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MAR 21 2013

PUBLIC SERVICE
COMMISSION

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Post Office Box 634
Frankfort, KY 40602-0634
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March 21, 2013

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

RE: Case No. 2012-00578

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and eight copies of Kentucky Power Company's responses to the second requests for information propounded by Commission Staff, Kentucky Industrial Utility Customers, Inc., the Office of the Attorney General, and the Sierra Club.

Also being filed today are the Company's supplemental responses to KPSC 1-12 and 1-66, along with the Company's supplemental responses to KIUC 1-9 and AG 1-37.

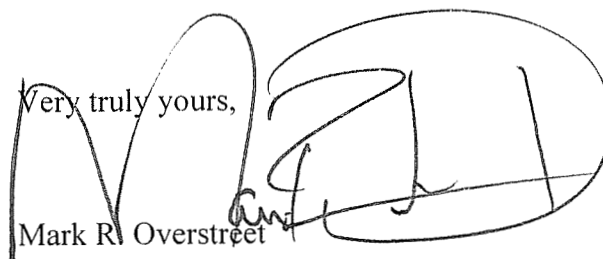
A copy of this letter and the Company's responses is being served by overnight delivery on the individuals indicated below and their associated counsel. Further, in accordance with Mr. Nguyen's request, a copy of the responses also is being served by overnight delivery on Messrs. Drabinski, Boismenu, and Buechel.

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PUBLIC SERVICE
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Jeff R. Derouen
March 21, 2013
Page 2

Very truly yours,

Mark R. Overstreet

MRO

cc: Michael L. Kurtz
Jennifer Black Hans
Shannon Fisk
Joe F. Childers
Robb Kapla
Lane Kollen
Tim Woolf

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MAR 21 2013

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

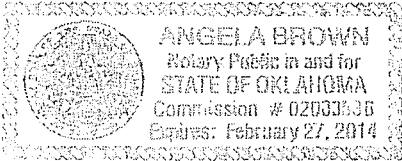
THE APPLICATION OF KENTUCKY POWER COMPANY FOR:)
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING THE TRANSFER TO THE COMPANY OF AN)
UNDIVIDED FIFTY PERCENT INTEREST IN THE MITCHELL)
GENERATING STATION AND ASSOCIATED ASSETS; (2) APPROVAL)
OF THE ASSUMPTION BY KENTUCKY POWER COMPANY OF)
CERTAIN LIABILITIES IN CONNECTION WITH THE TRANSFER OF)
THE MITCHELL GENERATING STATION; (3) DECLARATORY) CASE NO. 2012-00578
RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION)
WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR)
ACT AND RELATED REQUIREMENTS; 5) FOR ALL OTHER)
REQUIRED APPROVALS AND RELIEF)

KENTUCKY POWER COMPANY RESPONSES TO
COMMISSION STAFF'S SECOND SET OF DATA REQUESTS

March 21, 2013

VERIFICATION

The undersigned, Mark A. Becker, being duly sworn, deposes and says he is the Manager, Resource Planning for American Electric Power Company that he has personal knowledge of the matters set forth in the foregoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief



Mark A. Becker

Mark A. Becker

STATE OF OKLAHOMA

)

) CASE NO. 2012-00578

COUNTY OF TULSA

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Mark A. Becker, this the 17 day of March, 2013.

Angela Brown

Notary Public

My Commission Expires: 2-27-14

VERIFICATION

The undersigned, John M. McManus, being duly sworn, deposes and says he is Vice President Environmental Services for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

John M. McManus
John M. McManus

STATE OF OHIO)
) CASE NO. 2012-00578
COUNTY OF FRANKLIN)

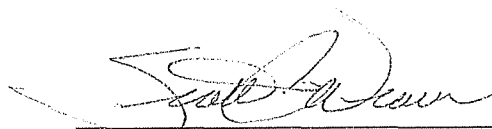
Subscribed and sworn to before me, a Notary Public in and before said County and State, by John M. McManus, this the 11 day of March 2013.

Janet White
Notary Public

My Commission Expires: Notary Public, State of Ohio
My Commission Expires 03-09-2013

VERIFICATION

The undersigned, Scott C. Weaver, being duly sworn, deposes and says he is Managing Director Resource Planning and Operation Analysis for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief



Scott C. Weaver

STATE OF OHIO

)

) CASE NO. 2012-00578

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Scott C. Weaver, this the 14th day of March 2013.



Notary Public



Ann Dawn Clark
Notary Public-State of Ohio
My Commission Expires
November 16, 2015

My Commission Expires: November 16, 2015

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Commission Staff's First Request for Information (Staffs First Request), Item 1. On the CD provided with the response, there are five folders for each of the scenarios (Base, Early Carbon, Higher Band, Lower Band and No Carbon) analyzed. Each of the five folders contains an Excel workbook for each of the 11 alternatives analyzed. For each of the Excel workbooks, identify the source of the information provided under the following tabs and, where appropriate, include a description of the calculations performed to determine the values provided:

- a. Change1
- b. Change3A
- c. East Change4
- d. Base
- e. Base2
- f. Change3
- g. Gas NOX.

RESPONSE

- a. The information contained within the Change 1 tab of the Excel workbooks provided is Strategist model output. The model performs internal calculations that result in this output.
- b. The information contained within the Change 3A tab of the Excel workbooks provided is Strategist model output. The model performs internal calculations that result in this output.
- c. The information contained within the East Change4 tab of the Excel workbooks provided is Strategist model output. The model performs internal calculations that result in this output.
- d. The information contained within the Base tab of the Excel workbooks provided is Strategist model output. The model performs internal calculations that result in this

output. The Base tab is used in conjunction with the Base2 tab in calculating calculate the Incremental Fixed & Var Costs on the KPCO tab for one of the 11 Big Sandy alternatives being analyzed..

- e. The information contained within the Base2 tab of the Excel workbooks provided is Strategist model output. The model performs internal calculations that result in this output.
- f. Change3 is not utilized to derive any values used in the analysis. Change3 is an outdated non-applicable tab.
- g. Gas NOX is not utilized to derive any values used in the analysis. Gas NOX is an outdated non-applicable tab.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 2.a

- a. Provide the reconciliation of the net book value of the 50 percent interest in Mitchell as of December 31, 2011 in the amount of \$519 million and, using the amounts shown on of Attachment 1, pages 3-6, of Item 2 along with the associated retirements and depreciation, the 50 percent interest in Mitchell at December 31 , 2013 of \$535 million.
- b. Beginning with the net-book value of the Mitchell Plant as of December 31 , 2008, provide a yearly reconciliation showing the plant additions, associated retirements and annual depreciation through December 31, 2012.
- c. State whether Kentucky Power is asserting that, if the Mitchell Transfer and Assumption Transaction had occurred on December 31, 2012, it would have had a beginning inventory balance of 1.446 million (Mitchell 0.630 + Big Sandy 0.816) in emission allowances at \$13.834 million (Mitchell \$3.733 + Big Sandy \$10.101).

RESPONSE

- a. Please see RKW-Exhibit 3 for a reconciliation of all of the accounts included in rate base from the 12-31-11 balance to the 12-31-13 balances. All of the components of the \$535 million 12-31-13 forecasted net rate base contained actual values up through 9-30-12, and forecasted values between then and 12-31-13. The forecast was prepared as a high level estimate using simplifying assumptions, and should be viewed as such. Due to these simplifying assumptions, a reconciliation of the plant in service and accumulated depreciation accounts at the level of detail requested in the question is not available. A higher level reconciliation has been prepared and provided here as KPSC 2-2 Attachment 1.

There was no attempt made to forecast retirements beyond 9-30-12, so no retirements are included in the forecast. Individual in-service dates for the hundreds of projects included in the capital forecast in KPSC 2-2 Attachment 1 were not used to decide when individual projects would move from Account 107 CWIP to Account 101 Plant-In-Service, or compute depreciation expense individually for those additions. Depreciation expense was forecasted monthly at a high level by utility plant account by starting with the recent average monthly depreciation expense for each plant account, and adding to that an estimate of depreciation expense on each month's capital expenditures after 9-30-12. Monthly additions to Plant In Service were computed by taking the annual capital forecast for 2012 and 2013 and dividing by 12 to get the monthly capital spend.

- b. The Company has prepared a reconciliation by utility FERC account for general ledger accounts 101 (excluding capital leases recorded in 101.1) and 106 (Gross Plant) in PSC 2-2 Attachment 1. Fifty percent of the ending balance in Attachment 1 for December 31, 2011 of \$1,736,061,736.06 for 100% of the Mitchell plant is \$868,031 million. This amount corresponds to the Utility Plant provided in RKW-Exhibit 3 of \$874,397 million adjusted for net capital leases of \$6,366 million which were not included in Attachment 1.

Attachment 1 also includes general ledger accounts 108 and 111 (Accumulated depreciation) for 100% of the Mitchell plant balances from January 1, 2008 through December 31, 2012 in PSC 2-2 Attachment 1. The reconciliation on page 3 for accumulated depreciation is provided for the steam plant FERC accounts only because non-steam plant data is not available by FERC account by plant location. Fifty percent of the ending balance including the allocated reserve for non-steam plant data provided on page 2 of Attachment 1 of \$501,751,011.39 is \$250,876 million. This amount corresponds to the Accumulated depreciation provided in RKW-Exhibit 3 of \$251,188 adjusted by the account 108.5 amount of \$312 thousand.

- c. Yes

WITNESS: Ranie K Wohnhas

ASSET REPORT 1000c
GL Accounts 1010001 + 1060001

MITCHELL PLANT - OPCo	beginning_balance	additions	retirements	transfers_in	transfers_out	adjustments	ending_balance
DECEMBER 2008 TOTAL							
30300 - Intangible Property	\$ 61,386.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,386.50
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 68,253,120.00	\$ 9,694,901.49	\$ (1,183,626.88)	\$ -	\$ -	\$ -	\$ 76,764,394.61
31200 - Boiler Plant Equip-Coal	\$ 1,424,780,732.04	\$ 37,980,790.93	\$ (1,765,107.47)	\$ 88,909.00	\$ (88,909.00)	\$ -	\$ 1,460,996,415.50
31400 - Turbogenerator Units-Coal	\$ 100,366,404.74	\$ 466,860.50	\$ (116,469.27)	\$ -	\$ -	\$ -	\$ 100,716,795.97
31500 - Accessory Elect Equip-Coal	\$ 28,220,903.70	\$ 425,448.34	\$ (27,892.08)	\$ -	\$ -	\$ -	\$ 28,618,459.96
31600 - Misc Pwr Plant Equip-Coal	\$ 8,743,611.77	\$ 3,650,453.20	\$ (39,497.34)	\$ -	\$ -	\$ -	\$ 12,354,567.63
31700 - ARO Steam Production Plant	\$ 1,193,670.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,193,670.47
35200 - Structures and Improvements	\$ 144,232.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,232.98
35300 - Station Equipment	\$ 1,462.74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,462.74
39000 - Structures and Improvements	\$ 136,829.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,829.92
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,137.34
39700 - Communication Equipment	\$ 37,693.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,693.61
39800 - Miscellaneous Equipment	\$ 8,957.57	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,957.57
DECEMBER 2009 TOTAL	\$ 1,633,265,620.63	\$ 52,218,454.46	\$ (3,132,593.04)	\$ 88,909.00	\$ (88,909.00)	\$ -	\$ 1,682,351,482.05
30300 - Intangible Property	\$ 61,386.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,386.50
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 76,764,394.61	\$ 4,020,529.56	\$ (369,693.20)	\$ -	\$ -	\$ -	\$ 80,415,230.97
31200 - Boiler Plant Equip-Coal	\$ 1,460,996,415.50	\$ 13,296,638.42	\$ (1,865,365.04)	\$ 2,069,530.43	\$ (1,905,781.97)	\$ -	\$ 1,472,591,437.34
31400 - Turbogenerator Units-Coal	\$ 100,716,795.97	\$ 239,787.78	\$ (43,553.80)	\$ -	\$ (163,748.46)	\$ -	\$ 100,749,281.49
31500 - Accessory Elect Equip-Coal	\$ 28,618,459.96	\$ 447,898.68	\$ (154,409.10)	\$ -	\$ -	\$ -	\$ 28,911,949.54
31600 - Misc Pwr Plant Equip-Coal	\$ 12,354,567.63	\$ 938,685.05	\$ (483,006.21)	\$ -	\$ -	\$ -	\$ 12,810,246.47
31700 - ARO Steam Production Plant	\$ 1,193,670.47	\$ 1,542,247.00	\$ -	\$ -	\$ -	\$ -	\$ 2,735,917.47
35200 - Structures and Improvements	\$ 144,232.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,232.98
35300 - Station Equipment	\$ 1,462.74	\$ -	\$ -	\$ 11,511,997.36	\$ -	\$ -	\$ 11,513,460.10
39000 - Structures and Improvements	\$ 136,829.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,829.92
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,137.34
39700 - Communication Equipment	\$ 37,693.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,693.61
39800 - Miscellaneous Equipment	\$ 8,957.57	\$ -	\$ -	\$ -	\$ (8,957.57)	\$ -	\$ -
DECEMBER 2010 TOTAL	\$ 1,682,351,482.05	\$ 20,486,786.49	\$ (2,916,027.36)	\$ 13,581,527.79	\$ (2,078,488.00)	\$ -	\$ 1,711,424,280.98
30300 - Intangible Property	\$ 61,386.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,386.50
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 80,415,230.97	\$ 1,865,228.32	\$ (238,912.09)	\$ 1,103,044.17	\$ (1,103,044.17)	\$ -	\$ 82,041,547.20
31200 - Boiler Plant Equip-Coal	\$ 1,472,591,437.34	\$ 22,899,453.99	\$ (3,413,980.01)	\$ 5,137.00	\$ (5,137.00)	\$ -	\$ 1,492,076,911.32
31400 - Turbogenerator Units-Coal	\$ 100,749,281.49	\$ 2,508,652.34	\$ (673,219.91)	\$ 377,845.00	\$ (377,845.00)	\$ -	\$ 102,584,713.92
31500 - Accessory Elect Equip-Coal	\$ 28,911,949.54	\$ 693,033.38	\$ (37,354.38)	\$ -	\$ -	\$ -	\$ 29,567,628.54
31600 - Misc Pwr Plant Equip-Coal	\$ 12,810,246.47	\$ 1,053,697.67	\$ (19,144.43)	\$ -	\$ -	\$ -	\$ 13,844,799.91
31700 - ARO Steam Production Plant	\$ 2,735,917.47	\$ -	\$ -	\$ 2,197,899.81	\$ (2,197,899.81)	\$ -	\$ 2,735,917.47
35200 - Structures and Improvements	\$ 144,232.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,232.98
35300 - Station Equipment	\$ 11,513,460.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,513,460.10
39000 - Structures and Improvements	\$ 136,829.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,829.92
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,137.34
39700 - Communication Equipment	\$ 37,693.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,693.61
39800 - Miscellaneous Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DECEMBER 2011 TOTAL	\$ 1,711,424,280.98	\$ 29,020,065.90	\$ (4,382,610.82)	\$ 3,683,925.98	\$ (3,683,925.98)	\$ -	\$ 1,736,061,736.06
30300 - Intangible Property	\$ 61,386.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,386.50
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 82,041,547.20	\$ 878,800.60	\$ (228,489.86)	\$ 114,263.34	\$ -	\$ -	\$ 82,806,121.28
31200 - Boiler Plant Equip-Coal	\$ 1,492,076,911.32	\$ 20,499,083.50	\$ (9,497,178.61)	\$ 2,741,031.93	\$ (70,190.43)	\$ -	\$ 1,505,749,657.71
31400 - Turbogenerator Units-Coal	\$ 102,584,713.92	\$ 6,101,670.27	\$ (2,837,012.83)	\$ -	\$ -	\$ -	\$ 105,849,371.36
31500 - Accessory Elect Equip-Coal	\$ 29,567,628.54	\$ 500,380.68	\$ (20,124.55)	\$ -	\$ -	\$ -	\$ 30,047,884.67
31600 - Misc Pwr Plant Equip-Coal	\$ 13,844,799.91	\$ 460,449.46	\$ (36,340.50)	\$ 6,432.00	\$ -	\$ -	\$ 14,275,340.87
31700 - ARO Steam Production Plant	\$ 2,735,917.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,735,917.47
35200 - Structures and Improvements	\$ 144,232.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,232.98
35300 - Station Equipment	\$ 11,513,460.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,513,460.10
39000 - Structures and Improvements	\$ 136,829.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,829.92
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,137.34
39700 - Communication Equipment	\$ 37,693.61	\$ 26,206.76	\$ -	\$ -	\$ -	\$ -	\$ 63,900.37
39800 - Miscellaneous Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DECEMBER 2012 TOTAL	\$ 1,736,061,736.06	\$ 28,466,591.27	\$ (12,619,146.35)	\$ 2,861,727.27	\$ (70,190.43)	\$ -	\$ 1,754,700,717.82

MULTIPLE NBV REPORT - Asset 8044 AEP
Reserve Accounts 1080001 + 1080011 + 1110001

MITCHELL PLANT - OPCo			
	ASSET BALANCE	ALLOC RESERVE	NBV
DECEMBER 2008 TOTAL	\$ 1,633,265,620.63	\$ 313,808,140.20	\$ 1,319,457,480.43
30300 - Intangible Property	\$ 61,386.50	\$ 48,305.31	\$ 13,081.19
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 76,764,394.61	\$ 24,029,615.29	\$ 52,734,779.32
31200 - Boiler Plant Equip-Coal	\$ 1,460,996,415.50	\$ 266,472,797.39	\$ 1,194,523,618.11
31400 - Turbogenerator Units-Coal	\$ 100,716,795.97	\$ 59,345,226.46	\$ 41,371,569.51
31500 - Accessory Elect Equip-Coal	\$ 28,618,459.96	\$ 18,904,385.65	\$ 9,714,074.31
31600 - Misc Pwr Plant Equip-Coal	\$ 12,354,567.63	\$ 4,583,087.68	\$ 7,771,479.95
31700 - ARO Steam Production Plant	\$ 1,193,670.47	\$ 385,981.19	\$ 807,689.28
35200 - Structures and Improvements	\$ 144,232.98	\$ 6,768.70	\$ 137,464.28
35300 - Station Equipment	\$ 1,462.74	\$ 84.68	\$ 1,378.06
39000 - Structures and Improvements	\$ 136,829.92	\$ 4,644.01	\$ 132,185.91
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ 12,141.65	\$ 181,995.69
39700 - Communication Equipment	\$ 37,693.61	\$ 5,151.09	\$ 32,542.52
39800 - Miscellaneous Equipment	\$ 8,957.57	\$ 420.04	\$ 8,537.53
DECEMBER 2009 TOTAL	\$ 1,682,351,482.05	\$ 373,798,609.14	\$ 1,308,552,872.91
30300 - Intangible Property	\$ 61,386.50	\$ 61,386.50	\$ -
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 80,415,230.97	\$ 25,938,884.26	\$ 54,476,346.71
31200 - Boiler Plant Equip-Coal	\$ 1,472,591,437.34	\$ 322,974,050.82	\$ 1,149,617,386.52
31400 - Turbogenerator Units-Coal	\$ 100,749,281.49	\$ 62,274,124.25	\$ 38,475,157.24
31500 - Accessory Elect Equip-Coal	\$ 28,911,949.54	\$ 19,495,742.32	\$ 9,416,207.22
31600 - Misc Pwr Plant Equip-Coal	\$ 12,810,246.47	\$ 4,452,878.54	\$ 8,357,367.93
31700 - ARO Steam Production Plant	\$ 2,735,917.47	\$ 381,903.30	\$ 2,354,014.17
35200 - Structures and Improvements	\$ 144,232.98	\$ 9,459.45	\$ 134,773.53
35300 - Station Equipment	\$ 11,513,460.10	\$ 5,138,387.90	\$ 6,375,072.20
39000 - Structures and Improvements	\$ 136,829.92	\$ 7,713.24	\$ 129,116.68
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ 17,010.72	\$ 177,126.62
39700 - Communication Equipment	\$ 37,693.61	\$ 6,344.16	\$ 31,349.45
39800 - Miscellaneous Equipment	\$ -	\$ -	\$ -
DECEMBER 2010 TOTAL	\$ 1,711,424,280.98	\$ 440,757,885.46	\$ 1,270,666,395.52
30300 - Intangible Property	\$ 61,386.50	\$ 61,386.50	\$ -
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 82,041,547.20	\$ 28,013,281.36	\$ 54,028,265.84
31200 - Boiler Plant Equip-Coal	\$ 1,492,076,911.32	\$ 378,273,361.82	\$ 1,113,803,549.50
31400 - Turbogenerator Units-Coal	\$ 102,584,713.92	\$ 64,505,144.15	\$ 38,079,569.77
31500 - Accessory Elect Equip-Coal	\$ 29,567,628.54	\$ 20,151,616.38	\$ 9,416,012.16
31600 - Misc Pwr Plant Equip-Coal	\$ 13,844,799.91	\$ 4,807,498.90	\$ 9,037,301.01
31700 - ARO Steam Production Plant	\$ 2,735,917.47	\$ 456,164.06	\$ 2,279,753.41
35200 - Structures and Improvements	\$ 144,232.98	\$ 12,184.71	\$ 132,048.27
35300 - Station Equipment	\$ 11,513,460.10	\$ 5,426,664.50	\$ 6,086,795.60
39000 - Structures and Improvements	\$ 136,829.92	\$ 10,819.73	\$ 126,010.19
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ 26,095.61	\$ 168,041.73
39700 - Communication Equipment	\$ 37,693.61	\$ 6,793.67	\$ 30,899.94
39800 - Miscellaneous Equipment	\$ -	\$ -	\$ -
DECEMBER 2011 TOTAL	\$ 1,736,061,736.06	\$ 501,751,011.39	\$ 1,234,310,724.67
30300 - Intangible Property	\$ 61,386.50	\$ 61,386.50	\$ -
31000 - Land - Coal Fired	\$ 1,122,477.25	\$ -	\$ 1,122,477.25
31100 - Structures, Improvemnt-Coal	\$ 82,806,121.28	\$ 30,207,705.86	\$ 52,598,415.42
31200 - Boiler Plant Equip-Coal	\$ 1,505,749,657.71	\$ 429,631,933.67	\$ 1,076,117,724.04
31400 - Turbogenerator Units-Coal	\$ 105,849,371.36	\$ 64,945,344.33	\$ 40,904,027.03
31500 - Accessory Elect Equip-Coal	\$ 30,047,884.67	\$ 20,984,509.57	\$ 9,063,375.10
31600 - Misc Pwr Plant Equip-Coal	\$ 14,275,340.87	\$ 5,164,789.05	\$ 9,110,551.82
31700 - ARO Steam Production Plant	\$ 2,735,917.47	\$ 556,209.85	\$ 2,179,707.62
35200 - Structures and Improvements	\$ 144,232.98	\$ 14,933.80	\$ 129,299.18
35300 - Station Equipment	\$ 11,513,460.10	\$ 6,148,181.86	\$ 5,365,278.24
39000 - Structures and Improvements	\$ 136,829.92	\$ 13,597.26	\$ 123,232.66
39100 - Office Furniture, Equipment	\$ 194,137.34	\$ 24,037.97	\$ 170,099.37
39700 - Communication Equipment	\$ 63,900.37	\$ 8,090.03	\$ 55,810.34
39800 - Miscellaneous Equipment	\$ -	\$ -	\$ -
DECEMBER 2012 TOTAL	\$ 1,754,700,717.82	\$ 557,760,719.75	\$ 1,196,939,998.07

Depreciation Ledger - Mitchell Plant - Steam Accounts Only

MITCHELL PLANT - OPCo	Beginning Reserve	Expense	Retirements	Trfrs/Adjust	Removal Cost	Salvage	Ending Reserve
DECEMBER 2008 TOTAL							
30300 - Intangible Property	-	-	-	-	-	-	-
31000 - Land - Coal Fired	-	-	-	-	-	-	24,029,615.29
31100 - Structures, Improvemnt-Coal	23,237,561.54	1,975,680.63	(1,183,626.88)	-	-	-	266,472,797.39
31200 - Boiler Plant Equip-Coal	210,896,961.76	57,228,370.64	(1,765,107.47)	-	96,567.40	16,005.06	59,345,226.46
31400 - Turbogenerator Units-Coal	56,586,634.65	2,875,061.08	(116,469.27)	-	-	-	18,904,385.65
31500 - Accessory Elect Equip-Coal	18,255,662.00	676,615.73	(27,892.08)	-	-	-	4,583,087.68
31600 - Misc Pwr Plant Equip-Coal	4,377,127.28	245,457.74	(39,497.34)	-	-	-	385,981.19
31700 - ARO Steam Production Plant	404,089.50	(18,108.31)	-	-	-	-	-
35200 - Structures and Improvements	-	-	-	-	-	-	-
35300 - Station Equipment	-	-	-	-	-	-	-
39000 - Structures and Improvements	-	-	-	-	-	-	-
39100 - Office Furniture, Equipment	-	-	-	-	-	-	-
39700 - Communication Equipment	-	-	-	-	-	-	-
39800 - Miscellaneous Equipment	-	-	-	-	-	-	-
DECEMBER 2009 TOTAL							
30300 - Intangible Property	-	-	-	-	-	-	-
31000 - Land - Coal Fired	-	-	-	-	-	-	25,938,884.26
31100 - Structures, Improvemnt-Coal	24,029,615.29	2,278,962.17	(369,693.20)	-	-	-	322,974,050.82
31200 - Boiler Plant Equip-Coal	266,472,797.39	58,223,414.88	(1,865,365.04)	24,164.56	-	119,039.03	62,274,124.25
31400 - Turbogenerator Units-Coal	59,345,178.87	2,877,577.12	(43,553.80)	(24,164.56)	119,039.03	-	19,495,742.32
31500 - Accessory Elect Equip-Coal	18,904,385.65	686,246.26	(154,409.10)	-	-	59,519.51	4,452,878.54
31600 - Misc Pwr Plant Equip-Coal	4,583,087.68	352,797.07	(483,006.21)	-	-	-	381,903.30
31700 - ARO Steam Production Plant	385,981.19	(4,077.89)	-	-	-	-	-
35200 - Structures and Improvements	-	-	-	-	-	-	-
35300 - Station Equipment	-	-	-	-	-	-	-
39000 - Structures and Improvements	-	-	-	-	-	-	-
39100 - Office Furniture, Equipment	-	-	-	-	-	-	-
39700 - Communication Equipment	-	-	-	-	-	-	-
39800 - Miscellaneous Equipment	-	-	-	-	-	-	-
DECEMBER 2010 TOTAL							
30300 - Intangible Property	-	-	-	-	-	-	-
31000 - Land - Coal Fired	-	-	-	-	-	-	28,013,281.36
31100 - Structures, Improvemnt-Coal	25,938,884.26	201,767.66	(238,912.09)	-	-	-	378,273,361.82
31200 - Boiler Plant Equip-Coal	322,974,050.82	58,713,291.01	(3,413,980.01)	-	-	-	64,505,144.15
31400 - Turbogenerator Units-Coal	62,274,124.25	2,904,239.81	(673,219.91)	-	-	-	20,151,616.38
31500 - Accessory Elect Equip-Coal	19,495,742.32	693,228.44	(37,354.38)	-	-	-	4,807,498.90
31600 - Misc Pwr Plant Equip-Coal	4,452,878.54	373,764.79	(19,144.43)	-	-	-	456,164.06
31700 - ARO Steam Production Plant	381,903.30	74,260.76	-	-	-	-	-
35200 - Structures and Improvements	-	-	-	-	-	-	-
35300 - Station Equipment	-	-	-	-	-	-	-
39000 - Structures and Improvements	-	-	-	-	-	-	-
39100 - Office Furniture, Equipment	-	-	-	-	-	-	-
39700 - Communication Equipment	-	-	-	-	-	-	-
39800 - Miscellaneous Equipment	-	-	-	-	-	-	-
DECEMBER 2011 TOTAL							
30300 - Intangible Property	-	-	-	-	-	-	-
31000 - Land - Coal Fired	-	-	-	-	-	-	30,207,705.86
31100 - Structures, Improvemnt-Coal	58,322,252.88	196,481.57	(228,489.86)	-	-	-	429,631,933.67
31200 - Boiler Plant Equip-Coal	378,273,361.82	59,421,374.39	(9,497,178.61)	393,233.77	763,327.00	277,815.30	64,945,344.33
31400 - Turbogenerator Units-Coal	64,505,144.15	2,999,397.71	(2,837,012.83)	-	-	138,907.65	20,984,509.57
31500 - Accessory Elect Equip-Coal	20,151,616.38	714,110.09	(20,124.55)	-	-	-	5,164,789.05
31600 - Misc Pwr Plant Equip-Coal	4,807,498.90	389,592.82	(36,340.50)	4,037.83	-	-	556,209.85
31700 - ARO Steam Production Plant	456,164.06	100,045.79	-	-	-	-	-
35200 - Structures and Improvements	-	-	-	-	-	-	-
35300 - Station Equipment	-	-	-	-	-	-	-
39000 - Structures and Improvements	-	-	-	-	-	-	-
39100 - Office Furniture, Equipment	-	-	-	-	-	-	-
39700 - Communication Equipment	-	-	-	-	-	-	-
39800 - Miscellaneous Equipment	-	-	-	-	-	-	-
DECEMBER 2012 TOTAL							

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 7.

- a. Confirm that the 12-month capacity payments were: for December 31, 2008, \$51,669,284; for December 31, 2009, \$57,261,538; for December 31, 2010, \$58,414,209; for December 31, 2011, \$54,522,751; and for December 31, 2012, \$22,317,455.
- b. If the answer to part a. is yes, explain the decrease in the annual capacity payments from 2011 to 2012.
- c. State whether there will be any energy transactions between Kentucky Power and its affiliated companies once the Power Coordination Agreement becomes effective, or whether all additional energy Kentucky Power needs to serve its full-requirement customers will be purchased only at market.

RESPONSE

- a. The Company confirms the statement.
- b. The decrease in the annual capacity payments from 2011 to 2012 is driven by two primary factors. The largest factor in the reduction in the capacity payments from 2011 to 2012 reflects the reduction in KPCo's deficit position in the east pool. As shown in the Company's response to KPSC 1-7, KPCo's capacity position decreased from (3,790,800) in 2011 to (1,779,500) in 2012. This decrease resulted in a decrease in capacity payments of \$28.6 million. The decrease in KPCo's deficit capacity position was driven by several factors:
 - i. On December 31, 2011, Columbus Southern Power and Ohio Power Company merged altering the MLR's across the four remaining companies;
 - ii. In September of 2011, OPCo retired Sporn 5 which also acted to reduce KPCo's capacity deficit position;
 - iii. Actual peak loads experienced by the various East Pool operating companies also acted to reduce KPCo's MLR.

The second primary factor driving the reduction in KPCo's primary capacity payments was a reduction in the Equalization Capacity Rate from an average 14.58 (\$/kw) in 2011 to 12.55 in 2012. The rate decline stems in large part from I&M no longer being surplus starting in February 2012, thus excluding I&M's Capacity Investment & Fixed Operating Rate from the calculation of the Equalization Capacity Rate. This reduction in rate resulted in a year-over-year decrease in KPCo's capacity payments of \$3.7 million.

Please see KPSC 2-3 Attachment 1 for the data described above.

- c. There will not be any energy transactions between Kentucky Power and its affiliated companies under the Power Coordination Agreement. All additional energy for Kentucky Power to meet its full-requirement customers will be purchased at market or through bilateral contracts.

WITNESS: Ranie K Wohnhas

Year/Mo.	KPCO MLR	KPCO Charges (\$)	KPCO Cap Deficit (kW)	Cap Equalization Rate	TOTAL PRIMARY CAPACITY kW	KPCO MLR DECREASE 2011 -2012	KPCO Cap Deficit Decrease (kW) Related to Reduced MLR	Cap Equalization Rate Decrease 2011 -2012	KPCO Cap Deficit Decrease Related to Reduced Cap Rate
201201	0.064090	(2,633,449)	(204,900)	12.85	26,149,000	0.004430	115,840	0.76	-156,260
201202	0.064090	(3,061,188)	(241,800)	12.66	26,724,000	0.004430	118,387	0.76	-183,170
201203	0.059310	(1,462,620)	(114,000)	12.83	26,724,000	0.009210	246,128	1.07	-122,306
201204	0.059310	(1,454,640)	(114,000)	12.76	26,724,000	0.009460	252,809	0.97	-110,025
201205	0.059310	(1,463,760)	(114,000)	12.84	26,724,000	0.009460	252,809	0.69	-78,476
201206	0.059310	(1,418,160)	(114,000)	12.44	26,724,000	0.009460	252,809	0.93	-105,665
201207	0.059310	(1,467,180)	(114,000)	12.87	26,724,000	0.009460	252,809	0.56	-64,308
201208	0.060740	(1,878,148)	(152,200)	12.34	26,724,000	0.005240	140,034	1.26	-192,257
201209	0.060740	(1,840,098)	(152,200)	12.09	26,724,000	0.005240	140,034	12.21	-1,858,601
201210	0.060730	(1,854,699)	(151,900)	12.21	26,724,000	0.005250	140,301	1.81	-274,368
201211	0.060730	(1,888,117)	(151,900)	12.43	26,724,000	0.005250	140,301	2.00	-303,577
201212	0.060830	(1,895,396)	(154,600)	12.26	26,724,000	0.005150	137,629	1.33	-205,218
Total/Avg	0.060708	(22,317,455)	(148,292)	12.55			182,491		-3,654,231
201101	0.068520	(4,785,665)	(351,500)	13.61	26,598,000				
201102	0.068520	(4,716,261)	(351,500)	13.42	26,598,000				
201103	0.068520	(4,886,856)	(351,500)	13.90	26,598,000				
201104	0.068770	(4,914,969)	(358,100)	13.73	26,598,000				
201105	0.068770	(4,844,515)	(358,100)	13.53	26,598,000				
201106	0.068770	(4,786,681)	(358,100)	13.37	26,598,000				
201107	0.068770	(4,810,752)	(358,100)	13.43	26,598,000				
201108	0.065980	(3,861,944)	(283,900)	13.60	26,598,000				
201109	0.065980	(6,196,900)	(255,000)	24.30	26,161,000				
201110	0.065980	(3,574,142)	(255,000)	14.02	26,161,000				
201111	0.065980	(3,679,275)	(255,000)	14.43	26,161,000				
201112	0.065980	(3,464,791)	(255,000)	13.59	26,161,000				
Total/Avg	0.067545	(54,522,751)	(315,900)	14.58					

Kentucky Power Company

REQUEST

Refer to Kentucky Power's responses to Staff's First Request, Items 10. b. and Item 11. In comparing Mitchell Plant Unit 1's fuel cost (which is the highest of the two Mitchell Units) with Big Sandy Unit 2's fuel cost (which is the larger of the Big Sandy Units), state whether Kentucky Power agrees that the Mitchell's Plant Unit 1's fuel cost is approximately 11 percent less than the Big Sandy fuel cost for years 2011 and 2012.

RESPONSE

Allocations were made to provide a response for the Big Sandy and Mitchell Plants as consumed fuel costs are not available on a unit basis. In addition, the Mitchell Plant burns a blend of Northern Appalachian (NAPP) and Central Appalachian (CAPP) coals while the Big Sandy Plant burns CAPP coal only. Subject to these caveats, Kentucky Power agrees that the Mitchell Plant's Unit 1 fuel cost is approximately 11-12% less than the fuel cost for Big Sandy Unit 2 for the years 2011 and 2012.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 15.

- a. In response to Item 15.b., Kentucky Power states, "PJM capacity sales already committed during this period will be allocated among the operating companies based upon final MLR." State whether Kentucky Power is saying that each of the members of the American Electric Power ("AEP") East Pool Agreement ("AEP Pool") will receive its final MLR share of capacity sales to PJM, even though none of the capacity-deficit members will be making any capacity payments to the capacity-surplus members. If the answer is no, provide an explanation.
- b. If Kentucky Power's actual weather-normalized winter peak for 2012 was 1,471 MW,¹ and if Kentucky Power's installed capacity from January 1, 2014 through May 30, 2015 will be 2,250 MW, confirm that Kentucky Power and its ratepayers will be responsible for paying the costs associated with approximately 53 percent $((2,250 - 1,471)/1,471)$ more capacity than required to meet their load.
- c. Explain why it is appropriate for the deficit members of the AEP Pool to receive their final MLR share of PJM capacity sales if the deficit members are not paying any capacity payments to the surplus member.
- d. Explain the meaning of the phrase "predominantly in PJM" as stated in the response to Item 15.c.

RESPONSE

- a. Sales committed under the current AEP Interconnection Agreement that continue beyond the agreements scheduled termination will use the same allocator, MLR, as was used at the time such sales were made.
- b. The Company cannot confirm this statement. The calculation as presented in the request utilizes a 2012 peak and therefore is not reflective of the capacity required in 2014, nor does it account for any type of reserve margin capacity.

With that said, Kentucky Power is currently expected to have surplus capacity during the 17-month transitional period beginning January 1, 2014, and customers will receive the majority of the energy benefits of any surplus capacity.

- c. As of January 1, 2014, there will be no "deficit" and "surplus" companies under the AEP Interconnection Agreement since that agreement will have terminated. Capacity sales that continue after January 1, 2014 were entered into while the current pool was active, consequently, MLR is being used as the allocator for such sales.
- d. The phrase "predominantly in PJM" is used solely to recognize that the Agent, on behalf of KPCo, will seek the best prices for KPCo surplus energy and as a consequence may sell certain blocks of energy from time to time outside of PJM (e.g., MISO).

WITNESS: Gregory G Pauley

¹ Kentucky Power Company's Response to KIUC First Set of Data Requests, Item 16, Attachment 1, page 1 of 1, filed Feb 20, 2013.

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Items 16 and 64. Also, refer to the response to Commission Staff's Third Information Request, Item 2, in Case No. 2011-00401² where it states the following:

No. Had the most recent technical and commercial evaluation of the FGD Technologies indicated that a wet FGD was the most economical alternative for scrubbing Big Sandy Unit 2, then the work performed by Black & Veatch would have been applicable to the project. Because the most recent evaluations have determined that Kentucky Power's customers will receive the greatest benefit from the application of a dry scrubber technology, than (sic) work associated with the wet technology, although prudent at the time, is not directly applicable.

- a. State whether the \$5,966,590 identified in Case No. 2011-00401 as expenses for engineering work in connection with a wet flue gas desulfurization ("FGD") is also included in the \$29,287,494 of incremental costs associated with the Phase 1 investigation. If so, state whether the \$5,966,590 is still prudent for recovery in this proceeding, if it was not directly applicable in Case No. 2011-00401.³
- b. State whether there are any other charges in the \$29,287,494 that may have been prudent at the time, but are no longer directly applicable in this proceeding.

RESPONSE

- a. The \$5,966,590 identified as engineering work for the WFGD is included in the (\$29,287,494) \$28,774,244. Although not directly applicable to the dry FGD Project, the work on a wet FGD was carried forward to the DFGD project and led to reduced costs. In fact, the Company sought recovery of the WFGD-related costs in Case No. 2011-00401, as it does in this case, because they were prudently incurred. As the Company explained in its brief filed in that case:

In addition to the costs associated with the current implementation and installation of the Scrubber system included in the 2011 Environmental Compliance Plan, Kentucky Power seeks to recover the costs it incurred from April of 2004 through April of 2006 in connection with a preliminary investigation into the feasibility of installing a wet flue gas desulfurization system (“WFGD”) and landfill at Big Sandy Unit 2. The Company incurred these costs in connection with its Clean Air Interstate Rule (“CAIR”) compliance strategy. The preliminary investigation was suspended when it became clear that because of changes in prices, both for the system itself and the prices of low-sulfur and high-sulfur coal, the wet scrubber system was no longer cost-effective. These costs arose from reasonable and prudent efforts by the Company to address existing environmental requirements.

Moreover, it is important to recognize that contrary to the suggestion of the Intervenor, work on a compliance plan for Big Sandy Unit 2 was not “abandoned” in 2006.

Moreover, the majority of the costs incurred during the preliminary investigation were associated with work that carried forward to the current Scrubber project and led to reduced current costs. As explained at the hearing by Robert Walton, Managing Director of Projects and Controls for AEPSC, “a majority, if not all of [the preliminary] work does carry forward into the—into the project that we’re—we’re undertaking now.” Specifically, Mr. Walton identified studies performed by the Company to determine whether the current stack at Big Sandy Unit 2 can be used following the installation of the Scrubber, studies addressing the coal blending facility, and landfill work as projects that carried forward from the preliminary investigation.

- b. The Company believes that the entire \$29,287,494 in incurred costs for the preliminary engineering work for WFGD and DFGD options on Big Sandy Unit 2 is “directly applicable” in this proceeding. The Company is seeking recovery of the entire amount incurred in connection with the Big Sandy Unit 2 work although the least cost alternative is no longer the retrofit of Big Sandy Unit 2. The costs were prudently incurred and thus are recoverable.

WITNESS: Ranie K Wohnhas

² Case No. 2011-00401, Application of Kentucky Power Company for Approval of Its 2011 environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, and for the Grant of a Certificate of Public Convenience and Necessity for the Construction and Acquisition of Related Facilities (Ky. PSC May 31, 2012)

³ *Id.*

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 19. In the 13-year period shown in part a., state how many months Kentucky Power was a surplus-capacity member in the AEP Pool.

RESPONSE

Kentucky Power was a deficit-capacity member for each month.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 20. State whether the impact on energy costs as a result of the termination of the current pool agreement is reflected in the 8 percent increase referenced in paragraph 39 of Kentucky Power's application. If yes, provide the amount and the reference where this increase can be found.

RESPONSE

The approximate 8 percent increase referenced in paragraph 39 of Kentucky Power's application can be found on RKW-Exhibit 4 page 1 line 24. The amount of the impact on energy costs is provided on RKW-Exhibit 4 page 1 lines 2, 3, 11, 12, and 18.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 24. Provide a copy of the Request for Proposal after it is issued.

RESPONSE

The Request for Proposal has not been issued as of the date of this response. The Company will supplement this response once the RFP has been issued.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 27.b. Provide the reasons and/or rationale used by the individuals making the decision to make only 50 percent of the Mitchell Plant available to Kentucky Power and not an undivided interest from any of the other surplus AEP East generating plants.

RESPONSE

Ohio Power's generating assets were not reviewed on a unit by unit basis. Rather, all the assets of Ohio Power Company, which historically have been used to provide power to KPCo, were qualitatively screened to determine the generating units to be analyzed, along with other viable resource options for KPCo.

The qualitative analysis was not reduced to any report, presentation, or electronic file at the time of the analysis. Page 5 of the attachment in SC 1-3, was prepared at a later date. KPSC 2-10, Attachment 1 is a chart prepared to depict the thought process behind the qualitative analysis.

WITNESS: Gregory G Pauley

A. Units Evaluated on Criteria of Staff 2-024

Plant	Amos	Mitchell	Mitchell	Cardinal	Gavin	Gavin
Unit	3	1	2	1	1	2
MW	867	770	790	592	1,319	1,319
Baseload Unit?	✓	✓	✓	✓	✓	✓
Environmental Controlled?	✓	✓	✓	✓	✓	✓
Located in Juris. of APC/WPC or KPC?	✓	✓	✓			
Appropriate Size for Need?*	✓	✓	✓	✓		
Reasonable Cost?	✓	✓	✓	✓	✓	✓
Existing Joint Ownership with APC?	✓					

*Gavin's 1300 MW units were less attractive because forced outage of a single unit exposes APCo and KPCo to larger capacity and energy losses than the Mitchell and Cardinal units and potentially would involve joint ownership issues with the unregulated Genco.

B. Other Ohio Power Owned Units: Slated for Retirement in 2015 or Acquired through Merger with CSP

Plant	Unit	Retired by 6/1/2015	Historically Provided Pool Cap & Energy?	Jointly Owned With 3rd Parties
Beckjord	6	Yes	NA	NA
Conesville	3	Yes	NA	NA
Kammer	1	Yes	NA	NA
Kammer	2	Yes	NA	NA
Kammer	3	Yes	NA	NA
Muskingum	1	Yes	NA	NA
Muskingum	2	Yes	NA	NA
Muskingum	3	Yes	NA	NA
Muskingum	4	Yes	NA	NA
Muskingum	5	Yes	NA	NA
Picway	5	Yes	NA	NA
Sporn	2	Yes	NA	NA
Sporn	4	Yes	NA	NA
Conesville	4	No	No	Yes
Conesville	5	No	No	No
Conesville	6	No	No	No
Darby	1-6	No	No	No
Waterford	1	No	No	No
Zimmer	1	No	No	Yes

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Items 29 and 30. For the years 2012 through 2019 the nominal power prices are different in the two responses.

- a. Provide an explanation for the differences in the figures and, if any calculations are used to explain the differences, provide the calculations.
- b. Explain which values were used for the analysis and why they were used.

RESPONSE

- a. The nominal power prices reflected in the response to KPSC 1-29 reflect the impacts of the CSAPR rule as initially stated. The nominal power prices reflected in response to KPSC 1-30 reflect an update to the CSAPR rule.
- b. The five commodity price forecasts found in the response to KPSC 1-29 were used in the Strategist analysis. They were used because they represent a series of forecasts developed on common and consistent set of fundamental assumptions. The most significant differences in the nominal power prices occur in the 2012 through 2014 which largely precedes the period when the relative economics of the various Big Sandy options are impacted. During the period of 2015 through 2019 the differences in nominal power prices are small, less than \$1.00/MWh and would not significantly impact the results of the analysis. See the response to KPSC 2-12 for additional information on the impacts of the CSAPR rule on commodity pricing.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 31. The forecasted values used in the company's analysis were prepared in late November of 2011. On August 21, 2012, the D.C. Circuit Court of Appeals vacated the Cross-State Air Pollution Rule ("CSAPR").

- a. State whether the company considers the vacating of CSAPR a "substantive change in a key driver" of its forecasts of on- and off-peak energy prices.
- b. If the answer to a. above is yes, explain.
- c. If the vacating of CSAPR is considered a key driver, discuss the potential impact on the company's forecasts of energy prices.
- d. If the vacating of CSAPR is considered a key driver, explain why the company did not update its energy price forecasts.

RESPONSE

- a. The vacatur of CSAPR is not a "substantive change in a key driver" post 2015.
- b. N/A
- c. N/A
- d. N/A

WITNESS: Karl R Bletzacker

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 33.

- a. The provided EFOR table indicates that the Mitchell Unit 1 Equivalent Forced Outage Rate ("EFOR") has been trending up to 13.14 percent. Provide a detailed summary of the reasons for this excessively high EFOR.
- b. Provide the annual EFOR projections from 2013-2017 for each unit at Mitchell plant and explain how the actual EFOR achieved in each of those years will be at or below the projected EFOR.

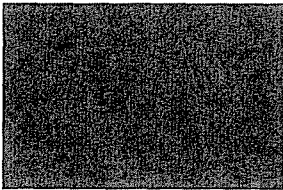
RESPONSE

- a. Refer to KPSC 1-33 Attachment 2. The Mitchell Plant has corrected or is in the process of replacing, repairing and upgrading equipment in order to mitigate the issues referenced in the Attachment. As a result, it is projected that Unit 1's EFOR will be reduced.
- b. Please see KPSC 2-13 Attachment 1 for the requested information. The Company intends to achieve the projected EFOR's through prudent maintenance outages, investments, and operating standards.

Confidential treatment is being sought for portions of KPSC 2-13 Attachment 1.

WITNESS: Jeffery D LaFleur

Equivalent Forced Outage Rate (EFOR) (%)
2013-2017 EFOR Projections

	<u>Mitchell 1</u>	<u>Mitchell 2</u>
2013		
2014		
2015		
2016		
2017		

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 34. Kentucky Power has stated that the Mitchell Plant Units 1 & 2 FGD system was initiated in 2003 and placed into service in 2007, while the Big Sandy Unit 2 FGD system was initiated in 2004 and was never constructed. Explain why the Big Sandy Unit's FGD was under consideration for so long and state whether any other FGD systems within AEP were under consideration for this long before construction. If the response to the above question is yes, identify the generating plants.

RESPONSE

As a part of the Clean Air Interstate Rule (CAIR) compliance strategy, AEPSC on behalf of the Company began its preliminary Phase I feasibility analysis on Big Sandy Unit 2 in the third quarter of 2004. The analyses indicated that the retrofit of Big Sandy Unit 2 with a WFGD was part of the least cost compliance plan for Big Sandy Unit 2. After preliminary feasibility studies, conceptual engineering, and a competitive selection of the WFGD OEM, a refined assessment indicated that the costs to retrofit Big Sandy Unit 2 had increased substantially. Coincident with this determination, there was a decrease in the projected price spread between low and high sulfur coals that effectively eliminated any fuel cost savings associated with using a higher sulfur coal, further making the retrofit less attractive. The Phase I activities were suspended in the second quarter of 2006 pending further developments and investigation. The majority of the costs incurred during this first part of the investigation involved work that carried forward to the evaluation that led the subsequent application to retrofit Big Sandy Unit 2 with a DFGD unit.

On October 9, 2007 AEP entered into a the New Source Review (NSR) consent decree with the Department of Justice to settle all complaints filed against AEP and its affiliates, including KPCo.

Kentucky Power Company

AEPSC re-started in the first quarter of 2010 the conceptual and analytical work to determine the least cost and most beneficial option with respect to Big Sandy Unit 2. On June 9, 2011, Kentucky Power announced that it would retire Big Sandy Units 1 and 2 in favor of repowering Big Sandy Unit 1 with a combined cycle unit. This announcement was based upon a preliminary economic analysis that indicated repowering Big Sandy Unit 1 would be the least-cost alternative for continuing to serve the Company's customers while meeting the applicable environmental requirements. However, a comprehensive, independent economic analysis carried out by Sargent & Lundy, LLC and Kiewit Industrial Company showed that the costs of a natural gas solution would be significantly greater than initially anticipated by the Company.

Based on the Company's continuing investigation, Kentucky Power determined in the Fall of 2011 that the installation of a "NID" DFGD unit on Big Sandy Unit 2 was the least cost option for the Company. Instead of starting over and duplicating costs, the technology evaluation that led to the decision to install the NID DFGD built on the preliminary Phase I feasibility analysis begun in 2004. The decision to install the NID DFGD led to the Company to file its December 2011 application in Commission Case No. 2011-00401. During that proceeding, further developments led the Company to file its May 30, 2012 motion to withdraw its application to retrofit Big Sandy Unit 2 to allow Kentucky Power additional time to re-evaluate alternatives to meet its obligations under the NSR Consent Decree, the Cross-State Air Pollution Rule, the Mercury and Air Toxic Standards, and other environmental standards.

No other FGD systems within AEP were under consideration for this period prior to construction.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 34.e. The response indicates that the need for baghouse technology was evaluated in 1978.

- a. State whether the need for baghouse technology at the Mitchell Units has been re-evaluated since 1978 and if so, provide the most recent evaluation.
- b. Explain why the company is confident that the Mitchell Units will meet the Mercury and Air Toxics Standard ("MATS") requirements without the installation of baghouse technology.

RESPONSE

- a. The need for baghouse technology was evaluated in 2011, not in 1978. No formal written evaluation was performed, but a limited amount of diagnostic test data was collected to compare the emissions with the currently installed controls to the final MATS limitations. A table containing the measured emission rates for Mercury, Filterable Particulate Matter, and Hydrochloric Acid from Mitchell Unit 1 generated during this testing is attached as Staff 2-15, Attachment 1.
- b. The Mitchell Plant plans to meet the MATS requirements, using the following equipment which is already installed on the units and operational.

<u>MATS</u>	<u>Equipment</u>
Particulate Matter (PM) Precipitator(ESP)	Flue Gas Desulfurization(FGD)/Electrostatic
Acid Gas/Hydrochloric Acid	FGD
Mercury	FGD, ESP and Selective Catalytic Reduction(SCR)

The diagnostic results, although they provide only a one-time measurement of current emissions, indicates that the installed controls are capable of reducing emissions to levels below the applicable MATS limits.

In addition, refer to the Company's response in AG 2-8 and the attachment provided in part a of this request.

WITNESS: Jeffery D LaFleur

Mitchell Unit 1 Diagnostic Emissions Testing

Date	Parameter	Emission Rate
August 2, 2011	Filterable Particulate Matter	0.0244 #/mmBtu
August 2, 2011	Mercury	0.3250 #/TBtu
August 2, 2011	Hydrochloric Acid	0.0004 #/mmBtu
August 3-4, 2011	Filterable Particulate Matter	0.0175 #/mmBtu
August 3-4, 2011	Hydrochloric Acid	0.0002 #/mmBtu

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 39. At \$536 million, the cost of the Mitchell capacity will be approximately \$687 per kW. If non-AEP coal-fired capacity located outside PJM were to be available to Kentucky Power, explain how much below \$687 per kW it would need to be priced to make it more attractive to Kentucky Power than the Mitchell capacity.

RESPONSE

The requested analysis cannot be performed until additional information is defined for the hypothetical non-AEP coal fired capacity resource located outside PJM, which otherwise would encompass an impractically large number of possible resources. The additional information for the hypothetical resource would include, at a minimum, detailed operating characteristics for the resource, status of environmental upgrades of the resource, a forecast of the resource's long-term fixed and variable operating costs, a long-term price forecast for fuel delivered to the facility, and the location of the resource so that feasibility and cost of transmission for delivering the resource's capacity and energy into PJM could be determined.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 41 a.

- a. Describe in detail how the Mitchell Plant plans to meet the MATS regulations.
- b. Explain what mercury-control technology will be applied.

RESPONSE

a & b. Refer to the Company's response to KPSC 2-15 subpart b.

WITNESS: John M McManus

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to the Staff's First Request, Item 42 a, b., and c.

- a. Identify the future costs associated with the implementation of controls required to meet the December 2012 NAAQS PM2.5 standards.
- b. State whether these costs were included in the decision analysis.
- c. If these costs were included, provide a specific reference to this analysis.

RESPONSE

- a. See the Company's response to KPSC 1-42 part a. No future costs have been identified. Any potential future PM2.5 requirements would be expected to focus on SO₂ and NO_x emissions, which are precursors to the formation of PM2.5 in the atmosphere. With the Mitchell Units being fully controlled for SO₂ (FGD) and NO_x (SCR), any future PM2.5 requirements are not expected to drive the need for additional controls.
- b. See the response to part a. Because any future PM2.5 requirements are not expected to drive the need for additional controls, it was unnecessary to include additional costs in the analysis.
- c. N/A

WITNESS: John M. McManus/Gregory G. Pauley

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 52, Attachment 1.

- a. Provide the source for the value identified as "Present Value of KPCO Internal Sales Requirement over period: 2016-2040 (MWh)."
- b. If this is a calculated value, provide the calculation.

RESPONSE

a-b. See KPSC 2-19 Attachment 1 on the enclosed CD.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 55, and the files provided on the CD.

- a. Identify the source of the information provided on the CD under tabs #1A, #1B, #2A, #2B, #3A, #3B, #4A, #4B, #5A, #5B, and #6.
- b. Provide the calculations and formulae used to populate the Excel spreadsheets.

RESPONSE

- a. See the ZIP file contained in the response to KPSC 1-1. The source files used to create tabs #1A, #1B, etc. are found within the ZIP file folders. Each folder contains results for the 11 Big Sandy options under one of the 5 commodity price scenarios. For example, the #1A, #2A etc. tabs found in the KPSC 1-55 WP_Ex SCW-5A used in response to KPSC 1-55 were produced by the files found in the Base folder of the ZIP file.
- b. See response to a, which identifies the requested information.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 58.b. State whether the Interim Allowance Agreement ("IAA") has a provision at the end of each calendar year that each of the AEP Pool members are obligated to have their Member Load Ratio ("MLR") share of the AEP East allowances inventory and that there is a year-end adjustment to reflect this provision.

