

CONTRACT NO. 02574631X110

This Contract No. 02574631X110 ("Contract") is made between **Kentucky Power Company**, a Kentucky corporation ("Owner" or "KPCO") and **Asplundh Tree Expert Co.**, a Pennsylvania corporation ("Contractor"). Contractor and Owner may be referred to collectively as the "Parties" and individually as a "Party."

1. DESCRIPTION OF SERVICES

Subject to the terms and conditions hereof, Contractor agrees to furnish to Owner, on an as-needed basis, all supervision, labor, equipment and specified materials necessary to perform distribution vegetation management services, as delineated below, within Owner's service areas ("Work").

Vegetation management services may include but not be limited to the following:

Emergency- Local emergency restoration tree work on an on-call basis.

Herbicide and Tree Growth Regulator (TGR)- Application of appropriate herbicides and/or TGR in service areas as directed by Owner.

Mowing- Provide mowing services in Owner service areas where easements restrict the ability to use any other method for vegetation control and Owner has determined that mowing is the preferred maintenance method.

Removals- Hazard tree removals performed outside of Owner's routinely maintained right-of-ways.

Right-of-Way Maintenance- Tree and brush work on and off-road and/or cross-country on distribution lines, based upon Owner's specifications.

Side Trimming- Tree trimming along the edges of right-of-ways using either aerial lifts, climbing crews, aerial saw, chemicals and/or mechanical side trim equipment.

Storm Restoration- Emergency restoration in areas affected by storm damage without debris cleanup unless otherwise specified.

Work Planning- Perform inspection and planning services and develop plans, strategies and administrative work for various methods of vegetation management to be performed in Owner's service areas. Work planning services shall be performed using qualified Distribution Contract Utility Foresters, Work Planners, Inspectors, Pesticide Applicators and TGR Pre-Notifiers as described in the documents attached in Exhibit B.

This Contract covers only such Work as may be authorized by Owner and shall not constitute an exclusive agreement between Owner and Contractor. Owner reserves the right to use its own forces, equipment, tools, conveyances and materials or those of another vendor to perform the same or similar Work. Parties agree this Contract does not authorize Contractor to begin performance of any Work, nor does it guarantee Contractor any minimum volume of Work.

2. ENGAGEMENT PROCESS

All proposed Work will be discussed and assigned in periodic communications between Owner and Contractor, at which time Parties will agree upon the type of Work, the circuit in which Work will be performed and the pricing mechanism to be utilized. Owner shall authorize Work through the following process:

Work shall be requested by Owner via a written or electronic order request (individually or collectively referred to as "Work Request"). Each Work Request shall reference this Contract as governing the Work provided thereunder. The Work Request shall contain a scope of Work, the requested location, the term for which the Work shall be provided for that service area, any applicable specifications, this Contract number, any invoicing specifications, the pricing model utilized, and any other documents relevant to the Work.

Parties agree that any terms and conditions inconsistent with, additional to, or different than this Contract that may be preprinted or attached to a quote, acknowledgement, job authorization, Work Request, or any other written document that the Parties may use for the ordering or delivery of Work hereunder, shall not apply and each Party hereby rejects all such terms and conditions.

3. CONTRACT DOCUMENTS

Contractor and Owner agree that the Work shall be performed in accordance with the following Exhibits:

Exhibit A –General and Supplementary Terms, consisting of the following documents, which are attached hereto and made a part hereof;

1. AEP-Asplundh Agreed Exceptions for Contract No. 02574631X110 dated May 15, 2012;
2. AEP General Terms and Conditions for Labor and Services, dated March 2009 ("AEP General Terms and Conditions"); and
3. Supplementary Terms and Conditions for Forestry Contracts, dated June 24, 2011 ("Supplementary Terms").

Exhibit B –Forestry Terms and Instructions, consisting of the following documents, which are attached hereto and made a part hereof;

4. AEP Forestry Goals, Procedures, and Guidelines for Distribution and Transmission Line Clearance Operations, dated May 14, 2009;
5. AEP Forestry Instructions for Forestry Contract Crew Audits, dated January 2007, including its Sample Audit Form ("Audit Instructions"); and
6. AEP Kentucky Power Distribution Line Clearance Guidelines, dated July 2010.

Exhibit C –Rates, consisting of the following documents, which are attached hereto and made a part hereof;

7. Kentucky Power Rate Clarifications, dated May 15, 2012 ("Rate Clarifications");
8. Workers' Compensation Rate Adjustment Process, dated June 15, 2012;
9. Owner's Unit Price Model, dated April 30, 2012, and the Lump Sum Price Model, dated April 30, 2012;
10. Labor Descriptions, dated August 1, 2011;
11. Contractor's Rates – Standard Labor Rates, Major Storm Rates, Equipment Rates, Material Pricing, Unit Pricing, all dated April 1, 2012 (individually or collectively, the "Rate Sheets");

12. A sample Work Request for Unit Price/Time and Materials Work, a sample Work Request for Lump Sum Work, and all applicable subsequently executed Work Requests; and
13. A sample Pricing Change Order Request Form and all applicable subsequently executed Pricing Change Orders.

Exhibit D –KPI, consisting of the following documents, which are attached hereto and made a part hereof;

14. AEP – Asplundh 2012/2013 Corporate Key Performance Incentive Plan Guidelines, (“CKPI”); and
15. AEP – Asplundh 2012/2013 Key Performance Incentive Plan Guidelines - AEP Kentucky (“KPI”).

In the event of a conflict among any of the Contract documents, the conflict shall be resolved by interpreting the documents in the following order of priority:

- a. any executed amendment to the Contract;
- b. this Contract Letter;
- c. Exhibit A;
- d. Exhibit B;
- e. any executed Pricing Change Order;
- f. Exhibit C;
- g. Exhibit D; and
- h. the applicable Work Request.

4. TERM

This Contract is made to be effective as of the date of Owner’s signature below (“Effective Date”) and shall terminate on March 31, 2017, unless terminated earlier in accordance with this Contract. If this Contract is terminated or expires prior to Work under a Work Request being completed, unless Parties agree otherwise in a signed writing, the Work under such Work Request shall be continued pursuant to the terms of this Contract.

5. PRICING

Parties agree that all Work performed under this Contract shall be completed on a Lump Sum, Unit Price, and/or Time and Materials basis priced in accordance with Contractor’s Rate Sheets in Exhibit C of the Contract.

Labor rates as described in Contractor’s Rate Sheets shall be held firm for the first six months of the Contract. It will be the sole discretion of the Owner to modify labor rates at that time, or to hold labor rates firm until one year after the Effective Date of this Contract. All other rates in Contractor’s Rate Sheets shall be held firm until one year after the Effective Date of this Contract.

Annual Rate Adjustments: Contractor’s Rate Sheets may be revised or updated during an annual Contract amendment process. Contractor must submit all proposed rates by February 15th of each year of the Contract starting in 2014. Approved annual rate adjustments shall become effective each year on April 1st beginning in 2014.

Pricing Change Order Process: If Contractor has unforeseen changes to Contractor's Rate Sheets that do not conform to the Annual Rate Adjustment process described above, these changes may be made, upon Owner discretion, in accordance with the following procedures:

- Changes to Contractor's Rate Sheets shall be made using the Pricing Change Order Request Form ("Pricing Change Order") included in Exhibit C and must be presented in the authorized pricing format designated by Owner.
- Each Pricing Change Order must be submitted to Owner's Representative and AEP Manager, Forestry Operations, as listed in Section 10 below and submitted at least 30 days before the desired effective date for the new rates. If Contractor fails to submit its proposed Pricing Change Order at least 30 days prior to the desired effective date, the proposed Pricing Change Order will not be considered and existing Contractor's Rate Sheets shall remain in effect.
- If Contractor's Pricing Change Order is accepted by Owner, the revised Contractor's Rate Sheets shall be incorporated into Exhibit C of the Contract upon the authorized signature of the Parties and shall become effective as of the date of the latter signature of the Pricing Change Order.

Lump Sum Work: Parties agree to designate the specific pricing for Work performed on a Lump Sum basis in the Work Request. In the event the Contractor is assigned additional Work that was not included in the original Work Request, that Work will be priced utilizing the Contractor's Rate Sheets included in Exhibit C.

6. KEY PERFORMANCE INCENTIVES

CKPI as described in Exhibit D will measure the Contractor's performance, at the corporate level and provide a penalty to the Contractor when performance does not meet established benchmarks. The documents in Exhibit D provide full details of the CKPI.

KPI as described in Exhibit D will measure Contractor's performance and provide a monetary incentive to Contractor when performance exceeds established benchmarks and a penalty to Contractor when the benchmarks are not met. The documents in Exhibit D provide full details of the KPI.

7. FUEL ADJUSTMENTS

The base fuel price is \$4.00 per gallon ("Base Fuel Price"). The weekly fuel price is the state average for regular grade unleaded gasoline taken from the American Automobile Association's website ("Weekly Fuel Price"). When preparing the weekly invoices, if that week's Weekly Fuel Price differs from the Base Fuel Price by more than ten (10) cents, a fuel adjustment for each piece of equipment will be calculated by using the following formula:

Fuel adjustment = [(Weekly Fuel Price) – (Base Fuel Price)] x gallons/hour x Equipment hours billed

The gallons/hour figure is taken from the Contractor's Rate Sheets in Exhibit C. The sum of the fuel adjustments for each piece of equipment used that week shall be added to or subtracted from that week's invoice amount. If the Unit Price Model, as described in Exhibit C, is used and billing is done with a single invoice when all the Work is completed, the Weekly Fuel Price used shall be that for the week in which the invoice is being prepared.

During the first quarter of each year, beginning in 2014, the equipment rates shall be adjusted based on the average gas price for the last quarter of the previous year. The average gas price for the last quarter shall be determined by adding the Weekly Fuel Prices used to calculate the fuel adjustment for the weeks of October, November and December and then dividing that sum by the number of those weeks. The resulting average gas price for the last quarter will be the new Base Fuel Price. The old Base Fuel Price shall be subtracted from the new Base Fuel Price and the difference shall be added to the hourly rate for each item of equipment on the equipment rates that uses fuel. In accordance with the annual rate adjustment process detailed above in Section 5, the new Base Fuel Price shall be incorporated into Exhibit C - Contractor's Rates.

8. MARK-UP ADJUSTMENTS

The mark-up percentages in the Contractor's Rate Sheets are fixed for the duration of the Contract, except as specified herein. Owner and Contractor have reviewed the development of the mark-up percentages in Contractor's Rate Sheets and have agreed that they were reasonably developed and fairly reflect Contractor costs they represent. Accordingly, without restricting any of the audit rights in Article 29.0 of the AEP General Terms and Conditions and except as may be provided elsewhere herein, Parties' intent is that Contractor's actual costs for Workers' Compensation and Public Liability and Property Damage Insurance shall not be subject to audit.

9. WORKERS' COMPENSATION ADJUSTMENTS

The mark-up for Workers' Compensation shall be adjusted annually, as described in the Workers' Compensation Rate Adjustment Process in Exhibit C.

10. NOTICES AND OPERATION CONTACTS

In accordance with Section 33.0 of the AEP General Terms and Conditions, the representatives of Parties for receipt of notices are:

For Owner:

Role	Name	E-mail	Phone	Address
AEP Contract Analyst	Georgiana Sullivan	gsullivan@aep.com	[REDACTED]	1 Riverside Plaza 9 th Floor Columbus, OH 43215
AEP Manager, Forestry Operations	Walter Sherry	washerry@aep.com	[REDACTED]	1 Riverside Plaza 12 th Floor Columbus, OH 43215
KPCO Representative	Mark Jackson	mejackson@aep.com	[REDACTED]	3249 North Mayo Trail, Pikeville, KY 41501

For Contractor:

Contractor Representative	Steven Asplundh	steven@asplundh.com	[REDACTED]	708 Blair Mill Rd. Willow Grove, PA 19090
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11. INVOICES

Contractor shall create time sheets in Owner's Right-of-Way Management ("RWM") software system, or other applicable system as designated by Owner, weekly, in arrears. If necessary, paper invoices shall be sent to the Owner Representative as listed on the Work Request and must include this Contract number.

12. MISCELLANEOUS

All capitalized terms not defined herein are as defined in the applicable terms and conditions referenced herein.

IN WITNESS WHEREOF, Parties hereto have caused this Contract to be signed by their respective officers thereunto duly authorized on the dates set forth below to be effective as of the Effective Date.

Kentucky Power Company

Asplundh Tree Expert Co.

signature

signature

Nicholas K. Akins
print/type name

print/type name

Chairman of the Board and CEO
title

title

date

date

EXHIBIT A

**AEP-Asplundh Agreed Exceptions
dated May 15, 2012
for Contract No. 02574631X110**

The AEP General Terms and Conditions are modified as follows:

Article 16.0 – INSURANCE

Add the following as a second sentence to Subsection 16.1.8:
“Contractor may self-insure this exposure.”

Article 17.0 – INDEMNIFICATION

Delete Section 17.2 in its entirety and insert the following:

“TO THE EXTENT PERMITTED BY LAW, CONTRACTOR SHALL INDEMNIFY, DEFEND AT ITS EXPENSE, AND SAVE OWNER HARMLESS FROM, ANY LIABILITIES, COSTS AND CLAIMS, INCLUDING JUDGMENTS RENDERED AGAINST, AND FINES AND PENALTIES IMPOSED UPON, OWNER AND REASONABLE ATTORNEYS' FEES AND ALL OTHER COSTS OF LITIGATION (COLLECTIVELY, “LIABILITIES”), ARISING OUT OF THE CONTRACT, INCLUDING INJURIES, DISEASE OR DEATH TO PERSONS, OR DAMAGE TO PROPERTY, AND ENVIRONMENTAL CLAIMS AND LIABILITIES, CAUSED BY CONTRACTOR, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS, OR IN ANY WAY ATTRIBUTABLE TO THE PERFORMANCE OF THE CONTRACT, EXCEPT THAT CONTRACTOR'S OBLIGATION TO INDEMNIFY OWNER SHALL NOT APPLY TO THE EXTENT ANY LIABILITIES ARISE FROM OWNER'S NEGLIGENCE. OWNER SHALL HAVE THE RIGHT TO SELECT ITS OWN COUNSEL AND TO HAVE COUNSEL SEPARATE FROM CONTRACTOR, ALL AT CONTRACTOR'S EXPENSE.”

Article 23.0 – DEFAULT

In Subsection 23.1.2, delete “two (2)” and replace with “five (5).”



**GENERAL TERMS AND CONDITIONS FOR
LABOR AND SERVICES**

March 2009

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AFFIDAVIT OF COMPLETION

Exhibit 1

GENERAL TERMS AND CONDITIONS FOR LABOR AND SERVICES

1.0 DEFINITIONS

- 1.1 Business Day: "Business Day" means any calendar day, other than a Saturday or Sunday or a calendar day on which U.S. commercial banking institutions are authorized or required by law to close.
- 1.2 Change Order: "Change Order" means a written order as defined and issued in accordance with Article 12.0.
- 1.3 Contract: "Contract" means collectively the Contracting Instrument and all documents referenced in the Contracting Instrument and any Change Orders, amendments or addenda.
- 1.4 Contract Price: "Contract Price" means the price to be paid to the Contractor for the performance of Work as set forth in the Contracting Instrument.
- 1.5 Contracting Instrument: "Contracting Instrument" means the contractual document that identifies the parties, the nature of the Work, the Contract Price, documents to be included as part of a Contract, and other matters relating to a Contract. The Contracting Instrument may be in the form of a contract letter, blanket purchase order, purchase order or other similar documents.
- 1.6 Contractor: "Contractor" means the entity contracting with Owner for the performance of Work.
- 1.7 Direct Cost: "Direct Cost" means the actual costs and charges incurred and payments made by Contractor, its Subcontractors, for Site equipment, materials, services and labor (including payroll burden and expenses) which are directly attributable to the performance of Contractor's Work hereunder. Direct Cost includes Contractor's home office or Site labor to the extent Contractor's home office or Site labor is directly assignable to the Work which must be demonstrable under the circumstances. Direct Cost shall not include corporate, general and administrative costs including home office functions, sales, marketing, accounting, human resources, information technology, payroll, profit, research, development, quality assurance and control, purchasing, safety, management, administration, warranties, insurances, off-Site or other unabsorbed costs.
- 1.8 Final Acceptance: "Final Acceptance" means Owner's determination that the Work has been completed in accordance with the Contract requirements.
- 1.9 Initial Acceptance: "Initial Acceptance" means Owner's determination prior to final inspection and testing that the Work conforms to the Contract requirements for purposes of receipt.
- 1.10 Owner: "Owner" means any one or more of the companies of the American Electric Power System as may be specified in the Contract Instrument.
- 1.11 Site: "Site" means Owner's property or such other premises (including adjacent bodies of water and property owned or controlled by a third-party) upon which the Work is to be performed.
- 1.12 Subcontractor: "Subcontractor" means vendors, suppliers, consultants, and subcontractors of any tier, materialmen, professionals, laborers, and all other persons providing equipment, materials or services directly or indirectly to Contractor in connection with the Work.
- 1.13 Work: "Work" means all of Contractor's obligations under the Contract.

2.0 CONTRACTOR'S OBLIGATIONS

- 2.1 Contractor shall at its expense provide everything necessary for the complete, proper and timely execution of the Work including, but not limited to, home office support, supervision, labor, tools, transportation, safety equipment, construction equipment, temporary utilities and facilities, equipment to be installed, materials and supplies, unless explicitly excluded in the Contract. Contractor's performance of the Work shall include everything requisite and necessary to comply with prudent electric utility industry standards and to complete its Work, notwithstanding the fact that every item necessarily involved may not be specifically mentioned. Details and items not indicated by the Contract documents shall be adequately and properly performed by Contractor at no extra cost if such details and items are necessary to complete the intent of the Contract or otherwise to complete the Work.
- 2.2 Contractor is responsible for considering the conditions affecting the Work including, but not limited to, conditions affecting the transportation, disposal, handling and storage of materials; the availability and cost of labor, water, electric power, utilities and roads; the uncertainties of weather, river stages, and similar physical conditions at the Site; the conformation and condition of the ground; and the character of equipment and facilities needed. Contractor shall take into account the character, quality and quantity of surface and subsurface materials or obstacles to be encountered to the extent this information is reasonably ascertainable from the contract documents or an inspection of the Site.
- 2.3 Contractor shall immediately and before such conditions are disturbed notify Owner of: (a) subsurface or latent physical conditions at the Site which differ materially from those indicated in the Contract; (b) unusual geologic conditions at the Site which differ materially from conditions ordinarily encountered or from conditions addressed in the Contract; or (c) artifacts or articles which appear to have archaeological or historical significance. Owner shall promptly investigate such conditions and, if such conditions do materially differ and cause an increase or decrease in Contractor's cost of, or the time required for, performance of any part of the Work, the parties shall agree to amend the Contract. No claim of Contractor under this clause shall be allowed unless Contractor has given immediate notice as required above and confirmed such notice in writing within ten (10) days of discovery.
- 2.4 Contractor shall have an authorized representative at the Site to whom Owner may give instructions at all times when Work is being performed.
- 2.5 Contractor shall assign qualified and competent personnel to perform the Work and have qualified and competent supervision at the Site at all times to direct and observe the Work. Key personnel shall not be removed from the Work without prior notice to, and consent by Owner which shall not be unreasonably withheld. Contractor will investigate and take appropriate action with respect to any personnel problems brought to its attention by Owner.
- 2.6 Contractor shall confine all of its operations and personnel to those areas of the Site to which Owner authorizes access.
- 2.7 Contractor's personnel may not operate Owner's tools, vehicles, materials or equipment ("Owner's Equipment") without Owner's prior authorization. If Contractor borrows Owner's Equipment, Contractor (a) agrees that Owner has provided Owner's Equipment AS IS, with no representations or warranties; (b) assumes full responsibility for the protection of the borrowed Owner's Equipment; (c) assumes all liability for injuries or damages resulting from the use of the borrowed Owner's Equipment; and (d) agrees to return the borrowed Owner's Equipment to Owner in the same condition as when it was borrowed, or, if repairs are necessary, to cause such repairs to be performed promptly at Contractor's expense before the Owner's Equipment is returned to Owner. Owner has no obligation to lend Owner's Equipment to Contractor.

- 2.8 Contractor shall cooperate with Owner and others working at or near the Site. Contractor shall promptly report to Owner any defects in the work of others which affects the Work. Failure to report such defects constitutes acceptance of the conditions by Contractor. Contractor shall properly fit, connect and coordinate its Work with that of Owner and other contractors.
- 2.9 Contractor shall keep all of its work areas free from trash and debris, and keep its work areas "broom clean" on a continuous basis.
- 2.10 Contractor shall secure and protect its materials, tools, equipment and the Work, including Owner-provided materials and equipment.
- 2.11 Contractor is responsible for the proper execution of the Work with respect to any base lines and bench marks established by Owner.
- 2.12 If the Work is subject to prevailing wage requirements, Contractor agrees to comply with such requirements.
- 2.13 Contractor, its Subcontractors, and their respective employees and agents involved in the Work shall adhere to the provisions contained in Owner's Code of Business Conduct which can be found at Owner's website.

3.0 TERM AND EFFECTIVE DATE

- 3.1 The Contract shall commence as of the effective date and, unless earlier terminated as provided in Article 27.0, shall terminate on the termination date set forth in the Contract. Unless specified elsewhere in the Contract, the effective date of the Contract shall be the earlier of the date on which Contractor begins performance hereunder or the date of the latter signature on the Contract.

4.0 RELATIONSHIP OF THE PARTIES

- 4.1 Contractor and all of its employees and Subcontractors are, with respect to Owner, independent contractors. Contractor will be solely responsible for the supervision, direction, and control of its employees and Subcontractors. Contractor is responsible for the payment of all compensation, benefits, and employment taxes with respect to the Contractor's employees.

5.0 ASSIGNMENT AND SUBCONTRACTING

- 5.1 Contractor shall not assign or otherwise dispose of the Contract, or any obligations hereunder, without the written consent of Owner. Any assignment or disposal without the written consent of Owner shall be null and void.
- 5.2 Prior to entering into any subcontract, Contractor shall submit to Owner a subcontractor data sheet that includes the name and address of the Subcontractor and the scope of work proposed to be included under such subcontract. Within five (5) Business Days of receipt of a Subcontractor data sheet, Owner may reject such Subcontractor without cost or contract extension by giving written notice of such rejection to Contractor.
- 5.3 Contractor is responsible for the selection of any Subcontractor and for the Subcontractor's proper performance of the Work assigned to it. If the work of a Subcontractor is not in compliance with the Contract requirements, Contractor shall take immediate steps to bring the Subcontractor's work into compliance and, at Owner's written request, terminate its contractual relationship with the Subcontractor as it relates to the Work at no cost to Owner.

