeds the Contracted Monthly Btu/lb. by 500 Btu per pound.

(b) If the weighted average SO₂ content during a Month is greater than the SO₂ Contracted Monthly Specification, the Contract Price for Coal will be reduced by an amount determined in accordance with the following formula:

$$\frac{((\text{Actual lbs. SO}_2/\text{mmbtu} - \text{Contracted SO}_2/\text{mmbtu}) * \text{Actual Btu/lb.} * E)}{1,000,000}$$

E = the SO₂ Monthly Price (or if not published, the average of the SO₂ Daily Prices for the applicable calendar month of delivery) of allowances expressed in dollars per ton of SO₂ in the table entitled "AIR Daily Emission Allowance Indices" published in AIR Daily, or its successor publication, for such calendar month of delivery as first published following such month; or, if the SO₂ Monthly Price of allowances is expressed in dollars per allowance, then the SO₂ Monthly Price multiplied by the number of Title IV SO₂ emission allowances required to be surrendered to state and/or federal regulatory authorities under the Clean Air Act and/or any applicable implementing regulations, including, but not limited to the Clean Air Interstate Rule, in exchange for the right to emit one (1) ton of sulfur dioxide from the plant.

Additionally, an amount of three dollars (\$3.000) per ton shall be deducted from the Contract Price for each Shipment of Coal having an SO₂ value greater than the Shipment Suspension Limit.

(c) For each Shipment of Coal tested to have an ash content greater than the Shipment Suspension Limit, the Contract Price for Coal in such Shipment will be decreased by \$0.15 for each 0.5% ash increment, or portion thereof, by which the Shipment's ash content is tested to be above the Shipment Suspension Limit. (For example, if the Ash Shipment Suspension Limit is 13.00% and a Shipment has a percent ash value of 13.70, then the Contract Price decrease shall be \$0.30 per ton.)

SCHEDULE 8.1
WEIGHING, SAMPLING AND ANALYSIS

WEIGHING

Weights taken in accordance with this Schedule 8.1 shall be deemed accepted as correct (absent manifest error) and shall govern all invoicing and payments hereunder.

Weights of coal delivered by unit train shall be determined by Seller, at Seller's cost, by use of a batch weigh system located at the Designated Delivery Point and certified by an appropriate testing agency in accordance with the guidelines established by the National Institute of Standards and Technology Handbook #44. If there is no certified belt scale system at the Designated Delivery Point, weights shall be made by draft survey taken at the Delivery Point prior to the departure of the railcar(s) from the Designated Delivery Point. All such draft surveys at the Designated Delivery Point shall be conducted by an independent surveyor experienced in the conduct of draft surveys selected by mutual agreement of the Parties or, failing agreement, by Seller. In cases where (i) there is no certified belt scale system at the Designated Delivery Point or any such certified belt scale system is not operating and a draft survey is not taken at the Designated Delivery Point or (ii) the Designated Delivery Point is the ultimate destination, weights shall be taken at the destination by Buyer.

Buyer shall have the right, but not the duty, to have a representative present at any and all times to observe the determination of weights; however, Seller shall not be obligated to notify Buyer to be present. If Buyer should at any time question the accuracy of the weights thus determined, Buyer shall so advise Seller and confirm the same in writing, and Seller shall arrange to test the scales.

In the event Buyer determines that the weights being calculated by Seller are not within acceptable tolerances, then the Parties shall mutually agree upon a revised method to calculate the weight of the delivered coal and to resolve any related issues.

SAMPLING AND ANALYSIS

(a) Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded into each railcar, analyze the sample(s) so obtained, and notify Buyer of the short proximate (calorific value per pound, percent moisture, percent ash, and percent sulfur) analytical results of each unit train. Seller's notification shall include its weight determination and the identifying number of each railcar shipped, and shall be provided within 24 hours after the Coal is loaded into the railcars for shipment, or within 36 hours should the railcars be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

(b) All Coal delivered hereunder shall be sampled by Seller using a mechanical sampling system approximately at the time it is weighed by Seller on Seller's scales. Seller shall determine, by proper analyses made in its laboratory and at its expense, the "As-Received" quality and characteristics of the Coal. All sampling and analyses hereunder shall be performed in accordance with methods approved by the American Society for Testing and Materials (ASTM), or such other method as may be mutually acceptable. For purposes of determining moisture hereunder, the two-stage procedures as defined in ASTM 3302 shall be used. Except as otherwise provided in this Schedule, the results of the sampling and analyses by Seller shall be accepted as the quality and characteristics of the Coal unloaded hereunder. Each coal sample collected by the sampling party shall be properly divided into at least three subsamples. One subsample shall be immediately analyzed by the applicable laboratory for the governing contractual analysis. The second sample is to be sealed in an airtight container and sent to the non-sampling party. The third subsample is to be sealed in an airtight container and held by the sampling party for a period of at least thirty (30) days (hereinafter the

"Referee Sample"). Either Party may request analysis of the Referee Sample by an independent laboratory mutually agreed upon by the Parties. If the results of the Referee Sample analysis and the governing contractual analysis are within ASTM Reproducibility Limits, the original governing analysis shall stand. If the results are outside such ASTM Reproducibility Limits, then the results of the Referee Sample analysis shall be used for payment. The cost of analyzing the Referee Sample shall be borne by the Party requesting the Referee Sample analysis.

(c) If Buyer should from time to time question the correctness of either sampling or the analyses made by Seller, Buyer may request that up to six consecutively unloaded unit trains of Coal hereunder be individually sampled by Seller for analysis by a commercial testing laboratory, mutually chosen, and using mutually acceptable procedures. The results of such commercial testing laboratory's analyses shall be accepted as the quality and characteristics of such Coal. If the average of one or more of the Coal quality parameter values of the samples separately collected by Seller and analyzed by the commercial testing laboratory differ by more than the ASTM (or other mutually agreeable methodology) reproducibility tolerance ranges for such respective Coal quality parameter, when compared to the average values of splits of the same samples separately analyzed by Seller when both sets of sample splits have been taken from the same delivery of Coal, Seller shall pay such charges of such commercial testing laboratory, otherwise Buyer shall pay such charges.

(d) Unless Buyer challenges, pursuant to Part (c) above, the accuracy of either the sampling or analyses made by Seller by written notice to Seller by the 15th day of the month following the month in which the Shipment(s) of Coal represented by such sample(s) and/or analysis (analyses) was (were) taken into account by Seller, Buyer shall be deemed to have waived all claims with respect to such sampling and analyses.

Central Coal Company As Agent for Coal
River Energy, LLC

(4th Quarter 2010).



AEP: America's Energy Partner®

Consignment

Dated: September 23, 2010

Seller: Central Coal Company
As Agent for Coal River Energy, LLC
148 Bristol East Road
Bristol, VA 24202
Attn: James Bunn

Buyer: Kentucky Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Kimberly Chilcote
Phone: (614) 583-6301
Fax: (614) 583-1627

Primary Plant: Big Sandy

Effective September 23, 2010, Appalachian Power Company consigns, as provided below, certain coal deliveries under AEP Coal Supply Agreement No. 02-40-08-901 to Kentucky Power Company for delivery to its Big Sandy Plant.

Term and Delivery Period: October 1, 2010 – December 31, 2010

Quantity: Approximately 20.676 tons delivered during the term of the consignment.

Price: \$71.958 per ton FOB railcar at the Delivery Point, except as set forth hereafter in Quality Adjustments.

Definitions:

“Approved Production Source(s)” shall have the meaning set forth in Schedule 3.1-B.

“BTU” means the amount of energy required to raise the temperature of one (1) pound of pure water one (1) degree Fahrenheit from 59.5° Fahrenheit to 60.5° Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

“Business Day” means a day on which Federal Reserve member banks in New York City, New York are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

“Coal” means crushed, partially washed, bituminous coal to be sold by Seller and purchased by Buyer, the quality of which shall conform to the Quality Specifications Section, and which does not trigger Buyer’s rejection rights under the Rejection and Suspension Section, or is otherwise acceptable by Buyer under this Agreement. Such Coal shall (i) be substantially free from any extraneous materials (including, but not limited to mining debris, Synfuel, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (ii) be substantially consistent in quality throughout a Shipment, (iii) meet the size required, and (iv) have no intermediate sizes (including fines) added or removed.

“Designated Delivery Point” means FOB railcar at the coal loading facility described on Schedule 3.1-B.

“Eastern Prevailing Time” means Eastern Standard Time or Eastern Daylight Savings Time in effect in New York, New York, as the case may be on the relevant date.

“FOB” shall have the meaning given to such term as provided in the Uniform Commercial Code of the State of New York.

“Half-Month” means, with respect to any calendar month, either (a) the period from and including the first day of such month through and including the fifteenth day of such month or (b) the period from and including the sixteenth day of such month through and including the last day of such month.

Dated: September 23, 2010

**Definitions:
(Continued)**

“Imaged Agreement” shall have the meaning set forth such section.

“Quality Specifications” means the quality characteristics on an “As-Received” basis, using ASTM standards, specified on Schedule 3.1 hereto.

“Shipment” means, as applicable: (a) one unit trainload or at Buyer’s election a composite of two or more unit trainloads; or (b) the aggregate of single railcars loaded on any one day (only where single car rates apply), or (c) one barge or at Buyer’s election a composite of two or more barges, or vessel load; or (d) the aggregate of the truckloads that are unloaded at the Designated Delivery Point on any one day in accordance with the applicable Transportation Specifications.

“SO₂” means sulfur dioxide and “SO₂ per MMBtu” means sulfur dioxide per million Btu.

“Ton” means 2,000 pounds avoirdupois weight.

“Transporter” means the entity or entities transporting Coal on behalf of Seller to and at the designated Delivery Point or on behalf of Buyer or Buyer’s designee from the Designated Delivery Point.

**Reconsignment
and/or Resale
Rights**

From time to time, and at any time, Buyer shall have the right, but not the obligation, to have all or any part of the Coal hereunder reconsigned for delivery to any destination, and/or to make all or any part of the Coal hereunder available for purchase by any person(s), whether or not affiliated with Buyer, through Buyer's assignment of this Agreement or Buyer's purchase and subsequent resale to others of such Coal.

Should Buyer exercise its right to reconsign or resell Coal, Seller shall arrange for transport to the destination designated by Buyer, in accordance with the Transportation Specifications attached hereto as Schedule 2.4.

Scheduling:

Seller will advise Buyer of its desired loading dates and delivery schedule. The Parties will work together in good faith to agree on a reasonable and mutually acceptable delivery schedule within the Term and within each month during the Term.

Dated: September 23, 2010

Delivery:

The Coal shall be delivered to Buyer FOB railcar at the Designated Delivery Point in accordance with the Transportation Specifications detailed in Schedule 2.4.

Seller shall be responsible for any costs or charges imposed on or associated with the delivery of the Contract Quantity up to the Designated Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Contract Quantity upon taking title to the Coal at the Designated Delivery Point.

If a Party is charged for any increased transportation charges, penalties, or other costs, including demurrage, attributable to the other Party's failure to timely load or unload the Coal in accordance with the terms of this Agreement, including the timing and tonnage requirements of the Transportation Specifications, and if such failure is not due to Force Majeure, such failing Party shall reimburse the other for such charges.

Each Party shall immediately contact the other Party in the event of a curtailment or interruption in the delivery or receipt of Coal hereunder. Each Party shall contact the other Party with as much advance notice as reasonably possible regarding any such impending curtailment or interruption.

Rejection and Suspension:

In addition to all other remedies at law or in equity, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements as set forth in the Quality Section.

(a) Buyer shall have the right to reject any Shipment hereunder if the Coal therein fails to conform to any requirement set forth in the Quality Specifications Section. Should Buyer exercise such right of rejection, it shall notify Seller by telephone upon discovery of the nonconformance, such notification to be promptly confirmed in writing.

(b) Buyer shall have the right to suspend all further shipments of Coal hereunder if: (i) there are three (3) non-conforming Shipments, whether rejected or not, in any three (3)-month period; (ii) two (2) out of four (4) consecutive Shipments are non-conforming Shipments; or (iii) the Coal quality fails to meet the defined minimum or exceeds the defined maximum Contracted Half-Month "Suspension" specifications applicable the Quality Specifications Section. Should Buyer exercise such right to suspend further Shipments, Buyer shall notify Seller of its exercise of right of suspension within 15 calendar days after the day or Half-Month period in which such failure occurs.

(c) Upon receipt of Buyer's notice of suspension, Seller shall immediately suspend further Shipments and make every reasonable effort to correct the conditions giving rise to the Shipment(s) of Coal failing to conform to such specifications or requirements. Seller shall inform Buyer in writing on a weekly basis of such corrective actions taken by Seller.

Dated: September 23, 2010

**Rejection and
Suspension:
(Continued)**

During such suspension, Seller shall permit Buyer's full access to the production sources and related facilities hereunder and to all engineering data related thereto. Buyer shall have the right, but not the duty, to participate in any and all discussions relating to the matter and to recommend procedures to correct said matter.

Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing Shipment of Coal not in accordance with this Agreement have been corrected and that Seller can and shall deliver Coal meeting requirements and meeting the "Contracted Half-Month" specifications of Schedule 3.1-A (attached hereto and hereby made a part of this Agreement).

Upon receipt by Buyer of Seller's satisfactory written assurances, as determined by Buyer in its sole discretion, shipments shall be resumed at the rate specified in the Rejection and Suspension Section

(d) In the event that: (i) Seller fails to provide Buyer with such assurances within ten (10) days after the date of Buyer's notice of suspension as described in this Section ; or (ii) having provided such assurances, Seller fails to correct such conditions and resume shipments in the ensuing 30 days thereafter; or (iii) after such resumption of shipments, Seller's subsequent deliveries at any time during the ensuing 90 days fall below the minimum or exceed the maximum "Suspension" or rejection specifications applicable under the Quality Specifications Section; then such event shall constitute an Event of Default.

(e) Whether shipments suspended pursuant to this Section shall be made up, as well as the scheduling of such make up, shall be at Buyer's sole discretion. In the event Buyer exercises its right to require such make up, delivery of make up tonnage shall be scheduled so that such deliveries shall be shipped no later than 365 calendar days following resumption of shipments.

**Quality
Specifications:**

Seller shall cause all Coal delivered to Buyer, pursuant to this Agreement, to comply with Quality Specifications set forth on Schedule 3.1-A.

**Agents/Freeze-
Treating:**

At Buyer's verbal request to be promptly confirmed by facsimile, Seller shall cause a freeze-conditioning agent, and a side-release agent, (each, an "Agent") to be applied to the Coal. Seller will cause only the Agent(s) specified by Buyer to be used and will cause the Agent(s) to be applied in a reasonable manner as specified by Buyer. Buyer will provide reasonable advance notice of the dates for starting and ending the Agent(s) application. Buyer shall pay Seller an amount equal to Seller's actual costs (including the cost of such Agent[s]), provided Seller has caused the Agent(s) to be applied in strict accordance with this Agreement.

Dated: September 23, 2010

**Billing and
Payment:**

Buyer shall submit to Seller the weight, analytical, and cost data on such Coal taken into account during each Half-Month at each respective consigned destination within five (5) Business Days after each such Half-Month period. Thereafter, Seller shall submit to Buyer, within two (2) Business Days of receipt of such information, an invoice covering such Half-Month deliveries at each respective consigned destination, which invoice shall include a reference to this Agreement's contract number 02-40-08-901.

Buyer shall make payment by electronic transfer to Seller within 20 calendar days after the Half-Month period, provided Seller's invoice is submitted in accordance with the preceding paragraph. Seller shall provide Buyer all pertinent wire transfer instructions on each invoice. Buyer shall not be obligated to make payment to Seller for Shipments of Coal until the analytical results have been provided to Buyer.