RESPONSE

Yes.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 59.

- a. Provide the amount of dividends for 2008 to 2012.
- b. State whether Kentucky Power has ever paid, in the last 10 years, a dividend of \$75 million or greater.
- c. If the entry for the proposed \$75 million is to reduce Equity and Cash, state whether Kentucky Power believes it will have the necessary cash balance to pay the dividend, or if it anticipates borrowing the necessary funds.
- d. If the answer to part c. is that funds will be borrowed to pay the \$75 million dividend, state whether this will add additional debt to the Mitchell Transfer and Assumption Transaction and whether borrowing an additional \$75 million would impact the debt-equity ratio.
- e. If 'n' is 3 (the number of years between 2009 and 2012), the net present value is \$23,936 (2009's net income) and the future value is \$50,978 (2012's net income), calculate the annual internal rate of return.

RESPONSE

a. Please see table below:

<u>Year</u>	<u>Dividends</u>
2008	\$14 million
2009	\$19.5 million
2010	\$21 million
2011	\$28 million
2012	\$32 million

b. No.

c. To recapitalize KPCo to the pre-asset transfer capitalization, the intent is to borrow the \$75 million.

d. This debt is included in the \$275 million necessary for the transaction.

e. 28.7%

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 62. Provide Kentucky Power's plan for the estimated \$56.3 million of net salvage amount for Big Sandy Plant.

RESPONSE

The \$56.3 million represents an estimate of the net removal cost that the Company has collected, through depreciation, through December 31, 2012 for demolition of Big Sandy Plant. The net removal cost plus the non-removal portion of accumulated depreciation would be subtracted from the Big Sandy plant in service amount. The difference plus the estimated demolition cost at retirement date would determine the remaining cost that Kentucky Power would need to recover from ratepayers for the Big Sandy plant.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 62, in which Kentucky Power provided the depreciation rates for the Big Sandy plant and the Mitchell plant. State whether a depreciation study will be provided in Kentucky Power's next base rate case, proposed to be filed no later than June 28, 2013,⁴ for the Mitchell plant and, if so, whether depreciation rates will be by plant account.

RESPONSE

The Company will provide a depreciation study for the Mitchell plant in its next base rate case and the depreciation rates will be by plant account.

WITNESS: Ranie K. Wohnhas

⁴Direct Testimony of Ranie K. Wohnhas, page 8, lines 11-12, filed December 19, 2012

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 65. Provide the following:

- a. The AEP East total and Kentucky Power's internal, member load ratio ("MLR"), maximum 60-minute integrated MW demand experienced during the 12 months ending November 30, 2009;
- b. The percentage change between AEP East's total internal, MLR, maximum 60-minute integrated MW demand experienced during the 12 months ending November 30, 2009 and 12 months ending November 30, 2012; and
- c. The percentage change between Kentucky Power's internal, MLR, maximum 60-minute integrated MW demand experienced during the 12 months ending November 30, 2009 and 12 months ending November 30, 2012, along with the customer classes that accounted for the changes

RESPONSE

- a. Please see table below for AEP East and KPCo's internal, member load ratio ("MLR"), maximum 60-minute integrated MW demand experienced during the 12 months ended November 30, 2009.

**Total AEP East Member Load Ratio
(MLR Demand)**

**Total KPCo Member Load Ratio
(MLR Demand)**

Date	MLR Demand	Date	MLR Demand
December 2008	23654	December 2008	1678
January 2009	23654	January 2009	1678
February 2009	24110	February 2009	1674
March 2009	24110	March 2009	1674
April 2009	24110	April 2009	1674
May 2009	24110	May 2009	1674
June 2009	24110	June 2009	1674
July 2009	23947	July 2009	1674
August 2009	23704	August 2009	1674
September 2009	23680	September 2009	1674
October 2009	23337	October 2009	1674
November 2009	23337	November 2009	1674

b and c. Please see Attachment 1 to this response for the percentage change between AEP East and KPCo's internal, MLR, maximum 60-minute integrated MW demand experienced during the 12 months ended November 30, 2009 and 12 months ended November 30, 2012.

The customer classes that accounted for the change in the MLR from 2009 to 2012 were Residential, Commercial, Public Authority, Industrial, Mining and Wholesale, with Residential, Wholesale and Mining having the biggest impact.

WITNESS: Ranie K Wohnhas

Total AEP East Member Load Ratio (MLR Demand)

Date	MLR Demand	Date	MLR Demand	Percent Change in MLR Demand
December 2008	23654	December 2011	24188	2.21% Increase
January 2009	23654	January 2012	23748	0.40% Increase
February 2009	24110	February 2012	23748	1.52% Decrease
March 2009	24110	March 2012	23233	3.77% Decrease
April 2009	24110	April 2012	23233	3.77% Decrease
May 2009	24110	May 2012	23233	3.77% Decrease
June 2009	24110	June 2012	23233	3.77% Decrease
July 2009	23947	July 2012	23233	3.07% Decrease
August 2009	23704	August 2012	22686	4.49% Decrease
September 2009	23680	September 2012	22686	4.38% Decrease
October 2009	23337	October 2012	22690	2.85% Decrease
November 2009	23337	November 2012	22690	2.85% Decrease

Total KPCo Member Load Ratio (MLR Demand)

Date	MLR Demand	Date	MLR Demand	Percent Change in MLR Demand
December 2008	1678	December 2011	1596	5.14% Decrease
January 2009	1678	January 2012	1522	10.25% Decrease
February 2009	1674	February 2012	1522	9.99% Decrease
March 2009	1674	March 2012	1378	21.48% Decrease
April 2009	1674	April 2012	1378	21.48% Decrease
May 2009	1674	May 2012	1378	21.48% Decrease
June 2009	1674	June 2012	1378	21.48% Decrease
July 2009	1674	July 2012	1378	21.48% Decrease
August 2009	1674	August 2012	1378	21.48% Decrease
September 2009	1674	September 2012	1378	21.48% Decrease
October 2009	1674	October 2012	1378	21.48% Decrease
November 2009	1674	November 2012	1378	21.48% Decrease

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 66. Provide the "Total Costs to Present," broken down by major categories.

RESPONSE

Please see table below:

<u>Category</u>	<u>Expenditures (as of 2/28/13)</u>
KPCo Labor (Including Overheads)	\$35,426.22
AEPSC Labor (Including Overheads)	\$367,584.33
Outside Services-Legal	\$92,612.38
Outside Services- Professional	\$30,000.00
Other Charges	<u>\$2,363.54</u>
	\$527,986.47

As requested in KPSC 1-66, KPCo will continue to update this response on a monthly basis.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Assuming a Fabric Filter would be required to meet the NAAQS PM2.5 regulations at an Environmental Protection Agency estimated cost of \$170/kw, this would result in an additional cost of \$133 million for the 780 MW. Provide a re-run of the model assuming this additional cost, effective when the proposed the NAAQS PM2.5 regulations are expected to go into effect, or if unsure, use 2019.

RESPONSE

Please see the response to KPSC 1-42(a) describing the uncertainty regarding the potential impact of the 2012 PM2.5 NAAQS revision.

Despite this uncertainty, KPSC 2-27 Attachment 1 provides a summary of the absolute and relative (versus "Option #6") cumulative present worth of study-period costs that would be reflective of the Fabric Filter costs suggested in the question; vis-a-vis those cost summaries originally provided in Exhibit SCW-5, as well as Exhibits SCW-5A through 5E. In sum, Option #6 (along with Option #5A) which reflect the (50%) Mitchell Asset Transfer, would continue to be the least-cost alternative versus all options and under all commodity pricing scenarios.

WITNESS: Scott C Weaver

KPCO Big Sandy Unit Disposition Options
 All Mitchell 1&2 Transfer Options include \$133M Expenditure for Fabric Filter Installation in January 2019
 2011-2040 CPW Total KPCO Revenue Requirement (\$000)

Option	#1A	#1B	#2A	#2B	#3A	#3B	#4A	#4B	#5A	#5B	#6
Big Sandy 1 Disposition Big Sandy 2 Disposition Mitchell 1&2 Transfer (1/2014) BS Repl-Build Capacity at Big Sandy Site BS Repl-Build Capacity at Generic Site Market Purchase Duration	Retire 6/2015 Retrofit 6/2017 (Idling 4/2016) 20% None None (thru 2034) None (thru 2025) None To 2026 (~250 MW)	Retire 6/2015 Retire 1/2016 20% 0% None Combined-Cycle (6/2017) None To 2026 (~250 MW)	(CC) Repower 6/2017 Retire 1/2016 20% 0% (Repowered) Combined-Cycle (6/2017) None (thru 2036) None (thru 2025) None To 2026 (~250 MW)	Retire 6/2015 Retire 6/2015 0% 0% None (thru 2020) None (thru 2025) None (thru 2020) None (thru 2025) None (thru 2025) None (thru 2025) None To 2026 (~1050 MW)	Gas Conversion 7/2015 Retire 6/2015 50% 0% None (thru 2027) None (thru 2020) None None (thru 2025) None To 2021 (~800 MW)	Retire 6/2015 Retire 6/2015 50% None (thru 2025) None To 2026 (~250 MW)					
Base Band Commodity Pricing											
Total KPCO Revenue Requirement	6,319,218	6,484,157	6,176,463	6,347,201	6,252,259	6,419,837	6,197,747	6,221,994	5,735,863	6,044,857	5,892,301
Cost/Savings over Option #6	426,917	591,856	284,163	454,900	359,958	527,536	305,447	329,693	(156,437)	152,557	-
High Band Commodity Pricing											
Total KPCO Revenue Requirement	6,318,323	6,658,019	6,409,032	6,747,240	6,491,425	6,830,347	6,629,195	6,716,849	5,769,324	6,486,838	5,918,763
Cost/Savings over Option #6	399,560	739,256	490,269	828,478	572,662	911,584	710,432	798,086	(149,439)	568,075	-
Low Band Commodity Pricing											
Total KPCO Revenue Requirement	6,257,745	6,326,650	6,003,978	6,081,755	6,075,188	6,149,828	5,930,134	5,926,675	5,660,700	5,771,270	5,814,670
Cost/Savings over Option #6	443,076	511,980	189,309	267,086	260,518	335,159	115,464	112,006	(153,970)	(43,400)	-
No Carbon Commodity Pricing											
Total KPCO Revenue Requirement	5,885,611	6,087,838	5,805,258	6,012,454	5,881,237	6,083,825	5,859,207	5,897,924	5,298,223	5,702,664	5,466,401
Cost/Savings over Option #6	419,210	621,437	339,856	546,053	414,835	617,423	392,805	431,523	(168,178)	236,262	-
Early Carbon Commodity Pricing											
Total KPCO Revenue Requirement	6,598,264	6,724,072	6,402,484	6,536,363	6,476,619	6,606,899	6,396,632	6,408,644	6,024,364	6,246,559	6,168,750
Cost/Savings over Option #6	429,514	555,323	233,735	367,613	307,869	438,150	227,882	239,894	(144,386)	77,809	-

Kentucky Power Company

REQUEST

State whether Kentucky Power was aware of, or a party to, the AEP agreement to retire three coal-fired generating facilities: (1) Tanners Creek Generating Station, Unit 4 in Indiana; (2) Muskingum River Power Plant Unit 5 in Ohio; and (3) Big Sandy Unit 2 in Kentucky.

RESPONSE

Kentucky Power was aware of the Third Joint Motion to Consent Decree. However, the modifications to the three coal-fired generating facilities listed above were as follows: (1) Tanners Creek Generating Station, Unit 4 in Indiana could be retired, retrofitted, re-powered or refueled; (2) Muskingum River Power Plant, Unit 5 in Ohio could be retired or refueled; and (3) Big Sandy Unit 2 in Kentucky could be retired, retrofitted, re-powered or refueled.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Provide a copy of all existing coal contracts for the Mitchell Plant. Include the name of the seller, length of the term of the contract, the pricing terms, and today's current market price of comparable quality coal per contract.

RESPONSE

Please see KPSC 2-29 Attachments 1 through 4. Confidential treatment is being sought for portions of each of these attachments.

WITNESS: Ranie K. Wohnhas

Summary of Current Mitchell Plant Coal Contracts

Seller Name	Contract Start Date	Contract End Date	Current Contract Pricing	Estimated Current Market Price*
[Redacted Content]				

*For comparable quality of coal available in the estimated current market based on coal for each contract.
**Contract has a fixed-price option tonnage for years 2014 & 2015 if priced below market.
***Portions of the contract removed that is not applicable to the Mitchell Plant transfer.
****Please see contract and amendments for more pricing information over the full contract term.

COAL PURCHASE AND SALE AGREEMENT [REDACTED]

THIS COAL PURCHASE AND SALE AGREEMENT [REDACTED] (the "Agreement") is entered into as of [REDACTED] (the "Effective Date"), by and between Ohio Power Company ("Buyer"), and [REDACTED] Buyer and Seller are also referred to herein individually as a "Party" and collectively as the "Parties."

The Parties hereby agree as follows:

DEFINITIONS

"Affiliates" means with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such entity. For this purpose, "control" means the direct or indirect ownership of 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Agent[s]" shall have the meaning set forth in Article III, Section 3.2.

"Agreement" shall have the meaning set forth in the preamble.

"Approved Production Source(s)" shall have the meaning set forth in Schedule 3.1-B, attached hereto and hereby made a part of this Agreement.

"Bankruptcy Proceeding" means with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition, has a petition filed against it or its assets, or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, (c) otherwise becomes bankrupt or insolvent (however evidenced), or (d) is unable to pay its debts as they fall due.

"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.

"Buyer" shall have the meaning set forth in the preamble.

"Claiming Party" shall have the meaning set forth in the definition of Force Majeure.

"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 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 (a) be substantially free from any extraneous materials (including, but not limited to mining debris, synthetic fuels, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood or blasting wire), (b) be substantially consistent in quality throughout a Shipment, (c) meet the size required, and (d) have no intermediate sizes (including fines) added or removed.

"Commercially Reasonable Efforts" means the taking by a Party of such action as would be in accordance with reasonable commercial practices as applied to the particular matter in question to achieve the result as expeditiously as practicable; provided, however, that such action shall not require that such Party incur unreasonable expense.

"Contract Price" means the price in United States dollars per Ton to be paid by Buyer to Seller for the purchase of Coal and any other proper charges pursuant to this Agreement and shall have the meaning set forth in Article V.

"Contract Quantity" shall have the meaning set forth in Article II.

"Contract Year" shall mean the period commencing [REDACTED] and each period thereafter commencing [REDACTED] and ending the immediately succeeding [REDACTED] during the Delivery Period.

"Costs" means any brokerage fees, commissions and other transactional costs and expenses reasonably incurred either by the Non-Defaulting Party as a result of terminating any hedges or other risk management contracts and/or entering into new arrangements in order to replace the Contract Quantity not delivered by Seller or not accepted by Buyer, as the case may be, and legal costs incurred by the Non-Defaulting Party.

"Credit Support Provider" means the entity, if any, that supports the obligations of Seller through a guaranty in a format acceptable to the Buyer (hereafter "Credit Support").

"Defaulting Party" shall have the meaning set forth in Article XVIII.

"Delivery Period" shall have the meaning set forth in Article I.

"Designated Delivery Point" means [REDACTED]

"Early Termination Date" shall have the meaning set forth in Article XVIII.

"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.

"Effective Date" shall have the meaning set forth in the preamble.

"Event of Default" shall have the meaning set forth in Article XVIII hereof.

"FOB" shall have the meaning given to such term as provided in the Uniform Commercial Code of the state the law of which shall govern this Agreement.

"Force Majeure" means an event or circumstance which prevents one Party (the "Claiming Party") from performing its obligations under this Agreement, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided or is unable in good faith to obtain a substitute acceptable to Buyer therefor. Force Majeure includes, but is not limited to, an event or occurrence beyond the control of Buyer, such as without limitation, acts of God, war, insurrection, riots, nuclear disaster, strikes, labor disputes, threats of violence, labor and material shortages, fires, explosions, floods, river freeze-ups, breakdowns or damage to mines, plants, equipment, or facilities (including a forced outage or an extension of a scheduled outage of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), at the Plant, interruptions to or slowdowns in transportation, railcar shortages, barge shortages, embargoes, orders, or acts of civil or military authority, laws, regulations, or administrative rulings, or total or partial interruptions of Buyer's operations which are due to any enforcement action or other administrative or judicial action arising from an environmental law or regulation. Force Majeure shall not be based on: (a) Buyer's inability economically to use or resell the Coal purchased hereunder; (b) adverse geological or mining conditions; (c) the Seller's ability to sell the Coal at a price greater than the Contract Price; or (d) Seller's inability to economically produce or obtain the Coal.

"Free Loading Day" means a loading day for which Seller shall not be obligated to pay demurrage charges. A loading day shall commence at [REDACTED] the next calendar day. The first Free Loading Day shall commence at the later of the [REDACTED] immediately following the delivery of said barge to a Designated Delivery Point, or [REDACTED] on the barge loading date specified in Seller's request for placement of barges.

"Free Loading Period" means a period of [REDACTED] consecutive Free Loading Days. The Free Loading Period for a barge delivered shall end [REDACTED] consecutive hours after the period commenced.

"Gains" means, with respect to a Party, an amount equal to the present value of the economic benefit, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to this Agreement, determined in a commercially reasonable manner.

"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.

"Heating Value (Btu/lb.)" shall be referenced in this Agreement as Btu or Btu per lb.

"Imaged Agreement" shall have the meaning set forth in Article XXXI.

"Interest Rate" shall have the meaning set forth in Article IV.

"Letter of Credit" means an irrevocable, standby letter of credit, issued by a major United States commercial bank or the United States branch office of a foreign bank, reasonably acceptable to the beneficiary with, in either case, a senior unsecured credit rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both.

"Liabilities" shall have the meaning set forth in Article XV.

"Losses" means, with respect to a Party, an amount equal to the present value of the economic loss, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to this Agreement, determined in a commercially reasonable manner.

"Material Adverse Change" means a material change in the condition (financial or otherwise), including but not limited to net worth, properties or operations or in economic conditions, which, when taken as a whole can reasonably be anticipated to impair the ability of such Party, or such Party's Credit Support Provider, as applicable, to fulfill its obligations under this Agreement or Credit Support, respectively, or there is reasonable grounds to believe that the creditworthiness of such Party or such Party's Credit Support Provider, as applicable, has become unsatisfactory or its ability to perform under this Agreement, or Credit Support, respectively, has been materially impaired.

"Moody's" means Moody's Investors Service, Inc. or its successor.

"New Taxes" means any Taxes, fees, or assessments enacted and effective after the Effective Date of this Agreement, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase.

"Non-Defaulting Party" shall have the meaning set forth in Article XVIII.

"Quality Specifications" means the quality characteristics specified on Schedule 3.1 hereto on an "As-Received" basis, using American Society for Testing and Materials ("ASTM") standards.

"Performance Assurance" means collateral in the form of either cash or Letters of Credit or such other security of the type and amount requested by the Party demanding Performance Assurance.

"Plant" means the Mitchell Plant owned by Buyer and located near Moundsville, West Virginia

"Pledgor" shall have the meaning set forth in Article XIX.

"Replacement Price" shall have the meaning set forth in Article XVII.

"S&P" means the Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or its successor.

"Sales Price" shall have the meaning set forth in Article XVII.

"Secured Party" shall have the meaning set forth in Article XIX.

"Seller" shall have the meaning set forth in the preamble.

"Selling Price" shall have the meaning set forth in Article VII.

"Settlement Amount" shall have the meaning set forth in Article XXI.

"Shipment" means, as applicable: (a) one (1) unit trainload or at Buyer's election a composite of two (2) 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 (1) barge or at Buyer's election a composite of two (2) 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 Article II, Section 2.5.

"Taxes" means any or all ad valorem, property, business and occupation, occupation, severance, generation, first use, conservation, Btu or energy, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, and other taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

"Term" shall have the meaning set forth in Article I.

"Third Party Impositions" shall have the meaning set forth in Article VI, Section 6.1.

"Ton" means 2,000 pounds avoirdupois weight.

"Transportation Specifications" means the timing and tonnage requirements for Shipment(s) set forth in Schedule 2.4.

"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.

"Uniform Commercial Code" or **"UCC"** shall have the meaning set forth in Article XXIX.

ARTICLE I

Term and Delivery Period

The term of this Agreement (the "Term") shall commence on [REDACTED]

[REDACTED] except as provided elsewhere in this Agreement.

The delivery period of this Agreement (the "Delivery Period") shall be [REDACTED]

[REDACTED] except as provided elsewhere in this Agreement.

ARTICLE II

Obligations and Deliveries

Section 2.1. Contract Quantity. During the Delivery Period, Seller agrees to sell and deliver to the Buyer and Buyer agrees to purchase and accept from Seller, [REDACTED] the quantity of Coal set forth herein.

	<u>Contract Quantity</u>
<u>Contract Year</u>	<u>Tons Per Month</u>

[REDACTED]	[REDACTED]
------------	------------

Such tonnage shall be delivered ratably during each month of each Contract Year.

Section 2.2. 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, or as otherwise provided by Buyer at the time of exercising its rights under this Section 2.2.

Section 2.3. 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.

Section 2.4. Delivery. The Coal shall be delivered to Buyer 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 Article XV.

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.

Section 2.5. Rejection and Suspension. In addition to all other remedies at law or in equity, and in addition to the price adjustments provided for in Article VII, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements as set forth in Article III.

(a) Buyer shall have the right to reject any Shipment hereunder if the Coal therein fails to conform to any requirement set forth in Article III. 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 four (4) non-conforming Shipments, whether rejected or not, in any [REDACTED] [REDACTED] 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 under Article III. Should Buyer exercise such right to suspend further Shipments, Buyer shall notify Seller of its exercise of right of suspension within [REDACTED] 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 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 Article III 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 Article II.

(d) In the event that: (i) Seller fails to provide Buyer with such assurances within [REDACTED] after the date of Buyer's notice of suspension as described in this Section 2.5; or (ii) having provided such assurances, Seller fails to correct such conditions and resume shipments in the ensuing [REDACTED] thereafter; or (iii) after such resumption of shipments, Seller's subsequent deliveries at any time during the ensuing ninety (90) days fall below the minimum or exceed the maximum "Suspension" or "Rejection" specifications applicable under Article III; then such event shall constitute an Event of Default under Article XVIII hereof.

(e) Whether shipments suspended pursuant to this Article II 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 three hundred sixty-five (365) calendar days following resumption of shipments.

ARTICLE III

Quality Specifications

Section 3.1. 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.

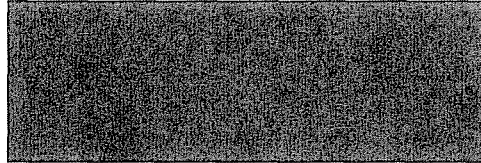
Buyer may terminate this Agreement or terminate deliveries from an Approved Production Source (where more than one [1] Approved Production Source is listed in Schedule 3.1-B [attached hereto and hereby made a part of this Agreement]) if Buyer in its reasonable judgment determines through operating experience that the Coal therefrom, even if the Coal meets the requirements and specifications of Schedule 3.1-A, (i) causes unsatisfactory performance at the Plant, 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. Seller may propose to deliver Coal having such different specifications in accordance with the remainder of the terms and conditions of this Agreement (specifically at the price provisions set forth in Article V) if such change in specifications is believed to have a reasonable probability of resolving the performance problems experienced by Buyer; provided, however, that those provisions dealing with quality will be changed appropriately to accommodate such different specifications. If the Parties fail to mutually agree to continue deliveries as proposed by Seller, Buyer's initial termination notice shall remain in effect. Upon such termination, if any, 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 as provided for in Article XVIII of this Agreement and, therefore, no damages shall apply.

ARTICLE IV

Billing and Payment; Financial Reports

Seller shall submit to Buyer the weight, analytical, and cost data on all Coal shipped during each Half-Month to each respective consigned destination within [REDACTED] Business Days after each such Half-Month period. Such invoice shall include a reference to this Agreement's contract number [REDACTED]

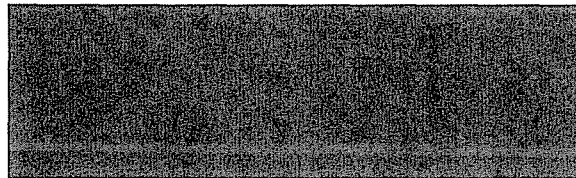
Send Invoices To:



Buyer shall make payment by electronic transfer to Seller within [REDACTED] 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, loaded, 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 an officer of Seller. Any change in the remittance instructions shall be provided in the same manner.

Remit To:



If applicable, Seller shall include on its invoice the statement "Seller certifies that (insert number) Tons were mined in Virginia," such statement to be separately signed by Seller.

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, [REDACTED] 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.

If requested by either Party, the other Party (or its Guarantor) shall deliver to the requesting Party (i) within [REDACTED] following the end of each fiscal year, a copy of the Party's portion of the annual report containing audited consolidated financial statements for such fiscal year for such Party and (ii) [REDACTED] after the end of each of its [REDACTED] a copy of the quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the Party. In all cases, the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles, provided however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification, and delivery of the statements.

In the event a Party's financial statements are filed with the Securities and Exchange Commission and are available at www.sec.gov, then such Party has fulfilled its obligations hereunder.

ARTICLE V

Contract Price

The Contract Price shall be FOB barge, per Ton, at the Designated Delivery Point, as follows:

Contract Year	Contract Price
[REDACTED]	[REDACTED]

*Buyer and Seller have agreed to establish a Contract Price for delivery of [REDACTED] Tons of Coal to be delivered pro rata in [REDACTED]. Such pricing shall be based on [REDACTED] market pricing for the [REDACTED] provided, however, the established [REDACTED] shall not be lower than [REDACTED]. Therefore if such market pricing is less than [REDACTED], and if such market pricing is greater than [REDACTED] per Ton. Notwithstanding the previous sentence, if such market pricing exceeds [REDACTED] Seller shall not be required to deliver Coal at [REDACTED] per Ton, and in such case, Buyer and Seller agree to enter into negotiations in an attempt to try and establish an agreed Contract Price that is more reflective of such market pricing. In the event such negotiations do not result in an agreed to [REDACTED] then the Agreement will terminate end of day [REDACTED] unless otherwise extended or provided for herein.

[REDACTED]

Except as provided herein under Article VII, the Contract Price shall be firm and not subject to any adjustment.

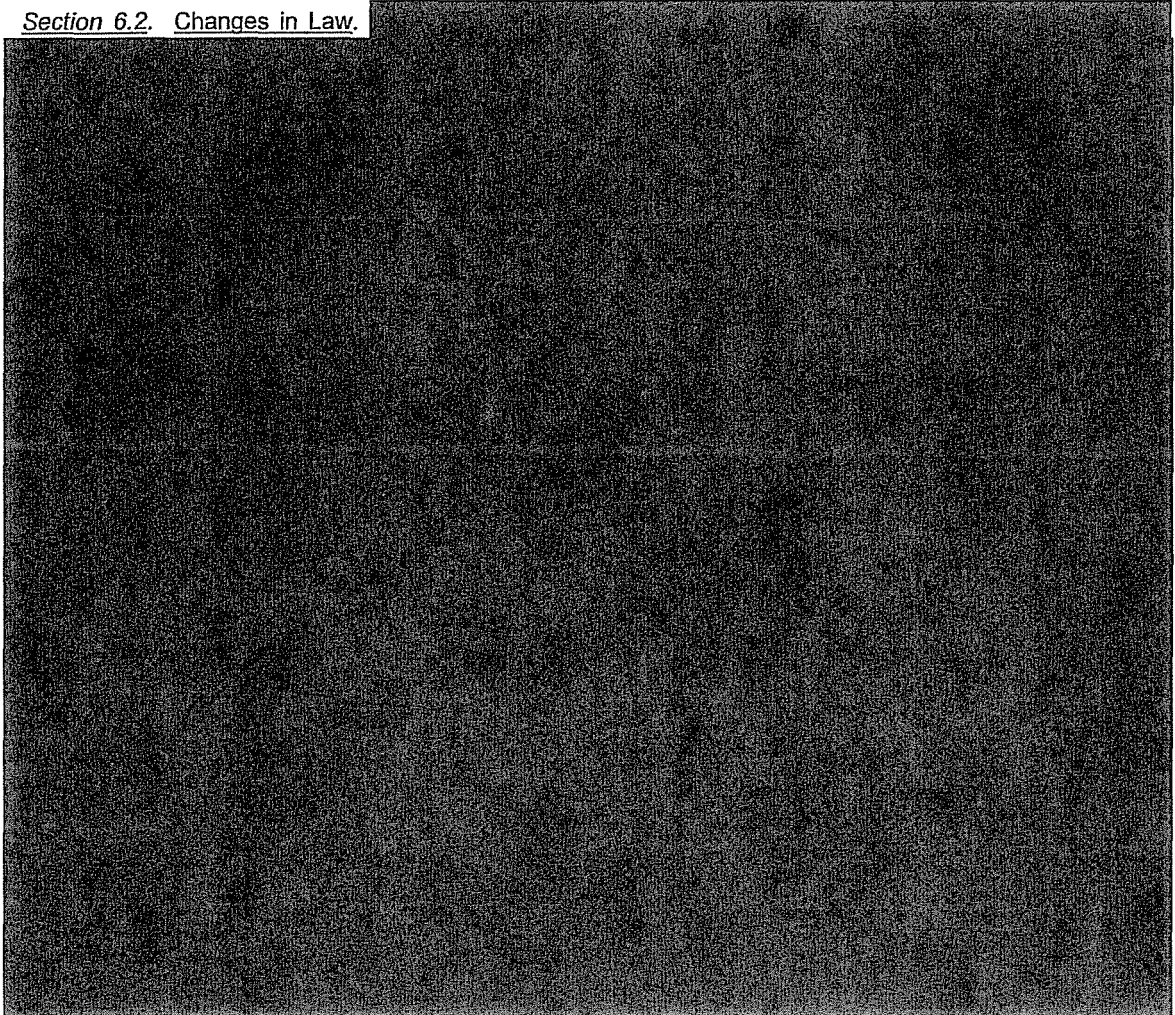
ARTICLE VI

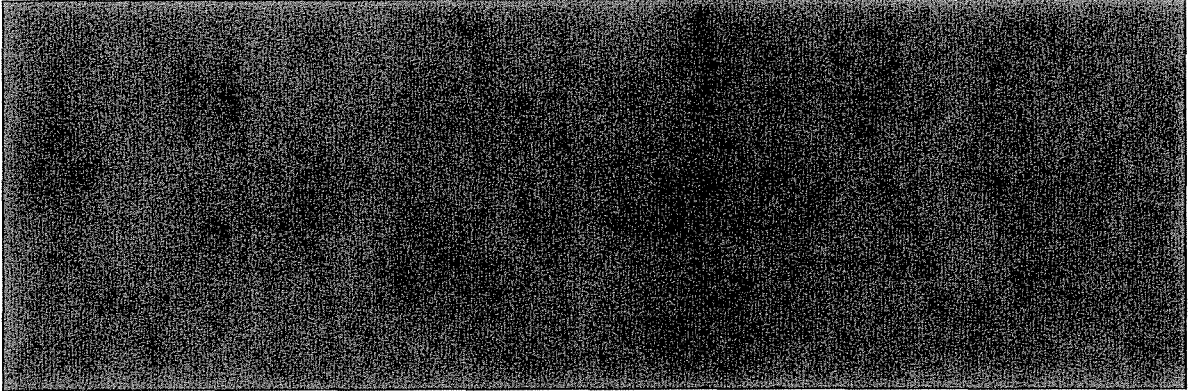
Taxes and Other Liabilities

Section 6.1. Each Party shall use Commercially Reasonable Efforts to administer this Agreement and implement the provisions in accordance with the intent to minimize Taxes, but neither Party shall be obligated to incur additional expenses in doing so. Seller shall be solely responsible for all assessments, fees, costs, expenses, and Taxes (including without limitation, New Taxes, but not income taxes) imposed by governmental authorities or other third parties ("Third Party Impositions") relating to the mining, beneficiation, production, sale, use, loading and delivery of Coal to Buyer or in any way accrued or levied at or prior to the transfer of title to the Coal to Buyer, and including, without limitation, all severance taxes, royalties, black lung fees, reclamation fees. Buyer shall be solely responsible for Third Party Impositions relating to the Coal accrued or levied after the transfer of title to the Coal to Buyer.

If either Party is exempt from Taxes, it shall provide a certificate of exemption or direct pay permit, or other reasonable satisfactory evidence of such exemption.

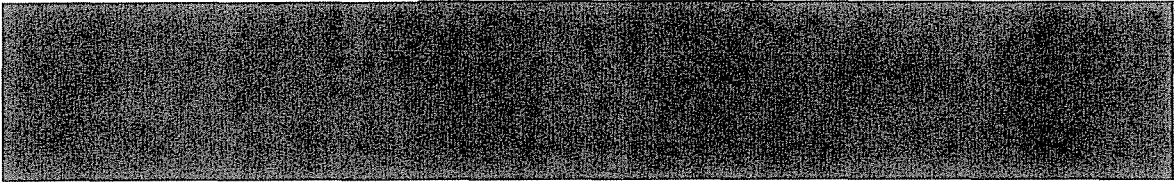
Section 6.2. Changes in Law.





Section 6.3. 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.

ARTICLE VII
Adjustments to the Contract Price



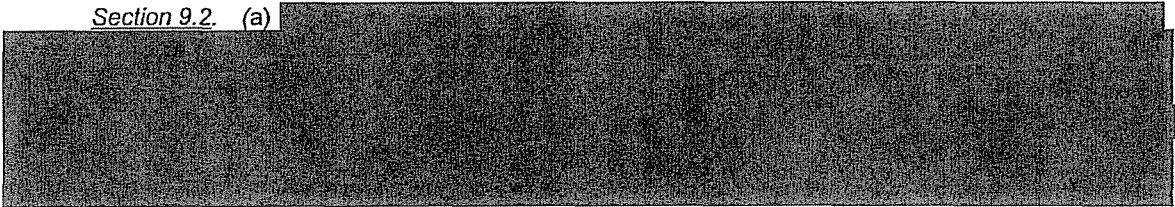
ARTICLE VIII
Weighing, Sampling, and Analyses

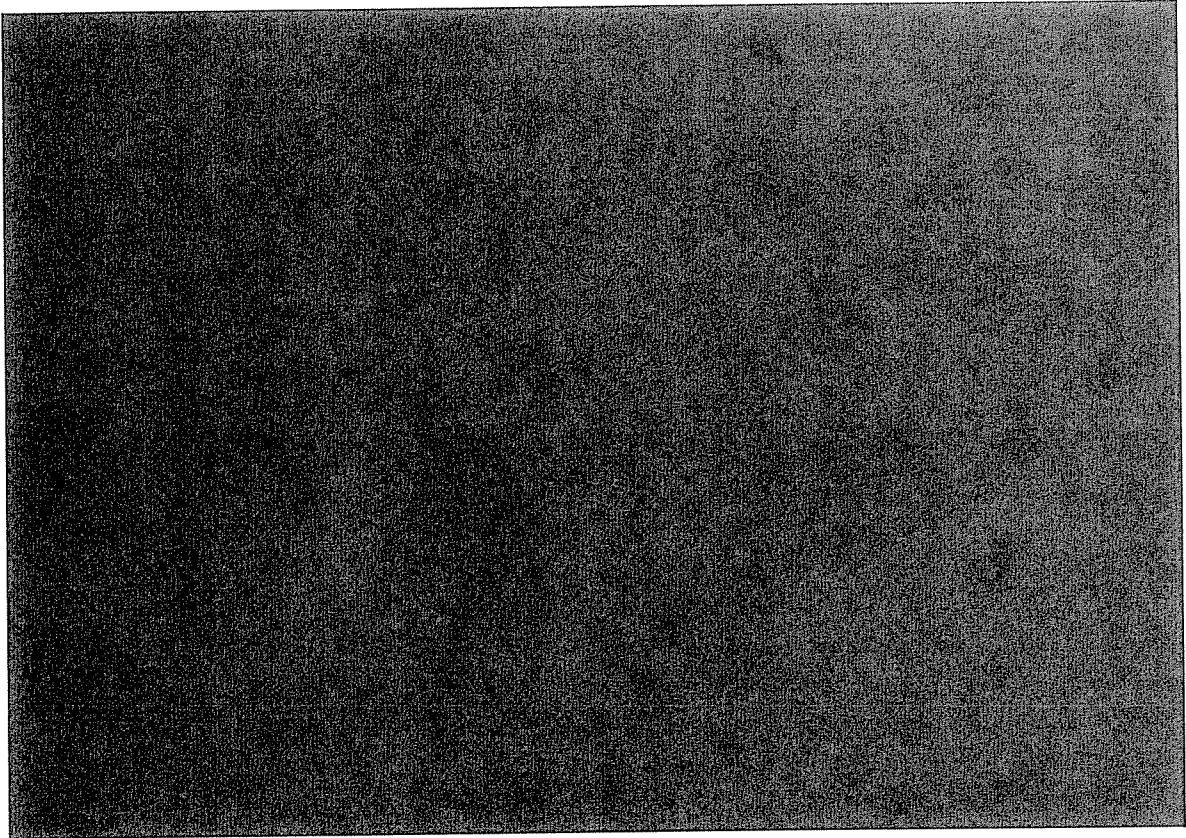
Weighing, sampling, and analyses shall be performed in accordance with the provisions of Schedule 8.1 (attached hereto and hereby made a part of this Agreement).

ARTICLE IX
Other Governmental Legislation, Regulations, and Orders and Sustainability Survey

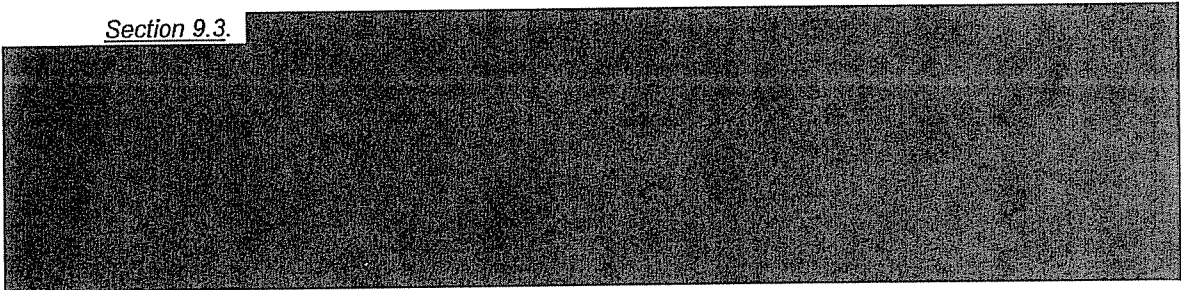
Section 9.1. Seller and Buyer shall make good faith efforts to comply with the provisions of all federal, state, and other governmental laws and any applicable orders and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a governmental agency.

Section 9.2. (a)

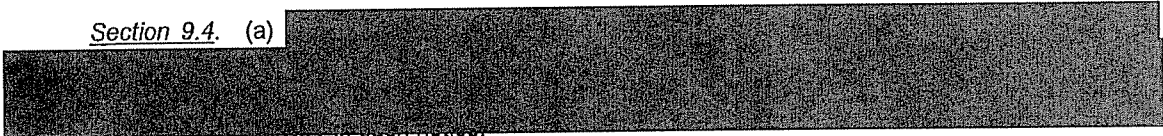




Section 9.3.

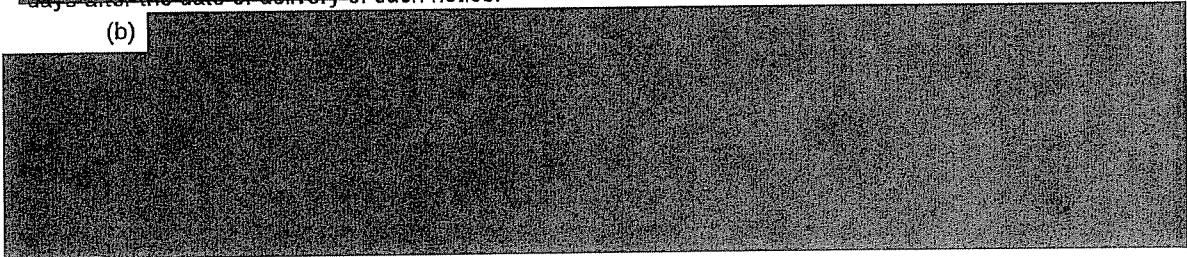


Section 9.4. (a)

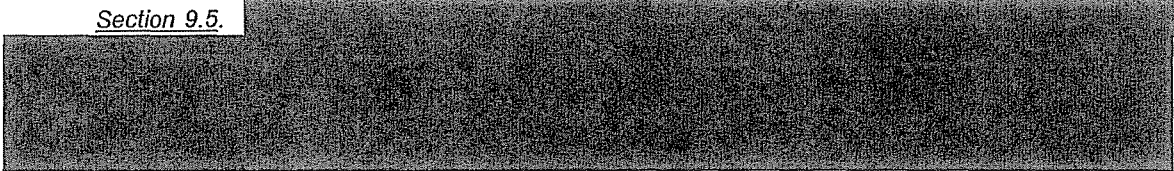


days after the date of entry of a contract.

(b)



Section 9.5.



Section 9.6. Unless exempted, the Parties shall comply with the equal employment opportunity clause in Section 202 of Executive Order 11246 and all applicable rules, regulations, and relevant orders pertaining to Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and Section 4212 of the Vietnam Era Readjustment Assistance Act of 1974, as amended. The Parties represent that they do not, and shall not for the Term of the Agreement, provide or maintain for its employees facilities that are segregated on the basis of race, color, religion, sex or national origin. The Parties represent that they will not assign its employees to perform any work related to the Agreement at a location where facilities are segregated on the basis of race, color, religion, sex or national origin. The Parties agrees that they will not enter into any agreement to obtain goods or services relating to the Agreement with any entity that provides, maintains or assigns its employees to work at locations where facilities are segregated on the basis of race, color, religion, sex or national origin. As used herein, "facility" means waiting rooms; work areas; restaurants and other eating areas; time clocks; locker rooms and other storage or sleeping areas, except as necessary to assure privacy between male and female employees; parking lots, drinking fountains; recreation or entertainment areas; and transportation. If not otherwise exempted by Title 48 and to the extent applicable, the Parties will comply with 48 CFR §52.219-8, Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns, and 48 CFR §52.219-9, Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan. If not otherwise exempted by 41 CFR §60-1.5, the Parties represent that they will file all reports or other required information specified in 41 CFR §60-1.7. Seller agrees to participate in and complete Buyer's annual sustainability survey each year during the Term of this Agreement, including any extensions thereof.

ARTICLE X

Representations

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

- a) it is duly organized, validly existing and in good standing under the laws of jurisdiction of its formation;
- b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- c) 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;
- d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any equitable defenses;

- e) Buyer is acting as an agent for disclosed Parties, and Seller is 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;
- f) 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;
- g) 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;
- h) 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;
- i) it is a "forward contract merchant" and this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code;
- j) 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;
- k) 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)];
- l) 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;
- m) 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.

ARTICLE XI

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 or to examine other matters that relate to a Party's performance or nonperformance of 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, or other documentation relating to a Party's performance or nonperformance. 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 [REDACTED] from the rendition thereof; and provided further, that for the purpose of such statement and payment objections, this Article XI will survive any termination of this Agreement.

ARTICLE XII

Force Majeure

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details, orally and confirmed promptly in writing, of the Force Majeure to the other Party as soon as practicable (but in no event later than [REDACTED] days after the occurrence thereof), then the Claiming Party shall be excused from the performance of its obligations during such event. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure. Failure to give such notice and furnish such information within the time specified shall be deemed a waiver of all rights under this Article for such period of time during which notice was not given. Buyer and Seller shall exercise reasonable efforts to mitigate or eliminate the conditions which have caused the Force Majeure condition, provided, however, nothing herein contained shall be construed as requiring Seller or Buyer to accede to any demands of labor, or labor unions, or suppliers, or other parties which Seller or Buyer considers unacceptable. No suspension or reduction by reasons of Force Majeure shall invalidate the remainder of this Agreement but, on the removal of the cause, shipments shall resume at the specified rate. The Claiming Party shall furnish the non-Claiming Party a monthly statement by the [REDACTED] of the calendar month setting forth the amount of tonnage not shipped or to be reduced because of Force Majeure causes asserted during the second preceding calendar month.

If an event of Force Majeure persists for (i) [REDACTED] or (ii) [REDACTED], then, at any time thereafter during the Force Majeure period, the Party not claiming Force Majeure shall have the option, upon [REDACTED] prior written notice, to terminate this Agreement and the obligations of the Parties thereunder.

In the event of a Force Majeure, delivery of the affected quantity of Coal shall not be made up except at the sole discretion of the non-Claiming Party.

If Seller claims Force Majeure under this Agreement and has obligations to provide Coal of a similar type and quality as the Coal under other coal sales agreements, or if Buyer claims Force Majeure and has obligations to purchase coal of a similar type and quality as the Coal under other coal sales agreements,

then any reductions in Seller's deliveries or Buyer's purchases (as applicable) shall be allocated by the Party claiming Force Majeure on a pro rata basis among this Agreement and such other coal purchase or sales agreements involving coal of a similar type and quality as the Coal, to the extent contractually permitted by such agreements. Without limiting the generality of this Article, in the event of a Force Majeure event which causes a partial or total curtailment of electrical generation from or electrical generating capacity at the consigned destination or partial or total curtailment of transmission or distribution of electricity therefrom, Buyer shall at its option, be relieved under this Article from its obligation to accept up to the pro rata (based on such partial curtailment) quantity or entire (based on such total curtailment) quantity of Seller's Coal scheduled for delivery for the period during which such event or occurrence exists or existed.

ARTICLE XIII

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 Article XIII 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.

ARTICLE XIV

Guaranty



ARTICLE XV

Limitation of Liability

NOTWITHSTANDING ANYTHING CONTAINED HEREIN AND REGARDLESS OF THE LEGAL OR EQUITABLE BASIS OF ANY CLAIM, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY

SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR OTHER FORM OF NON-DIRECT DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY DAMAGES RESULTING FROM LOSS OF USE, OR LOSS OF REVENUES OR PROFITS, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE XVI

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 barges are loaded at 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.

ARTICLE XVII

Netting and Set Off

In addition to any other remedies provided by law or in equity, 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 may be offset against each other, set off or recouped therefrom.

ARTICLE XVIII

Events of Default, Remedies and Limitation of Liabilities

Section 18.1. An event of default ("Event of Default") with respect to a Party (the "Defaulting Party") shall mean any of the following:

- a) 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;
- b) an event described under paragraph (d) of Article II, Section 2.5, Rejection and Suspension, has occurred;
- c) any representation or warranty made by a Party herein shall prove to be untrue in any material respect when made;
- d) 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;
- e) the Defaulting Party shall be subject to a Bankruptcy Proceeding;
- f) (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 each Transaction to which such Credit Support relates without the written consent of the other Party; (ii) failure by the Party providing Credit Support to make, within [REDACTED] Business Days prior to the expiration or termination of any Credit Support, adequate arrangements for new and equivalent (or a renewal of existing) Credit Support to become effective immediately upon the expiration of the existing Credit Support without the written consent of the other Party; (iii) failure of a Party's Credit Support Provider, if any, to perform any covenant in its Guaranty; (iv) such Credit Support Provider becomes subject to a Bankruptcy Proceeding; or (v) failure of Seller to increase its Guaranty in accordance with Article XIV.
- g) the Defaulting Party fails to establish, maintain, extend, or increase Performance Assurance when required pursuant to this Agreement;
- h) 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 [REDACTED] 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 [REDACTED]
 - i) the Settlement Amount that would be owed to the Non-Defaulting Party; plus
 - ii) 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 [REDACTED] preceding the Material Adverse Change (the amount of said Performance Assurance to be adjusted quarterly to reflect amounts owing at that point in time).

Section 18.2. Upon the occurrence and during the continuance of an Event of Default, the other Party (the "Non-Defaulting Party") may, in its sole discretion:

- a) 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 [REDACTED] days after the date of such notice) on which this Agreement shall terminate ("Early Termination Date"); and/or
- b) withhold any payments due to the Defaulting Party until such Event of Default is cured; and/or

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

The rights and remedies of a Non-Defaulting Party set forth herein with respect to an Event of Default of the other Party are not exclusive, the exercise of thereof shall not constitute an election of remedies and the Non-Defaulting Party shall in all events be entitled to seek whatever additional remedies may be available in law or in equity.

In calculating damages, the Non-Defaulting Party shall calculate, in a good faith commercially reasonable manner, the damages as soon as is reasonably practicable and shall promptly notify the Defaulting Party of the amount thereof. In calculating damages, the Non-Defaulting Party shall set off all amounts that are due to the Defaulting Party against such damages so that the damages shall be netted to a single liquidated amount. The Defaulting Party shall, within [REDACTED] of the Non-Defaulting Party's determination of damages, pay such amount, including interest thereon at the Interest Rate from the date of the Event of Default until paid in full.

Section 18.3. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay the Defaulting Party any amount under this Article XVIII, until the Non-Defaulting Party receives confirmation satisfactory to it, in its reasonable discretion (which may include an opinion of its counsel), that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Agreement (or otherwise) have been fully and finally performed.

ARTICLE XIX

Grant of Security Interest

For the avoidance of doubt, the following grant of a security interest does not cover the general assets of either Party, but is limited solely to any Performance Assurance delivered by a Party to the other Party under this Agreement, and is not intended to be read as inconsistent with the lending arrangements of a Party hereunder as this is not a general grant of a security interest, but only a grant of security interest with respect to any Performance Assurance delivered hereunder. Accordingly, to secure its obligations under this Agreement and only to the extent either or both Parties deliver Performance Assurance hereunder, each Party (a "Pledgor") hereby grants to the other Party (the "Secured Party") a present and continuing first priority secured interest in, and lien on (and right of recoupment and setoff against), and assignment of, all such Performance Assurance, including, any such cash collateral delivered as Performance Assurance and cash equivalent collateral delivered as Performance Assurance and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of recoupment and/or setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

ARTICLE XX

Holding and Using of Performance Assurance

Each Party will be entitled to hold Performance Assurance so long as the credit rating of the senior unsecured debt obligation of the entity or its guarantor is rated at least [REDACTED] and further provided that an Event of Default has not occurred and is not continuing with respect to the Party. If an Event of Default has occurred and is continuing with respect to a Party or its guarantor (if any) or if a Party or its Guarantor, if any, is not rated or has a rating below the aforesaid standard, then, if it holds Performance Assurance, it shall be required to immediately place all such Performance Assurance in an escrow account with an independent third-party financial institution mutually acceptable to the Parties.

ARTICLE XXI

Early Termination Payment and Remedies

If this Agreement terminates on an Early Termination Date, the Non-Defaulting Party shall calculate, in a good faith commercially reasonable manner, the Settlement Amount as of the Early Termination Date as soon as is reasonably practicable and shall promptly notify the Defaulting Party of the amount thereof.

"Settlement Amount" shall mean the present value of the single net aggregate amount for the remaining Term of the Agreement, including any exercised option period, of any Losses, Costs, and Gains, expressed in United States dollars, which the Non-Defaulting Party incurs as a result of the early termination of this Agreement in accordance with Article XVIII, including, but not limited to, Losses or Gains based upon the then current replacement value of this Agreement, the amounts of any unpaid invoices, and the amount for Coal delivered but not yet billed. In calculating the Settlement Amount, the Non-Defaulting Party shall set off all amounts that are due to the Defaulting Party against such Settlement Amount so that the Settlement Amount shall be netted to a single liquidated amount. Any collateral being held by the Non-Defaulting Party shall be setoff against the amount owed to the Non-Defaulting Party. If the Defaulting Party is holding collateral posted by the Non-Defaulting Party, then the Non-Defaulting Party will have the right to set off that amount against any payment to be made to the Defaulting Party.

The Non-Defaulting Party shall provide the Defaulting Party with an explanation of how it calculated the Settlement Amount, as well as supporting calculations and documentation reasonably requested by the Defaulting Party. The Non-Defaulting Party shall use good faith commercially reasonable efforts to mitigate any Costs or Losses it is entitled to hereunder. The Defaulting Party shall have the right to audit (through a third-party independent auditor mutually agreed to by the Parties) the calculation of all of the Non-Defaulting Party's Gains, Losses and Costs.

If the present value of the Non-Defaulting Party's aggregate Losses and Costs (net of any amounts due to the Defaulting Party) exceed the present value of its aggregate Gains, all as finally determined in accordance with the preceding provisions of this Article XXI, the Defaulting Party shall, within [REDACTED] Business Days of such final determination, pay the Settlement Amount to the Non-Defaulting Party, including interest thereon at the Interest Rate from the Early Termination Date until paid in full. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Settlement Amount, the Defaulting Party will provide its calculations to the Non-Defaulting Party within [REDACTED] Business Days of receipt of calculation from the Non-Defaulting Party. The Defaulting Party shall nevertheless pay to the Non-Defaulting Party the undisputed portion of the Settlement Amount and provide Performance Assurance for the remaining amount.

ARTICLE XXII

Successors, Assigns, and Assignment

(a) This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns and shall not be assigned or otherwise conveyed, in whole or in part, by either Party without the prior written consent of the other, except as provided in (b) and (c) below.

(b) Either Party may without the written consent of the other assign to any financing institution or institutions this Agreement or any monies due or to become due hereunder.

(c) This Agreement may be assigned to an Affiliate by either Party, without the prior written consent of the other, provided, that if this Agreement is assigned or otherwise conveyed to an Affiliate, the assignor or conveying Party shall take all necessary actions, and shall require its affiliated assignee or Affiliate receiving entity, and any subsequent affiliated assignee(s) and affiliated receiving entity(ies), to take all necessary actions to prevent a non-Affiliate from acquiring the assignor's or conveying Party's rights and obligations pursuant to this Agreement without the prior written consent of the other Party.

No assignment under this Article XXII or conveyance of any interest in this Agreement shall in any way relieve the assignor or the conveying Party from liability for full performance under this Agreement. Any such affiliated assignee, or other entity to whom an interest is conveyed (which conveyance must be with the prior written consent of the other Party), shall assume and agree to be bound by the terms and conditions of this Agreement.

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.

ARTICLE XXIII

Counterparts, Survival and Severability

This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument. All audit rights shall survive the termination of this Agreement in full for a period of [REDACTED] (except with respect to audit rights as to Third Party Impositions which shall survive for the applicable statute of limitations, including any extensions thereof).

Should any provision of this Agreement for any reason be declared invalid or unenforceable by final and applicable order of any court or regulatory body having jurisdiction, such decision shall not affect the validity of the remaining portions, and the remaining portions shall remain in effect as if this Agreement had been executed without the invalid portion. In the event any provision of this Agreement is declared invalid, the Parties shall promptly renegotiate to restore this Agreement as near as possible to its original intent and effect.

ARTICLE XXIV

Expenses

In addition to the other indemnification rights set forth in this Agreement, the Defaulting Party will, on demand, defend, indemnify and hold harmless the Non-Defaulting Party for and against all reasonable out-of-pocket expenses, including legal costs, incurred by the Non-Defaulting Party by reason of the enforcement and protection of its rights under this Agreement, including, but not limited to, costs of collection.

ARTICLE XXV

Non-Waiver and Duty to Mitigate

No waiver by any Party of any of its rights with respect to any other Party or with respect to any matter or default arising in connection with this Agreement shall be construed as a waiver of any subsequent right, matter or default whether of a like, kind, or different nature. Any waiver shall be in writing signed by the waiving Party.

Each Party agrees that it has a duty to mitigate damages.

Except as otherwise set forth in this Agreement, nothing contained in this Agreement shall be construed or constitute any Party as the employee, agent, partner, joint venturer or contractor of any other Party.