6.0 LABOR RELATIONS

- 6.1 Contractor shall comply with any project, national or local labor agreements that are applicable to the Work or Site. Contractor shall cooperate with Owner and other contractors in establishing and maintaining labor work rules and practices.
- 6.2 When the Work is performed by building and construction trades labor, a pre-job conference shall be held with local labor representatives prior to starting Work. Owner shall be afforded the opportunity to attend and participate in pre-job conferences.
- 6.3 Contractor shall provide immediate notice to Owner of any actual or potential labor dispute that may delay the timely, efficient and productive performance of the Work.
- 6.4 Contractor shall inform and cooperate with Owner on labor matters. Contractor shall consult with Owner prior to rendering its decision(s) on labor matters that may impact the timely, efficient and productive performance of the Work.
- 6.5 Contractor shall exercise its management rights contained in applicable labor agreements to establish, maintain, and enforce work rules conducive to timely, efficient, productive and harmonious work operation. Contractor shall take the necessary steps available to resolve grievances, jurisdictional disputes, or other violations of collective bargaining agreements.

7.0 SAFETY AND SECURITY

- 7.1 Contractor shall perform the Work in a safe and careful manner, provide first aid facilities and transportation, and use such safety devices and methods as are necessary to protect its employees, agents, Subcontractors, Owner's employees and agents, other contractors and the public from bodily injury and property damage.
- 7.2 Contractor shall comply with and enforce all laws, rules and regulations applicable to safety and health standards, including, but not limited to, the Occupational Safety and Health Act of 1970 (OSHA) and any revisions of OSHA or successor legislation.
- 7.3 Contractor shall comply with project and Site safety and security rules and all procedures issued by Owner, provided that such rules and procedures do not conflict with OSHA or other safety laws, rules or regulations. Contractor shall assign a competent person at all times to manage, coordinate and enforce its safety program during performance of the Work.
- 7.4 Contractor shall provide Owner with Material Safety Data Sheets (MSDS) for all applicable materials prior to delivery to Owner's Site.
- 7.5 Contractor shall obtain Site permits or approval from Owner for its vehicles, any excavation, use of explosives, access to restricted areas, use of Owner's Equipment, tools and facilities, and other similar activities.
- 7.6 Owner will arrange all necessary clearances on energized equipment, electrical and communications circuits, piping systems or other operational equipment. Contractor shall notify Owner requesting the clearances prior to the scheduling of such Work. Contractor shall comply with Owner's clearance permit system regarding tagout and lockout of electrical and mechanical systems and other equipment.
- 7.7 Contractor shall fully inform Owner in writing regarding the types, quantities and use of any hazardous materials brought on the Site; the types and quantities of hazardous wastes being generated from the Work; and Contractor's program for proper storing, handling and disposal of such materials in a safe and secure manner.

- 7.8 Contractor shall immediately inform Owner of all regulatory safety, health and environmental inspections, citations and penalties associated with the Work. Contractor shall provide Owner with written reports and copies of all documents submitted to or by regulatory agencies and insurance companies.
- 7.9 Contractor shall promptly inform Owner of any injuries to its employees, agents, Subcontractors, or other persons arising out of the Work that require medical treatment.
- 7.10 Contractor shall obtain, maintain, and properly complete all record keeping required by regulatory agencies. Upon request, Contractor shall provide Owner with copies of all logs, reports and other records.
- 7.11 Contractor shall investigate all accidents resulting in personal injury, property damage, or near misses to determine root cause(s) and corrective action(s). Upon request, Contractor shall provide Owner with a copy of investigative reports, including all documents submitted to insurance companies.
- 7.12 All of Contractor's employees, agents, Subcontractors, vehicles, trailers, etc. entering or leaving the Site are subject to inspection at any time by Owner.
- 7.13 If a safety violation or other unsafe condition causes imminent danger, Owner may immediately shut down the Work involved without advance written notice.
- 7.14 Contractor and all Subcontractors performing Work at Site must have a substance abuse program. This program must apply to all personnel. Minimum requirements of this program shall include pre-hire testing, testing for cause and if requested, random testing. Screening substances and their associated cut-off limits are listed below.

<u>Drug Classes</u>	<u>Screening Cut-Off Limit (ng/ml)</u>	<u>Confirmation Cut-Off Limit (ng/ml)</u>
Amphetamines	1,000	500
Benzoylcegonine	300	150
Cannabinoids	50	15
Opiates	2,000	2,000
Phencyclidine	25	25

Blood & Breath alcohol content : .02% per Department of Transportation.

Testing shall be performed by a testing facility certified by Department of Health & Human Services. Personnel must have evidence of having tested negative within a year prior to employment. Owner will accept conditional employment predicated upon (a) employee(s) furnishing evidence that they have submitted to testing within forty-eight (48) hours of initial employment and (b) employee(s) furnishing evidence of negative test results within five (5) work days of initial employment. Contractor shall ensure personnel are "drug free". Owner reserves the right to examine evidence outlined herein. Contractor's program shall incorporate reciprocity on "drug free" employee verification to minimize Owner's economic impact and employee recertification while maintaining the program's intent.

- 7.15 If required by Owner, Contractor must meet certain security criteria set forth herein.
 - 7.15.1 Contractor shall submit to Owner a copy of its background investigation process for Owner's review and file. If Owner, in its sole discretion, determines that Contractor's background investigations do not meet certain specific requirements, then Contractor, at

its expense, must perform a background investigation that does meet Owner's certain specific requirements on each individual designated by Contractor to perform Work, or is performing Work on behalf of Contractor, for Owner (referred to herein for purposes of this Article, as an "individual"). Notwithstanding anything to the contrary stated herein, Owner reserves the right to conduct a background investigation on each individual at Contractor's expense.

- 7.15.2 Owner's certain specific requirements of background investigations include the following: (i) determination of whether an individual has been convicted of a felony crime in each state where the individual has resided during the past seven years; (ii) performance of the background investigation at the state level (in other words, to only search the records of the county in which the individual has resided during the past seven years is not a sufficient background investigation); and (iii) if the individual is to operate a motor vehicle while performing Work for Owner, then a state operator's license abstract must be completed in the states where the individual has been licensed as a vehicle operator during the past seven years.
- 7.15.3 If any background investigation reveals or indicates that an individual has been convicted of a felony crime, then the Contractor must notify the Owner prior to the individual commencing Work. Owner in its sole discretion shall have the option of barring from any Work Site any individual who has a reported felony conviction. Owner may audit or review specific Contractor screening files to ensure compliance with the Contract.
- 7.15.4 If an individual requires unescorted access to Owner's critical cyber assets, then Owner will conduct its own background investigation, which will include a Social Security Number verification. Additional specific provisions or requirements related to any Owner conducted background investigation pursuant to this Section 7.15.4 will be communicated to Contractor prior to implementation of such background investigation.
- 7.15.5 Contractor shall not perform any screening activities that violate the federal Fair Credit Reporting Act, Title VII of the Civil Rights Act of 1964 or any other applicable law in any circumstances. Contractor shall ensure that the substance and manner of any and all background investigations performed by Contractor conform fully to applicable law.
- 7.16 "Personally Identifiable Information" or "PII" means any information to which Contractor 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.
- 7.16.1 To the extent that Work under the Contract requires Contractor to be given access to PII gathered and/or maintained by or on behalf of Owner, or in the event Contractor acquires access to or encounters any PII during performance of the Work, Contractor shall after receipt thereof, treat such PII as confidential and safeguard such PII from unauthorized use and disclosure. Upon request of Owner, Contractor shall have its employees execute a confidentiality agreement protecting PII. Contractor agrees not to appropriate such PII for its own use or to disclose such PII to third parties unless specifically authorized by Owner in writing. Contractor shall ensure that its employees will not discuss, divulge or disclose any such PII to any person or entity except those persons directly concerned with and only to the extent necessary to complete the performance of the Work. Contractor shall access, use and process PII and other data on behalf of Owner only for the purposes specified in the Contract.

- 7.16.2 Contractor shall comply with (i) NERC Reliability Standards as applicable, including without limitation, those relating to Critical Infrastructure Protection, (ii) Owner's security standards, and (iii) such further instructions as Owner may provide regarding the processing of such PII. Contractor shall inform Owner promptly if it has reason to believe that applicable law (or changes in applicable law) prevents Contractor from fulfilling the obligations relating to treatment of PII or other data under Owner's security standards and/or the Contract.
- 7.16.3 To the extent permitted by law, Contractor shall notify Owner promptly and act only upon Owner's instruction concerning: (a) any request for disclosure of PII or other data by law enforcement or other governmental authority; (b) any request by law enforcement or other governmental authority for information concerning the processing of PII or other data in connection with the Contract; or (c) any request received directly from an individual concerning his/her PII.
- 7.16.4 Contractor may not store PII on computers, mobile devices, including but not limited to cellular telephones and/or personal digital assistants, servers and/or storage devices including removable media (any of which, hereinafter known as a "Computer"), unless required for the performance of Work. Any such information must be deleted from a Computer, in a manner that ensures that it cannot be accessed or read, as soon as such storage is no longer required for the performance of Work.
- 7.16.5 Upon termination of the Contract or upon Owner's request, Contractor must promptly (a) return all PII in written form to Owner, and (b) delete all PII in Contractor's possession or control (on computer or in whatever other form or media) in a manner that ensures that this information cannot be accessed or read.
- 7.16.6 Contractor shall administer a monitoring process to ensure compliance with Section 7.16 and the related subsections hereof, promptly report any breaches to Owner, and implement immediate, appropriate corrective actions to contain and prevent recurrence. Contractor shall report to Owner immediately upon discovery of a real or suspected loss of PII. In the event of a breach of this provision or the occurrence of any other event regarding PII that requires notification under applicable law, Contractor agrees to assume responsibility for informing all such individuals in accordance with applicable law.
- 7.16.7 In addition to any remedy available to Owner under the Contract, Contractor acknowledges that any breach of Section 7.16 or the related subsections hereof by Contractor or its Subcontractors may subject Contractor to civil and criminal penalties. Contractor shall include the full text of Section 7.16 and the related subsections 7.16.1 through 7.16.7 in all appropriate subcontracts. However, including such provision in the subcontracts shall not relieve Contractor of its obligation to ensure compliance with the provisions of Sections 7.16.1 through 7.17.7.

8.0 MATERIALS

- 8.1 All Contractor-furnished materials, equipment and related products (referred to in this Article 8.0 as "Materials"), which are to be installed shall be new and meet the requirements of all applicable codes. Materials which will not become a part of the permanent installation are not required to be new. Owner reserves the right to reject materials which have not been previously used but which have been in storage for an unreasonable period of time. Title to and risk of loss of the Materials shall pass to Owner upon Final Acceptance of the Work. Title to the Materials shall be free and clear of all liens and encumbrances.

- 8.2 Contractor shall not substitute Materials specified in the Contract unless authorized by Owner in writing. Unless substitution has been so authorized, Contractor shall, at its expense, remove and replace any improperly substituted material.
- 8.3 Upon Owner's request, Contractor shall, at its expense, submit to Owner samples of Contractor-furnished materials. Contractor must obtain Owner's written approval before performing Work involving the use of materials for which samples have been requested. Approval by Owner shall not relieve Contractor from responsibility for complying with the requirements of the Contract and all applicable codes. Materials used shall conform to the approved samples. Contractor shall remove and replace nonconforming materials at its expense.

9.0 INSPECTION AND ACCEPTANCE

- 9.1 Contractor shall maintain an adequate inspection system and perform such inspections as will ensure that the Work performed conforms to the Contract requirements. Owner reserves the right to review and approve the adequacy of Contractor's inspection system. Contractor shall provide all quality control and quality assurance program information requested by Owner.
- 9.2 Owner shall have free access to the Work for inspection purposes. Owner's inspection, receipt or Initial Acceptance of the Work shall not relieve Contractor of its obligation to comply with the terms of the Contract.
- 9.3 Each party shall bear its own expenses in performing inspections, except that (a) Owner may use Contractor's facilities, ladders and scaffolds to perform inspections of the Work; (b) Contractor shall pay Owner's expenses in re-inspecting Work which was rejected as non-conforming to the Contract requirements in an earlier inspection; (c) Contractor shall pay the costs of uncovering and re-covering Work for Owner's inspection if Contractor failed to give Owner reasonable notice that the Work was ready to be covered; and (d) prior to Final Acceptance, if Owner requests an inspection of Work already completed which requires removing and tearing out Work, and the Work is found to be materially defective, Contractor shall pay the expenses of inspection and reconstruction, but if the Work is found to be in conformance with the Contract requirements, Owner shall pay the expenses of inspection and reconstruction.
- 9.4 Owner will not pay for defective work. Contractor shall repair or replace all defective work at its expense. Contractor shall promptly remove from the Site any Contractor-furnished materials that do not comply with the requirements of the Contract. If Owner-furnished materials have been used in any defective work, the cost of such materials shall be backcharged to Contractor.
- 9.5 Owner shall have the right to take possession of or use any part of the Work. Owner's possession or use shall not constitute Initial Acceptance or Final Acceptance of the Work.
- 9.6 Unless otherwise provided in the Contract, Final Acceptance by Owner shall be made as soon as practicable after all Work has been completed and inspected. Any part of the Work not rejected by Owner following Final Inspection shall be deemed to have achieved Final Acceptance.

10.0 SCHEDULE

- 10.1 Contractor shall perform the Work to meet the schedule date(s) set forth in the Contract. Contractor shall not commence Work until authorized by Owner to do so.
- 10.2 In a format acceptable to Owner, Contractor shall develop, update, maintain and provide to Owner a written schedule for execution of the Work. The schedule shall be time scaled, complete, and accurate in detail depicting Contract milestone dates, work activities and durations. Upon review and approval by Owner, this schedule shall become the Contract schedule. Updates to the Contract schedule shall

be provided to Owner on at least a monthly basis. Updates shall depict actual progress measured against planned progress.

- 10.3 Contractor shall notify Owner within 24 hours of the first knowledge that any completion date(s) will not be met and shall, within five (5) Business Days thereafter, submit a detailed program depicting the plans and actions being taken to regain the lost time. The notice shall not limit any other rights or remedies afforded Owner under the Contract or by law.

11.0 TERMS OF PAYMENT

- 11.1 Except as otherwise provided in the Contract, the following terms of payment shall apply:

- 11.1.1 The Contract Price set forth in the Contract shall constitute full and complete payment for all Work.
- 11.1.2 Contractor shall submit invoices with proper documentation to Owner for the Work completed or for milestones achieved during the prior month. Owner may withhold all or any part of payment in an amount necessary to protect Owner from loss due to the occurrence, or imminent occurrence, of (i) Contractor's breach or failure to perform in accordance with the Contract, (ii) defective Work, (iii) Contractor's failure to pay any Subcontractor, (iv) other claims by Owner against Contractor, including indemnity claims, and (v) damages for delay or any agreed upon liquidated damages.
- 11.1.3 Owner shall pay 90% of each properly submitted and accepted invoice within thirty (30) days of receipt. The release of retention shall become due and payable thirty (30) days after the date of Final Acceptance of the Work.
- 11.1.4 Each invoice shall contain a statement that all bills for material and labor relating to the Work have been paid in full by Contractor, and there are no unpaid bills for which a lien could be filed. If requested by Owner, Contractor shall provide evidence of such payments. The final invoice for the Work shall be accompanied by a satisfactorily completed Affidavit of Completion in the form attached as Exhibit 1. Payment of the final invoice and retention constitutes a full and final release of Owner from all claims, damages, liabilities and obligations under the Contract.

- 11.2 Contractor shall promptly pay all of its Subcontractors.

12.0 CHANGES IN WORK AND EXTRA WORK

12.1 Change in Work

- 12.1.1 "Change Order" means a written order issued in accordance with this Article 12.0 documenting an addition to, deletion from, or other modification to the Work, including a change in the scope of Work, the Contract Price, the payment schedule, the completion dates, or the schedule for the Work.
- 12.1.2 Owner may issue a Change Order: (i) at Owner's option, or (ii) if requested by Contractor due to the occurrence of an event that entitles Contractor to a Change Order as determined by Owner.
- 12.1.3 If Owner issues a Change Order, Contractor shall perform the changed Work in accordance with the terms of the Contract and the issued Change Order.

- 12.1.4 No order, statement or other conduct of Owner shall be treated as a change in Work until such change is authorized in writing by Owner.
- 12.1.5 Contractor shall not be entitled to a Change Order for conditions such as, but not limited to, (i) work which is of such a nature as to be normally included in the Work or is reasonably inferable from the Contract; (ii) any errors, omissions, non-performance, negligence, deficiencies or improper or defective work on the part of Contractor (including miscalculations, incorrect estimates, or other errors in Contractor's proposal for the Work); (iii) changes relating to refinement, minor correction and detailing of the Work or any part of the Contract; or (iv) other unallowable claims such as cost impacts not due to Owner and cumulative impact claims.
- 12.1.6 With respect to Contractor claims for additional compensation, Owner shall pay only incremental Direct Costs associated with the proposed changes and only to the extent that Contractor can demonstrate that the changes actually increased its costs of performance. Any claims for additional compensation based on a change to the Work or extra work must be material in nature, and Contractor must provide full documentation supporting all elements of such claims. For a reduction in the scope of Work or a change which reduces Contractor's costs, the Contract Price shall be adjusted downward. The payment for changes to the Work shall be complete compensation to Contractor for performing such changes, including any schedule or cost impacts on the Work.
- 12.1.7 If Owner requests in writing that Contractor furnish materials or equipment to be permanently incorporated in changed work, extra work or cost-plus work, Owner shall reimburse Contractor for such materials or equipment its incremental Direct Cost plus a percentage mark-up to be agreed upon by the parties. Requests for payment for materials and equipment shall be accompanied by copies of receipted invoices. Owner has the right to audit Contractor's requests for changes and the financial basis therefor.
- 12.1.8 If Contractor and Owner disagree on whether any particular work is within the scope of Work and such work must be completed to insure timely progress, Owner will issue a disputed Change Order to cover the disputed work. Contractor shall diligently proceed with the disputed work. By noon on the work day following performance of the disputed work, Contractor shall submit to Owner for review timesheets itemizing all labor and equipment hours expended on the disputed work and an itemized listing of Contractor furnished materials. Such review is not an admission of liability by Owner. Prior to Final Acceptance, each disputed Change Order will be resolved to the mutual agreement of the parties.
- 12.2 Extra Work
- 12.2.1 "Extra work" is work which is beyond Contractor's scope of Work. At Owner's request, Contractor shall perform extra work at the applicable prices set forth in the Contract. If the Contract prices are not applicable to the type of extra work to be performed, Contractor shall promptly submit a proposal to perform the extra work, which proposal shall become an amendment to the Contract upon acceptance by Owner. If Owner directs Contractor to perform extra work on an overtime basis, Owner shall reimburse Contractor the actual payroll cost of premium time for direct job labor. Contractor shall invoice and maintain separate cost records for each extra work authorization issued by Owner.
- 12.2.2 If Owner elects, Contractor shall perform extra work on a cost-plus basis. Cost-plus extra work shall be paid in accordance with Article 13.0.
- 12.3 Contractor waives all claims for additional compensation for changes in work and extra work not made strictly in accordance with the terms of this Article 12.0.

13.0 REIMBURSEMENT FOR COST-PLUS WORK

- 13.1 Direct labor costs will be reimbursed at the actual payroll costs of direct labor wages, fringe benefits, payroll taxes and insurance required by collective bargaining agreements or by law, plus an agreed wage mark-up. Copies of certified payrolls and time sheets shall be provided to Owner for review and approval. Contractor shall not invoice Owner for social security, unemployment, workers' compensation, or other federal, state or local taxes or insurance at rates which exceed Contractor's actual costs.
- 13.2 Owner will pay Contractor actual invoice costs for subcontracted work, provided Owner has approved payment terms in advance of performing the work, plus an agreed mark-up.
- 13.3 Contractor-furnished permanent materials and equipment costs will be reimbursed at actual invoice costs plus an agreed mark-up.
- 13.4 Construction equipment costs will be reimbursed based on actual usage time during the performance of Work and established rental rates not to exceed monthly rates set forth in the "Rental Rate Blue Book for Construction Equipment" adjusted for geographical region as published by Dataquest or other basis acceptable to Owner. Hourly rates shall be established by taking the monthly rate divided by 176 hours per month.
- 13.5 Small tools and consumables costs will be reimbursed based on agreed rates.
- 13.6 Field supervision, clerical, safety and other non-direct labor costs will be reimbursed at agreed billing rates, except that reimbursement for these costs for cost plus extra work shall require the prior review and approval of Owner.

14.0 BACKCHARGES

- 14.1 Owner may impose backcharges against Contractor or deduct backcharges from monies owed to Contractor for performance or reperformance by Owner or others of Work, including but not limited to, costs associated with defective work, nonperformance by Contractor, termination for cause, clean-up and disposal of debris, damages to Owner's tools and equipment and warranty repairs. Contractor will be responsible for the cost of such performance or reperformance plus a fifteen percent (15%) administrative charge.

15.0 TAXES

- 15.1 The Contract Price shall include, and the Contractor shall pay, all taxes and assessments for unemployment insurance, workers' compensation, social security and disability benefits, and other taxes which are based upon the compensation paid to persons employed by Contractor or its Subcontractors for the performance of any Work under the Contract.
- 15.2 Except as provided below, the Contract Price shall include all applicable foreign, federal, state and local taxes payable by Contractor with respect to the Contract.
 - 15.2.1 Contractor Purchases. If Owner specifies that tangible personal property to be incorporated into real property as defined for sales and use tax purposes or taxable services to be purchased by Contractor from vendors or Subcontractors qualify for exemption from sales or use taxes, Contractor shall not include sales or use taxes on such exempt tangible personal property or services in the Contract Price. Unless otherwise specified: a) consumable materials and supplies or Contractor's tools and equipment that are not incorporated into the Work or the overall project are not eligible for exemption

and the Contract Price shall include, and Contractor shall pay, any sales or use taxes on such items; and b) Contractor will use its own properly-executed exemption or resale certificate, and not Owner's direct pay permit, to make exempt purchases of tangible personal property or services from vendors or Subcontractors.