Payment shall be made by wire transfer or electronic means in immediately available United States dollars for all coal received, unloaded, taken into account, and accepted hereunder. If not already provided in this Contract, Seller shall provide Buyer all pertinent remittance instructions in a letter (containing the bank name, account name, ABA number, and account number, as well as Seller's federal tax identification number) which shall be signed by a duly authorized representative of Seller. Any change in the remittance instructions shall be provided in the same manner.

If Buyer in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest (the prime rate of interest for United States dollars as published from time to time under the section titled, "Money Rates" by *The Wall Street Journal*, plus two percent [2%] per annum, but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]). If any Party fails to pay amounts under this Agreement when due, unless such amount is the subject of a dispute as provided above, or is excused by Force Majeure, in addition to the rights and remedies provided in this Agreement, the aggrieved Party shall have the right to suspend performance under this Agreement until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

Dated: September 23, 2010

Changes in Law: Seller hereby certifies that it is or will be in compliance with the rules, practices, and standards issued by any governmental agency with respect to legislation, regulations, rules or mandates which were in effect either by interim or final rules as of the Effective Date of this Agreement.

In the event of the enactment, modification, or revision of any Federal, State or local legislation, regulations, rules or mandates issued pursuant thereto, including but not limited to the Federal Mine Safety & Health Act of 1977 and the Surface Mining Control and Reclamation Act of 1977, after the Effective Date of this Agreement, which affect the bituminous coal industry with respect to the coal reclamation, conservation, environmental protection, mine safety, mine working conditions and practices, ventilation, health, employee retirement programs, occupational hazards, research and reclamation and conservation of mined areas, (the "Change in Law Event") and which increases or decreases Seller's actual direct out-of-pocket costs of producing Coal under this Agreement, then, subject to the remaining provisions of this Section, an appropriate adjustment will be made to the current Contract Price to recognize such changed costs due to the Change in Law Event; provided, however, there shall be no changes made in the Contract Price for changed costs associated with (i) any past, present, or future requirements imposed by the Mine Improvement and New Emergency Response (MINER) Act of 2006 or any past, present, or future regulations, rules or mandates issued pursuant thereto; or (ii) labor related benefits or taxes, real or personal property taxes, corporate net income or franchise taxes. Further, time being of the essence, Seller shall provide Buyer with (i) written notice that Seller intends to request a price adjustment due to a Change in Law Event within ninety (90) days following the enactment, modification, or revision, which notice shall specify the Change in Law Event and a non-binding estimate of such resulting costs; and (ii) detailed documentation to allow a determination of the validity of the claim, and Seller's proposed adjustment for all resulting costs, within sixty (60) days following such written notice. Buyer shall then have one hundred eighty (180) days following its receipt of Seller's documentation to determine the validity of such claim and to accept, deny, or reach an agreement with Seller as to such claim. Buyer shall have the right to terminate this Agreement should the cumulative amount of any such adjustments cause the Contract Price to be increased by more than five percent (5.00%).

If Seller and Buyer are unable to agree within the time periods set forth above as to the amount the price per ton should be adjusted or as to whether the event is applicable, then the matter shall be submitted to a firm of mining engineers and/or independent certified public accountants mutually agreeable to the Parties for final determination, which shall be binding upon the Parties.

Dated: September 23, 2010

**Changes in Law:
(Continued)**

If upon agreement or final determination, an adjustment in the cost per ton is found to be appropriate, appropriate credit for such amount on all tons delivered on and after the effective date of any such change resulting in such price adjustment, plus interest at the Interest Rate, commencing sixty (60) days after the effective date of such change, shall be made to the party to whom the benefit of such credit is due; provided, however, that Seller shall not be entitled to any such credit for such tonnage delivered prior to the date upon which Seller's written request for such adjustment is received by Buyer, nor for interest for a period of sixty (60) days subsequent to such date of Buyer's receipt.

All capital costs requested due to any Change in Law Event shall be amortized over the anticipated average life of the assets and allocated on the basis of the number of tons to be produced from the approved production source utilizing such assets over their average life.

Each Party shall indemnify, release, defend, and hold harmless the other Party, its officers, directors, Affiliates, agents, and employees, from and against any and all Third Party Impositions with respect to the Coal that are the responsibility of such Party.

**Adjustments to
the Contract Price:**

Adjustments to the Contract Price for variances in quality shall be made in accordance with the provisions of Schedule 7.2 (attached hereto and hereby made a part of this Agreement). The Contract Price as adjusted by such provisions, rounded to the nearest cent (\$0.01), is referred to as the "Selling Price."

**Weighing,
Sampling and
Analysis:
Representations:**

Weighing, sampling, and analyses shall be performed by Seller in accordance with the provisions of Schedule 8.1.

On the Effective Date, each Party represents and warrants to the other Party that:

- (i) it is duly organized, validly existing and in good standing under the laws of jurisdiction of its formation;
- (ii) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (iii) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (iv) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses;

Dated: September 23, 2010

Representations:

- (v) Buyer and Seller are each acting for their own account; each Party has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- (vi) it is not bankrupt and there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- (vii) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (viii) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (ix) without expanding either Party's remedies beyond those set forth in this Agreement, it is a "forward contract merchant" and this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code;
- (x) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Coal referred to in this Agreement;
- (xi) all applicable information that is furnished in writing by it or on behalf of it to the other Party pursuant to this Agreement (as described on Schedule 10, attached hereto and hereby made a part of this Agreement) is as of the date provided true, accurate and complete in every material respect. For purposes of this representation, financial information provided via posting on the Internet shall be deemed to be written information provided to the other Party;
- (xii) no event or circumstance exists at any Approved Production Source (as provided under Schedule 3.1-B), that would constitute an event of Force Majeure under this Agreement.

Each Party represents that the individuals signing this Agreement on behalf of each of them has been duly authorized to do so. This Agreement will become a valid and binding contract only upon its execution by such persons authorized to bind both Parties.

Dated: September 23, 2010

Audit:

Each Party (and its representatives) has the right, at its sole expense during normal working hours and upon reasonable advance notice, to examine the records of the other Party, but only to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the requesting Party statements evidencing the quantities and qualities of Coal delivered or received at the Delivery Point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statements and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made in writing, in reference hereto, prior to the lapse of two (2) years from the rendition thereof; and provided further, that for the purpose of such statement and payment objections, this Section will survive any termination of this Agreement.

Warranties:

In addition to all other warranties and representations made by Seller in this Agreement, Seller represents and warrants that (i) Seller, its Affiliates or subsidiaries, shall by the Effective Date of this Agreement, own or control sufficient reserves of Coal as defined in Schedule 3.1-B to satisfy the quantity and quality provisions for this Agreement; (ii) Seller hereby certifies that it is in good faith compliance with the rules, practices, and standards issued by any and all governmental agency(ies) with respect to legislation, regulations, rules, or mandates which were in effect either by interim or final rules, or passed, adopted, or promulgated but to go into later effect, as of the time specified for the first delivery of Coal hereunder, including all laws and regulations regarding the mining and sale of Coal (notices and orders issued under the Federal Coal Mine Health and Safety Act and State and Federal Reclamation Acts excepted); and (iii) Seller has filed or will have filed in a timely manner to have obtained by said time all licenses, permits, certificates and other documents necessary for it to fulfill its obligations hereunder. Seller shall furnish annually to Buyer a statement indicating the amount of reserves that remain to fulfill the quantity and quality requirements of this Agreement.

Seller covenants that it will, and does hereby, dedicate to this Agreement such quantity of said Coal reserves as is required for the full performance of Seller's obligations hereunder and that Seller will not sell nor contract to sell to others Coal from said reserves in such quantity and quality as to jeopardize its ability to deliver the total quantity and quality of Coal called for by this Agreement. Nothing in this Section shall be construed as preventing Seller from mining and selling Coal from said reserves to others provided the foregoing provisions with respect to said reserves are complied with.

Dated: September 23, 2010

Title, Risk of Loss and Indemnity:

Title for Coal conforming to this Agreement shall pass to Buyer as follows:

- a) Title to and risk of loss (except as provided in Schedule 2.4) of the Coal will pass to Buyer as the loaded railcars are pulled from the Designated Delivery Point.
- b) Title shall revert back to Seller immediately upon any Shipment rejection by Buyer as provided elsewhere in this Agreement.

Seller warrants that it has title to the Coal and will deliver the Coal to Buyer free and clear of all liens, claims, and encumbrances arising prior to the transfer of title to Buyer. Seller and Buyer shall each indemnify, defend, and save harmless the other Party, its officers, directors, Affiliates, agents, and employees from and against any liabilities, expenses, losses, claim, damages, penalties, causes of action, or suits arising out of or in connection with its failure to comply with its obligations under this Agreement.

Seller shall indemnify, save harmless, and defend Buyer and its Affiliates, its officers, directors, agents, and employees (all referred to in this sentence as "Buyer") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Buyer (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars (or barges, if applicable) furnished hereunder (as applicable), between the time that such railcars (or barges, if applicable) are delivered to Seller or Seller's agent and the time that custody thereof is properly returned to Buyer (or to Buyer's agent carrier, if applicable), or if deliveries are by truck, arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part, to trucking of Coal, whether such Coal is trucked by Seller or Seller's trucking contractor(s). Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to Buyer by Seller immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

Netting and Set Off:

If the Parties are required to pay any amount under this Agreement in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement or any other agreement between the Parties may be offset against each other, set off or recouped therefrom.

Dated: September 23, 2010

Addresses for Notices:

Notices required under this Agreement may be exercised verbally, but shall be provided to the other Party in writing as soon as practicable to the addresses shown herein. The Parties shall be legally bound from the date the notification is exercised.

Following each Shipment, Seller shall provide Buyer with a shipping notice that includes: (i) the applicable Agreement number; (ii) the Plant destination; (iii) the short proximate (calorific value per pound, percent moisture, percent ash, percent sulfur, and with respect to Illinois Basin coal, the sodium and chlorine content) average analytical results of each Shipment; (iv) Seller's weight determination and the identifying number(s) of each Shipment; and (v) the date the coal was loaded into the railcars or barges, with the starting and stopping times of the loading. If the coal is to be sold FOB rail, then the notice shall also include the transportation agreement number, the origin station, and the train number. If the coal is to be sold FOB barge, then the notice shall also include the shipping origin (dock name and milepost number) and barge number. Such notice shall be provided within 24 hours after the coal is loaded for shipment, or within 36 hours should the Shipment be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

Shipping notices shall be sent to fuels@aep.com, and the Plant.

Confidentiality:

Neither Party shall disclose, either directly or indirectly, the terms of this Agreement to a third party without the written consent of the other Party (other than a Party's and its Affiliates' employees, lenders, counsel, accountants or prospective permitted purchasers), except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

Imaged Agreement:

Any original executed Agreement or other related document may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, it shall be considered as admissible evidence. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule, or other rule of evidence.

Accepted:

Consignee:

Stephen M. DeBord
Vice President, Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Kentucky Power Company
Date: September 23, 2010

SCHEDULE 2.4
TRANSPORTATION SPECIFICATIONS
RAIL

Seller shall load Coal that is to be delivered hereunder into railcars provided by Buyer, or its agent, at the Designated Delivery Point(s) listed on Schedule 3.1-B of this Agreement. Requests for any additional rail shipping origin(s) shall be proposed by Seller in writing and shall be subject to Buyer's written approval. Such approval shall be subject to Buyer's reasonable discretion.

Except when in conflict with provisions of this Agreement, (in which case, such provisions shall control), the loading at the shipping origin shall be accomplished according to the standard tariff or contract agreements governing such operations between the Coal tipple operator and carrier, including but not limited to free time and demurrage charges. Buyer shall not be responsible for any charges assessed at the origin by carrier including, but not limited to, detention charges, overloading, underloading, or hot coal.

Seller shall not have the right to ship Coal to be delivered under this Agreement from any rail shipping origin(s) other than the Designated Delivery Point(s) listed on Schedule 3.1-B unless Seller shall first have obtained Buyer's written approval of such additional shipping origin that is owned or controlled by Seller, such approval by Buyer shall not be unreasonably withheld. Such written approval shall be subject to Buyer's sole discretion, and upon Seller's agreement to pay any increased transportation cost differential (based on carrier-provided cars) that would be incurred by Buyer (any decreased transportation cost differential shall be to Buyer's benefit) if shipments were made from such proposed rail shipping origin as compared to the Fork Creek Loadout, West Virginia.

Seller shall cause the loadings hereunder to be tendered in unit trainload lot shipments of not less than 90 railcars each, shall be loaded to a minimum weight equal to ninety-eight percent (98%) of the total of the marked load limit of all the cars in the unit train, and shall be loaded in not more than four (4) hours from the Designated Delivery Point(s); provided, however, that subject to the provisions hereinafter, Seller may tender trainload lot shipments of less than 90 railcars from a Designated Delivery Point(s) that is otherwise not capable of loading trainload lot shipments of 90 railcars. Seller shall add the following notation on each bill of lading or mine card documents: "Subject to Contract No. CSXT-82845" or such other contract number as designated from time to time by Buyer.

Seller shall cause deliveries to be loaded on any day of the week. Seller shall cause loadings to commence at any hour of the day that scheduled railcars are made available for loading, and loading time for each unit train shipped hereunder shall not exceed four (4) hours from the time the unit train is placed for loading at the origin by the rail carrier. Seller shall provide to Buyer, at least ten (10) days prior to the beginning of each month, a proposed shipping schedule. Buyer shall review the schedule to verify if it can be accomplished with the railroad and that, when combined with deliveries from all Designated Delivery Point(s) (if more than one), it does not exceed the quantity obligation under this Agreement, and advise Seller of acceptance or nonacceptance.

If at any time Seller ships Coal that results in Buyer being charged for improper consignment or otherwise results in Buyer being charged a transportation charge for delivering such Coal (including but not limited to any demurrage charge) which exceeds the minimum transportation charge then in effect for shipments of not less than 90 railcars loaded in not more than four (4) hours and meeting all other railroad requirements necessary for the minimum transportation rate set forth in the contract for shipping Coal from the Fork Creek Loadout origin in carrier-provided railcars, then any such improper consignment charge or excess transportation charge shall be credited to Buyer.

Should Seller not originate shipments in accordance with these Transportation Specifications, Seller shall pay Buyer for any resulting charges incurred by Buyer which are assessed by the railroad in excess of the charges that would have been incurred by Buyer had Seller strictly complied herewith.

Should Buyer reject any railcar load(s) of Coal in any shipment, Seller shall arrange for the removal of such rejected railcar(s). All costs assessed by the railroad, including but not limited to reconsignment charges, transportation charges, and demurrage charges, shall be to the account of Seller. In addition, if the rejected railcar(s) of Coal are Buyer-provided railcar(s), then Seller shall also pay the per diem and mileage charges as defined in the Car Hire Tables of the Official Railway Equipment Register, as amended. Such per diem charges shall be effective as of the first 7:00 a.m. following Buyer's rejection until the railcar(s) are unloaded at a destination specified by Seller and then returned to a destination specified by Buyer (or by the railroad, if applicable) for further utilization. Such mileage charges shall be based on the loaded and empty miles traveled by the rejected railcar(s) from the point of rejection to such specified return destination.

SCHEDULE 3.1-A
QUALITY SPECIFICATIONS

The Coal required and delivered hereunder at the Designated Delivery Point shall meet the following "Contracted Monthly" specifications. Further, for the purposes of this Schedule, the following "Suspension" specifications shall be applicable to such Coal.