This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

ARTICLE XXVI

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)

[REDACTED]

include the [REDACTED] If the Coal is to be sold [REDACTED] then the notice shall also include the [REDACTED] If the Coal is to be sold [REDACTED] then the notice shall also include the [REDACTED] Such notice shall be provided within [REDACTED] or within [REDACTED] 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.

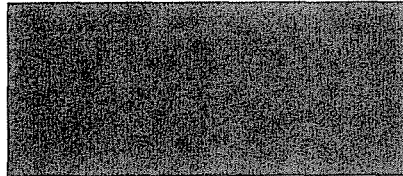
[REDACTED]

[REDACTED]

For all notices, other than shipping notices, to Buyer:

American Electric Power Service Corporation
Attn: Fuel Contract Administration
155 West Nationwide Boulevard, Columbus, OH 43215
Phone: 614-583-6100 Fax: 614-583-1627
E-mail: FuelContractAdmin@aep.com

For notices to Seller:



Unless expressly provided otherwise, notices shall be in writing and delivered by hand or electronic means or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered or delivered by electronic means shall be deemed delivered by the close of the Business Day on which it was hand delivered or delivered by electronic means (unless hand delivered after close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern Prevailing Time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon mailing. A Party may change its address by providing notice thereof in accordance with this Article XXVI.

ARTICLE XXVII

Confidentiality

Section 27.1 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, advisors 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, notify the other Party as much in advance as practicable prior to any required actual disclosure and use reasonable efforts to prevent or limit the disclosure. This obligation shall continue to remain in full force and effect during the Term of this Agreement and for [REDACTED] months after the date of termination or expiration of this Agreement.

"Personally Identifiable Information" or "PII" means any information to which Seller and/or its subcontractor(s) is provided access that could identify an individual either directly or indirectly including, without limitation, to the individual's name, credit card numbers, social security number, biometric, bank account numbers, passport numbers, computer passwords or health, financial, or employment information and other individual confidential information.

To the extent that during the performance of this Agreement Seller and/or its subcontractor(s) acquires access to or encounters any PII, Seller and/or its subcontractor(s) shall treat such PII as

confidential and safeguard such PII from unauthorized use and disclosure.

Section 27.2 Permitted Disclosure. Either Party shall have the right to disclose Confidential Information (i) to the extent required by applicable law or legal process or to any governmental authority requiring or requesting such information; and (ii) disclose Confidential Information in any litigation arising in connection with this Agreement; provided that: (1) such Confidential Information is disclosed only to the extent required by law, rule, regulation, procedure, subpoena, court order or court requirement, or material to the issues involved in or determinative to the outcome of such litigation arising in connection with this Agreement; (2) such Confidential Information is submitted under any applicable provisions for confidential treatment by any Governmental Authority to which it is disclosed; and (3) the disclosing Party (the "Disclosing Party") shall first in ALL INSTANCES (A) give the other Party (the "Non-Disclosing Party") as much prior notice of disclosure as is reasonably practicable, BUT IN ALL CASES NO LESS THAN [REDACTED]

Either Party shall have the right to disclose Confidential Information to (i) its advisors, auditors, legal counsel and insurers; (ii) its Affiliates; (iii) bona fide potential purchasers of an interest in Seller; provided, however, any such party receiving any Confidential Information shall be advised to maintain AND AGREES TO MAINTAIN the confidentiality of and use such Confidential Information in accordance with the terms hereof, and each Party shall be responsible for the actions of any such Persons to whom it discloses Confidential Information as though committed by such Party itself.

ARTICLE XXVIII

Entire Agreement, Amendments, and Interpretation

This Agreement and Schedules 2.4, 3.1-A, 3.1-B, 7.2, 8.1, and 10 attached hereto and made a part hereof constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any prior or contemporaneous agreements or representations affecting the same subject matter. The Parties agree that parol or extrinsic evidence may not be used to vary or contradict the express terms of this Agreement.

No amendment modification or change to this Agreement be enforceable unless reduced to a writing executed by the Party against whom such amendment, modification or change is sought to be enforced and shall reference this Agreement.

The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction, to the effect that any ambiguities are to be resolved against the drafting Party, shall not be used in interpretation of this Agreement.

All headings for articles and sections herein are for convenience and reference purposes only. Any capitalized terms used herein and not defined in the article or section in which it appears shall have the meaning set forth herein under Definitions.

ARTICLE XXIX

Governing Law; Waiver of Jury Trial

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. Except as otherwise provided for herein, the provisions of the Uniform Commercial Code ("UCC") of the state the law of which shall govern this Agreement shall be deemed to apply to this Agreement and any Coal supplied hereunder shall be deemed to be "goods" for purposes of the UCC.

ARTICLE XXX

Venue

Each Party hereby submits to the exclusive jurisdiction of state or federal courts located in New York City, New York and all appellate courts therefrom and waives any objection which it may have at any time to the laying of venue of any proceedings brought in such court, waives any claim that such proceedings have been brought in an inconvenient forum, and further waives the right to object, with respect to such proceedings, that such court does not have jurisdiction over such Party.

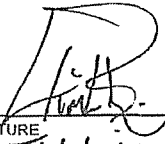
ARTICLE XXXI

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 Document 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.

IN WITNESS WHEREOF, each Party hereto has caused this Agreement to be executed in its behalf by its proper officer thereunder duly authorized, all as of the day and year first above written.

Buyer: OHIO POWER COMPANY



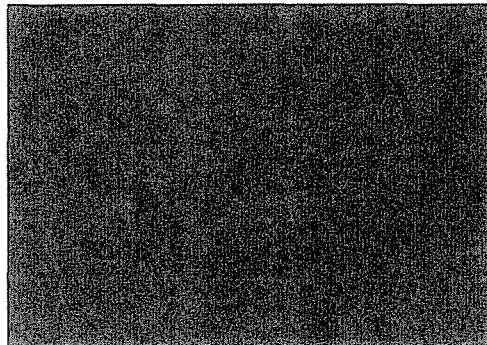
SIGNATURE
Tim K. Light

NAME (PRINT)
Vice President

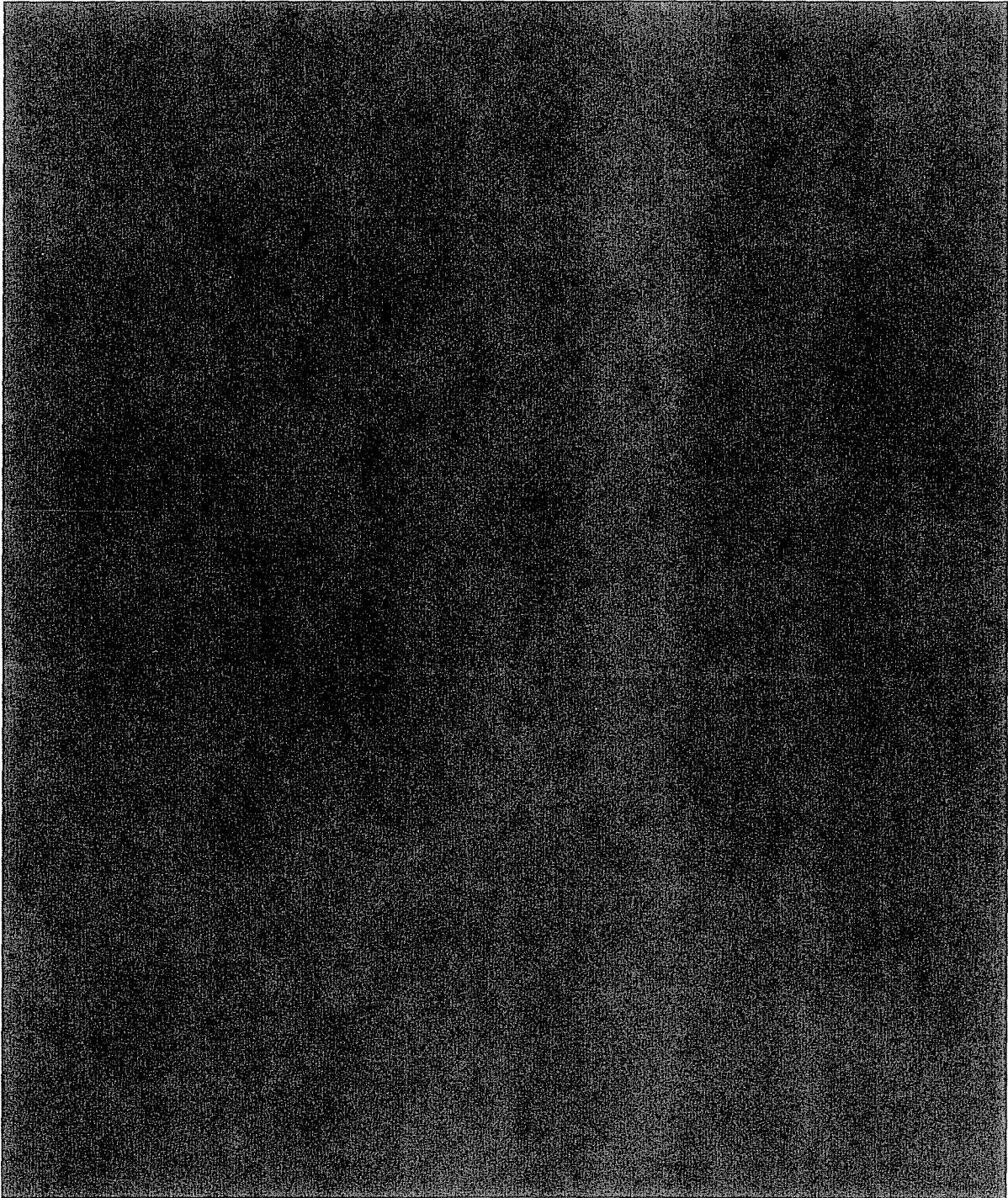
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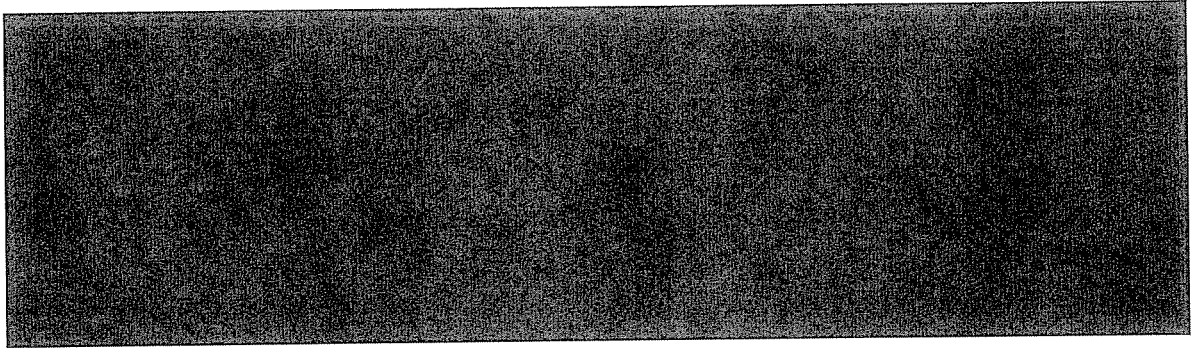
DATE

CMS
KCC
2011
JMC



SCHEDULE 2.4
TRANSPORTATION SPECIFICATIONS





**SCHEDULE 3.1-A
 QUALITY SPECIFICATIONS**

The Coal required and delivered hereunder at the Designated Delivery Point shall meet the following "Contracted Half-Month" Quality Specifications, which includes the following "Suspension" and "Rejection" specifications.

QUALITY SPECIFICATIONS:

	<u>"As-Received" Basis</u>		
	<u>Contracted Half-Month</u>	<u>Half-Month (A)* Suspension Limit</u>	<u>Shipment (B)* Rejection Limit (D)*</u>
Heating Value (Btu/lb.)	[REDACTED]		
Moisture (%)			
Ash (%)			
Volatile Matter (%)			
Hardgrove Grindability			
Sulfur Dioxide (lbs. SO ₂ /MMBtu) (C)*			
Ash Fusion Temp. (H=½w) °F Red. Atm			

Definitions:

- (A) = [REDACTED]
- (B) = [REDACTED]
- (C) = [REDACTED]
- (D) = [REDACTED]

AB

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

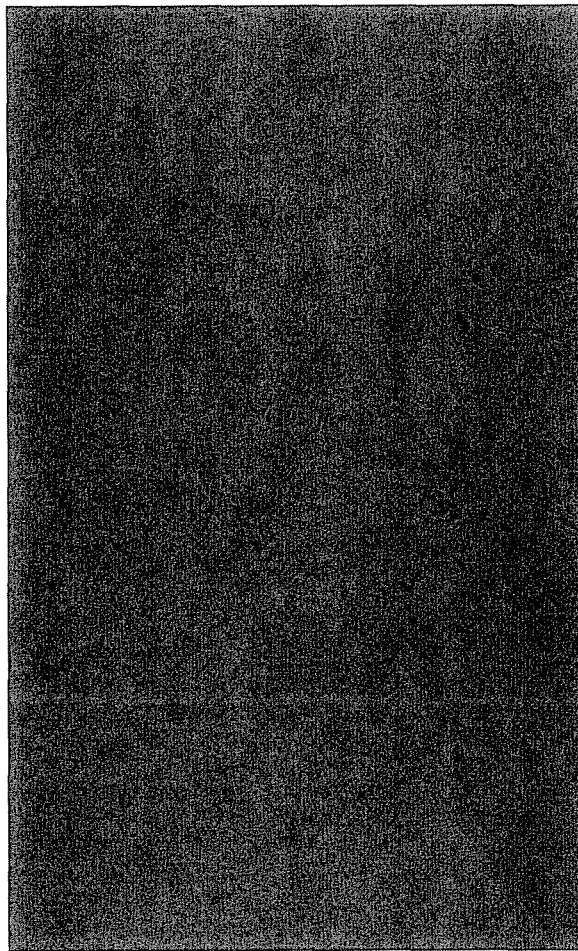
Approved Production Source(s) and Approved Reserve(s) of Coal:

Mine Name*
Reserve Name
Surface or Underground
Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.

Mine Name*
Reserve Name
Surface or Underground
Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.

Mine Name*
Reserve Name
Surface or Underground
Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.

Mine Name*
Reserve Name
Surface or Underground
Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.

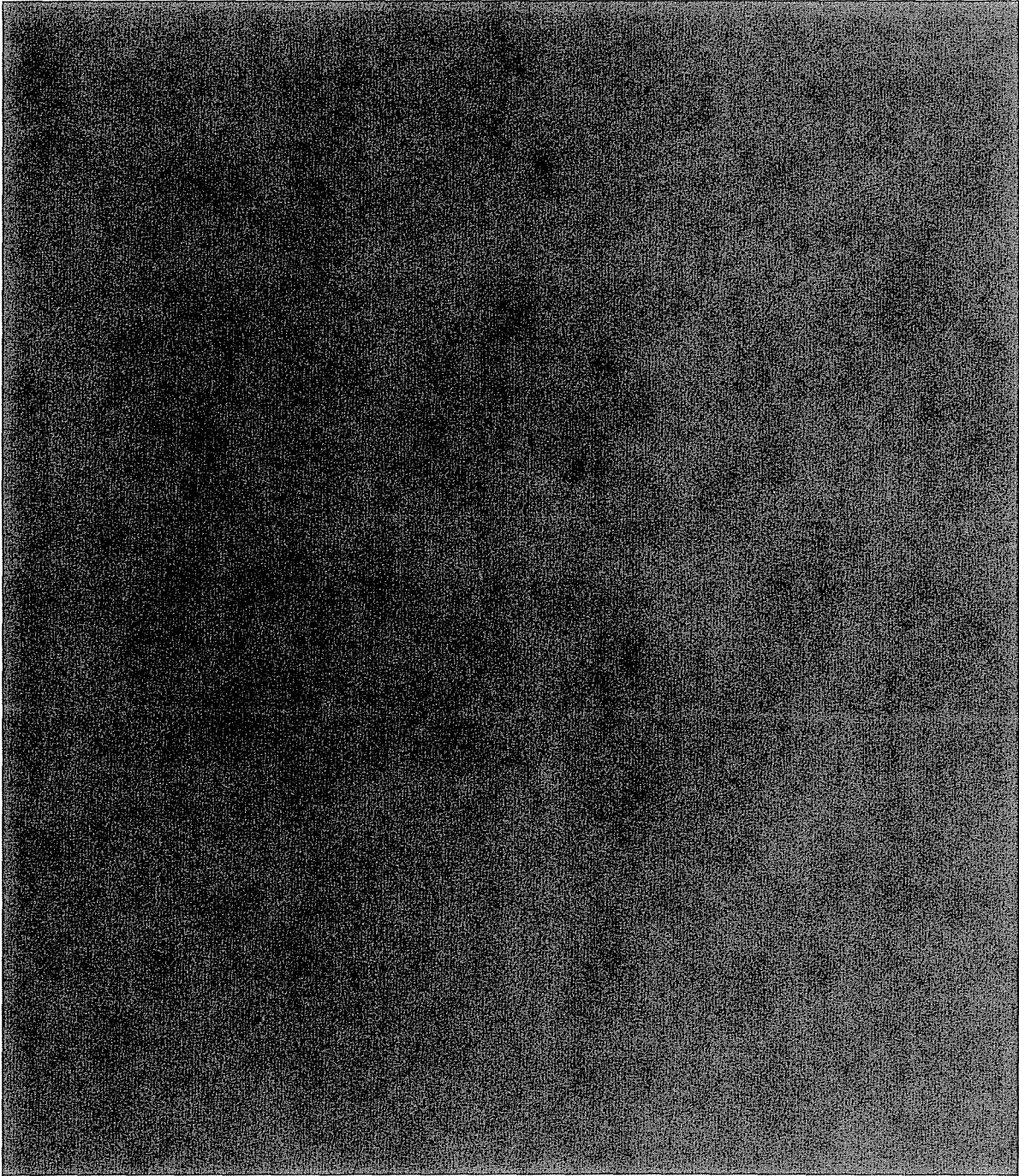


* Map Attached

Designated Delivery Point(s):



**SCHEDULE 7.2
QUALITY ADJUSTMENTS**



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.

(a) Except as provided in (e) below, the weight of the Coal delivered by barge hereunder shall be determined by Seller at its expense on [REDACTED] [REDACTED]. Such scales shall be calibrated once [REDACTED] to maintain them to within [REDACTED] 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 [REDACTED] 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 [REDACTED] 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 delivered shall be made by a procedure to be established at such time by agreement of Buyer and Seller.

SAMPLING AND ANALYSIS

(a) Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded into each barge, analyze the sample(s) so obtained, and notify Buyer and the consigned destination of the short proximate [REDACTED] average analytical results of each barge. Seller's notification shall include its weight determination and the identifying number of each barge shipped, and shall be provided within [REDACTED] after the Coal is loaded into the barges for shipment, or within [REDACTED] should the 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 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.

(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 unloaded 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 [REDACTED] (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 [REDACTED] 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.

SCHEDULE 10
LIST OF DOCUMENTS
(maps, guaranty, other)

CORPORATE GUARANTY

TO: OHIO POWER COMPANY, its affiliates, successors and assigns, and any of its subsidiaries (individually and collectively, the "Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and to induce Beneficiary to do business with [REDACTED]

[REDACTED] hereby unconditionally and absolutely guarantees the full and prompt payment and performance of all present and future obligations of Debtor to Beneficiary, arising from Beneficiary's purchase or sale of coal and related services to Debtor, from which Guarantor shall receive substantial benefits, whether such obligations are due or to become due, secured or unsecured, absolute or contingent, joint or several (collectively, the "Obligations"). GUARANTOR'S OBLIGATION UNDER THIS CORPORATE GUARANTY ("GUARANTY") IS A GUARANTY OF PAYMENT AND/OR PERFORMANCE BUT NOT OF COLLECTION. SHOULD ANY PRESENT OR FUTURE OBLIGATIONS INCURRED BY DEBTOR NOT BE PAID WHEN DUE, BENEFICIARY MAY PROCEED AGAINST THE GUARANTOR FOR SUCH OBLIGATIONS AT ANY TIME, WITHOUT NOTICE AND WITHOUT ANY PROCEEDING OR ACTION AGAINST DEBTOR, AND GUARANTOR HEREBY WAIVES ANY DEMAND FOR PAYMENT OR PERFORMANCE. This Guaranty is a primary obligation of Guarantor and shall be construed as an unconditional, absolute and continuing guaranty, irrespective of the validity or enforceability of the underlying agreements between Beneficiary and Debtor or any other guaranteed amount, the absence of any action to enforce the same or any circumstances which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

Guarantor hereby waives notice of acceptance of this Guaranty, of the creation or existence of any of the guaranteed Obligations and of any action by Beneficiary in reliance hereon or in connection herewith; notice of the transactions between Beneficiary and Debtor, notice of the execution and delivery, amendment, extension or renewal of any present or future instrument pertaining to Obligations, diligence, presentment, demand for payment, protest, notice of default by Debtor, and any other notice not expressly required by this Guaranty. Guarantor further consents, without further notice, to any extension or extensions of the time or times of payment of said Obligations, or any portion thereof, and to any change in form or amount, or renewal at any time, of such Obligations, or any portion thereof.

This Guaranty shall remain in full force and effect with respect to the Obligations until finally and irrevocably paid in full. No termination of this Guaranty shall affect any Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. In the event that any payment to Beneficiary in respect of the Obligations is rescinded or must otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder in respect of such Obligations as if such payment had not been made. Guarantor reserves the right to assert defenses that Debtor may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of Debtor or similar proceedings affecting Debtor and other defenses expressly waived hereby.

Guarantor's obligations hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such Obligations covered hereunder, nor by any extension, or the acceptance of any sum or sums on account of Debtor, or of any note or draft of Debtor and/or any third party, or security from Debtor. Beneficiary shall not be obligated to file any claim relating to the Obligations owing to it in the event that Debtor becomes subject to bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting Debtor (whether voluntary or involuntary), and the failure of Beneficiary to so file shall not affect Guarantor's obligations hereunder.

Should any present or future Obligations incurred by Debtor not be paid when due or at the time to which the same may be extended, Beneficiary may proceed against Guarantor for such Obligations at any time, without notice and without any proceeding or action against Debtor. Guarantor agrees that Beneficiary may resort to Guarantor for payment of any of the Obligations, whether or not Beneficiary shall have resorted to any collateral security, or shall have proceeded against any other debtor principally or secondarily obligated with respect to any of the Obligations or any other guarantor thereof.

Guarantor shall not exercise any rights which it may have or acquire by way of subrogation until all of the Obligations are paid in full to Beneficiary. If any amounts are paid to Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of Beneficiary and shall forthwith be paid to Beneficiary by Guarantor to reduce the amount of outstanding Obligations, whether matured or unmatured. Subject to the foregoing, upon payment of all of the Obligations to Beneficiary, Guarantor shall be subrogated to the rights of Beneficiary against Debtor, and Beneficiary agrees to take at Guarantor's expense such actions as Guarantor may reasonably require to implement such subrogation.

The obligations of Guarantor hereunder shall not be subject to any counterclaim, setoff, deduction, abatement or defense based upon any claim Guarantor or the Debtor may have against Beneficiary.

The obligations of Guarantor hereunder shall not be affected by (a) any lack of validity or enforceability of or defect or deficiency in any Agreement or any other documents executed in connection with any Agreement; (b) any modification, extension or waiver of any of the terms of any Agreement; (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from any Agreement or any other agreement or instrument executed in connection therewith; (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Obligations; (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Beneficiary to exercise, in whole or in part, any right or remedy held by Beneficiary with respect to any Agreement or any transaction under any Agreement; (f) any change in the existence, structure or ownership of Guarantor or any Debtor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtor or its assets; or (g) any other circumstance that might

otherwise constitute a defense available to, or a discharge of, any Debtor or any other individual, partnership, joint venture, corporation, association, trust or other enterprise that is a party to any Agreement, or any other agreement or instrument (including any guarantor) in respect of the Obligations, other than payment in full of the Obligations.

This Guaranty shall not be affected by any change in the entity status or business structure of Debtor. If Debtor's assets or a major portion thereof are transferred to any other party or parties otherwise than by operation of law, and if Beneficiary enters into any transaction whereby such transferee or transferees become indebted to Beneficiary, this Guaranty, subject to all the other terms hereof, shall apply to any Obligations or balance of Obligations of such other transferee or transferees to Beneficiary.

This Guaranty shall inure to and be binding upon the parties, their representatives, successors and assigns, provided that Guarantor may not assign or otherwise transfer any of its obligations under this Guaranty, whether by operation of law or otherwise, without the prior written consent of Beneficiary, which consent may be arbitrarily withheld. Beneficiary may assign this Guaranty in its sole discretion.

In the event Beneficiary engages in litigation to enforce this Guaranty, Guarantor agrees to pay, in addition to any amounts of Debtor which Guarantor has otherwise guaranteed to pay hereunder, any and all costs and expenses incurred by Beneficiary (including reasonable attorneys' fees) in enforcing this Guaranty.

Guarantor represents and warrants that, at the time of execution and delivery of the Guaranty, nothing (whether financial condition or any other condition or situation) exists to impair in any way the obligations and liabilities of Guarantor to Beneficiary under this Guaranty. Guarantor further represents and warrants to Beneficiary that: (a) it is a corporation duly organized, validly existing and in good standing in its jurisdiction of incorporation, with full power and authority to make and deliver this Guaranty; (b) that the execution, delivery and performance of this Guaranty by Guarantor have been duly authorized by all requisite corporate action of Guarantor, and does not and will not violate provisions of any applicable law or Guarantor's certificate of incorporation or bylaws; and (c) that the person signing this Guaranty on Guarantor's behalf has been properly authorized by corporate action to do so.

This Guaranty constitutes the entire agreement among the parties and supersedes and cancels any prior agreements, undertakings, declarations and representations, whether written or oral, regarding the subject matter of this Guaranty. If any provision of this Guaranty is found by a court of competent jurisdiction to be void, illegal or otherwise unenforceable in that jurisdiction, such provision, to the extent of its invalidity, shall be severed from this Guaranty and be ineffective in that jurisdiction; provided, however, that such finding shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guaranty.

The rights and duties of the Guarantor, Debtor and Beneficiary under this Guaranty shall be construed and enforced in accordance with, and governed by the laws of, the State of New York.

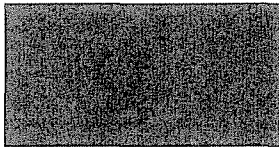
IN WITNESS WHEREOF, the Guarantor has duly executed this Guaranty on this ____ day of _____, _____.



By: _____
Name: _____
Title: _____

Guarantor's Address: _____

Attn: _____



July 5, 2012

Re: Coal Purchase and Sale Agreement No. [REDACTED]
Dated [REDACTED], by and between Ohio Power Company ("Buyer")
and [REDACTED]

Amendment No. 2012-1

Dear Sir:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

Effective July 5, 2012, Buyer and Seller agree to amend the Agreement as follows:

- 1) ARTICLE II, Obligations and Deliveries, Section 2.1. Contract Quantity, is hereby deleted in its entirety and the following is substituted in lieu thereof:

Section 2.1. Contract Quantity. During the Delivery Period, Seller agrees to sell and deliver to Buyer and Buyer agrees to purchase and accept from Seller, [REDACTED] the quantity of Coal set forth herein.

<u>Contract Year</u>	<u>Contract Quantity</u> <u>Tons Per Year</u>
[REDACTED]	[REDACTED]

Such tonnage shall be delivered ratably during each month of each Contract Year.

- 2) ARTICLE V, Contract Price, is hereby deleted in its entirety and the following is substituted in lieu thereof:

ARTICLE V
Contract Price

The Contract Price shall be [REDACTED] per Ton, at the Designated Delivery Point, as follows:

<u>Contract Year</u>	<u>Contract Price</u>
[REDACTED]	[REDACTED]

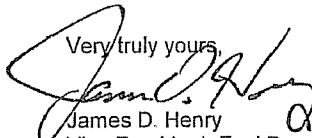
Page 2

(A) The Contract Price for [REDACTED] will be calculated by weight averaging two pricing segments. The first pricing segment will be for [REDACTED]. The second pricing segment will be for [REDACTED]. [REDACTED] provided, however, that the value of the second pricing segment shall not be lower than [REDACTED]. Therefore, if the determined value of the second pricing segment is less than [REDACTED] per Ton, the value of the second pricing segment to be used in calculating the weighted average Contract Price for [REDACTED] per Ton, and if the determined value of the second pricing segment is greater than [REDACTED] per Ton, the value of the second pricing segment to be used in calculating the weighted average Contract Price for Contract Year [REDACTED] per Ton. Notwithstanding the previous sentence, if such determined value of the second pricing segment exceeds [REDACTED] per Ton, then, Buyer and Seller agree to enter into negotiations in an attempt to [REDACTED]. In the event such negotiations do not result in agreement for the second pricing segment, then for Contract Year [REDACTED] the Contract Quantity shall be [REDACTED] and the Contract Price shall be [REDACTED] per Ton.

Except as provided under Section 6.2 and Article VII, the Contract Price shall be firm and not subject to any adjustment.

Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and return it to this office.

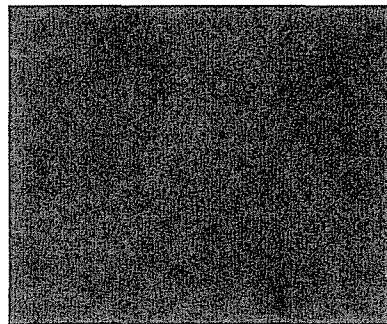
Very truly yours,


James D. Henry
Vice President, Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company

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CMS
ATP*

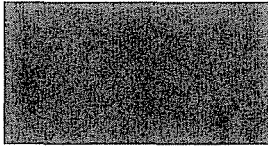
Acceptance Date: 01/16/12

Acceptance Date: 9-12-12





AEP America's Energy Partner



October 5, 2012

Re: Coal Purchase and Sale Agreement No. [REDACTED]
Dated November 17, 2010, by and between Ohio Power Company ("Buyer")
and [REDACTED]

Amendment No. 2012-2

Dear Sir:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

Effective October 5, 2012, Buyer and Seller agree to amend the Agreement as follows:

- 1) ARTICLE II, Obligations and Deliveries, Section 2.1. Contract Quantity, is hereby deleted in its entirety and the following is substituted in lieu thereof:

Section 2.1. Contract Quantity. During the Delivery Period, Seller agrees to sell and deliver to Buyer and Buyer agrees to purchase and accept from Seller, FOB barge at the Designated Delivery Point, the quantity of Coal set forth herein.

<u>Contract Year</u>	<u>Contract Quantity Tons Per Year</u>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Such tonnage shall be delivered ratably during each month of each Contract Year.

- 2) ARTICLE V, Contract Price, is hereby deleted in its entirety and the following is substituted in lieu thereof:

ARTICLE V
Contract Price

The Contract Price shall be [REDACTED] per Ton, at the Designated Delivery Point, as follows:

<u>Contract Year</u>	<u>Contract Price</u>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

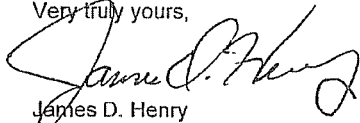
Except as provided under Section 6.2 and Article VII, the Contract Price shall be firm and not subject to any adjustment.



Page 2

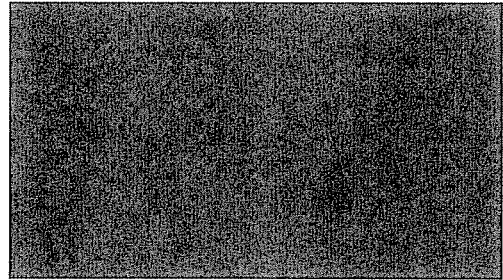
Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and return it to this office.

Very truly yours,


James D. Henry
Vice President, Fuel Procurement & Transportation
On behalf of American Electric Power Service
Corporation, as agent for Ohio Power Company

cms and ac

Acceptance Date: _____



Acceptance Date: Oct 16, 2012



155 West Nationwide Boulevard
Columbus, OH 43215

AEP Purchase Order: [REDACTED]

Effective Date: [REDACTED]

Seller: [REDACTED]

Buyer: Ohio Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Clint Stutler
Phone: 614-583-6039
Cell Phone: 614-395-3562
Fax: 614-583-1627

Plant: Mitchell Plant

Commodity: Crushed, partially washed, bituminous coal, containing no synthetic fuels, substantially free from any extraneous material, with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Contract.

Term: [REDACTED]

Quantity: [REDACTED]

Price: [REDACTED]

Quality: [REDACTED]

Characteristic:	Contracted Monthly:	Half-Month Suspension Limit:	Shipment Rejection Limit:
Btu/lb:	[REDACTED]	[REDACTED]	[REDACTED]
Sulfur (%)	[REDACTED]	[REDACTED]	[REDACTED]
Moisture (%)	[REDACTED]	[REDACTED]	[REDACTED]
Ash (%)	[REDACTED]	[REDACTED]	[REDACTED]
Volatile Matter (%)	[REDACTED]	[REDACTED]	[REDACTED]
Hardgrove Grindability:	[REDACTED]	[REDACTED]	[REDACTED]
Ash Fusion Temperature (H=1/2W °F Red. Atm.)	[REDACTED]	[REDACTED]	[REDACTED]

Sizing: [REDACTED]

Source: Various Mines

Delivery Point: [REDACTED]

[REDACTED] or such other Approved Alternative Delivery Points as identified in Exhibit 1, attached hereto and incorporated herein, provided, however, Seller shall be solely responsible for any and all additional costs or penalties, including transportation, associated with any Approved Alternative Delivery Point(s).

The weighing party shall weigh the Coal in accordance with [REDACTED] conditions attached.

155 West Nationwide Boulevard
Columbus, OH 43215

AEP Purchase Order: [REDACTED]

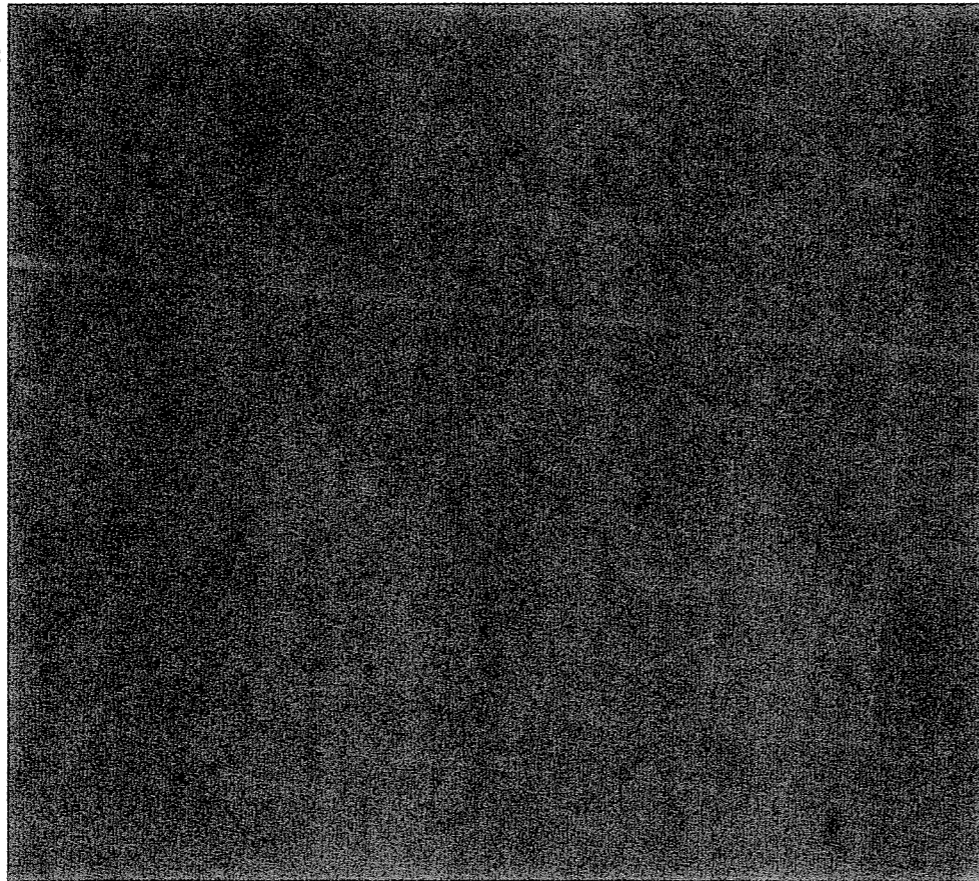
Effective Date: [REDACTED]

**Sampling &
Analysis
Party:**

Seller shall be the sampling party. The sampling party shall sample and analyze the Coal in accordance with Section 4 of the AEP Ohio Coal Procurement Terms and Conditions attached.

Additionally, coal received, unloaded, and taken into account that is not sampled or is sampled but not analyzed shall be taken into account as follows: If during any Half-Month period at least fifty percent (by weight) of coal delivered at a respective consigned destination during such period has been sampled and analyzed, then the weighted average analytical results of such samples shall be applicable to all coal delivered to such consigned destination during such Half-Month period. If more than [REDACTED] of coal delivered at a consigned destination during any such Half-Month 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 Half-Month in which at least [REDACTED] of the coal delivered to such consigned destination was sampled and analyzed shall be applicable to such portion of the coal delivered which was not sampled and/or was not analyzed for such Half-Month period.

**Quality
Adjustments:**

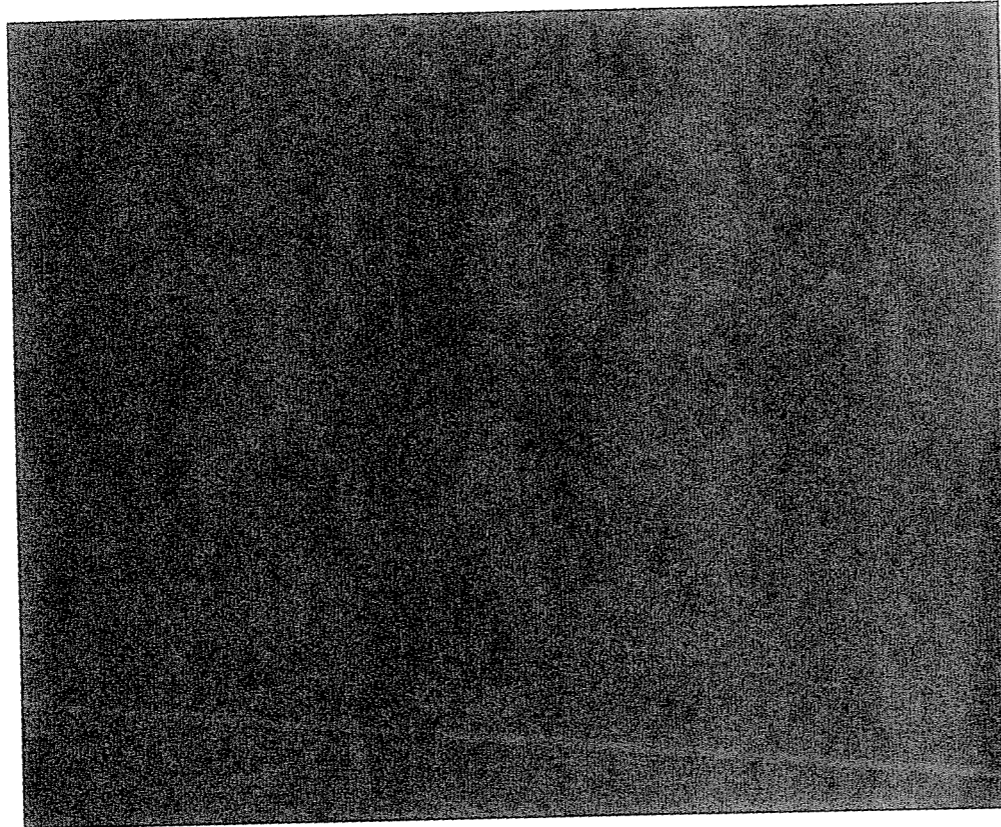


155 West Nationwide Boulevard
Columbus, OH 43215

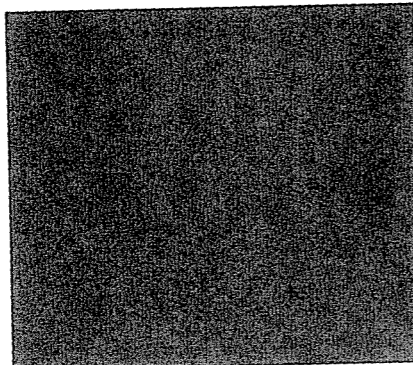
AEP Purchase Order: [REDACTED]

Effective Date: [REDACTED]

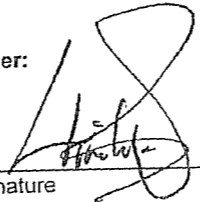
Other Terms
Continued:



Accepted:



Buyer:


Signature

Timothy K. Light

Senior Vice President
Fuel, Emissions & Logistics
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company

Date: 12-3-2012

Date: November 28, 2012

155 West Nationwide Boulevard
Columbus, OH 43215

AEP Purchase Order: [REDACTED]
Effective Date: [REDACTED]

Payment: Seller shall submit invoices to Buyer based on Seller's weighted average analytical and pricing data for all coal shipped from the first through the [REDACTED] calendar day of each month, and from the sixteenth through the last calendar day of each month, within [REDACTED] working days after each such period. Seller's invoice shall reference the Purchase Order Number for this Contract and the applicable transport vehicle numbers covering such Half-Month shipments. Buyer will pay to Seller the invoice amount on or before the 20th calendar day following the Half-Month period, provided Seller's invoice is submitted in compliance with the preceding two sentences. 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 funds 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. Overdue payments shall accrue interest (the prime rate of interest for United States Dollars as published from time to time during such period under the section titled, "Money Rates" by *The Wall Street Journal*, plus two percent per annum but not to exceed the maximum applicable lawful interest rate [hereinafter "Interest Rate"]) from the due date until paid.

SEND INVOICES TO:	REMIT PAYMENT TO:
AEPSC	
Attn: Manager – Fuel Accounting	
301 Cleveland Avenue, S.W.	
Canton, OH 44702	
Fax: 330-438-7325	

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 at the Interest Rate. If any party fails to pay amounts under this Contract 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 Contract, the aggrieved party shall have the right to suspend performance under this Contract 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.

If applicable, Seller shall include on its invoice the statement "Seller certifies that (insert number) of tons were mined in Virginia," such statement to be separately signed by Seller.

Other Terms: This Purchase Order shall be governed by the AEP Ohio Coal Procurement Terms and Conditions attached hereto and incorporated herein by specific reference.

The following are changes to the attached AEP Ohio Coal Procurement Terms and Conditions:

The first paragraph of Item 2, SCHEDULING, DELIVERY & TITLE AND RISK OF LOSS, shall be deleted in its entirety and replaced with the following in lieu thereof:

Unless otherwise provided in the Purchase Order, Buyer shall advise Seller of its desired loading dates and delivery schedule. The parties will work together in good faith to agree on a reasonable and practicable delivery schedule within the Term and within each month during the Term. The Purchase Order, Buyer shall designate to Seller the [REDACTED] Contract



AEP, America's Energy Partners

AEP OHIO COAL PROCUREMENT TERMS AND CONDITIONS

- 1) The attached Purchase Order together with these AEP Ohio Coal Procurement Terms and Conditions shall constitute the "Contract." Any changes or modifications to this Contract shall be made in writing and signed by both parties. In the event that any provision(s) of these AEP Ohio Coal Procurement Terms and Conditions are conflicting or inconsistent with the Purchase Order, the provision(s) of the Purchase Order shall control.

- 2) **SCHEDULING, DELIVERY & TITLE AND RISK OF LOSS**

Unless otherwise provided in the Purchase Order, Buyer shall advise Seller 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. Unless otherwise specified in the Purchase Order, Buyer shall designate to Seller the scheduling, routing and method of Shipments of coal purchased under this Contract. 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 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 this Section 2, or as otherwise provided by Buyer at the time of exercising its rights under this Section 2.

Seller shall cause coal sold hereunder to be properly loaded into the transport vehicle (i.e. railcars, barges, trucks, etc.) for delivery to Buyer, provided that Buyer has provided Seller with applicable loading instructions (including minimum and maximum weights) no less than 24 hours prior to the arrival of Buyer's transport vehicle. The delivery schedule specified in the Purchase Order or as designated by Buyer in absence of such in the Purchase Order is binding on both Buyer and Seller and may only be changed by mutual written agreement.

Seller represents and warrants that it has title to all coal sold hereunder and the same is shipped free and clear of all liens, encumbrances, and claims of all third parties. Title to and risk of loss of coal conforming to this Contract shall pass to Buyer as follows:

- a) For barge deliveries, as the loaded barges are pulled from the Delivery Point.
- b) For rail deliveries, as the loaded unit train or single car shipment is pulled from the Delivery Point.
- c) For truck deliveries, upon the coal being delivered and dumped at the plant or other consigned destination.
- d) For all Non-Conforming Shipments (as hereinafter defined) title to and risk of loss of coal shall revert back to Seller immediately upon any rejection or nonacceptance by Buyer as provided elsewhere in this Contract.

Seller and Buyer shall each indemnify, defend, and save harmless the other party, and its Affiliates and their respective officers, directors, agents, and employees from and against any liabilities, 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 Contract.

Seller shall indemnify, save harmless, and defend Buyer and its Affiliates and their 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.

FOR TRUCK DELIVERIES – Seller, at its expense, shall have coverage of the insurance specified below, which shall be placed with insurance carrier(s) acceptable to Buyer, and shall maintain this insurance at all times during performance of this Contract:

- 1) Certificate of Insurance:
Commercial general liability insurance with a limit of not less than [REDACTED] each occurrence and

- b. Commercial automobile liability insurance with a limit for bodily injury and property damage of not less than [REDACTED] each accident.
- 2) Excess or Umbrella Liability:
 - a. Commercial Excess or Umbrella liability with not less than [REDACTED] each occurrence and aggregate limit.
- 3) Worker's Compensation Certificate:
 - a. Coverage for the legal liability of Seller and its subcontractors under the worker's compensation laws of the state in which the work is to be performed.
 - b. Employer's liability coverage in an amount not less than [REDACTED] for each accident shall be included.

Seller also warrants that it is in compliance with the Federal and State Motor Carrier Safety Acts (Financial Responsibility is USDO 387.9).

3) **WEIGHING**

All Deliveries: The weighing party shall determine the weight of the coal delivered hereunder at its expense using its rail, truck, or belt scales, as applicable.

(A) The accuracy of the weighing party's rail scale(s), truck scale(s), or batch weighing system, as applicable, shall be maintained to within [REDACTED]. The weighing party's rail scale(s), truck scale(s), or batch weighing system, as applicable, shall be calibrated at least [REDACTED] months in accordance with the guidelines established by NIST. The calibration shall be performed by a qualified third party (e.g., the rail carrier), using such equipment as deemed appropriate by such third party. At the non-weighing party's request, which may be made from time to time, the weighing party shall inform the non-weighing party of the results of such testing and calibration. It shall be the responsibility of the weighing party to arrange and schedule scale calibrations when required.

(B) The accuracy of the weighing party's belt scales shall be maintained to within [REDACTED] accuracy. The weighing party's belt scales shall be tested and calibrated at least once each month in accordance with the guidelines outlined by NIST or other procedures which shall be mutually acceptable to Seller and Buyer. At the non-weighing party's request, which may be made from time to time, the weighing party shall inform the non-weighing party of the results of such testing and calibration. It shall be the responsibility of the weighing party to arrange and schedule scale calibrations when required.

(C) If the weighing party's scales are discovered to be outside of acceptable tolerance ranges [REDACTED] then an appropriate adjustment will be made to the tonnage and invoiced retroactively to the date of the most recent calibration [REDACTED] calendar days prior to the calibration which was found in error, whichever is later.

(D) Buyer shall have no obligation to pay for any coal being delivered via truck that Buyer determines is in excess of the maximum number of tons of coal that is legally deliverable to the plant or other consigned destination by such truck at the time of such delivery in accordance with applicable law.

Barge Draft Surveys: If there is no certified [REDACTED] at the Delivery Point, and if the parties specifically agree that weights shall be determined hereunder by draft survey taken at the Delivery Point, then all such draft surveys shall be conducted by an independent surveyor (certified commercial marine surveyor for vessels) experienced in the conduct of draft surveys selected by mutual agreement of the parties. In cases where (i) there is no certified belt scale system at the Delivery Point or in absence of a certified belt scale system and a draft survey is not taken at the Delivery Point or (ii) the Delivery Point is the ultimate destination, weights shall be determined at the destination by Buyer.

Weights determined in accordance with this section shall be deemed accepted as correct (absent manifest error) and shall govern all invoicing and payments hereunder. Unless otherwise specified, the costs of weighing shall be for the account of the weighing party.

Irrespective of which party's weights govern for payment hereunder, Seller shall properly weigh each Shipment hereunder and report such weights to Buyer within [REDACTED] after the coal has been loaded for shipment. Seller's weights shall be reported to the recipients designated by and in the manner specified by Buyer.

4) **SAMPLING & ANALYSIS**

The sampling party shall perform all sampling and analysis of coal for payment hereunder.

Seller shall sample the coal or shall provide for the coal to be sampled as it is loaded, analyze the sample(s) so obtained, and, as provided in Section 20, notify Buyer and the consigned destination of such short proximate

average analytical results of each Shipment. All sampling and analysis performed hereunder shall be performed by the sampling party at its expense and shall comply with the governing ASTM procedures and specifications in effect at the time of such sampling and analysis.

Seller shall immediately notify Buyer if either its sampling system or its independent commercial laboratory becomes unavailable or unable, for any reason, to provide the short proximate analysis. Upon such occurrence(s), Buyer and Seller shall establish procedures for sampling and/or analyzing the coal shipped hereunder during such time that Seller's sampling system and/or its independent commercial laboratory are unable to provide the short proximate analysis for such coal.

Coal hereunder shall be sampled during the loading/unloading process by the sampling party, prior to its commingling with other coals. The coal samples shall then be prepared and analyzed in Buyer's laboratory, or, if Seller is the sampling party, by an independent commercial laboratory. The non-sampling party may observe the unloading, sampling, sample preparation and analysis hereunder.

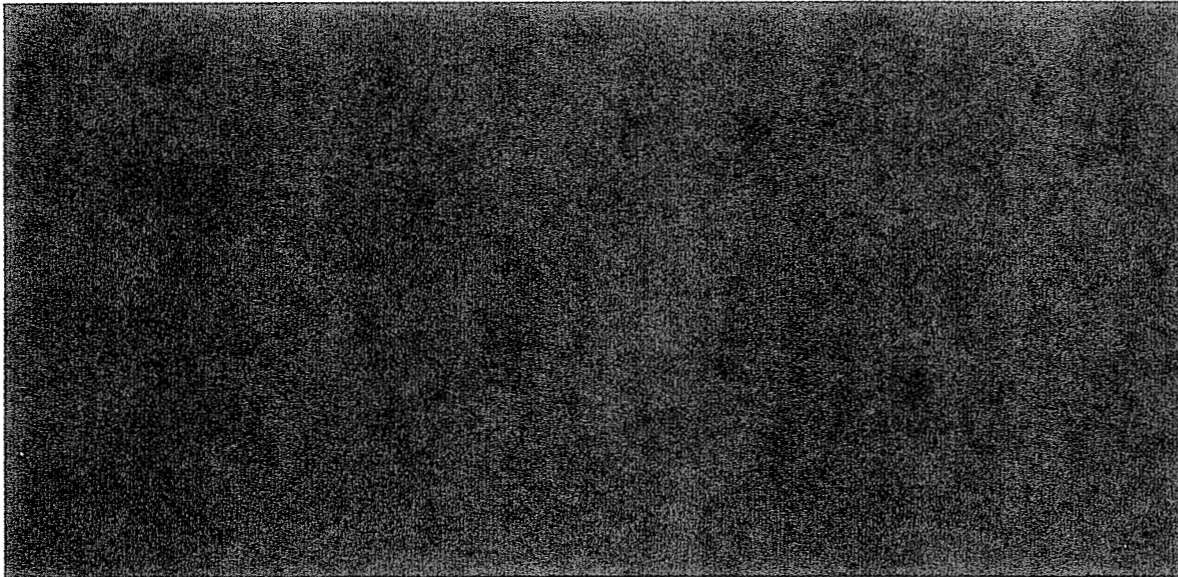
Each coal sample collected by the sampling party shall be properly divided into at least three subsamples. One subsample shall be immediately analyzed by the applicable laboratory for the governing contractual analysis. The second sample is to be sealed in an airtight container and sent to the non-sampling party. The third subsample is to be sealed in an airtight container and held by the sampling party for a period of at least 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.

Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer. For purposes of determining moisture hereunder, the two-stage procedure as defined in ASTM D3302 shall be used.

5) **REJECTION AND SUSPENSION**

[REDACTED]



6) **ASSIGNMENT**

This Contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns and shall not be assigned or otherwise conveyed, in whole or in part, by either party without the prior written consent of the other, except as provided in (a), (b) and (c) below.

(a) Either party may without the written consent of the other assign to any financing institution or institutions this Contract or any monies due or to become due hereunder.

(b) This Contract may be assigned by Seller to an Affiliate without the prior written consent of Buyer, provided, that if this Contract is assigned or otherwise conveyed to an Affiliate, the assignor or conveying party shall take all necessary actions, and shall require its affiliated assignee or Affiliate receiving entity, and any subsequent affiliated assignee(s) and affiliated receiving entity(ies), to take all necessary actions to prevent a non-Affiliate from acquiring the assignor's or conveying party's rights and obligations pursuant to this Contract without the prior written consent of Buyer.

(c) This Contract may be assigned or transferred directly or indirectly by Buyer to any Ohio Power Company Affiliate, including but not limited to AEP Generation Resources Inc. or any of the operating companies of the AEP System, without the prior written consent of Seller provided the assignee assumes all of Ohio Power Company's responsibilities and obligations occurring or arising under the assigned Contract on and after the transfer date. The parties agree that upon completion of an assignment or transfer of this Contract to an Ohio Power Company Affiliate, all responsibilities and obligations under the assigned Contract are transferred to the assignee and Ohio Power Company shall be fully released from any performance or liability under the Contract occurring or arising on and after the transfer date. Any assignee of Ohio Power Company shall have the right to assign or transfer this Agreement and will be fully released from any performance or liability under the Contract, without the prior written consent of Seller, provided such assignee agrees to accept all responsibilities and obligations under such Contract occurring or arising on and after the transfer date.

Except as provided for in paragraph (c) of this Section 6, no assignment under this Section 6 or conveyance of any interest in this Contract shall in any way relieve the assignor or the conveying party from liability for full performance under this Contract. Any such affiliated assignee, or other entity to whom an interest is conveyed (which conveyance must be with the prior written consent of the other party), shall assume and agree to be bound by the terms and conditions of this Contract.

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

7) **FORCE MAJEURE**

To the extent either party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Contract and such party (the "Claiming Party") gives notice and details, orally and confirmed promptly in writing, of the Force Majeure to the other party as soon as practicable (but in no event later than [REDACTED] after the occurrence thereof), then the Claiming Party shall be excused from the performance of its obligations during such event. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party that are excused by Force Majeure. Failure to give such notice and furnish such information within the time specified shall be deemed a waiver of all rights under this Article for such period of time during which notice was not given. Buyer and Seller shall exercise reasonable efforts to mitigate or eliminate the conditions which have caused the Force Majeure condition, provided, however, nothing herein contained shall be construed as requiring Seller or Buyer to accede to any demands of labor, or labor unions, or suppliers, or other parties which Seller or Buyer considers unacceptable. The Claiming Party claiming Force Majeure shall furnish the non-Claiming Party a monthly statement by the [REDACTED] the calendar month setting forth the amount of tonnage not shipped or to be reduced because of Force Majeure causes asserted during the [REDACTED] preceding calendar month.