- 15.2.2 Owner Purchases from Contractor. With respect to any Owner purchases from Contractor of tangible personal property not incorporated into real property as defined for sales and use tax purposes or taxable services, Owner shall provide to Contractor its direct pay permit (if Owner has been issued a direct pay permit) or an appropriate exemption certificate required to relieve the Contractor of its responsibility to collect sales or use tax from the Owner. If Owner provides Contractor such direct pay permit or exemption certificate, sales or use taxes on Owner purchases from Contractor of tangible personal property or taxable services shall not be collected from Owner or included in the Contract Price. Unless otherwise approved or directed by Owner in writing, Contractor shall not use Owner's direct pay permit to make exempt purchases of tangible personal property or taxable services from vendors or Subcontractors.
- 15.2.3 Contractor Cooperation. Contractor shall take all steps reasonably necessary to ensure that Contractor's purchases from vendors or Subcontractors of items of tangible personal property or services are exempt from sales and use tax pursuant to any applicable exemption pursuant to the law of any U.S. jurisdiction or its political subdivisions.

16.0 INSURANCE

- 16.1 Contractor shall at its sole expense, procure or maintain, and shall cause its Subcontractors to procure or maintain, throughout the term of this agreement except as set forth in Section 16.5, the following types of insurance with the following, minimum limits:
- 16.1.1 Workers' compensation insurance in accordance with all jurisdictions where Contractor has operations including where the Work is to be performed.
- 16.1.2 Employer's liability in an amount not less than \$1,000,000.
- 16.1.3 Business automobile insurance covering all Owned, Non-owned and Hired Autos in an amount not less than \$5,000,000 per occurrence.
- 16.1.4 Commercial general liability insurance covering claims of bodily injury and property damage in an amount not less than \$5,000,000 per occurrence.
- 16.1.5 Aircraft liability insurance with a combined limit of not less than \$10,000,000. Such insurance shall be required only if the Contractor or its Subcontractors shall utilize an aircraft in the performance of the Work.
- 16.1.6 Protection and Indemnity insurance (including Jones Act liability) and pollution liability in an amount not less than \$10,000,000 per occurrence. Such insurance shall be required only if the Contractor or its Subcontractors shall use a marine vessel or floating equipment in the performance of the Work.
- 16.1.7 Professional liability insurance and/or Errors and Omissions insurance in an amount not less than \$5,000,000. Such insurance shall be required only if the Work includes professional liability exposures.
- 16.1.8 "All risk" property insurance covering the full replacement cost of Contractor's personal property.

- 16.2 To the extent permitted by law, Contractor shall waive, and shall cause each of its insurers to waive, any and all rights of recovery, by subrogation or otherwise, against Owner and its affiliates, officers, directors, employees, agents and assigns of any type. Each of the insurance policies indicated above shall be primary to and non-contributory with any insurance or self-insurance of Owner.
- 16.3 The Commercial General Liability, the Business Automobile, and the Aircraft Liability insurance shall include Owner as an additional insured with respect to Owner's liability arising out of the operations of Contractor. Such coverage shall also include blanket contractual coverage and contain no exclusion for explosion, collapse, or underground property damage (XCU coverage).
- 16.4 The insurance required by this Article 16.0 is in addition to and separate from any other obligations contained in the Contract.
- 16.5 If any of the policies indicated above are placed on a "claims-made" basis, such coverage shall be maintained for a period of not less than five (5) years following the completion of the Work. Products and/or completed operations coverage shall be maintained for a period of five (5) years after the completion of the Work.
- 16.6 Any deductibles or retentions on any of the policies required herein shall be the sole responsibility of the Contractor.
- 16.7 The above referenced limit requirements may be met by any combination of umbrella or excess and primary policies so long as the total limit of insurance requirement is met. The required coverages referred to herein shall in no way affect, nor are they intended as a limitation of, Contractor's liability with respect to its performance of the Work. The limits of insurance indicated herein are minimum requirements and are in no way intended to limit Contractor's liability.
- 16.8 In all cases where Contractor's employees (defined to include Contractor's direct, borrowed, special, or statutory employees) are covered by the Louisiana Worker's Compensation Act, La. Rev. Stat. Ann. 23:1021 et seq., Owner and Contractor agree that pursuant to Section 23:1061 (A) (1) all Work performed by Contractor and its employees under the terms and conditions of the Contract is an integral part of Owner's operations and is essential to Owner's ability to generate its goods, products and services. Additionally, Owner and Contractor agree that for purposes of Section 23:1061 (A) (3) Owner is the principal or statutory employer of Contractor's employees. Irrespective of Owner's status as the statutory employer or special employer of Contractor's employees, pursuant to Section 23:1031 (C), Contractor shall remain primarily responsible for the payment of Louisiana Worker's Compensation benefits to its employees, shall indemnify Owner from any and all claims of Contractor's employees or its Subcontractor's employees and shall not be entitled to seek contribution for any such payments from Owner.
- 16.9 Contractor will not be permitted to bring its employees, materials or equipment on the Site until Owner receives from Contractor two copies each of acceptable certificates of insurance covering the terms of Subsections 16.1.1 through 16.1.8. Such certificates shall state that the insurance carrier has issued the policies providing for the insurance specified above, that such policies are in force, that the additional insured requirements have been satisfied, and that the insurance carrier will give Owner thirty (30) days prior written notice of any material change in, or cancellation of, such policies. If such insurance policies are subject to any exceptions to the terms specified herein, such exceptions shall be explained in full in such certificates. Owner may, at its discretion, require Contractor to obtain insurance policies that are not subject to non-standard exceptions.

- 16.10 In lieu of Sections 16.1 thru 16.9, if Owner has elected in the Contract to implement an Owner Controlled Insurance Program ("OCIP"), Owner and Contractor agree that the terms of the OCIP as contained in the Contract shall control.

17.0 INDEMNIFICATION

- 17.1 The laws of the state where the Work giving rise to the claim is performed shall apply to this Article 17.0.

- 17.2 **TO THE EXTENT PERMITTED BY LAW, CONTRACTOR SHALL INDEMNIFY, DEFEND AT ITS EXPENSE, AND SAVE OWNER HARMLESS FROM, ANY LIABILITIES, COSTS AND CLAIMS, INCLUDING JUDGMENTS RENDERED AGAINST, AND FINES AND PENALTIES IMPOSED UPON, OWNER AND REASONABLE ATTORNEYS' FEES AND ALL OTHER COSTS OF LITIGATION (COLLECTIVELY, "LIABILITIES"), ARISING OUT OF THE CONTRACT, INCLUDING INJURIES, DISEASE OR DEATH TO PERSONS, OR DAMAGE TO PROPERTY, AND ENVIRONMENTAL CLAIMS AND LIABILITIES, CAUSED BY CONTRACTOR, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS, OR IN ANY WAY ATTRIBUTABLE TO THE PERFORMANCE OF THE CONTRACT, EXCEPT THAT CONTRACTOR'S OBLIGATION TO INDEMNIFY OWNER SHALL NOT APPLY TO ANY LIABILITIES ARISING FROM OWNER'S SOLE NEGLIGENCE. TO THE EXTENT PROVIDED IN THIS SECTION, IN STATES OTHER THAN OHIO, MICHIGAN, KENTUCKY, TENNESSEE, MISSOURI, OKLAHOMA, VIRGINIA, AND WEST VIRGINIA, CONTRACTOR AGREES TO INDEMNIFY OWNER FOR LIABILITIES ARISING FROM OWNER'S ACTS AND OMISSIONS, NEGLIGENT OR OTHERWISE. OWNER SHALL HAVE THE RIGHT TO SELECT ITS OWN COUNSEL AND TO HAVE COUNSEL SEPARATE FROM CONTRACTOR, ALL AT CONTRACTOR'S EXPENSE.**

- 17.3 **WITH RESPECT TO CLAIMS AGAINST OWNER BY CONTRACTOR'S EMPLOYEES, CONTRACTOR UNDERSTANDS AND AGREES THAT THIS INDEMNIFICATION OBLIGATION SHALL NOT BE LIMITED IN ANY WAY BY, AND CONTRACTOR EXPRESSLY WAIVES, ITS IMMUNITY AS A COMPLYING EMPLOYER UNDER ANY APPLICABLE WORKERS' COMPENSATION LAW, BUT ONLY TO THE EXTENT THAT SUCH IMMUNITY WOULD BAR OR AFFECT RECOVERY UNDER OR ENFORCEMENT OF THIS INDEMNIFICATION OBLIGATION.** With respect to the State of Ohio, this waiver applies to Section 35, Article II of the Ohio Constitution and Ohio Rev. Code Section 4123.74.

- 17.4 **CONTRACTOR SHALL BE LIABLE FOR REASONABLE ATTORNEYS' FEES AND ALL COSTS OF LITIGATION ASSOCIATED WITH ENFORCEMENT OF ALL INDEMNITY OBLIGATIONS SET FORTH IN THE CONTRACT.**

18.0 LIMITATION OF LIABILITY

- 18.1 Except as expressly provided herein, neither party shall be liable to the other for any incidental, indirect, special, punitive or consequential damages. Contractor must bring any cause of action arising under the Contract within one year from the time the cause of action accrues.

19.0 LIENS

- 19.1 To the extent permitted by law, Contractor shall not file or permit to be filed any lien with respect to the Work and hereby expressly waives any right to file or cause to be filed a lien. Contractor, in

its subcontracts, shall require all Subcontractors to expressly waive the right to file any liens against Owner's property, and, if requested, provide Owner with copies of such waivers.

- 19.2 In the event any claim is asserted or any lien filed against Owner or its property, or notice of lien is provided to Owner in violation of this provision, further payment to Contractor shall not become due under the Contract until the claim is satisfied or the lien released without cost to Owner and Contractor shall provide Owner with evidence of payment relating to such claim or lien. If Contractor fails to settle any claim or secure the release of any lien, Owner may take whatever steps it deems necessary to settle the claim or release the lien, including bonding off the lien. Owner may deduct its costs and expenses for settling any claim or securing the release of any lien filed by Contractor or its Subcontractors from any money due or to become due to Contractor under the Contract. If final payment has been made, Contractor shall reimburse to Owner its costs to settle any claim or secure the release of any lien arising out of the Contract.

20.0 INTELLECTUAL PROPERTY

- 20.1 Contractor warrants that its performance of the Work will not infringe upon or violate any trademarks, patents, copyrights, trade secrets or other third party property rights. If the performance of Work is held in any action to constitute infringement, or the use of the Work is enjoined, Contractor, at its expense, shall procure for Owner the right to continue use of the Work, or replace the Work with non-infringing materials or methods satisfactory to Owner, or modify the Work in a manner satisfactory to Owner so that the Work becomes non-infringing. Contractor agrees to indemnify and save Owner harmless from and against any liability or damages, including attorneys' fees, arising out of any alleged infringement or violation.
- 20.2 All inventions, discoveries, documents, works of authorship, methods, and the derivative works thereof, resulting from the Work, including patents, patent applications, copyrights, trade secrets and other intellectual property (collectively "Intellectual Property"), shall be the sole and exclusive property of Owner. Contractor shall promptly inform Owner of the development of any such Intellectual Property and does hereby assign and transfer the entire right, title and interest, together with all rights of priority in and to such Intellectual Property to Owner. Contractor shall promptly cooperate with Owner in signing any additional documentation necessary to assign and perfect ownership of such Intellectual Property in Owner or to allow Owner to register its property rights therein. Contractor warrants that it has obtained written agreements from its employees and agents as necessary to effectuate the purpose of this Section. The Intellectual Property assigned and transferred to Owner shall be the Confidential Information of Owner.
- 20.3 Contractor grants Owner a nonexclusive, nonrevocable, perpetual, fully paid license to utilize Contractor's intellectual property existing separate from the Contract, including inventions, discoveries, works or authorship, methods, and trade secrets, regardless of whether such are the subject of patents, copyrights or other intellectual property protection, to the extent necessary for Owner to achieve the full benefit of the Work.
- 20.4 Contractor shall not use Owner's name or logo in marketing, endorsements, or other business purposes without prior written consent from Owner.

21.0 DRAWINGS AND DATA

- 21.1 Contractor shall furnish for Owner's review, prior to commencement of Equipment manufacture or fabrication, general and detailed drawings of the Equipment in the format requested. Such drawings shall be certified as to accuracy and completeness and shall show information adequate to enable Owner to design and provide suitable clearances. If required by the Contract or any code, law or agency, Contractor will provide professional engineer or architect sealed drawings and reports for the state where the Equipment is to be finally installed. Figures shall take precedence in all cases over

scaled measurements on drawings. Where obvious discrepancies exist, Contractor shall consult with and follow the instructions of Owner. Owner's approval of Contractor's drawings shall not relieve Contractor of its obligation to comply with the Contract requirements.

- 21.2 All written data, such as drawings, plans, reports, designs and specifications, prepared by Contractor for Owner during the performance of Work shall become the property of Owner. Such data, together with all data furnished by Owner and lent to Contractor for return, shall be delivered to Owner upon request, or upon completion of the Work or termination of the Contract. For clarification purposes, Owner shall have the unrestricted right to use, release, disclose, copy and reproduce such data for purposes of operation, maintenance, analysis, testing, cleaning, erection, improvement or modification of any facilities owned or operated by Owner. Contractor shall cooperate with Owner by executing such documents as are necessary to assign and perfect ownership in Contractor provided data to Owner.

22.0 CONFIDENTIALITY

- 22.1 "Confidential Information" means any confidential or proprietary information, whether written, oral, or visual, whether or not it constitutes a trade secret under applicable law. "Confidential Information" includes, but is not limited to, business plans and methods; customer information; engineering, operating and technical data; and the dates of Owner's outage schedule, information concerning the Work, and Owner's activities. "Confidential Information" does not include information that (a) has become part of the public domain other than by acts or omissions of the recipient; (b) has been furnished or made known to the recipient by a third person as a matter of legal right and without restriction on use; (c) was in the recipient's possession prior to disclosure by the disclosing party without restriction on use; or (d) is independently developed by the recipient without access to the Confidential Information.
- 22.2 Subject to Section 22.5, each party agrees (a) to protect the Confidential Information of the other with at least the same degree of care used to protect its own Confidential Information; (b) not to use (except for the purpose described herein), publish or disclose to third parties such Confidential Information; and (c) upon the request of the disclosing party, to promptly deliver to the disclosing party all written copies of its Confidential Information. Notwithstanding the foregoing, a recipient shall be entitled to disclose Confidential Information to its officers, employees, affiliates (including any joint ventures of which Owner or any of its affiliates are a member and the other members of such joint ventures), agents, lenders, attorneys and other advisors (collectively, "Representatives"), provided that the Representatives shall be informed of the confidentiality obligations provided herein.
- 22.3 If either party is required pursuant to applicable law or otherwise becomes legally compelled to disclose any of the Confidential Information, such party shall promptly advise the disclosing party in order that the disclosing party may seek a protective order or such other remedy as the disclosing party may consider appropriate in the circumstances. In any event, the compelled party may disclose only that portion of the Confidential Information which such party is legally required to disclose in the judgment of the party's legal counsel without any liability to the disclosing party hereunder and such disclosure shall not be a breach of this Section.
- 22.4 Contractor shall require its Subcontractors, if any, to expressly comply with the confidentiality provisions as set forth herein.
- 22.5 All documents prepared by Contractor for Owner during the performance of Work that incorporate, in whole or in part, information owned or provided by Owner shall not be marked or designated in any way as the confidential or proprietary information of Contractor without also stating that Owner has rights in such documents. Owner shall have the right to question the designation of Confidential Information by Contractor and Contractor agrees to provide Owner

with reasonable cooperation in explaining such designation. Contractor agrees that Owner's acceptance of documents containing the Confidential Information of Contractor shall not be construed as a restriction on Owner's rights to use, release, disclose, distribute, copy or reproduce the documents.

23.0 DEFAULT

23.1 The occurrence of any of the following shall constitute an "Event of Default":

23.1.1 Contractor files a petition in bankruptcy, or if its creditors file an involuntary petition in bankruptcy, or if it makes a general assignment for the benefit of its creditors, or if a receiver is appointed on account of its insolvency.

23.1.2 Contractor (a) fails to maintain the schedule set forth in the Contract, or (b) fails to promptly pay Subcontractors for material or labor, or (c) commits repeated or substantial violations of laws, rules, regulations or policies, or (d) fails to perform in accordance with the Contract, and Contractor fails to take corrective action or submit an acceptable plan within two (2) Business Days after the receipt of a notice of non-conformance from Owner.

23.2 Upon an Event of Default, Owner may take any or all of the following actions without affecting the Contract Price or schedule:

- (a) Owner may direct Contractor to cease performance on all or part of the Contract until satisfactory corrective action has been taken;
- (b) Owner may have others take corrective action necessary to achieve compliance with the Contract. Owner may deduct the cost of such corrective action by others from any monies due to Contractor. Corrective action by others shall be taken when, in the judgment of Owner, the noncompliance threatens safety, unreasonably interferes with or delays the work of others, or otherwise creates a situation the resolution of which cannot be delayed without adversely impacting quality, cost or timely completion;
- (c) Owner may pursue damages for delay under the terms of Article 24.0;
- (d) Owner may suspend the Contract under Article 26.0; and/or
- (d) Owner may terminate the Contract under the terms of Section 27.1

25.3 Each of Owner's rights set forth above shall be cumulative and additional to any other rights or remedies provide in law or equity or otherwise.

24.0 DAMAGES FOR DELAY

24.1 Contractor shall be liable for any direct damages incurred by Owner arising out of Contractor's failure to perform on time.

24.2 In lieu of Section 24.1, if the parties have agreed to liquidate the amount of direct damages resulting from Contractor's delay, the parties agree that such damages which might be incurred by Owner as a result of Contractor's delay in performance are uncertain and would be difficult to calculate. The parties agree that the liquidated damages contained in the Contract would be reasonable and fair compensation for late performance. Contractor commits to pay and Owner agrees to accept such sum as liquidated damages and not as a penalty in the event of late performance.

25.0 FORCE MAJEURE

- 25.1 Neither party shall be in breach of the Contract to the extent that any delay or default in performance is due to a Force Majeure Event. The term, "Force Majeure Event", shall mean any cause beyond the reasonable control of the delayed or defaulting party, including, but not limited to, acts of God including unusually adverse weather, fire, and epidemic; acts of public enemy including war, acts of terrorism, riot, and civil disturbance; and national labor strikes, which by exercise of due foresight such party could not have been expected to avoid or overcome. Contractor's inability to obtain adequate and sufficient labor in order to maintain progress of the Work shall not constitute a Force Majeure Event. No delay in performance resulting from a Force Majeure Event shall result in any liability on the part of Owner. Notwithstanding the preceding sentence, in the event of a delay caused by any act or failure to act on the part of Owner, Contractor's sole remedy shall be as set forth in Article 12.0.
- 25.2 The delaying party shall immediately notify the other party of the beginning of a delaying event, and shall confirm the notice in writing within ten (10) Business Days of the beginning of the event. The notice shall contain a detailed account of the delay, including the cause of the delay, an estimate of the duration of the delay, an estimate of the delay's impact to the schedule, and the plan to mitigate the effects of the delay.
- 25.3 If Contractor is the delaying party, and the delay is a Force Majeure Event as defined in Section 25.1, Owner shall grant Contractor an extension of the time for performance, to be mutually agreed upon by Contractor and Owner. The extension of time granted as a result of a Force Majeure Event shall in no case exceed the length of the delay and such extension may be withheld or reduced to the extent Contractor does not provide notice in accordance with Section 25.2. If Owner so requests, Contractor shall expedite its schedule to mitigate the effects of the excusable delay. Owner shall pay incremental, Direct Costs incurred by Contractor for expediting at Owner's request.

26.0 SUSPENSION

- 26.1 Owner may at any time suspend all or any part of the Work. Owner shall provide Contractor written notice verifying the suspension date. Immediately upon receipt of the suspension notice, Contractor shall take the necessary actions to comply with the suspension notice.
- 26.2 Owner shall pay Contractor in accordance with the terms of payment set forth in the Contract for the Work completed prior to the time of suspension and for the incremental, Direct Costs that result from Contractor's compliance with the suspension notice.
- 26.3 Owner may, at any time during the suspension period, either terminate the Contract in accordance with Section 27.2, or authorize the Work or any portion thereof to be restarted. Owner shall pay Contractor the incremental, Direct Costs associated with the restart of the Work and shall resume payments to Contractor in accordance with the terms of payment under the Contract thirty (30) days after the restart of Work.
- 26.4 The schedule shall be adjusted to provide for a reasonable extension of time for Contractor's performance.

27.0 TERMINATION

27.1 Termination for Cause

- 27.1.1 Upon an Event of Default, Owner may terminate the Contract upon written notice to Contractor.

- 27.1.2 In the event of such termination, Contractor shall immediately prepare and submit to Owner an itemization of the Work completed by Contractor. Owner may require Contractor to leave the Site. Owner may take over such Work and complete it, or have the Work completed by others. Owner may take possession of and utilize in completing the Work Contractor's materials, Equipment to be installed, supplies, tools and equipment at the Site.
- 27.1.3 Contractor shall not be entitled to further payment until all of the Work is completed in its entirety and Final Acceptance has been achieved. If the cost of completion exceeds the unpaid balance under the Contract, Contractor shall pay the difference to Owner within thirty (30) calendar days of demand.
- 27.1.4 In the event that a court determines that the termination was not properly a termination for cause, pursuant to Section 27.1.1, Contractor's remedy shall be limited to the payments permitted in accordance with Section 27.2.

27.2 Termination for Convenience

- 27.2.1 Owner may terminate the Contract, in whole or in part, for its convenience. Owner will give Contractor written notice of termination specifying the extent to which the Contract is terminated and the date, immediately or otherwise, on which termination becomes effective.
- 27.2.2 Upon termination for convenience, Contractor will comply with instructions in the notice of termination regarding delivery to Owner of all Work in progress and all completed Work, which shall become the property of Owner upon delivery.
- 27.2.3 In the event of such termination, Contractor shall receive payment, including the retained percentage, for the Work satisfactorily performed up to the time of such termination. In addition, Owner shall reimburse Contractor for incremental, Direct Costs resulting from the termination, provided that compensation was not otherwise made for such costs. Final payment shall be made upon the parties' agreement of the amount of the final invoice and Owner's receipt of an Affidavit of Completion in the form of Exhibit 1. Owner shall not be responsible for Contractor's lost profit on the terminated portion of the Contract.