SPECIFICATIONS:

	<u>"As-Received" Basis</u>		
	<u>Contracted</u> <u>Monthly</u>	<u>Monthly (A)*</u> <u>Suspension Limit</u>	<u>Shipment (B)*</u> <u>Suspension Limit (D)*</u>
Calorific Value (Btu/lb.)	12,000	11,800 minimum	11,800 minimum
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*	1.60	1.60 maximum	1.60 maximum
Moisture (%)	7.50	8.00 maximum	9.00 maximum
Ash (%)	12.50	13.00 maximum	13.50 maximum
Volatile Matter (%)	30.0	Not Applicable	28.0 minimum
Hardgrove Grindability	45 HGI	Not Applicable	42 minimum
Ash Fusion Temp.(H=½w) °F Red. Atm.	2,700	Not Applicable	2,650 minimum

Definitions:

(A) = the Monthly weighted average analysis result

(B) = the analysis result of the sample (or composite of samples, if more than one) representing each Shipment of Coal, or, at Buyer's election, a composite of two or more such Shipments.

(C) = For the purpose of determining the pounds of sulfur dioxide per million Btu and pounds Ash per million Btu, the figures shall be rounded to the nearest one hundredth. For example, 1.504 pounds SO₂ per million Btu shall mean 1.50 pounds SO₂ per million Btu, while 1.505 pounds SO₂ per million Btu shall mean 1.501 pounds SO₂ per million Btu and shall be deemed, for example, not to have met a 1.50 pounds SO₂ per million Btu specification.

(D) = Buyer shall also have the right to reject any Coal that: 1) has a maximum topsize exceeding two inches or exceeds 45% capable of passing a one quarter inch (1/4") square wire cloth sieve; 2) is not free flowing and free of extraneous material upon unloading; and 3) has intermediate sizes (including fines) added or removed.

SCHEDULE 3.1-B
APPROVED PRODUCTION SOURCE(S), APPROVED RESERVE(S) OF COAL,
AND DESIGNATED DELIVERY POINT(S)

The Approved Production Source(s) to which reference is made to in this Agreement consist of the following:

Coal River Energy mine (as depicted on the map attached hereto and hereby made a part hereof) consisting of deep and surface mines, extracting the reserves consisting of the No. 5 Block and Stockton seams of coal in Boone, Lincoln, and Kanawha Counties, West Virginia.

The Approved Reserve(s) of coal to which reference is made in this Agreement consist of the following:

Coal River Energy reserve (as depicted on the map attached hereto and hereby made a part hereof) consisting of deep and surface mines, extracting the reserves consisting of the No. 5 Block, and Stockton seams of coal in Boone, Lincoln, and Kanawha Counties, West Virginia.

The Designated Delivery Point(s) to which reference is made in this Agreement are:

<u>Rail Loading Facility</u>	<u>OPSL NO.</u>
Fork Creek Loadout	82202

SCHEDULE 7.2
QUALITY ADJUSTMENTS

In order for the Selling Price to accommodate variations in calorific value, sulfur dioxide value, and ash value of the Coal delivered hereunder, there shall be an amount(s) added to or subtracted from the Contract Prices as provided for in this Schedule. These price adjustments shall be in addition to any rights which Buyer may have as provided or referenced under the Rejection and Suspension Section of this Consignment.

(a) If the weighted average calorific value of the Coal unloaded and taken into account hereunder in a Half-Month is not equal to the Contract Monthly Btu Specification, then there shall be an amount added to the Contract Price (if the calculated number is positive) or subtracted from the Contract Price (if such number is negative), as determined by the following formula, to arrive at the adjusted price for such Coal:

$$\text{Amount Per Ton of Increase or Decrease for Calorific Value} = \frac{(\text{Actual Btu} - \text{Contracted Btu})}{\text{Contracted Btu}} \times \text{Contract Price}$$

provided, however, no premium will be paid for Calorific Value which exceeds the Contracted Monthly Btu/lb. by 500 Btu per pound.

(b) If the weighted average SO₂ content during a Month is greater than the SO₂ Contracted Monthly Specification, the Contract Price for Coal will be reduced by an amount determined in accordance with the following formula:

$$\frac{((\text{Actual lbs. SO}_2/\text{mmbtu} - \text{Contracted SO}_2/\text{mmbtu}) * \text{Actual Btu/lb.} * E)}{1,000,000}$$

E = the SO₂ Monthly Price (or if not published, the average of the SO₂ Daily Prices for the applicable calendar month of delivery) of allowances expressed in dollars per ton of SO₂ in the table entitled "AIR Daily Emission Allowance Indices" published in AIR Daily, or its successor publication, for such calendar month of delivery as first published following such month; or, if the SO₂ Monthly Price of allowances is expressed in dollars per allowance, then the SO₂ Monthly Price multiplied by the number of Title IV SO₂ emission allowances required to be surrendered to state and/or federal regulatory authorities under the Clean Air Act and/or any applicable implementing regulations, including, but not limited to the Clean Air Interstate Rule, in exchange for the right to emit one (1) ton of sulfur dioxide from the plant.

Additionally, an amount of three dollars (\$3.000) per ton shall be deducted from the Contract Price for each Shipment of Coal having an SO₂ value greater than the Shipment Suspension Limit.

(c) For each Shipment of Coal tested to have an ash content greater than the Shipment Suspension Limit, the Contract Price for Coal in such Shipment will be decreased by \$0.15 for each 0.5% ash increment, or portion thereof, by which the Shipment's ash content is tested to be above the Shipment Suspension Limit. (For example, if the Ash Shipment Suspension Limit is 13.00% and a Shipment has a percent ash value of 13.70, then the Contract Price decrease shall be \$0.30 per ton.)

SCHEDULE 8.1
WEIGHING, SAMPLING AND ANALYSIS

WEIGHING

Weights taken in accordance with this Schedule 8.1 shall be deemed accepted as correct (absent manifest error) and shall govern all invoicing and payments hereunder.

Weights of coal delivered by unit train shall be determined by Seller, at Seller's cost, by use of a batch weigh system located at the Designated Delivery Point and certified by an appropriate testing agency in accordance with the guidelines established by the National Institute of Standards and Technology Handbook #44. If there is no certified belt scale system at the Designated Delivery Point, weights shall be made by draft survey taken at the Delivery Point prior to the departure of the railcar(s) from the Designated Delivery Point. All such draft surveys at the Designated Delivery Point shall be conducted by an independent surveyor experienced in the conduct of draft surveys selected by mutual agreement of the Parties or, failing agreement, by Seller. In cases where (i) there is no certified belt scale system at the Designated Delivery Point or any such certified belt scale system is not operating and a draft survey is not taken at the Designated Delivery Point or (ii) the Designated Delivery Point is the ultimate destination, weights shall be taken at the destination by Buyer.

Buyer shall have the right, but not the duty, to have a representative present at any and all times to observe the determination of weights; however, Seller shall not be obligated to notify Buyer to be present. If Buyer should at any time question the accuracy of the weights thus determined, Buyer shall so advise Seller and confirm the same in writing, and Seller shall arrange to test the scales.

In the event Buyer determines that the weights being calculated by Seller are not within acceptable tolerances, then the Parties shall mutually agree upon a revised method to calculate the weight of the delivered coal and to resolve any related issues.

SAMPLING AND ANALYSIS

(a) Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded into each railcar, analyze the sample(s) so obtained, and notify Buyer of the short proximate (calorific value per pound, percent moisture, percent ash, and percent sulfur) analytical results of each unit train. Seller's notification shall include its weight determination and the identifying number of each railcar shipped, and shall be provided within 24 hours after the Coal is loaded into the railcars for shipment, or within 36 hours should the railcars be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

(b) All Coal delivered hereunder shall be sampled by Seller using a mechanical sampling system approximately at the time it is weighed by Seller on Seller's scales. Seller shall determine, by proper analyses made in its laboratory and at its expense, the "As-Received" quality and characteristics of the Coal. All sampling and analyses hereunder shall be performed in accordance with methods approved by the American Society for Testing and Materials (ASTM), or such other method as may be mutually acceptable. For purposes of determining moisture hereunder, the two-stage procedures as defined in ASTM 3302 shall be used. Except as otherwise provided in this Schedule, the results of the sampling and analyses by Seller shall be accepted as the quality and characteristics of the Coal unloaded hereunder. Each coal sample collected by the sampling party shall be properly divided into at least three subsamples. One subsample shall be immediately analyzed by the applicable laboratory for the governing contractual analysis. The second sample is to be sealed in an airtight container and sent to the non-sampling party. The third subsample is to be sealed in an airtight container and held by the sampling party for a period of at least thirty (30) days (hereinafter the

"Referee Sample"). Either Party may request analysis of the Referee Sample by an independent laboratory mutually agreed upon by the Parties. If the results of the Referee Sample analysis and the governing contractual analysis are within ASTM Reproducibility Limits, the original governing analysis shall stand. If the results are outside such ASTM Reproducibility Limits, then the results of the Referee Sample analysis shall be used for payment. The cost of analyzing the Referee Sample shall be borne by the Party requesting the Referee Sample analysis.

(c) If Buyer should from time to time question the correctness of either sampling or the analyses made by Seller, Buyer may request that up to six consecutively unloaded unit trains of Coal hereunder be individually sampled by Seller for analysis by a commercial testing laboratory, mutually chosen, and using mutually acceptable procedures. The results of such commercial testing laboratory's analyses shall be accepted as the quality and characteristics of such Coal. If the average of one or more of the Coal quality parameter values of the samples separately collected by Seller and analyzed by the commercial testing laboratory differ by more than the ASTM (or other mutually agreeable methodology) reproducibility tolerance ranges for such respective Coal quality parameter, when compared to the average values of splits of the same samples separately analyzed by Seller when both sets of sample splits have been taken from the same delivery of Coal, Seller shall pay such charges of such commercial testing laboratory, otherwise Buyer shall pay such charges.

(d) Unless Buyer challenges, pursuant to Part (c) above, the accuracy of either the sampling or analyses made by Seller by written notice to Seller by the 15th day of the month following the month in which the Shipment(s) of Coal represented by such sample(s) and/or analysis (analyses) was (were) taken into account by Seller, Buyer shall be deemed to have waived all claims with respect to such sampling and analyses.

Magnum Coal Sales, LLC

(3rd Quarter 2010).



AEP: America's Energy Partner®

Consignment

Dated: June 21, 2010

Seller: Magnum Coal Sales, LLC
12312 Olive Boulevard
St. Louis, MO 63141
Attn: Todd Adkins
Phone: (614) 389-2945
Fax: (304) 380-0379

Buyer: Kentucky Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Kimberly Chilcote
Phone: (614) 583-6301
Fax: (614) 583-1627

Primary Plant: Big Sandy

Effective June 21, 2010, Appalachian Power Company consigns, as provided below, certain coal deliveries under AEP Coal Supply Agreement No. 02-40-08-900 to Kentucky Power Company for delivery to its Big Sandy Plant.

- Term and Delivery Period:** July 1, 2010 – September 30, 2010
- Quantity:** Approximately 31,882 tons delivered during the term of the consignment.
- Price:** \$73.33 per ton FOB railcar at the Delivery Point, except as set forth hereafter in Quality Adjustments.
- Definitions:**
 - “**Approved Production Source(s)**” shall have the meaning set forth in Schedule 3.1-B.
 - “**BTU**” means the amount of energy required to raise the temperature of one (1) pound of pure water one (1) degree Fahrenheit from 59.5° Fahrenheit to 60.5° Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.
 - “**Business Day**” means a day on which Federal Reserve member banks in New York City, New York are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.
 - “**Coal**” means crushed, washed, bituminous coal to be sold by Seller and purchased by Buyer, the quality of which shall conform to the Quality Specifications set forth in Article III, and which does not trigger Buyer's rejection rights under Article II, or is otherwise acceptable by Buyer under this Agreement. Such Coal shall (i) be substantially free from any extraneous materials (including, but not limited to mining debris, Synfuel, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (ii) be substantially consistent in quality throughout a Shipment, (iii) meet the size required, and (iv) have no intermediate sizes (including fines) added or removed.

Dated: June 21, 2010

Definitions: (Continued)

“Designated Delivery Point” means FOB railcar or barge, as applicable, the coal loading facility described on Schedule 3.1-B.

“Eastern Prevailing Time” means Eastern Standard Time or Eastern Daylight Savings Time in effect in New York, New York, as the case may be on the relevant date.

“FOB” shall have the meaning given to such term as provided in the Uniform Commercial Code of the State of New York.

“Half-Month” means, with respect to any calendar month, either (a) the period from and including the first day of such month through and including the fifteenth day of such month or (b) the period from and including the sixteenth day of such month through and including the last day of such month.

“Quality Specifications” means the quality characteristics on an “As-Received” basis, using ASTM standards, specified on Schedule 3.1 hereto.

“Shipment” means, as applicable: (a) one unit trainload or at Buyer's election a composite of two or more unit trainloads; or (b) the aggregate of single railcars loaded on any one day (only where single car rates apply), or (c) one barge or at Buyer's election a composite of two or more barges, or vessel load; or (d) the aggregate of the truckloads that are unloaded at the Designated Delivery Point on any one day in accordance with the applicable Transportation Specifications.

“SO₂” means sulfur dioxide and “SO₂ per MMBtu” means sulfur dioxide per million Btu.

“Suspension” shall have the meaning set forth in Rejection and Suspension.

“Ton” means 2,000 pounds avoirdupois weight.

“Transportation Specifications” means the timing and tonnage requirements for Shipment(s).

“Transporter” means the entity or entities transporting Coal on behalf of Seller to and at the Designated Delivery Point or on behalf of Buyer or Buyer's designee from the Designated Delivery Point.

Reconsignment and/or Resale Rights:

From time to time, and at any time, Buyer shall have the right, but not the obligation, to have all or any part of the Coal hereunder reconsigned for delivery to any destination, and/or to make all or any part of the Coal hereunder available for purchase by any person(s), whether or not affiliated with Buyer, through Buyer's assignment of this Agreement or Buyer's purchase and subsequent resale to others of such Coal.

Should Buyer exercise its right to reconsign or resell Coal, Seller shall arrange for transport to the destination designated by Buyer, in accordance with the Transportation Specifications attached hereto as Schedule 2.4.

Scheduling:

Seller will advise Buyer of its desired loading dates and delivery schedule. The Parties will work together in good faith to agree on a reasonable and mutually acceptable delivery schedule within the Term and within each month during the Term.

Dated: June 21, 2010

Delivery:

The Coal shall be shipped to Buyer FOB rail or FOB barge at the Designated Delivery Point in accordance with the Transportation Specifications detailed in Schedule 2.4 (attached hereto and hereby made a part of this Agreement).

Seller shall be responsible for any costs or charges imposed on or associated with the delivery of the Contract Quantity up to the Designated Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Contract Quantity upon taking title to the Coal at the Designated Delivery Point in accordance with the Title, Risk of Loss and Indemnity Section.

If a Party is charged for any increased transportation charges, penalties, or other costs, including demurrage, attributable to the other Party's failure to timely load or unload the Coal in accordance with the terms of this Agreement, including the timing and tonnage requirements of the Transportation Specifications, and if such failure is not due to Force Majeure, such failing Party shall reimburse the other for such charges.

Each Party shall immediately contact the other Party in the event of a curtailment or interruption in the delivery or receipt of Coal hereunder. Each Party shall contact the other Party with as much advance notice as reasonably possible regarding any such impending curtailment or interruption.

Rejection and Suspension:

In addition to all other remedies at law or in equity, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements as set forth in the Quality Specifications:

(a) Buyer shall have the right to reject any Shipment hereunder if the Coal therein fails to conform to any requirement set forth in the Quality Section. Should Buyer exercise such right of rejection, it shall notify Seller by telephone upon discovery of the nonconformance, such notification to be promptly confirmed in writing.

(b) Buyer shall have the right to suspend all further shipments of Coal hereunder if: (i) there are three (3) non-conforming Shipments, whether rejected or not, in any two (2) month period; (ii) two (2) out of four (4) consecutive Shipments are non-conforming Shipments; or (iii) the Coal quality fails to meet the defined minimum or exceeds the defined maximum contracted Half-Month "Suspension" specifications

Dated: June 21, 2010

**Rejection and
Suspension:**

applicable under the Quality Section. Should Buyer exercise such right to suspend further Shipments, Buyer shall notify Seller of its exercise of right of suspension within 15 calendar days after the day or Half-Month period in which such failure occurs.