Except as set forth in this paragraph, no suspension or reduction by reasons of Force Majeure shall invalidate the remainder of this Contract but, on the removal of the cause, shipments shall resume at the specified rate. If an event of Force Majeure persists for (i) a continuous period of [REDACTED] or (ii) an aggregate of [REDACTED] in any twelve month period or during the Term of this Contract (if the Term is less than [REDACTED] months), then, at any time thereafter during the Force Majeure period, the non-Claiming Party shall have the option, upon [REDACTED] days' prior written notice, to terminate this Contract and the obligations of the parties thereunder.

In the event of a Force Majeure, delivery of the affected quantity of coal shall not be made up except at Buyer's sole discretion.

If Seller claims Force Majeure under this Contract and has obligations to provide coal of a similar type and quality as the coal under other coal sales agreements, or if Buyer claims Force Majeure and has obligations to purchase coal of a similar type and quality as the coal under other coal sales agreements, then any reductions in Seller's deliveries or Buyer's purchases (as applicable) shall be allocated by the party claiming Force Majeure on a pro rata basis among this Contract and such other coal purchase or sales agreements involving coal of a similar type and quality as the coal, to the extent contractually permitted by such agreements. Without limiting the generality of this Article, in the event of a Force Majeure event which causes a partial or total curtailment of electrical generation from or electrical generating capacity at the consigned destination or partial or total curtailment of transmission or distribution of electricity therefrom, Buyer shall at its option, be relieved under this Article from its obligation to accept up to the pro rata (based on such partial curtailment) quantity or entire (based on such total curtailment) quantity of Seller's coal scheduled for delivery for the period during which such event or occurrence exists or existed.

8) **WAIVER**

The failure of Buyer or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Contract or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Contract.

9) **FINANCIAL RESPONSIBILITY**

Either party shall have the right, but not the obligation, to request from the other party or its guarantor, as applicable, audited annual financial statements and unaudited quarterly financial statements. In the event a party's financial statements are filed with the Securities and Exchange Commission and are available at www.sec.gov, then such party has fulfilled its obligations hereunder. In the event the performance, creditworthiness or financial condition of either party becomes unsatisfactory to the other at any time during which this Contract is in effect, that party ("Demanding Party") may demand Performance Assurance before further deliveries or receipts are made by it under this Contract.

10) **EVENT OF DEFAULT AND DAMAGES**

If an Event of Default (as hereafter defined) occurs with respect to a party or its guarantor (the "Defaulting Party") at any time during the term of this Contract, the other party (the "Non-Defaulting Party") may, in its sole discretion, do any one or more of the following: (i) establish a date (which date shall be no earlier than the date that such notice is given and no later than [REDACTED] from notice) ("Early Termination Date") on which this Contract shall terminate; (ii) terminate this Contract; (iii) suspend performance under this Contract; or (iv) suspend performance under this Contract.

Contract and/or (iv) exercise such other remedies as may be provided in this Contract. An event of default with respect to any party ("Event of Default") shall mean any of the following: (i) the failure of either party or its guarantor to make when due, any payment required hereunder if such failure is not remedied within two Business Days after notice of such failure is given to the Defaulting Party by the Non-Defaulting Party; (ii) the failure of either party or its guarantor to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within five Business Days after notice thereof to defaulting party; or (iii) failure to provide adequate Performance Assurance or other assurances satisfactory to the Non-Defaulting Party of its ability to perform its further obligations under this Contract within [REDACTED] of a reasonable written request by the Non-Defaulting Party; (iv) either party (a) filing a petition in bankruptcy, (b) having such a petition filed against it, (c) becoming otherwise insolvent or unable to pay its debts as they become due; (v) the failure of a party's guarantor, if any, to perform any covenant set forth in its guaranty, or such guaranty shall expire or be terminated or shall cease to guarantee the obligations of such party hereunder, or such guarantor shall become subject to any of the events specified in (iv) (a), (b) or (c); or (vi) an event described in the last sentence of subsections (B) and (C) of the Rejection & Suspension Rights of this Contract shall have occurred. If this Contract terminates on an Early Termination Date, the Non-Defaulting Party shall calculate, in a good faith commercially reasonable manner, the Settlement Amount as of the Early Termination Date as soon as is reasonably practicable and shall promptly notify the Defaulting Party of the amount thereof.

"Settlement Amount" shall mean the present value of the single net aggregate amount for the remaining term of the Contract, including any exercised option period, of any Losses, Costs and Gains, expressed in United States dollars, which the Non-Defaulting Party incurs as a result of the early termination of this Contract in accordance with this Section 10, including, but not limited to, Losses or Gains based upon the then current replacement value of this Contract, the amounts of any unpaid invoices, and the amount for coal delivered but not yet billed. In calculating the Settlement Amount, the Non-Defaulting Party shall set off all amounts that are due to the Defaulting Party against such Settlement Amount so that the Settlement Amount shall be netted to a single liquidated amount. Any collateral being held by the Non-Defaulting Party shall be setoff against the amount owed to the Non-Defaulting Party. If the Defaulting Party is holding collateral posted by the Non-Defaulting Party, then the Non-Defaulting Party will have the right to set off that amount against any payment to be made to the Defaulting Party.

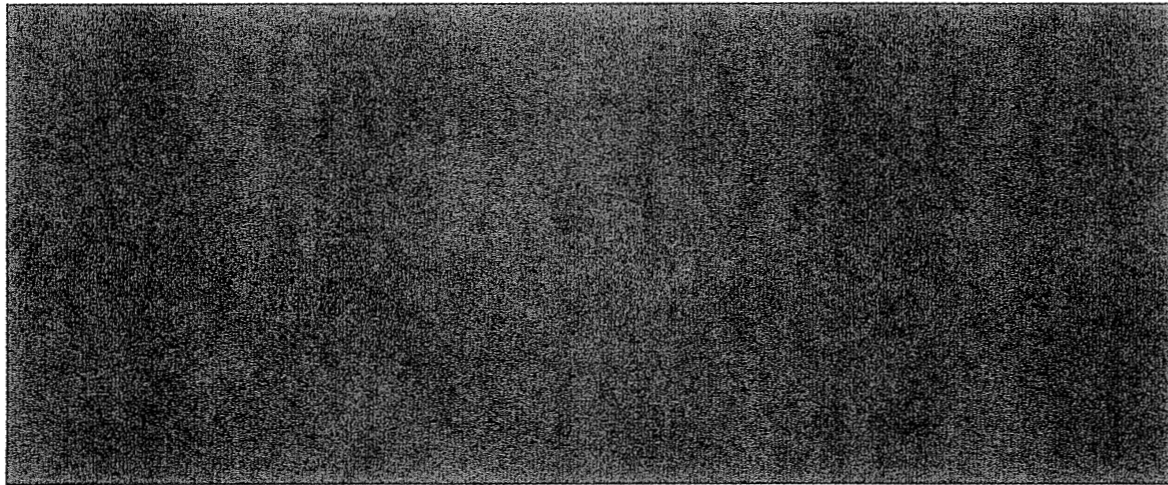
The Non-Defaulting Party shall provide the Defaulting Party with an explanation of how it calculated the Settlement Amount, as well as supporting calculations and documentation reasonably requested by the Defaulting Party. The Non-Defaulting Party shall use good faith commercially reasonable efforts to mitigate any Costs or Losses it is entitled to hereunder. The Defaulting Party shall have the right to audit (through a third party independent auditor mutually agreed to by the parties) the calculation of all of the Non-Defaulting Party's Gains, Losses and Costs.

If the present value of the Non-Defaulting Party's aggregate Losses and Costs (net of any amounts due to the Defaulting Party) exceed the present value of its aggregate Gains, all as finally determined in accordance with the preceding provisions of this section, the Defaulting Party shall, [REDACTED] of such final determination, pay the Settlement Amount to the Non-Defaulting Party, including interest thereon at the Interest Rate from the Early Termination Date until paid in full. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Settlement Amount, the Defaulting Party will provide its calculations to the Non-Defaulting Party within [REDACTED] of receipt of calculation from the Non-Defaulting Party. The Defaulting Party shall pay to the Non-Defaulting Party the undisputed portion of the Settlement Amount and provide Performance Assurance for the remaining amount.

Notwithstanding any provision to the contrary contained in this Contract, the Non-Defaulting Party shall not be required to pay the Defaulting Party any amount under this Section 10, until the Non-Defaulting Party receives confirmation satisfactory to it, in its reasonable discretion (which may include an opinion of its counsel), that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Contract (or otherwise) have been fully and finally performed.

11) **QUANTITY SHORTFALL DAMAGES**

[REDACTED]



12) **GRANT OF SECURITY INTEREST**

To secure its obligations under this Contract and to the extent either or both parties deliver Performance Assurance hereunder, each party (a "Pledgor") hereby grants to the other party (the "Secured Party") a present and continuing first priority secured interest in, and lien on (and right of recoupment and setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each party agrees to take such action as the other party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of recoupment and/or setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

13) **HOLDING AND USE OF PERFORMANCE ASSURANCE**

Each party will be entitled to hold Performance Assurance so long as the credit rating of the senior unsecured debt obligation of the entity or its guarantor is rated at least [REDACTED] and further provided that an Event of Default has not occurred and is not continuing with respect to the party. If an Event of Default has occurred and is continuing with respect to a party or its guarantor (if any) or if a party or its guarantor, if any, is not rated or has a rating below the aforesaid standard, then, if it holds Performance Assurance, it shall be required to immediately place all such Performance Assurance in an escrow account with an independent third party financial institution mutually acceptable to the parties.

14) **FORWARD CONTRACT**

Buyer and Seller each acknowledge that it is a "forward contract merchant" and that this Contract constitutes a "forward contract" within the meaning of the United States Bankruptcy Code.

15) **NETTING AND SETOFF**

If Buyer and Seller are required to pay any amount 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 Contract and/or any other contract between the parties hereto may be offset against each other, set off or recouped therefrom.

16) **CONFIDENTIALITY**

The parties and their respective affiliates shall keep confidential any and all matters relating to this Contract, except those readily obtainable from public information, requested by a regulatory commission, or otherwise required by law to be disclosed.

17) **ENTIRE AGREEMENT; MODIFICATION**

This Contract, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between the Seller and the Buyer with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Buyer and Seller.

18) **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 order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a governmental agency.

19) **GOVERNING LAW; WAIVER OF JURY TRIAL; UCC; VENUE, GOVERNMENT CONTRACTOR COMPLIANCE**

This Contract shall be construed, enforced, and performed in accordance with the laws of the State of New York, including New York General Obligation Law Sections 5-1401 and 5-1402. Each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Contract. Except as otherwise provided for herein, the provisions of the Uniform Commercial Code ("UCC") of the State of New York shall govern this Contract and coal provided hereunder shall be deemed to be "goods" for purposes of the UCC. Each party hereby submits to the exclusive jurisdiction of state or federal courts located in Franklin County, Ohio and all appellate courts therefrom and waives any objection which it may have at any time to the laying of venue of any proceedings brought in such court, waives any claim that such proceedings have been brought in an inconvenient forum, and further waives the right to object, with respect to such proceedings, that such court does not have jurisdiction over such party.

Unless exempted, Seller shall comply with the equal employment opportunity clause in Section 202 of Executive Order 11246 and all applicable rules, regulations, and relevant orders pertaining to Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and Section 4212 of the Vietnam Era Readjustment Assistance Act of 1974, as amended.

20) **NOTICES**

Notices provided for or required under this Contract may be exercised verbally, but shall be confirmed in writing as soon as practicable. The parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or electronic means or transmitted by facsimile or sent by certified mail, postage prepaid, return receipt requested, or by overnight mail or courier.

Unless Seller otherwise notifies Buyer in writing, notices to Seller shall be sent to the Seller as provided on page one of this Contract.

Following each Shipment, Seller shall provide Buyer with a shipping notice that includes: (i) the applicable AEP Purchase Order number; (ii) the Plant destination; (iii) the short proximate [REDACTED] 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 [REDACTED] with the starting and stopping times of the loading. If the coal is to be sold [REDACTED] then the notice shall also include the transportation agreement number, the origin station, and the train number. If the coal is to be sold [REDACTED], then the notice shall also include the shipping origin (dock name and milepost number) and barge number. Such notice shall be provided within [REDACTED] after the coal is loaded for shipment, or within [REDACTED] 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 (or other Plant as requested by Buyer) in accordance with the following:

Plant:	Mitchell	kmmlfuels@aep.com	
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For all notices, other than shipping notices, to AEP and/or its Affiliates:

American Electric Power Service Corporation, as agent
Attn: Fuel Contract Administration
155 West Nationwide Boulevard
Columbus, OH 43215
Fax: 614-583-1627

All notices hand delivered or delivered by electronic means, shall be deemed delivered by the close of the Business Day on which it was hand delivered or delivered by electronic means (unless hand delivered or transmitted by electronic means after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern Prevailing Time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by certified mail, postage prepaid, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon mailing.

21) **DEFINITIONS**

The following definitions and any terms defined internally in this Contract shall apply to this Contract and all notices and communications made pursuant to this Contract.

"**AEP**" means American Electric Power Service Corporation, as agent.

"**Affiliate**" means with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such entity. For this purpose, "control" means the direct or indirect ownership of 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

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

"**Business Day**" means any 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.

"**Contract Price**" means the price in United States dollars per ton (unless otherwise specified in the Purchase Order) to be paid by Buyer to Seller for purchase of coal and any other proper charges pursuant to this Contract.

"**Costs**" means any brokerage fees, commissions and other transactional costs and expenses reasonably incurred either by the Non-Defaulting Party as a result of terminating any hedges or other risk management contracts and/or entering into new arrangements in order to replace the Contract Quantity not shipped by Seller or not accepted by Buyer, as the case may be, and legal costs incurred by the Non-Defaulting Party.

"**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.

"**Force Majeure**" means an event or circumstance which prevents one party (the "Claiming Party") from performing its obligations under this Contract, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided or is unable in good faith to obtain a substitute acceptable to Buyer therefor. Force Majeure includes, but is not limited to, an event or occurrence beyond the control of Buyer, such as without limitation, acts of God, war, insurrection, riots, nuclear disaster, strikes, labor disputes, threats of violence, labor and material shortages, fires, explosions, floods, river freeze-ups, breakdowns or damage to mines, plants, equipment, or facilities (including a forced outage or an extension of a scheduled outage of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruptions to or slowdowns in transportation, railcar shortages, barge shortages, embargoes, orders, or acts of civil or military authority, laws, regulations, or administrative rulings, or total or partial interruptions of Buyer's operations which are due to any enforcement action or other administrative or judicial action arising from an environmental law or regulation. Force Majeure shall not be based on: (1) Buyer's inability economically to use or resell the coal purchased hereunder; (2) adverse geological or mining conditions; (3) the Seller's ability to sell the coal at a price greater than the Contract Price; or (4) Seller's inability to economically produce or obtain the coal.

"**Gains**" means, with respect to a party, an amount equal to the present value of the economic benefit, if any, (net of Costs) to it resulting from the termination of its obligations with respect to this Contract, determined in

"Half-Month" means the first 15 days of a calendar month or the 16th through the last calendar day of a calendar month, as applicable.

"Letters of Credit" means one or more irrevocable, transferable, standby letter of credit, issued by a major United States commercial bank or the United States branch office of a foreign bank, reasonably acceptable to the beneficiary with, in either case, a senior unsecured credit rating of at least (a) "A-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "A3" by Moody's Investors Service, Inc. ("Moody's"), if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's, but not both.

"Losses" means, with respect to a party, an amount equal to the present value of the economic loss, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to this Contract, determined in a commercially reasonable manner.

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

"Performance Assurance" means collateral in the form of either cash or Letters of Credit or such other security of the type and amount requested by the party demanding Performance Assurance.

"Shipment" means, as applicable, one unit trainload or at Buyer's election a composite of two or more unit trainloads, the aggregate of single railcars loaded on any one day (only where single car rates apply), one barge or at Buyer's election a composite of two or more barges, one vessel load, or the aggregate of the truckloads that are unloaded on any one day in accordance with the applicable transportation specifications.

"Transporter" means the entity or entities transporting the coal on behalf of Seller to and at the Delivery Point or on behalf of Buyer or Buyer's designee from the Delivery Point.

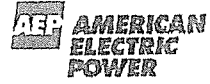
Exhibit 1
**APPROVED ALTERNATIVE SOURCE(S) AND
 APPROVED ALTERNATIVE DELIVERY POINT(S)**

Approved Alternative Source(s) of Coal:

Mine Name *	[REDACTED]
Reserve Name	
Surface or Underground	[REDACTED]
Coal Seam(s)	
County(ies)/State	[REDACTED]
MSHA Mine ID No.	
Environmental Permit Nos.	
Mine Name *	
Reserve Name	
Surface or Underground	
Coal Seam(s)	
County(ies)/State	
MSHA Mine ID No.	
Environmental Permit Nos.	

Approved Alternative Delivery Point(s):

<u>Barge Loading Facility</u>	<u>Milepost No.</u>	<u>River</u>
<u>Facility</u>	<u>Origin</u>	<u>OPSL No.</u>



AEP: America's Energy PartnerSM

AEP Purchase Order: [REDACTED]

Seller: [REDACTED]

Buyer: Ohio Power Company
155 West Nationwide Boulevard
Columbus, OH 43215
Attn: Clint Stutler
Phone: 614-583-6039
Cell Phone: 614-395-3562
Fax: 614-583-1627

Plant: Mitchell Plant

**NOTICE OF ORDER CHANGE NO. ONE
EFFECTIVE AS OF FEBRUARY 1, 2013
COMMODITY, PRICE, QUALITY, SOURCE,
DELIVERY POINT, WEIGHING PARTY, DEFINITION**

"Commodity" on Page One of Purchase Order [REDACTED] is deleted in its entirety and replace with the following:

"Commodity: Crushed, partially washed, bituminous coal that is fully blended, uniform and consistent throughout, containing no synthetic fuels, substantially free from any extraneous material, with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Contract."

"Price" on Page One of Purchase Order [REDACTED] is deleted in its entirety and replaced with the following:

"Price: [REDACTED]

"Quality" on Page One of the Purchase Order [REDACTED] is deleted in its entirety and replaced with the following:

"Quality: [REDACTED]

<u>Characteristic:</u>	<u>Contracted</u>	<u>Half-Month</u>	<u>Shipment</u>
	<u>Monthly:</u>	<u>Suspension Limit:</u>	<u>Rejection Limit:</u>
Btu/lb:	[REDACTED]		
Sulfur (%)	[REDACTED]		
Moisture (%)	[REDACTED]		
Ash (%)	[REDACTED]		
Volatile Matter (%)	[REDACTED]		
Hardgrove Grindability:	[REDACTED]		
Ash Fusion Temperature (H=1/2W °F Red. Atm.)	[REDACTED]		

Sizing: [REDACTED]

AEP Purchase Order: [REDACTED]

"Source on Page One of Purchase Order [REDACTED] is deleted in its entirety and replaced with the following:

"Source:

[REDACTED]

"Delivery Point" on Page One and Exhibit 1 of Purchase Order [REDACTED] is deleted in its entirety and replaced with the following:

"Delivery Point:

[REDACTED]

"Weighing Party:

[REDACTED]

The definition of "Shipment" contained on Page 4 of Purchase Order [REDACTED] under the heading of Other Terms is deleted in its entirety and replaced with the following:

Other Terms:

[REDACTED]

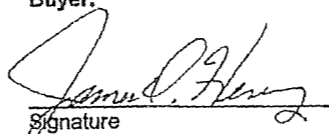
Except as amended hereby, all other terms and conditions of the Purchase Order shall remain the same and in full force and effect.

Accepted:

Seller:

[REDACTED]

Buyer:


Signature

James D. Henry

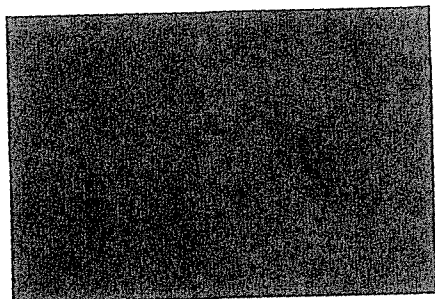
Vice President – Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company

Date: 1-31-2013

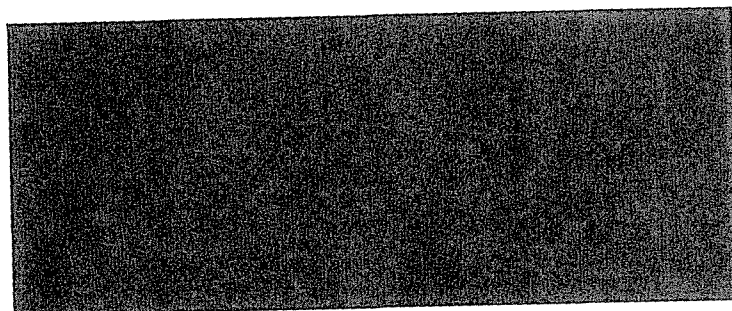
Exhibit 1
APPROVED SOURCE(S)

Approved Source(s) of Coal:

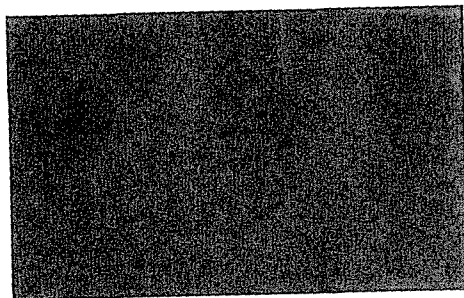
Mine Name *
Reserve Name
Surface or
Underground
Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.



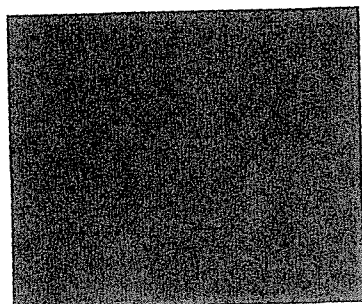
Mine Name *
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Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.



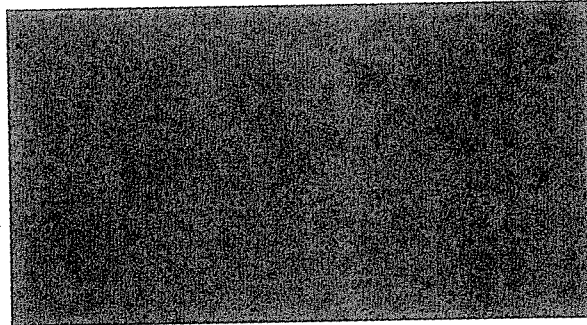
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Reserve Name
Surface or
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Coal Seam(s)
County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.



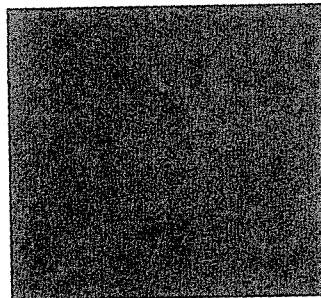
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County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.



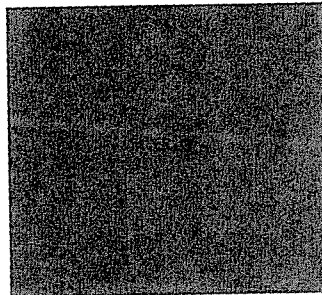
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Reserve Name
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County(ies)/State
MSHA Mine ID No.
Environmental Permit Nos.



Mine Name *
Reserve Name
Surface or
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Coal Seam(s)
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Environmental Permit Nos.

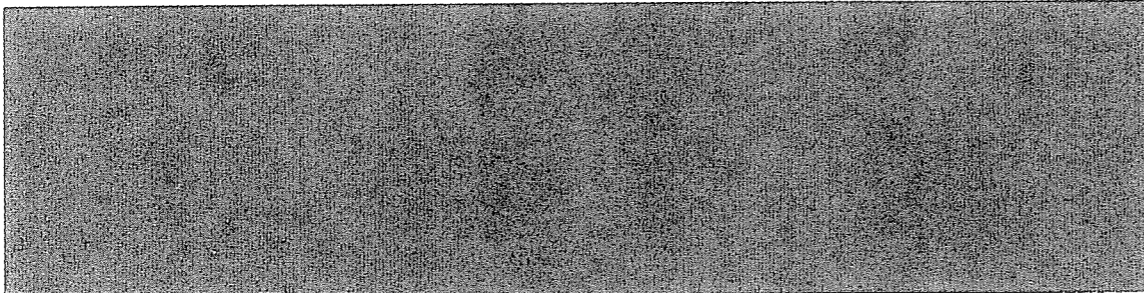


COAL PURCHASE AND SALE AGREEMENT NO. [REDACTED]

THIS COAL PURCHASE AND SALE AGREEMENT No. [REDACTED] ("Agreement") is entered into as of [REDACTED] (the "Effective Date"), by and between Ohio Power Company ("Buyer"), [REDACTED] ("Seller"). Buyer and Seller are also referred to herein individually as a "Party" and collectively as the "Parties."

The Parties hereby agree as follows:

DEFINITIONS

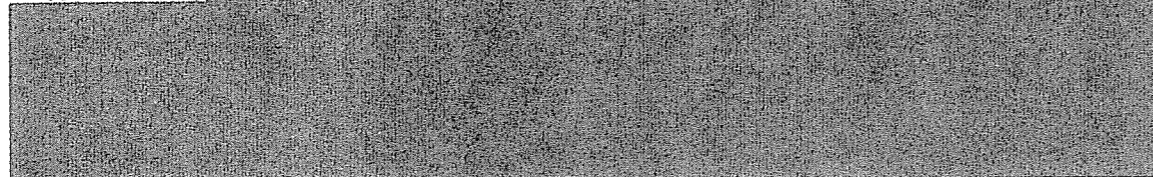


"Agreement" shall have the meaning set forth in the preamble.

"Alternate Delivery Point" means a barge or rail coal loading facility other than a Designated Delivery Point that Buyer may elect to reassign Coal pursuant to Article II, Section 2.2.

"Annual RFR Obligation" shall have the meaning set forth in Article V, Section 5.2 (b)(i).

"Applicable Lot" [REDACTED]



"Approved Production Source(s) and Approved Reserve(s) of Coal" shall have the meanings set forth in Schedule 3.1-B.

"Bankruptcy Proceeding" means with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition, has a petition filed against it or its assets and such petition is not rescinded within fifteen (15) days, or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of the Parties' creditors, (c) otherwise becomes bankrupt or insolvent (however evidenced), or (d) is unable to pay its debts as they fall due.

"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

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.

"Buyer" shall have the meaning set forth in the preamble.

"Claiming Party" shall have the meaning set forth in the definition of Force Majeure.

"Coal" means [REDACTED] 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. 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, [REDACTED] [REDACTED] have no intermediate sizes (including fines) added or removed.

"Commercially Reasonable Efforts" means the taking by a Party of such action as would be in accordance with reasonable commercial practices as applied to the particular matter in question to achieve the result as expeditiously as practicable; provided, however, that such action shall not require that such Party incur unreasonable expense.

"Contract Price" means the price in United States dollars per Ton to be paid by Buyer to Seller for the purchase of Coal and any other proper charges pursuant to this Agreement and shall have the meaning set forth in Article V.

"Contract Quantity" shall have the meaning set forth in Article II, Section 2.1.

"Contract Year" shall mean the period commencing January 1, [REDACTED] and ending December 31 [REDACTED] and each period thereafter commencing January 1 and ending the immediately succeeding December 31 during the Delivery Period.

"Contract Half-Year" shall mean either the first six months or the last six months of a Contract Year.

"Credit Support Provider" means the entity, if any, that supports the obligations of a Party through a guaranty in a format acceptable to the other Party (hereafter "Credit Support").

"Defaulting Party" shall have the meaning set forth in Article XVII, Section 17.1.

"Delivery Period" shall have the meaning set forth in Article I.

"Designated Delivery Point" [REDACTED]

"Early Termination Date" shall have the meaning set forth in Article XVII, Section 17.2.

"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.

"Effective Date" shall have the meaning set forth in the preamble.

"Event of Default" shall have the meaning set forth in Article XVII, Section 17.1.

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

"Force Majeure" means an event or circumstance which prevents one Party (the "Claiming Party") from performing its obligations under this Agreement, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure includes, but is not limited to, an event or occurrence beyond the control of either Party and whether foreseen or unforeseeable, such as, without limitation, acts of God, war, acts or threatened acts of terrorism, insurrection, riots, nuclear disaster, strikes, labor disputes, threats of violence, labor and material shortages, fires, explosions, floods, river freeze-ups, extraordinary adverse geologic or mining conditions, breakdowns or damage to mines, plants, equipment, or facilities (including a forced outage or an extension of a scheduled outage of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruptions to or slowdowns in transportation, railcar shortages, barge shortages, embargoes, orders, or acts of civil or military authority, laws, regulations, or administrative rulings, or total or partial interruptions of either Party's operations which are due to any enforcement action or other administrative or judicial action arising from any law or regulation. Force Majeure shall not be based on: (1) Buyer's inability economically to use or resell the Coal purchased hereunder; (2) the Seller's ability to sell the Coal at a price greater than the Contract Price; or (3) Seller's inability to economically produce or obtain the Coal.

"Free Loading Day" [REDACTED]

"Free Loading Period" [REDACTED]

"Government Imposition" shall have the meaning set forth in Article IX, Section 9.2.

"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.

"Imaged Agreement" shall have the meaning set forth in Article XXVII.

"Interest Rate" shall have the meaning set forth in Article IV.

"Liabilities" shall have the meaning set forth in Article XV.

"Material Adverse Change" means a material change in the condition (financial or otherwise), net worth, properties or operations or in economic conditions, which, when taken as a whole can reasonably be anticipated to materially impair the ability of such Party, or such Party's Credit Support Provider, as applicable, to fulfill its obligations under this Agreement or Credit Support, respectively.

"Negotiation Period" shall have the meaning set forth in Article V, Section 5.2(a).

"New Taxes" [REDACTED]

"Non-Defaulting Party" shall have the meaning set forth in Article XVII, Section 17.2.

[REDACTED]

"Out-of-System Plant" means any electric power plant in which Buyer or its Affiliate has or acquires an ownership interest and for which Buyer or its Affiliate is not responsible for acquiring coal. As of the date of this Agreement, the following are the Out-of-System Plants.

<u>Company Name</u>	<u>Plant Name</u>	<u>Percent Ownership</u>
---------------------	-------------------	--------------------------

[REDACTED]	[REDACTED]	[REDACTED]
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"Performance Assurance" means assurances of performance in accordance with Section 2-609 of the Uniform Commercial Code.

"Plant" [REDACTED] means the [REDACTED] Mitchell, [REDACTED] owned or operated by Buyer.

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

"Reduced Tons" shall have the meaning set forth in Article III.

"Seller" shall have the meaning set forth in the preamble.

"Selling Price" shall have the meaning set forth in Article VII.

"SO₂" means sulfur dioxide and "SO₂ per MMBtu" means sulfur dioxide per million Btu.

"Suspension" shall have the meaning set forth in Article II, Section 2.5.

"Synfuel" means synthetic fuel qualified for tax credits under Section 29 of the Internal Revenue Code of 1986, as amended.

"Taxes" means any or all ad valorem, property, business and occupation, occupation, severance, generation, first use, conservation, Btu or energy, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, and other taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

"Term" shall have the meaning set forth in Article I.

"Transactions" shall have the meaning set forth in Article VI, Section 6.1.

"Ton" means 2,000 pounds avoirdupois weight.

"Transportation Specifications" means the timing and tonnage requirements for shipment(s) set forth in Article II.

"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.

"Uniform Commercial Code" or "UCC" shall have the meaning set forth in Article XXV.

ARTICLE I

Term and Delivery Period

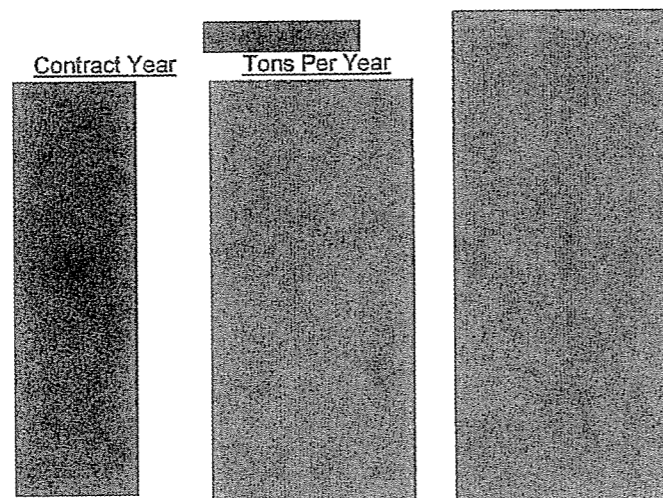
The term of this Agreement (the "Term") shall commence on the Effective Date, and shall remain in effect until [REDACTED] except as provided elsewhere in this Agreement.

The delivery period of this Agreement (the "Delivery Period") shall be from [REDACTED] through [REDACTED] except as provided elsewhere in this Agreement.

ARTICLE II

Obligations and Deliveries

Section 2.1. Contract Quantity. During the Delivery Period, and subject to Article V herein, Seller agrees to sell and deliver to the Buyer and Buyer agrees to purchase and accept from Seller, at the Designated Delivery Point, the quantity of Coal set forth herein and any additional quantity of Coal to be delivered during the applicable Contract Year pursuant to Section 2.5(e) and Article XII (the "Contract Quantity").



Unless otherwise mutually agreed upon by the Parties, such tonnage shall be delivered on an approximately ratable basis during each month of each Contract Year.

Section 2.2. Reconsignment and 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 Contract Quantity reconsigned for delivery to any Affiliated Plant. In the case of an Out-of-System Plant, Buyer shall be entitled to reassign for delivery to such Out-of-System Plant the minimum number of Tons which would either (i) allow such Out-of-System Plant to generate, on an on-going basis, the percentage of the Plant's total power output that is equal to Buyer's or its Affiliates' percentage ownership interest in such Out-of-System Plant; or (ii) allow such Out-of-System Plant to operate, on an on-going basis, at minimum load. Nothing in this provision shall be construed as requiring Seller to deliver more than the Contract Quantity in a given Contract Year.

Should Buyer exercise its right to reassign Coal and such Coal will be delivered to an Alternate Delivery Point, Seller shall arrange for transport to such Alternate Delivery Point and Buyer shall be responsible for all additional costs incurred by Seller to deliver such reassigned Coal to such Alternate Delivery Point. Buyer shall not have the right to trade or resell the Coal hereunder to any non-Affiliated Plant or non-Out-of-System Plant except for any deliveries of Coal which were suspended and which Buyer elects to make up pursuant to Section 2.5.

Section 2.3. 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 based on the annual Contract Quantity.

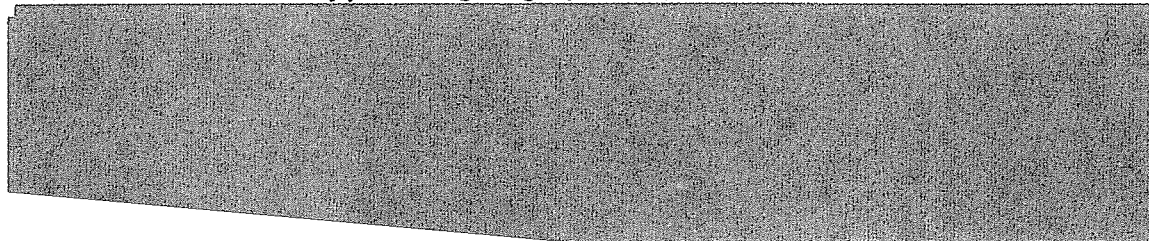
Section 2.4 Delivery.

(a) The Coal shall be delivered to Buyer 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 Article XV.

If a Party is charged for any increased transportation charges, penalties, or other transportation costs, including demurrage, attributable to the other Party's failure to timely arrange for delivery, 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.



[REDACTED]

Notwithstanding the above, solely for reasons of Seller's inability to produce Coal from the Approved Production Source in the quantities and/or of the quality required by this Agreement and not for financial reasons, Seller shall have the right, with Buyer's prior written approval, such approval not to be unreasonably withheld, to substitute Coal from another mine wholly owned by Seller, provided that any deliveries from such substitute source shall meet the quality specifications set forth in this Agreement and be otherwise suitable for use at the applicable Plant(s) and be made to Buyer without Buyer incurring any costs greater than Buyer's costs would have been if the deliveries to the Plant would have been from the Approved Production Source and further provided that any deliveries to the Plant from such substitute source do not adversely affect Buyer's transportation logistics.

Section 2.5. Rejection and Suspension. In addition to the price adjustments provided for in Article VII, Buyer shall have the following rights and remedies upon Seller's failure to conform with the requirements as set forth in Article III, provided that if the Coal is delivered to the Mitchell Plant, [REDACTED] and Seller fails to timely provide Buyer with Seller's short proximate analysis of the Coal pursuant to Schedule 8.1, Buyer shall also be entitled to all other remedies at law or in equity, subject to Article XXVIII.

(a) [REDACTED]

(ii) Buyer shall have the right to reject any Applicable Lot prior to unloading hereunder, if the Coal therein fails to conform to the Applicable Lot "Suspension" specifications set forth on Schedule 3.1-A, based on Seller's analysis provided in accordance with Schedule 8.1. 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.

(iii) Seller shall [REDACTED] to the Mitchell Plant if Seller's analytical results of an Applicable Lot (based on Seller's analysis of Buyer's individual sample or samples provided in accordance with Schedule 8.1, subparagraph (2)(c)) fails to conform to the Mitchell Plant Applicable Lot "Suspension" specifications, or Buyer determines that the Coal does not meet the requirements in Schedule 3.1-A, footnote (D). Seller or Buyer shall promptly notify the other Party by telephone upon discovery of the nonconformance. Such discontinuance shall continue until Seller provides Buyer with written notice (which written notice may be by electronic mail) that the cause of the nonconformance has been corrected. In no event shall Seller be required to remove Coal that has been delivered to the Mitchell Plant stockpile.

[REDACTED]

[REDACTED]

(ii) Buyer shall have the right to [REDACTED] hereunder to the Mitchell Plant if: (A) there are [REDACTED] delivered to such Plant that fail to meet the defined minimum or exceeds the defined maximum Applicable Lot "Suspension" specifications or the requirements in footnote (D), all as set forth in Schedule 3.1-A, whether discontinued or not, in any [REDACTED] consecutive day period; or (B) the Coal quality delivered to such Plant fails to meet the defined minimum or exceeds the defined maximum Half-Month "Suspension" specifications applicable under Article III. Should Buyer exercise such right to suspend further shipments, Buyer shall notify Seller of its exercise of right of suspension within [REDACTED] 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 engineering data related thereto. Buyer shall have the right, but not the duty, to request and participate in discussions with Seller 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, based upon Buyer's reasonable determination, that the conditions causing shipments of Coal not in accordance with this Agreement have been corrected and that Seller can and shall deliver Coal meeting the Half-Month "Suspension" specifications of Schedule 3.1-A.

Upon receipt by Buyer of Seller's satisfactory written assurances, shipments shall be resumed at the rate specified in Article II.

(d) In the event that: (i) Seller fails to provide Buyer with such assurances within [REDACTED] days after the date of Buyer's notice of suspension as described in this Section 2.5; or (ii) having provided such assurances, Seller fails to correct such conditions and resume shipments in the ensuing [REDACTED] days thereafter; or (iii) after such resumption of deliveries, there are: [REDACTED] delivered to the affected Plant that fail to meet the requirements in footnote (D), as set forth in Schedule 3.1-A or [REDACTED] Applicable Lots, with respect to [REDACTED] Applicable Lots, with respect to [REDACTED] delivered to the affected Plant during the ensuing [REDACTED] days that fall below the minimum or exceed the maximum Applicable Lot "Suspension" specification(s) which had specifically resulted in Buyer's suspension, then such event shall constitute an Event of Default under Article XVII hereof.

(e) Shipments suspended pursuant to this Article II hereof shall be made up in accordance with a mutually agreeable schedule. The Parties shall make reasonable efforts to make up such shipments within [REDACTED] calendar days following resumption of shipments. Following Seller's receipt of Buyer's notice of suspension and prior to the making up of all suspended shipments, Seller agrees to not sell coal from the Approved Production Sources that is not at the time of Seller's receipt of such notice contractually

and party without first offering such coal to Buyer as make up tonnage.

Section 2.6. Non-Binding Estimate. No later than [REDACTED] of any Contract Year, Buyer shall provide in writing to Seller an estimate of the number of Tons of the annual Contract Quantity it plans on being delivered to each of the Plants during the immediately following Contract Year. [REDACTED]

ARTICLE III

Quality Specifications and Unsatisfactory Performance

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

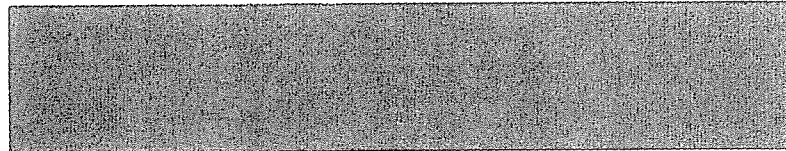
If (a) Buyer can demonstrate that the chemical composition of the Coal, for other than the specifications set forth on Schedule 3.1-A, has materially changed since the date of this Agreement; and (b) Buyer in its reasonable judgment determines through operating experience that the Coal therefrom, even if the Coal meets the requirements and specifications of Schedule 3.1-A, (i) causes unsatisfactory performance (including but not limited to significant slagging or fouling) at the affected Plant(s), or (ii) requires Buyer to modify equipment, facilities, practices, or processes at the affected Plant(s) to correct such unsatisfactory performance, then, in such event, Buyer shall provide Seller with written notice thereof, specifying the basis of such unsatisfactory performance or modification requirement. During the thirty (30) day period following receipt of Buyer's notice, Seller shall be provided access to Buyer's Plant(s) and all relevant documentation in Buyer's possession in order to verify the unsatisfactory performance. Seller shall then have an [REDACTED] days to supply a substitute Coal under the terms of this Agreement from either an Approved Production Source or an alternate source that does not, in Buyer's reasonable judgment, cause such unsatisfactory performance. If Seller is unable or unwilling to supply a substitute Coal, then immediately following such [REDACTED] day period, Seller shall notify Buyer that Seller is either reducing deliveries by the number of Tons that Buyer reasonably believes is necessary in order for the Plant(s) to operate satisfactorily or allowing Buyer the right to resell such Tons to any third party(ies) (such reduced tonnage being the "Reduced Tons"). As of the date of the commencement of the next subsequent Pricing Period, the Contract Quantity shall be permanently reduced by the Reduced Tons.

Upon such reduction (or termination of the Agreement if the Contract Quantity is hereby reduced to zero), the Contract Quantity shall be reduced accordingly and neither Party shall have any further obligation to the other Party for such reduced quantity of Coal, except for payment for prior performance. Additionally, the Parties agree that this reduction or termination shall not constitute an Event of Default as provided for in Article XVII of this Agreement and, therefore, no damages shall apply.

ARTICLE IV

Billing and Payment; Financial Reports

Buyer shall pay Seller by electronic transfer in United States Funds for all Coal received, unloaded, taken into account, and accepted hereunder in accordance with the following:



Any change in Sellers' remittance information shall be provided in a letter (containing the bank name, account name, ABA routing number, and account number) which shall be signed by a duly authorized representative of Seller.

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 [REDACTED] Business Days after each such Half-Month period. Thereafter, Seller shall submit to Buyer, within [REDACTED] 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 [REDACTED].

Buyer shall make payment by electronic transfer to Seller within [REDACTED] calendar days after the Half-Month period, provided Seller's invoice is submitted in accordance with the preceding paragraph. If Buyer in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute. Nevertheless, Buyer shall pay the entire amount of the invoice no later than the due date. Within [REDACTED] days following resolution of any dispute involving an invoice, any amount owing either Party shall be paid with interest (the prime rate of interest for United States dollars as published from time to time under the section titled, [REDACTED] 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, the aggrieved Party shall have the right to suspend performance under this Agreement until such amounts plus interest have been paid, and/or, subject to Article XXVIII, exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

The payment terms set forth in this Article IV are based on the financial condition of Buyer as of the date of this Agreement. Seller shall be entitled to Performance Assurance regarding payment in accordance with item 8) of Section 17.1 herein, as well as any remedies to which Seller is entitled pursuant to Section 2-702 of the UCC.

If requested by either Party, the other Party (or its Guarantor) shall deliver to the requesting Party (i) within [REDACTED] days following the end of each fiscal year, a copy of the Party's portion of the annual report containing audited consolidated financial statements for such fiscal year for such Party and (ii) within [REDACTED] days after the end of each of its [REDACTED] quarters of each fiscal year, a copy of the quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the Party. In all cases, the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principals, provided however, that should any such statements not be available on a timely basis due to a delay in preparation or

certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification, and delivery of the statements.

In the event a Party's financial statements are filed with the Securities and Exchange Commission and are available at www.sec.gov, then such Party has fulfilled its obligations hereunder.

ARTICLE V
Contract Price

Section 5.1. Contract Price. The Contract Price for all Tons for Contract Years [REDACTED] and for Contract Years [REDACTED] for those Tons not included in those portions of Segments A and B Tons subject to renegotiation pursuant to this Section 5.1 shall be as follows:

<u>Contract Year</u>	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

The total Contract Quantity set forth in Section 2.1 shall be divided into three (3) segments, i.e. [REDACTED]. The Contract Price for each Segment shall be determined for each Pricing Period in accordance with the following schedule:

<u>PRICING SCHEDULE</u>				
<u>Negotiation Period</u>	<u>Pricing Periods</u>	<u>Segment</u>	<u>Annual* Tons</u>	<u>McElroy Tons</u>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

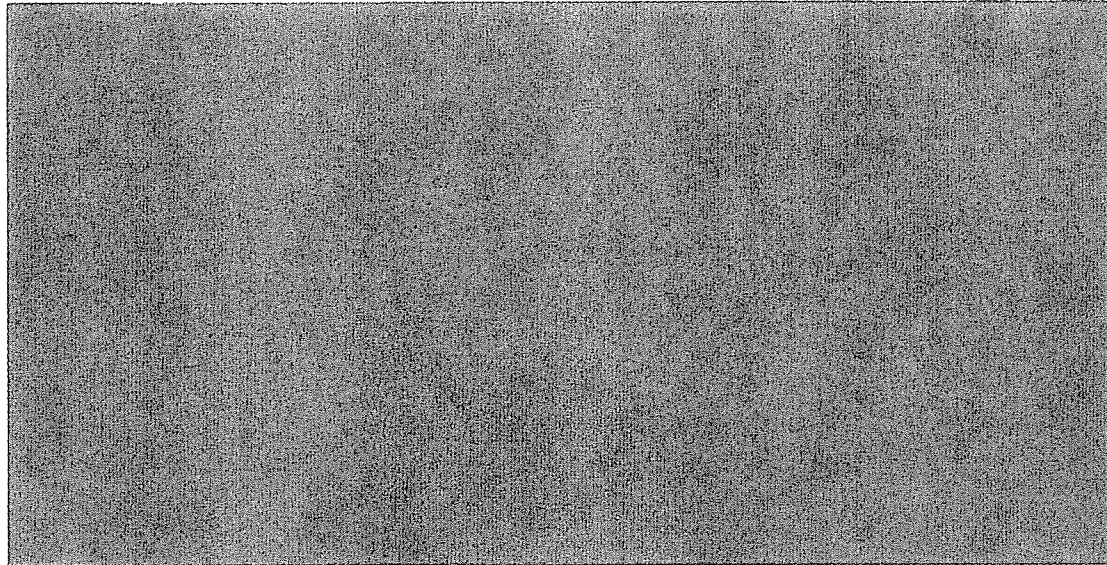
* The Annual Tons are as of the Effective Date of this Agreement. Should the Parties be unable to agree upon the Contract Price during a Negotiation Period(s), the Annual Tons may be less than those shown after the first Negotiation Period for the applicable Segment(s). Please refer to Section 5.2 for more detail.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



For further example, if the Parties would agree on a Contract Price for all Segments for all Pricing Periods prior to [REDACTED] but are unable to agree on a Contract Price for Segment A for Contract Years [REDACTED] through [REDACTED] then, subject to the following provisions of this Section 5.2, the Annual Quantity for such period would be calculated as follows:

<u>Segment</u>	[REDACTED]	[REDACTED]
Segment B Tons	[REDACTED]	[REDACTED]
Segment C Tons	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

If the Parties later agree to add [REDACTED] of Segment A to the Contract Quantity pursuant to Section 5.2(b)(ii) or Section 5.2(b)(iii), then the Annual Quantity for such period shall be calculated as follows:

<u>Segment</u>	[REDACTED]	[REDACTED]
Segment A Tons	[REDACTED]	[REDACTED]
Segment B Tons	[REDACTED]	[REDACTED]
Segment C Tons	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

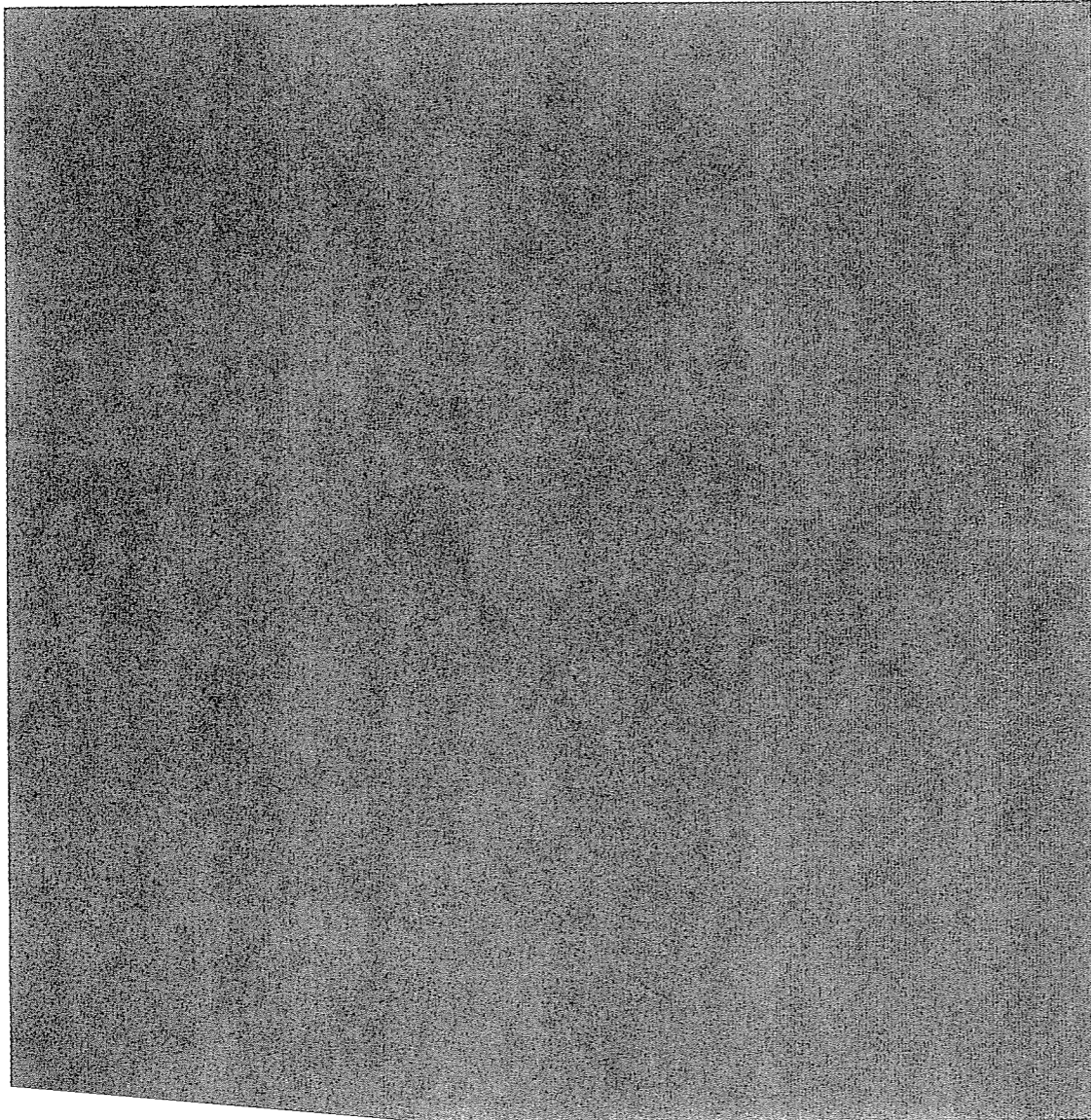
During the term of such Pricing Period, the following procedures shall apply to the Contract Quantities from each Approved Production Source so reduced:

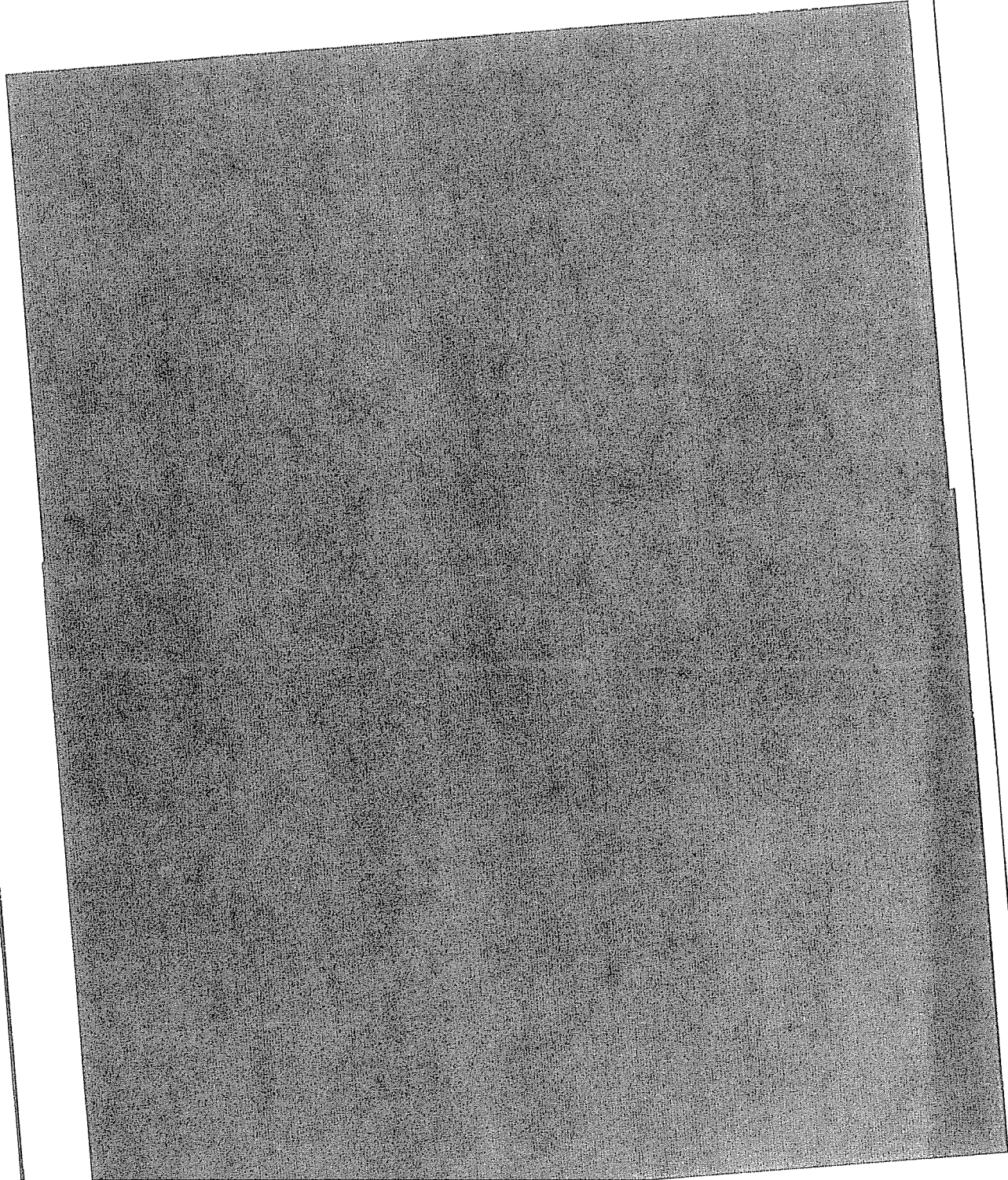
- (i) If the Parties fail to agree on a Contract Price for a Segment during the Negotiation Period, then Buyer shall have the obligation to offer to Seller pursuant to Section 5.2(b)(ii) the first right to sell, and Seller shall have the obligation to propose to Buyer pursuant to Section 5.2(b)(iii) the first right to buy, tons totaling not more than the Annual Tons for the applicable Segment (the number of Annual Tons that Buyer is obligated to offer to Seller or Seller is obligated to propose to Buyer being the "Annual Tons" for that Segment). A Party's Annual RFR Obligation shall be reduced as follows:

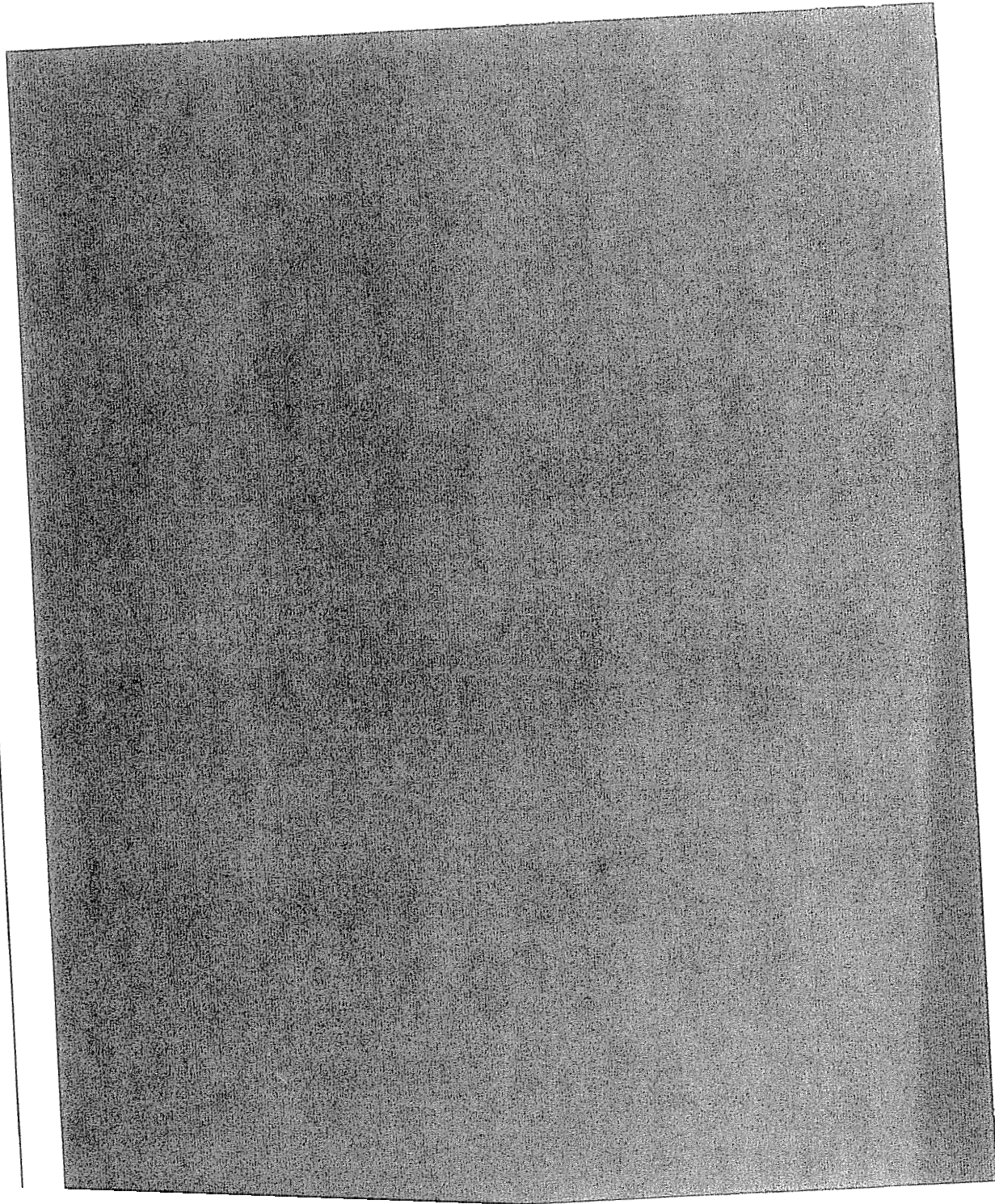
(1) Any Tons that Seller agrees to deliver to Buyer pursuant to Section 5.2(b)(ii) or that Buyer agrees to accept from Seller pursuant to Section 5.2(b)(iii) shall be deducted from each Party's Annual RFR Obligation;

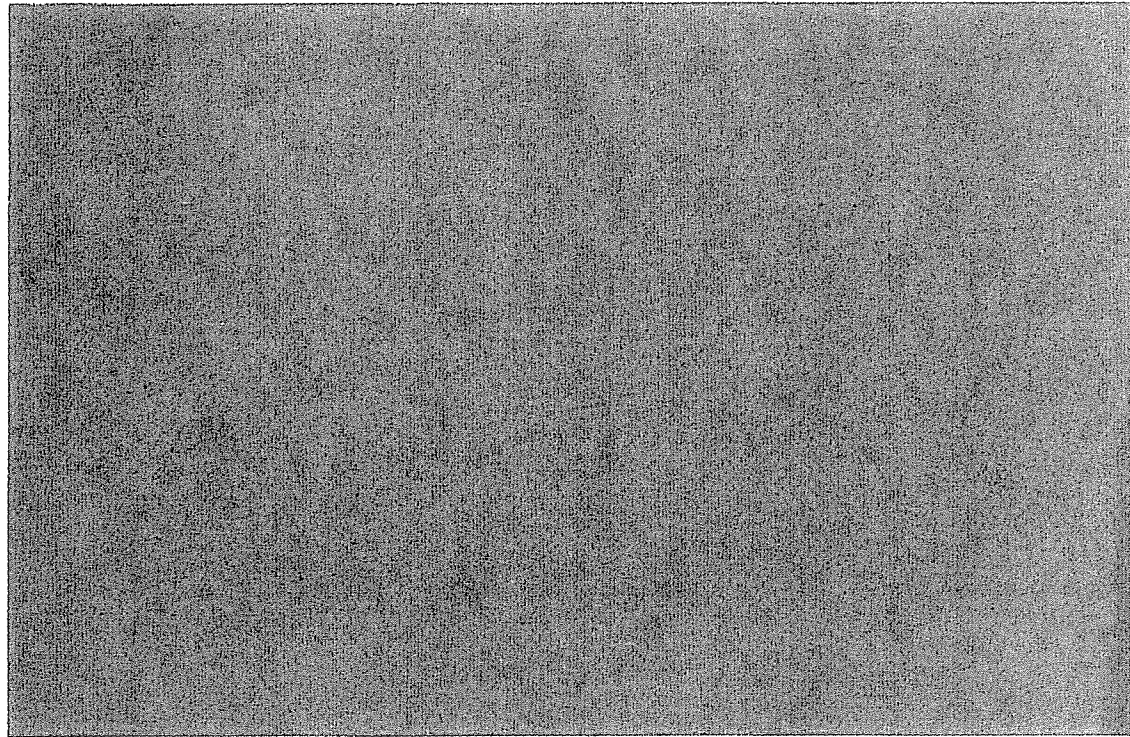
(2) Any Tons offered by Buyer to Seller that Seller declines to supply to Buyer shall be deducted from Buyer's Annual RFR Obligation in the amount equal to the tonnage offered by Buyer during the applicable year(s) of the Pricing Period; and

(3) Any Tons offered by Seller to Buyer that Buyer declines to accept from Seller shall be deducted from Seller's Annual RFR Obligation in the amount equal to the tonnage offered by Seller during the applicable year(s) of the Pricing Period.