28.0 MATERIALS AND WORKMANSHIP WARRANTY

- 28.1 Beginning upon Final Acceptance and for a period of one year thereafter, or for such period as may be specified elsewhere in the Contract, Contractor warrants that (a) it will perform the Work in accordance with the accepted standards of care and competence found in the applicable profession as such standards relate to and are commonly used in the electric utility industry and (b) all Contractor furnished materials and workmanship shall be free of any and all defects and shall be in conformity with the requirements of the Contract.
- 28.2 Subject to the provisions of Section 28.3, in the event that the material or workmanship does not comply with the warranty, Contractor shall, at no cost to Owner, promptly repair or replace such nonconforming material or workmanship with as little disruption to Owner's operations as practicable. Contractor shall be responsible for the total cost of correcting any defects, including but not limited to, the costs of materials, labor, any necessary equipment removal, disassembly, shipping, reinstallation and retesting of the installation. Owner shall give Contractor notice of observed defects with reasonable promptness. If nonconforming material or workmanship causes an outage or other delay of operations, Contractor shall make the repair or replacement on an overtime, maximum effort basis, at Contractor's expense.

- 28.3 If Owner directs Contractor to repair or replace any defect and Contractor fails to do so within a reasonable time, or if an emergency exists rendering it impracticable for Contractor to perform the repair or replacement, Owner may make or cause to be made such repair or replacement without affecting the validity of the warranty. Owner's cost for making the repair or replacement shall be deducted from the Contract Price or any unpaid portion thereof. If the unpaid portion of the Contract Price is insufficient to cover such cost, Contractor shall reimburse Owner.
- 28.4 Owner will not pay for any defective portion of the materials or workmanship until remedied by Contractor at Contractor's expense in accordance with the Contract requirements.
- 28.5 Owner must approve any proposed correction or alteration by Contractor of the materials or workmanship, or parts thereof, made at any time or at any location, before such correction or alteration is undertaken. Approval by Owner shall not relieve Contractor from responsibility for complying with the requirements of the Contract and all applicable codes.
- 28.6 Any materials or workmanship which are repaired or replaced pursuant to this Article 28.0 shall be warranted for a period of one year from the date of completion and acceptance of such repair or replacement, or for the remainder of the original warranty period, whichever is longer.
- 28.7 Contractor shall obtain, for the benefit of Owner, all available warranties from Subcontractors, vendors and suppliers of Contractor. Such warranties shall be in addition to the warranties set forth in this Article. If such warranties are in written form, Contractor shall provide Owner with the original warranties.

29.0 REPORTING OF COMPLAINTS

- 29.1 Contractor shall immediately report to Owner, in accordance with Article 33.0, the complete details of all complaints, including any OSHA violations and complaints received from governmental authorities, Subcontractors, laborers, other third parties or members of the public relating to the Work.

30.0 RETENTION AND EXAMINATION OF INFORMATION, BOOKS AND RECORDS

- 30.1 Owner reserves the right to audit records necessary to permit evaluation and verification of (i) claims submitted, (ii) Change Orders, and related overhead and general and administrative costs, and (iii) Contractor's compliance, in the performance of the Contract and its dealings with Owner, with (a) the Contract requirements; and (b) Owner's Code of Business Conduct governing business ethics. Owner's right to audit shall not extend to fixed, lump-sum or unit pricing.
- 30.2 Contractor shall cooperate with Owner and provide Owner with information and records ("information") pertaining to the Work as requested by governmental agencies, Owner, or courts of law.
- 30.3 Contractor shall retain for a period of three (3) years after Contract termination or expiration all information relating to the Work. Owner may audit and copy such information at Contractor's premises during regular business hours. If requested by Owner, Contractor shall submit to Owner a copy of each of its subcontracts. Contractor shall include in its subcontracts a provision granting Owner the rights against Subcontractors contained in this Article 30.0.

31.0 COMPLIANCE WITH LAWS

- 31.1 Contractor warrants that all materials and equipment supplied and all Work performed will comply with, and be manufactured, priced, sold and labeled in compliance with, all applicable federal, state and local laws, rules, regulations, orders and ordinances, including, without limitation, environmental

protection, energy, safety and health, and labor laws and regulations and applicable industry codes and standards.

- 31.2 Unless exempted, Contractor 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. Contractor represents that it does not, and shall not for the term of the Contract, provide or maintain for its employees facilities that are segregated on the basis of race, color, religion, sex or national origin. Contractor represents that it will not assign its employees to perform any work related to the Contract at a location where facilities are segregated on the basis of race, color, religion, sex or national origin. Contractor agrees that it will not enter into any agreement to obtain goods or services relating to the Contract 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 ensure 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, Contractor 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, Contractor represents that it will file all reports or other required information specified in 41 CFR §60-1.7.
- 31.3 Contractor shall indemnify and save Owner harmless from any and all costs or expenses arising out of any violations of such laws, ordinances and regulations.

32.0 PERMITS AND LICENSES

- 32.1 Contractor shall obtain all permits and licenses required by any regulatory authority for the performance of any portion of the Work, except that Owner shall obtain permits and licenses for all structures which are to become a permanent part of the Site. Before starting Work, Contractor shall submit to Owner a copy of all permits and licenses required by any such regulatory authority.
- 32.2 Contractor shall indemnify and save Owner harmless from any and all costs or expenses arising out of the failure of Contractor to obtain such permits and licenses.

33.0 NOTICES

- 33.1 Each party shall designate in writing a representative to receive any and all notices required under the Contract. Notices shall be in writing and shall be given to the representative designated to receive them, either by personal delivery, certified mail, facsimile, e-mail or any similar means, properly addressed to such representative. All notices shall be effective upon receipt, or upon such later date following receipt as set forth in the notice. Either party may, by written notice to the other, change the representative or the address to which such notices are to be sent. Contract shall be strictly construed and Contractor expressly waives any claims which do not strictly comply with the written notice requirements of the Contract.

34.0 SEVERABILITY

- 34.1 In the event that any of the provisions, or portions thereof, of the Contract are held to be unenforceable or invalid by any court, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected.

35.0 WAIVER

35.1 Either party's waiver of any breach of the Contract shall not be deemed to be a waiver of any other breach of the same or a different term of the Contract. Contractor agrees not to claim any waiver by Owner of such notice requirements based upon Owner's conduct or Owner having actual, verbal, implied, or constructive notice.

36.0 NON-DISCLOSURE

36.1 Except as required by law, regulation, or judicial or administrative order, neither party shall disclose the terms of the Contract without the consent of the other party. Notwithstanding the foregoing, Owner may disclose the terms of the Contract without the consent of Contractor (a) to any of its affiliated companies (including any joint ventures of which Owner or any of its affiliates are a member and the other members of such joint ventures); and (b) to any prospective transferee or purchaser of assets of Owner or any of affiliates.

37.0 HEADINGS

37.1 Headings are provided for the convenience of the parties, and shall not affect the interpretation of any provision.

38.0 AFFILIATED COMPANIES

38.1 Any indemnification of Owner or any limitation of Owner's or Contractor's liability under the Contract shall to the same extent apply to Owner's or Contractor's directors, officers, employees, agents, and affiliated companies (including any joint ventures of which Owner or any of its affiliates are a member and the other members of such joint ventures), including any directors, officers, employees and agents thereof.

38.2 The affiliated companies (including any joint ventures of which Owner or any of its affiliates are a member and the other members of such joint ventures) of the American Electric Power System are severally and not jointly liable for obligations arising hereunder.

39.0 APPLICABLE LAWS AND JURISDICTION

39.1 Except for Article 17.0, the rights and obligations of the parties arising out of the Contract shall be governed in all respects by the laws of the State of Ohio. Any reference herein to the laws of other states is made only to the extent that the laws of that state might apply, notwithstanding the intent of the parties that the laws of the State of Ohio should apply.

39.2 Contractor agrees that all actions and proceedings brought by Owner against Contractor may be litigated in courts located in the State of Ohio or the state where the work was performed. Contractor agrees that such courts are convenient forums and irrevocably submits to the personal jurisdiction of such courts. Contractor waives personal service of process and consents to service of process by certified or registered mail at the address designated for receiving notices under the Contract.

40.0 ENTIRE AGREEMENT

40.1 The Contract constitutes the entire agreement between the parties and supersedes all previous and collateral agreements or understandings with respect to the subject matter of the Contract. No waiver, alteration, amendment or modification of any of the provisions of the Contract shall be binding unless in writing and signed by duly authorized representatives of the parties.

41.0 BINDING EFFECT; NO THIRD-PARTY BENEFICIARIES

- 41.1 Subject to the restrictions on assignment in Section 5.1, the Contract shall be binding upon and shall inure to the benefit of the parties of their respective successors and permitted assigns.
- 41.2 No provision of the Contract is intended or shall be construed to be for the benefit of third party other than as set forth in Article 36.0.

42.0 EXECUTION; COUNTERPARTS

- 42.1 The Contract shall not be binding or effective until properly executed by each of the parties hereto. The Contract may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute but one and the same Contract, which may be sufficiently evidenced by one counterpart.

43.0 SURVIVAL

- 43.1 All of the terms of the Contract which by their nature extend beyond the expiration or termination of the Contract, including indemnification obligations, confidentiality obligations, limitations of liability, shall survive expiration or termination of the Contract and remain in full force and effect.

END OF DOCUMENT

EXHIBIT 1
Page 1 of 1

AFFIDAVIT OF COMPLETION

State of _____

County of _____

_____, being duly sworn, states that:
(Name of Affiant)

1. S/He is the _____ of
(Office held by Affiant)

_____(Contractor)
(Legal Name of Contractor)

that has a contract with _____
(Legal Name of Owner)

(Owner) dated _____ (Owner's Contract No. _____)
(Contract Date) (Contract No.)

involving work on the Owner's property at _____
(Project Name)

located near _____
(City, State)

2. All of the Work required to be performed by the Contractor under said Contract has been performed. All bills and claims for material, labor and services to employees, Subcontractors, material suppliers, and others, covering the Work required to be performed under the Contract, have been paid in full by the Contractor. There are no unpaid amounts on the basis of which a lien has been filed, or can be filed, in connection with the Work performed under the Contract.

Signature of Affiant

Sworn to before me and subscribed in my presence this _____ day of _____, _____.

Notary



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SUPPLEMENTARY TERMS AND CONDITIONS FOR FORESTRY CONTRACTS

Prepared by:

Contract Services
American Electric Power
Service Corporation
1 Riverside Plaza
Columbus, OH 43215



**SUPPLEMENTARY TERMS AND CONDITIONS
FOR FORESTRY CONTRACTS**

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**SUPPLEMENTARY TERMS AND CONDITIONS
FOR FORESTRY CONTRACTS**

The following Supplementary Terms and Conditions for Forestry Contracts ("Supplementary Terms") shall supplement any of the American Electric Power Service Corporation ("Owner" or "AEP") General Terms and Conditions utilized in any Contract under which Contractor is authorized to perform Services. These Supplementary Terms shall not replace the safety or operational provisions in the applicable AEP General Terms and Conditions and are intended to support and reinforce other Contract documents.

All of the provisions of these Supplementary Terms shall also apply to Contractor's subcontractors. Contractor is responsible for ensuring that its subcontractors comply with these Supplementary Terms.

Contractor's and any of its subcontractors' failure to comply with these Supplementary Terms is cause for the Contract to be terminated and may prevent eligibility for the consideration of providing Services in the future (i.e., removal from AEP's qualified bidders list).



**SUPPLEMENTARY TERMS AND CONDITIONS
FOR FORESTRY CONTRACTS**

SECTION 1
GENERAL SUPPLEMENTARY TERMS AND CONDITIONS

1.1 Protection of Services

- 1.1.1 Contractor shall use care and diligence so that performed Services and all materials, installed equipment and tools are thoroughly protected from the weather, loss and any and all damage. Contractor shall furnish and pay for all such protection.
- 1.1.2 Contractor shall provide and pay for the removal of snow, ice and water from its storage or work areas.
- 1.1.3 Contractor shall be liable for any loss or damage caused by carelessness, negligence or any act or failure to act on the part of Contractor, its subcontractors or employees. Such loss or damage includes, but is not limited to, losses and damages to performed Services, materials, equipment to be installed, private property, construction equipment and other property belonging to Owner or other contractors.

1.2 Cleanup and Disposal of Non-Vegetative Debris

- 1.2.1 Contractor shall keep its work areas, storage areas, parking areas and other areas of operations clean and safe.
- 1.2.2 Contractor shall promptly remove trash and other non-vegetative debris from these areas and properly dispose of all trash and other debris resulting from Services.
- 1.2.3 Upon completion of Services, Contractor shall remove from the site and dispose of its surplus material, chemicals, equipment, tools and, unless otherwise directed in writing by Owner, all temporary structures per all applicable laws.
- 1.2.4 Contractor shall bear the cost of providing the cleanup and removal, including the cost of all labor, supplies, tools, construction equipment and transportation.

1.3 Material Storage and Handling

- 1.3.1 Owner may designate a material storage location that can be used by Contractor.
- 1.3.2 Unless provided by Owner, Contractor is responsible for the purchase and proper handling and storage of material used during the course of providing Services. Contractor shall abide by all applicable laws.
- 1.3.3 Contractor shall be responsible for the impact of all shortages resulting from missing or damaged material issued to Contractor but not applied. Contractor shall replace such material at its own expense. Substitutions will not be allowed unless approved by Owner in writing.
- 1.3.4 All unused material furnished by Owner or provided by Contractor, and paid for by Owner, shall be returned by Contractor to Owner's designated storerooms or storage points upon notification from Owner.



**SUPPLEMENTARY TERMS AND CONDITIONS
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1.4 Electrical Clearances

- 1.4.1 Owner will arrange for all necessary clearances on energized equipment or circuits required to be taken out of service for the performance of Services. When an outage is required, Contractor shall notify Owner prior to scheduling such Services, allowing sufficient time for scheduling with system operators.

1.5 Permits and Easements

- 1.5.1 Owner will secure all right-of-way easements. Owner will also secure certain permits requiring Owner's signature (i.e., DOT permits, siting permits, building permits). Location specific and construction specific permits not already obtained by Owner are the responsibility of Contractor. Local vehicle registration/operation permits (i.e., frost law permit in Michigan) shall be the responsibility of Contractor.

1.6 Protection of Property

- 1.6.1 Contractor shall use all possible care not to damage any existing buildings, structures, pipes, sewers, conduits, manholes or other property, or to interfere therewith without the consent of Owner's authorized representative. Such structures and other objects shall be properly supported, braced and secured in place to prevent damage thereto. They shall not be relocated or reconstructed except as authorized by Owner. Contractor shall be responsible for all damage claims due to this negligence, including the cost of all material and labor required to replace or repair any property damaged.
- 1.6.2 Contractor shall immediately report the complete details of all damage claims to Owner. If Owner determines the claim is valid and is a result of Contractor's negligence, Owner will present the claim to Contractor for settlement. Contractor is to settle all valid claims within 30 days. Contractor is to provide Owner with documentation specific to a settlement process for any claim not settled within 30 days, or the claim will be handled by Owner and the damage amount billed to Contractor. All such damage claims settled by Contractor are to be reported to Owner in writing.
- 1.6.3 Contractor shall be responsible for notifying appropriate state one-call systems, as well as any other utility company not a member of the systems, prior to performing Services involving excavation, boring, stump grinding and/or other activities that may affect underground facilities.

1.7 Work on Private Property

- 1.7.1 Whenever any Services are to be completed on private property, Contractor shall attempt to notify owner and/or the tenants thereof and make arrangements with them so that Services will be completed with the least practicable inconvenience to them. Work on private property shall be done as expeditiously as possible and the premises restored immediately.



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**SUPPLEMENTARY TERMS AND CONDITIONS
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1.8 Access and Construction Roads

- 1.8.1 It is Contractor's responsibility to ensure that all property owners' roads traveled by Contractor are in the same condition as the roads were before Contractor elected to use the route. Should Contractor cause any damage to any such road, Contractor is obligated to restore the road to like or better condition than the road existed prior to Contractor's use. Such work shall be completed in a timely manner with proper written documentation of the damage/remedy supplied to property owner and Owner alike. Where Owner deems it necessary to maintain access roads on private property, crushed stone will be furnished or paid for by Owner, and Contractor shall provide labor and equipment to haul and place crushed stone as required. When approved in advanced writing by Owner, Owner shall pay for normal damage to fields or loss of crops resulting from necessary travel by Contractor.
- 1.8.2 Contractor shall keep fences in a sufficient state of repair to satisfactorily confine livestock and shall keep gates closed when not in immediate use. Before Services are considered to be completed, all temporary gates shall be removed and all fences cut or damaged shall be restored to original condition. Fencing damaged by Contractor shall be repaired at Contractor's expense.
- 1.8.3 When it is necessary to gain access to right-of-way over private roads, yards, pastures and cultivated fields, and it is impractical to restrict ingress and egress to the right-of-way, Contractor shall use the route agreed upon by the property owner, Contractor and Owner. Contractor shall notify the property owner prior to the use of these routes.

1.9 Emergency Assistance

- 1.9.1 In the event of extensive damage to Owners' facilities as a result of severe storms, flooding or other catastrophes, Owner may request assistance from Contractor in the repair of damages and restoration of service to customers. Under such circumstances, the "Forestry Policies and Procedures for Emergency Assistance" in Section 2 shall be followed.



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**SUPPLEMENTARY TERMS AND CONDITIONS
FOR FORESTRY CONTRACTS**

**SECTION 2
FORESTRY POLICIES AND PROCEDURES FOR EMERGENCY ASSISTANCE**

In the case of emergencies, during which Contractor is called upon by Owner for storm assistance to restore service following catastrophic damage ("Emergency Assistance"), the following policies and procedures shall apply.

- 2.1 Contractor will provide Owner with emergency contacts, including 24-hour telephone numbers for requesting assistance.
- 2.2 Upon request for Emergency Assistance, Contractor shall provide Owner with a list of available personnel and their classification, labor rates, crew make up, equipment to be used and an estimated time of arrival.
- 2.3 Owner will specify the number of physical full time employees and any special equipment required and will notify Contractor as to where the crews are to be assigned and to whom they will report. Owner will check-in each crew upon arrival.
- 2.4 Contractor shall be responsible to make contact with the appropriate State officials concerning commercial driver's licenses and other transportation issues.
- 2.5 Contractor's crews shall arrive prepared to work and be equipped with PPE, PPI, tools, foul weather gear, lights and batteries to perform the assigned Services. Any crews arriving without the proper tools or equipment to perform the assigned Services may be released at Contractor's expense.
- 2.6 Owner shall determine the work hours for responding crews, including start time (at assigned crew headquarters) and duration. Contractor shall check in with Owner daily at the requested starting time for assignment of Services.
- 2.7 After working sixteen (16) consecutive hours up to a maximum of twenty-four (24) consecutive hours, Contractor's employees shall be released from providing Services for a minimum eight (8) hour rest period, which shall commence upon release by Owner.
- 2.8 Owner will allow a meal break every six (6) hours, or as near as practicable, while Contractor performs Emergency Assistance. Contractor's personnel will be off the clock for all meal breaks taken away from the work site.
- 2.9 Time sheets of Contractor employees shall be kept by Contractor. These time sheets shall be turned in daily to Owner for verification and approval.
- 2.10 Contractor shall be responsible for relaying all Owner communications to its crews.
- 2.11 Contractor shall be responsible for the safety of its crews. Contractor will provide safety statistical reporting of all hours worked on AEP property. This report format will be provided by the AEP Safety Coordinator.



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- 2.12 Owner shall reimburse Contractor for Emergency Assistance at the current contracted rate of the classification for each of Contractor employees utilized plus the applicable mark up percentage for straight and/or premium time. When responding from areas with existing AEP Contracts, Contractor's employees shall be paid at the rates incorporated in the Contract for the area from which they are responding. When Contractor responds from locations without existing contracted AEP rates, billing rates will be negotiated when the agreement to send crews is finalized.
- 2.13 Overtime pay for Emergency Assistance shall be paid based on provisions submitted by Contractor and approved in advance by Owner.
- 2.14 Owner will reimburse Contractor for lodging and meals (dollar amount for meals shall be predetermined by Owner) for the crew(s) requested. Owner may elect to supply meals and/or lodging to Contractor, in which case there will be no reimbursement. All other expenses: (i.e., personal phone calls, alcoholic beverages, tobacco, entertainment, etc.) will not be reimbursed by Owner.
- 2.15 Contractor's employees must register in person at the assigned lodging.
- 2.16 If Owner requests Contractor to provide an employee whose classification falls outside the standard Contractual labor billing rates, Owner shall provide the request in writing and will reimburse Contractor for said employee's labor, vehicle, lodging and meals.



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SECTION 3

**SUPPLEMENTARY ENVIRONMENTAL, SAFETY AND HEALTH TERMS AND CONDITIONS FOR
FORESTRY CONTRACTS**

3.1 General

- 3.1.1 Contractor shall comply with AEP's Contractor Oversight program. Contractor's safety performance will be monitored and evaluated during performance of the Contract by Owners' representative.
- 3.1.2 Contractor shall adhere to all pertinent local, state and federal regulations and all rules and policies set forth in Contractor's own safety manual. Any shortcoming brought to the attention of Contractor by Owner shall be immediately corrected by Contractor. Repeated and/or severe safety violations, incidents or accidents may be cause for the Contract to be terminated, prevent eligibility for providing future Services and result in the potential removal from AEP's qualified bidders list.
- 3.1.3 Owner has the authority to immediately stop Contractor's Service performance indefinitely for practices, procedures and operations, which, in the opinion of Owner, constitute a safety concern. It is Contractor's responsibility to adequately satisfy Owner with any remediation necessary to provide a safe and healthful workplace.
- 3.1.4 Contractor shall have qualified and competent supervision on the job at all times to direct and observe the Work.
- 3.1.5 If Contractor in good faith believes that any rule or procedure set forth in these Supplementary Terms will put its employees or others at risk, Contractor shall immediately notify Owner and shall cooperate with Owner to develop a mutually acceptable alternative procedure.

3.2 General Safety Requirements

- 3.2.1 Owner, or Owner's representative, shall conduct random Forestry Contract crew safety audits and Contractor shall cooperate fully with Owner's representatives during this audit. The audit is defined in Appendix A.
- 3.2.2 Contractor shall promptly notify Owner if Contractor's or its subcontractors' Experience Modification Rate for workers compensation exceeds 1.0.
- 3.2.3 Contractor shall remain solely responsible for the proper and safe use of all tools, and for conducting safe work practices or procedures. Contractor shall provide information necessary for the job briefing identified in Section 3.6 below, Job Briefings.
- 3.2.4 Contractor shall provide Owner a list of all tools, practices or procedures it or its subcontractors will use in performing assigned Services with fabricated or modified tools ("Specialty Tooling"). Specialty Tooling includes all tooling fabricated, developed by or modified by Contractor. Contractor shall notify Owner of any Specialty Tooling it develops or modifies on site. Contractor shall also notify Owner, prior to use, if it intends to use standard tooling in ways other



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than those for which the tooling was designed. All such Specialty Tooling is subject to review by Owner. Specialty Tooling shall have design plans, engineered diagrams, etc. with a Professional Engineer's stamp of approval. Contractor shall also inspect Specialty Tooling prior to each use. At its sole discretion, Owner may prohibit or restrict the Contractor's use of Specialty Tooling on Owner's site.