(c) Upon receipt of Buyer's notice of suspension, Seller shall immediately suspend further Shipments and make every reasonable effort to correct the conditions giving rise to the Shipment(s) of Coal failing to conform to such specifications or requirements. Seller shall inform Buyer in writing on a weekly basis of such corrective actions taken by Seller.

During such suspension, Seller shall permit Buyer's reasonable access to the production sources and related facilities hereunder and to all engineering data related thereto. Buyer shall have the right, but not the duty, to reasonably participate in discussions relating to the matter and to recommend procedures to correct said matter.

Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing Shipment of Coal not in accordance with this Agreement have been corrected and that Seller can and shall deliver Coal meeting the Quality Section requirements and meeting the "Contracted Half-Month" specifications of Schedule 3.1-A (attached hereto and hereby made a part of this Agreement).

Upon receipt by Buyer of Seller's satisfactory written assurances, as determined by Buyer in its sole and reasonable discretion, shipments shall be resumed at the rate specified above.

(d) In the event that: (i) Seller fails to provide Buyer with such assurances within ten (10) days after the date of Buyer's notice of suspension as described in this Section; or (ii) having provided such assurances, Seller fails to correct such conditions and resume shipments in the ensuing 30 days thereafter; or (iii) after such resumption of shipments, Seller's subsequent deliveries at any time during the ensuing 60 days fall below the minimum or exceed the maximum "Suspension" or rejection specifications shall constitute an Event of Default.

(e) Whether shipments suspended hereof shall be made up, as well as the scheduling of such make up, shall be at Buyer's sole discretion. In the event Buyer exercises its right to require such make up, delivery of make up tonnage shall be scheduled so that such deliveries shall be shipped no later than 365 calendar days following resumption of shipments.

Dated: June 21, 2010

Quality Specifications:

Seller shall cause all Coal shipped to Buyer, pursuant to this Agreement, to comply with Quality Specifications set forth on Schedule 3.1-A. At any time during the Term, Buyer may elect to receive delivery of Specification B Coal, as set forth on Schedule 3.1-A for all Coal being shipped by barge (the "Specification B Option"). Should Buyer make such election, Buyer shall provide Seller at least six months prior written notice. Such notice shall specify the duration Buyer requires delivery of Specification B Coal.

Buyer may terminate this Agreement, in the event that Seller does not have alternate sources from the Approved Production Source that are able to supply Coal meeting Buyer's requirements and specifications and perform satisfactorily at the Plant, or terminate deliveries from an Approved Production Source(s) if Buyer in its reasonable judgment determines through operating experience that the Coal therefrom, even if the Coal meets the requirements and specifications of Schedule 3.1-A, (i) causes unsatisfactory performance at the consigned destination, or (ii) requires Buyer to modify equipment, facilities, practices, or processes. In such event, Buyer shall provide Seller with written notice thereof, specifying the basis of such unsatisfactory performance or modification requirement. In the event of such termination, neither Party shall have any obligation to the other Party, except for payment for prior performance. Additionally, the Parties agree that this termination shall not constitute an Event of Default and, therefore, no damages shall apply.

Agents/Freeze-Treating:

At Buyer's verbal request to be promptly confirmed by facsimile, Seller shall cause a freeze-conditioning agent, and a side-release agent, (each, an "Agent") to be applied to the Coal. Seller will cause only the Agent(s) reasonably specified by Buyer to be used and will cause the Agent(s) to be applied in a reasonable manner as specified by Buyer. Buyer will provide reasonable advance notice of the dates for starting and ending the Agent(s) application. Buyer shall pay Seller an amount equal to Seller's actual reasonable cost to apply the Agent(s) (including the cost of such Agent[s]), provided Seller has done so in strict accordance with this Agreement.

Dated: June 21, 2010

Billing and Payment:

During the period commencing January 1, 2010, and ending December 15, 2010, Buyer shall make a preliminary payment by electronic transfer to Seller on or before the fifth (5th) day after the close of the applicable Half-Month, provided, Seller submits an invoice to Buyer within three (3) days of the end of the Half-Month in an amount not to exceed eighty (80%) percent of the product of: (i) the Tons of Coal loaded by Seller into barges during such Half-Month period, times (ii) the applicable Base Price. Reconciliation of Shipments and preliminary payments with actual quantity and quality of Shipments will be done by Buyer in accordance with the Agreement.

Seller shall submit to Buyer an invoice showing the weight, analytical, and cost data on such Coal shipped during each Half-Month at each respective consigned destination within five (5) Business Days after each such Half-Month period. Each invoice shall include a reference to this Agreement's contract number 02-40-08-900.

Buyer shall make payment by electronic transfer to Seller within 20 calendar days after the Half-Month period, provided Seller's invoice is submitted in accordance with the preceding paragraph. Seller shall provide Buyer all pertinent wire transfer instructions on each invoice. Buyer shall not be obligated to make payment to Seller for Shipments of Coal until the analytical results have been provided to Buyer.

Payment shall be made by wire transfer or electronic means in immediately available United States dollars for all coal shipped hereunder. If not already provided in this Contract, Seller shall provide Buyer all pertinent remittance instructions in a letter (containing the bank name, account name, ABA number, and account number, as well as Seller's federal tax identification number) which shall be signed by a duly authorized representative of Seller. Any change in the remittance instructions shall be provided in the same manner. As of the date hereof, such letter shall be addressed to Buyer, and such payments remitted to Seller, as follows:

<u>SENT INVOICES TO:</u>	<u>REMIT PAYMENT TO:</u>
AEP - Fuel Accounting	Huntington National Bank
Attn: Glenn Gaffney	Columbus, Ohio
301 S. Cleveland Avenue, S.W.	[REDACTED]
Canton, OH 44702	[REDACTED]
Fax: 330-438-7325	[REDACTED]

If Buyer in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest (the prime rate of interest for United States dollars as published from time to time under the section titled, "Money Rates" by *The Wall Street Journal*, plus two percent [2%] per annum, but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]).

Dated: June 21, 2010

**Billing and Payment:
(Continued)**

If any Party fails to pay amounts under this Agreement when due, unless such amount is the subject of a dispute as provided above, in addition to the rights and remedies provided in this Agreement, the aggrieved Party shall have the right to suspend performance under this Agreement until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

**Adjustments to Contract
Price:**

Adjustments to the Contract Price for variances in quality shall be made in accordance with the provisions of Schedule 7.1 (attached hereto and hereby made a part of this Agreement). The Contract Price as adjusted by such provisions, rounded to the nearest cent (\$0.01), is referred to as the "Selling Price."

Change in Law:

Seller hereby certifies that it is or will be in compliance with the rules, practices, and standards issued by any governmental agency with respect to legislation, regulations, or rules which were in effect either by interim or final rules as of December 31, 2008.

In the event of the enactment, modification, or revision of any Federal, State or local legislation, regulations, or rules issued pursuant thereto, including but not limited to the Federal Mine Safety & Health Act of 1977 and the Surface Mining Control and Reclamation Act of 1977, after December 31, 2008, which affect the bituminous coal industry with respect to the coal reclamation, conservation, environmental protection, mine safety, mine working conditions and practices, ventilation, health, employee retirement programs, occupational hazards, research and reclamation and conservation of mined areas, (the "Change in Law Event") and which increases or decreases Seller's actual direct out-of-pocket costs of producing Coal under this Agreement, then, subject to the remaining provisions of this Section, an appropriate adjustment will be made to the current Contract Price to recognize such changed costs due to the Change in Law Event; provided, however, there shall be no changes made in the Contract Price for changed costs associated with (i) any past requirements imposed by the Mine Improvement and

Dated: June 21, 2010

**Change in Law:
(Continued)**

New Emergency Response (MINER) Act of 2006 or any past regulations, rules or mandates issued pursuant thereto; or (ii) labor related benefits or taxes, real or personal property taxes, corporate net income or franchise taxes. Further, time being of the essence, Seller shall provide Buyer with (i) written notice that Seller intends to request a price adjustment due to a Change in Law Event within ninety (90) days following the enactment, modification, or revision, which notice shall specify the Change in Law Event and a non-binding estimate of such resulting costs; and (ii) detailed documentation to allow a determination of the validity of the claim, and Seller's proposed adjustment for all resulting costs, within two hundred seventy (270) days following such written notice. Buyer shall then have one hundred eighty (180) days following its receipt of Seller's documentation to determine the validity of such claim and to accept, deny, or reach an agreement with Seller as to such claim. Buyer shall have the right to terminate this Agreement should any such adjustment cause the Contract Price to be increased by more than two and one-half percent (2.50%) of its then current amount or should the total of all such adjustments under this subsection (c) cause the Contract Price to be increased by more than five percent (5.00%).

Solely as it relates to the Deferred Tonnage, in the event of a Change in Law Event after December 31, 2008 that causes the applicable Contract Price (FOB Railcar or FOB Barge) to be increased by more than two and one-half percent (2.50%) of the applicable Contract Year 2011 Contract Price, as specified in Article V of this Agreement, plus \$2.00, or in the event of multiple Change in Law Events after December 31, 2008, such that the total of all such adjustments under this Section cause the Contract Price to be increased by more than five percent (5.00%) of the applicable Contract Year 2011 Contract Price plus \$2.00, then Buyer may elect to pay the increase in costs over five percent (5.00%) plus \$2.00 per ton. Should Buyer not elect to pay the increase in costs over five percent (5.00%) plus \$2.00 per ton, then Seller shall have the right to terminate this Agreement upon thirty (30) days written notice to the Buyer.

If Seller and Buyer are unable to agree within the time periods set forth above as to the amount the price per ton should be adjusted or as to whether the event is applicable, then the matter shall be submitted to a firm of mining engineers and/or independent certified public accountants mutually agreeable to the Parties for final determination, which shall be binding upon the Parties.

**Weighing, Sampling and
Analysis:**

Weighing, sampling, and analyses shall be performed by Seller in accordance with the provisions of Schedule 8.1.

Dated: June 21, 2010

Representations:

On the Effective Date, each Party represents and warrants to the other Party that:

- (i) it is duly organized, validly existing and in good standing under the laws of jurisdiction of its formation;
- (ii) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (iii) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (iv) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses;
- (v) Buyer and Seller are each acting for its own account; each Party has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- (vi) it is not bankrupt and there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- (vii) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (viii) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (ix) it is a "forward contract merchant" and this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code;
- (x) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Coal referred to in this Agreement;

Dated: June 21, 2010

**Representations:
(Continued)**

- (xi) with respect to this Agreement, it is an "eligible contract participant" as defined in Section 1a(12) of the Commodity Exchange Act, as amended [7USC § 1a(12)];
- (xii) all applicable information that is furnished in writing by it or on behalf of it to the other Party pursuant to this Agreement is as of the date provided true, accurate and complete in every material respect. For purposes of this representation, financial information provided via posting on the Internet shall be deemed to be written information provided to the other Party;
- (xiii) no event or circumstance exists at any Approved Production Source (as provided under Schedule 3.1-B), that would constitute an event of Force Majeure under this Agreement.

Each Party represents that the individuals signing this Agreement on behalf of each of them has been duly authorized to do so. This Agreement will become a valid and binding contract only upon its execution by such persons authorized to bind both Parties.

Dated: June 21, 2010

Warranties:

In addition to all other warranties and representations made by Seller in this Agreement, Seller represents and warrants that (i) Seller, its affiliates or subsidiaries, shall by the Effective Date of this Agreement, own or control sufficient reserves of Coal as defined in Schedule 3.1-B to satisfy the quantity and quality provisions for this Agreement; (ii) Seller hereby certifies that it is in good faith compliance with the rules, practices, and standards issued by any and all governmental agency(ies) with respect to legislation, regulations, rules, or mandates which were in effect either by interim or final rules, or passed, adopted, or promulgated but to go into later effect, as of the time specified for the first delivery of Coal hereunder, including all laws and regulations regarding the mining and sale of Coal (notices and orders issued under the Federal Coal Mine Health and Safety Act and State and Federal Reclamation Acts excepted); and (iii) Seller has filed or will have filed in a timely manner to have obtained by said time all licenses, permits, certificates and other documents necessary for it to fulfill its obligations hereunder.

Seller covenants that it will, and does hereby, dedicate to this Agreement such quantity of said Coal reserves as is required for the full performance of Seller's obligations hereunder and that Seller will not sell nor contract to sell to others Coal from said reserves in such quantity and quality as to jeopardize its ability to deliver the total quantity and quality of Coal called for by this Agreement. Nothing in this Warranties Section shall be construed as preventing Seller from mining and selling Coal from said reserves to others provided the foregoing provisions with respect to said reserves are complied with.

Dated: June 21, 2010

Title, Risk of Loss and Indemnity:

Title for Coal conforming to this Agreement shall pass to Buyer as follows:

- a) Title to and risk of loss (except as provided in Schedule 2.4) of the Coal will pass to Buyer as the loaded barges are pulled from the Designated Delivery Point.
- b) Title to and risk of loss (except as provided in Schedule 2.4) of the Coal will pass to Buyer as the loaded unit trains are pulled from the Designated Delivery Point.
- c) Title shall revert back to Seller immediately upon any Shipment rejection by Buyer as provided elsewhere in this Agreement.

Seller warrants that it has title to the Coal and will deliver the Coal to Buyer free and clear of all liens, claims, and encumbrances arising prior to the transfer of title to Buyer. Seller and Buyer shall each indemnify, defend, and save harmless the other Party, its officers, directors, Affiliates, agents, and employees from and against any liabilities, expenses, losses, claim, damages, penalties, causes of action, or suits arising out of or in connection with: (i) its failure to comply with its obligations under this Agreement; or (ii) from injury to or death of any person or loss of or damage to the property of any person caused by, in whole or in part, any negligent, reckless or tortious act or omission from the other Party or its officers, directors, employees, subcontractors, or agents. The indemnifying party may settle a claim without the other Party's consent, provided any such settlement is without expense to the other Party. The indemnity obligations under this Article will not apply to any claims determined in a final and non-appealable judgment to result from the sole gross negligence or willful misconduct of the other Party.

Seller shall indemnify, save harmless, and defend Buyer and its Affiliates, its officers, directors, agents, and employees (all referred to in this sentence as "Buyer") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Buyer (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars (or barges, if applicable) furnished hereunder (as applicable), between the time that such railcars (or barges, if applicable) are delivered to Seller or Seller's agent and the time that custody thereof is properly returned to Buyer (or to Buyer's agent carrier, if applicable), or if deliveries are by truck, arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part, to trucking of Coal, whether such Coal is trucked by Seller or Seller's trucking contractor(s). Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to the other Party immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

Dated: June 21, 2010

Title, Risk of Loss and Indemnity: (Continued)

Buyer shall indemnify, save harmless, and defend Seller and its Affiliates, its officers, directors, agents, and employees (all referred to in this sentence as "Seller") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Seller (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars and/or barges furnished hereunder, between the time that the railcars and/or barges are loaded with Coal at a Designated Delivery Point and the time that such Coal is unloaded at consigned destination. Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to Seller by Buyer immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to the other Party as soon as practicable upon the occurrence thereof, and confirmed in writing as soon as possible thereafter.

Netting and Set Off:

If the Parties are required to pay any amount under this Agreement in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement or any other agreement between the Parties may be offset against each other, set off or recouped therefrom.