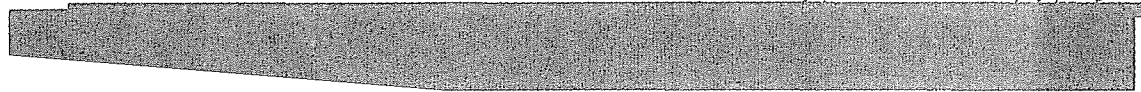


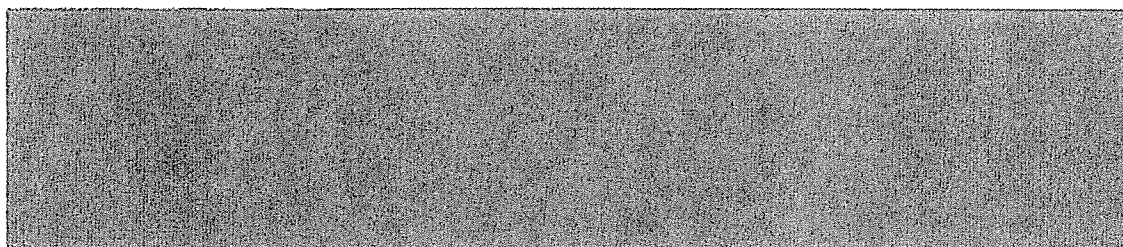




Section 5.3 Legislation. In the event of the enactment, modification, or revision, to include a change in the interpretation or enforcement, of any federal, state, or local legislation, regulations, rules, or mandates issued pursuant thereto, including but not limited to the Federal Mine Safety & Health Act of 1977 and the Surface Mining Control and Reclamation Act of 1977, (a "Change in Law") on or after December 1, 2005, with respect to, by way of example, but not limited to, taxes; reclamation; conservation; mine safety; mine working conditions and practices; ventilation; health and health care; occupational hazards; reclamation, and conservation of mined areas; and which increases or decreases Seller's cost to mine coal from the [REDACTED] under this Agreement, an appropriate adjustment will be made to the Contract Price to reflect such changed cost; provided that such adjustment shall only apply to the Contract Price for those Tons to be delivered after the Change in Law and for which a [REDACTED] Contract Price is established in the first paragraph of Section 5.1 of this Agreement. Additionally, such change in cost shall be determined by the difference in the new cost and the cost in effect on [REDACTED]

In the event of a Change in Law (i) after the determination of the Contract Price for a Segment during a Negotiation Period and (ii) during a Pricing Period for a Segment, under this Agreement, an appropriate adjustment will be made to the Contract Price to reflect such changed cost. Additionally, such change in cost shall be determined by the difference in the new cost and the cost in effect on the date the applicable negotiated price was determined.





ARTICLE VI

Taxes and Other Liabilities

Section 6.1. Third Party Impositions. Each Party shall use Commercially Reasonable Efforts to administer this Agreement and implement the provisions in accordance with the intent to minimize Taxes, but neither Party shall be obligated to incur additional expenses in doing so. Except as provided in Section 5.3, Seller shall be solely responsible as for all assessments, fees, costs, expenses, and taxes (including without limitation, New Taxes, but not income taxes) imposed by governmental authorities or other third parties ("Third Party Impositions") relating to the mining, beneficiation, production, loading and delivery of Coal to Buyer or in any way accrued or levied at or prior to the transfer of title to the Coal to Buyer, and including, without limitation, all severance taxes, royalties, black lung fees, reclamation fees and other costs, charges, and liabilities. Buyer shall be solely responsible for Third Party Impositions relating to the Coal accrued or levied after the transfer of title to the Coal to Buyer.

If either Party is exempt from taxes, it shall provide a certificate of exemption or direct pay permit, or other reasonable satisfactory evidence of such exemption.

Section 6.2. Indemnity. 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.

ARTICLE VII

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 is referred to as the "Selling Price."

ARTICLE VIII


Weighing, Sampling, and Analyses

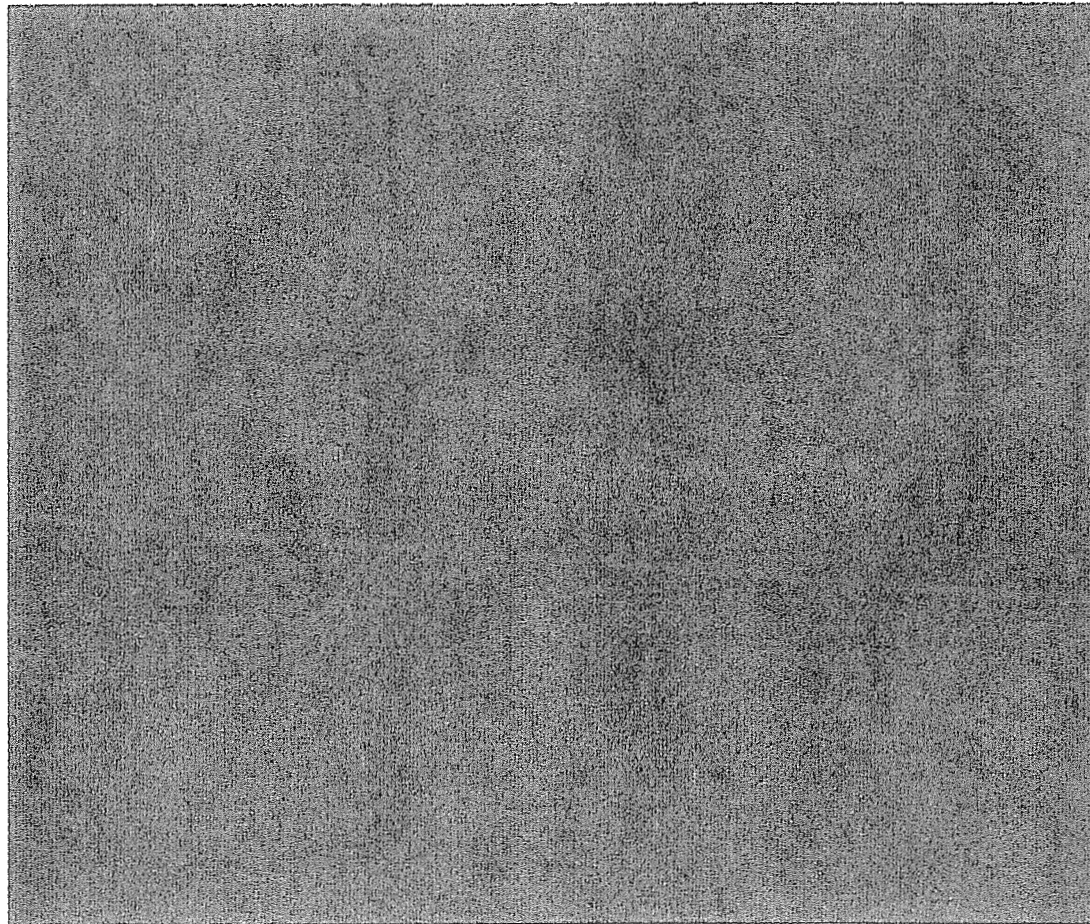
Weighing, sampling, and analyses shall be performed by Buyer in accordance with the provisions of Schedule 8.1 (attached hereto and hereby made a part of this Agreement).

ARTICLE IX

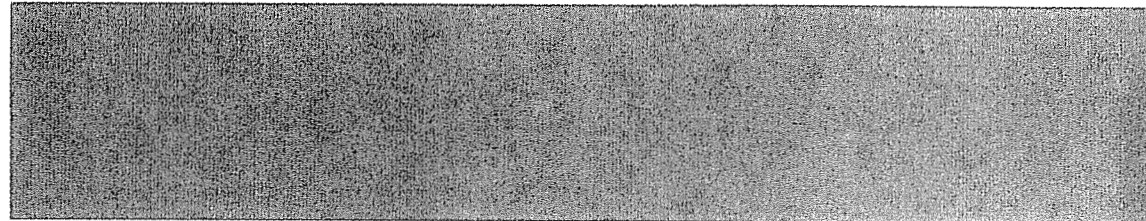
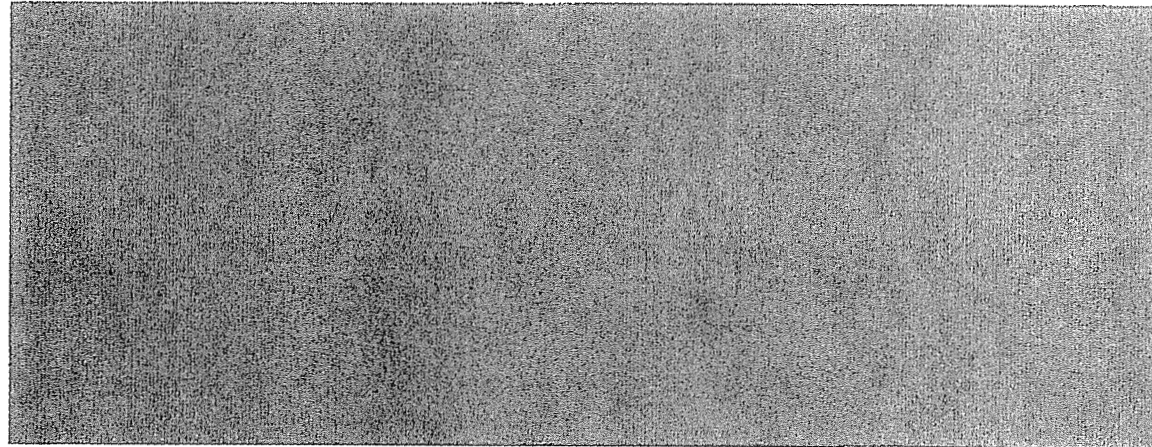
Other Governmental Legislation, Regulations, and Orders

Section 9.1. Buyer Compliance. Seller and Buyer shall make good faith efforts to comply with the provisions of all 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.

Section 9.2. Government Impositions on Buyer. 



Section 9.3. Government Impositions on Seller. In the event of any Government Imposition which prohibits (or restricts so as effectively to prohibit) mining or processing, or shipping, as may be applicable, of the Coal specified in this Agreement, Seller may elect to be permanently relieved of its obligation upon the effective date of implementation (compliance date) of such law, regulation, or order to deliver the quantity of Coal to be delivered under this Agreement affected by such Government Imposition.



ARTICLE X
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 or will obtain 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 available defenses;
- (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) 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, with respect to Seller, it has the capacity or ability to mine, and, with respect to Buyer, it has the capacity or ability to receive delivery of all Coal referred to in this Agreement;
- (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 (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;
- (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.

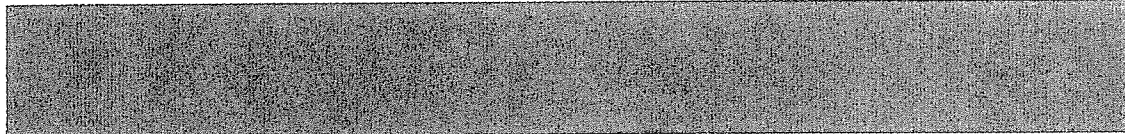
Each Party represents that the individuals signing this Agreement on behalf of each of them has been duly authorized to do so. This Agreement will become a valid and binding contract only upon its execution by such persons authorized to bind both Parties.

ARTICLE XI

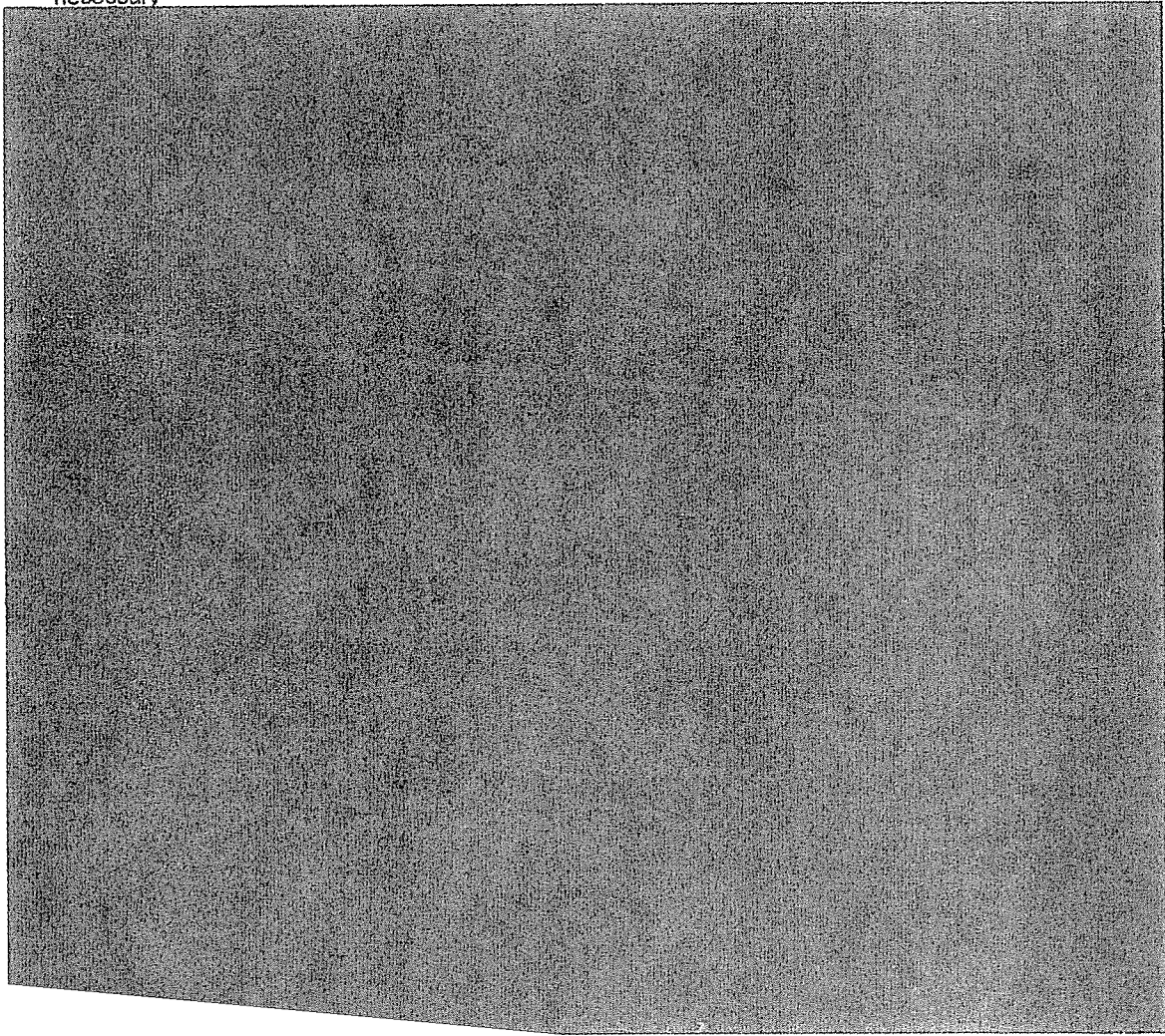
Audit

(a) 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 administer this Agreement or to verify the accuracy of any statement (financial or otherwise), 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 Designated 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 shall 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 Article XI will survive any termination of this Agreement.



Buyer and Seller will provide access, at its own cost and expense and in a commercially reasonable manner, to its records (and with respect to audits of records relating to Section 5.2(b) to the independent third party) during normal working hours to the extent reasonably necessary to verify whether Buyer and Seller have complied with their obligations. Buyer and Seller will cooperate, at their own cost and expense and using Commercially Reasonable Efforts, with all reasonable requests for additional information, summaries, reports, interviews of employees and other information reasonably necessary



ARTICLE XII
Force Majeure

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details, orally and confirmed promptly in writing, of the Force Majeure to the other Party as soon as practicable (but in no event later than [REDACTED] days after the date that such event prevents the delivery and/or receipt of Coal), then the Claiming Party shall be excused from the performance of its obligations. During such [REDACTED] day period, Seller shall make Commercially Reasonable Efforts to provide Buyer with an estimated delivery schedule. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure. Failure to give such notice and furnish such information within the time specified shall be deemed a waiver of all rights under this Article for such period of time during which notice was not given. Buyer and Seller shall exercise reasonable efforts to mitigate or eliminate the conditions which have caused the Force Majeure condition, provided, however, nothing herein contained shall be construed as requiring Seller or Buyer to accede to any demands of labor, or labor unions, or suppliers, or other parties which Seller or Buyer considers unacceptable. No suspension or reduction by reasons of Force Majeure shall invalidate the remainder of this Agreement but, on the removal of the cause, shipments shall resume at the specified rate. The Claiming Party claiming Force Majeure shall furnish the non-Claiming Party a monthly statement by the [REDACTED] of the calendar month setting forth the amount of tonnage not shipped or to be reduced because of Force Majeure causes asserted during the preceding calendar month.

If an event of Force Majeure reduces deliveries pursuant to this Agreement by at least [REDACTED] for a continuous period of [REDACTED] days, then at any time thereafter during the Force Majeure period, the Party not claiming Force Majeure shall have the option, upon [REDACTED] days' prior written notice, to terminate the portion of the obligations of the Parties hereunder that were affected by the Force Majeure event.

[REDACTED]

Party's notice electing to make up the shortfall due to the Force Majeure event, then, subsequent to the Claiming Party's receipt of such notice and prior to the making up of all of the shortfall, (i) if the Claiming Party is Seller, then Seller agrees to not sell coal from the Approved Production Sources that is not at the time of Seller's receipt of such notice contractually committed to any third party without first offering such coal to Buyer as make up tonnage, and (ii) if the Claiming Party is Buyer, then Buyer agrees to not buy coal meeting the requirements of the applicable Plant that is not at the time of Buyer's receipt of such notice contractually committed from any third party without first offering such coal to Seller as make up tonnage.

If Buyer is the non-Claiming Party, then the Tons shall be made up at the Contract Price in effect at the time of Seller's claim of Force Majeure. If Seller is the non-Claiming Party, then the Tons shall be made up at the Contract Price in effect at the time of the make up.

If Seller claims Force Majeure under this Agreement and has additional obligations to provide Coal from the Approved Production Sources, or if Buyer claims Force Majeure and has obligations to [REDACTED] and quality as the Coal under other coal sales agreements, then any

reductions in Seller's deliveries or Buyer's purchases (as applicable) shall be allocated by the Party claiming Force Majeure on a pro rata basis among this Agreement and such other coal purchase or sales agreements to the extent contractually permitted by such agreements. Without limiting the generality of this Article, (i) in the event of a Force Majeure event which causes a partial curtailment of electrical generation from or electrical generating capacity at the Plant or partial curtailment of transmission or distribution of electricity therefrom, Buyer shall at its option, be relieved under this Article from its obligation to accept a portion (based on such partial curtailment) of the Coal scheduled for delivery to the Plant for the period during which such event or occurrence exists or existed, on a pro rata basis with all other coal suppliers to such Plant and (ii) in the event of a Force Majeure event which causes a total curtailment of electrical generation from or electrical generating capacity at the Plant or of transmission or distribution of electricity therefrom, Buyer shall at its option, be relieved under this Article from its obligation to accept the total quantity of the Coal scheduled for delivery to the Plant for the period during which such event or occurrence exists or existed.

ARTICLE XIII
Warranties

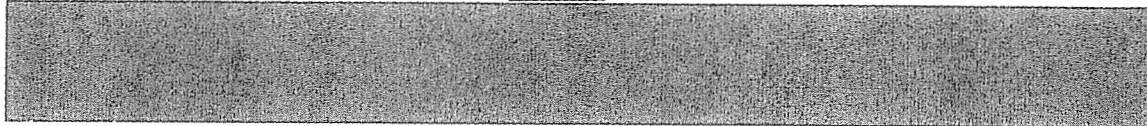
In addition to all other warranties and representations made by Seller in this Agreement, and subject to Section 2.1, Seller represents and warrants that (i) Seller, its Affiliates or subsidiaries, shall by the Effective Date of this Agreement, own or control sufficient reserves of Coal as defined in 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 all licenses, permits, certificates and other documents necessary for it to fulfill its obligations hereunder. Upon request from Buyer, Seller shall furnish 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 Article XIII 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.

EXCEPT AS SET FORTH IN ARTICLE III CONCERNING QUALITY, ARTICLE X, ARTICLE XV, AND IN THIS ARTICLE, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WHETHER AS TO MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, OR ANY OTHER MATTER.

ARTICLE XIV



Guaranty





ARTICLE XV

Title, Risk of Loss, and Indemnity

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

- a) 
- b) 
- c) Title to and risk of loss of the Coal reconsigned by Buyer to an Alternate Delivery Point pursuant to Section 2.2 will pass to Buyer upon the Coal being unloaded or transloaded at the Alternate Delivery Point.
- d) Title shall revert back to Seller immediately upon any Applicable Lot rejection by Buyer as provided in Section 2.5(a).

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  furnished hereunder (as applicable), between the time that such  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). 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.

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 barges furnished hereunder (as applicable), at the time that custody thereof is properly returned by Seller to Buyer (or to Buyer's agent carrier, if applicable). 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.

ARTICLE XVI

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).

ARTICLE XVII

Events of Default, Remedies and Limitation of Liabilities

Section 17.1. Event of Default. 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 [REDACTED] 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 Article II, Section 2.5, Rejection and Suspension, has occurred;
- 3) any material 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 [REDACTED] 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 each transaction to which such Credit Support relates without the written consent of the other Party; (ii) failure by the Party providing Credit Support to make, within [REDACTED] Business Days prior to the expiration or termination of any Credit Support, adequate arrangements for new and equivalent (or a renewal of existing) Credit Support to become effective immediately upon the expiration of the existing Credit Support without the written consent of the other Party; (iii) failure of a Party's Credit Support Provider, if any, to perform any covenant in its Guaranty; or (iv) such Credit Support Provider becomes subject to a Bankruptcy Proceeding.
- 7) the Defaulting Party fails to establish, maintain, extend, or increase Performance [REDACTED] 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 [REDACTED] Business Days 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.

Section 17.2. Remedies. 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 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 [REDACTED] 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;
- 3) suspend performance of its obligations under this Agreement until such Event of Default is cured;
- 4) exercise any other rights that are available to it at law or in equity.

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.

Section 17.3. Payment. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay the Defaulting Party any amount under this Article XVII, until the Non-Defaulting Party receives confirmation satisfactory to it, in its reasonable discretion, that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Agreement (or otherwise) have been fully and finally performed.

ARTICLE XVIII

SUCCESSORS, ASSIGNS, AND ASSIGNMENT

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns; but, except for assignment to an Affiliate, 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 this Agreement or any monies due or to become due hereunder. No assignment under this Article XVIII shall in any way relieve the assignor from liability for full performance under this Agreement. Any such assignee shall assume and agree to be bound by the terms and conditions of this Agreement.

Notwithstanding the provisions of the preceding paragraph to the contrary, Buyer shall have the right to assign, in whole or in part, its rights and interests and delegate its obligations under this Agreement to a producer of Synfuel provided that, (a) the proposed assignee agrees in writing to be bound by and to assume the terms and conditions of this Agreement and any and all obligations of Buyer to Seller arising or accruing hereunder during the term of such assignment and (b) such producer of Synfuel or its guarantor or other credit support provider has, at the time of assignment, a credit rating equal to or better than Buyer. If the interest of Buyer in this Agreement shall be assumed, sold or hereinafter provided, Buyer shall be released and discharged from only those

obligations to Seller arising or accruing hereunder during the term of the assignment, and Buyer shall not be released and discharged from and shall remain liable for any and all obligations to Seller arising or accruing hereunder prior to or after the period of such assumption, unless such obligations are expressly assumed in writing by the assignee. During the assigned term, Seller shall perform this Agreement with the assuming party as if such person had been named as Buyer under this Agreement during the assigned term, but any act, omission or breach of the assignee during the assigned term will not affect the rights or obligations of the parties during the unassigned term. Should such assignment occur, Seller also agrees upon the request of Buyer to enter into a new agreement with such Synfuel producer on substantially the same terms and conditions as provided in this Contract with respect to all or part of the Coal to be purchased hereunder.

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.

ARTICLE XIX

Government Contractor Compliance Certificate

Unless exempted, the Parties shall comply with the equal employment opportunity clause in Section 202 of Executive Order 11246 and all applicable rules, regulations, and relevant orders pertaining to Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and Section 4212 of the Vietnam Era Readjustment Assistance Act of 1974, as amended. The Parties represent that they do not, and shall not for the term of the Agreement, provide or maintain for its employees facilities that are segregated on the basis of race, color, religion, sex or national origin. The Parties represent that they will not assign their employees to perform any work related to the Agreement at a location where facilities are segregated on the basis of race, color, religion, sex or national origin. The Parties agree that they will not enter into any agreement to obtain goods or services relating to the Agreement with any entity that provides, maintains or assigns its employees to work at locations where facilities are segregated on the basis of race, color, religion, sex or national origin. As used herein, "facility" means waiting rooms; work areas; restaurants and other eating areas; time clocks; locker rooms and other storage or sleeping areas, except as necessary to assure privacy between male and female employees; parking lots, drinking fountains; recreation or entertainment areas; and transportation. If not otherwise exempted by Title 48 and to the extent applicable, the Parties will comply with 48 CFR §52.219-8, Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns, and 48 CFR §52.219-9, Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan. If not otherwise exempted by 41 CFR §60-1.5, the Parties represents that it will file all reports or other required information specified in 41 CFR §60-1.7.

ARTICLE XX

Counterparts, Survival and Severability

This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument. All audit rights shall survive the termination of this Agreement in full for a period of [REDACTED] (except with respect to audit rights as to Third Party Impositions which shall survive for the applicable statute of limitations, including any extensions thereof).

Should any provision of this Agreement for any reason be declared invalid or unenforceable by final and applicable order of any court or regulatory body having jurisdiction, such decision shall not affect the validity of the remaining portions, and the remaining portions shall remain in effect as if this Agreement had been executed without the invalid portion. In the event any provision of this Agreement is declared invalid, the Parties shall promptly renegotiate to restore this Agreement as near as possible to its original intent and effect.

ARTICLE XXI

Non-Waiver and Duty to Mitigate

No waiver by any Party of any of its rights with respect to any other Party or with respect to any matter or default arising in connection with this Agreement shall be construed as a waiver of any subsequent right, matter or default whether of a like, kind, or different nature. Any waiver shall be in writing signed by the waiving Party.

Each Party agrees that it has a duty to mitigate damages.

Except as otherwise set forth in this Agreement, nothing contained in this Agreement shall be construed or constitute any Party as the employee, agent, partner, joint venturer or contractor of any other Party.

This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

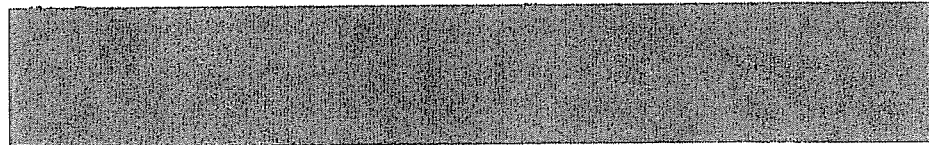
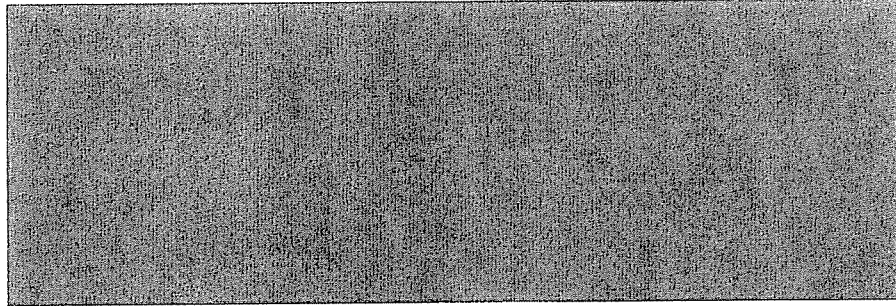
ARTICLE XXII

Addresses for Notices, Invoices and Wire Transfers

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.

Unless expressly provided otherwise, notices shall be in writing and delivered by hand or electronic means or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered or delivered by electronic means shall be deemed delivered by the close of the Business Day on which it was hand delivered or delivered by electronic means (unless hand delivered after close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern Prevailing Time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon mailing. A Party may change its address by providing notice thereof in accordance with this Article XXII.

For Notices:



ARTICLE XXIII

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.

ARTICLE XXIV

Entire Agreement, Amendments, and Interpretation

This Agreement and the Schedules attached hereto and made a part hereof constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any prior or contemporaneous agreements or representations affecting the same subject matter. The Parties agree that parol or extrinsic evidence may not be used to vary or contradict the express terms of this Agreement.

No amendment modification or change to this Agreement be enforceable unless reduced to a writing executed by the Party against whom such amendment, modification or change is sought to be enforced and shall reference this Agreement.

The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be used in interpretation of this Agreement.

All headings for Articles and Sections herein are for convenience and reference purposes only. Any capitalized terms used herein and not defined in the article or section in which it appears shall have the meaning set forth herein under Definitions.

ARTICLE XXV

Governing Law; Waiver of Jury Trial

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. Except as otherwise provided for herein, the provisions of the UCC as adopted by the State of New York shall govern this Agreement shall be deemed to apply to this Agreement and any Coal supplied hereunder shall be deemed to be "goods" for purposes of the UCC.

ARTICLE XXVI

Venue

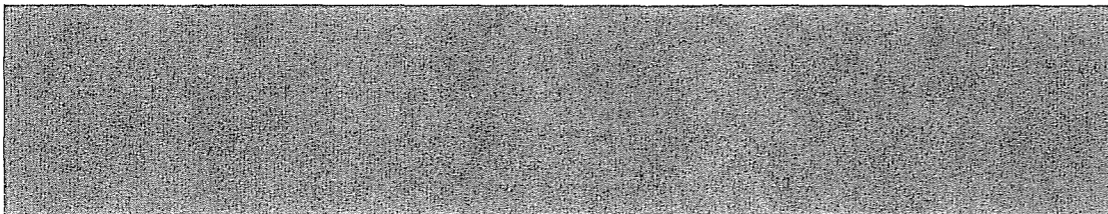
Each Party hereby submits to the exclusive jurisdiction of state or federal courts located in New York City, New York and all appellate courts therefrom and waives any objection which it may have at any time to the laying of venue of any proceedings brought in such court, waives any claim that such proceedings have been brought in an inconvenient forum, and further waives the right to object, with respect to such proceedings, that such court does not have jurisdiction over such Party.

ARTICLE XXVII

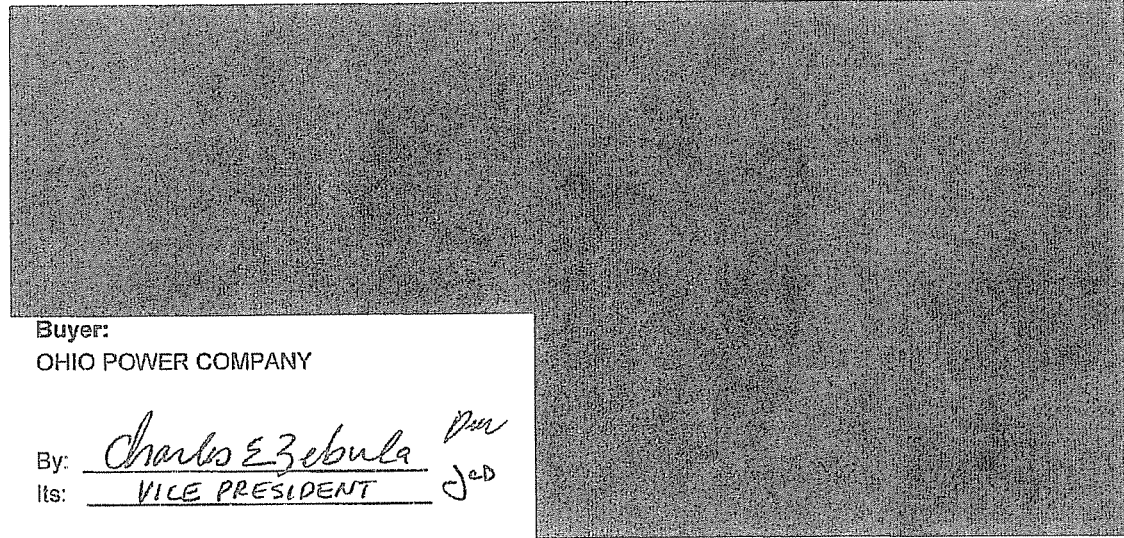
Imaged Agreement

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 Document 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.

ARTICLE XXVIII



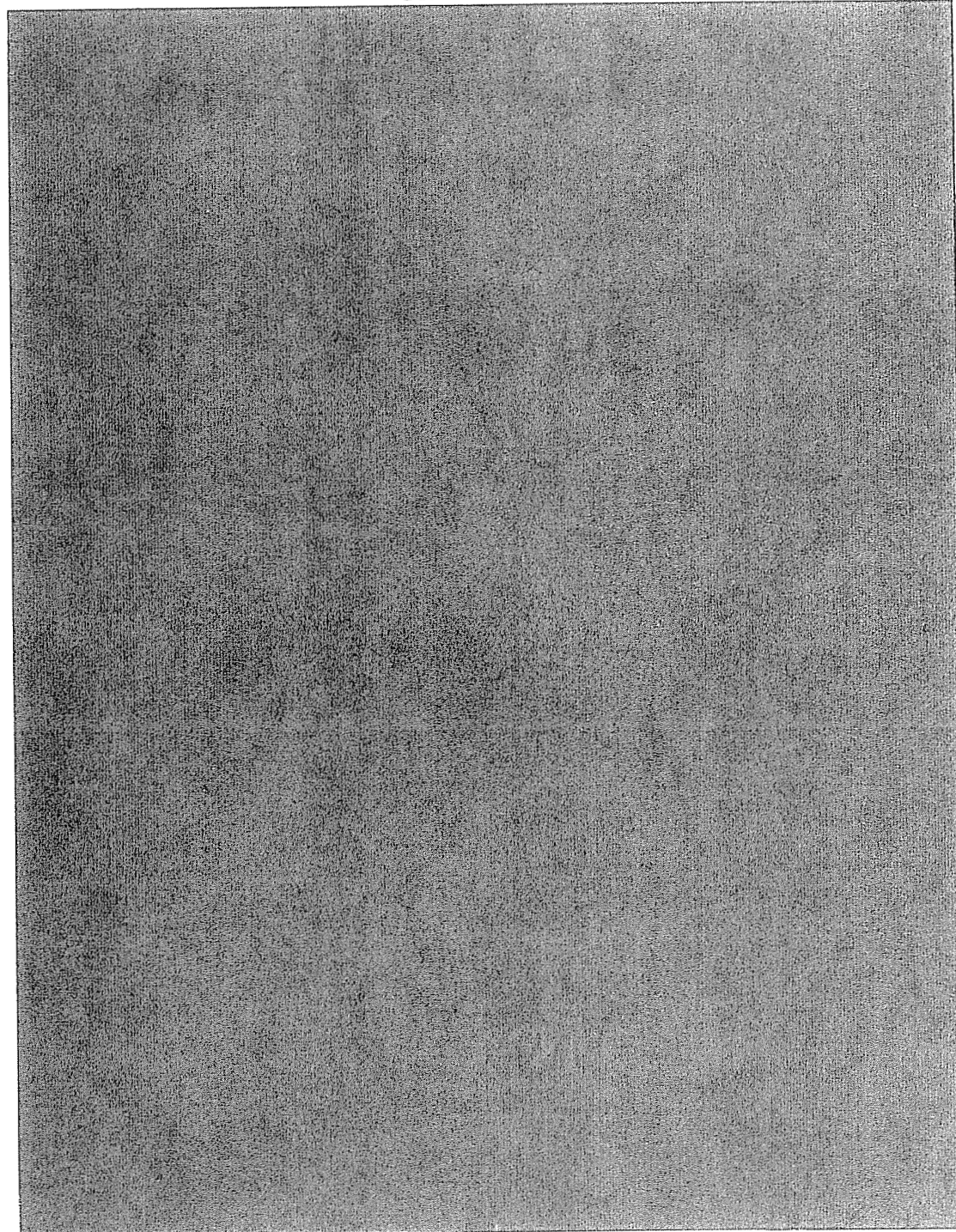
IN WITNESS WHEREOF, each Party hereto has caused this Agreement to be executed in its behalf by its proper officer thereunder duly authorized, all as of the day and year first above written.

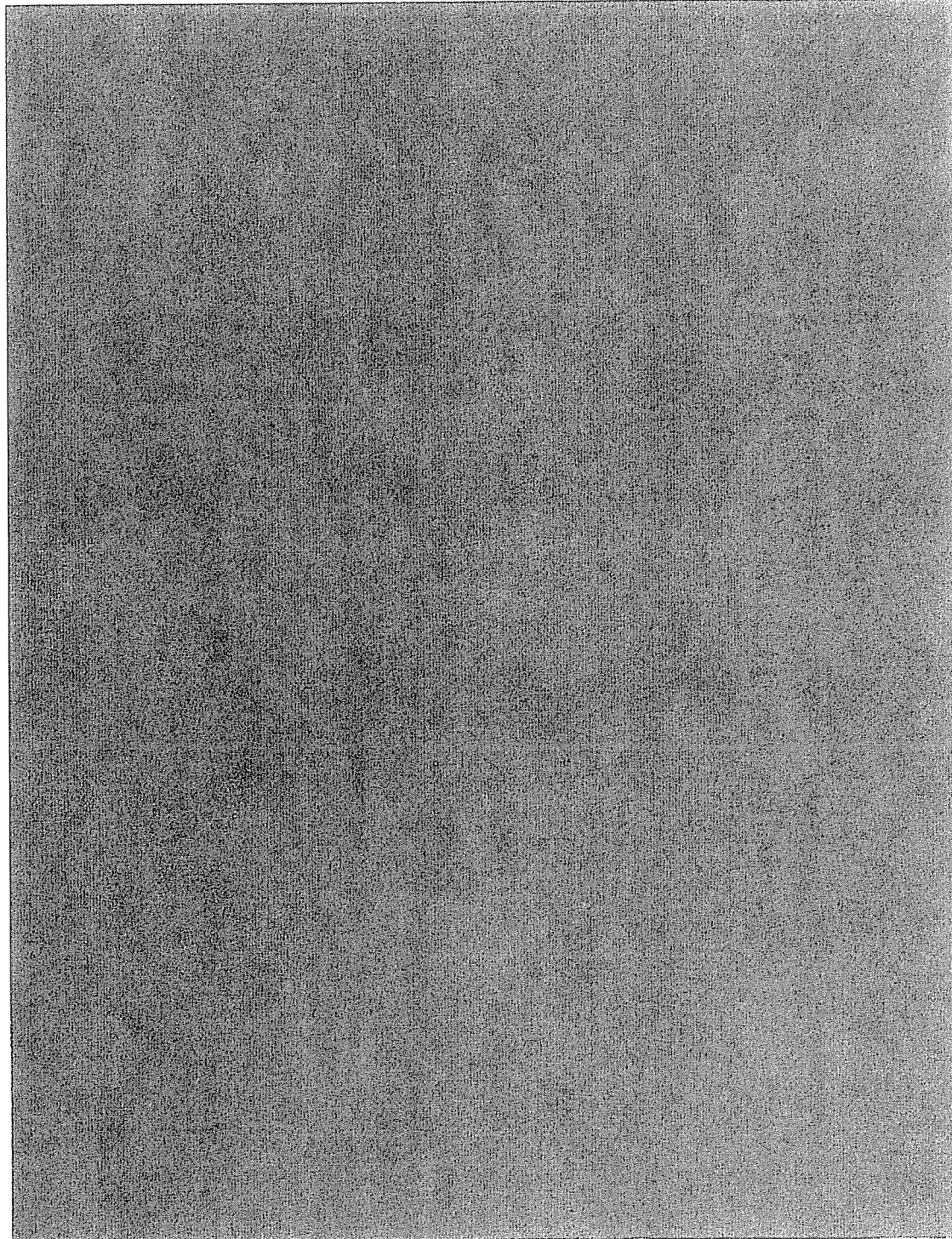


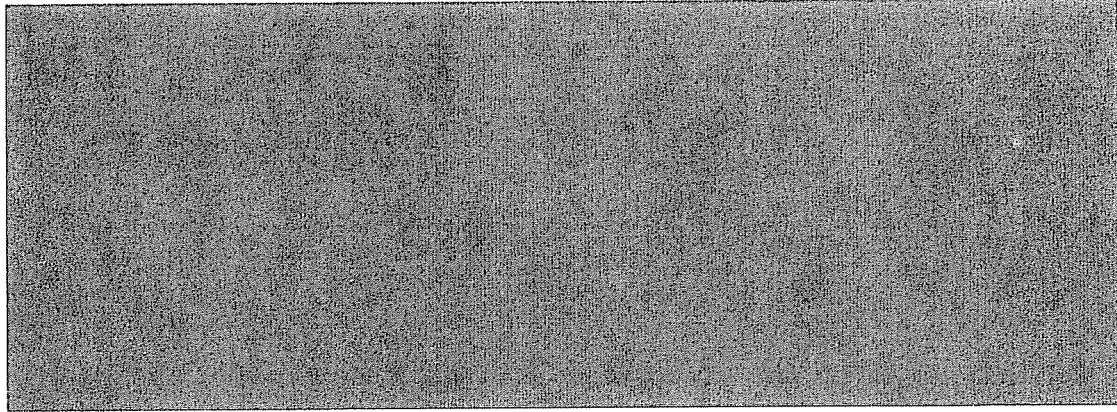
Buyer:
OHIO POWER COMPANY

By: Charles E Zebula *du*
Its: VICE PRESIDENT *J-D*

SCHEDULE 2.4







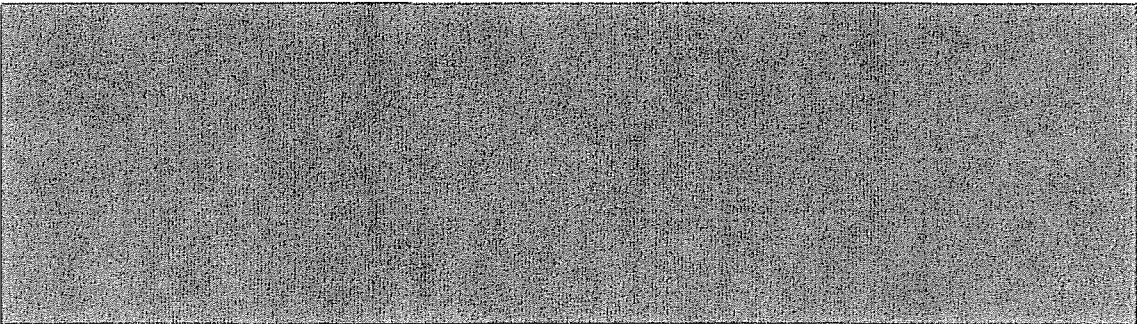
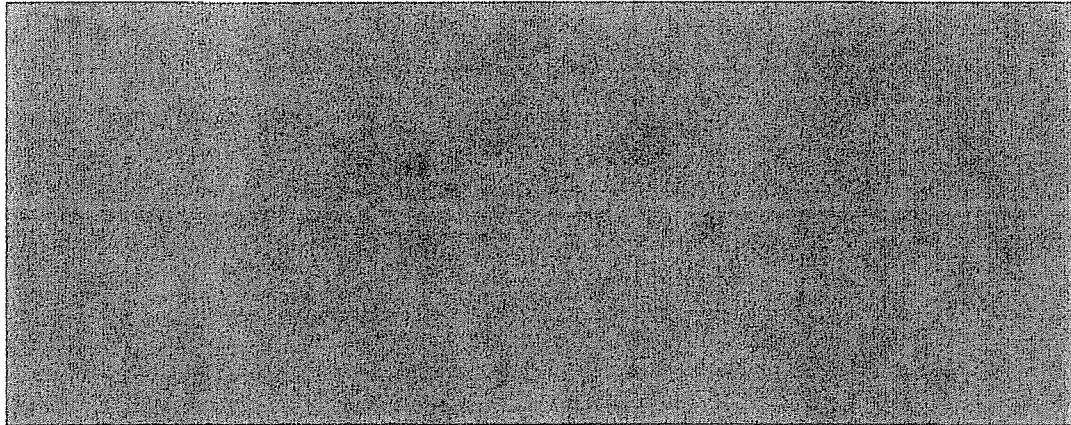
**SCHEDULE 3.1-A
QUALITY SPECIFICATIONS**

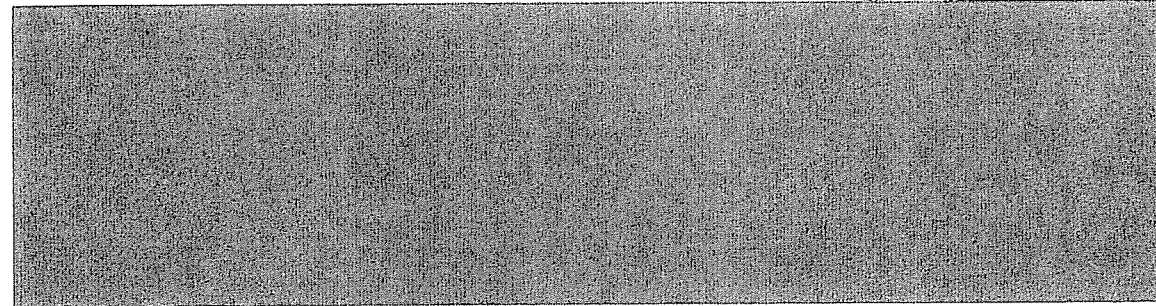
The Coal required and delivered hereunder, upon unloading and receipt at the Plant shall meet the following "Contracted Half-Month" specifications. Further, for the purposes of Section 2.5, the following "Suspension" specifications shall be applicable to such Coal.

Specification A:

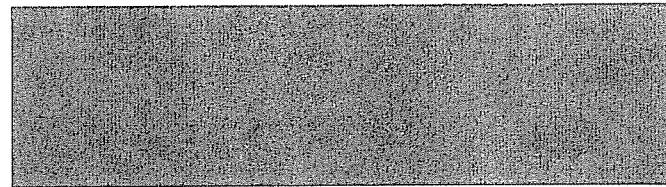
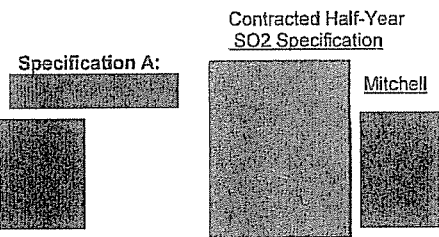
Weighted Average "As Received" Basis

	Contracted		Suspension	
	Half Month (A)	Mitchell(F)	Half Month (A)	Applicable Lot (B),(D) Mitchell(F)
Calorific Value (Btu/lb) min				
Moisture (%) max				
Ash (%) max				
Volatile Matter (%) min				
Hardgrove Grindability min				
Lbs SO ₂ /MM Btu max (C)				
Ash Fusion (H=½ W) °F Red Atm min				



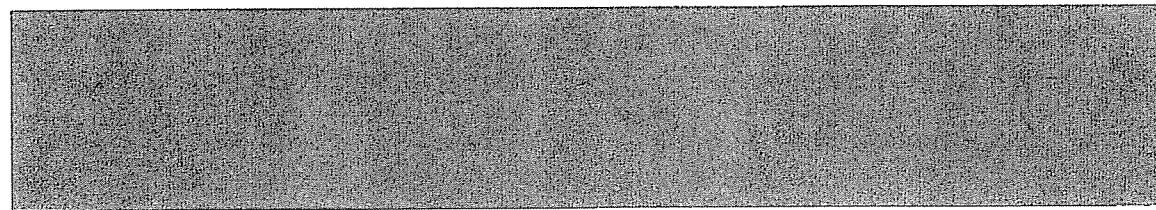


Weighted Average "As Received" Basis



The above SO2 specifications shall only apply to Segments A and B Tons [redacted]

(F) = A maximum of [redacted] Tons per Contract Year will be delivered to the Mitchell Plant.