3.2.5 Contractor shall immediately cleanup all spills from Contractors' equipment and vehicles.

3.3 Contractor Safety Representative

3.3.1 When Contractor has eleven (11) or more total employees on various projects of Owner or its affiliates, Contractor will have a safety professional visit the various work sites and/or work crews weekly to ensure Contractor's safety program is being enforced. All safety professionals shall have, at a minimum, the OSHA 30 hour training. A safety professional is defined as having the responsibilities of safety compliance, enforcement and/or training.

3.3.2 Qualifications of the aforementioned safety professional may be subject to Owner's review and approval.

3.3.3 Owner may require Contractor to assign additional safety professionals if Owner determines the scope of Services justifies additional safety oversight.

3.3.4 Owner may require Contractor to supply additional safety professionals if Owner has determined geographical Service locations justify additional safety oversight.

3.4 Monthly Reporting

3.4.1 Contractor shall report various safety related statistics, using the most current revision of the AEP supplied form, AEP Contractor Performance Report in Appendix B. Reported statistics will include those of Contractor's subcontractors and will represent Services performed on AEP projects/Contracts only.

3.4.2 The above requirements must be reported by the tenth (10th) day of the following month to the following e-mail address: distributionsafetycoordinator@aep.com. A copy of the AEP Contractor Performance Report will be supplied to Contractor for reporting this required data. The data will be used by Owner to evaluate Contractor's safety effectiveness and performance.

3.5 Event Reporting

3.5.1 When performing Services for AEP and a safety event occurs, Contractor shall notify Owner about the event immediately (verbal reporting is sufficient). Contractor shall also submit a written preliminary notification (no later than 8:00 a.m. the following working day of the event) to the Forestry Supervisor, Region Support Manager and/or designee, Forestry Operations Manager, and shall also e-mail a copy to distributionsafetycoordinator@aep.com, listing any and all safety events occurring during the performance of Services. A separate report is required for each event. Reported events include near miss events, first aid and minor events, OSHA recordable injuries,



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flash/outage events, vehicle accidents, spills/release, underground utility strikes and OSHA/EPA citations/visits. The written report should include sufficient detail to identify the nature of occurrence, the extent of injury (if any) and contact name and number of the person leading the investigation. Within seven (7) business days, Contractor shall submit an in depth report to the e-mail address listed above, along with a copy to the Forestry Supervisor, Region Support Manager and/or designee and Forestry Operations Manager. This report must include the time and date of event, location of event, name of injured employee, the injured employee's on the job experience, description of event, factors that may have caused or contributed to the event, corrective actions taken and/or planned and the person(s) responsible for corrective actions.

3.6 Job Briefings

3.6.1 Prior to the commencement of Services in any location and before any changes in procedures or activities are made, Contractor shall perform a Job Briefing in written report/form to identify all potential work site risks. Each member of the crew must sign his/her name to this form in order to affirm their presence at the time the information was presented during the Job Briefing. The report shall include, at a minimum: 1) applicable hazards present during the course of performing the specific assignment 2) Service procedures involved 3) special precautions 4) energy source controls and 5) personal protective equipment requirements. Should Contractor not have its own Job Briefing requirements/forms, then Contractor shall use the AEP Supplied Job Briefing Form in Appendix C.

3.6.2 Contractor shall make its Job Briefing Forms available to Owner upon request.

3.7 Personal Protective Equipment Requirements

3.7.1 Contractor is responsible for requiring the use of appropriate personal protective equipment ("PPE") in all operations where there is an exposure to hazardous conditions.

3.7.2 Owner requires Contractor and Subcontractor employees to wear the following PPE, at a minimum, while on/in any construction site and/or work area:

- Safety glasses or safety prescription glasses with side shields
- Hardhat
- Work gloves that provide protection for the type of work
- Approved hearing protection devices when required
- Shoes with a defined heel (employees that climb structures)

3.7.3 Open-toed, open-heeled, athletic footwear and tennis shoes are strictly prohibited. Additional foot protection and/or PPE may be required based on Contractor's PPE assessment or special environmental conditions.



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3.8 Substations/Switchyards

- 3.8.1 OSHA requires personnel working within an electrical station be qualified to recognize equipment and hazards unless escorted by a qualified person. Employees not OSHA station qualified shall be under direct supervision of qualified personnel.
- 3.8.2 Gates to station fences shall remain closed and locked when they are not under the direct observation of an attendant.

3.9 Firearms, Alcohol and Drugs

- 3.9.1 Firearms, alcohol, illegal drugs or drugs taken for non-medicinal purposes are prohibited on all Owner Sites.
- 3.9.2 Contractor shall be responsible for all Contractor and Subcontractor(s) employees who are under the care of a physician and are taking prescribed medicine, which may alter the employee's physical or mental ability. Contractor shall determine the necessity to modify the employee's job assignment while undergoing treatment.
- 3.9.3 If firearms or suspected illegal drugs are discovered on any AEP property or Work Site/area, the following guidelines should be followed by whoever discovers the firearms or suspected illegal drugs:
- First, if possible without putting themselves or others in harms way, attempt to secure the location and ensure that others cannot come in contact with the firearms or suspected illegal drugs. Do not handle or move firearms or suspected illegal drugs from their discovered location.
 - Second, immediately contact the Owner's Contract Supervisor or Distribution Line Representative and together make a decision whether or not the situation requires a call to the local law enforcement authorities. Immediately call the local law enforcement authorities and report the discovered item(s) if (a) neither the Owner's Contract Supervisor nor the Distribution Line Representative is available; (b) there is a threat of harm to any person; or (c) there is a risk of improper removal or disposal of the firearms or illegal drugs.
 - Third, call local Owner's security personnel or call the Owner's general Security hotline at 1-866-747-5845.
 - Fourth, for incidents involving Contractor personnel, Contractors shall submit reports according to Section 3.5, Event Reporting.

3.10 Drug/Alcohol Testing

- 3.10.1 All Contractor and subcontractor employees performing Services under this Contract must complete and pass a pre-employment drug/alcohol screening. Screening substances and their associated cut-off limits are the same as listed in the applicable AEP General Terms and Conditions.



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- 3.10.2 Post event drug and alcohol testing shall be performed, at Owner's discretion, on all Contractor and subcontractor employees involved in any safety related event. Testing results shall be shared with Owner upon request.
- 3.10.3 Contractor shall incur all costs associated with the required drug and alcohol testing as required in these Supplementary Terms.

3.11 Language Requirements

- 3.11.1 Contractor's and its subcontractor's employees shall be capable of communicating in English. At least one copy of all documents and reports, including Job Briefings, shall be prepared in English.

3.12 Job Site Auditing

- 3.12.1 Contractor representatives, at a minimum, shall perform and document a Job Site Observation based on the following table:

Representative Level	Frequency
Senior Management	1/Quarter
Operational Management	1/Month
General Foreman	2/Week
Safety Professional	2/Week

- 3.12.2 If Contractor does not meet the requirements of Safety Section 3.3.1 [less than eleven (11) employees], then the lowest representative level of the table in 3.12.1 above (safety professional) shall be followed by a company representative.
- 3.12.3 Contractor shall make documentation of such job site observations available to Owner upon request.

3.13 Emergency Planning

- 3.13.1 All job sites must have an Emergency Action Plan that has been communicated and documented to all employees. The Job Site Emergency Action Plan shall be documented on each job briefing conducted. This plan shall include, at a minimum:
 - Emergency contacts
 - Location and name of local emergency services
 - Location of closest communication method
 - Location of closest medical facility
 - Procedure to follow in the event of an emergency

3.14 Traffic Control

- 3.14.1 All Services performed on or adjacent to existing public road or rights-of-way and/or job site roadways shall be performed in conformance to the requirements of the Manual on Uniform Traffic Control Devices (current revision), state and local jurisdiction.



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3.15 Individuals Restricted from Access to AEP Sites

- 3.15.1 Owner may deny access to its facilities by any person who fails to comply with the safety provisions set forth in the applicable AEP General Terms and Conditions or these Supplementary Terms or any person who, in Owner's sole judgment, otherwise demonstrates a lack of safety performance. Examples of a lack of safety performance include, but are not limited to, the following:
- Unsafe job performance
 - Failure to pass drug/alcohol test
 - Displaying incompetence in performing their job
 - Employees that are determined to be unfit for project employment
 - Playing of pranks, horseplay or practical jokes
 - Failure to report injuries and/or accidents
 - Fighting or acts of aggression
 - Theft or vandalism
 - Convicted Sexual Offenders
- 3.15.2 Prior to the commencement of Services and during the term of the Contract, Contractor shall provide Owner with a list of all individuals, including Contractor and subcontractor employees, whom Contractor intends to perform Services at Owner's sites. The list shall identify the individuals by their name and the last three digits of their Social Security number.
- 3.15.3 Owner may, at its sole discretion, deny access to any individual who has been previously removed from a project by Owner or any of its affiliates for safety reasons.
- 3.15.4 Contractor may request a restricted Contractor employee to be cleared for the performance of Services. A letter addressing the original safety violation(s) or reason(s) for removal and any documentation supporting the request shall be sent to Owner for approval. Contractor's employee shall not perform Services at any of Owner's sites until approved by Owner. Said approval may be granted or withheld at Owner's sole discretion.

3.16 Housekeeping

- 3.16.1 Contractor shall ensure that debris, materials, scrap, trash, etc. is contained and removed daily in order to prevent it from interfering with the safety of any employee and/or general public.



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**APPENDIX A
AEP FORESTRY CONTRACT CREW AUDIT FORM**



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**SUPPLEMENTARY TERMS AND CONDITIONS
FOR FORESTRY CONTRACTS**

**APPENDIX B
AEP CONTRACTOR PERFORMANCE REPORT**



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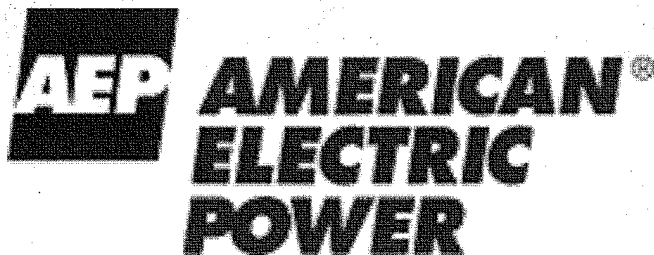
**SUPPLEMENTARY TERMS AND CONDITIONS
FOR FORESTRY CONTRACTS**

APPENDIX C

AEP SUPPLIED JOB BRIEFING FORM

(ONLY FOR CONTRACTORS THAT DO NOT HAVE THEIR OWN DOCUMENT)

EXHIBIT B



AEP Forestry

Goals, Procedures & Guidelines for Distribution and Transmission Line Clearance Operations

May 14, 2009

Goals, Procedures & Guidelines for Distribution and Transmission Line Clearance

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AEP System Forestry Guidelines

Foreword

A. Introduction

The purpose of these AEP Forestry Guidelines is to document and inform AEP employees and its contractors of important criteria, practices and procedures pertaining to initial vegetation clearing for construction projects and the maintenance of rights of way. AEP incorporates these guidelines into each tree service contract; a copy shall be kept in all vegetation management contractor's vehicles. These guidelines are for the sole and exclusive use of the contractor and are to be read consistently with other contract documents by and between AEP and the Contractor.

B. Definitions

Brush: Woody stem vegetation less than four (4) inches DBH.

Clearing: The physical cutting and/or removal of woody stem vegetation within the right of way.

DBH: (Diameter at Breast Height). The diameter of a tree measured at the height of 4-1/2 feet above the ground on the uphill side.

Danger Tree: A tree considered a potential hazard to AEP's facilities positioned outside of the normally cleared right-of-way.

Debris: Non-vegetative material such as pop bottles, cans, wire, paper and old tires.

Directional Pruning: The reduction of a tree's crown in a manner that provides increased conductor clearance by pruning to direct growth of the upper crown away from the conductors.

Fallen Tree: A tree lying on the ground not cut by the Contractor.

Hanger: A limb cut from a parent stem or bole of a tree as part of the line clearance pruning procedure left aloft caught and held by the other branches of the tree.

Hazard Tree: A tree considered a potential threat to the safety and reliability of AEP's facilities growing within the normally maintained right-of-way.

Log: The merchantable portion of a tree as designated by AEP.

Lopping: The cutting of limbs and slash so that they lie in contact with the ground or as otherwise designated by AEP.

Mowing: The mechanical cutting of woody stem vegetation within the right-of-way.

Prescription: The plan prepared for each circuit or unit of work. It designates the vegetation to be maintained, the method(s) of maintenance, and who will perform the work.

Removal: The complete cutting down of trees at or near the ground line. AEP shall specify the disposal method.

Slash: The un-merchantable portion of a tree as designated by AEP.

Tree: Woody stem vegetation greater than four (4) inches DBH.

I. Contractor Guidelines

A. Safety

1. Protecting the safety of the public is of utmost importance to AEP. Contractors shall regard safety as their first priority. Contractors and their employees will recognize and follow all laws, rules and regulations regarding public and worker safety. Any safety related incidents (e.g., personal injury, vehicle accident, outages, flashes, near miss, customer issues, etc.) that occur on the job must be reported to the appropriate AEP personnel as soon as possible.
2. All contact incidents outages or operations caused by contract crews shall be reported to the appropriate AEP Dispatch center and Forestry immediately.

B. Personnel

1. If required by state or local laws and regulations the contractor shall have an ISA Certified Arborist available.
2. No private work may be solicited or worked by Contractor employees while on AEP time. Contractors shall not receive compensation from anyone except AEP for tree work that is a part of AEP's Forestry program. The consequences will be crew and/or contractor disciplinary action.

C. Equipment

1. Contractors shall provide sufficient equipment in working order to operate their business.
2. The minimum number of chain saws on the job shall equal the number of personnel on the crew, or as per contract agreement. Chainsaws shall not be billed separately unless approved by AEP Forestry personnel.
3. Each climber shall be provided with a complete set of equipment including: rope, saddle, chainsaw, pruner and handsaw. Each tree crew shall be properly equipped so that, if necessary, a tree rescue can be performed.

The use of spurs/climbers/hooks should be avoided. Where their use is necessary (as in the removal of some trees or in climbing trees, which do not provide a notch in which to tie in) only qualified persons shall be permitted to use them.

D. Overtime

Overtime is billable for work performed outside the scope of the normal work schedule.

E.. Work Procedures

1. Contractor practices shall be compliance with applicable industry standards (e.g., ANSI, OSHA, NESC) whenever practical unless the use of such standards increases the risk of injury or property damage.
2. Changes in the workweek due to inclement weather, equipment breakdowns or other circumstances must have prior approval by AEP Forestry personnel.
3. The contractor will be responsible for the development of a plan to complete the assigned tasks. The assigned tasks must be performed in a systematic way that follows this plan. Some examples are: beginning work at substations, working between protection devices, or other methods to prevent inefficiency and/or skipped work. The plan must meet AEP approval before work begins.
4. It is the Contractor's responsibility to ensure that the plan is followed, including time estimates to complete the assigned tasks.
5. Contractor shall provide daily work locations to AEP, including changes to these locations throughout the workday.
6. Each crew shall have a planned worksheet at all times, except in the case of emergency work.
7. The Contractor's daily association with their crews and customers will allow planned outages and refusals to be worked on a progressive basis. A written list of such areas that have not been worked, including reasons, shall be supplied to AEP Forestry personnel. Undocumented skips may be worked at the Contractor's expense.
8. Contractor's work shall be inspected on an ongoing basis. When an assigned task is complete, the Contractor must notify AEP Forestry for final inspection.
9. The Contractor will notify AEP of any hazardous conditions found during the performance of work under this contract. This is to include danger trees, soil erosion, and any attachment to AEP's facilities,

deteriorated, damaged or broken facilities and any other abnormal conditions.

F. Public Relations

Public relations are important to AEP. Proper notification can eliminate most property owner issues before they arise. Advanced notification provides the property owner/resident with an opportunity to voice concerns.

1. Where required, an attempt will be made to contact property owners through personal notification, door hangers, news releases, letters, etc. AEP will attempt to contact an absentee landowner only if the landowner provides AEP with a method to contact the landowner.
2. During emergency work, Contractor will attempt to notify the property owner/resident of the crew's arrival. Discretion should be used during late night or early morning work. If no personal contact is made, a door card may be left to explain the emergency work performed.
3. Contractor will document all locations where door cards were left, including address and date. A monitored local or toll-free telephone number to reach the contractor should be on each card.

G. Refusals

1. A "refusal" is considered any property owner/resident refusing to allow or permit the contractor to manage vegetation as specified within the scope of, and according to, these guidelines and all applicable specifications, permits and easements.
2. The contractor shall fill out a refusal/complaint form with all pertinent information for all refusals.
3. If the contractor is unable to resolve the refusal within one week, the refusal shall be turned over to the appropriate AEP Forester.
4. Undocumented refusals or those left unaddressed for more than one week by the contractor may be worked at the Contractor's expense.

H. Damage Claims and Complaints

1. The contractor shall be responsible for all damage claims and complaints due to its negligence. AEP shall be notified immediately of all claims and complaints.
2. An on-site investigation with the resident/ property owner shall be made as soon as possible. This meeting, or telephone arrangements for the investigation, shall be made within twenty-four (24) hours of receipt of the complaint. AEP's representative may accompany the Contractor during this initial investigation.
3. All valid claims resulting from the Contractor's negligence shall be settled within thirty (30) days by the Contractor, or the Contractor shall provide evidence he is trying to reach a reasonable settlement.
4. The Contractor shall keep AEP informed of the status of all complaints. When a settlement is reached, a written release for both AEP and the Contractor shall be obtained from the property owner/resident.
5. If a settlement cannot be reached, the Contractor shall confirm in writing to AEP the final settlement offer and briefly summarize events pertaining to the offer.
6. After thirty (30) days, if a Contractor fails to resolve a claim, does not continue attempts to resolve the claim or keep AEP fully informed, AEP may settle the claim and bill the Contractor.
7. Costs to restore outages or repair the Owner's facilities due to negligence may be billed to Contractor as determined by AEP Forestry.

II. Performance Guidelines

A. Removals

1. Stumps shall be flush cut (three (3) inch maximum height) and treated with an approved herbicide, unless designated otherwise by AEP Forestry.
2. Tree removal shall be completed in one operation. If this is not practical, hazardous conditions shall not be left while the work is not actively in progress. Trees shall be removed in a manner to protect yards, fences, houses, electric lines and other facilities.

3. Targets for removal are:

- All trees with the potential of growing into the conductors.
- Trees where adequate clearance cannot be obtained using proper pruning practices.
- Trees that will take less than three times the amount of time to remove as they would take to prune.
- Trees within five (5) feet of poles.
- Mature trees where more than 50% of the crown must be removed to obtain clearance.
- Young vigorously growing trees where more than 66% of the crown must be removed to obtain clearance.
- Palm species.

4. Trees that may be less suitable candidates for removal are:

- Those that would take more than three times longer to remove than to prune for proper clearance and at least 50% of the crown would be left intact.
- Species that will not reach a height that would affect the conductors.
- Slow-growing tree species.

5. Deciduous stumps shall be flush cut (three (3) in. maximum height) and shall be treated with an appropriate herbicide to prevent re-growth unless the situation prevents application according to label instructions, there is a documented customer refusal or an AEP forester directs otherwise.

6. At the request of the property owner/resident diseased, dying, or dead trees which could threaten AEP facilities will be "made safe", allowing for removal by the customer or private arborist. Generally, all brush and wood generated by this activity should be left on site, unless otherwise directed by AEP Forestry.

B. Pruning

1. Contractor practices should be compliance with all applicable industry standards (i.e., ANSI, OSHA, NESC) whenever practical unless the use of such standards increases the risk of injury or property damage.
2. Pruning shall be done in a manner that protects current tree health and with regard for future growth and development.
3. Pruning shall provide at least the minimum specified clearance from electrical conductors as set forth in Tables I and II.

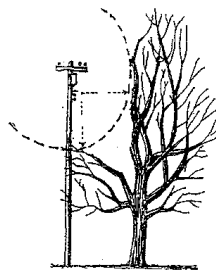
4. Reasonable care should be exercised to prevent the spreading of insects or diseases from one tree to another.
5. Portions of wild cherry, black walnut and other vegetation toxic to livestock (i.e., wilted leaf material) that has been pruned, cut or damaged by the contractor's activities, should be removed from active pasture areas accessible to livestock, unless agreed to by the property owner.

C. Clearances - Distribution

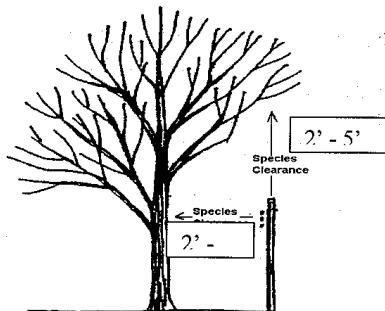
Variances to this recommendation may be necessary and applied due to specific operating company guidelines or specific restrictions in permits and/ or easements.

Minimum clearance for distribution system lines is that distance that will prevent re-growth into any AEP conductors for a minimum of three (3) years (see Table I in the appendix). The species, site, limb and conductor sag and sway during windy conditions and the effect of electrical load should all be considered when determining the clearance requirement.

1. Primary Conductors- Limbs should be pruned for a minimum of three (3) years clearance. Overhanging limbs should be removed. Top of tree should be directionally pruned unless prior arrangements have been made with the appropriate AEP Forestry representative.



2. Open Wire Secondary Conductors- Limbs should be pruned for two (2) to five (5) feet of clearance without removing overhanging branches unless otherwise specified by an AEP Forestry representative.



3. Twisted, Cabled Secondary, Service Drops or Street Light Conductors -

Trees near twisted or cabled secondary service drops and street light wires will not be pruned unless limbs are applying pressure to the line. Do not prune for street light illumination except under the specific direction of the appropriate AEP Forestry representative.

4. Span Guy Wires – Trees near span guys should only be pruned of heavy limbs applying pressure on the wires.

5. Poles and down guys - All poles and down guys will be cleared of all volunteer trees, brush, and slash to obtain a minimum of a five (5) foot radius of clearance around the pole or guy.