Dated: June 21, 2010

**Events of Default,
Remedies and
Limitation of Liabilities:**

. An event of default ("Event of Default") with respect to a Party (the "Defaulting Party") shall mean any of the following:

1) the failure of the Defaulting Party to pay when due any required payment and such failure is not remedied within three (3) Business Days, after receipt of written notice thereof, provided the payment is not subject to a good faith dispute as described in Article IV;

2) an event described under paragraph (d) of Rejection and Suspension, has occurred;

3) any representation or warranty made by a Party herein shall prove to be untrue in any material respect when made;

4) the failure of the Defaulting Party to comply with its other respective covenants or obligations under this Agreement and such failure continues uncured for five (5) Business Days after receipt of written notice thereof;

5) the Defaulting Party shall be subject to a Bankruptcy Proceeding;

6) (i) the expiration or termination of any Credit Support of such Party's obligations under this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement to which such Credit Support relates without the written consent of the other Party; (ii) failure of a Party's Credit Support Provider, if any, to perform any covenant in its Guaranty; or (iii) such Credit Support Provider becomes subject to a Bankruptcy Proceeding;

7) the Defaulting Party fails to establish, maintain, extend, or increase Performance Assurance when required pursuant to this Agreement;

8) the occurrence of a Material Adverse Change with respect to the Defaulting Party; provided, such Material Adverse Change shall not be considered an Event of Default if the Defaulting Party, within forty-eight hours but at least one (1) Business Day after the date of notice, provides to the Non-Defaulting Party for so long as the Material Adverse Change is continuing, Performance Assurance with the Non-Defaulting Party in an amount equal to the sum of (in each case rounding upwards for any fractional amount to the next \$250,000):

a) the Settlement Amount that would be owed to the Non-Defaulting Party;

plus

b) if the Non-Defaulting Party is Seller, the amount equal to aggregate of the amounts Seller is entitled to receive under this Agreement for Coal scheduled during the 60 day period preceding the Material Adverse Change (the amount of said Performance Assurance to be adjusted quarterly to reflect amounts owing at that point in time);

provided, however, a Material Adverse Change with respect to Seller shall not constitute an Event of Default hereunder unless Seller's deliveries under this Agreement are deficient, unless such deficiency is by reason of Force Majeure, by written agreement of Buyer and Seller, or Buyer's failure to perform.

Dated: June 21, 2010

**Events of Default,
Remedies and
Limitation of Liabilities:
(Continued)**

Upon the occurrence and during the continuance of an Event of Default, the other Party (the "Non-Defaulting Party") may, in its sole discretion:

1) terminate, accelerate, and liquidate the Parties' respective obligations under this Agreement by establishing, and notifying the Defaulting Party of, an early termination date (which shall be no earlier than the date of such notice nor later than 20 days after the date of such notice) on which this Agreement shall terminate ("Early Termination Date"); and/or

2) withhold any payments due to the Defaulting Party until such Event of Default is cured; and/or

3) suspend performance of its obligations under this Agreement until such Event of Default is cured.

If notice of an Early Termination Date is given under this Article, the Early Termination Date will occur on the designated date, whether or not the relevant Event(s) of Default is then continuing.

Written consent to one or more assignments shall not be construed as waiving the necessity of obtaining written consent to other and/or additional assignments.

Addresses for Notices:

Notices required under this Agreement may be exercised verbally, but shall be provided to the other Party in writing as soon as practicable to the addresses shown herein. The Parties shall be legally bound from the date the notification is exercised.

Following each Shipment, Seller shall provide Buyer with a shipping notice that includes: (i) the applicable Agreement number; (ii) the Plant destination; (iii) the short proximate (calorific value per pound, percent moisture, percent ash, percent sulfur, and with respect to Illinois Basin coal, the sodium and chlorine content) average analytical results of each Shipment; (iv) Seller's weight determination and the identifying number(s) of each Shipment; and (v) the date the coal was loaded into the railcars or barges, with the starting and stopping times of the loading. If the coal is to be sold FOB rail, then the notice shall also include the transportation agreement number, the origin station, and the train number. If the coal is to be sold FOB barge, then the notice shall also include the shipping origin (dock name and milepost number) and barge number. Such notice shall be provided within 24 hours after the coal is loaded for shipment, or within 36 hours should the Shipment be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

Shipping notices shall be sent to fuels@aep.com, and the Plant.

Dated: June 21, 2010

Confidentiality:

Neither Party shall disclose, either directly or indirectly, the terms of this Agreement to a third party without the written consent of the other Party (other than a Party's and its Affiliates employees, lenders, counsel, accountants or prospective permitted purchasers), except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

Accepted:

Consignee:

James D. Henry
Vice President, Fuel Procurement - East
On behalf of American Electric Power
Service Corporation, as agent for
Kentucky Power Company
Date: June 21, 2010

SCHEDULE 2.4
TRANSPORTATION SPECIFICATIONS

RAIL

Seller shall load Coal that is to be shipped hereunder into railcars provided by Buyer, or its agent, at the Designated Delivery Point(s) listed on Schedule 3.1-B of this Agreement. Requests for any additional rail shipping origin(s) shall be proposed by Seller in writing and shall be subject to Buyer's written approval. Such approval shall be subject to Buyer's reasonable discretion not to be unreasonably withheld.

Except when in conflict with provisions of this Agreement, (in which case, such provisions shall control), the loading at the shipping origin shall be accomplished according to the standard tariff or contract agreements governing such operations between the Coal tipple operator and carrier, including but not limited to free time and demurrage charges. Buyer shall not be responsible for any charges assessed at the origin by carrier including, but not limited to, detention charges, overloading, underloading, or hot coal.

Seller shall not have the right to ship Coal to be delivered under this Agreement from any rail shipping origin(s) other than the Designated Delivery Point(s) listed on Schedule 3.1-B unless Seller shall first have obtained Buyer's written approval of such additional shipping origin. Such approval shall be subject to Buyer's sole discretion, and upon Seller's agreement to pay any increased transportation cost differential (based on carrier-provided cars) that would be incurred by Buyer (any decreased transportation cost differential shall be to Seller's benefit) if shipments were made from such proposed rail shipping origin as compared to Beth and Kohlsaaf Loadouts.

Seller shall cause the loadings hereunder to be tendered in unit trainload lot shipments of not less than 90 railcars each, shall be loaded to a minimum weight equal to ninety-eight percent (98%) of the total of the marked load limit of all the cars in the unit train, and shall be loaded in not more than four (4) hours from the Designated Delivery Point(s); provided, however, that subject to the provisions hereinafter, Seller may tender trainload lot shipments of less than 90 railcars from a Designated Delivery Point(s) that is otherwise not capable of loading trainload lot shipments of 90 railcars. Seller shall add the following notation on each bill of lading or mine card documents: "Subject to Contract No. CSXT-C-04254" or such other contract number as designated from time to time by Buyer.

Seller shall cause deliveries to be loaded on any day of the week. Seller shall cause loadings to commence at any hour of the day that scheduled railcars are made available for loading, and loading time for each unit train shipped hereunder shall not exceed four (4) hours from the time the unit train is placed for loading at the origin by the rail carrier. Seller shall provide to Buyer, at least ten (10) days prior to the beginning of each month, a proposed shipping schedule. Buyer shall review the schedule to verify if it can be accomplished with the railroad and that, when combined with deliveries from all Designated Delivery Point(s) (if more than one), it does not exceed the quantity obligation under this Agreement, and advise Seller of acceptance or nonacceptance.

If at any time Seller ships Coal that results in Buyer being charged for improper consignment or otherwise results in Buyer being charged a transportation charge for delivering such Coal (including but not limited to any demurrage charge) which exceeds the minimum transportation charge then in effect for shipments of not less than 90 railcars loaded in not more than four (4) hours and meeting all other railroad requirements necessary for the minimum transportation rate set forth in the contract for shipping Coal from the Beth and Kohlsaaf Loadouts origin in carrier-provided railcars, then any such improper consignment charge or excess transportation charge shall be credited to Buyer.

Should Seller not originate shipments in accordance with these Transportation Specifications, Seller shall pay Buyer for any resulting charges incurred by Buyer which are assessed by the railroad in excess of the charges that would have been incurred by Buyer had Seller strictly complied herewith.

Should Buyer reject any railcar load(s) of Coal in any shipment, Seller shall arrange for the removal of such rejected railcar(s). All costs assessed by the railroad, including but not limited to reconsignment charges, transportation charges, and demurrage charges, shall be to the account of Seller. In addition, if the rejected railcar(s) of Coal are Buyer-provided railcar(s), then Seller shall also pay the per diem and mileage charges as defined in the Car Hire Tables of the Official Railway Equipment Register, as amended. Such per diem charges shall be effective as of the first 7:00 a.m. following Buyer's rejection until the railcar(s) are unloaded at a destination specified by Seller and then returned to a destination specified by Buyer (or by the railroad, if applicable) for further utilization. Such mileage charges shall be based on the loaded and empty miles traveled by the rejected railcar(s) from the point of rejection to such specified return destination.

SCHEDULE 3.1-A
QUALITY SPECIFICATIONS

The Coal required and shipped hereunder to the Plant (and at each other respective consigned destination,) shall meet the following "Contracted Half-Month" specifications. Further, for the purposes of this Schedule, the following "Suspension" specifications shall be applicable to such Coal.

Specification A:	<u>"As-Received" Basis</u>		
	Contracted	Half-Month (A)*	Shipment (B)*
	<u>Half-Month</u>	<u>Suspension Limit</u>	<u>Suspension Limit (D)*</u>
Calorific Value (Btu/lb.)	12,200	11,900 minimum	11,800 minimum
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*	1.35	1.60 maximum	1.60 maximum
Moisture (%)	10.00	10.00 maximum	10.00 maximum
Ash (%)	13.00	14.50 maximum	15.00 maximum
Volatile Matter (%)	32.00	Not Applicable	30.00 minimum
Hardgrove Grindability	47 HGI	Not Applicable	44 minimum
Ash Fusion Temp.(H=½w) °F Red. Atm	2,700	Not Applicable	2,700 minimum

Specification B:	<u>"As-Received" Basis</u>		
	Contracted	Half-Month (A)*	Shipment (B)*
	<u>Half-Month</u>	<u>Suspension Limit</u>	<u>Suspension Limit (D)*</u>
Calorific Value (Btu/lb.)	12,200	11,900 minimum	11,800 minimum
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*	1.20	1.20 maximum	1.20 maximum
Moisture (%)	10.00	10.00 maximum	10.00 maximum
Ash (%)	13.00	14.50 maximum	15.00 maximum
Volatile Matter (%)	32.00	Not Applicable	30.00 minimum
Hardgrove Grindability	47 HGI	Not Applicable	44 minimum
Ash Fusion Temp.(H=½w) °F Red. Atm	2,700	Not Applicable	2,700 minimum

Definitions:

- (A) = the Half-Month weighted average analysis result (as determined under Article VIII of this Agreement).
- (B) = the analysis result of the sample (or composite of samples, if more than one) representing each Shipment of Coal, or, at Buyer's election, a composite of two or more such Shipments.
- (C) = For the purpose of determining the pounds of sulfur dioxide per million Btu and pounds Ash per million Btu, the figures shall be rounded to the nearest one hundredth. For example, 1.104 pounds SO₂ per million Btu shall mean 1.10 pounds SO₂ per million Btu, while 1.105 pounds SO₂ per million Btu shall mean 1.11 pounds SO₂ per million Btu and shall be deemed, for example, not to have met a 1.10 pounds SO₂ per million Btu specification.
- (D) = Buyer shall also have the right to reject any Coal that: 1) has a maximum topsize exceeding 2 inches or exceeds 45% capable of passing a one quarter inch (1/4") square wire cloth sieve; 2) is not free flowing and free of extraneous material upon unloading; and 3) has intermediate sizes (including fines) added or removed.

SCHEDULE 3.1-B
APPROVED PRODUCTION SOURCE(S), APPROVED RESERVE(S) OF COAL,
AND DESIGNATED DELIVERY POINT(S)

The Approved Production Source(s) to which reference is made to in this Agreement consist of the following:

For Rail Delivered Coal - Hobet Mine (as depicted on the map attached hereto and hereby made a part hereof) consisting of a surface mine, extracting the reserves consisting of the Stockton and 5, 6, & 7 Block seams of coal in Boone County, West Virginia and the Jupiter Mine consisting of an underground mine in Boone County, West Virginia.

For Rail Delivered Coal – Big Mountain Mine

In addition to providing Coal from the Approved Production Source(s) Seller shall have the option, subject to Buyer's written approval, which shall not be unreasonably withheld, to provide the Coal from any alternate source that Seller may select, provided such substituted Coal complies with all Quality Specifications for the Coal to be replaced and is otherwise reasonably acceptable to Buyer, and provided further that Buyer may, at its reasonable discretion, require Seller to provide Buyer with a suitable amount of such Coal from the alternate source for purposes of a test burn. Seller shall cooperate with Buyer in Buyer's arranging for alternative transportation to allow the Coal shipped from the alternate source to be delivered to Buyer at the Designated Delivery Point at the same time and at the same Contract Price as if delivery had been made to Buyer from the original source. Any increased or decreased transportation, handling, storage and other costs incurred by Buyer directly resulting from Seller's provision of substitute Coal shall be for Seller's account.

The Approved Reserve(s) of coal to which reference is made in this Agreement consist of the following:

For Rail Delivered Coal - The Hobet Mine Reserve, (as depicted on the map attached hereto and hereby made a part hereof) the reserves consisting of the Stockton and 5, 6, & 7 Block seams of coal in Boone County, West Virginia and the Jupiter Mine Reserve in Boone County, West Virginia.

The Designated Delivery Point(s) to which reference is made in this Agreement consists of:

For Rail Delivery: Beth and Kohlsaas Loadouts
For Rail Delivery: Prenter Loadout

SCHEDULE 7.1
QUALITY ADJUSTMENTS

In order for the Selling Price to accommodate variations in calorific value, sulfur dioxide value, and ash value of the Coal shipped hereunder, there shall be an amount(s) added to or subtracted from the Contract Prices as provided for in this Schedule. These price adjustments shall be in addition to any rights which Buyer may have as provided or referenced under Article II of this Agreement.

(a) If the weighted average calorific value of the Coal shipped hereunder in a Half-Month is not equal to the Contract Half-Month Btu Specification, then there shall be an amount added to the Contract Price (if the calculated number is positive) or subtracted from the Contract Price (if such number is negative), as determined by the following formula, to arrive at the adjusted price for such Coal:

$$\text{Amount Per Ton of Increase or Decrease for Calorific Value} = \frac{(\text{Actual Btu} - \text{Contracted Btu})}{\text{Contracted Btu}} \times \text{Contract Price}$$

provided, however, no premium will be paid for Calorific Value which exceeds the Contracted Half-Month Btu/lb. by 500 Btu per pound.

(b) If the weighted average SO₂ content during a Half-Month is greater than the SO₂ Contracted Half-Month Specification, the Contract Price for Coal will be reduced by an amount determined in accordance with the following formula:

$$\frac{((\text{Contracted lbs. SO}_2/\text{mmbtu} - \text{Actual lbs. SO}_2/\text{mmbtu}) * \text{Actual Btu/lb.} * E)}{1,000,000}$$

E = \$250.00, the SO₂ Monthly Price of allowances. The SO₂ Price of allowances is expressed in dollars per allowance, and shall be multiplied by the number of Title IV SO₂ emission allowances required to be surrendered to state and/or federal regulatory authorities under the Clean Air Act and/or any applicable implementing regulations, including, but not limited to the Clean Air Interstate Rule, in exchange for the right to emit one (1) ton of sulfur dioxide from the plant.

Additionally, an amount of three dollars (\$3.000) per ton shall be deducted from the Contract Price for each Shipment of Coal having an SO₂ value greater than the Shipment Suspension Limit.

(c) For each Shipment of Coal tested to have an ash content greater than the Shipment Suspension Limit, the Contract Price for Coal in such Shipment will be decreased by \$0.15 for each 0.5% ash increment, or portion thereof, by which the Shipment's ash content is tested to be above the Shipment Suspension Limit. (For example, if the Ash Shipment Suspension Limit is 13.00% and a Shipment has a percent ash value of 13.70, then the Contract Price decrease shall be \$0.30 per ton.)