**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:

- 1) [REDACTED] (as depicted on the map attached hereto and hereby made a part hereof) consisting of

[REDACTED]

[REDACTED]

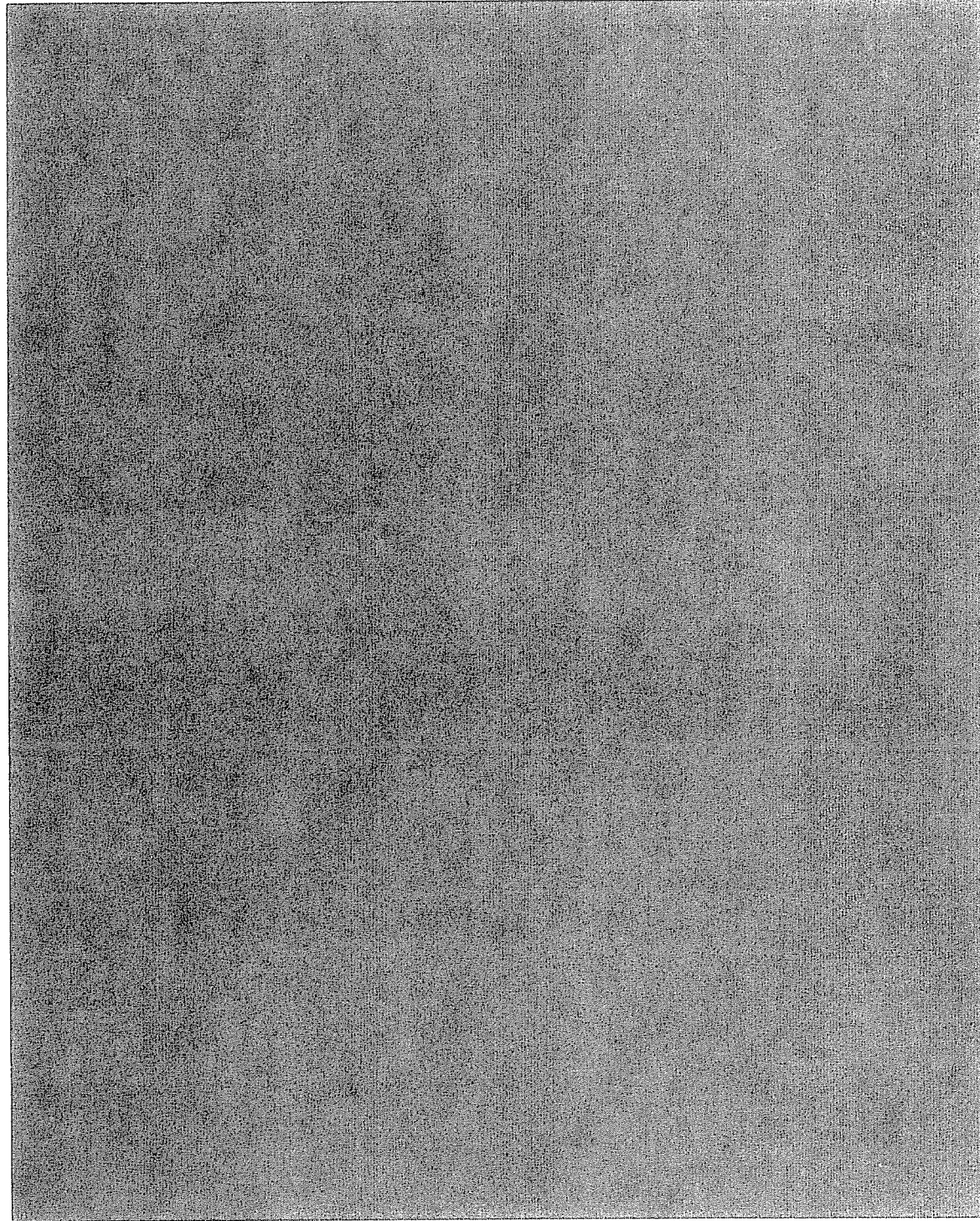
The Approved Reserve(s) of coal to which reference is made in this Agreement consist of the following:

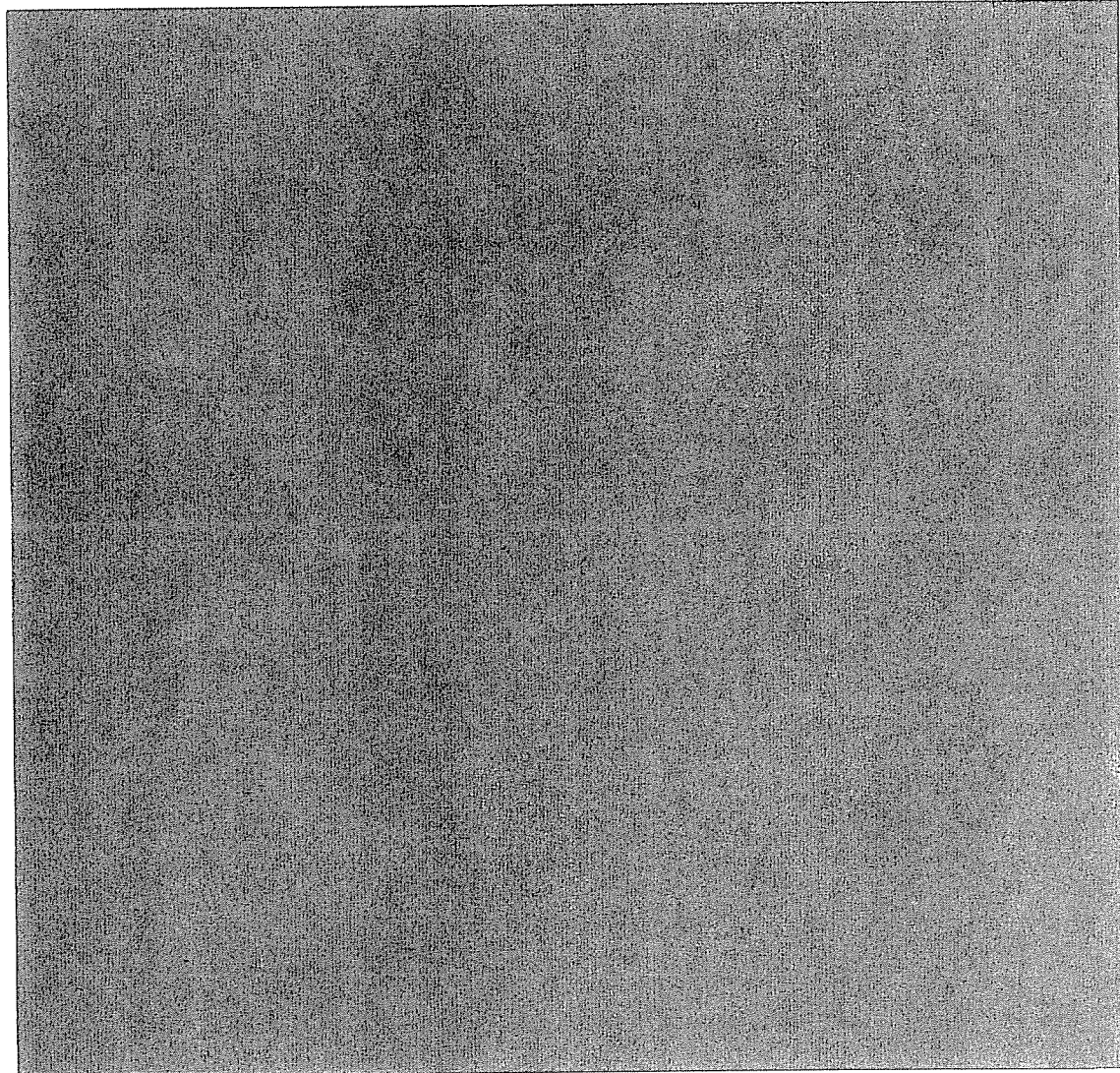
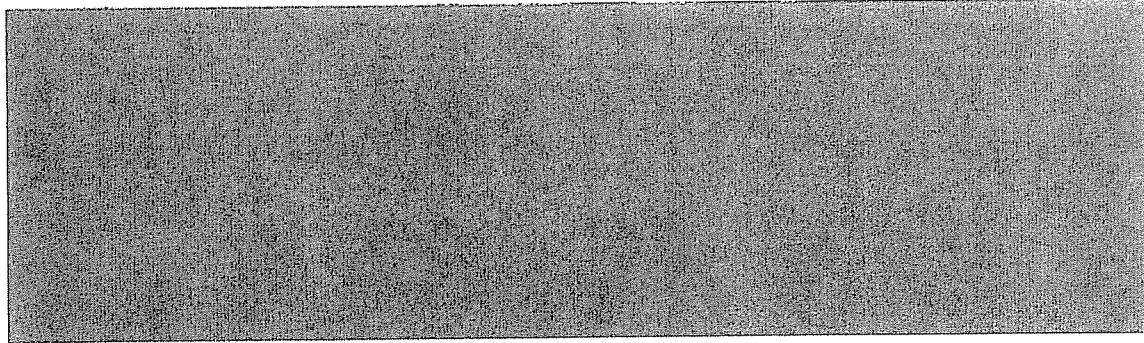
- 1) [REDACTED] (as depicted on the map attached hereto and hereby made a part hereof) the reserves consisting of the [REDACTED]

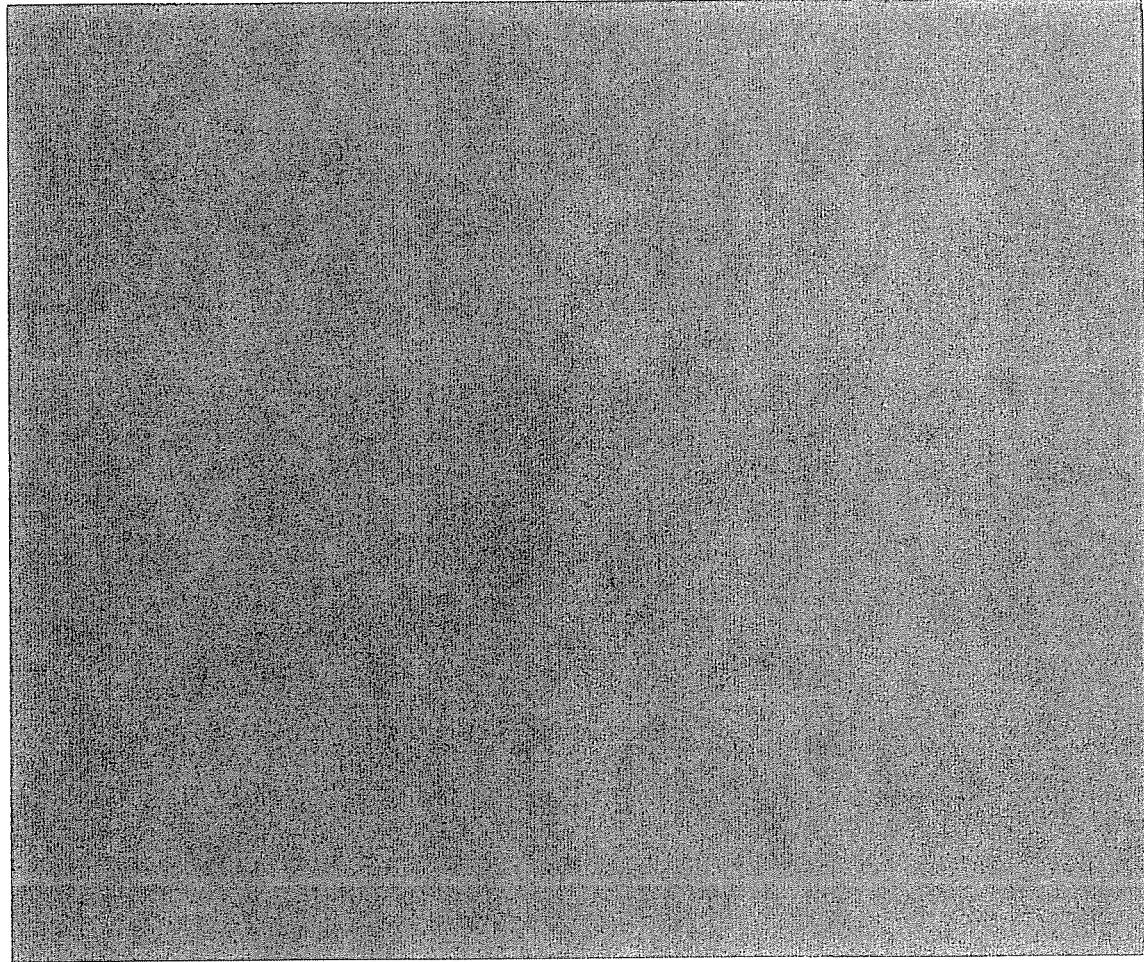
[REDACTED]

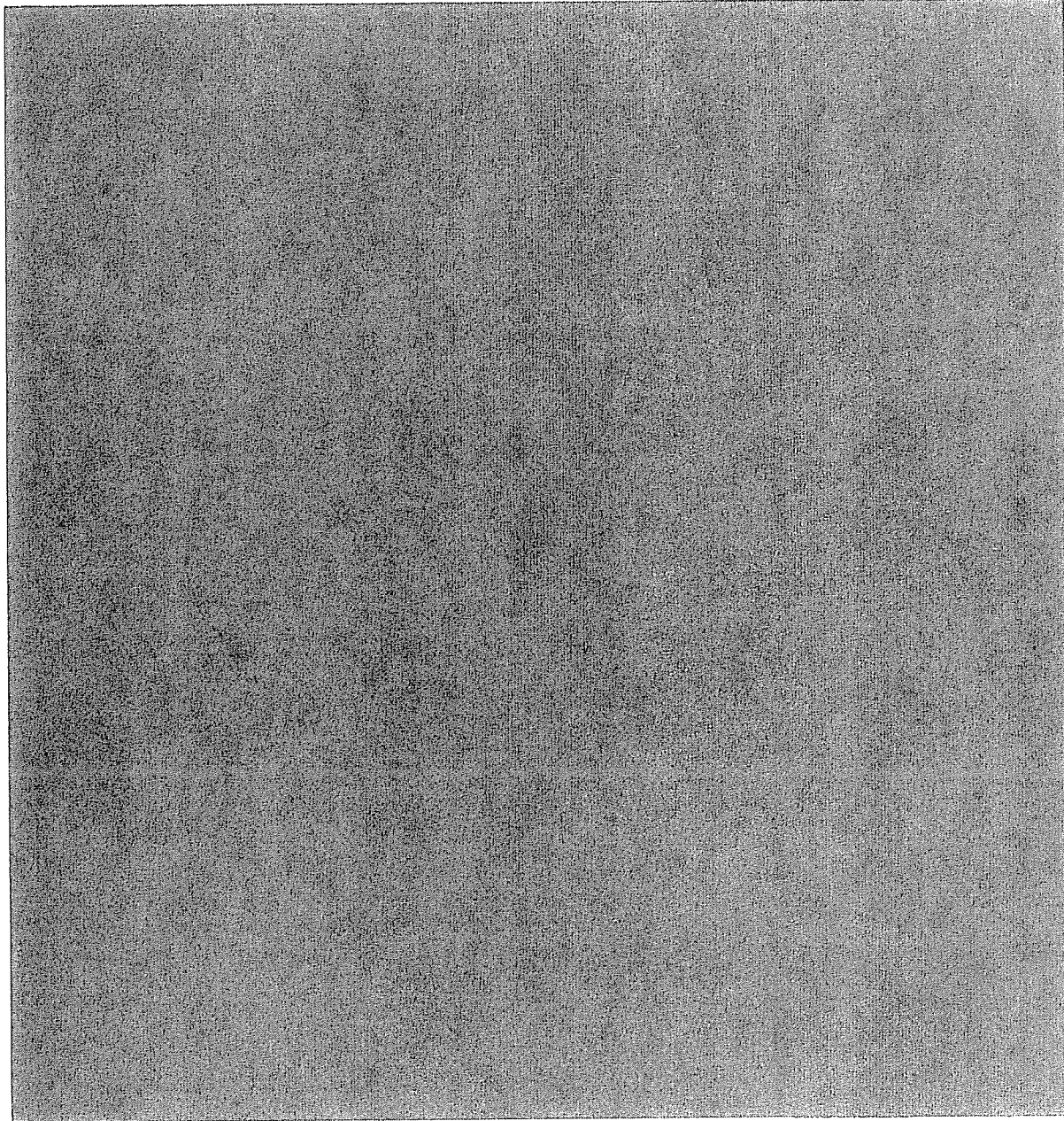
The Designated Delivery Point(s) to which reference is made in this Agreement are:

[REDACTED]









SCHEDULE 7.2
QUALITY ADJUSTMENTS

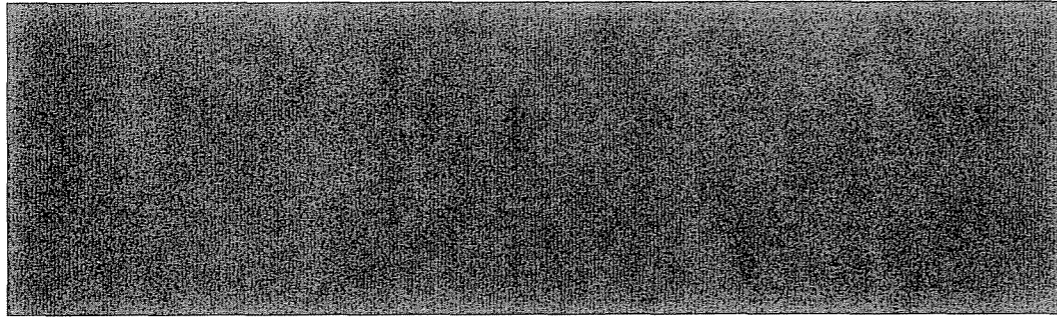
In order for the Selling Price to accommodate variations in calorific value, sulfur dioxide value, and ash value of the Coal delivered hereunder, there shall be an amount(s) added to or subtracted from the Contract Prices as provided for in this Article. These price adjustments shall be in addition to any rights that Buyer may have as provided or referenced under Article II of this Agreement. Additionally, if Buyer modifies its methodology for evaluating coal (such as Buyer determining a need to change the evaluation method for sulfur dioxide or ash or to evaluate additional Coal characteristics (e.g., mercury, arsenic, etc.)), Buyer may request that a new methodology for calculating quality adjustments on such Coal characteristics be incorporated into this Agreement. If, upon evaluation of Buyer's request, Seller reasonably determines that it cannot comply with such new methodology for calculating quality adjustments on such Coal characteristics, then, within [REDACTED] days following Seller's receipt of Buyer's request, Seller shall notify Buyer of Seller's inability to comply with Buyer's request. Buyer or Seller may then elect to terminate this Agreement by providing written notice to the non-terminating Party within [REDACTED] calendar days following Buyer's request. If Seller is the non-terminating Party, then Seller may nullify Buyer's termination by providing written notice to Buyer within [REDACTED] calendar days following its receipt of Buyer's notice that Seller will comply with Buyer's request. If Buyer is the non-terminating Party, then Buyer may nullify Seller's termination by providing written notice to Seller within [REDACTED] calendar days following its receipt of Seller's notice that Seller will not be required to comply with Buyer's request.

(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 Half-Month Weighted Average 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:

[REDACTED]

provided, however, no premium will be paid for Calorific Value which exceeds the Contracted Half-Month Weighted Average Btu/lb. by [REDACTED]

(b) Within [REDACTED] days following each Contract Half-Year an adjustment in the price per Ton for the actual SO₂ received shall be compared to the applicable Contract SO₂ specification, and any difference, positive or negative, shall be calculated based upon the relevant [REDACTED] at the Plant, including, but not limited to, the cost of Emission Allowances for applicable [REDACTED] not removed, as follows:



Where:

CS = the cost to Buyer to remove one ton of SO₂ from each applicable Plant's emissions.

PSE = the Half-Year average "actual" scrubber efficiency percentage for each applicable Plant.

E = the average price of SO₂ allowances for the [redacted] calendar months of delivery within the applicable Contract Half-Year, expressed in the average dollars per ton of SO₂ in the table entitled "SO₂ Allowances" under the caption "Assessment Averages" published in [redacted] or its successor publication, as published on the first Monday following such month for the six calendar months within the applicable Contract Half-Year (or if not published, the average of the SO₂ Daily Prices for the applicable Contract Half-Year).

* = refers to the Half-Year weighted average "As Received" Btu and lbs. SO₂/mmBtu.

However, for each source [redacted] the maximum Contract Half-Year SO₂ premium shall not exceed the premium that would be payable for Coal containing [redacted]

An amount of [redacted] per Ton shall be deducted from the Contract Price for each Applicable Lot of Coal having an [redacted] than the Applicable Lot Suspension Limit.

(c) For each Applicable Lot of Coal tested to have an ash content greater than the Applicable Lot Suspension Limit, the Contract Price for Coal in such Applicable Lot will be decreased by [redacted] for each [redacted] or portion thereof, by which the Applicable Lot's ash content is tested to be above the Applicable Lot Suspension Limit. (For example, if the Ash Applicable Lot Suspension Limit is [redacted] and an Applicable Lot has a percent [redacted] then the Contract Price decrease shall be [redacted] per Ton.)

SCHEDULE 8.1
WEIGHING, SAMPLING AND ANALYSIS

WEIGHING

(1) Except as provided in 1(e) below, the weight of the Coal delivered shall be determined by Buyer.

(a) Buyer's [REDACTED] shall be maintained to within [REDACTED] accuracy between acceptance tests ("Material Tests"). Buyer's belt scales shall be tested and adjusted, if necessary, in accordance with the guidelines outlined by the applicable National Institute of Standards and Technology ("NIST") Handbook #44 provisions in effect at the time of such testing, or other procedures which shall be mutually acceptable to Seller and Buyer. Maintenance tests, using simulated load, shall be conducted at least [REDACTED]. Material tests to confirm belt scale accuracy shall be conducted at least [REDACTED]. Buyer shall inform Seller of anticipated test schedules and results of such testing and adjustment and shall notify Seller at least [REDACTED] Business Days prior to any Material test.

(b) Buyer shall give prompt notice by telephone or facsimile and confirm such notice in writing to Seller if and when any scales are discovered to be in error beyond the limits established above. Seller shall have the right, but not the duty, to have a representative present at any and all times to observe the determination of weights and scale testing. If Seller should at any time question the accuracy of the weights thus determined, Seller shall so advise Buyer and confirm the same in writing, and Buyer 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 Seller shows the scales to be within the applicable limits established above for the respective scale, then Seller shall pay all costs of such test; otherwise Buyer shall pay all such cost.

(c) If, upon testing pursuant to the above paragraph, the scales are determined to be in error beyond the limits established above, 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 [REDACTED] calendar days prior to Seller's written notification to Buyer that Seller questions the accuracy of the weights or the date of the previous scale test, whichever is later. Such adjustments 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 not been inaccurate, multiplied by the price per Ton as stated in said invoices.

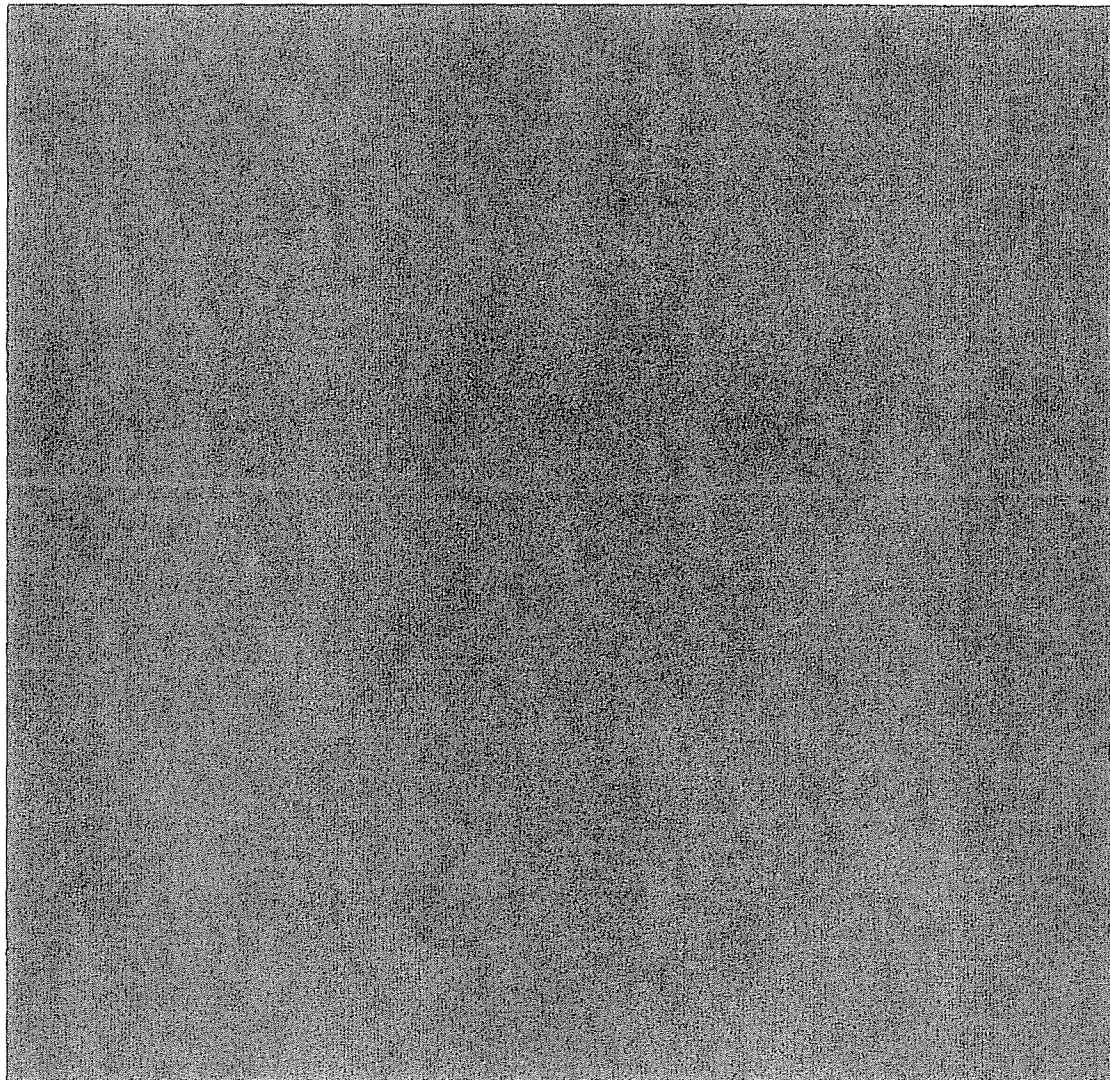
If, upon any regular testing of the scales by Buyer, the scales are determined to be in error beyond the limits established above, an adjustment shall be made in the same manner provided in the preceding paragraph, such adjustment to be based on the assumption that the condition causing the scales to be in error beyond such limits shall have existed with respect to all shipments weighed on and after a date [REDACTED] calendar days prior to such determination, or the date of the previous scale testing, whichever is later.

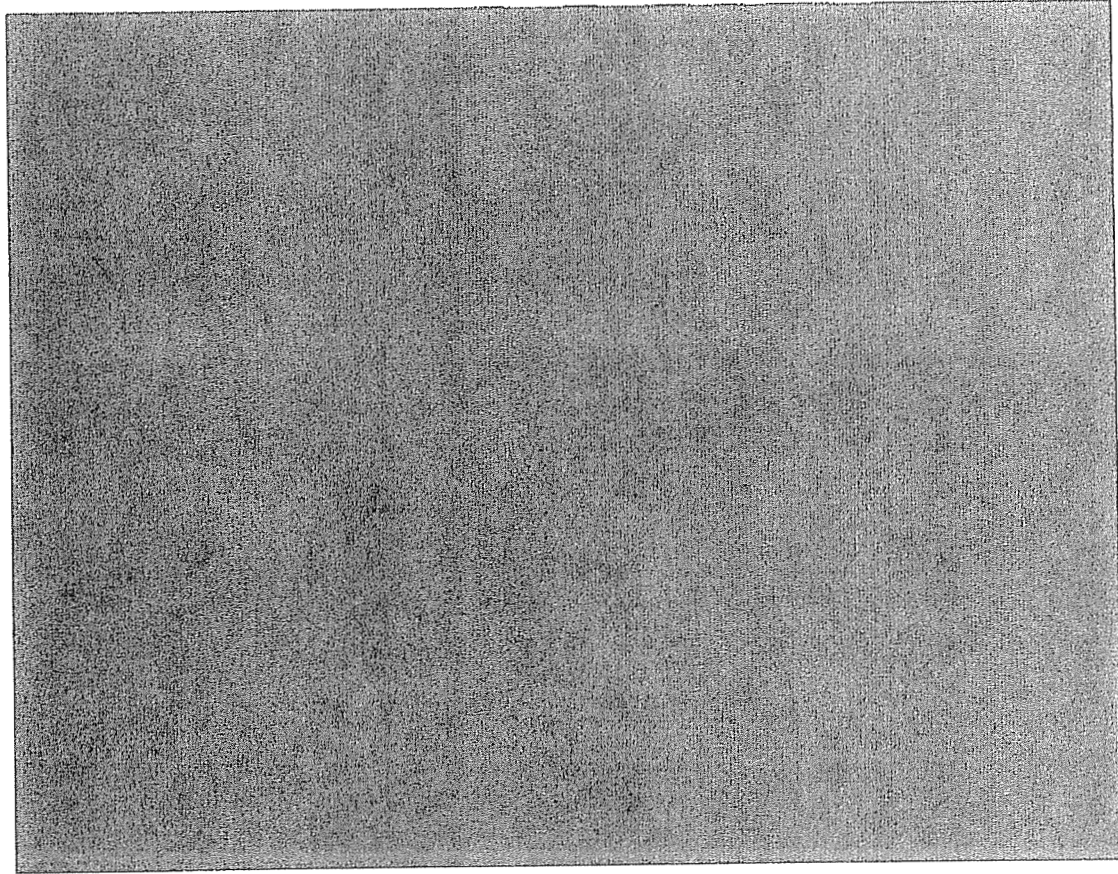
(d) Any payments due by either Party to the other, as a result of adjustment and/or payment of costs made pursuant to this Schedule 8.1, shall be paid within [REDACTED] calendar days from the date of invoice by either Party regarding the determination thereof.

(e) During any period when Buyer's belt scales are inoperable, determination of the quantities of Coal delivered shall be made (i) by reference to Seller's weights if available or (ii) if Seller's weights are not available, by a procedure to be established at such time by agreement of Buyer and Seller.

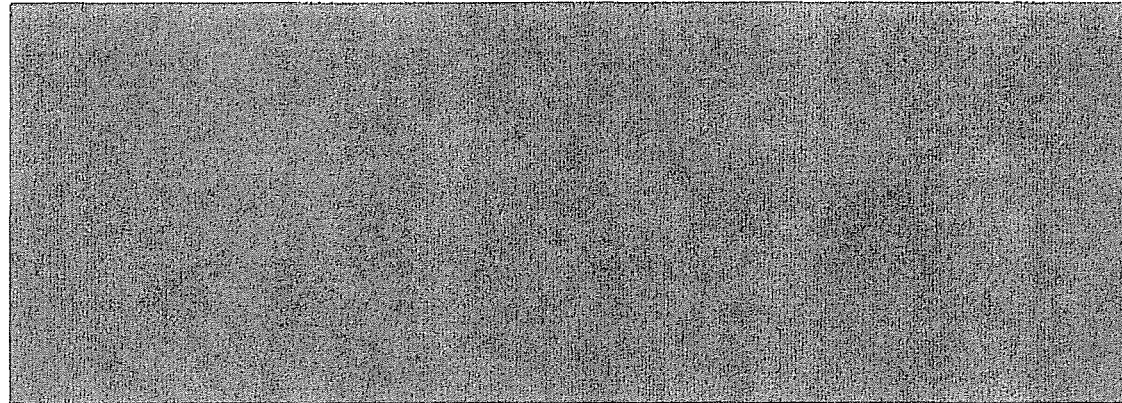
SAMPLING AND ANALYSIS

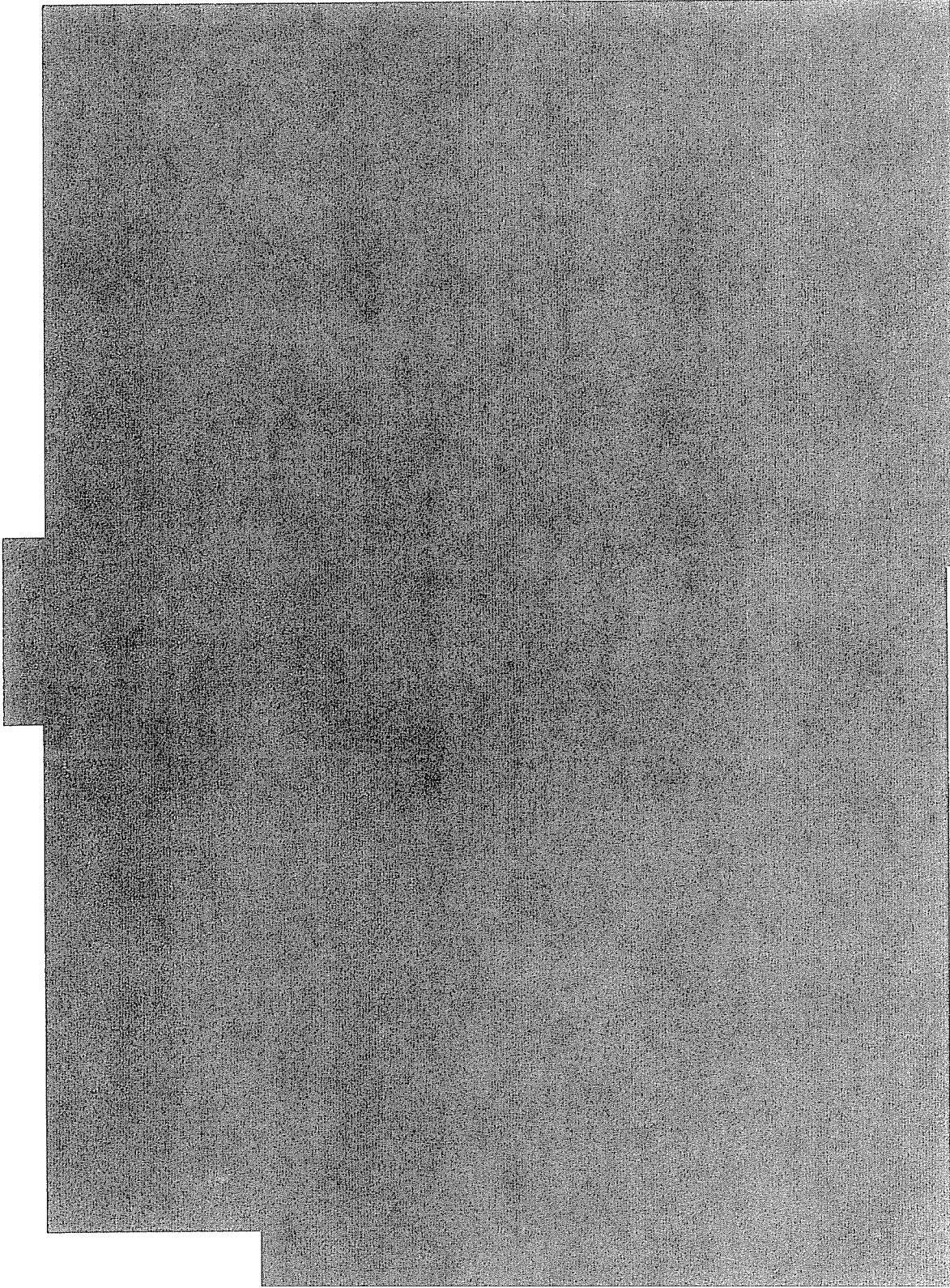
(2) For all sampling conducted hereunder, Seller and Buyer shall show evidence of a bias test conducted within the past [REDACTED] years. Such testing shall be completed in accord with American Society for Testing and Materials ("ASTM") D-6518 as most recently revised or using procedures as mutually agreed. Mechanical samplers shall be maintained to the conditions established at the time of the bias test and critically inspected in accord with ASTM D-4702 as most recently revised.





SCHEDULE 10





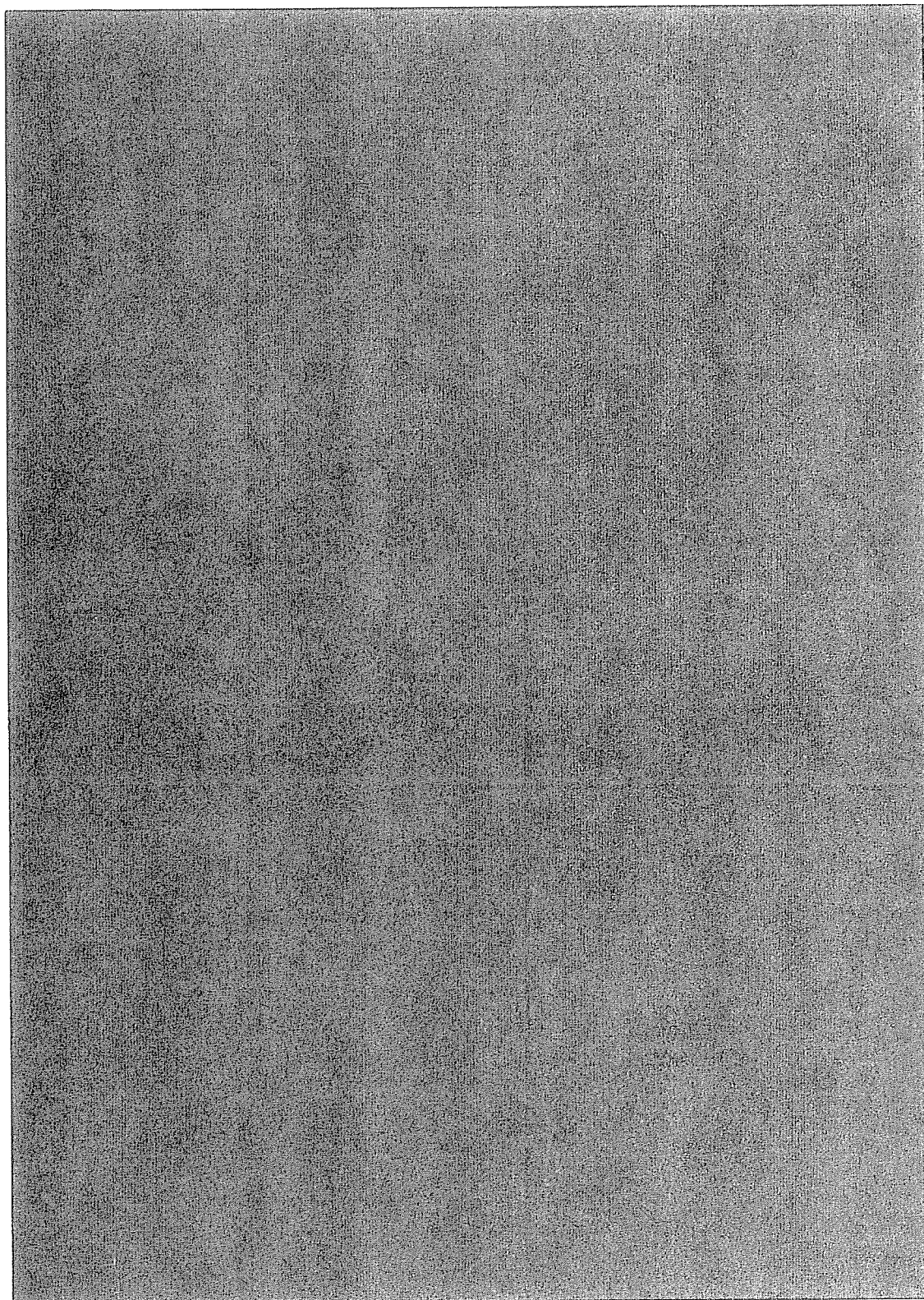


EXHIBIT 1

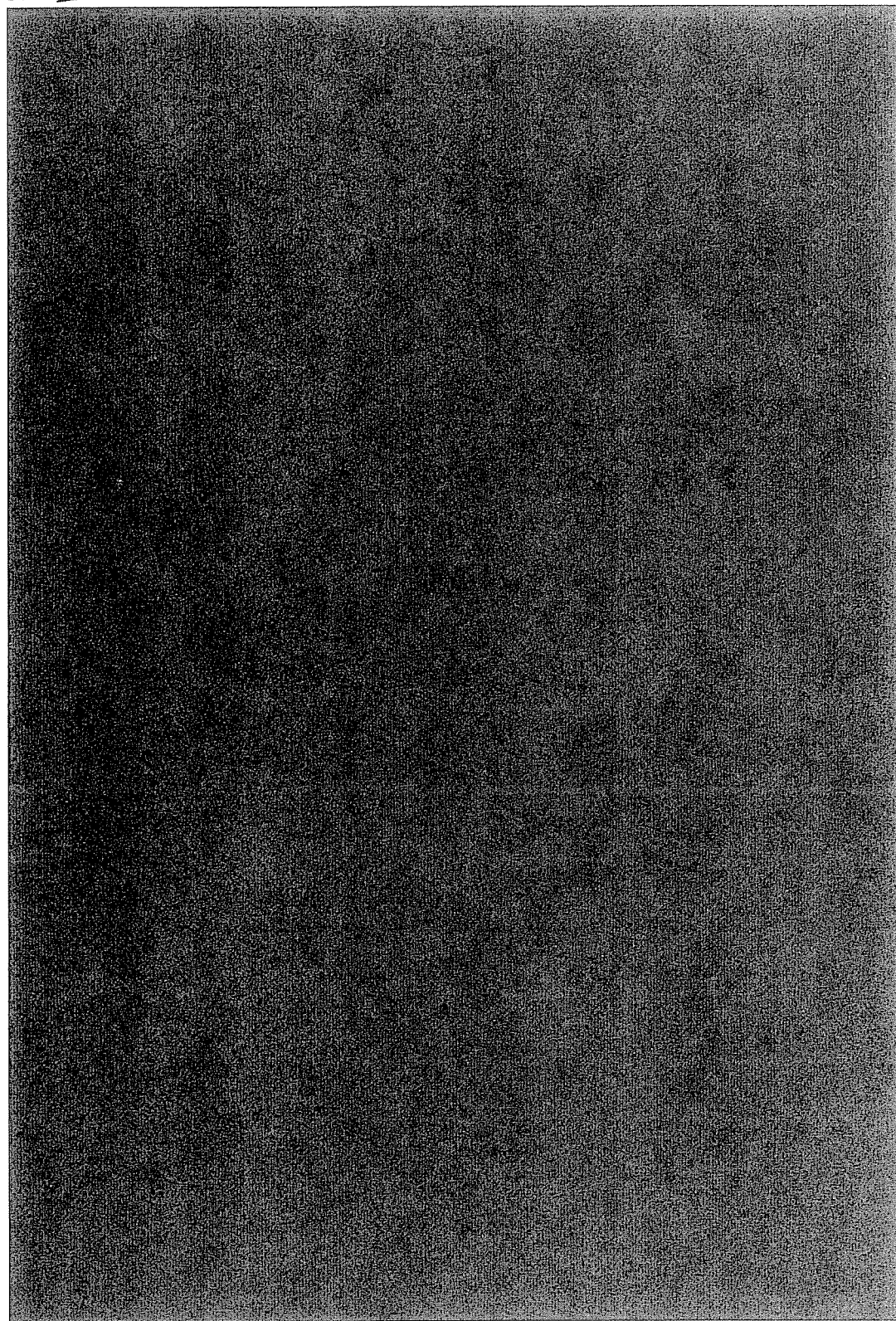
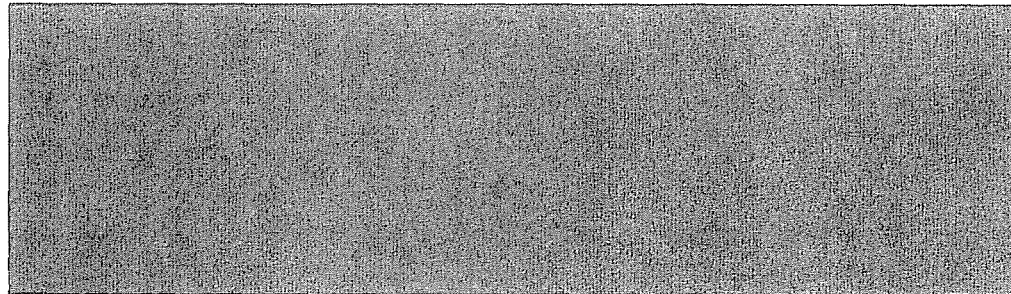


EXHIBIT 2

CORPORATE GUARANTY

TO: OHIO POWER COMPANY its successors and assigns, and any of its subsidiaries ("OPC").



("GUARANTY") IS A GUARANTY OF PAYMENT AND NOT OF COLLECTION. SHOULD ANY PRESENT OR FUTURE OBLIGATIONS INCURRED BY DEBTORS NOT BE PAID WHEN DUE, OPC MAY PROCEED AGAINST THE GUARANTOR FOR SUCH OBLIGATIONS AT ANY TIME, WITHOUT NOTICE AND WITHOUT ANY PROCEEDING OR ACTION AGAINST DEBTORS, AND GUARANTOR HEREBY WAIVES ANY DEMAND FOR PAYMENT. This Guaranty is a primary obligation of Guarantor and shall be construed as an unconditional, absolute and continuing guaranty, irrespective of the validity or enforceability of the underlying agreements between OPC and Debtors or any other guaranteed amount, the absence of any action to enforce the same or any circumstances which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

Guarantor hereby waives notice of acceptance of this Guaranty, of the creation or existence of any of the guaranteed Obligations and of any action by OPC in reliance hereon or in connection herewith; notice of the transactions between OPC and Debtors, notice of the execution and delivery, amendment, extension or renewal of any present or future instrument pertaining to Obligations, diligence, presentment, demand for payment, protest, notice of default by Debtors, and any other notice not expressly required by this Guaranty. Guarantor further consents, without further notice, to any extension or extensions of the time or times of payment of said Obligations, or any portion thereof, and to any change in form or amount, or renewal at any time, of such Obligations, or any portion thereof.

This Guaranty shall remain in full force and effect with respect to the Obligations until finally and irrevocably paid in full. No termination of this Guaranty shall affect any Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Obligations until finally and irrevocably paid in full. In the event that any payment to OPC in respect of the Obligations is rescinded or must otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder in respect of such Obligations as if such payment had not been made. Guarantor reserves the right to assert defenses that Debtors may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of Debtors or similar proceedings affecting Debtors and other defenses expressly waived hereby.

Guarantor's obligations hereunder with respect to the Obligations shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such Obligations covered hereunder, nor by any extension, or the acceptance of any sum or sums on account of Debtors, or of any note or draft of Debtors and/or any third party, or security from Debtors. OPC shall not be obligated to file any claim relating to the Obligations owing to it in the event that Debtors becomes subject to bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting Debtors (whether voluntary or involuntary), and the failure of OPC to so file shall not affect Guarantor's obligations hereunder.

Should any present or future Obligations incurred by Debtors not be paid when due or at the time to which the same may be extended, OPC may proceed against Guarantor for such Obligations at any time, without notice and without any proceeding or action against Debtors. Guarantor agrees that OPC may resort to Guarantor for payment of any of the Obligations, whether or not OPC shall have resorted to any collateral security, or shall have proceeded against any other debtor principally or secondarily obligated with respect to any of the Obligations or any other guarantor thereof.

Guarantor shall not exercise any rights which it may have or acquire by way of subrogation until all of the Obligations are paid in full to OPC. If any amounts are paid to Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of OPC and shall forthwith be paid to OPC by Guarantor to reduce the amount of outstanding Obligations, whether matured or unmatured. Subject to the foregoing, upon payment of all of the Obligations to OPC, Guarantor shall be subrogated to the rights of OPC against Debtors, and OPC agrees to take at Guarantor's expense such actions as Guarantor may reasonably require to implement such subrogation.

The obligations of Guarantor hereunder shall not be affected by (a) any lack of validity or enforceability of or defect or deficiency in any agreement or any other documents executed in connection with any agreement; (b) any modification, extension or waiver of any of the terms of any agreement; (c) any change in the time, manner, terms or place of payment of or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from any agreement or any other agreement or instrument executed in connection therewith; (d) any sale, exchange, release or non-perfection of any property standing as security for the liabilities hereby guaranteed or any liabilities incurred directly or indirectly hereunder or any setoff against any of said liabilities, or any release or amendment or waiver of or consent to departure from this Guaranty or any other guaranty, for all or any of the Obligations; (e) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by OPC to exercise, in whole or in part, any right or remedy held by OPC with respect to any Agreement or any transaction under any Agreement; (f) any change in the existence, structure or ownership of Guarantor or any Debtors, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Debtors or its assets.

This Guaranty shall not be affected by any change in the entity status or business structure of Debtors. If Debtors' assets or a major portion thereof are transferred to any other party or parties otherwise than by operation of law, and if OPC enters into any transaction whereby such transferee or transferees become indebted to OPC, this Guaranty, subject to all the other terms

hereof, shall apply to any Obligations or balance of Obligations of such other transferee or transferees to OPC.

This Guaranty shall inure to and be binding upon the parties, their representatives, successors and assigns, provided that Guarantor may not assign or otherwise transfer any of its obligations under this Guaranty, whether by operation of law or otherwise, without the prior written consent of OPC, which consent may be arbitrarily withheld. OPC may assign this Guaranty in its sole discretion.

Guarantor represents and warrants that, at the time of execution and delivery of the Guaranty, nothing (whether financial condition or any other condition or situation) exists to impair in any way the obligations and liabilities of Guarantor to OPC under this Guaranty. Guarantor further represents and warrants to OPC that: (a) it is a corporation duly organized, validly existing and in good standing in its jurisdiction of incorporation, with full power and authority to make and deliver this Guaranty; (b) that the execution, delivery and performance of this Guaranty by Guarantor have been duly authorized by all requisite corporate action of Guarantor, and does not and will not violate provisions of any applicable law or Guarantor's certificate of incorporation or bylaws; and (c) that the person signing this Guaranty on Guarantor's behalf has been properly authorized by corporate action to do so.

This Guaranty constitutes the entire agreement among the parties and supersedes and cancels any prior agreements, undertakings, declarations and representations, whether written or oral, regarding the subject matter of this Guaranty. If any provision of this Guaranty is found by a court of competent jurisdiction to be void, illegal or otherwise unenforceable in that jurisdiction, such provision, to the extent of its invalidity, shall be severed from this Guaranty and be ineffective in that jurisdiction; provided, however, that such finding shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guaranty.

The rights and duties of the Guarantor, Debtors and OPC under this Guaranty shall be construed and enforced in accordance with, and governed by the laws of, the State of Ohio.

IN WITNESS WHEREOF, the Guarantor has duly executed this Guaranty on this

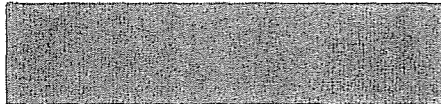
[REDACTED]

[REDACTED]

[REDACTED]



American Electric Power
155 W. Nationwide Blvd.
Suite 500
Columbus, OH 43215
AEP.com



April 29, 2008

Re: Coal Purchase and Sale Agreement No. [REDACTED] between Ohio Power Company ("Buyer") [REDACTED] ("Seller")
Amendment No. 2008-1

Gentlemen:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

Buyer and Seller hereby agree to amend the Agreement effective as follows:

- 1) Effective [REDACTED]
[REDACTED] Therefore, the table in Article II, Section 2.1 Contract Quantity shall be deleted and replaced with the following in lieu thereof:

<u>Contract Year</u>	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

- 2) Buyer and Seller hereby agree to amend Article V, Section 5.1 as follows:
 - a. [REDACTED]
 - b. [REDACTED]
 - c. [REDACTED]

Notwithstanding anything else in the Agreement, the first table in Article V, Section 5.1 Contract Price shall be deleted in its entirety and replaced with the following:

Amendment 2008-1
 Page 2

	Contract Year		McElroy/Mitchell
	[REDACTED]	[REDACTED]	[REDACTED]

- 3) The following Specification A table in Schedule 3.1-A shall be deleted and replaced with the following in lieu thereof:

Specification A:

Weighted Average "As Received" Basis

	Contracted		Suspension	
	Half Month (A)	Mitchell(F)	Half Month (A)	Applicable Lot (B),(D) Mitchell(F)
Calorific Value (Btu/lb) min	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Moisture (%) max	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ash (%) max	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Volatile Matter (%) min	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hardgrove Grindability min	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Lbs SO2/MM Btu max (C)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Lbs SO2/MM Btu max (C) (Powhatan Mine only)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ash Fusion (H=1/2 W)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
°F Red Atm min	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- 4) The table in Schedule 3.1-A, Definition (E) shall be deleted in its entirety and replaced with the following.

	Weighted Average "As Received" Basis Contracted Half-Year SO2 Specification	
Specification A: McElroy Mine Coal		Mitchell
	[REDACTED]	[REDACTED]

[REDACTED]

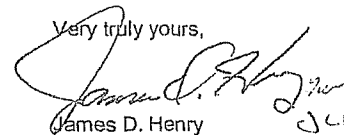
Amendment 2008-1
Page 3

- 5) Schedule 3.1-B shall be deleted in its entirety, and the attached Schedule 3.1-B, Revised February 7, 2008 shall be inserted in lieu thereof.

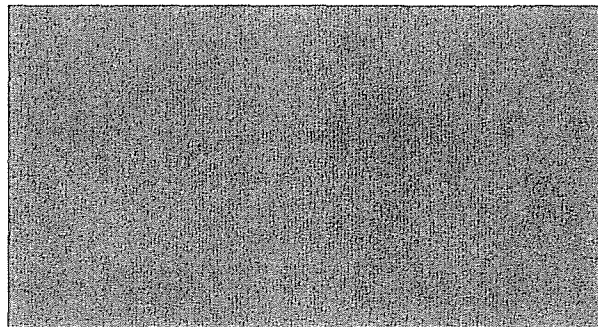
The execution of this Amendment and receipt of payments hereunder are not an indication that Buyer and Seller accept such amounts for the Miner Act as final settlement of the price adjustments originally requested in Seller's letter dated February 2, 2007. Upon final resolution of all issues, further revisions to these price adjustments may be made.

Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and by returning it to this office.