6. Vines - Should be cut, but not removed from AEP or other facilities, and treated with an herbicide to prevent re-growth. Pulling / removing vines may damage equipment and endanger the employee.

D. Clearances - Transmission

The ultimate goal of vegetation maintenance is to provide for the safe, reliable operation of the AEP transmission system. When performing maintenance, the objective for locations on spans with less than 100' vertical clearance at maximum sag from conductor to ground is removal of all woody-stemmed vegetation to the appropriate width, leaving the cleared area of the right of way populated with grasses and herbaceous growth. Under certain circumstances (unique topographic and/or environmentally sensitive conditions), AEP may allow compatible, low-growing species to remain in the right of way. In maintained areas (mowed yards, lawns and public areas), trees deemed compatible with safe operation of the line may remain, although AEP strongly discourages this practice. Compatible species will be limited to those that grow no

more than 15' tall or actively maintained trees that could be considered a crop such as in nurseries or orchards.

Clearance Table Guidelines

Right of Way No Restrictions	Right of Way with Restrictions
< 100' Vertical Clearance between Conductors at Maximum Sag and Ground	< 100' Vertical Clearance between Conductors at Maximum Sag and Ground
1) Remove All Woody Stemmed Vegetation *	1) Trim or Remove Vegetation to Meet Column C *
2) Do Not Allow Vegetation Closer than Column E	2) Do Not Allow Vegetation Closer than Column E
3) Trigger Distance to Schedule Maintenance per Column D	3) Trigger Distance to Schedule Maintenance per Column D
> 100' Vertical Clearance between Conductors at Maximum Sag and Ground	> 100' Vertical Clearance between Conductors at Maximum Sag and Ground
1) Trim or Remove Vegetation to meet Column B *	1) Trim or Remove Vegetation to Meet Column C *
2) Do Not Allow Vegetation Closer than Column E	2) Do Not Allow Vegetation Closer than Column E
3) Trigger Distance to Schedule Maintenance per Column D	3) Trigger Distance to Schedule Maintenance per Column D

* Upon Completion

1. Restrictions - When removal of all woody-stemmed vegetation is not achievable (i.e. there are restrictions), AEP will endeavor to cut or trim so that upon completion of the work no vegetation will be closer to conductors at maximum sag than the distances outlined in -Columns A and C. Distances are based on completed work meeting or exceeding the minimum approach distances to energized conductors for persons *other than qualified* line-clearance arborists and qualified line-clearance arborist trainees (Columns A and C).

2. Minimum Approach - Additional maintenance should be scheduled when vegetation will encroach within the minimum approach distances from energized conductors for *qualified* line-clearance arborists and qualified line-clearance arborist trainees (Columns A and D). In areas where easement or other legal agreements, or regulations restrict vegetation management practices, the maximum allowable amount of vegetation will be removed or otherwise controlled. AEP will annually monitor locations where these clearances cannot be achieved. The monitoring will determine whether maintenance that is more frequent may be required in order to assure the safe, reliable operation of the circuit.

E. Hangers and Clean Up

1. All hangers should be removed from the pruned tree before leaving the job site.

2. Work sites shall be left in a neat and orderly condition.
3. A minimum amount of clean up work should be performed, especially when a property owner requests a tree be removed. Unless otherwise designated by AEP Forestry, wood shall not be cut up or hauled away. Where designated by AEP Forestry, chipping the brush, cutting wood into lengths that can be handled and raking the site is the maximum clean up that should be performed.
4. All streams and/or drainage ditches shall be kept free of any limbs or woody debris cut by the contractor. Any cut debris that inadvertently falls into such an area, or any debris left in an area that may be prone to regular flooding, shall be moved/removed in an appropriate manner (chipped, stacked on top of ditch bank, etc.)

F. Clearing and Re-clearing

1. AEP Forestry will provide the width of the right-of-way.
2. All woody plants that have the potential to grow into the lines should be controlled, either by removal, herbicide treatment or a combination of both. On distribution lines and areas approved by Transmission Forestry on transmission lines those woody plants within the right-of-way that at mature size normally would not threaten lines or interfere with access to AEP's facilities, should be left undisturbed in the right-of-way whenever possible. Variances to this recommendation may be applied due to specific operating company guidelines.
3. During scheduled maintenance operations, prune or remove any vegetation within the rights-of-way of station entrances or exits that may affect the safe operation of AEP facilities, including station fences and equipment.
4. During scheduled maintenance operations, any vegetation adjacent to station facilities that may affect the safe operation of those facilities should be brought to the attention of the appropriate AEP personnel.
5. Trees, brush, and existing stumps within the right-of-way shall be cut as close to the ground as practicable, but not to exceed three (3) inches in height above the ground line. Where possible, the cut shall be parallel to the slope and promptly treated with an approved herbicide, unless otherwise directed by AEP Forestry.
6. Trees shall be felled to avoid damage to crops, fences and other facilities. Any trees felled into crops, ditches, streams, roads or

across fences shall be promptly removed. No trees shall be felled in such a manner as to endanger AEP's facilities or the property of third parties, or hinder access along the right-of-way.

7. Tree, brush and slash shall be lopped as designated by AEP Forestry.
8. Danger trees are identified and addressed / worked at the discretion of the individual operating companies or regions. Consideration for danger tree removal shall be made for those trees that are an imminent hazard or threat to AEP facilities. Danger trees may include, but are not limited to, trees that have severe lean or sweep, are dead, or have visible defect or damage. When cut, danger trees shall be cut as low as possible.
8. Stumps of trees growing in fences may be cut at fence post height, as approved by AEP Forestry.
9. Logs may be left in tree lengths or as designated by AEP Forestry. If so designated, the merchantable value of logs shall be preserved as much as practical.
10. In remote areas, brush and logs may be piled at the edge of the right-of-way for wildlife habitat.
11. Brush should not be left in managed agricultural areas or other maintained areas unless designated by AEP Forestry.

G. Herbicide Applications

1. All woody plants that have the potential of growing into the lines, should be controlled. Those woody plants within the right-of-way that at mature size normally would not threaten lines or interfere with access to AEP's facilities should be left untreated in the right-of-way whenever practical.
2. Contractors are required to maintain accurate and up to date records of all herbicide applications made and are required to abide by all Federal, State, and local laws concerning licensing, record keeping, and product handling.
3. Contractors shall attain 100% coverage and 95% control of treated vegetation.
4. AEP Forestry will make vegetation management prescriptions in consultation with contractors.

5. Where required, landowners should be notified before any herbicide treatments occur. There are several acceptable methods of notification such as personal contact, letter, or door hanger.
6. Managers of public rights-of-way involved in the treatment area shall be notified, where appropriate.
7. Contractor shall be responsible for training of herbicide applicators.
8. Unless specifically prohibited by property owners or AEP Forestry, stumps should be treated with an appropriate herbicide treatment.

H. Tree Growth Regulator Application

1. Trees designated for tree growth regulation shall be treated with an approved tree growth regulator (TGR) in accordance with label instructions.
2. All trees shall be inspected by the Contractor for health and vigor prior to treatment. Trees found in an excessive state of decline shall not be treated unless directed by AEP Forestry.
3. As designated by AEP Forestry, landowners should be notified before any TGR treatments occur. There are several acceptable methods of notification such as personal contact, letter, or door hanger.

Goals, Procedures & Guidelines for Distribution and Transmission Line Clearance

APPENDIX I

Distribution Line Clearance Guidelines

These growth rates and clearance distances are guidelines for the minimum clearances required. These distances are not static and should serve as **minimum clearance** requirements unless designated otherwise by AEP Forestry. Good soils and high moisture may cause many species to grow faster. These clearance guidelines are not meant as a requirement for all trees on AEP's rights-of-way. It is understood that during maintenance intervals, trees may encroach into these minimum clearance zones. The guidelines are meant to be used a guide for trimming those trees currently being maintained.

MINIMUM CLEARANCE FROM CONDUCTORS

- **Species with Fast Re-growth Rates:** Prune for a *minimum* clearance of 20 feet from conductors

Cottonwood	Willow
Poplar species	Ailanthus
Silver maple	Box Elder
Sycamore	

- **Species with Medium Re-growth Rates:** Prune for a *minimum* clearance of 15 feet from conductors

Locust	Hackberry
Red maple species	Hickory
Ornamental pear species	Crabapple
Fruit trees (apple, pear, etc.)	Red oak
Elm species	Ash species
Pine, Spruce & Hemlock species	Mulberry
Sweet gum	Bois d'arc (Osage orange, hedge tree)
Catalpa	

- **Species with Slow Re-growth Rates:** Prune for a *minimum* clearance of 10 feet from conductors

Cedar	Persimmon
Chinaberry	White oak (round lobes)
Magnolia	(Redbud, dogwood, etc.)
Any small variety species	

- **Possible Exceptions:**

- When the entire trunk of a tree falls within the minimum clearance specifications.
- When due to the branching structure of the tree less trimming would lend itself to an overall healthier tree, yet with acceptable clearance.
- Isolated instances approved by AEP Forestry representative.

Goals, Procedures & Guidelines for Distribution and Transmission Line Clearance

APPENDIX II

Transmission Line Clearance Guidelines⁽⁷⁾

Column A Nominal Voltage (kV phase to phase)	Column B ⁽⁵⁾ NERC Clearance 1 (no restrictions) Desired Clearance between Conductor ⁽¹⁾⁽²⁾ and Vegetation	Column C ⁽³⁾⁽⁵⁾ NERC Clearance 1 (with restrictions) Desired Clearance between Conductor ⁽¹⁾ and Vegetation	Column D ⁽³⁾ ANSI Clearance between Conductor ⁽¹⁾ and Vegetation	Column E ⁽⁴⁾ NERC Clearance 2 between Conductor ⁽¹⁾ and Vegetation
765 kV	45'	35' 00"	27' 04"	14' 0"
500 kV	45'	26' 08"	19' 00"	10' 0"
345 kV	30'	20' 05"	13' 02"	7' 6"
230 kV	30'	16' 05"	7' 11"	5' 2"
161 kV	25'	14' 00"	6' 00"	3' 5"
138 kV	25'	13' 02"	5' 02"	2' 11"
88 kV & 115kV	25'	12' 04"	4' 06"	2' 6"
69 kV	25'	10' 09"	3' 09"	2' 6"
46kV, 40kV, 34.5 kV & 23 kV	20'	10' 00"	2' 09"	2' 6"

⁽¹⁾ Conductor at maximum sag condition⁽⁶⁾

⁽²⁾ Desired clearance to maintain reasonable clearing cycles

⁽³⁾ ANSI Z133.1 rev. 10/2000

⁽⁴⁾ IEEE Standard 516-2003, Section 4.2.2.3, Tables 5 and 7, calculated clearances (Clearance 2)

⁽⁵⁾ Application of herbicides will be considered as meeting these guidelines, as long as all treated vegetation meets or exceeds the desired clearance from maximum sag (Table AEP1.2, Columns A and C).

⁽⁶⁾ AEP Guideline for Determining Maximum Conductor Sag and Blowout for Vegetation Management is to be used to adjust the conductor's found field condition to the maximum sag condition taking into account the conductor size, span length, elevation, and current temperature.

⁽⁷⁾ (Columns A, B, C, and D) distances exceed clearances for NERC operationally significant circuits noted in NERC Standard FAC-003-1, which gives clearances (Columns A and E) to be maintained between vegetation and conductors under all rated electrical operating conditions, per IEEE Standard 516-2003 (Guide for Maintenance Methods on Energized Power Lines) and as specified in its Section 4.2.2.3, Minimum Air Insulation Distances without Tools in the Air Gap.

AEP FORESTRY

Instructions

For

Forestry Contract Crew Audits

January 2007

The Forestry Contract Crew Safety and Forestry Contract Crew Audits are tools that AEP Foresters can use to record a tree crew's compliance with safety regulations, contract guidelines and work performance. A crew, or the completed work, is rated as pass or fail and acceptable or unacceptable. Acceptable or pass means a crew meets contract guideline expectations. Unacceptable or fail means a crew, or the completed work, does not meet contract guideline expectations. An unacceptable or fail rating for any single item in the Crew Safety, Forestry Clearance or Forestry Work Quality audit sections will result in a failure rating for the audit section receiving the unacceptable or fail rating.

Each topic found on the Forestry Contract Crew Safety Audit and Forestry Contract Crew Audit is defined in this document. The 10 topics listed under Safety are forestry specific relating to the AEP Contractor Oversight program. The remaining five topics – Clearance, Work Quality, Equipment, Personnel and Reporting Accuracy relate to contract/guideline compliance and work performance.

Definitions of terms used in this document and more detailed explanations of right of way Forestry work compliance standards are supported by and provided in the document "AEP System Forestry Goals Procedures and Guidelines for T&D Line Clearance Operations".

One copy of each completed crew audit is to be given to the audited tree crew foreman, one copy to the contractor general foreman/ supervisor responsible for the crew, and one copy kept on file at the responsible/ local AEP forester's office.

All audit information, including comments, should be entered into RWM

Audit Frequency – The expectation of AEP Forestry management is that contract crew audits are to be conducted on a regular basis.

Fail or Unacceptable - Any item marked 'Fail' or 'Unacceptable' must be explained. Use the comments sections on the audit forms to explain why an item was marked 'Fail' or 'Unacceptable'.

Safety Audit

Personal Protective Equipment - Shall be worn as required by OSHA and ANSI specifications. Such PPE includes and is not limited to:

Hard Hats - Shall be worn when entering the job site. Visual inspection of hard hats should be made to insure they are not cracked, broken, or otherwise altered.

Safety Glasses - ANSI approved Z87.1 eye protection shall be worn on job site at all times. Safety glasses are required for all jobs.

Ear Protection - Shall be worn when running chippers or chainsaws. Exception-not required when using a chainsaw while working in tree.

Proper Footwear - Proper work boots that go above the ankle. Footwear should support the foot and ankle area.

Chain Saw Chaps - Are to be worn, according to ANSI guidelines, while operating chain saws.

High Visibility Garments – Are to be worn when exposed to vehicular traffic.

Fall Protection Equipment – Proper fall protection equipment shall be used while working in an aerial lift device or manually climbing. All such equipment shall be inspected on a daily basis for safe working condition.

Properly Maintained Safety Equipment - Each truck is required to have a fully stocked, removable first aid kit; fire extinguisher with current fire safety inspection; and wheel chocks.

Traffic Control Devices – Approved cones, signs and flagging personnel need to be properly placed in compliance with State and/or Federal DOT regulations (MUTCD). Be sure all vehicles are properly parked adhering to all city and state laws and regulations including OSHA regulations.

Proper Fall Protection Procedures – All climbing practices must be in accordance with OSHA and ANSI Z133 standards.

Properly Barricade Work Area – Public should be kept away from work area. Safety cones shall be used to isolate work area from public area. Any person not wearing proper PPE shall be escorted out of work area. Unattended equipment should not be left on the ground where it could jeopardize the public or worker safety.

Properly Maintain and Store Work Tools – All tools such as chain saws, pole pruners, ladders, etc. that are kept on a work vehicle are to be safely secured and stored away from public availability. Saws with blade scabbards should be stored with scabbard on. Tools should be in good working order and repair.

Follow Proper Approach Distances – All tree trimmers are required to follow OSHA 1910.269 minimum clearances for A.C. Live – Line Work Minimum Approach Distances.

Properly Store and Mark Hazardous Material – All herbicide sprayers and storage containers shall be properly labeled and kept in a secured location. Flammable liquids shall be stored in approved containers.

MSDS and Labels Information Available - Material Safety Data Sheets for all chemicals shall be readily available on each vehicle. State and federal pesticide regulations also require each vehicle to have labels for each herbicide being used by the crew or stored on the vehicle.

Good Job Site Housekeeping – Job site shall be kept orderly at all times. Equipment, trimmings and debris need to be contained to allow safe working operations and provide public safety.

Clearance Audit

“AEP System Forestry Goals Procedures and Guidelines for T&D Line Clearance Operations” is the primary document governing Clearance Audits, although some practices may vary between operating companies

Tree Pruning- Conductor Clearance – All tree pruning shall be governed by approved principles of arboriculture and shall adhere to Tree Care Industry Association (TCIA) and International Society of Arboriculture (ISA) standards.

Primary Conductors- Conductor Clearance - It is AEP's practice to prune trees in a manner that will direct growth away from the electrical conductors. Growth should be removed to a lateral or parent stem and vertical growth rolled back away from the conductor.

Minimum clearance for distribution system lines should be established by each Operating Company. Overhanging limbs should be removed unless otherwise directed by the appropriate AEP System Forestry representative.

Secondary Conductors – Conductor Clearance – Minimum clearance for open wire secondary should be established by each Operating Company. Overhanging limbs should not be removed unless otherwise directed by the appropriate AEP System Forestry representative.

Insulated, Twisted, or Cabled Secondary Conductor Clearance – Will not be pruned unless limbs are applying pressure to the line or unless directed by the appropriate AEP System Forestry representative.

Tree Removal – Tree removal is an important part of the AEP line clearance program. Targeted tree removals are all trees with the potential to grow into the conductors., Dead, diseased, fast growing tree species, and trees that cannot be properly pruned to obtain proper clearance for the AEP conductors are removal targets.

Stumps shall be flush cut and treated with an approved herbicide as designated by the appropriate AEP System Forestry representative.

ROW Width - AEP forestry will provide the width of the right of way. This area will vary depending on facilities. The full width of the R/W area or easement should be cleared of all tall growing or non-compatible woody plant species unless otherwise instructed by the appropriate AEP System Forestry representative.

Danger Trees - Danger trees shall be removed or pruned to eliminate the hazard. When cut, danger trees shall be cut as low as practicable, but not to exceed eight inches in height above the ground line. The logs and slash shall be left as felled, unless otherwise designated by AEP System Forestry.

Work Quality Audit

"AEP System Forestry Goals Procedures and Guidelines for T&D Line Clearance Operations" is the primary document governing Clearance Audits, although some practices may vary between operating companies

Clearance for Species - The clearance for a species may be defined as the distance between the tree and conductors after pruning. It is the responsibility of each crew to adhere to the appropriate clearances specified in the AEP guidelines. No exceptions should be made unless otherwise instructed by the appropriate AEP System Forestry representative.

Hangers Removed – Any cut or broken limbs left in the tree after pruning shall be removed before leaving work site.

Collar Cuts - Collar cuts are important in order to reduce a tree's sprouting. Collar cuts shall be consistently made according to proper arboriculture standards (ANSI A300).

Directional Pruning – A pruning practice used to remove branches growing toward conductors; leaving branches growing away from conductors.

Drop Crotch Selection – Pruning cuts are to be made, whenever possible, to lateral branches that are at least 1/3 the diameter of the branch being removed.

Peels / Tears – Pruning cuts resulting in bark tearing or stripping below a cut shall be avoided.

Clean Up / Brush Disposal – All appropriate cleanup work shall be done before leaving a job site unless arrangements have been made with the property owner or AEP forestry personnel. This could include: Chipping or piling brush; removing trash/debris; raking the yard and sweeping driveway, sidewalk or street when appropriate.

Regard for Property - All line clearance personnel shall respect the property of the landowner at all times. The crew should take extra effort not to drop limbs on landscaped beds, gardens, yard decorations, fences, roofs, gas meters, cars, etc. The crew should take care not to damage property when walking across or dragging brush.

Ruts or other damage shall be brought to the land owner's attention and addressed accordingly.

Stump Height – Stumps should be cut as low to the ground as practical.

Clearing Around Pole Locations - A radius of five feet shall be cleared to provide a safe work area free of obstruction from vegetation around each pole location.

Herbicide Application – Herbicide applications shall be done in accordance with all Federal, State, and local laws. Contractors shall obtain 100% coverage and at least 95% control of all targeted woody plants.

Tree Growth Regulator – Trees designated for Tree Growth Regulators (TGR) shall be treated with an approved product in accordance with the label instructions.

Reporting Accuracy Audit

Number of trees trimmed – Record timesheet data. Count the number of trees trimmed by a crew and record on audit sheet.

Number of trees removed – Record timesheet data. Count the number of trees removed by a crew and record on audit sheet.

Footage/Units/Acres Re-cleared - Record timesheet data. Field count the work completed by a crew.

Footage/Units/Acres Ground Sprayed - Record timesheet data. Field count the work completed by a crew.

Non-KPI Audit Items

Truck Appearance / ID - Name of contractor clearly displayed with DOT numbers properly displayed. No personal bumper stickers. No long-standing, visible spills.

Number of Working Saws – Determined per contract specifications based on type of crew. These saws start and idle without assistance and have a maintained bar and chain.

R/W Equipment/Chipper - The proper vehicle, mower, or trimmer unit shall be used based on work location and tree/brush conditions. Chipper starts when key is turned on. Chips are of small size (2"-6"), and not stringy. Brush feeds correctly into chipper and chute deposits chips as directed.

Crew Properly Equipped –Each crew shall be equipped according to AEP contract specifications. Crews shall have all necessary tools, on a daily basis, to complete

assigned work productively. For example; ropes, saddles, saws, pruner poles, herbicide sprayer, etc...

Herbicide Equipment - Each crew shall have all necessary tools, sprayers and product to ensure safe, productive herbicide applications. Equipment must be in good working condition. All crews shall have all necessary PPE, sprayers etc. to apply according to label instructions.

AEP Guidelines - A complete, legible and current set of the AEP Forestry Guidelines and clearance specs is kept in the vehicle (English or Spanish).

Professional Appearance - All contract employees will conduct themselves and dress themselves in a manner that positively represents AEP. If required by AEP contract specifications, contract employees must be wearing contractor uniform (i.e. appropriate color T-shirt). Crew must be neat in personal appearance - no excessive holes in clothes and facial hair neat in appearance.

Manpower Utilization - All contract employees and equipment shall be used in a fashion that is conducive to maintaining safe work practices and production goals. Look to see if crews are working in efficient manner (i.e. standing around doing nothing, trees that should be treated with herbicide should not be cut then sprayed). Everyone on a crew must be working as a team. If workflow is disjointed with no organization, it is unacceptable. A job briefing should be held each morning to ensure that everyone knows their responsibilities and can perform their tasks in a safe and productive manner.

Customer Relations - All contractors will respect the needs and concerns of the customer or landowner. Demonstrate, on an ongoing basis, effective, courteous communication with AEP customers (both internal and external) and landowners and the general public.

Tree Knowledge - All members of a crew shall be able to identify and distinguish growth characteristics of trees common to their geographical work area. Ask crews to identify trees in their surrounding area.