SCHEDULE 8.1
WEIGHING, SAMPLING AND ANALYSIS

WEIGHING

FOR DELIVERIES BY RAIL:

Weights taken in accordance with this Schedule 8 shall be deemed accepted as correct (absent manifest error) and shall govern all invoicing and payments hereunder.

(a) Except as provided in (e) below, the weight of the Coal shipped by unit train hereunder shall be determined by Seller at its expense on Seller's batch weigh system at Seller's loading facility(ies). Such scales shall be calibrated once every six (6) months to maintain them to within plus or minus two tenths of one percent ($\pm 0.20\%$) accuracy. At Buyer's request, which Buyer may make from time to time, Seller shall inform Buyer of the results of such testing and calibration. The testing and calibration of such scales shall be accomplished in accordance with the guidelines outlined in the National Institute of Standards and Technology Handbook #44, or other procedures which shall be mutually acceptable to Seller and Buyer.

(b) Seller shall give prompt notice by telephone or facsimile and confirm such notice in writing to Buyer if and when any scales are discovered to be in error beyond the limits established above. If at any time the scales are determined to be in error beyond the limits established in (a) supra, an adjustment of the payment to Seller shall be made based on the assumption that the condition causing the scales to be in error beyond such limits shall have existed with respect to all Coal unloaded on and after 30 calendar days prior to such discovery, or the date of the previous scale calibration, whichever is later. Such adjustment shall be in an amount equal to the difference in the weights as specified in the applicable invoices and the weights that would have been obtained had the scales been accurate (without applying a $\pm 0.20\%$ tolerance), multiplied by the price per ton as stated in said invoices.

(c) Buyer shall have the right, but not the duty, to have a representative present at any and all times to observe the determination of weights; however, Seller shall not be obligated to notify Buyer to be present. If Buyer should at any time question the accuracy of the weights thus determined, Buyer shall so advise Seller and confirm the same in writing, and Seller shall arrange to test the scales. If such test shows the scales to be in error, they shall be adjusted to the required accuracy established above. If such test requested by Buyer shows the scales to be within the applicable limits established above for the respective scale, then Buyer shall pay all costs of such test, otherwise Seller shall pay all such cost.

(d) Any payments due by either Party to the other, as a result of adjustment and/or payment of costs made pursuant to this Schedule 8, shall be paid in accordance with Article IV, Billing and Payment; Financial Reports.

(e) During any period when Seller's scales are inoperable, determination of the quantities of Coal shipped shall be made by a procedure to be established at such time by agreement of Buyer and Seller.

SAMPLING AND ANALYSIS

FOR DELIVERIES BY RAIL OR BARGE:

(a) Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded into each railcar or barge, analyze the sample(s) so obtained, and notify Buyer and the consigned destination of the short proximate (calorific value per pound, percent moisture, percent ash, and percent sulfur) average analytical results of each railcar or barge. Seller's notification shall include its weight determination and the identifying number of each railcar or barge shipped, and shall be provided within 24 hours after the Coal is loaded into the railcars or barges for shipment, or within 36 hours should the railcar or barge be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

(b) All Coal shipped hereunder shall be sampled by Seller using a mechanical sampling system approximately at the time it is weighed by Seller on Seller's scales. Seller shall determine, by proper analyses made in its laboratory and at its expense, the "As-Received" quality and characteristics of the Coal. All sampling and analyses hereunder shall be performed in accordance with methods approved by the American Society for Testing and Materials (ASTM), or such other method as may be mutually acceptable. For purposes of determining moisture hereunder, the two-stage procedures as defined in ASTM 3302 shall be used.

(c) Except as otherwise provided in this Schedule, the results of the sampling and analyses by Seller shall be accepted as the quality and characteristics of the Coal shipped hereunder at each respective consigned destination. Each coal sample collected by the sampling party shall be properly divided into at least three subsamples. One subsample shall be immediately analyzed by the applicable laboratory for the governing contractual analysis. The second sample is to be sealed in an airtight container and sent to the non-sampling party. The third subsample is to be sealed in an airtight container and held by the sampling party for a period of at least thirty (30) days (hereinafter the "Referee Sample").

The non-sampling party may request analysis of the Referee Sample by an independent laboratory mutually agreed upon by the parties. If the results of the Referee Sample analysis and the governing contractual analysis are within ASTM Reproducibility Limits, the original governing analysis shall control and the cost of analyzing the Referee Sample shall be borne by the party requesting the Referee Sample analysis. If the results are outside such ASTM Reproducibility Limits, then the results of the Referee Sample analysis shall be used for payment, and the cost of analyzing the Referee Sample shall be borne by the sampling party.

(d) Unless Buyer challenges the accuracy of either the sampling or analyses made by Seller by written notice to Seller by the 15th day of the Half-Month following the Half-Month in which the Applicable Lot(s) of Coal represented by such sample(s) and/or analysis (analyses) was (were) taken into account by Seller, Buyer shall be deemed to have waived all claims with respect to such sampling and analyses.

Magnum Coal Sales, LLC

(4th Quarter 2010).



AEP: America's Energy Partner®

Consignment

Dated: September 23, 2010

Seller: Magnum Coal Sales, LLC
12312 Olive Boulevard
St. Louis, MO 63141
Attn: Todd Adkins
Phone: (614) 389-2945
Fax: (304) 380-0379

Buyer: Kentucky Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Kimberly Chilcote
Phone: (614) 583-6301
Fax: (614) 583-1627

Primary Plant: Big Sandy

Effective September 23, 2010, Appalachian Power Company consigns, as provided below, certain coal deliveries under AEP Coal Supply Agreement No. 02-40-08-900 to Kentucky Power Company for delivery to its Big Sandy Plant.

Term and Delivery Period: October 1, 2010 – December 31, 2010

Quantity: Approximately 30,632 tons delivered during the term of the consignment.

Price: \$70.078 per ton FOB railcar at the Delivery Point, except as set forth hereafter in Quality Adjustments.

Definitions: **“Approved Production Source(s)”** shall have the meaning set forth in Schedule 3.1-B.

“BTU” means the amount of energy required to raise the temperature of one (1) pound of pure water one (1) degree Fahrenheit from 59.5° Fahrenheit to 60.5° Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

“Business Day” means a day on which Federal Reserve member banks in New York City, New York are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

“Coal” means crushed, washed, bituminous coal to be sold by Seller and purchased by Buyer, the quality of which shall conform to the Quality Specifications set forth in Article III, and which does not trigger Buyer’s rejection rights under Article II, or is otherwise acceptable by Buyer under this Agreement. Such Coal shall (i) be substantially free from any extraneous materials (including, but not limited to mining debris, Synfuel, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (ii) be substantially consistent in quality throughout a Shipment, (iii) meet the size required, and (iv) have no intermediate sizes (including fines) added or removed.

Definitions: (Continued)

“Designated Delivery Point” means FOB railcar or barge, as applicable, the coal loading facility described on Schedule 3.1-B.

“Eastern Prevailing Time” means Eastern Standard Time or Eastern Daylight Savings Time in effect in New York, New York, as the case may be on the relevant date.

“FOB” shall have the meaning given to such term as provided in the Uniform Commercial Code of the State of New York.

“Half-Month” means, with respect to any calendar month, either (a) the period from and including the first day of such month through and including the fifteenth day of such month or (b) the period from and including the sixteenth day of such month through and including the last day of such month.

“Quality Specifications” means the quality characteristics on an “As-Received” basis, using ASTM standards, specified on Schedule 3.1 hereto.

“Shipment” means, as applicable: (a) one unit trainload or at Buyer’s election a composite of two or more unit trainloads; or (b) the aggregate of single railcars loaded on any one day (only where single car rates apply), or (c) one barge or at Buyer’s election a composite of two or more barges, or vessel load; or (d) the aggregate of the truckloads that are unloaded at the Designated Delivery Point on any one day in accordance with the applicable Transportation Specifications.

“SO₂” means sulfur dioxide and “SO₂ per MMBtu” means sulfur dioxide per million Btu.

“Suspension” shall have the meaning set forth in Rejection and Suspension.

“Ton” means 2,000 pounds avoirdupois weight.

“Transportation Specifications” means the timing and tonnage requirements for Shipment(s).

“Transporter” means the entity or entities transporting Coal on behalf of Seller to and at the Designated Delivery Point or on behalf of Buyer or Buyer’s designee from the Designated Delivery Point.

Reconsignment and/or Resale Rights:

From time to time, and at any time, Buyer shall have the right, but not the obligation, to have all or any part of the Coal hereunder reconsigned for delivery to any destination, and/or to make all or any part of the Coal hereunder available for purchase by any person(s), whether or not affiliated with Buyer, through Buyer’s assignment of this Agreement or Buyer’s purchase and subsequent resale to others of such Coal.

Should Buyer exercise its right to reconsign or resell Coal, Seller shall arrange for transport to the destination designated by Buyer, in accordance with the Transportation Specifications attached hereto as Schedule 2.4.

Scheduling:

Seller will advise Buyer of its desired loading dates and delivery schedule. The Parties will work together in good faith to agree on a reasonable and mutually acceptable delivery schedule within the Term and within each month during the Term.

Dated: September 23, 2010

Delivery:

The Coal shall be shipped to Buyer FOB rail or FOB barge at the Designated Delivery Point in accordance with the Transportation Specifications detailed in Schedule 2.4 (attached hereto and hereby made a part of this Agreement).

Seller shall be responsible for any costs or charges imposed on or associated with the delivery of the Contract Quantity up to the Designated Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Contract Quantity upon taking title to the Coal at the Designated Delivery Point in accordance with the Title, Risk of Loss and Indemnity Section.

If a Party is charged for any increased transportation charges, penalties, or other costs, including demurrage, attributable to the other Party's failure to timely load or unload the Coal in accordance with the terms of this Agreement, including the timing and tonnage requirements of the Transportation Specifications, and if such failure is not due to Force Majeure, such failing Party shall reimburse the other for such charges.

Each Party shall immediately contact the other Party in the event of a curtailment or interruption in the delivery or receipt of Coal hereunder. Each Party shall contact the other Party with as much advance notice as reasonably possible regarding any such impending curtailment or interruption.

Rejection and Suspension:

In addition to all other remedies at law or in equity, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements as set forth in the Quality Specifications:

(a) Buyer shall have the right to reject any Shipment hereunder if the Coal therein fails to conform to any requirement set forth in the Quality Section. Should Buyer exercise such right of rejection, it shall notify Seller by telephone upon discovery of the nonconformance, such notification to be promptly confirmed in writing.

(b) Buyer shall have the right to suspend all further shipments of Coal hereunder if: (i) there are three (3) non-conforming Shipments, whether rejected or not, in any two (2) month period; (ii) two (2) out of four (4) consecutive Shipments are non-conforming Shipments; or (iii) the Coal quality fails to meet the defined minimum or exceeds the defined maximum contracted Half-Month "Suspension" specifications

Dated: September 23, 2010

**Rejection and
Suspension:**

applicable under the Quality Section. Should Buyer exercise such right to suspend further Shipments, Buyer shall notify Seller of its exercise of right of suspension within 15 calendar days after the day or Half-Month period in which such failure occurs.

(c) Upon receipt of Buyer's notice of suspension, Seller shall immediately suspend further Shipments and make every reasonable effort to correct the conditions giving rise to the Shipment(s) of Coal failing to conform to such specifications or requirements. Seller shall inform Buyer in writing on a weekly basis of such corrective actions taken by Seller.

During such suspension, Seller shall permit Buyer's reasonable access to the production sources and related facilities hereunder and to all engineering data related thereto. Buyer shall have the right, but not the duty, to reasonably participate in discussions relating to the matter and to recommend procedures to correct said matter.

Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing Shipment of Coal not in accordance with this Agreement have been corrected and that Seller can and shall deliver Coal meeting the Quality Section requirements and meeting the "Contracted Half-Month" specifications of Schedule 3.1-A (attached hereto and hereby made a part of this Agreement).

Upon receipt by Buyer of Seller's satisfactory written assurances, as determined by Buyer in its sole and reasonable discretion, shipments shall be resumed at the rate specified above.

(d) In the event that: (i) Seller fails to provide Buyer with such assurances within ten (10) days after the date of Buyer's notice of suspension as described in this Section; or (ii) having provided such assurances, Seller fails to correct such conditions and resume shipments in the ensuing 30 days thereafter; or (iii) after such resumption of shipments, Seller's subsequent deliveries at any time during the ensuing 60 days fall below the minimum or exceed the maximum "Suspension" or rejection specifications shall constitute an Event of Default.

(e) Whether shipments suspended hereof shall be made up, as well as the scheduling of such make up, shall be at Buyer's sole discretion. In the event Buyer exercises its right to require such make up, delivery of make up tonnage shall be scheduled so that such deliveries shall be shipped no later than 365 calendar days following resumption of shipments.

Dated: September 23, 2010

Quality Specifications:

Seller shall cause all Coal shipped to Buyer, pursuant to this Agreement, to comply with Quality Specifications set forth on Schedule 3.1-A. At any time during the Term, Buyer may elect to receive delivery of Specification B Coal, as set forth on Schedule 3.1-A for all Coal being shipped by barge (the "Specification B Option"). Should Buyer make such election, Buyer shall provide Seller at least six months prior written notice. Such notice shall specify the duration Buyer requires delivery of Specification B Coal.

Buyer may terminate this Agreement, in the event that Seller does not have alternate sources from the Approved Production Source that are able to supply Coal meeting Buyer's requirements and specifications and perform satisfactorily at the Plant, or terminate deliveries from an Approved Production Source(s) if Buyer in its reasonable judgment determines through operating experience that the Coal therefrom, even if the Coal meets the requirements and specifications of Schedule 3.1-A, (i) causes unsatisfactory performance at the consigned destination, or (ii) requires Buyer to modify equipment, facilities, practices, or processes. In such event, Buyer shall provide Seller with written notice thereof, specifying the basis of such unsatisfactory performance or modification requirement. In the event of such termination, neither Party shall have any obligation to the other Party, except for payment for prior performance. Additionally, the Parties agree that this termination shall not constitute an Event of Default and, therefore, no damages shall apply.

Agents/Freeze-Treating:

At Buyer's verbal request to be promptly confirmed by facsimile, Seller shall cause a freeze-conditioning agent, and a side-release agent, (each, an "Agent") to be applied to the Coal. Seller will cause only the Agent(s) reasonably specified by Buyer to be used and will cause the Agent(s) to be applied in a reasonable manner as specified by Buyer. Buyer will provide reasonable advance notice of the dates for starting and ending the Agent(s) application. Buyer shall pay Seller an amount equal to Seller's actual reasonable cost to apply the Agent(s) (including the cost of such Agent[s]), provided Seller has done so in strict accordance with this Agreement.

Dated: September 23, 2010

Billing and Payment:

During the period commencing January 1, 2010, and ending December 15, 2010, Buyer shall make a preliminary payment by electronic transfer to Seller on or before the fifth (5th) day after the close of the applicable Half-Month, provided, Seller submits an invoice to Buyer within three (3) days of the end of the Half-Month in an amount not to exceed eighty (80%) percent of the product of: (i) the Tons of Coal loaded by Seller into barges during such Half-Month period, times (ii) the applicable Base Price. Reconciliation of Shipments and preliminary payments with actual quantity and quality of Shipments will be done by Buyer in accordance with the Agreement.

Seller shall submit to Buyer an invoice showing the weight, analytical, and cost data on such Coal shipped during each Half-Month at each respective consigned destination within five (5) Business Days after each such Half-Month period. Each invoice shall include a reference to this Agreement's contract number 02-40-08-900.

Buyer shall make payment by electronic transfer to Seller within 20 calendar days after the Half-Month period, provided Seller's invoice is submitted in accordance with the preceding paragraph. Seller shall provide Buyer all pertinent wire transfer instructions on each invoice. Buyer shall not be obligated to make payment to Seller for Shipments of Coal until the analytical results have been provided to Buyer.