Very truly yours,



James D. Henry
AMERICAN ELECTRIC POWER
SERVICE CORPORATION, on behalf of
Ohio Power Company



**SCHEDULE 3.1-B
REVISED FEBRUARY 7, 2008
APPROVED PRODUCTION SOURCE(S), APPROVED RESERVE(S) OF COAL,
AND DESIGNATED DELIVERY POINT(S)**

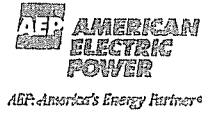
The Approved Production Source(s) to which reference is made to in this Agreement consist of the following:

- 1) [REDACTED] (as depicted on the map attached hereto and hereby made a part hereof) consisting

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

June 3, 2011

Re: Coal Purchase and Sale Agreement No. [REDACTED] between Ohio Power Company ("Buyer") [REDACTED] (collectively "Seller")

Amendment No. 2011-2

Gentlemen:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

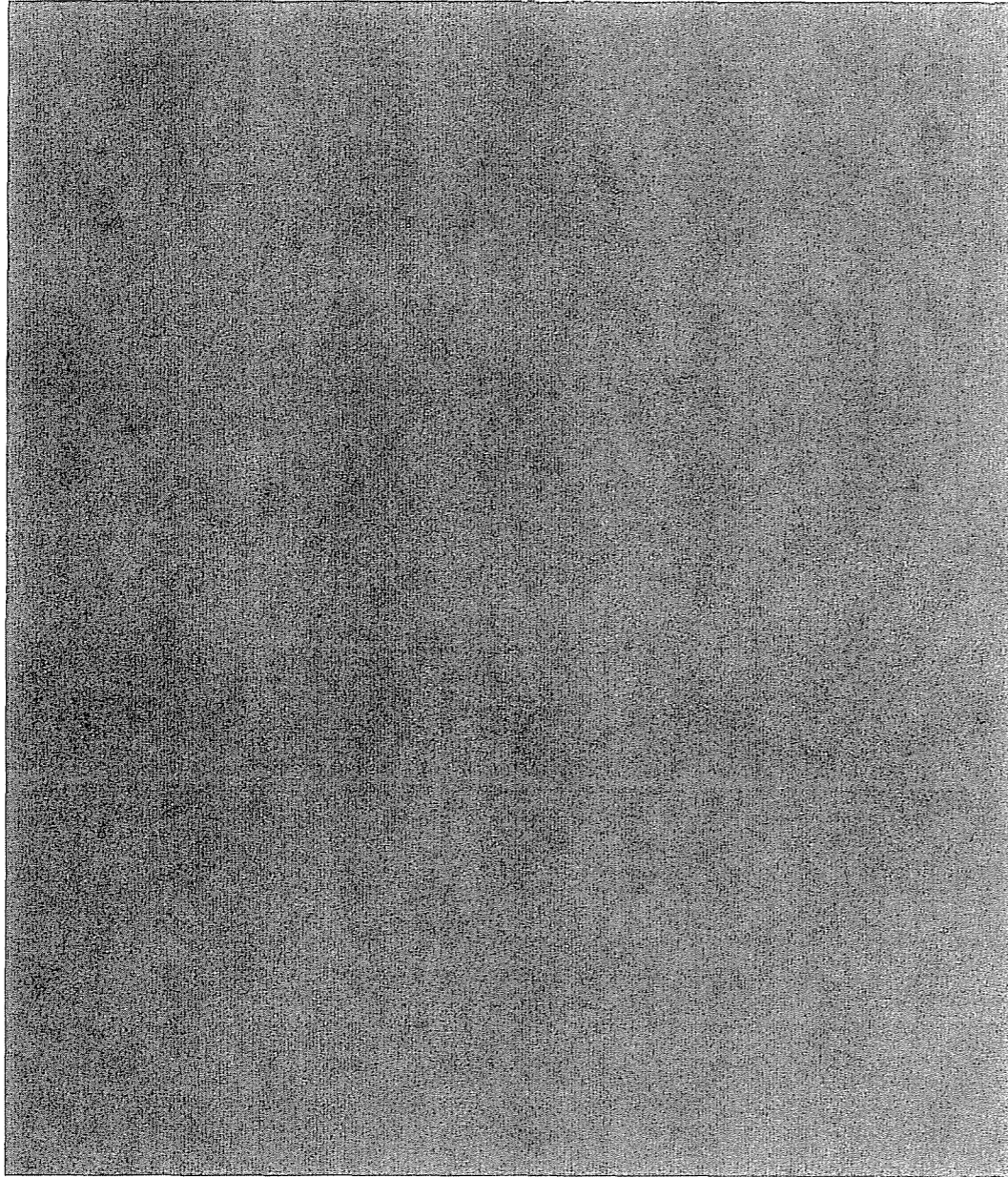
Effective June 3, 2011, Buyer and Seller hereby agree to amend the Agreement as follows:

- 1) The first table in Article V, Section 5.1 shall be deleted and replaced with the following in lieu thereof:

Contract Year	[REDACTED]	[REDACTED]	[REDACTED]
---------------	------------	------------	------------

[REDACTED]

Agreement No. [REDACTED]
Amendment 2011-2
Page 2



Agreement No. [REDACTED]
Amendment 2011-2
Page 3

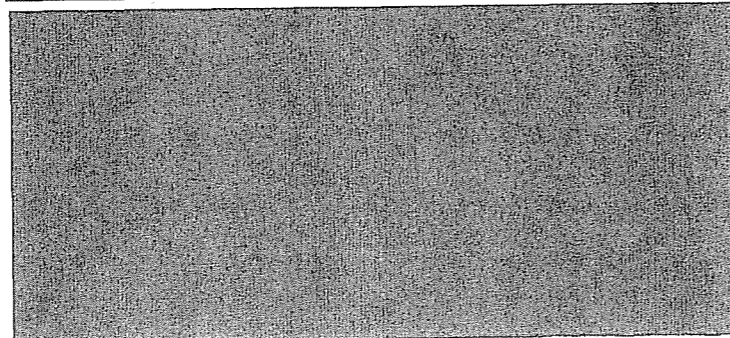
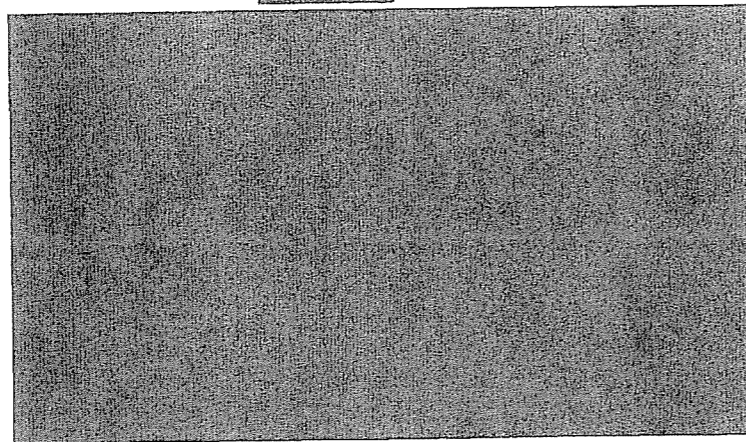
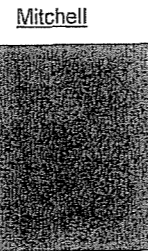
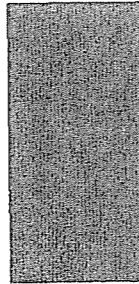
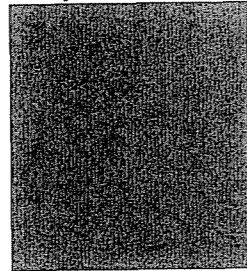
- 2) The definition for (E) in Schedule 3.1-A, Quality Specifications, shall be deleted in its entirety and replaced with the following:

(E) = The SO₂ Specification shall be as follows:

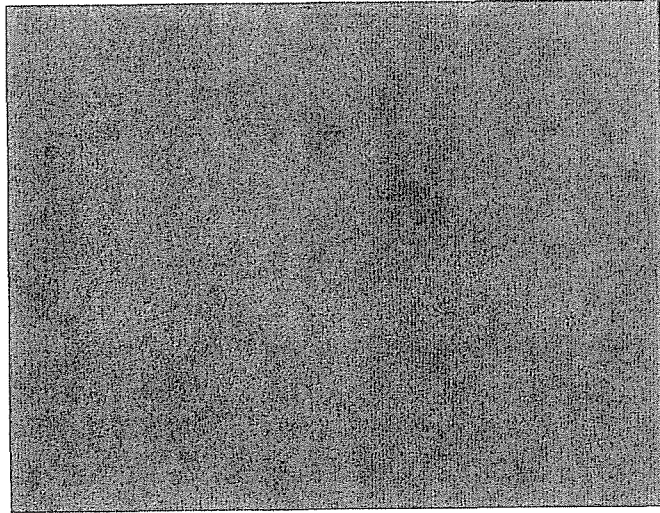
Weighted Average "As Received" Basis

Contracted Half-Year
SO₂ Specification

Specification A:

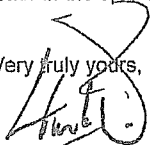


Agreement No. [REDACTED]
Amendment 2011-2
Page 4

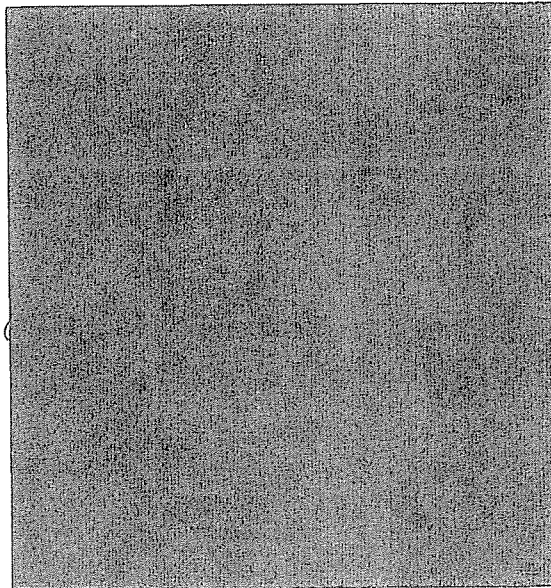


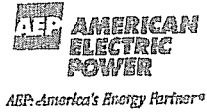
Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and by returning it to this office.

Very truly yours,


Timothy K. Light
Senior Vice President
Fuel, Emissions & Logistics
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company

*CMS
1/12
for
DMS*





[REDACTED]

November 28, 2011

Re: Coal Purchase and Sale Agreement No. 07-77-05-900 dated January 6, 2006 between Ohio Power Company ("Buyer") [REDACTED] (collectively "Seller")

Amendment No. 2011-4

Gentlemen:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

Reference is also made to Seller's letter dated August 18, 2011, where Seller requested [REDACTED] effective July 1, 2011, based on the continuation of [REDACTED]

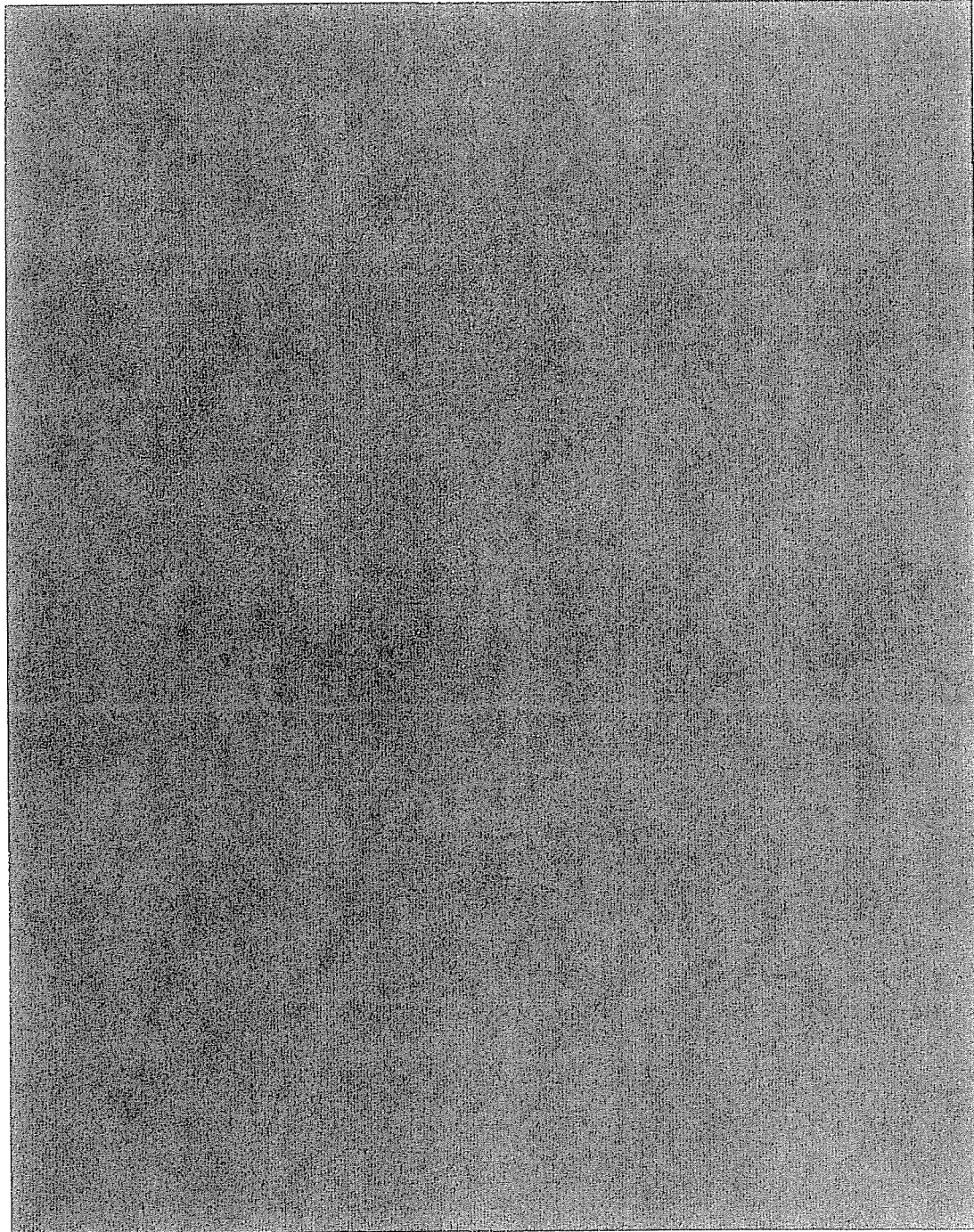
[REDACTED]

Therefore, effective July 1, 2011, Buyer and Seller hereby agree to amend the Agreement as follows:

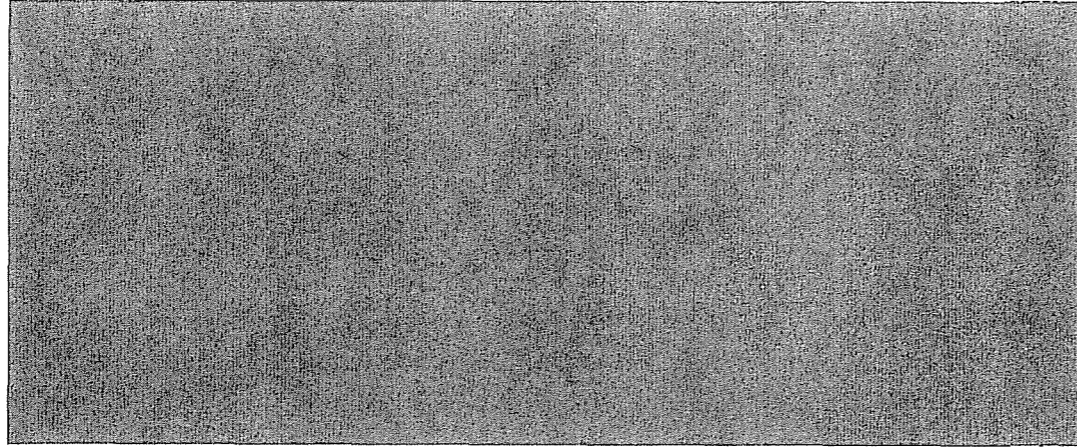
- 1) The first table in Article V, Section 5.1 shall be deleted and replaced with the following in lieu thereof:

Contract Year	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Agreement No. [REDACTED]
Amendment 2011-4
Page 2

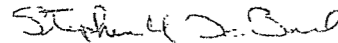


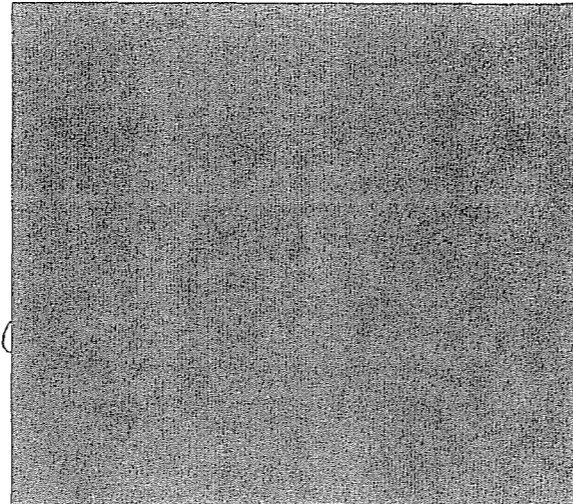
Agreement No. [REDACTED]
Amendment 2011-4
Page 3

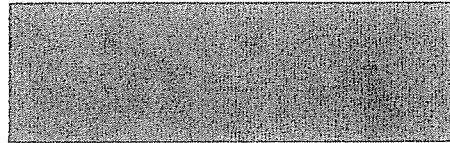
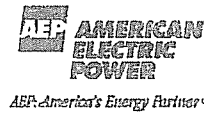


Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and by returning it to this office.

Very truly yours,


S. M. DeBord
Vice President Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company





December 29, 2011

Re: Coal Purchase and Sale Agreement No. [REDACTED] between Ohio Power
Company ("Buyer") [REDACTED]
"Seller") [REDACTED]

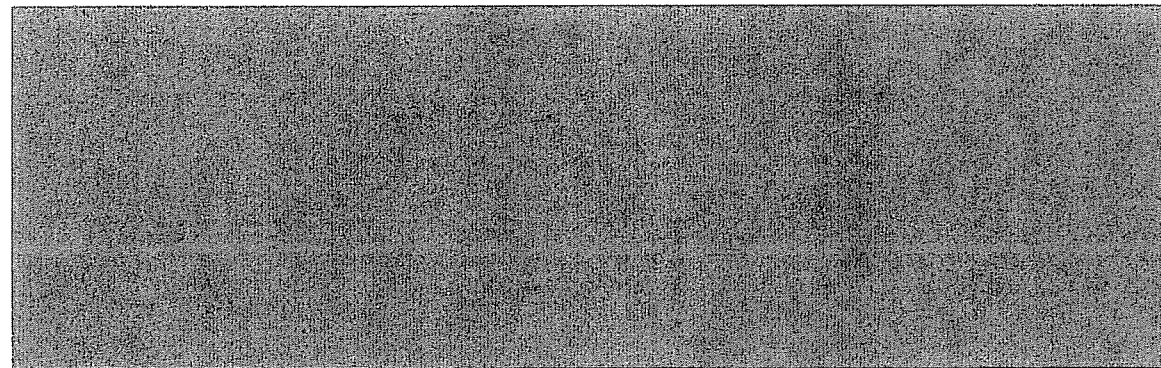
Amendment No. 2011-5

Gentlemen:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the
"Agreement") under which Seller is supplying coal to Buyer.

Effective December 29, 2011, Buyer and Seller hereby agree to amend the Agreement as follows:

1) In the DEFINITIONS section, insert the following new Definitions in the appropriate alphabetical order:



2) In the DEFINITIONS section, amend the Definitions identified below as follows:

(a) The definition of "Affiliate" shall delete the reference to Columbus Southern Power Company.



(c) The Definition of "Contract Price" shall be revised to reflect that the price to be paid by Buyer to Seller
for the purchase of Coal shall be "applied on an as-received basis".



3) The first table in Article II, Obligations and Deliveries, Section 2.1. Contract Quantity, is hereby deleted in its
entirety and the following is substituted in lieu thereof:

Agreement No. [REDACTED]
Amendment 2011-5
Page 2

Table 2.1.1

Contract Year	[REDACTED]	[REDACTED]
---------------	------------	------------

[REDACTED]

4) The last paragraph in Article II, Obligations and Deliveries, Section 2.4, Delivery shall be amended to grant Seller the right, with Buyer's prior written approval, such approval not to be unreasonably withheld, to substitute Coal from another mine owned by Seller "or its affiliates."

[REDACTED]

6) The second paragraph of Article V, Contract Price, Section 5.1. Contract Price shall be amended to insert the term "Segment Pricing Period" in lieu of the term "Pricing Period."

Agreement No. [REDACTED]
Amendment 2011-5
Page 3

- 7) The first table in Article V, Contract Price, Section 5.1. Contract Price shall be identified as Table 5.1.1. The second table in Article V, Contract Price, Section 5.1. Contract Price, shall be deleted and replaced with the following in lieu thereof:

Table 5.1.2

		PRICING SCHEDULE	
<u>Negotiation Period</u>	<u>Segment Pricing Periods</u>		
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

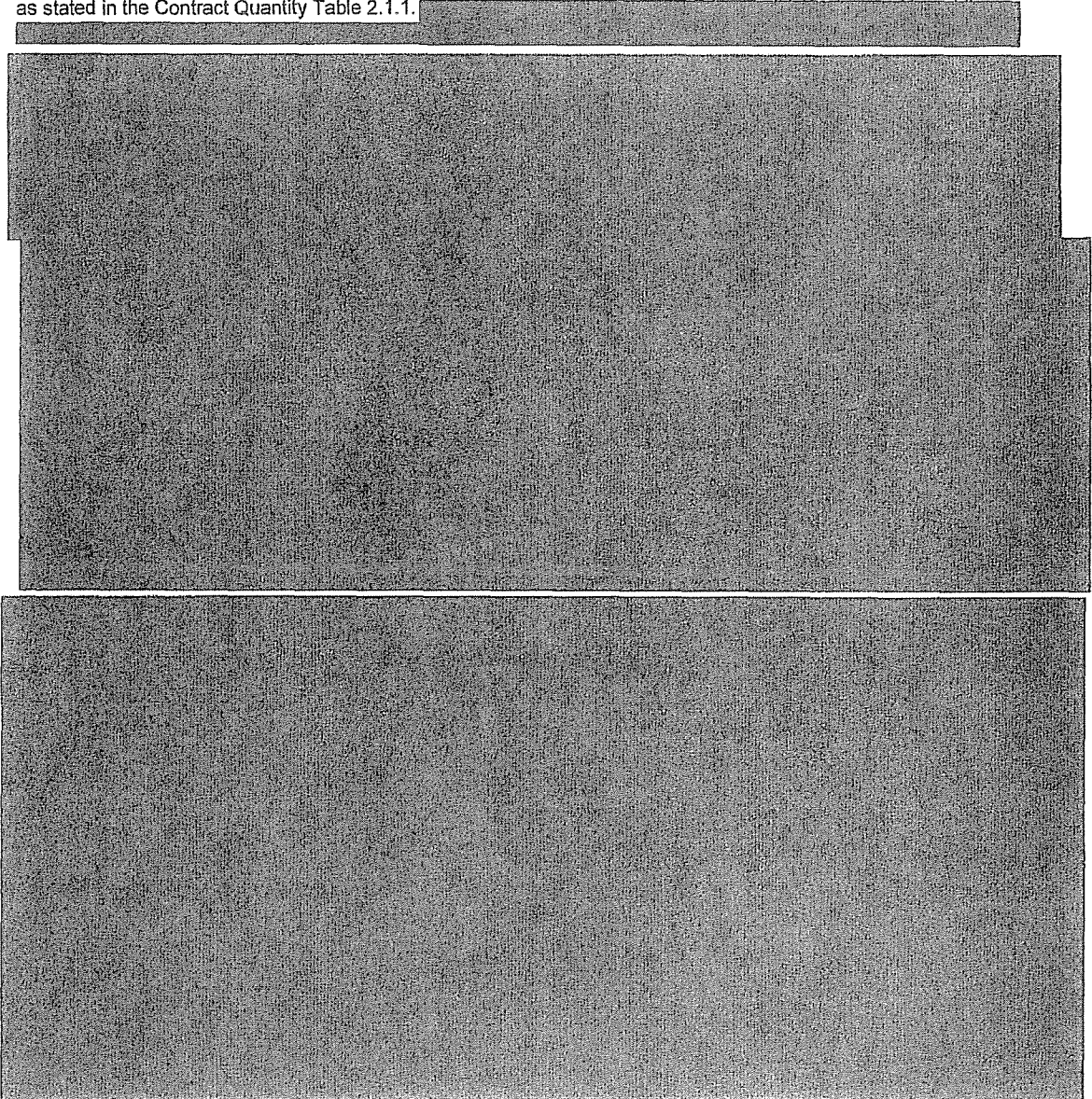
- 8) Article V, Contract Price, Section 5.2. Contract Price and Annual Tonnage Determination, shall be deleted and replaced with the following in lieu thereof:

[REDACTED]

Agreement No. [REDACTED]
Amendment 2011-5
Page 4

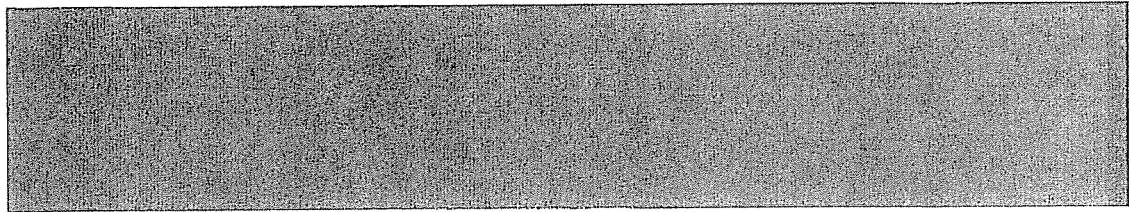
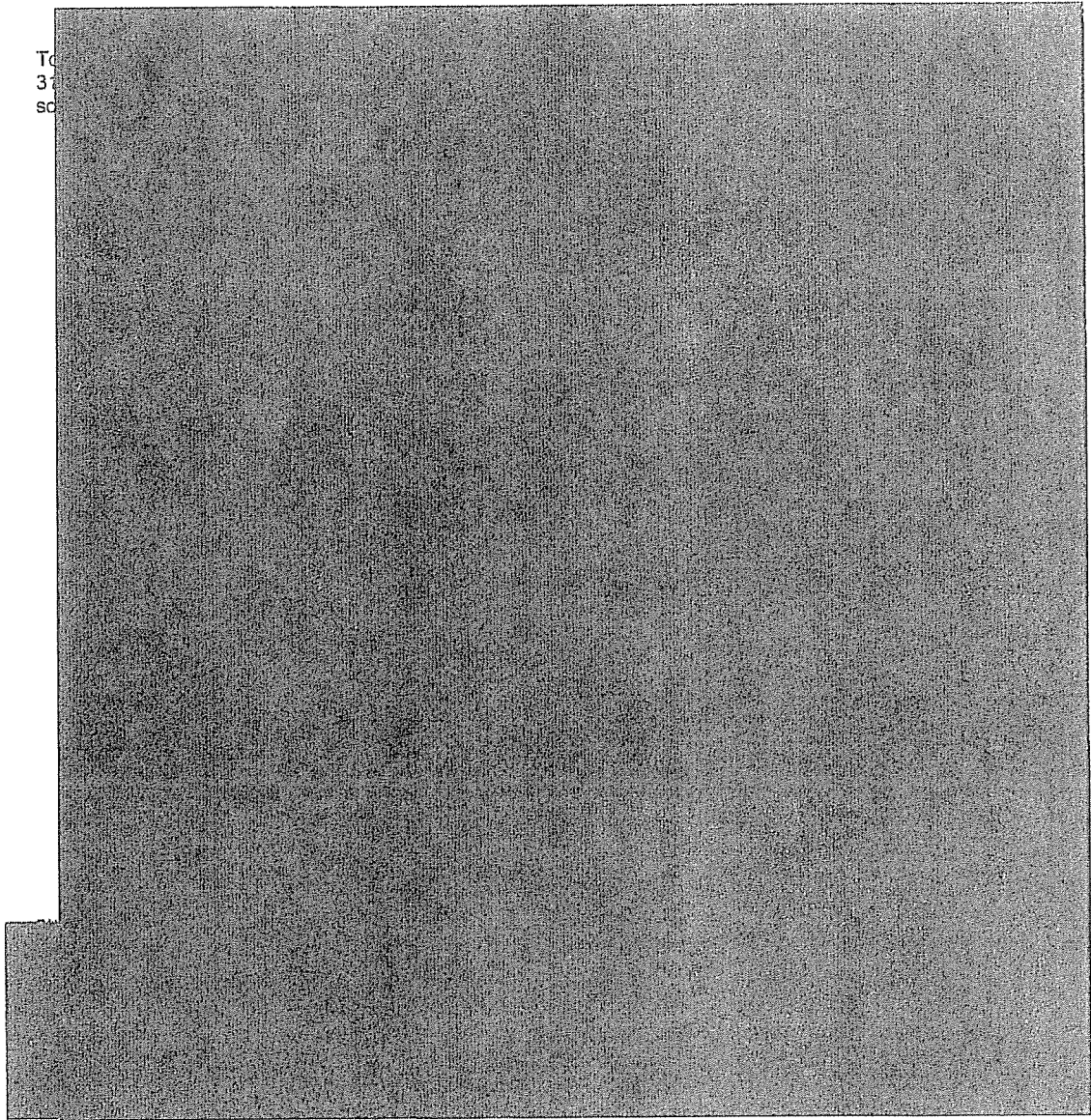
(b) Contract Price and Contract Year Tonnage. Upon the passing of the timeframe for all Negotiation Periods for the Segments of a Contract Year, the Contract Price and the Contract Year tonnage requirement shall be determined as follows:

(i) If the Parties agree on Segment Pricing for each of the Segments in a Contract Year within the applicable Negotiation Periods, then the Segment Prices for each of the Segments of a Contract Year shall be weight averaged based on the applicable Segment Tons and Segment Price for each Segment to determine the Contract Price for such Contract Year and the annual Contract Quantity Tons for such Contract Year shall remain as stated in the Contract Quantity Table 2.1.1. [REDACTED]

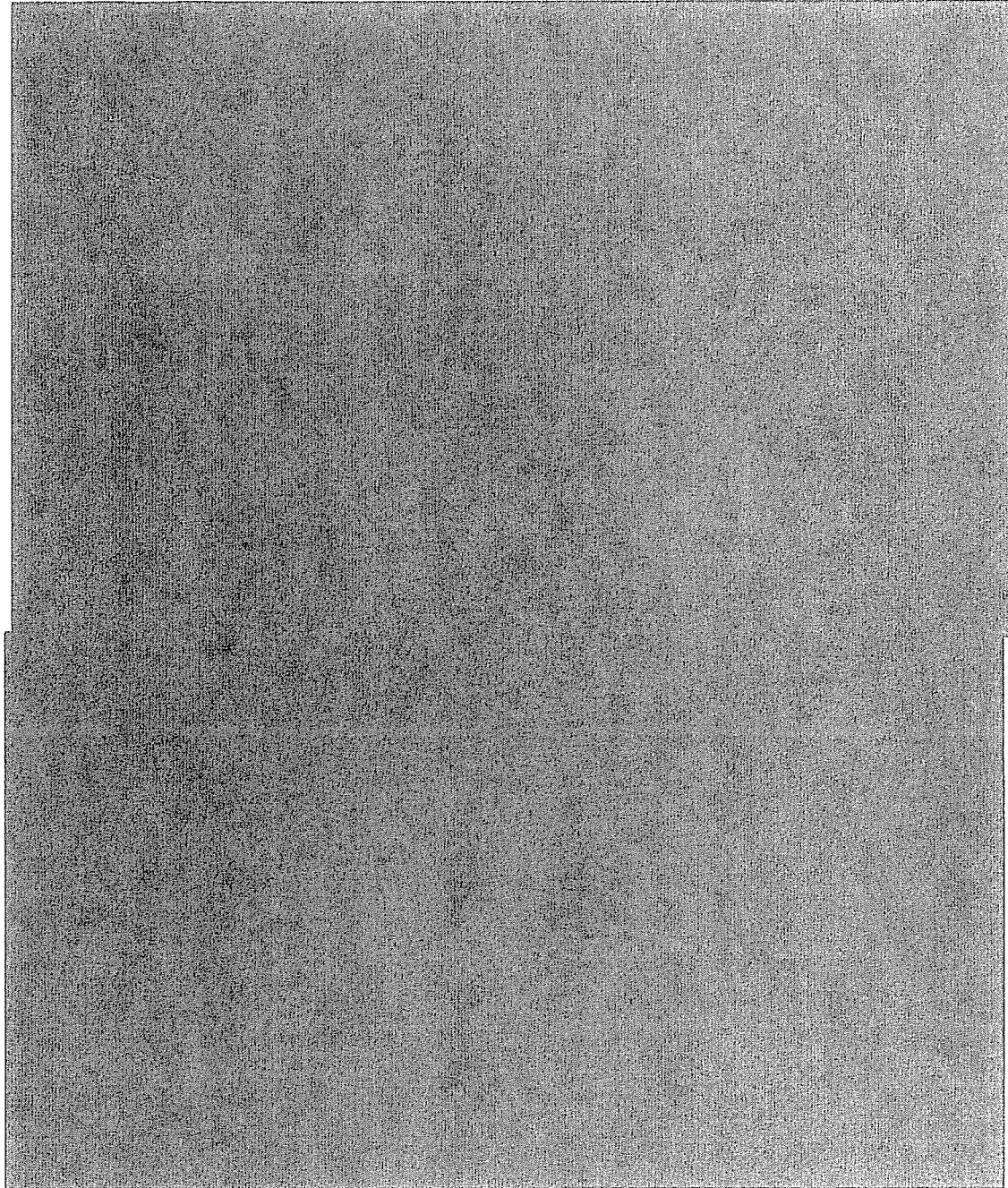


Agreement No. [REDACTED]
Amendment 2011-5
Page 5

To
3
sc



Agreement No. [REDACTED]
Amendment 2011-5
Page 6



Agreement No. [REDACTED]
Amendment 2011-5
Page 7

- 9) Article V, Contract Price, Section 5.3, Legislation, shall be deleted and replaced with the following in lieu thereof:

Section 5.3 Legislation. In the event of the enactment, modification, or revision, to include a change in the interpretation or enforcement, 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, (a "Change in Law") on or after December 1, 2011, with respect to, by way of example, but not limited to, taxes; reclamation; conservation; mine safety; mine working conditions and practices; ventilation; health and health care; occupational hazards; reclamation, and conservation of mined areas; and which increases or decreases Seller's cost to mine coal from the [REDACTED] this Agreement, an appropriate adjustment will be made to the Contract Price to reflect such changed cost; provided that such adjustment shall only apply to the Contract Price for those Tons to be delivered after the Change in Law and for which a Contract Price is established in the first paragraph of Section 5.1 of this Agreement. Additionally, such change in cost shall be determined by the difference in the new cost and the cost in effect on December 1, 2011.

In the event of a Change in Law (i) after the determination of any Segment Pricing and/or (ii) after determination of the Contract Price for a Contract Year pursuant to Section 5.2(b) of this Agreement, an appropriate adjustment will be made to either the Segment Pricing and/or the Contract Price, as applicable, to reflect such changed cost. Additionally, such change in cost shall be determined by the difference in the new cost and the cost in effect on the date the applicable negotiated price was determined.

- 10) Article XI, Audit (b), shall be deleted and replaced with the following in lieu thereof:

(b) Any examination of documentation providing the basis for any offer pursuant to Section 5.2(c)(ii) or proposal pursuant to Section 5.2(c)(iii) shall be performed by an independent third party mutually agreed upon by Buyer and Seller who shall verify the calculations of Buyer's offer or Seller's proposal as provided in Section 5.2(c).

Buyer and Seller will provide access, at its own cost and expense and in a commercially reasonable manner, to its records (and with respect to audits of records relating to Section 5.2(c) to the independent third party) during normal working hours to the extent reasonably necessary to verify whether Buyer and Seller have complied with their obligations. Buyer and Seller will cooperate, at their own cost and expense and using Commercially Reasonable Efforts, with all reasonable requests for additional information, summaries, reports, interviews of employees and other information reasonably necessary.

Buyer and Seller will use Commercially Reasonable Efforts to include provisions in their bids and requests for proposals that will permit the independent third party hired by the Party soliciting such bids or requesting such proposals the ability to review and analyze their records in sufficient detail to verify whether Buyer and Seller has complied with their obligations under Section 5.2(c). To the extent that Buyer or Seller is restricted by an obligation of confidentiality to a third party from fully disclosing its records related to the matter at issue, Buyer and Seller will disclose such portions of its records or summaries thereof as may be disclosed without violating the applicable restrictions and will use Commercially Reasonable Efforts to obtain access to those records reasonably necessary for the independent third party for purposes of performing the examination set forth above.

Upon completion of its examination pursuant to Section 5.2(c), the independent third party will report in writing to both Parties the accuracy of Buyer's offers and Seller's proposals. The findings of the independent third party shall be final and binding between the Parties and shall not be subject to further challenge by the Parties.

The independent third party shall determine Buyer's and Seller's compliance with its obligations under Section 5.2(c), and the corresponding price(s), volume(s) and term(s) following such procedures, consistent with the provisions of this Section, as it deems appropriate to the circumstances. The Parties do not intend to impose

Agreement No. [REDACTED]
Amendment 2011-5
Page 8

any particular procedures upon the independent third party other than those set forth in this Section, it being the desire of the Parties that the examination be conducted as expeditiously and objectively as reasonably practicable. The independent third party shall have no liability to the Parties in connection with such services, and the Parties shall provide such indemnities against liability to the independent third party as it shall reasonably request, except liability for acts of bad faith, willful misconduct or negligence. The fees and disbursements of the independent third party attributable to such services shall be paid by Seller for its examination of Buyer's records, and Buyer shall be reimbursed for the fees and disbursements of such independent third party's examination of the records of Buyer's offers. The fees and disbursements of the independent third party attributable to such services shall be paid by Buyer for its examination of Seller's records, and Seller shall be reimbursed for the fees and disbursements of such independent third party's examination of the records of Seller's proposals. However, that if the independent third party determines that Buyer or Seller has engaged in grossly negligent or willful misconduct regarding its actions relative to its obligations under Section 5.2(c), then the cost of the independent third party shall be paid solely by Buyer or Seller, as the case may be.

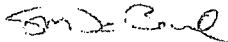
[REDACTED]

12) Schedule 5.2(b)(ii) shall now be known as Schedule 5.2(c)(ii), and all references in the Agreement to "Schedule 5.2(b)(ii)" shall be deleted and replaced with "Schedule 5.2(c)(ii)".

13) Add a new Schedule 5.2(a), which is attached hereto.

Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and by returning it to this office.

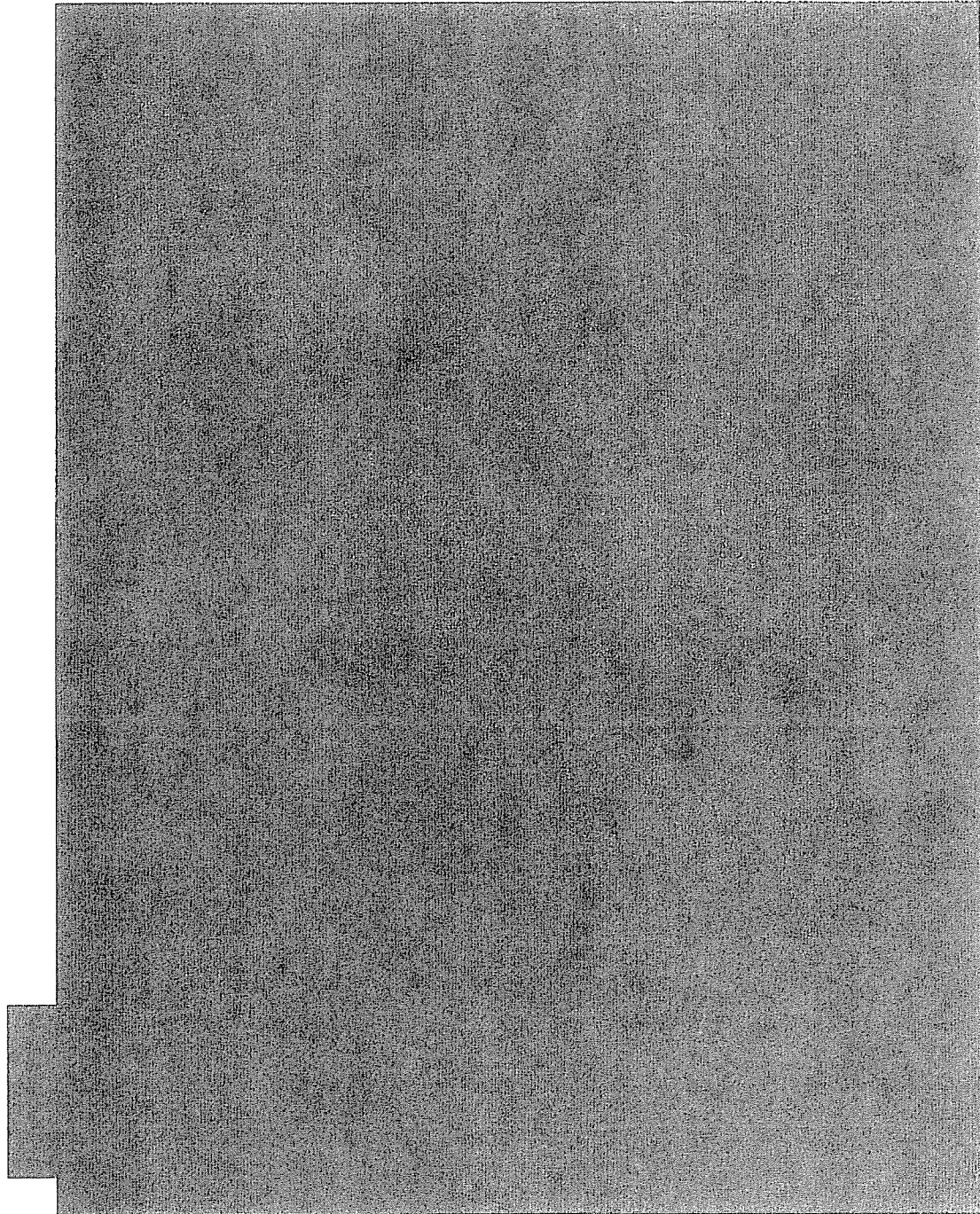
Very truly yours,


S. M. DeBord
Vice President Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company

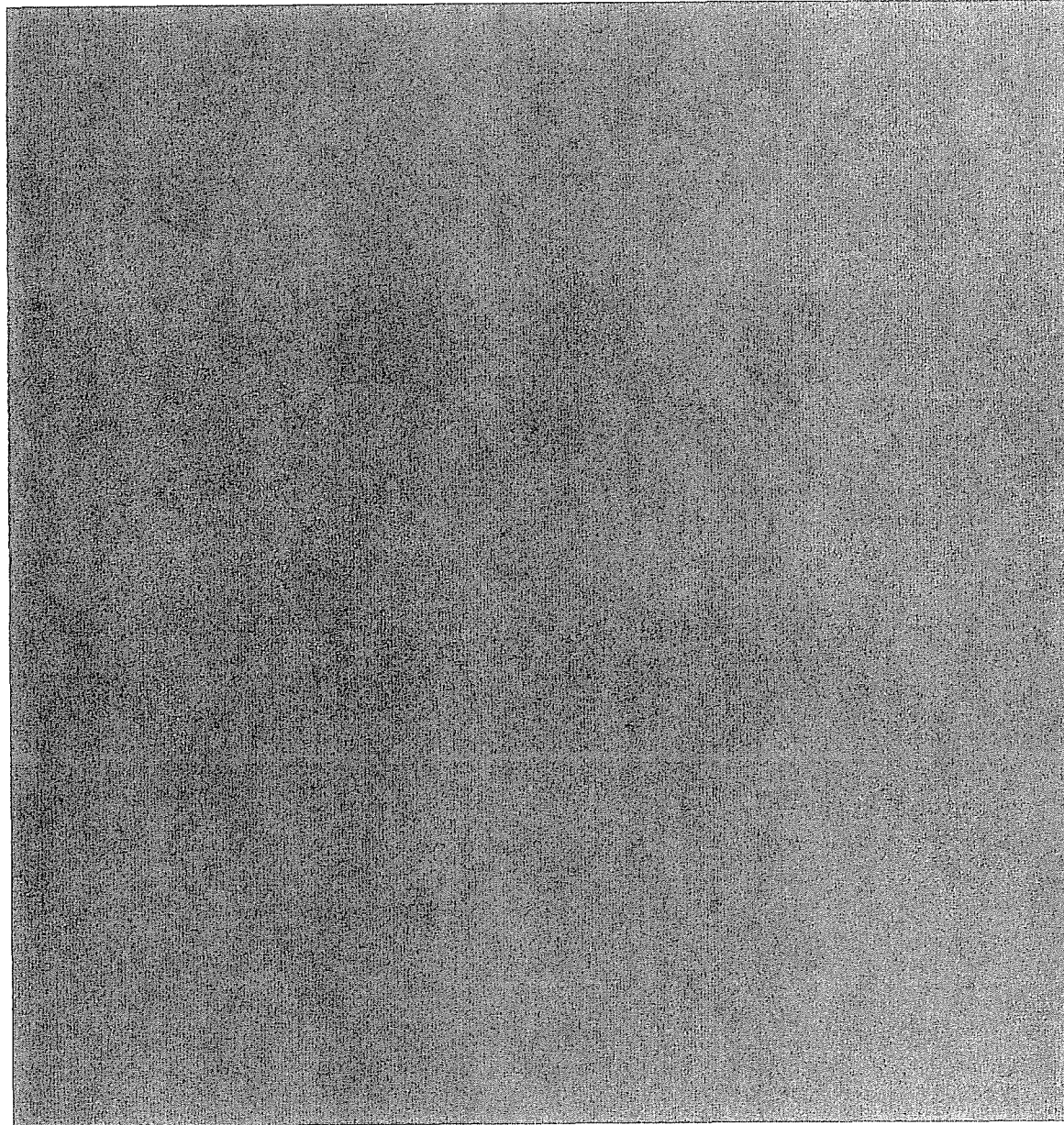
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[Handwritten initials]

[REDACTED]

Agreement No. [REDACTED]
Amendment 2011-5
Page 9



Agreement No. [REDACTED]
Amendment 2011-5
Page 10





[REDACTED]

January 6, 2012

Re: Coal Purchase and Sale Agreement No. [REDACTED] between Ohio Power Company ("Buyer") and [REDACTED] ("Seller")

Amendment No. 2012-1

Gentlemen:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

Effective January 6, 2012, Buyer and Seller agree to amend the Agreement as follows:

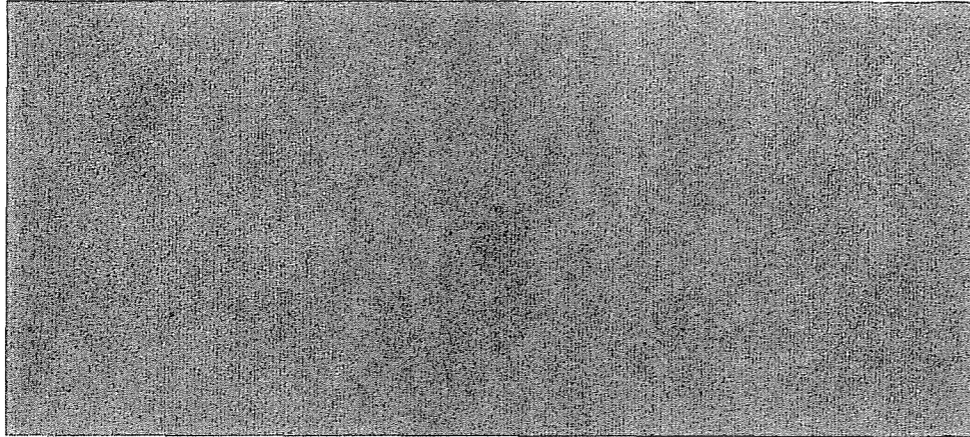
- 1) Article II, Obligations and Deliveries, Section 2.1. Contract Quantity, is hereby deleted in its entirety and the following is substituted in lieu thereof:

Section 2.1. Contract Quantity. During the Delivery Period, and subject to Article V herein, Seller agrees to sell and deliver to the Buyer and Buyer agrees to purchase and accept from Seller, at the Designated Delivery Point, the quantity of Coal set forth herein and any additional quantity of Coal to be delivered during the applicable Contract Year pursuant to Section 2.5(e) and Article XII (the "Contract Quantity").

Contract Year	
[REDACTED]	[REDACTED]

*The Tons referenced for these Contract Years are the actual Tons delivered and unloaded in the Contract Year.

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Page 2



Unless otherwise mutually agreed upon by the Parties, such tonnage shall be delivered on an approximately ratable basis during each month of each Contract Year.

Except as amended herein, all other provisions of the Agreement shall remain in full force and effect. If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the enclosed duplicate of this letter in the space provided and return it to this office.

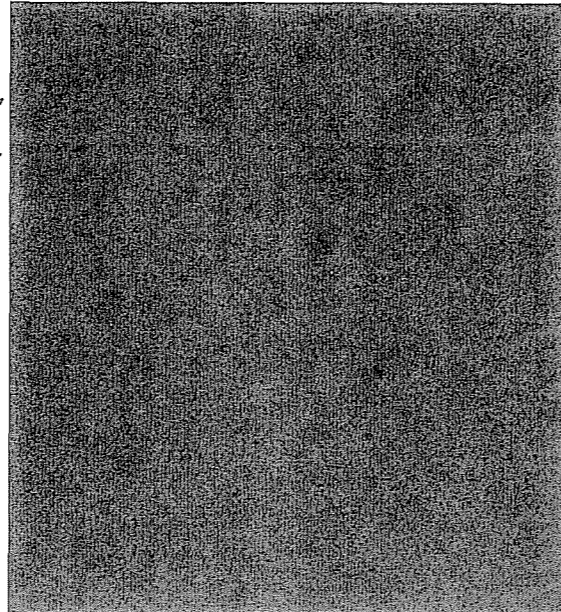
Very truly yours,

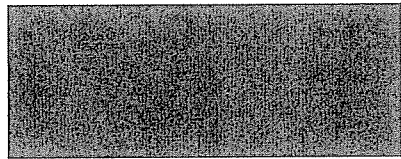
Agreed and Accepted by:

Stephen M. DeBord
Vice President, Fuel Procurement
On behalf of American Electric Power
Service Corporation, as agent for
Ohio Power Company

ENS
APC
BAC

Acceptance Date: 3-22-12





June 20, 2012

Re: Coal Purchase and Sale Agreement No. [REDACTED] between Ohio Power Company ("Buyer") and [REDACTED] (collectively, the "Seller")

Amendment No. 2012-2

Gentlemen:

Reference is made to the above-captioned Coal Purchase and Sale Agreement, as amended, (the "Agreement") under which Seller is supplying coal to Buyer.

Effective June 20, 2012, Buyer and Seller hereby agree to amend the Agreement as follows:

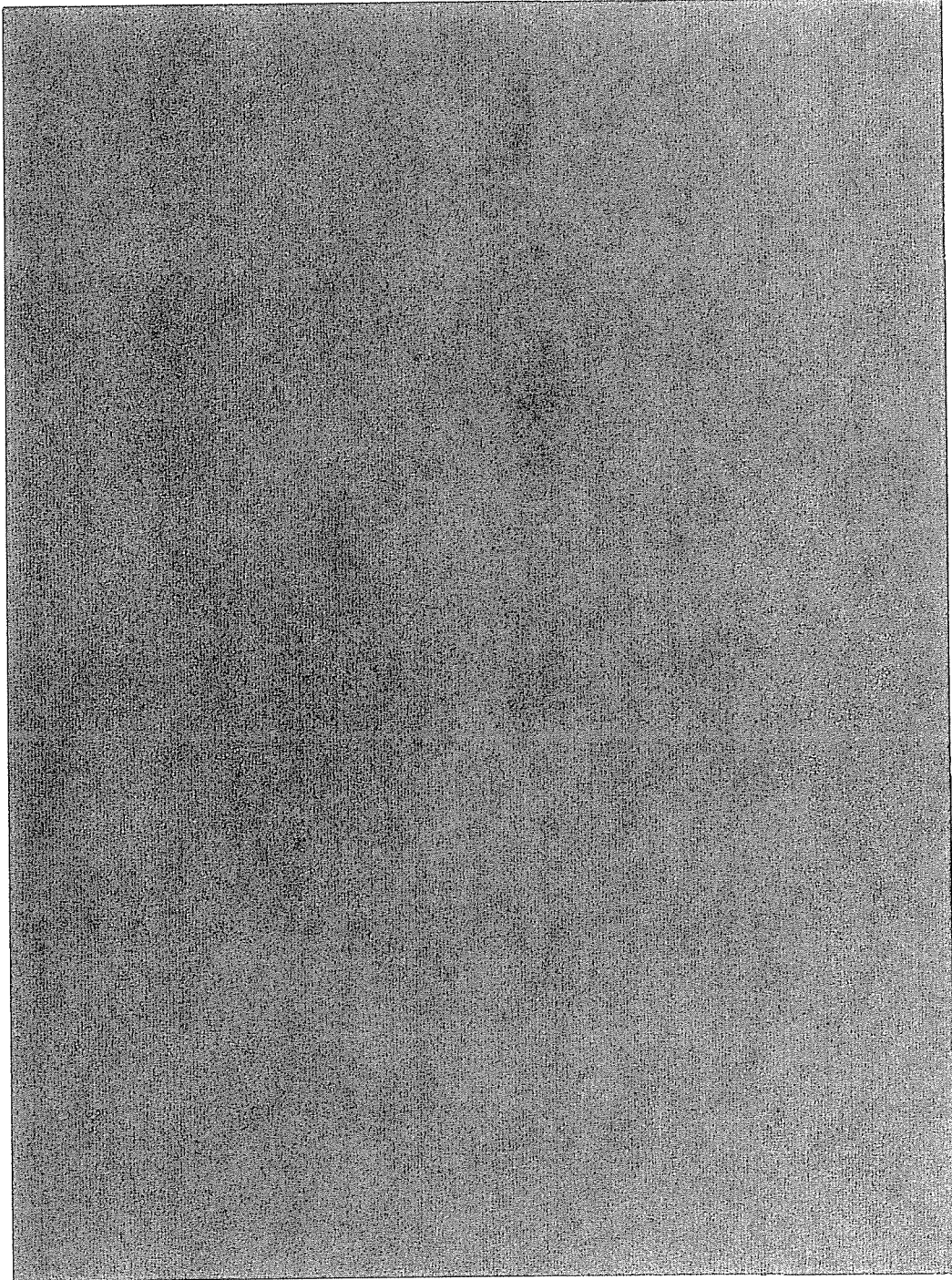
- 1) Table 5.1.1 in Article V, Section 5.1 shall be deleted and replaced with the following in lieu thereof:

Table 5.1.1

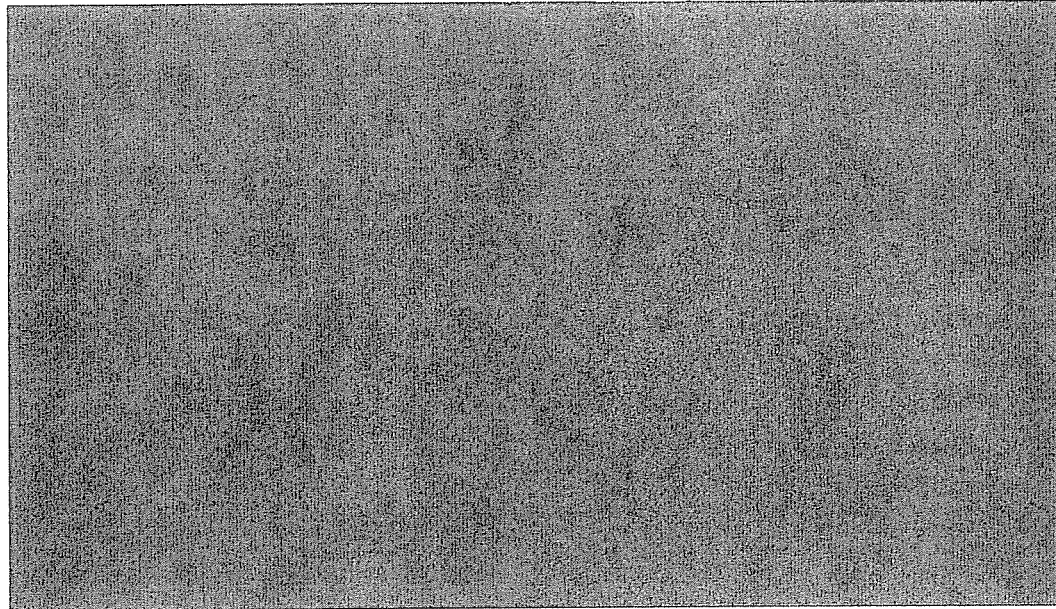
<u>Contract Year</u>	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

Agreement No. [REDACTED]
Amendment 2012-2
Page 2



Agreement No. [REDACTED]
Amendment 2012-2
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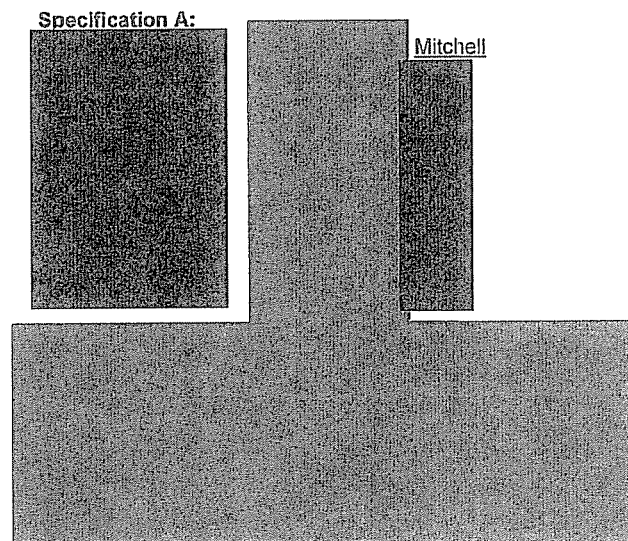


- 2) The definition for (E) in Schedule 3.1-A, Quality Specifications, shall be deleted in its entirety and replaced with the following:

(E) = The SO₂ Specification shall be as follows:

Weighted Average "As Received" Basis

Contracted Half-Year
SO₂ Specification



Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to the Attorney General's Initial Requests for Information, Item IO, which states, "The Pool Agreement does not specifically address the treatment of demand side management ("DSM")." Provide the following:

- a. How many of the five AEP Pool members have active DSM programs; and
- b. When each of the five members of the AEP Pool first initiated DSM programs

RESPONSE

- a. All of the current four AEP Pool members have active DSM programs.
- b. The Company could not determine specifically when DSM programs began at each of the AEP Pool members, but was able to determine approximate years when DSM programs were active.