Planning - The crew should work in a systematic and organized fashion on a daily basis (i.e. not skipping around). The crew supervisor should have a plan for the day and be prepared to discuss that plan with the property owner and any utility employee. It is the responsibility of each crew member to inform their supervisor of any equipment needs that may stand in the way of production or safety.

Use of Forms - Forms such as time sheets and production logs, herbicide records, refusal forms, removal cards etc. are filled out completely and accurately and kept up-to-date with all important information. Items such as tree count can be written in daily dairies before being transferred to the correct form; however they must be in a coherent and ordered format.

Sample Audit Form

AEP FORESTRY CONTRACT (KPI) CREW AUDITS

No. _____

Audit Date: ____/____/____ Audit Quarter: 1 2 3 4 (circle one) Operating Co.: _____
 Auditor Name: _____ State: _____
 Crew Number: _____ District: _____ Forestry Region Number: _____
 Circuit #: _____ Foreman/ General Foreman: _____
 Circuit Name: _____ Pole Number: _____

Forestry Contract Crew Safety (KPI) Audit CHECK ONE: PASS FAIL

- Failure ratings for any single item will result in failure of this audit.
- Failure must be documented in comments fields and will require random periodic follow up observation.

	PASS	FAIL	COMMENTS
1 Personal Protective Equipment- Shall be worn as required. Includes but not limited to hard hats, safety glasses, ear protection, proper footwear.	<input type="checkbox"/>	<input type="checkbox"/>	_____
2 Property Maintained Safety Equipment- Fully stocked, removable first aid kit, fire extinguisher and wheel chocks.	<input type="checkbox"/>	<input type="checkbox"/>	_____
3 Traffic Control Devices- Approved and placed in accordance with applicable State and Federal regulations.	<input type="checkbox"/>	<input type="checkbox"/>	_____
4 Proper Fall Protection Procedures- All climbing practices must be in accordance with OSHA and ANSI Z-133 standards.	<input type="checkbox"/>	<input type="checkbox"/>	_____
5 Properly Barricade Work Areas- Barricade material available and used in accordance with safety rules.	<input type="checkbox"/>	<input type="checkbox"/>	_____
6 Properly Maintain and Store Work Tools	<input type="checkbox"/>	<input type="checkbox"/>	_____
7 Follow Proper Approach Distances- Follow OSHA 1910.269 minimum clearances for AC Live Work Minimum Approach Distances.	<input type="checkbox"/>	<input type="checkbox"/>	_____

Acceptable/Unacceptable on items below

- An Unacceptable ratings may result in failure of this audit dependent on magnitude and frequency of the violation.
- Any item found to be Unacceptable must be documented in the comments fields and will require random, periodic follow up observation.

	ACCEPTABLE	UNACCEPTABLE	COMMENTS
1 Hazardous material properly stored, labeled and documented	<input type="checkbox"/>	<input type="checkbox"/>	_____
2 MSDS and Herbicide Label information available	<input type="checkbox"/>	<input type="checkbox"/>	_____
3 Jobsite Housekeeping	<input type="checkbox"/>	<input type="checkbox"/>	_____

Forestry Clearance (KPI) Audit CHECK ONE: PASS FAIL

Pass / Fail	PASS	FAIL	Danger Trees	PASS	FAIL	COMMENTS
Conductor Clearance	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	_____
ROW Width	<input type="checkbox"/>	<input type="checkbox"/>				_____

Forestry Work Quality (KPI) Audits CHECK ONE: PASS FAIL

	PASS	FAIL		PASS	FAIL		PASS	FAIL	COMMENTS
Collar Cuts	<input type="checkbox"/>	<input type="checkbox"/>	Stump Height	<input type="checkbox"/>	<input type="checkbox"/>	Peels/Tears	<input type="checkbox"/>	<input type="checkbox"/>	_____
Directional Pruning	<input type="checkbox"/>	<input type="checkbox"/>	Hangers	<input type="checkbox"/>	<input type="checkbox"/>	Cleanup/Brush Disposal	<input type="checkbox"/>	<input type="checkbox"/>	_____
Drop Crotch Selection	<input type="checkbox"/>	<input type="checkbox"/>	Clearing around poles	<input type="checkbox"/>	<input type="checkbox"/>	Regard for property	<input type="checkbox"/>	<input type="checkbox"/>	_____

Reporting Accuracy (KPI) Audit

Week ending date: ____/____/____	Timesheet Data		Audit Data		Variance	
	Cap	O&M	Cap	O&M	Cap	O&M
Number of trees trimmed	_____	_____	_____	_____	_____	_____
Number of trees removed	_____	_____	_____	_____	_____	_____
Footage/ Units/ Acre Re-cleared	_____	_____	_____	_____	_____	_____
Footage/ Units/ Acre Ground Sprayed	_____	_____	_____	_____	_____	_____
Widening <input type="checkbox"/> YES <input type="checkbox"/> NO						

Non - KPI Crew Audit Items

	PASS	FAIL		PASS	FAIL		PASS	FAIL		PASS	FAIL
Equipment & Personnel	<input type="checkbox"/>	<input type="checkbox"/>	Professional appearance	<input type="checkbox"/>	<input type="checkbox"/>	Crew Properly Equipped	<input type="checkbox"/>	<input type="checkbox"/>	Tree Knowledge	<input type="checkbox"/>	<input type="checkbox"/>
Truck Appearance/ID	<input type="checkbox"/>	<input type="checkbox"/>	Manpower utilization	<input type="checkbox"/>	<input type="checkbox"/>	Herbicide Equipment	<input type="checkbox"/>	<input type="checkbox"/>	Planning	<input type="checkbox"/>	<input type="checkbox"/>
Number of Working Saws	<input type="checkbox"/>	<input type="checkbox"/>	Customer Relations	<input type="checkbox"/>	<input type="checkbox"/>	AEP Guidelines	<input type="checkbox"/>	<input type="checkbox"/>	Use of Forms	<input type="checkbox"/>	<input type="checkbox"/>
ROW Equipment/Chipper	<input type="checkbox"/>	<input type="checkbox"/>									

ADDITIONAL COMMENTS: _____

AEP REPRESENTATIVE: _____ CONTRACTOR REPRESENTATIVE: _____

AEP Kentucky Power Distribution Line Clearance Guidelines*

July 2010

	RIGHT-OF-WAY WIDTH	BRUSH CUT	STUMP TREATMENT
Multi-Phase primary facilities	ROW Width Varies. Reclear established ROW width to tree-line. If tree- line is indiscernible, reclear to 50 foot width	All Incompatible woody species are cut. In non-maintained areas, Cut Brush & Limbs shall be lopped in a manner not to exceed two feet in height. All pole bases cleared to a 5' radius free of vegetation.	Required for all cut stumps within the Right-of-Way
Single-Phase primary facilities	ROW Width Varies. Reclear established ROW width to tree-line. If tree- line is indiscernible, reclear to 40 foot width	All Incompatible woody species are cut. In non-maintained areas, Cut Brush & Limbs shall be lopped in a manner not to exceed two feet in height. All pole bases cleared to a 5' radius free of vegetation.	Required for all cut stumps within the Right-of-Way
Open-Wire and Cable Secondary	Reclear to established width. Minimum of 5'	All pole bases cleared to a 5' radius free of vegetation	Required for all cut stumps within the Right-of-Way

*Refer to AEP Forestry Goals, Procedures & Guidelines for Distribution and Transmission Line Clearance Operations 5/14/2009

EXHIBIT C

Kentucky Power Rate Clarifications
May 15, 2012

1. Holidays

- a. Contractor holidays include New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day.
- b. Owner recognizes the following additional holidays: Good Friday, the day after Thanksgiving, and the day before Christmas.
- c. Contractor shall not schedule work on Owner holidays unless requested in writing by Owner or the holiday has been agreed to as a regularly scheduled day.
- d. Contractor shall not bill Owner for its employees' holiday pay. Holiday pay is covered as part of the benefits mark-up.
- e. On years when a Contractor or Owner holiday falls on a weekend, Owner shall notify Contractor of the date the holiday will be observed.

2. Calculations and Examples

- a. Overtime (time and one half) shall be paid for hours in excess of 40 (forty) per week. Overtime shall also be paid when Work is performed outside normally scheduled hours at Owner's request. Normally scheduled hours shall mean five eight-hour days or four ten-hour days, as agreed to by Owner and Contractor.
- b. Double Time shall be paid when Work is performed on a Sunday or a Contractor holiday at Owner's request.
- c. When Owner/AEP Forestry declares a Major Storm event, Contractor may bill for all crews performing service restoration work in the Major Storm event area per the Rate Sheets titled "Labor Rates - Major Storm Rates" if the Contractor has supplied crews and additional support from outside their district boundaries or from one AEP region to another at Owner's request.
- d. Work performed on an Owner holiday that is not a recognized Contractor holiday will be paid at the straight time rates unless the employee qualifies for overtime pay as defined in 2.a above.
- e. Calculation examples are provided below.

Straight Time Rate = Taken from table

Overtime Rate = Straight Time Rate x 1.5

Sunday/Holiday Rate = Straight Time Rate x 2

Straight Time Billing Rate = straight time pay rate + (straight time pay rate x straight time markup)

Overtime Billing Rate = Overtime Rate + (Overtime Rate x overtime markup)

Overtime Billing Rate major storm restoration = Overtime Rate + (Overtime Rate x overtime storm markup)

Sunday/Holiday Billing Rate = Sunday/Holiday Rate + (Sunday/Holiday Rate x overtime markup)

Sunday/Holiday Billing Rate major storm restoration = Sunday/Holiday Rate +
(Sunday/Holiday Rate x overtime storm markup)

Sample Calculations:

Straight Time Labor rate:	\$15.35
OT rate:	\$23.03
Double Time rate:	\$30.70
Markup % straight time:	66.44%
Markup % overtime:	33.38%
Markup % overtime storm	45%

Straight Time Billing rate: $\$15.35 + (\$15.35 \times .6644) = \$25.55$

Overtime Billing rate: $\$23.03 + (\$23.03 \times .3338) = \$30.72$

Overtime storm restoration Billing rate: $\$23.03 + (\$23.03 \times .45) = \$33.40$

Double Time Billing rate: $\$30.70 + (\$30.70 \times .3338) = \$40.94$

Double Time storm restoration Billing rate: $\$30.70 + (\$30.70 \times .45) = \$44.52$

3. Herbicide Application

- a. When Contractor's employees are assigned to apply herbicides, their hourly rate will be increased by \$0.20. Anyone assigned to perform herbicide application must be certified, licensed, registered or otherwise qualified as required by the state where the Work is being performed or as otherwise required by law, statute or regulation. This increase does not apply to employees applying stump treatment as part of their normal daily duties.

4. Special Supervisor Payment

- a. If Owner has declared a major storm, or when otherwise determined by Owner and authorized in writing, Supervisors may be paid at the General Foreman straight time rate for all hours worked in excess of forty (40) per week. Contractor shall bill Owner the straight time rate without mark-ups.

5. Pay During Training

- a. Owner shall pay Contractor's employees' hourly rate while said employees attend either Owner-sponsored training or other training required and agreed to by Owner to obtain or retain a professional certification. All other training shall be Contractor's responsibility. Unless otherwise agreed to by Owner in writing, no other billing relating to attendance at training will be paid.

6. Travel to Work Site

- a. Contractor will designate a reporting site acceptable to Owner for each work area. A travel allowance (not to exceed one-half hour each way) will be allowed for travel via the most direct route from the reporting site to the work location while the crew is working in that work area. The Owner will not pay travel time from any other location unless otherwise agreed to.

7. Per Diem Rates

- a. When agreed by Owner and Contractor, Per Diem will be paid to crewmembers when performing Work outside their normal work area [out-of-town] at the following rates:

- \$20.00 per crewmember per day, for crewmembers who rent a house/apartment.
 - \$30.00 per crewmember per day, for crewmembers staying in a hotel with a cost of less than \$50.00 per night (hotel receipts must be submitted with invoice).
 - \$40.00 per crewmember per day, for crewmembers staying in a hotel with cost greater than \$50.00 per night (hotel receipts must be submitted with invoice).
- b. When held over at the request of the Owner on regularly scheduled work days, crew members shall be eligible for a meal if held over for two hours or more after normal quitting time. Owner shall reimburse Contractor \$12.00 per meal for each crew member entitled to a meal unless meals are provided by Owner.
- c. For Contractor employees entitled to a meal in accordance with the Supplementary Terms, Section 2, Item 2.8: Contractor personnel shall be off the clock for meal breaks. Owner shall reimburse Contractor \$12.00 per meal for each employee entitled to a meal unless meals are provided by Owner. Contractor personnel shall be on the clock for meals if they do not stop work to eat. Not stopping work to eat means eating on-the-fly at the jobsite (personnel spend less than 10 minutes eating) or while traveling from jobsite to jobsite. Owner shall not reimburse Contractor for breakfast or lunch meals if Contractor personnel return to their homes at night

8. Quarterly True-up

- a. Contractor and Owner have agreed to job classifications and labor rates for Work performed under the Contract as found in the Rate Sheets in Exhibit C. Contractor utilizes the established rates, multiplied by overheads, to bill Owner for hours worked. Both parties recognize that different employees in the same job classifications may be paid a rate more or less than the established rates, but agree that the average rate paid for hours worked in each job classification shall not exceed the established rate.
- b. By the last working day of the month following the end of each fiscal quarter, Contractor shall provide for each job classification within the Contract: the total number of hours worked at straight time rates, overtime rates and holiday rates, and the gross wages paid by Contractor to its employees for the hours worked at each rate: straight time, overtime and holiday. The difference between the straight time hours worked multiplied by the established rate, plus the overtime hours worked multiplied by 1.5 times the established rate, plus the holiday hours worked multiplied by 2 times the established rate, and the gross wages paid by Contractor for each job classification shall be totaled. Appropriate overhead markups shall be applied and settlement between the two parties shall be made. Contractor must present Owner with a plan to reduce the difference, if the difference in any single classification is greater than five percent (5%) for two (2) consecutive quarters.
- c. When the difference for all classifications, viewed individually within a contract unit, is less than 1% of the gross wages paid for 2 consecutive quarters, the true-up shall become a semi-annual process, following the end of the 2nd and 4th quarters. The semi-annual true-up will be based on the prior quarter's billing, not the entire six month period. In all true-ups, the settlement will be calculated and paid to the appropriate party. If the difference for all classifications, viewed individually within a contract unit, in a semi-annual true-up is equal to or exceeds 1% (one percent) of the gross wages paid, the true-ups shall again be made on a quarterly basis until the difference again drops to less than 1% (one percent).

Labor		August 1, 2011
Labor Description	Labor Code	Comments
Equipment Operator	EO	An equipment operator shall be able to operate and perform minor maintenance on a ROW brush mower or bulldozer
General Foreman A/ General Foreperson A	GFA	The primary contact with AEP Forestry field representatives. Has worked a minimum of 12 months as an Assistant General Foreperson and should be ISA certified. Individuals are responsible for all aspects of the contractor's local field operation including and not limited to employee safety, equipment maintenance, work planning effect (if applicable), and emergency response.
Foreman A/Foreperson A	FA	Meet all the qualifications of a Foreperson B. Has worked a minimum of 12 months as a Foreperson B and should meet all state required herbicide qualifications. Is able to competently work and lead others with no direct supervision.
Foreman B/Foreperson B	FB	Meet all the qualifications of a Trimmer A. Individuals have completed all line clearance foreperson certification/ training programs as required. Must be able to work and lead others with limited supervision. Has worked a minimum of 18 months in the line clearance industry. Must be able to effectively communicate with AEP representatives and landowners. Must be able to prepare required record documents, read and follow instructions on maps and notification records. Must possess a CDL and pesticide certification as required.
Work Planner A	WPA	Meet all qualifications of Work Planner B and be ISA certified. Two years experience as a Work Planner II or three years related utility experience. Consistent work planning accuracy greater than or equal to 95%. Demonstrates initiative and pro-actively looks for ways to do work cost effectively. Demonstrated abilities in teamwork, leadership and problem solving. Willing to travel and stay away from home overnight.
Work Planner B	WPB	Meet all qualifications of Work Planner C and working towards ISA certification. Six months satisfactory performance as a Work Planner C or related utility experience. Thorough knowledge of species and growth characteristics of trees located in assigned work area. Good understanding of electrical facilities and hardware and associated line/circuit maps. Understanding of electric utility vegetation management and ability to communicate such to property owners. Work effectively with people (utility, contractors, customers, etc.) Demonstrated ability to work safely and efficiently with minimal supervision and have the ability to travel and stay overnight
Work Planner C	WPC	Two-year Degree in Forestry, Arboriculture, etc., or related utility experience is desirable. Good verbal and written communications skills. Positive attitude/neat professional appearance. Able to work outside in a safe, productive manner in all weather conditions. Valid drivers license
General Foreman B/ General Foreperson B	GFB	Individuals shall be able to communicate effectively with utility representatives, the public and their direct reports. Determine the most effective manner within established guidelines of how to treat vegetation conditions and coordinate and instruct crew activities to safely and effectively complete an assigned task. Must possess a pesticide license and where required strive to become a certified arborist.
Trimmer A	TA	Meet all qualifications of Trimmer B. Individuals have completed all climbing trimmer and bucket (where required) certifications. Individual has worked a minimum of 12 months in the line clearance industry. Is able to perform all aspects of tree trimming and tree removal including and not limited to rigging ropes, and pulling overhang, and any other assigned duties in a safe, consistent, competent manner. Individuals should be capable of filling in for a crew foreperson on a limited basis and have started foreperson training as required by the employer.
Trimmer B	TB	Meet all qualifications of Trimmer C. Individual have completed climbing trimmer training. Individual has worked a minimum of 6 months in the line clearance industry.
Trimmer C	TC	Entry level or trainee position that requires the individual passes screening criteria as established by employer. A Trimmer C shall be able under direction to safely perform a variety of job duties including and not limited to chain saw maintenance, operate a brush chipper, and apply herbicides, clear and cut trees and brush. They shall begin climbing trimmer training. Must possess a valid drivers license, CPR and First Aid certification and where required CDL and pesticide certification.

RATES FOR KPCCO - Hazard

ROW Vegetation Management Rate Sheet

4/1/2012

Unit Cost Work Manhour Rate	\$ 30.76
Base Fuel Rate	\$4.00

Labor		Billing Rate	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

STORM		STORM LOADED RATES	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Equipment Description	Equipment Code	Equipment Rate (\$/hr)	Fuel per hour
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Material Description	Material Code	Material Rate	Material Markup %
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Unit Description	Trim Manhours Scenario 1	Scenario 2	Removal Manhours Scenario 3	Scenario 4
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

RATES FOR KPCO - Pikeville

ROW Vegetation Management Rate Sheet

Unit Cost Work Manhour Rate

\$4.00

Labor Description	Labor	Labor Code	Labor Rate	Billing Rate	ST	RH	DT
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Labor Description	STORM	Labor Code	ST	RH	DT
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Overheads	ST	RH	DT	Storm
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Equipment Description	Equipment Code	Equipment Rate (\$/hr)	Fuel per hour
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Material Description	Material Code	Material Rate	Material Markup %
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Unit Description	Trim Manhours	Removal Manhours		
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Unit Price Model

April 30, 2012

Services may be paid under the following Unit Price model.

1. Unit Price Model Overview

Unit Price is a model where a Unit Price hourly rate is paid to Contractor for all work units completed in an assigned Circuit. The Unit Price hourly rate includes all costs, including but not limited to, wages, supervision, overheads, profit, equipment and materials required to complete the assigned Work. While the Unit Price hourly rate includes the labor required to apply herbicides, it does not include the cost of the herbicides. The Unit Price hourly rate is multiplied by the assigned work hour per unit, a rate that is assigned for each specific work unit (tree trim, tree removal, brush cut, etc.). This is a rate that has been determined to complete a unit of Work on the assigned Circuit, as agreed by the Owner and Contractor. All Unit Price Work issued to Contractor shall be completed by the agreed upon completion date.

2. Unit Price Calculation

a. Man Hours per Unit Calculation

Unit Price uses historical average times, or other method agreed to by Owner and Contractor, required to perform a specific type of Work (tree trim, tree removal, brush cutting, brush spraying) ("Work Unit") and includes all time necessary to complete that Work, including but not limited to travel, actual job site time, debris disposal, landowner contacts, immediate crew supervision and appropriate non-productive time (such as time lost to inclement weather and minor on-the-job equipment breakdown).

- I. Owner shall explain the method of calculation and the information used in a Circuit to Contractor's supervision and management prior to authorizing Work.
- II. The average times used to calculate hours per unit can be collected by distribution circuit, portions of a given circuit (sub-circuit), or other defined geographic area within the Contract region (e.g. "Circuit" or "Area.")
- III. The historical average times are developed by accumulating data for vegetation management Work performed on the Circuit during the last three calendar years or other time period as agreed by Owner and Contractor. Each time a Circuit is scheduled for maintenance, a new three-year average is calculated by replacing the earliest year's data with the most recent or next successive year's data. This rolling three year average is given in hours per unit.
- IV. If there are inconsistencies in the three-year data based on disparity in the actual work within a specific Contract region, the Owner and Contractor may agree to use another method to generate the hours per unit. This method shall be documented in the Work Request authorizing the Work.

b. Unit Price Calculation

Contractor has submitted a Unit Price hourly rate that shall be used for all units of Work performed, regardless of the Work Unit type. The cost for a given unit of Work (e.g. for a given Circuit) is established by multiplying the Contractor's Unit Price hourly rate for

that Work Unit by its hours per unit. If the Unit Price hourly rate is \$20.00 and the hours per unit is 1.25 hours, Contractor earns 1.25 hours x \$20.00 – \$25.00 for each unit of that Work Unit.

3. Job Assignment

Owner shall assign jobs averaging 300-500 hours of Work whenever feasible. An entire Circuit is generally assigned as a single job; however, jobs of more than 500 work hours can be divided into smaller jobs, if requested, for cash flow or scheduling purposes. Owner shall: prepare a map for the Work to be assigned; prepare a Unit Price Sheet (sample attached); include any exceptions to the hours per unit; and shall schedule a field review with the Contractor to discuss the Work assignment, including how the hours per unit were developed. An exception to the hours per unit might be a tree removal where the location and size of the tree and its proximity to structures cause a substantial increase in the hours per unit required for the removal. These exceptions must be agreed to by both Parties and are not to include those deviations that are normally encountered in performing a Work Unit.