Payment shall be made by wire transfer or electronic means in immediately available United States dollars for all coal shipped hereunder. If not already provided in this Contract, Seller shall provide Buyer all pertinent remittance instructions in a letter (containing the bank name, account name, ABA number, and account number, as well as Seller's federal tax identification number) which shall be signed by a duly authorized representative of Seller. Any change in the remittance instructions shall be provided in the same manner. As of the date hereof, such letter shall be addressed to Buyer, and such payments remitted to Seller, as follows:

<u>SENT INVOICES TO:</u>	<u>REMIT PAYMENT TO:</u>
AEP – Fuel Accounting	Huntington National Bank
Attn: Glenn Gaffney	Columbus, Ohio
301 S. Cleveland Avenue, S.W.	[REDACTED]
Canton, OH 44702	[REDACTED]
Fax: 330-438-7325	[REDACTED]

If Buyer in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest (the prime rate of interest for United States dollars as published from time to time under the section titled, "Money Rates" by *The Wall Street Journal*, plus two percent [2%] per annum, but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]).

Dated: September 23, 2010

**Billing and Payment:
(Continued)**

If any Party fails to pay amounts under this Agreement when due, unless such amount is the subject of a dispute as provided above, in addition to the rights and remedies provided in this Agreement, the aggrieved Party shall have the right to suspend performance under this Agreement until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

**Adjustments to Contract
Price:**

Adjustments to the Contract Price for variances in quality shall be made in accordance with the provisions of Schedule 7.1 (attached hereto and hereby made a part of this Agreement). The Contract Price as adjusted by such provisions, rounded to the nearest cent (\$0.01), is referred to as the "Selling Price."

Change in Law:

Seller hereby certifies that it is or will be in compliance with the rules, practices, and standards issued by any governmental agency with respect to legislation, regulations, or rules which were in effect either by interim or final rules as of December 31, 2008.

In the event of the enactment, modification, or revision of any Federal, State or local legislation, regulations, or rules issued pursuant thereto, including but not limited to the Federal Mine Safety & Health Act of 1977 and the Surface Mining Control and Reclamation Act of 1977, after December 31, 2008, which affect the bituminous coal industry with respect to the coal reclamation, conservation, environmental protection, mine safety, mine working conditions and practices, ventilation, health, employee retirement programs, occupational hazards, research and reclamation and conservation of mined areas, (the "Change in Law Event") and which increases or decreases Seller's actual direct out-of-pocket costs of producing Coal under this Agreement, then, subject to the remaining provisions of this Section, an appropriate adjustment will be made to the current Contract Price to recognize such changed costs due to the Change in Law Event; provided, however, there shall be no changes made in the Contract Price for changed costs associated with (i) any past requirements imposed by the Mine Improvement and

Dated: September 23, 2010

**Change in Law:
(Continued)**

New Emergency Response (MINER) Act of 2006 or any past regulations, rules or mandates issued pursuant thereto; or (ii) labor related benefits or taxes, real or personal property taxes, corporate net income or franchise taxes. Further, time being of the essence, Seller shall provide Buyer with (i) written notice that Seller intends to request a price adjustment due to a Change in Law Event within ninety (90) days following the enactment, modification, or revision, which notice shall specify the Change in Law Event and a non-binding estimate of such resulting costs; and (ii) detailed documentation to allow a determination of the validity of the claim, and Seller's proposed adjustment for all resulting costs, within two hundred seventy (270) days following such written notice. Buyer shall then have one hundred eighty (180) days following its receipt of Seller's documentation to determine the validity of such claim and to accept, deny, or reach an agreement with Seller as to such claim. Buyer shall have the right to terminate this Agreement should any such adjustment cause the Contract Price to be increased by more than two and one-half percent (2.50%) of its then current amount or should the total of all such adjustments under this subsection (c) cause the Contract Price to be increased by more than five percent (5.00%). Solely as it relates to the Deferred Tonnage, in the event of a Change in Law Event after December 31, 2008 that causes the applicable Contract Price (FOB Railcar or FOB Barge) to be increased by more than two and one-half percent (2.50%) of the applicable Contract Year 2011 Contract Price, as specified in Article V of this Agreement, plus \$2.00, or in the event of multiple Change in Law Events after December 31, 2008, such that the total of all such adjustments under this Section cause the Contract Price to be increased by more than five percent (5.00%) of the applicable Contract Year 2011 Contract Price plus \$2.00, then Buyer may elect to pay the increase in costs over five percent (5.00%) plus \$2.00 per ton. Should Buyer not elect to pay the increase in costs over five percent (5.00%) plus \$2.00 per ton, then Seller shall have the right to terminate this Agreement upon thirty (30) days written notice to the Buyer.

If Seller and Buyer are unable to agree within the time periods set forth above as to the amount the price per ton should be adjusted or as to whether the event is applicable, then the matter shall be submitted to a firm of mining engineers and/or independent certified public accountants mutually agreeable to the Parties for final determination, which shall be binding upon the Parties.

**Weighing, Sampling and
Analysis:**

Weighing, sampling, and analyses shall be performed by Seller in accordance with the provisions of Schedule 8.1.

Dated: September 23, 2010

Representations:

On the Effective Date, each Party represents and warrants to the other Party that:

- (i) it is duly organized, validly existing and in good standing under the laws of jurisdiction of its formation;
- (ii) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (iii) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (iv) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses;
- (v) Buyer and Seller are each acting for its own account; each Party has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;
- (vi) it is not bankrupt and there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- (vii) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (viii) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (ix) it is a "forward contract merchant" and this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code;
- (x) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Coal referred to in this Agreement;

Dated: September 23, 2010

**Representations:
(Continued)**

- (xi) with respect to this Agreement, it is an "eligible contract participant" as defined in Section 1a(12) of the Commodity Exchange Act, as amended [7USC § 1a(12)];
- (xii) all applicable information that is furnished in writing by it or on behalf of it to the other Party pursuant to this Agreement is as of the date provided true, accurate and complete in every material respect. For purposes of this representation, financial information provided via posting on the Internet shall be deemed to be written information provided to the other Party;
- (xiii) no event or circumstance exists at any Approved Production Source (as provided under Schedule 3.1-B), that would constitute an event of Force Majeure under this Agreement.

Each Party represents that the individuals signing this Agreement on behalf of each of them has been duly authorized to do so. This Agreement will become a valid and binding contract only upon its execution by such persons authorized to bind both Parties.

Dated: September 23, 2010

Warranties:

In addition to all other warranties and representations made by Seller in this Agreement, Seller represents and warrants that (i) Seller, its affiliates or subsidiaries, shall by the Effective Date of this Agreement, own or control sufficient reserves of Coal as defined in Schedule 3.1-B to satisfy the quantity and quality provisions for this Agreement; (ii) Seller hereby certifies that it is in good faith compliance with the rules, practices, and standards issued by any and all governmental agency(ies) with respect to legislation, regulations, rules, or mandates which were in effect either by interim or final rules, or passed, adopted, or promulgated but to go into later effect, as of the time specified for the first delivery of Coal hereunder, including all laws and regulations regarding the mining and sale of Coal (notices and orders issued under the Federal Coal Mine Health and Safety Act and State and Federal Reclamation Acts excepted); and (iii) Seller has filed or will have filed in a timely manner to have obtained by said time all licenses, permits, certificates and other documents necessary for it to fulfill its obligations hereunder.

Seller covenants that it will, and does hereby, dedicate to this Agreement such quantity of said Coal reserves as is required for the full performance of Seller's obligations hereunder and that Seller will not sell nor contract to sell to others Coal from said reserves in such quantity and quality as to jeopardize its ability to deliver the total quantity and quality of Coal called for by this Agreement. Nothing in this Warranties Section shall be construed as preventing Seller from mining and selling Coal from said reserves to others provided the foregoing provisions with respect to said reserves are complied with.

Dated: September 23, 2010

Title, Risk of Loss and Indemnity:

Title for Coal conforming to this Agreement shall pass to Buyer as follows:

- a) Title to and risk of loss (except as provided in Schedule 2.4) of the Coal will pass to Buyer as the loaded barges are pulled from the Designated Delivery Point.
- b) Title to and risk of loss (except as provided in Schedule 2.4) of the Coal will pass to Buyer as the loaded unit trains are pulled from the Designated Delivery Point.
- c) Title shall revert back to Seller immediately upon any Shipment rejection by Buyer as provided elsewhere in this Agreement.

Seller warrants that it has title to the Coal and will deliver the Coal to Buyer free and clear of all liens, claims, and encumbrances arising prior to the transfer of title to Buyer. Seller and Buyer shall each indemnify, defend, and save harmless the other Party, its officers, directors, Affiliates, agents, and employees from and against any liabilities, expenses, losses, claim, damages, penalties, causes of action, or suits arising out of or in connection with: (i) its failure to comply with its obligations under this Agreement; or (ii) from injury to or death of any person or loss of or damage to the property of any person caused by, in whole or in part, any negligent, reckless or tortious act or omission from the other Party or its officers, directors, employees, subcontractors, or agents. The indemnifying party may settle a claim without the other Party's consent, provided any such settlement is without expense to the other Party. The indemnity obligations under this Article will not apply to any claims determined in a final and non-appealable judgment to result from the sole gross negligence or willful misconduct of the other Party.

Seller shall indemnify, save harmless, and defend Buyer and its Affiliates, its officers, directors, agents, and employees (all referred to in this sentence as "Buyer") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Buyer (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars (or barges, if applicable) furnished hereunder (as applicable), between the time that such railcars (or barges, if applicable) are delivered to Seller or Seller's agent and the time that custody thereof is properly returned to Buyer (or to Buyer's agent carrier, if applicable), or if deliveries are by truck, arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part, to trucking of Coal, whether such Coal is trucked by Seller or Seller's trucking contractor(s). Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to the other Party immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

Dated: September 23, 2010

Title, Risk of Loss and Indemnity: (Continued)

Buyer shall indemnify, save harmless, and defend Seller and its Affiliates, its officers, directors, agents, and employees (all referred to in this sentence as "Seller") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Seller (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars and/or barges furnished hereunder, between the time that the railcars and/or barges are loaded with Coal at a Designated Delivery Point and the time that such Coal is unloaded at consigned destination. Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to Seller by Buyer immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to the other Party as soon as practicable upon the occurrence thereof, and confirmed in writing as soon as possible thereafter.

Netting and Set Off:

If the Parties are required to pay any amount under this Agreement in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement or any other agreement between the Parties may be offset against each other, set off or recouped therefrom.

Dated: September 23, 2010

**Events of Default,
Remedies and
Limitation of Liabilities:**

. An event of default ("Event of Default") with respect to a Party (the "Defaulting Party") shall mean any of the following:

1) the failure of the Defaulting Party to pay when due any required payment and such failure is not remedied within three (3) Business Days, after receipt of written notice thereof, provided the payment is not subject to a good faith dispute as described in Article IV;

2) an event described under paragraph (d) of Rejection and Suspension, has occurred;

3) any representation or warranty made by a Party herein shall prove to be untrue in any material respect when made;

4) the failure of the Defaulting Party to comply with its other respective covenants or obligations under this Agreement and such failure continues uncured for five (5) Business Days after receipt of written notice thereof;

5) the Defaulting Party shall be subject to a Bankruptcy Proceeding;

6) (i) the expiration or termination of any Credit Support of such Party's obligations under this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement to which such Credit Support relates without the written consent of the other Party; (ii) failure of a Party's Credit Support Provider, if any, to perform any covenant in its Guaranty; or (iii) such Credit Support Provider becomes subject to a Bankruptcy Proceeding;

7) the Defaulting Party fails to establish, maintain, extend, or increase Performance Assurance when required pursuant to this Agreement;

8) the occurrence of a Material Adverse Change with respect to the Defaulting Party; provided, such Material Adverse Change shall not be considered an Event of Default if the Defaulting Party, within forty-eight hours but at least one (1) Business Day after the date of notice, provides to the Non-Defaulting Party for so long as the Material Adverse Change is continuing, Performance Assurance with the Non-Defaulting Party in an amount equal to the sum of (in each case rounding upwards for any fractional amount to the next \$250,000):

a) the Settlement Amount that would be owed to the Non-Defaulting Party;

plus

b) if the Non-Defaulting Party is Seller, the amount equal to aggregate of the amounts Seller is entitled to receive under this Agreement for Coal scheduled during the 60 day period preceding the Material Adverse Change (the amount of said Performance Assurance to be adjusted quarterly to reflect amounts owing at that point in time);

provided, however, a Material Adverse Change with respect to Seller shall not constitute an Event of Default hereunder unless Seller's deliveries under this Agreement are deficient, unless such deficiency is by reason of Force Majeure, by written agreement of Buyer and Seller, or Buyer's failure to perform.

Dated: September 23, 2010

**Events of Default,
Remedies and
Limitation of Liabilities:
(Continued)**

Upon the occurrence and during the continuance of an Event of Default, the other Party (the "Non-Defaulting Party") may, in its sole discretion:

1) terminate, accelerate, and liquidate the Parties' respective obligations under this Agreement by establishing, and notifying the Defaulting Party of, an early termination date (which shall be no earlier than the date of such notice nor later than 20 days after the date of such notice) on which this Agreement shall terminate ("Early Termination Date"); and/or

2) withhold any payments due to the Defaulting Party until such Event of Default is cured; and/or

3) suspend performance of its obligations under this Agreement until such Event of Default is cured.

If notice of an Early Termination Date is given under this Article, the Early Termination Date will occur on the designated date, whether or not the relevant Event(s) of Default is then continuing.

Written consent to one or more assignments shall not be construed as waiving the necessity of obtaining written consent to other and/or additional assignments.

Addresses for Notices:

Notices required under this Agreement may be exercised verbally, but shall be provided to the other Party in writing as soon as practicable to the addresses shown herein. The Parties shall be legally bound from the date the notification is exercised.

Following each Shipment, Seller shall provide Buyer with a shipping notice that includes: (i) the applicable Agreement number; (ii) the Plant destination; (iii) the short proximate (calorific value per pound, percent moisture, percent ash, percent sulfur, and with respect to Illinois Basin coal, the sodium and chlorine content) average analytical results of each Shipment; (iv) Seller's weight determination and the identifying number(s) of each Shipment; and (v) the date the coal was loaded into the railcars or barges, with the starting and stopping times of the loading. If the coal is to be sold FOB rail, then the notice shall also include the transportation agreement number, the origin station, and the train number. If the coal is to be sold FOB barge, then the notice shall also include the shipping origin (dock name and milepost number) and barge number. Such notice shall be provided within 24 hours after the coal is loaded for shipment, or within 36 hours should the Shipment be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

Shipping notices shall be sent to fuels@aep.com, and the Plant.

Dated: September 23, 2010

Confidentiality:

Neither Party shall disclose, either directly or indirectly, the terms of this Agreement to a third party without the written consent of the other Party (other than a Party's and its Affiliates employees, lenders, counsel, accountants or prospective permitted purchasers), except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

Accepted:

Consignee:

Stephen M. DeBord
Vice President, Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Kentucky Power Company
Date: September 23, 2010

SCHEDULE 2.4
TRANSPORTATION SPECIFICATIONS

RAIL

Seller shall load Coal that is to be shipped hereunder into railcars provided by Buyer, or its agent, at the Designated Delivery Point(s) listed on Schedule 3.1-B of this Agreement. Requests for any additional rail shipping origin(s) shall be proposed by Seller in writing and shall be subject to Buyer's written approval. Such approval shall be subject to Buyer's reasonable discretion not to be unreasonably withheld.

Except when in conflict with provisions of this Agreement, (in which case, such provisions shall control), the loading at the shipping origin shall be accomplished according to the standard tariff or contract agreements governing such operations between the Coal tippie operator and carrier, including but not limited to free time and demurrage charges. Buyer shall not be responsible for any charges assessed at the origin by carrier including, but not limited to, detention charges, overloading, underloading, or hot coal.