For Appalachian Power Company, DSM programs were active from approximately 1993 to 1996. DSM programs again became active in 2010.

For Indiana Michigan Power Company, DSM programs were active from approximately 1993 to 1996. DSM programs again became active in 2010.

For Kentucky Power Company, DSM programs have been active from approximately 1993 to present.

For Ohio Power Company, DSM programs were active from approximately 1993 to the late 1990s. DSM programs again became active in 2009.

Kentucky Power Company

REQUEST

Refer to the response to Kentucky Industrial Utility Consumers First Set of Data Requests ("KIUC's First Set"), Item 18, Attachment 1, page 1, which states, "The other East operating companies, Appalachian Power ("APCo"), Indiana Michigan Power ("I&M"), and Kentucky Power ("KPCo") are not governed by the election made by OPCo for PY 15/16." State whether the other AEP East operating companies will be considered summer peaking companies or winter peaking companies for PJM planning purposes.

RESPONSE

For planning purposes, the entire PJM zone, including the AEP East operating companies, is forecasted based on summer peaks.

WITNESS: Ranie K. Wohnhas

KPSC Case No. 2012-00578
Commission Staff's Second Set of Data Requests
Dated March 8, 2013
Item No. 32
Page 1 of 1

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to KIUC's First Set, Item 31 and file BS 1 Gas Conversion STRAT INPUT DATA2.xls. The data provided in the file goes through 2030 or 2036. Explain why the data is not provided through the year 2040.

RESPONSE

The BS 1 Gas Conversion is assumed to have a 15-year life and retire in 2030. Data beyond that date is unnecessary.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Sierra Club's Initial Request for Information ("Sierra Club's Initial Request"), Item 6. Provide the East Interchange Power Statement and Related Data Actual, page 3, for the month prior to the Waterford Generating Station's being placed into service by the AEP affiliate, Ohio Power Company, along with a calculation of the deficit percentage for each deficit member of the Pool at that time

RESPONSE

Please see KPSC 2-33 Attachment 1 for details on the August 2005 East Interchange Power Statement and related actual data on page 3 for the month prior to the Waterford Generating Station being placed into service by the AEP affiliate, Ohio Power Company, along with the calculation of the deficit percentage for each deficit member of the AEP East Operating Companies Pool.

WITNESS: Ranie K. Wohnhas

ACTUAL: August 2005

PAGE (3)

CALCULATION OF MEMBER PRIMARY CAPACITY
 SURPLUS/(DEFICIT) kW AND \$ SETTLEMENT

MEMBER	MEMBER PRIMARY CAPACITY kW (APPENDIX II) (1)	MEMBER LOAD RATIO (APPENDIX I) (2)	PRIMARY CAPACITY kW RESERVATION (SYS. kW) * (2) (3)	SURPLUS (DEFICIT) CAPACITY kW (4) = (1) - (3)	CURRENT MONTHLY (DEFICIT) PERCENTAGE
APCO	5,899,000	0.31548	7,301,500	(1,402,500)	-6.06%
KPCO	1,450,000	0.07508	1,737,600	(287,600)	-1.24%
I&M	5,100,000	0.18278	4,230,300	869,700	
OPCO	8,100,000	0.24374	5,641,100	2,458,900	
CSP	2,595,000	0.18292	4,233,500	(1,638,500)	-7.08%
TOTAL	23,144,000	1.00000	23,144,000		

MEMBER CAPACITY \$ SETTLEMENT

MEMBER	SURPLUS (DEFICIT) CAPACITY kW (1)	CAPACITY RATE \$/kW * (2)	CREDIT (CHARGE) ** \$ (3)
APCO	(1,402,500)	***** + *****	(12,504,493)
KPCO	(287,600)	***** + *****	(2,564,201)
I&M	869,700	9.40 + 3.01	10,792,977
OPCO	2,458,900	5.32 + 2.36	18,884,352
CSP	(1,638,500)	***** + *****	(14,608,635)

EQUALIZATION CAPACITY RATE: 8.9158592201
 (This is the average \$/kW rate paid by deficit members.)

NOTES:

* The sum of the Member's Primary Capacity Investment Rate (Appendix III) and the Member's Capacity Fixed Operating Rate (Appendix IV & V) applicable to Members having a Member Primary Capacity Surplus.

** Credits should be recorded in Account 447, Sales for Resale.
 Charges should be recorded in Account 555, Purchased Power.

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Sierra Club's Initial Request, Item 7. Provide the East Interchange Power Statement and Related Data Actual, page 3, for the month prior to the Lawrenceburg Plant's being placed into service by the AEP affiliate, Indiana Michigan Power Company, along with a calculation of the deficit percentage for each deficit member of the AEP Pool at that time.

RESPONSE

The Lawrenceburg Plant is owned by AEP Generating Company, which sells the energy and capacity to AEP affiliate Ohio Power Company via a power purchase agreement. Please see KPSC 2-34 Attachment 1 for details on the April 2007 East Interchange Power Statement and related actual data on page 3 for the month prior to the Lawrenceburg Plant being placed into service, along with the calculation of the deficit percentage for each deficit member of the AEP East Operating Companies Pool.

WITNESS: Ranie K Wohnhas

ACTUAL: April 2007

PAGE (3)

**CALCULATION OF MEMBER PRIMARY CAPACITY
 SURPLUS/(DEFICIT) kW AND \$ SETTLEMENT**

MEMBER	MEMBER PRIMARY CAPACITY kW (APPENDIX II) (1)	MEMBER LOAD RATIO (APPENDIX I) (2)	PRIMARY CAPACITY kW RESERVATION (SYS. kW) * (2) (3)	SURPLUS (DEFICIT) CAPACITY kW (4) = (1) - (3)	CURRENT MONTHLY (DEFICIT) PERCENTAGE
APCO	6,252,000	0.33144	8,216,400	(1,964,400)	-7.92%
KPCO	1,450,000	0.07488	1,856,300	(406,300)	-1.64%
I&M	5,115,000	0.19258	4,774,100	340,900	
OPCO	8,480,000	0.21784	5,400,200	3,079,800	
CSP	3,493,000	0.18326	4,543,000	(1,050,000)	-4.24%
TOTAL	24,790,000	1.00000	24,790,000		

MEMBER CAPACITY \$ SETTLEMENT

MEMBER	SURPLUS (DEFICIT) CAPACITY kW (1)	CAPACITY RATE \$/kW * (2)	CREDIT (CHARGE) ** \$ (3)
APCO	(1,964,400)	***** + *****	(17,675,569)
KPCO	(406,300)	***** + *****	(3,655,866)
I&M	340,900	10.03 + 4.37	4,908,960
OPCO	3,079,800	5.79 + 2.61	25,870,320
CSP	(1,050,000)	***** + *****	(9,447,845)

EQUALIZATION CAPACITY RATE: 8.9979477885
 (This is the average \$/kW rate paid by deficit members.)

NOTES:

* The sum of the Member's Primary Capacity Investment Rate (Appendix III) and the Member's Capacity Fixed Operating Rate (Appendix IV & V) applicable to Members having a Member Primary Capacity Surplus.

** Credits should be recorded in Account 447, Sales for Resale.
 Charges should be recorded in Account 555, Purchased Power.

Kentucky Power Company

REQUEST

Provide the East Interchange Power Statement and Related Data Actual, page 3, for the month prior to the Dresden plant's being placed into service as an AEP Generating facility, along with a calculation of the deficit percentage for each deficit member of the Pool at that time.

RESPONSE

Please see KPSC 2-35 Attachment 1 for details on the December 2011 East Interchange Power Statement and related actual data on page 3 for the month prior to the Dresden Plant being placed into service by Appalachian Power Company, along with the calculation of the deficit percentage for each deficit member of the AEP East Operating Companies Pool.

WITNESS: Ranie K Wohnhas

ACTUAL: December 2011

PAGE (3)

CALCULATION OF MEMBER PRIMARY CAPACITY
 SURPLUS/(DEFICIT) KW AND \$ SETTLEMENT

MEMBER	MEMBER PRIMARY CAPACITY kW (APPENDIX II) (1)	MEMBER LOAD RATIO (APPENDIX I) (2)	PRIMARY CAPACITY kW RESERVATION (SYS. KW) * (2) (3)	SURPLUS (DEFICIT) CAPACITY kW (4) = (1) - (3)	CURRENT MONTHLY (DEFICIT) PERCENTAGE
APCO	6,377,000	0.31181	8,157,300	(1,780,300)	-6.81%
KPCO	1,471,000	0.06598	1,726,000	(255,000)	-0.97%
I&M	5,428,000	0.19998	5,231,700	196,300	
OPCO	8,028,000	0.22920	5,996,100	2,031,900	
CSP	4,857,000	0.19303	5,049,900	(192,900)	-0.74%
TOTAL	26,161,000	1.00000	26,161,000		

MEMBER CAPACITY \$ SETTLEMENT

MEMBER	SURPLUS (DEFICIT) CAPACITY kW (1)	CAPACITY RATE \$/kW * (2)	CREDIT (CHARGE) ** \$ (3)
APCO	(1,780,300)	***** + *****	(24,189,676)
KPCO	(255,000)	***** + *****	(3,464,791)
I&M	196,300	10.22 + 6.86	3,352,804
OPCO	2,031,900	10.8 + 2.45	26,922,675
CSP	(192,900)	***** + *****	(2,621,012)

EQUALIZATION CAPACITY RATE: 13.5874
 (This is the average \$/kW rate paid by deficit members.)

NOTES:

* The sum of the Member's Primary Capacity Investment Rate (Appendix III) and the Member's Capacity Fixed Operating Rate (Appendix IV & V) applicable to Members having a Member Primary Capacity Surplus.

** Credits should be recorded in Account 447, Sales for Resale.
 Charges should be recorded in Account 555, Purchased Power.

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Sierra Club's Initial Request, Item 17, which states, "Kentucky Power receives capacity and energy from Ohio Power based on the average cost of all of Ohio Power's primary generation resources, including Mitchell. As such, the amounts Kentucky received specifically from Mitchell are not identifiable." Provide an explanation of how the average cost of primary energy is calculated if the Pool does not know how much energy and at what cost from the different AEP plants is assigned to Kentucky Power in any given hour of the year.

RESPONSE

The monthly primary energy unit cost on a dollar per megawatt-hour (MWh) basis is determined by taking all of the appropriate cost components (i.e., fuel, fuel handling and variable O&M) for, Ohio Power's primary capacity generation resources and dividing them by the MWhs of these resources. Kentucky Power's primary energy purchases from Ohio Power are computed on an hourly basis following the month, but the rate used is the monthly rate.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

On February 22, 2013, Kentucky Power's outlook was revised from stable to negative by Fitch rating.⁵ State whether this rating will affect the cost of financing the Mitchell Transfer and Assumption Transaction, and if so, how. Discuss any actions Kentucky Power is planning to improve its Fitch Rating.

RESPONSE

The largest risk for the Company that was identified in the Reuters' article was high capital expenditures, which will be mitigated by the Mitchell transfer in place of the Big Sandy FGD project. It also identified execution of our plans as mitigation to the risks. As such, the Company believes the transfer of the Mitchell assets will negate the risks identified by Fitch, and as identified in KPSC 2-37 Attachment 1, and there will be not be an impact from this negative outlook.

Also, please see the Moody's outlook, KPSC 2-37 Attachment 2.

WITNESS: Ranie K. Wohnhas

⁵ Per Reuters.com website,
<http://www.reuters.com/article/2013/02/22idUSWNB003AV20130222>



Fitch Affirms AEP & Units; Outlook Negative for AEP, Kentucky Power, & Ohio Power Company

Ratings Endorsement Policy
22 Feb 2013 4:16 PM (EST)

Fitch Ratings-New York-22 February 2013: Fitch Ratings has affirmed the ratings of American Electric Power Company (AEP) and subsidiaries and revised the Outlook of AEP and Kentucky Power Company (KPCO) to Negative from Stable. Fitch has maintained Negative Outlook for Ohio Power Company (OPCO). All other subsidiary Outlooks remain Stable. A complete list of rating actions is provided at the end of this release.

OPCO is AEP's largest subsidiary. The Negative Outlook for both entities reflects uncertainty around increased financial and business risks with the restructuring of OPCO's regulated 13,300MW of, mostly coal fired power output in Ohio under a regulatory business separation order (Corporate Separation). Approximately 2,427MW of the total 13,300MW generation capacity is expected to be transferred to regulated affiliates KPCO and Appalachian Power Company (APCO) with the remainder to be transferred to AEP's independent generation business. Separately, approximately 1,900MW of generation capacity will be retired.

Following the corporate separation, regulatory orders provide cash flow certainty from these plants under the transitional arrangements until mid-2015. Beyond that date, these facilities must operate as merchant power plants within the PJM wholesale electricity market, increasing the consolidated business risk profile of AEP. Thus, AEP will lose a stable source of regulated earnings and cash flows. Fitch does not expect power prices to recover before 2015, adding uncertainty to earnings and cash flows. Fitch will monitor management's plans to mitigate financial and business risks with increased investment in the federal energy regulatory commission (FERC) regulated transmission assets and potential deleveraging at AEP and OPCO.

For OPCO, the financial profile in 2015 is uncertain especially regarding its capital structure and securitization of deferred regulatory costs. OPCO's historical financial profile was strong providing some leeway during the transition period and Fitch would expect to resolve the Negative Outlook prior to 2015 once regulatory approvals and financing orders are finalized.

KPCO relied on AEP's eastern power pool to meet its electricity supply. The pool will terminate at the end of 2013 requiring KPCO to seek replacement power. Fitch believes that KPCO's capital expenditures are likely to increase as the company may replace its power supply with new generation capacity. KPCO's financing plans and requisite regulatory approvals will be key in resolving the Outlook.

The Stable Outlooks at other subsidiaries reflect the stable earnings and cash flows from their primary regulated utility businesses.

KEY RATING DRIVERS

Diversified Business Profile: AEP's earnings and cash flows are predominantly derived from eight regulated electric utilities in 11 separate regulatory jurisdictions. Liquidity is good and debt maturities are manageable. Approximately 83% of consolidated assets will remain within regulated subsidiaries.

Increased Business Risk Profile: In Fitch's opinion, AEP's risk profile will increase with the pending transfer of about 8,900 MW of generating capacity from its Ohio based regulated integrated utility (Ohio Power Company, 'BBB+', Negative Outlook) to a higher-risk, competitive merchant generation status. As merchant plants, Fitch believes AEP will recognize lower profits after 2015 as power prices are unlikely to recover over the intermediate term. Transfer of regulated generating assets from OPCO will also adversely affect the river operations which currently benefit from regulatory cost recovery mechanisms.

Uncertainty Over Long-Term Leverage: The corporate separation alters AEP's consolidated capital structure with debt retirement expected at the regulated OPCO subsidiary and new debt issued at AEP or its new IPP. Positively, the company plans to use lower leverage to manage its merchant operations in Ohio. Longer term performance of these

assets is expected to be affected by, compliance with stricter environmental regulations, low capacity utilization, and a low electricity commodity price environment adversely affecting operating cash flow. Additionally, AEP may have to provide for margin calls/cash postings against the adverse movement in its hedged electricity sales positions if AEP's generation business fails to obtain standalone credit facilities at reasonable costs on its own.

Dividend Policy: The company has increased its dividend payout ratio to 60%-70% from 50%-60% and it will adversely affect cash flow during uncertainty and increased business risk profile.

Large Capital Expenditure Program: Average capital expenditures are forecast to range between \$3.6 billion and \$3.8 billion annually through 2015, a level that is significantly higher than historical capital expenditure. Fitch expects capital expenditures to be funded with a combination of internal cash flow and debt. Negative free cash flow at the subsidiary levels will be financed with a mixture of cash flow from operations, debt, and equity to maintain the regulatory capital structures at its regulated subsidiaries. Major projects include installation of new equipment to comply with the environmental regulations; distribution system enhancements, and investment in new FERC regulated transmission networks. AEP's direct transmission capex budget is expected to total approximately \$2.1 billion over the next three years. FERC regulated transmission project earn a current return on construction work in progress and ROEs are typically above regulated utility ROEs. Regulated earnings from future transmission investments provide some offset to the lost earnings from the generation asset transfer.

Movement In Credit-Metrics: AEP's current credit metrics are consistent with Fitch's 'BBB' IDR guidelines for a utility parent company. However, going forward, Fitch expects funds from operation (FFO) based credit metrics for consolidated operations to decline; Fitch expects FFO to interest ratio to be approximately 3.5x and FFO to debt ratio to approximate about 15% at the end of 2015, levels modestly below Fitch 'BBB' guidelines. Fitch understands that these ratios reflect transitioning of its largest regulated subsidiary from an integrated utility to an electricity distribution company, but the Negative Outlook reflects that the credit metrics could decline on a sustainable basis once the transition is complete.

Financial Metrics At AEP And Its Regulated Operating Subsidiaries:

American Electric Power Company (AEP): Historical FFO based credit metrics were in line with its current IDR, but the business risk profile was low (with over 95% earnings from regulated businesses) and its coal fired generating capacity helped the company to be a low-cost electricity provider in the majority of its service territories. Fitch expects FFO based interest coverage (FFO/interest) to decline to around 3.5x from 4.0x and FFO to adjusted debt ratio to decline to just under 15% from approximately 17% in recent periods.

Ohio Power Company (OPCO): Historical FFO to interest ratio has averaged higher than 5x and FFO to adjusted debt ratio was about 23%, but Fitch expects FFO to interest ratio to fall to below 4x and FFO to adjusted debt decline below 15%. The credit metrics have been adversely affected by customer switching under open access to lower cost electricity providers in Ohio. Fitch expects the customer switching will continue, albeit at a slower pace as over 50% customer were switched by the end of 2012.

Kentucky Power Company (KPCO): KPCO benefitted from AEP's eastern power pool and above average volume growth. Its FFO based interest cover (FFO/interest expenses) has been around 3.7x and FFO to adjusted debt ratio has been over 17%. Lack of fuel diversity, additional capacity needs, and retirement of its only coal fired facility will result in unusually higher capital expenditure at least through 2015. Fitch expects FFO based interest coverage ratio to decline to below 3x and FFO to adjusted debt to fall to around 10%. The company will require rate relief to improve its credit metrics and will be the source of Fitch's resolution of the Negative Outlook that it has currently assigned to KPCO's IDR.

Appalachian Power Company (APCO): APCO operates as an integrated utility in Virginia and West Virginia and benefits from a constructive regulatory environment and has also benefitted from AEP's eastern power pool that will be terminated at the end of this year. The company's historical FFO to interest ratio has been around 3.5x and FFO to adjusted debt ratio around 16%. Fitch expects the company's credit metrics to remain with the guidelines for its IDR - FFO/interest around 3.9x and FFO/adjusted debt around 16%. Capex will likely increase as the company replaces power sourced from AEP's eastern power pool.

AEP Texas Central Company (AEPTC): AEPTC, an electric distribution company in Texas. Fitch expects FFO/interest expenses and FFO/debt to remain at 3.5x and 16% respectively over the rating horizon.

AEP Texas North Company (AEPTN): Like AEPTC, AEPTN benefits from a low risk profile and stable cash flow. FFO/interest expenses and FFO/adjusted debt, have been strong for its current IDR - 5x and over 23% respectively. Fitch expects FFO to interest expense ratio to remain over 4.5x and FFO to adjusted debt to be between 18% and 19% - well within the current rating guidelines.

Indiana Michigan Power Company (IMPSCO): Cash flow over the rating horizon (2013-2015) will benefit from recently concluded general rate case order in Indiana providing an additional \$85 million in cash flow. Historical FFO/interest expense has been over 4.2x and FFO/adjusted debt ratio has been around 17%. IMPSCO expects higher than normal capital expenditure to comply with new environmental regulations and to upgrade its nuclear plant capacity. Fitch expects FFO based credit measures to decline through 2015 but credit profile should remain within its current rating with management deferring some of its environmental capital expenditure.

Public Service Company of Oklahoma (PSCO): Historically, PSCO's credit metrics has been strong for its credit ratings. With increased capital expenditure over the forecast period ending 2015, the company's FFO to interest ratio should taper to around 4x from about 5x and FFO/adjusted debt ratio should be about 16% - remaining within the guidelines for PSCO's current IDR.

Southwestern Electric Power Company (SWEPCO): SWEPCO's cash flow will benefit from approval of a new general rate case in Texas and inclusion of its new generating capacity in Louisiana's formula base rate. The historical credit metrics of SWEPCO has been in line with its current IDR, with FFO to interest ratio exceeding 3.5x and FFO based leverage (FFO/adjusted debt) remaining around 16%. Fitch expects these ratio to remain around 3.5x and 16% respectively through 2015.

Strong Liquidity: AEP currently has approximately \$4.2 billion of total liquidity available under their respective credit agreements, including \$279 million of cash and cash equivalents. \$1.75 billion of the consolidated revolving credit facilities will mature in June 2016, \$1.75 billion will mature in June 2017 and the remaining \$1.0 billion credit line established to fund OPCO maturities will expire in 2015. The company is in compliance with the financial covenants of the bank facilities. Current liquidity should be sufficient to meet its short-term debt obligations - \$981 million at the end of December 2012.

Manageable Maturities: Debt maturities over next three years are manageable and include \$1.792 billion in 2013, \$995 million in 2014, and \$1.405 billion in 2015. Maturing debt will be funded through a combination of internal cash flow and debt.

Bonus Depreciation for 2013: AEP expects to generate approximately \$792 million of cash in 2013 from bonus depreciation deductions at its subsidiaries. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 provided for a special allowance for bonus depreciation in 2011 and 2012. As part of the budget compromise, bonus depreciation rules allow a tax deduction of 50% in 2013, the same as 2012.

Fitch affirms the following ratings with the Negative Outlook:

American Electric Power Company

- Long-term IDR at 'BBB';
- Senior unsecured at 'BBB';
- Junior subordinated 'withdrawn';
- Short-term IDR and commercial paper 'F2'.

Ohio Power Company (OPCO)

- Long-term IDR at 'BBB+';
- Senior unsecured and pollution control revenue bonds (PCRBs) at 'A-';
- Short-term IDR at 'F2';

Kentucky Power Company (KPCO)

- Long-term IDR 'BBB-';
- Senior unsecured at 'BBB';
- Short-term IDR 'withdrawn'.

Fitch has affirmed the following ratings with a Stable Outlook:

AEP Texas Central Company (AEPTC)

- Long-term IDR at 'BBB+';
- Senior unsecured and PCRBs at 'A-';
- Short-term IDR 'F2'

AEP Texas North Company (AEPTN)

- Long-term IDR at 'BBB+';
- Senior unsecured at 'A-';

--Short-term IDR at 'F2'.

Appalachian Power Company (APCO)

--Long-term IDR at 'BBB-';
--Senior unsecured and PCRBs at 'BBB';
--Short-term IDR 'withdrawn'.

Indiana Michigan Power Company (IMPC)

--Long-term IDR at 'BBB-';
--Senior unsecured and PCRBs at 'BBB';
--Short-term IDR 'withdrawn'.

Public Service Company of Oklahoma (PSCO)

--Long-term IDR at 'BBB';
--Senior unsecured and PCRBs at 'BBB+';
-- Short-term IDR at 'F2'.

Southwestern Electric Power Company (SWEPCO)

--Long-term IDR at 'BBB-';
--Senior unsecured at 'BBB';
--Short-term IDR 'withdrawn'.

RATING SENSITIVITY:

Positive: An upgrade of AEP, OPCO or KPCO is considered unlikely given they each have Negative Rating Outlooks.

--For AEPTN and APETC: Increase in FFO/adjusted debt ratio to over 21% on a sustainable basis and FFO/interest ratio of 4.5x or higher on a sustainable basis.

--For all other rated operating subsidiaries: Increase in FFO/adjusted debt ratio to over 18% on a sustainable basis and FFO/interest ratio of 4x or higher on a sustainable basis.

Negative: Future developments that may, individually or collectively, lead to negative rating action include:

--For AEP : Decline in the FFO based credit metrics on a sustainable basis with FFO/interest expenses declining below 3.5x and FFO/adjusted debt ratio declining to or below 16%.

--For OPCO, AEPTN and APETC: Decline in the FFO based credit metrics on a sustainable basis with FFO/interest expenses declining below 3.8x and FFO/adjusted debt ratio declining to or below 18%.

--For all rated other operating subsidiaries: Decline in the FFO based credit metrics on a sustainable basis with FFO/interest expenses declining below 3.2x and FFO/adjusted debt ratio declining to or below 13%.

Additionally, new environmental rules or changes to the regulatory framework of the individual regulated operating company could lead to a negative rating action.

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Additional information is available on www.fitchratings.com. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology', dated Aug. 8, 2012.

Applicable Criteria and Related Research:
Corporate Rating Methodology

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Fitch Affirms AEP & Units; Outlook Negative for AEP, Kentucky Power, & Ohio Power Company Ratings Endorsement Policy 22 Feb 2013 4:16 PM (EST)

Fitch Ratings-New York-22 February 2013: Fitch Ratings has affirmed the ratings of American Electric Power Company (AEP) and subsidiaries and revised the Outlook of AEP and Kentucky Power Company (KPCO) to Negative from Stable. Fitch has maintained Negative Outlook for Ohio Power Company (OPCO). All other subsidiary Outlooks remain Stable. A complete list of rating actions is provided at the end of this release.

OPCO is AEP's largest subsidiary. The Negative Outlook for both entities reflects uncertainty around increased financial and business risks with the restructuring of OPCO's regulated 13,300MW of, mostly coal fired power output in Ohio under a regulatory business separation order (Corporate Separation). Approximately 2,427MW of the total 13,300MW generation capacity is expected to be transferred to regulated affiliates KPCO and Appalachian Power Company (APCO) with the remainder to be transferred to AEP's independent generation business. Separately, approximately 1,900MW of generation capacity will be retired.

Following the corporate separation, regulatory orders provide cash flow certainty from these plants under the transitional arrangements until mid-2015. Beyond that date, these facilities must operate as merchant power plants within the PJM wholesale electricity market, increasing the consolidated business risk profile of AEP. Thus, AEP will lose a stable source of regulated earnings and cash flows. Fitch does not expect power prices to recover before 2015, adding uncertainty to earnings and cash flows. Fitch will monitor management's plans to mitigate financial and business risks with increased investment in the federal energy regulatory commission (FERC) regulated transmission assets and potential deleveraging at AEP and OPCO.

For OPCO, the financial profile in 2015 is uncertain especially regarding its capital structure and securitization of deferred regulatory costs. OPCO's historical financial profile was strong providing some leeway during the transition period and Fitch would expect to resolve the Negative Outlook prior to 2015 once regulatory approvals and financing orders are finalized.

KPCO relied on AEP's eastern power pool to meet its electricity supply. The pool will terminate at the end of 2013 requiring KPCO to seek replacement power. Fitch believes that KPCO's capital expenditures are likely to increase as the company may replace its power supply with new generation capacity. KPCO's financing plans and requisite regulatory approvals will be key in resolving the Outlook.

The Stable Outlooks at other subsidiaries reflect the stable earnings and cash flows from their primary regulated utility businesses.

KEY RATING DRIVERS

Diversified Business Profile: AEP's earnings and cash flows are predominantly derived from eight regulated electric utilities in 11 separate regulatory jurisdictions. Liquidity is good and debt maturities are manageable. Approximately 83% of consolidated assets will remain within regulated subsidiaries.

Increased Business Risk Profile: In Fitch's opinion, AEP's risk profile will increase with the pending transfer of about 8,900 MW of generating capacity from its Ohio based regulated integrated utility (Ohio Power Company, 'BBB+', Negative Outlook) to a higher-risk, competitive merchant generation status. As merchant plants, Fitch believes AEP will recognize lower profits after 2015 as power prices are unlikely to recovery over the intermediate term. Transfer of regulated generating assets from OPCO will also adversely affect the river operations which currently benefit from regulatory cost recovery mechanisms.

Uncertainty Over Long-Term Leverage: The corporate separation alters AEP's consolidated capital structure with debt retirement expected at the regulated OPCO subsidiary and new debt issued at AEP or its new IPP. Positively, the

assets is expected to be affected by, compliance with stricter environmental regulations, low capacity utilization, and a low electricity commodity price environment adversely affecting operating cash flow. Additionally, AEP may have to provide for margin calls/cash postings against the adverse movement in its hedged electricity sales positions if AEP's generation business fails to obtain standalone credit facilities at reasonable costs on its own.

Dividend Policy: The company has increased its dividend payout ratio to 60%-70% from 50%-60% and it will adversely affect cash flow during uncertainty and increased business risk profile.

Large Capital Expenditure Program: Average capital expenditures are forecast to range between \$3.6 billion and \$3.8 billion annually through 2015, a level that is significantly higher than historical capital expenditure. Fitch expects capital expenditures to be funded with a combination of internal cash flow and debt. Negative free cash flow at the subsidiary levels will be financed with a mixture of cash flow from operations, debt, and equity to maintain the regulatory capital structures at its regulated subsidiaries. Major projects include installation of new equipment to comply with the environmental regulations; distribution system enhancements, and investment in new FERC regulated transmission networks. AEP's direct transmission capex budget is expected to total approximately \$2.1 billion over the next three years. FERC regulated transmission project earn a current return on construction work in progress and ROEs are typically above regulated utility ROEs. Regulated earnings from future transmission investments provide some offset to the lost earnings from the generation asset transfer.

Movement In Credit-Metrics: AEP's current credit metrics are consistent with Fitch's 'BBB' IDR guidelines for a utility parent company. However, going forward, Fitch expects funds from operation (FFO) based credit metrics for consolidated operations to decline; Fitch expects FFO to interest ratio to be approximately 3.5x and FFO to debt ratio to approximate about 15% at the end of 2015, levels modestly below Fitch 'BBB' guidelines. Fitch understands that these ratios reflect transitioning of its largest regulated subsidiary from an integrated utility to an electricity distribution company, but the Negative Outlook reflects that the credit metrics could decline on a sustainable basis once the transition is complete.

Financial Metrics At AEP And Its Regulated Operating Subsidiaries:

American Electric Power Company (AEP): Historical FFO based credit metrics were in line with its current IDR, but the business risk profile was low (with over 95% earnings from regulated businesses) and its coal fired generating capacity helped the company to be a low-cost electricity provider in the majority of its service territories. Fitch expects FFO based interest coverage (FFO/interest) to decline to around 3.5x from 4.0x and FFO to adjusted debt ratio to decline to just under 15% from approximately 17% in recent periods.

Ohio Power Company (OPCO): Historical FFO to interest ratio has averaged higher than 5x and FFO to adjusted debt ratio was about 23%, but Fitch expects FFO to interest ratio to fall to below 4x and FFO to adjusted debt decline below 15%. The credit metrics have been adversely affected by customer switching under open access to lower cost electricity providers in Ohio. Fitch expects the customer switching will continue, albeit at a slower pace as over 50% customer were switched by the end of 2012.

Kentucky Power Company (KPCO): KPCO benefitted from AEP's eastern power pool and above average volume growth. Its FFO based interest cover (FFO/interest expenses) has been around 3.7x and FFO to adjusted debt ratio has been over 17%. Lack of fuel diversity, additional capacity needs, and retirement of its only coal fired facility will result in unusually higher capital expenditure at least through 2015. Fitch expects FFO based interest coverage ratio to decline to below 3x and FFO to adjusted debt to fall to around 10%. The company will require rate relief to improve its credit metrics and will be the source of Fitch's resolution of the Negative Outlook that it has currently assigned to KPCO's IDR.

Appalachian Power Company (APCO): APCO operates as an integrated utility in Virginia and West Virginia and benefits from a constructive regulatory environment and has also benefitted from AEP's eastern power pool that will be terminated at the end of this year. The company's historical FFO to interest ratio has been around 3.5x and FFO to adjusted debt ratio around 16%. Fitch expects the company's credit metrics to remain with the guidelines for its IDR - FFO/interest around 3.9x and FFO/adjusted debt around 16%. Capex will likely increase as the company replaces power sourced from AEP's eastern power pool.

AEP Texas Central Company (AEPTC): AEPTC, an electric distribution company in Texas. Fitch expects FFO/interest expenses and FFO/debt to remain at 3.5x and 16% respectively over the rating horizon.

AEP Texas North Company (AEPTN): Like AEPTC, AEPTN benefits from a low risk profile and stable cash flow. FFO/interest expenses and FFO/adjusted debt, have been strong for its current IDR - 5x and over 23% respectively. Fitch expects FFO to interest expense ratio to remain over 4.5x and FFO to adjusted debt to be between 18% and 19% - well within the current rating guidelines.

Indiana Michigan Power Company (IMPCO): Cash flow over the rating horizon (2013-2015) will benefit from recently concluded general rate case order in Indiana providing an additional \$85 million in cash flow. Historical FFO/interest expense has been over 4.2x and FFO/adjusted debt ratio has been around 17%. IMPCO expects higher than normal capital expenditure to comply with new environmental regulations and to upgrade its nuclear plant capacity. Fitch expects FFO based credit measures to decline through 2015 but credit profile should remain within its current rating with management deferring some of its environmental capital expenditure.

Public Service Company of Oklahoma (PSCO): Historically, PSCO's credit metrics has been strong for its credit ratings. With increased capital expenditure over the forecast period ending 2015, the company's FFO to interest ratio should taper to around 4x from about 5x and FFO/adjusted debt ratio should be about 16% - remaining within the guidelines for PSCO's current IDR.

Southwestern Electric Power Company (SWEPCO): SWEPCO's cash flow will benefit from approval of a new general rate case in Texas and inclusion of its new generating capacity in Louisiana's formula base rate. The historical credit metrics of SWEPCO has been in line with its current IDR, with FFO to interest ratio exceeding 3.5x and FFO based leverage (FFO/adjusted debt) remaining around 16%. Fitch expects these ratio to remain around 3.5x and 16% respectively through 2015.

Strong Liquidity: AEP currently has approximately \$4.2 billion of total liquidity available under their respective credit agreements, including \$279 million of cash and cash equivalents. \$1.75 billion of the consolidated revolving credit facilities will mature in June 2016, \$1.75 billion will mature in June 2017 and the remaining \$1.0 billion credit line established to fund OPCO maturities will expire in 2015. The company is in compliance with the financial covenants of the bank facilities. Current liquidity should be sufficient to meet its short-term debt obligations - \$981 million at the end of December 2012.

Manageable Maturities: Debt maturities over next three years are manageable and include \$1.792 billion in 2013, \$995 million in 2014, and \$1.405 billion in 2015. Maturing debt will be funded through a combination of internal cash flow and debt.

Bonus Depreciation for 2013: AEP expects to generate approximately \$792 million of cash in 2013 from bonus depreciation deductions at its subsidiaries. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 provided for a special allowance for bonus depreciation in 2011 and 2012. As part of the budget compromise, bonus depreciation rules allow a tax deduction of 50% in 2013, the same as 2012.

Fitch affirms the following ratings with the Negative Outlook:

American Electric Power Company
 --Long-term IDR at 'BBB';
 --Senior unsecured at 'BBB';
 --Junior subordinated 'withdrawn';
 --Short-term IDR and commercial paper 'F2'.

Ohio Power Company (OPCO)
 --Long-term IDR at 'BBB+';
 --Senior unsecured and pollution control revenue bonds (PCRBS) at 'A-';
 -- Short-term IDR at 'F2';

Kentucky Power Company (KPCO)
 --Long-term IDR 'BBB-';
 --Senior unsecured at 'BBB';
 --Short-term IDR 'withdrawn'.

Fitch has affirmed the following ratings with a Stable Outlook:

AEP Texas Central Company (AEPTC)
 --Long-term IDR at 'BBB+';
 --Senior unsecured and PCRBS at 'A-';
 --Short-term IDR 'F2'

AEP Texas North Company (AEPTN)
 --Long-term IDR at 'BBB+';

--Short-term IDR at 'F2'.

Appalachian Power Company (APCO)

--Long-term IDR at 'BBB-';
--Senior unsecured and PCRBs at 'BBB';
--Short-term IDR 'withdrawn'.

Indiana Michigan Power Company (IMPC)

--Long-term IDR at 'BBB-';
--Senior unsecured and PCRBs at 'BBB';
--Short-term IDR 'withdrawn'.

Public Service Company of Oklahoma (PSCO)

--Long-term IDR at 'BBB';
--Senior unsecured and PCRBs at 'BBB+';
-- Short-term IDR at 'F2'.

Southwestern Electric Power Company (SWEPCO)

--Long-term IDR at 'BBB-';
--Senior unsecured at 'BBB';
--Short-term IDR 'withdrawn'.

RATING SENSITIVITY:

Positive: An upgrade of AEP, OPCO or KPCO is considered unlikely given they each have Negative Rating Outlooks.

--For AEPTN and APETC: Increase in FFO/adjusted debt ratio to over 21% on a sustainable basis and FFO/interest ratio of 4.5x or higher on a sustainable basis.

--For all other rated operating subsidiaries: Increase in FFO/adjusted debt ratio to over 18% on a sustainable basis and FFO/interest ratio of 4x or higher on a sustainable basis.

Negative: Future developments that may, individually or collectively, lead to negative rating action include:

--For AEP : Decline in the FFO based credit metrics on a sustainable basis with FFO/interest expenses declining below 3.5x and FFO/adjusted debt ratio declining to or below 16%.

--For OPCO, AEPTN and APETC: Decline in the FFO based credit metrics on a sustainable basis with FFO/interest expenses declining below 3.8x and FFO/adjusted debt ratio declining to or below 18%.

--For all rated other operating subsidiaries: Decline in the FFO based credit metrics on a sustainable basis with FFO/interest expenses declining below 3.2x and FFO/adjusted debt ratio declining to or below 13%.

Additionally, new environmental rules or changes to the regulatory framework of the individual regulated operating company could lead to a negative rating action.

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Applicable Criteria and Related Research:
--'Corporate Rating Methodology', dated Aug. 8, 2012.

Applicable Criteria and Related Research:
Corporate Rating Methodology

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Credit Opinion: Kentucky Power Company

Global Credit Research - 07 Feb 2013

Ashland, Kentucky, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Parent: American Electric Power Company, Inc.	
Outlook	Stable
Senior Unsecured	Baa2
Jr Subordinate Shelf	(P)Baa3
Commercial Paper	P-2

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Key Indicators

[1]Kentucky Power Company	LTM 9/30/2012	2011	2010	2009
(CFO Pre-W/C + Interest) / Interest Expense	3.7x	3.8x	3.4x	3.9x
(CFO Pre-W/C) / Debt	17%	18%	15%	18%
(CFO Pre-W/C - Dividends) / Debt	12%	13%	11%	15%
Debt / Book Capitalization	42%	44%	46%	46%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Opinion

Rating Drivers

- Retiring Big Sandy will create need for substantial capacity additions
- Constructive regulatory environment, but significant rate relief needed
- Recently stabilized key financial metrics will be materially pressured by plant acquisitions
- Maintenance of current ratings will depend on capital injections from the parent
- Historically strong industrial sales showed some stress in 2012

Corporate Profile

Kentucky Power Company (KPCo, Baa2 senior unsecured, stable outlook) is a vertically integrated electric utility company headquartered in Frankfort, Kentucky and is a wholly owned subsidiary of American Electric Power Company (AEP, Baa2 senior unsecured, stable outlook). KPCo is one of AEP's smaller subsidiaries, with about \$1 billion in rate base (6% of AEP's state jurisdictional total) and \$1.6 billion assets (3% of AEP consolidated). KPCo's primary regulator is the Kentucky Public Service Commission (KPSC). KPCo's total owned generation capacity is 1,078 MW, entirely at the Big Sandy plant, and it purchases approximately 390 MW from its affiliate AEP Generating Company's (Baa2 stable) share of the Rockport plant under a long-term unit power agreement. KPCo's total capacity of approximately 1,468 MW is 100% coal. KPCo's 2011 peak demand was reported as 1,522 MW, one percent below 2010, leaving a negative reserve margin of approximately 4%, which KPCo has primarily met with purchases from its affiliates in the AEP Power Pool.

SUMMARY RATING RATIONAL

KPCo's Baa2 senior unsecured rating primarily reflect its reasonably constructive relationship with the Kentucky Public Service Commission, historical financial metrics that have improved to a level that is consistent with the rating, and the company's position as one of the smaller members the AEP family, balanced against a reserve deficit that will need to be addressed in serial rate filings, rates that are already high relative to in-state peers, and financial metrics that will likely be materially stressed as a result of planned asset acquisitions and other capacity purchases/construction that will be required to replace Big Sandy.

DETAILED RATING CONSIDERATIONS

REPLACING BIG SANDY CAPACITY AND ADDRESSING NEGATIVE RESERVE MARGINS

Big Sandy is expected to cease operation as a coal-fired plant in mid-2015. In May 2012, KPCo withdrew its application for a proposed \$940 million environmental retrofit project at Big Sandy Unit 2 (800 MW), opting instead to retire that unit in 2015 and acquire a 50%, 780 MW ownership share in the Mitchell Plant from its affiliate Ohio Power Company (OPCo, Baa1, stable) for an estimated cost of \$536 million , half of the asset's projected net book value at the time of closing. The Mitchell Plant consists of two environmentally-controlled coal-fired units with a total capacity of 1,560 MW . The other 50% interest is slated to be transferred to KPCo's affiliate Appalachian Power Company (APCo, Baa2 stable), who will also operate the plant. Both asset transfers remain subject to regulatory approvals (Kentucky filings were made in December 2012) and are expected to occur in late 2013 or early 2014.

By our calculation, even after the Mitchell transfer, KPCo will need approximately 580 MW of additional capacity to replace the remainder of Big Sandy capacity and to build its reserve margin. The company is exploring a re-powering to gas of Big Sandy Unit 1 (278 MW) and will issue an RFP for capacity replacements. One potential seller of capacity contracts is KPCo's unregulated Ohio generation affiliate, which will be acquiring most of OPCo's generation facilities. In addition, KPCo will also be responsible for a portion of the Rockport upgrades, but the company will pay these costs over time through higher capacity costs. In addition to regulatory approvals to increase rates commensurate with its higher rate base and capacity expenses, KPCo will require additional equity injections from AEP (the last received was in 2009) to maintain an appropriate capital structure. Overall, however, we view the decision to move forward with the Mitchell acquisition in lieu of the more expensive and operationally riskier Big Sandy retrofit as a credit positive.

A separate concern regarding the asset acquisition and environmental expenditures is the impact on rates. KPCo's average residential rate of 9.66 cents/KWh in 2011 was the highest among investor-owned utilities in the state, and 14% higher than the state average of 8.50 cents/KWh. KPCo estimates that the Mitchell Plant acquisition will raise rates by about 8% ; however, rates for all utilities in the state will increase due to expenditures that are proportionally as large or even larger, in the case of large scrubber installation programs. Higher rates could engender demand response changes among all customer classes. Rate design will be an important consideration, as materially higher rates could discourage industrial activity and/or encourage self generation by large industrial customers, especially if shale gas keeps natural gas prices depressed.

CONSTRUCTIVE REGULATORY ENVIRONMENT A CREDIT POSITIVE

Moody's views the regulatory environment in Kentucky as reasonably supportive to long-term credit stability, a material credit positive. In June 2010, the KPSC approved a not overly-generous rate settlement agreement for KPCo authorizing a \$64 million rate increase, based on a 10.5% authorized ROE with 43% equity, and recovery of \$23 million of storm costs over five years. However, electric utilities have generally been allowed to earn a return

on essentially all construction work in progress. Utilities can start to collect interim rates approximately six months after filing a rate case if the KPSC has not acted on it. There are also various riders and cost recovery mechanisms that help to avoid regulatory lag, including a fuel adjustment clause, an energy efficiency rider and, most significantly, an environmental cost recovery rider. Proceedings from the latter are conducted every two years. The KPSC has authorized significant amounts of environmental spending for some of the state's other investor-owned utilities, and Moody's expects that KPCo would be granted similar treatment for reasonable costs incurred to replace capacity that could not economically meet federally mandated environmental standards.

KPCo will require material rate relief over the next 12-24 months, with respect to the Mitchell plant, additional capacity and the potential abandonment costs at Big Sandy. It has also filed for recovery of certain cost deferrals, including approximately \$30 million of costs incurred from 2004-2012 in connection with the company's mitigation studies and efforts to meet Federal Clean Air Act and other environmental requirements at its Big Sandy Unit 2 .

RECENTLY STABILIZED CREDIT METRICS WILL BE MATERIALLY PRESSED BY PLANT ACQUISITION AND OTHER NEW CAPACITY NEEDS

On balance, KPCo's financial credit metrics have mostly been appropriate for its Baa2 rating category over the past four years, after rebounding from a low point in 2008. On a three year average basis through 9/30/12, KPCO's ratio of cash from operations before working capital adjustments (CFO Pre-WC) to debt (16.1%), its ratio of CFO Pre-WC minus dividends to debt (RCF ratio, 11.8%) and its ratio of CFO Pre-WC + Interest/Interest (3.4x) were barely in line with mid-Baa scoring, whereas the Debt/Capitalization ratio (44%) was more in line with a low-A scoring. On a one year basis LTM 9/30/12 ratios were all stronger than the three year average ratios, with the exception of the RCF ratio, due to somewhat higher dividends. Going forward, we expect material deterioration in metrics following the acquisition of the Mitchell plant, since a relatively large amount of additional debt will be assumed. In addition, if KPCo decides to re-power Big Sandy Unit 1, it may have additional construction expenditures during this period. Thus, our expectation that AEP will provide sufficient equity capital to maintain an appropriate capital structure is crucial to the continuance of the current ratings.

HISTORICALLY STRONG INDUSTRIAL SALES SHOWED SOME STRESS IN 2012

Although KPCo's service territory is in the easternmost part of the state, with few urban areas other than Ashland, industrial sales represent a high percentage of total production - about 47% of retail KWh sales and 35% of retail revenues. Of the 10 largest industrial customers, which represent 67% of industrial sales, there are six coal mining companies, two steel manufacturers, one refinery, and one chemical company . Industrial sales were remarkably stable from 2006-2011, even during the recession, in part because coal prices have been generally sufficient to keep the mines active; however, industrial sales for LTM 9/30/12 declined 4% relative to calendar 2011 . Recent Central Appalachian coal price declines could continue to negatively affect overall KWh demand. KPCo's territory is on the western edge of the Utica shale formation, which may spur further energy development in the longer term.

DISSOLUTION OF THE AEP POWER POOL ADDS A MODICUM OF UNCERTAINTY

In December 2010, all the members of the AEP Power Pool gave notice to terminate the FERC-regulated Interconnection Agreement (IA) under which they purchase, sell, and share the costs of capacity, effective January 2014 or as determined by FERC. The primary initial reason for termination was the dissatisfaction of Virginia regulators with the impact of the IA, including the cost sharing provisions, on affiliate Appalachian Power Company (APCo, Baa2, stable). Subsequently, Ohio regulators decided to cause the generation of affiliate Ohio Power Company (OPCo, Baa2, stable) to transition to competition, fundamentally changing the underpinning logic for the Power Pool.

In October 2012, AEP submitted a Power Coordination Agreement to FERC, under which it proposes that KPCo, APCo and their affiliate Indiana Michigan Power Company (I&M, Baa2 stable) will coordinate capacity planning starting in January 2014, with American Electric Power Service Corporation (AEPSC, not rated) acting as agent (including review of procedures for cost and benefit allocations). Under the new arrangement, generation will no longer be planned on a single-system basis. Rather, each operating company, assisted by AEPSC, will be required to own or contract for sufficient generation to meet its respective load and reserve obligations. While sales and purchases of capacity, energy and hedges will generally be coordinated, when possible they will be entered into by or specifically assigned to one utility, though joint ownership of facilities is also contemplated. The agreement will be administered by an Operating Committee consisting of representatives of each operating company and AEPSC, with decisions on a simple majority vote. There is no obligation for the utilities to first sell their energy or capacity to each other before selling to third parties, from which we infer that sales to affiliates will mostly occur at

a market price. Any company can exit the agreement with only 12 months notice.

For its part, KPCo will need to address its current capacity shortfall through asset acquisitions and/or capacity purchases at market prices.

Liquidity

KPCo's liquidity is adequate. This scoring is based on our projection, assuming no access to the public debt or equity markets, of KPCo's ability to fund its maturing obligations and to maintain its current Capex plans (excluding the purchase Mitchell, which would not close if financing were not available) and dividend levels for at least four quarters without fully exhausting its committed credit facilities. KPCo participates in the AEP Utility Money Pool with a borrowing limit of \$250 million, which provides access to the parent company's liquidity. As of 9/30/12, KPCo had a balance of \$34 million invested in the Money Pool, compared to the \$70 million invested as of 12/31/11. KPCo also utilizes AEP's receivable securitization facility.

For the twelve months ending September 2012, KPCo generated approximately \$85 million of cash from operations, invested approximately \$94 million in capital expenditures and made \$34 million in upstream dividend payments to AEP, resulting in approximately \$43 million of negative free cash flow. In 2013, we expect KPCo to generate approximately \$80 million of cash from operations, invest approximately \$90 million in capital expenditures and pay minimal upstream dividends to its parent due to the asset purchase. KPCo has no long-term debt maturities until 2017.

AEP's liquidity is adequate. AEP has two syndicated credit facilities totaling \$3.25 billion that were renewed and extended in mid-2011. One is a \$1.5 billion facility expiring June 2015. The other is a \$1.75 billion facility (upsized from \$1.5 billion) expiring in July 2016. The facilities permit same-day borrowing and have a combined letter of credit sub-limit of \$1.35 billion. The facilities contain a covenant requiring that AEP's consolidated debt to capitalization (as defined) will not exceed 67.5% (AEP states the actual ratio was 50% at 9/30/12, indicating substantial headroom). AEP is not required to make a representation with respect to either material adverse change or material litigation in order to borrow under the facility. Default provisions exclude payment defaults and insolvency/bankruptcy of subsidiaries that are not significant subsidiaries per the SEC definition (in general, this would exclude subsidiaries representing less than 10% of assets or income, but AEP Texas Central and Southwestern Electric Power Company are also effectively excluded as significant subsidiaries due to definitional adjustments in the credit facilities). In June 2012, AEP renewed its \$700 million accounts receivable securitization (down from \$750 million), of which only the \$315 million multi-year portion is included as an available source in Moody's liquidity testing.

As of 9/30/12, AEP had \$443 million of cash on hand and approximately \$2.6 billion of availability under its two syndicated revolving credit facilities after giving effect to \$520 million of commercial paper outstanding and \$132 million of issued letters of credit.

On a consolidated basis for the 12 months ended 9/30/12, AEP generated approximately \$3.9 billion in cash from operations, made approximately \$3.2 billion in capital investments and net asset purchases and paid about \$920 million in dividends, resulting in roughly \$220 million of negative free cash flow. Including securitization bonds, puttable bonds and other amortizations, AEP has debt maturities of approximately \$1.79 billion in 2013, and \$995 million in 2014. Over the next two years, we estimate that AEP will generate roughly \$4.1 billion annually in cash from operations, spend about \$3.9 billion annually in capital expenditures and pay approximately \$925-950 million in dividends annually, yielding negative free cash flow of about \$750 million per year.

Rating Outlook

The stable rating outlook for KPCo is primarily based on our expectation that the company will continue to maintain a constructive relationship with the KPSC during the serial rate increase requests expected during the next 12-24 months, and that AEP will provide the capital injections needed for KPCo to maintain the stabilized key financial credit metrics that support the current rating.

What Could Change the Rating - Up

Rating upgrades appear unlikely over the near to intermediate term horizon, primarily due to our expectation that KPCo will be challenged to maintain its financial profile in light of its plant acquisition plans. However, KPCo could be considered for a rating upgrade if it were to achieve key financial credit metrics, including CFO pre-W/C plus interest over interest of approximately 4.5x and CFO pre-W/C to debt of approximately 20% on a sustainable basis.

What Could Change the Rating - Down

KPCo's ratings could be downgraded if the regulatory environment were to take a more adversarial tone, especially with respect to the recent asset acquisition filing; if material progress were not made in the next 12 months in meeting KPCo's post-Big Sandy capacity shortfall; if equity contributions from AEP were not forthcoming in a manner to maintain an appropriate capital structure; if there were a material, sustained decrease in retail sales and revenues (especially from industrial customers); or if there were a sustained deterioration in key financial credit metrics, for instance, a Coverage Ratio below 3.0x or CFO Pre-WC to debt in the low-teens.

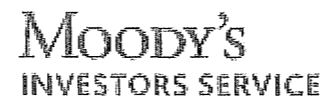
Rating Factors

Kentucky Power Company

Regulated Electric and Gas Utilities Industry [1][2]	Current 9/30/2012		Moody's 12-18 month Forward View* As of February 2013	
	Measure	Score	Measure	Score
Factor 1: Regulatory Framework (25%)				
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		Baa		Baa
b) Generation and Fuel Diversity (5%)		B		B
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	3.5x	Baa	3.0 - 3.5x	Baa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	16.1%	Baa	11 - 14%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	11.8%	Baa	13 - 17%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	44.0%	A	43 - 46%	Ba
Rating:				
a) Indicated Rating from Grid		Baa2		Baa3
b) Actual Rating Assigned		Baa2		Baa2

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 9/30/2012; Source: Moody's Financial Metrics



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