Seller shall not have the right to ship Coal to be delivered under this Agreement from any rail shipping origin(s) other than the Designated Delivery Point(s) listed on Schedule 3.1-B unless Seller shall first have obtained Buyer's written approval of such additional shipping origin. Such approval shall be subject to Buyer's sole discretion, and upon Seller's agreement to pay any increased transportation cost differential (based on carrier-provided cars) that would be incurred by Buyer (any decreased transportation cost differential shall be to Seller's benefit) if shipments were made from such proposed rail shipping origin as compared to Beth and Kohlsaas Loadouts.

Seller shall cause the loadings hereunder to be tendered in unit trainload lot shipments of not less than 90 railcars each, shall be loaded to a minimum weight equal to ninety-eight percent (98%) of the total of the marked load limit of all the cars in the unit train, and shall be loaded in not more than four (4) hours from the Designated Delivery Point(s); provided, however, that subject to the provisions hereinafter, Seller may tender trainload lot shipments of less than 90 railcars from a Designated Delivery Point(s) that is otherwise not capable of loading trainload lot shipments of 90 railcars. Seller shall add the following notation on each bill of lading or mine card documents: "Subject to Contract No. CSXT-C-04254" or such other contract number as designated from time to time by Buyer.

Seller shall cause deliveries to be loaded on any day of the week. Seller shall cause loadings to commence at any hour of the day that scheduled railcars are made available for loading, and loading time for each unit train shipped hereunder shall not exceed four (4) hours from the time the unit train is placed for loading at the origin by the rail carrier. Seller shall provide to Buyer, at least ten (10) days prior to the beginning of each month, a proposed shipping schedule. Buyer shall review the schedule to verify if it can be accomplished with the railroad and that, when combined with deliveries from all Designated Delivery Point(s) (if more than one), it does not exceed the quantity obligation under this Agreement, and advise Seller of acceptance or nonacceptance.

If at any time Seller ships Coal that results in Buyer being charged for improper consignment or otherwise results in Buyer being charged a transportation charge for delivering such Coal (including but not limited to any demurrage charge) which exceeds the minimum transportation charge then in effect for shipments of not less than 90 railcars loaded in not more than four (4) hours and meeting all other railroad requirements necessary for the minimum transportation rate set forth in the contract for shipping Coal from the Beth and Kohlsaas Loadouts origin in carrier-provided railcars, then any such improper consignment charge or excess transportation charge shall be credited to Buyer.

Should Seller not originate shipments in accordance with these Transportation Specifications, Seller shall pay Buyer for any resulting charges incurred by Buyer which are assessed by the railroad in excess of the charges that would have been incurred by Buyer had Seller strictly complied herewith.

Should Buyer reject any railcar load(s) of Coal in any shipment, Seller shall arrange for the removal of such rejected railcar(s). All costs assessed by the railroad, including but not limited to reconsignment charges, transportation charges, and demurrage charges, shall be to the account of Seller. In addition, if the rejected railcar(s) of Coal are Buyer-provided railcar(s), then Seller shall also pay the per diem and mileage charges as defined in the Car Hire Tables of the Official Railway Equipment Register, as amended. Such per diem charges shall be effective as of the first 7:00 a.m. following Buyer's rejection until the railcar(s) are unloaded at a destination specified by Seller and then returned to a destination specified by Buyer (or by the railroad, if applicable) for further utilization. Such mileage charges shall be based on the loaded and empty miles traveled by the rejected railcar(s) from the point of rejection to such specified return destination.

SCHEDULE 3.1-A
QUALITY SPECIFICATIONS

The Coal required and shipped hereunder to the Plant (and at each other respective consigned destination,) shall meet the following "Contracted Half-Month" specifications. Further, for the purposes of this Schedule, the following "Suspension" specifications shall be applicable to such Coal.

Specification A:

	<u>"As-Received" Basis</u>		
	<u>Contracted</u> <u>Half-Month</u>	<u>Half-Month (A)*</u> <u>Suspension Limit</u>	<u>Shipment (B)*</u> <u>Suspension Limit (D)*</u>
Calorific Value (Btu/lb.)	12,200	11,900 minimum	11,800 minimum
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*	1.35	1.60 maximum	1.60 maximum
Moisture (%)	10.00	10.00 maximum	10.00 maximum
Ash (%)	13.00	14.50 maximum	15.00 maximum
Volatile Matter (%)	32.00	Not Applicable	30.00 minimum
Hardgrove Grindability	47 HGI	Not Applicable	44 minimum
Ash Fusion Temp.(H=½w) °F Red. Atm	2,700	Not Applicable	2,700 minimum

Specification B:

	<u>"As-Received" Basis</u>		
	<u>Contracted</u> <u>Half-Month</u>	<u>Half-Month (A)*</u> <u>Suspension Limit</u>	<u>Shipment (B)*</u> <u>Suspension Limit (D)*</u>
Calorific Value (Btu/lb.)	12,200	11,900 minimum	11,800 minimum
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*	1.20	1.20 maximum	1.20 maximum
Moisture (%)	10.00	10.00 maximum	10.00 maximum
Ash (%)	13.00	14.50 maximum	15.00 maximum
Volatile Matter (%)	32.00	Not Applicable	30.00 minimum
Hardgrove Grindability	47 HGI	Not Applicable	44 minimum
Ash Fusion Temp.(H=½w) °F Red. Atm	2,700	Not Applicable	2,700 minimum

Definitions:

- (A) = the Half-Month weighted average analysis result (as determined under Article VIII of this Agreement).
 (B) = the analysis result of the sample (or composite of samples, if more than one) representing each Shipment of Coal, or, at Buyer's election, a composite of two or more such Shipments.
 (C) = For the purpose of determining the pounds of sulfur dioxide per million Btu and pounds Ash per million Btu, the figures shall be rounded to the nearest one hundredth. For example, 1.104 pounds SO₂ per million Btu shall mean 1.10 pounds SO₂ per million Btu, while 1.105 pounds SO₂ per million Btu shall mean 1.11 pounds SO₂ per million Btu and shall be deemed, for example, not to have met a 1.10 pounds SO₂ per million Btu specification.
 (D) = Buyer shall also have the right to reject any Coal that: 1) has a maximum topsize exceeding 2 inches or exceeds 45% capable of passing a one quarter inch (1/4") square wire cloth sieve; 2) is not free flowing and free of extraneous material upon unloading; and 3) has intermediate sizes (including fines) added or removed.

SCHEDULE 3.1-B
APPROVED PRODUCTION SOURCE(S), APPROVED RESERVE(S) OF COAL,
AND DESIGNATED DELIVERY POINT(S)

The Approved Production Source(s) to which reference is made to in this Agreement consist of the following:

For Rail Delivered Coal - Hobet Mine (as depicted on the map attached hereto and hereby made a part hereof) consisting of a surface mine, extracting the reserves consisting of the Stockton and 5, 6, & 7 Block seams of coal in Boone County, West Virginia and the Jupiter Mine consisting of an underground mine in Boone County, West Virginia.

For Rail Delivered Coal – Big Mountain Mine

In addition to providing Coal from the Approved Production Source(s) Seller shall have the option, subject to Buyer's written approval, which shall not be unreasonably withheld, to provide the Coal from any alternate source that Seller may select, provided such substituted Coal complies with all Quality Specifications for the Coal to be replaced and is otherwise reasonably acceptable to Buyer, and provided further that Buyer may, at its reasonable discretion, require Seller to provide Buyer with a suitable amount of such Coal from the alternate source for purposes of a test burn. Seller shall cooperate with Buyer in Buyer's arranging for alternative transportation to allow the Coal shipped from the alternate source to be delivered to Buyer at the Designated Delivery Point at the same time and at the same Contract Price as if delivery had been made to Buyer from the original source. Any increased or decreased transportation, handling, storage and other costs incurred by Buyer directly resulting from Seller's provision of substitute Coal shall be for Seller's account.

The Approved Reserve(s) of coal to which reference is made in this Agreement consist of the following:

For Rail Delivered Coal - The Hobet Mine Reserve, (as depicted on the map attached hereto and hereby made a part hereof) the reserves consisting of the Stockton and 5, 6, & 7 Block seams of coal in Boone County, West Virginia and the Jupiter Mine Reserve in Boone County, West Virginia.

The Designated Delivery Point(s) to which reference is made in this Agreement consists of:

For Rail Delivery: Beth and Kohlsaas Loadouts
For Rail Delivery: Prenter Loadout

SCHEDULE 7.1
QUALITY ADJUSTMENTS

In order for the Selling Price to accommodate variations in calorific value, sulfur dioxide value, and ash value of the Coal shipped hereunder, there shall be an amount(s) added to or subtracted from the Contract Prices as provided for in this Schedule. These price adjustments shall be in addition to any rights which Buyer may have as provided or referenced under Article II of this Agreement.

(a) If the weighted average calorific value of the Coal shipped hereunder in a Half-Month is not equal to the Contract Half-Month Btu Specification, then there shall be an amount added to the Contract Price (if the calculated number is positive) or subtracted from the Contract Price (if such number is negative), as determined by the following formula, to arrive at the adjusted price for such Coal:

$$\text{Amount Per Ton of Increase or} = \frac{(\text{Actual Btu} - \text{Contracted Btu})}{\text{Contracted Btu}} \times \text{Contract Price}$$

Decrease for Calorific Value

provided, however, no premium will be paid for Calorific Value which exceeds the Contracted Half-Month Btu/lb. by 500 Btu per pound.

(b) If the weighted average SO₂ content during a Half-Month is greater than the SO₂ Contracted Half-Month Specification, the Contract Price for Coal will be reduced by an amount determined in accordance with the following formula:

$$\frac{((\text{Contracted lbs. SO}_2/\text{mmbtu} - \text{Actual lbs. SO}_2/\text{mmbtu}) * \text{Actual Btu/lb.} * E)}{1,000,000}$$

E = \$250.00, the SO₂ Monthly Price of allowances. The SO₂ Price of allowances is expressed in dollars per allowance, and shall be multiplied by the number of Title IV SO₂ emission allowances required to be surrendered to state and/or federal regulatory authorities under the Clean Air Act and/or any applicable implementing regulations, including, but not limited to the Clean Air Interstate Rule, in exchange for the right to emit one (1) ton of sulfur dioxide from the plant.

Additionally, an amount of three dollars (\$3.000) per ton shall be deducted from the Contract Price for each Shipment of Coal having an SO₂ value greater than the Shipment Suspension Limit.

(c) For each Shipment of Coal tested to have an ash content greater than the Shipment Suspension Limit, the Contract Price for Coal in such Shipment will be decreased by \$0.15 for each 0.5% ash increment, or portion thereof, by which the Shipment's ash content is tested to be above the Shipment Suspension Limit. (For example, if the Ash Shipment Suspension Limit is 13.00% and a Shipment has a percent ash value of 13.70, then the Contract Price decrease shall be \$0.30 per ton.)

SCHEDULE 8.1
WEIGHING, SAMPLING AND ANALYSIS

WEIGHING

FOR DELIVERIES BY RAIL:

Weights taken in accordance with this Schedule 8 shall be deemed accepted as correct (absent manifest error) and shall govern all invoicing and payments hereunder.

(a) Except as provided in (e) below, the weight of the Coal shipped by unit train hereunder shall be determined by Seller at its expense on Seller's batch weigh system at Seller's loading facility(ies). Such scales shall be calibrated once every six (6) months to maintain them to within plus or minus two tenths of one percent ($\pm 0.20\%$) accuracy. At Buyer's request, which Buyer may make from time to time, Seller shall inform Buyer of the results of such testing and calibration. The testing and calibration of such scales shall be accomplished in accordance with the guidelines outlined in the National Institute of Standards and Technology Handbook #44, or other procedures which shall be mutually acceptable to Seller and Buyer.

(b) Seller shall give prompt notice by telephone or facsimile and confirm such notice in writing to Buyer if and when any scales are discovered to be in error beyond the limits established above. If at any time the scales are determined to be in error beyond the limits established in (a) supra, an adjustment of the payment to Seller shall be made based on the assumption that the condition causing the scales to be in error beyond such limits shall have existed with respect to all Coal unloaded on and after 30 calendar days prior to such discovery, or the date of the previous scale calibration, whichever is later. Such adjustment shall be in an amount equal to the difference in the weights as specified in the applicable invoices and the weights that would have been obtained had the scales been accurate (without applying a $\pm 0.20\%$ tolerance), multiplied by the price per ton as stated in said invoices.

(c) Buyer shall have the right, but not the duty, to have a representative present at any and all times to observe the determination of weights; however, Seller shall not be obligated to notify Buyer to be present. If Buyer should at any time question the accuracy of the weights thus determined, Buyer shall so advise Seller and confirm the same in writing, and Seller shall arrange to test the scales. If such test shows the scales to be in error, they shall be adjusted to the required accuracy established above. If such test requested by Buyer shows the scales to be within the applicable limits established above for the respective scale, then Buyer shall pay all costs of such test, otherwise Seller shall pay all such cost.

(d) Any payments due by either Party to the other, as a result of adjustment and/or payment of costs made pursuant to this Schedule 8, shall be paid in accordance with Article IV, Billing and Payment; Financial Reports.

(e) During any period when Seller's scales are inoperable, determination of the quantities of Coal shipped shall be made by a procedure to be established at such time by agreement of Buyer and Seller.

SAMPLING AND ANALYSIS

FOR DELIVERIES BY RAIL OR BARGE:

(a) Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded into each railcar or barge, analyze the sample(s) so obtained, and notify Buyer and the consigned destination of the short proximate (calorific value per pound, percent moisture, percent ash, and percent sulfur) average analytical results of each railcar or barge. Seller's notification shall include its weight determination and the identifying number of each railcar or barge shipped, and shall be provided within 24 hours after the Coal is loaded into the railcars or barges for shipment, or within 36 hours should the railcar or barge be loaded on a Saturday. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

(b) All Coal shipped hereunder shall be sampled by Seller using a mechanical sampling system approximately at the time it is weighed by Seller on Seller's scales. Seller shall determine, by proper analyses made in its laboratory and at its expense, the "As-Received" quality and characteristics of the Coal. All sampling and analyses hereunder shall be performed in accordance with methods approved by the American Society for Testing and Materials (ASTM), or such other method as may be mutually acceptable. For purposes of determining moisture hereunder, the two-stage procedures as defined in ASTM 3302 shall be used.

(c) Except as otherwise provided in this Schedule, the results of the sampling and analyses by Seller shall be accepted as the quality and characteristics of the Coal shipped hereunder at each respective consigned destination. Each coal sample collected by the sampling party shall be properly divided into at least three subsamples. One subsample shall be immediately analyzed by the applicable laboratory for the governing contractual analysis. The second sample is to be sealed in an airtight container and sent to the non-sampling party. The third subsample is to be sealed in an airtight container and held by the sampling party for a period of at least thirty (30) days (hereinafter the "Referee Sample").

The non-sampling party may request analysis of the Referee Sample by an independent laboratory mutually agreed upon by the parties. If the results of the Referee Sample analysis and the governing contractual analysis are within ASTM Reproducibility Limits, the original governing analysis shall control and the cost of analyzing the Referee Sample shall be borne by the party requesting the Referee Sample analysis. If the results are outside such ASTM Reproducibility Limits, then the results of the Referee Sample analysis shall be used for payment, and the cost of analyzing the Referee Sample shall be borne by the sampling party.

(d) Unless Buyer challenges the accuracy of either the sampling or analyses made by Seller by written notice to Seller by the 15th day of the Half-Month following the Half-Month in which the Applicable Lot(s) of Coal represented by such sample(s) and/or analysis (analyses) was (were) taken into account by Seller, Buyer shall be deemed to have waived all claims with respect to such sampling and analyses.