At the field review, Owner and Contractor shall review all the Work, agree to the exceptions to the hours per unit, agree to the Unit Price Sheet and determine a start date for the Work. A Work Request (“WR”), similar to the sample attached, shall be signed by both Parties and constitutes the written authority for Contractor to proceed. The WR shall include the agreed upon start and completion dates for the Work, the agreed to Unit Price Sheet, the map, a list of exceptions to the hours per unit, and any supplemental information accompanying the map. Owner and Contractor will monitor job progress and, because of the difficulty associated with assessing the damages caused by delay, Contractor may be assessed liquidated damages, not a penalty, of \$100 per day for jobs not completed within the agreed upon time. Liquidated damages of \$100 per day may also apply if a WR has been submitted as complete prior to the completion date, but subsequently rejected for Work that was not performed in conformance with the WR and the non-conforming Work is not brought into conformance by the agreed upon completion date.

Contractor’s work planners shall preplan Work and contact key landowners prior to Contractor beginning Work. Work planners patrol the lines, identify all Work on a map and make all necessary arrangements with landowners. The work planners, per current practice, shall be paid on a time and material basis and will not be included within the stated Unit Price or Unit Price calculation. Contractor is responsible for leaving timely door hanger notifications (furnished by Owner) and answering customer inquiries about the assignment. Unless otherwise instructed in the WR, further landowner contact is not required and all assigned Work is to be completed within the specified time. As a common courtesy and whenever practical, Contractor employees shall identify themselves to property owners upon entering the property to perform assigned Work.

If a property owner objects to assigned Work and Contractor’s employees are unable to resolve their concerns quickly, Contractor’s employees should leave the property and report the problem to Owner. An Owner representative shall promptly contact the property owner to resolve all concerns, and shall update Contractor accordingly. If Contractor fails to report the problem to Owner while the Work assignment is still in progress, Contractor cannot raise that problem to excuse any performance issue or the completion of the assignment according to specifications.

Lump Sum Price Model

April 30, 2012

Services may be paid under the following Lump Sum Price model.

1. Authorizing Work

Owner and Contractor may agree to perform work based on a Lump Sum price for the specified Circuit.

Owner shall assign jobs averaging 300-500 hours of Work whenever feasible. An entire Circuit is generally assigned as a single job; however, jobs of more than 500 work hours can be divided into smaller jobs, if requested, for cash flow or scheduling purposes. Owner shall: prepare a map for the Work to be assigned, complete a Lump Sum Price Sheet; and schedule a field review with the Contractor to discuss the Work assignment.

At the field review, Owner and Contractor shall review all the Work, agree to the Lump Sum Price and determine a start and end date for the Work. A Work Request ("WR") for Lump Sum Price Work, similar to the sample attached, shall be signed by both Parties and constitutes the Contractor's written authority to proceed. The WR shall include the agreed upon start and completion dates for the Work, the agreed to Lump Sum Price, the map, and any supplemental information accompanying the map. Owner and Contractor will monitor job progress and, because of the difficulty associated with assessing the damages caused by delay, Contractor may be assessed liquidated damages, not a penalty, of \$100 per day for jobs not completed within the agreed upon time. Liquidated damages of \$100 per day may also apply if a WR has been submitted as complete prior to the completion date but is subsequently rejected for Work that was not performed in conformance with the WR and the non-conforming Work is not brought into conformance by the agreed upon completion date.

Contractor's work planners shall preplan Work and contact key landowners prior to Contractor beginning Work. Work planners patrol the lines, identify all Work on a map and make all necessary arrangements with landowners. Contractor is responsible for leaving timely door hanger notifications (furnished by Owner) and answering customer inquiries about the assignment. Unless otherwise instructed in the WR, further landowner contact is not required and all assigned Work is to be completed within the specified time. As a common courtesy and whenever practical, Contractor employees shall identify themselves to property owners upon entering the property to perform assigned Work.

If a property owner objects to assigned Work and Contractor's employees are unable to resolve their concerns quickly, Contractor's employees should leave the property and report the problem to Owner. An Owner representative shall promptly contact the property owner to resolve all concerns, and shall update Contractor accordingly. If Contractor fails to report the problem to Owner while the Work assignment is still in progress, Contractor cannot raise that problem to excuse any performance issue or the completion of the assignment according to specifications.

**Work Request
For
Unit Price/Time and Materials Work**

Work Request No: _____

Date: _____

Issued By: _____
(Owner)

Issued To: _____
(Contractor)

This Work Request for Unit Price/Time and Materials Work shall be governed by the Terms and Conditions of Contract No. _____ ("Contract") between Owner and Contractor and is further described as follows:

Description of Work:

The Work to be performed is (check **one**):

If no map is attached, identify the circuit, sub-circuit, or the specific geographic area identifying the Work to be performed.

Map is attached and is for the sole purpose of describing the Work to be performed. Any terms and conditions in the Proposal that are inconsistent with those of the Contract are expressly rejected by Owner.

Work shall be started on or about _____ and shall be completed by _____.

Pricing:

Unit Price --- Contractor's weekly billing shall be calculated using the number of units completed during the week being billed multiplied by the cost per unit from the Rates as found in the Contract.

Time and Materials – Contractor's weekly billing shall be calculated using the following formula: (labor classification X number of hours worked during billable period) + (equipment rate X number of hours used during billable period). The labor classifications and equipment rates used will be in accordance to the Rates as found in Exhibit C of the Contract

Unless otherwise stated in this Work Request or the attached map, pricing will be per the price model as selected above and in accordance with the Rates as found in Exhibit C of the Contract.

Agreed to and accepted by Owner and Contractor on the date of their authorized agent's respective signature below.

Owner:

Contractor:

By: _____
Print
Name: _____

By: _____
Print
Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**WORK REQUEST
For
Lump Sum Work**

Work Request No: _____

Date: _____

Issued By: _____
(Owner)

Issued To: _____
(Contractor)

This Work Request for Lump Sum Work shall be governed by the Terms and Conditions of Contract No. _____ (“Contract”) between Owner and Contractor and is further described as follows:

Description of Work:

The Work to be performed is (check **one**):

Work shall be performed in accordance with the attached Request For Quote (“RFQ”) attached hereto.

Map is attached and is for the sole purpose of describing the Work to be performed. Any terms and conditions in the Proposal that are inconsistent with those of the Contract are expressly rejected by Owner.

Work shall be started on or about _____ and shall be completed by _____.

Pricing:

Unless otherwise stated in the Work Request, Contractor shall be paid the total cost for the Circuit upon completion of all Work and subsequent acceptance by Owner. Contractor shall perform all Work for the lump sum amount of \$ _____.

Agreed to and accepted by Owner and Contractor on the date of their authorized agent’s respective signature below.

Owner:

Contractor:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

PRICING CHANGE ORDER

Contract # : _____ Request Date: _____

Owner: _____ Contractor: _____

This Change Order to the above numbered Contract shall modify the terms and conditions of the Contract as set forth herein. Any terms, conditions or provisions not specifically addressed or modified by this Change Order shall remain in full force and effect as agreed to in the Contract.

Specific reason(s) for Change Order:
 Rate Addition(s) Rate Deletion(s)
 Rate Description Change(s) Rate Code Change(s)
 Other (please describe): _____

Labor						
Reason	Labor Description	Labor Code	Labor Rate	ST	RH	DT
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
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Storm			STORM LOADED RATES		
Reason	Labor Description	Labor Code	ST	RH	DT
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Pricing Change Order

Contract No: 0

Equipment			Base Fuel Rate	\$ -
Reason	Equipment Description	Equipment Code	Equipment Rate	Fuel Per Hour
			\$ -	\$ -
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Pricing Change Order

Contract No: 0

Material				
Reason	Material Description	Material Code	Material Rate (\$/unit)	Material Markup (%)
			\$ -	0%
			\$ -	0%
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Expense			
Reason	Expense Description	Expense Code	Expense Rate (\$/unit)
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

Owner's Authorized Reviewer Signature: _____ Date: _____

Owner's Authorized Reviewer Print Name: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Change Order to be signed by their respective officers thereunto duly authorized on the dates set forth below to be effective as of the Effective Date.

Owner

Contractor

Signature

Signature

Print Name

Print Name

Title

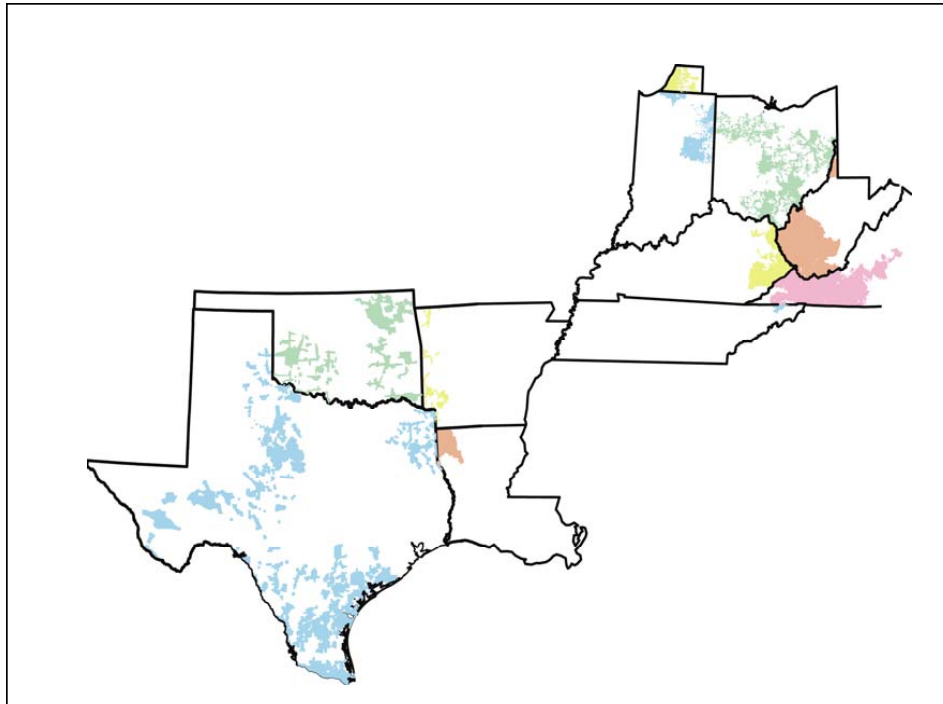
Title

Date

Date

EXHIBIT D

AEP – ASPLUNDH 2012/2013 CORPORATE KEY PERFORMANCE INDICATOR PLAN GUIDELINES (CKPI)



2012/2013 AEP - Asplundh Corporate Key Performance Indicator Plan Guidelines (CKPI)

This document describes the 2012/2013 Corporate Key Performance Indicator ("CKPI") Plan between American Electric Power ("Operating Companies") and Asplundh Tree Experts ("Unit") and explains how the adjusted performance payback allocation will be determined for each Asplundh Unit. The CKPI Plan provides insight into each Operating Companies' performance measures with a chance to set new goals and improve the ability to determine fair challenging targets which incorporate operating issues, regulatory requirements, and other measures. This CKPI Plan has been developed for the purpose of tracking and improving the safety and efficiency of the work performed by Asplundh under their AEP vegetation management contract(s) held by each Operating Company. The CKPI Plan's performance categories provide a "line of sight" for AEP Forestry management and Asplundh management so that performance expectations associated with AEP's vegetation management are communicated and understood.

Both parties have agreed to review the CKPI Plan structure no later than six months after commencement of the agreement. Both parties will mutually agree to any changes made to the CKPI Plan. Any changes agreed to during the review meeting must be submitted in writing within 30 days of the initial review meeting.

The CKPI will work in conjunction with the Key Performance Incentive ("KPI") Plans. If the performance categories are not met then Asplundh will sustain an adjusted performance payback allocated to them by the individualized AEP Operating Company,

In 2012/2013, each Operating Company CKPI Plan will have two (2) performance categories:

- Safety
- Efficiency

The safety performance category will be weighted at 40% of the CKPI Plan and will include three (3) measures: OSHA Severity Rate; OSHA Incident Rate; and Number of "At Fault" Safety Events Caused by the General Foreman or Foreman. These measures will carry individual weightings of 15%, 20% and 5%, respectively and will be set the same across the board with no quarterly changes.

The efficiency performance category will be weighted at 60% of the CKPI and will include three (3) measures: Hours per Tree Trimmed; Hours per Tree Removed; and Hours per Unit of Brush Cut. These measures will carry equal, individual weightings (totaling 60%). All performance measures under the efficiency

performance category contain performance factors that are specific to each of the Operating Companies and are revised on a quarterly basis.

A sample of the Quarterly CKPI Plan Target Worksheet is attached at the end of this document on page ten (10).

AEP Forestry management requires additional Performance Drivers to be supplied by Asplundh on a quarterly basis for the following items listed below:

- a) Percentage of Time General Foreman Spends with Crews
- b) Fuel Usage
- c) Asplundh Employee Turn Over
- d) Drive Time
- e) Vehicle Engine Idle Time
- f) Crew Down Time
- g) Equipment Down Time
- h) Pull Out Time

These additional performance drivers will be evaluated for potential inclusion into future CKPI targets. A detailed explanation of these drivers is included on page nine (9).

Each Asplundh Unit earns a performance factor of 0.0 – 1.0 for each performance measure in the CKPI Plan. The performance factor earned is based on the Unit's quarterly results. Each performance measure's weighting factor is multiplied by its earned performance factor to obtain its weighted performance factor. The sum of the weighted performance factors for all the performance measures results in the Unit's aggregate performance factor.

The quarterly CKPI Plan pot allocated for each Unit is 1.5 % of the Unit's Asplundh labor, with mark-ups, invoiced that quarter for the classifications of General Foreman and below. To determine each Unit's CKPI Plan adjusted performance payback to the AEP Operating Companies, its aggregate performance factor is multiplied by its quarterly CKPI Plan pot to determine the CKPI Plan performance dollars then the CKPI Plan pot is subtracted from the CKPI Plan performance dollars.

Operating Company Unit Example:

Quarterly CKPI Plan Pot = (1.5% x Quarterly Invoiced Labor with Mark Ups)

Quarterly Unit's CKPI Plan Performance Dollars = [(First Performance Factor x Weighting) + (Second Performance Factor x Weighting) +...+ (Last Performance Factor x Weighting)] x (Quarterly Unit's CKPI Plan pot)

Quarterly Unit's CKPI Plan Adjusted Performance Payback = (Quarterly Unit's CKPI Plan Pot - Quarterly Unit's CKPI Plan Performance Dollars)

For internal accounting purposes: Asplundh will issue a "credit memo" to any AEP Operating Company that has an adjusted performance payback allocated. The total CKPI Plans' adjusted performance payback will be allocated back to Capital and Operation and Maintenance ("O&M") in accordance with the Operating Company's actual outside services labor expenditures for the quarter by an AEP Forestry representative.

When Asplundh Units have an adjusted performance payback of zero (0), this CKPI Plan will be used for 'informational purposes' only for that specific quarter. This CKPI Plan is only designated for Asplundh to payback AEP Operating Companies if their performance measures are not met throughout this plan. AEP will never make a payout under the CKPI Plan to any Asplundh Unit.

Once each Operating Companies' Quarterly CKPI Plan Target Worksheet is complete, an AEP Forestry representative will provide each Asplundh Unit with a copy. If an adjusted performance payback is owed to any of AEP's Operating Companies, Asplundh must submit individual credit memos by Operating Company to the AEP Manager Forestry Operations, 1 Riverside Plaza, 12th Floor, Columbus, Ohio 43215 within 30 days from receipt of the final CKPI Plan target worksheets.

Descriptions of the various performance categories, performance measures, and objectives that are used in the CKPI Plan are outlined below.

❖ **PERFORMANCE CATEGORY: SAFETY**

The Performance Measures under the Safety Performance category apply only when work, including service restoration work, is being performed in an AEP Operating Company and includes all Asplundh employees covered by an AEP contract(s) that includes this CKPI Plan. Safety incidents measured in this plan will be charged to the Asplundh employee's "home" unit regardless of the AEP location where the accident occurs.

If an Operating Company sustains a fatality by an Asplundh employee in a given quarter, then the Operating Company sustaining the fatality will receive zeros (0) in all performance categories of the CKPI Plan. All other Operating Company CKPI Plans' performance measures will be reduced under the safety category to a zero (0). An exception may be made, if after a thorough review, AEP determines the fatality occurred through "no fault" of an Asplundh employee.

- **Performance Measure: Severity Rate Per AEP Operating Company**
- **Objective: To meet or exceed a 28.75 severity rate threshold.**

Included in the accident severity rate are the days away from work and restricted duty days for injuries that are required to be recorded on the Contractor's OSHA 300 log. Days away from work are commonly referred to as "lost time". Restricted duty days are defined as the days the injured employee is restricted from performing the duties of his regular occupation by his doctor but is assigned alternate work or restricted duties within his occupation. All days between the first lost or restricted day and the day the restrictions are lifted by the doctor are included. Severity days will continue to count into the next quarter if need be. No single OSHA recordable incident shall accumulate more than 180 calendar days of lost time or restricted duty.

The quarterly accident severity rate is calculated per the following formula:

(# of Days Away from Work + Restricted + Transfer Days) x 200,000 / (Hours Worked in Qtr)

Note: Hours worked in the quarter; lost time; restricted duty days; and transfer days for this performance measure will be derived from all Asplundh employees covered by this CKPI Plan at the Operating Company level, regardless of job classification. This will also include any outsource/off system crews working on AEP property.

- **Performance Measure: Incident Rate Per AEP Operating Company**
- **Objective: To meet or exceed a 2.08 incident rate threshold.**

Included in the incident rate is the total number of injuries, illnesses, and lost work cases that are required to be recorded on the Contractor's OSHA 300 log. An injury or illness is an abnormal condition or disorder. Injuries include cases such as, but not limited to, a cut, fracture, sprain, strain, or amputation. Illnesses include both acute and chronic, such as, but not limited to, a skin disease, respiratory disorder, or poisoning.

The quarterly accident incident rate is calculated per the following formula:

(# of OSHA Recordable Incidents x 200,000) / (Hours Worked in Qtr)

Note: Hours worked in the quarter and recordable injuries for this performance measure will be derived from all Asplundh employees covered by this CKPI Plan at the Operating Company level, regardless of

job classification. This will also include any outsource/off system crews working on AEP property.

- **Performance Measure: General Foreman and Foreman “Target Zero” Safety Per AEP Operating Company**
- **Objective: Within each operating company, general foreman and foreman should have no more than 4 “at fault” safety events per quarter.**

Each general foreman and foreman must stay focused and maintain a clear “line of sight” on safety using the “Target Zero” approach. This includes, but is not limited to, eliminating all general foreman and foreman “at fault” OSHA recordable injuries, vehicle accidents, and power interruptions (outages, flashes, and operations). If there are more than four (4) “at fault” safety events caused by the general foreman and foreman in a given quarter, AEP Operating Company & Asplundh management will mutually develop a plan designed to improve the general foreman and foreman’s safety performance.

The following explanations provide a guideline for “at fault” OSHA recordable injuries, vehicle accidents, and power interruptions (outages, flashes, and operations):

OSHA Recordable Injuries

See description on page five (5) under incident rate.

Vehicle Accidents

“At fault” vehicle accidents are defined as motor vehicle accidents in which the Asplundh driver/operator involved was the cause of the accident (i.e., disregarding traffic signals, backing into fixed objects, excessive speed, etc.).

“Not at fault” vehicle accidents are defined as motor vehicle accidents in which the actions of the Asplundh driver/operator involved was not the casual factor to the accident. However, there can be circumstances in which the accident could have been avoided had the Asplundh driver/operator taken defensive measures (i.e., braking suddenly and being struck in the rear, or being struck by a merging vehicle).

Power Interruptions (Outages, Flashes, and Operations)

A power interruption is defined as a tree contact, or human error, that disrupts the normal operation of the circuit whether momentary or for a sustained period of time. Included in the definition are outages, flashes and operations. Interruptions to AEP’s system can be very serious, and may easily result in personal injuries to the employees involved.

Interruptions also have the potential to affect large numbers of customers and large blocks of load.

❖ **PERFORMANCE CATEGORY: EFFICIENCY**

Efficiency performance measures provide a “line of sight” reference to the crews in the field and gives AEP and Asplundh management the opportunity to implement best practices in crew management. Target levels will be set quarterly to compensate for seasonal variations. These target levels will be based on historic data for each Asplundh Unit unless otherwise agreed to by AEP Operating Company and Asplundh management.

Accurate reporting of work units completed is required for efficiency measures to be viable. Reported work units will be verified through field audits of completed work. Variances will be addressed by AEP Operating Company and Asplundh management.

- **Performance Measure: Hours per Tree Trim Per Operating Company**
- **Objective: Increase the efficiency of crews performing tree trimming by the percentage designated by the AEP Operating Company over the previous 3-year average (see table below). Averages and percentages will vary by Operating Company.**

Operating Company	Tree Trimmed %
APCO, KGPCO	
I&M	
OPCO, WPCO	
SWEPCO	
KYPCO	
TX	
PSO	
T - APCO, KGPCO, KYPCO	
T - SWEPCO	

Hours per tree trimmed will be collected quarterly through the Right of Way Maintenance Forestry system (“RWM”). Crew types and RWM work types included in this performance measure will be agreed upon by AEP Operating Company and Asplundh management.

- **Performance Measure: Hours per Tree Removal Per Operating Company**
- **Objective: Increase the efficiency of crews performing tree removals by the percentage designated by the AEP Operating Company over the previous 3-year average (see table below). Averages and percentages will vary by Operating Company.**

Operating Company	Tree Removed %
APCO, KGPCO	
I&M	
OPCO, WPCO	
SWEPCO	
KYPCO	
TX	
PSO	
T - APCO, KGPCO, KYPCO	
T - SWEPCO	

Hours per tree removed will be collected quarterly through RWM. Crew types and RWM work types included in this performance measure will be agreed upon by AEP Operating Company and Asplundh management.

- **Performance Measure: Hours per Unit of Brush Cut Per Operating Company**
- **Objective: Increase the efficiency of crews performing brush cutting operations by the percentage designated by the AEP Operating Company over the previous 3-year average (see table below). Averages and percentages will vary by Operating Company.**

Operating Company	Brush Cut %
APCO, KGPCO	
I&M	
OPCO, WPCO	
SWEPCO	
KYPCO	
TX	
PSO	
T - APCO, KGPCO, KYPCO	
T - SWEPCO	

Hours per unit of brush cut will be collected quarterly through RWM. Crew types and RWM work types included in this performance measure will be agreed upon by AEP Operating Company and Asplundh management.

- **Performance Measure: Future Performance Drivers**
- **Objective: To collect detailed information from Asplundh for future CKPI Plan performance drivers.**

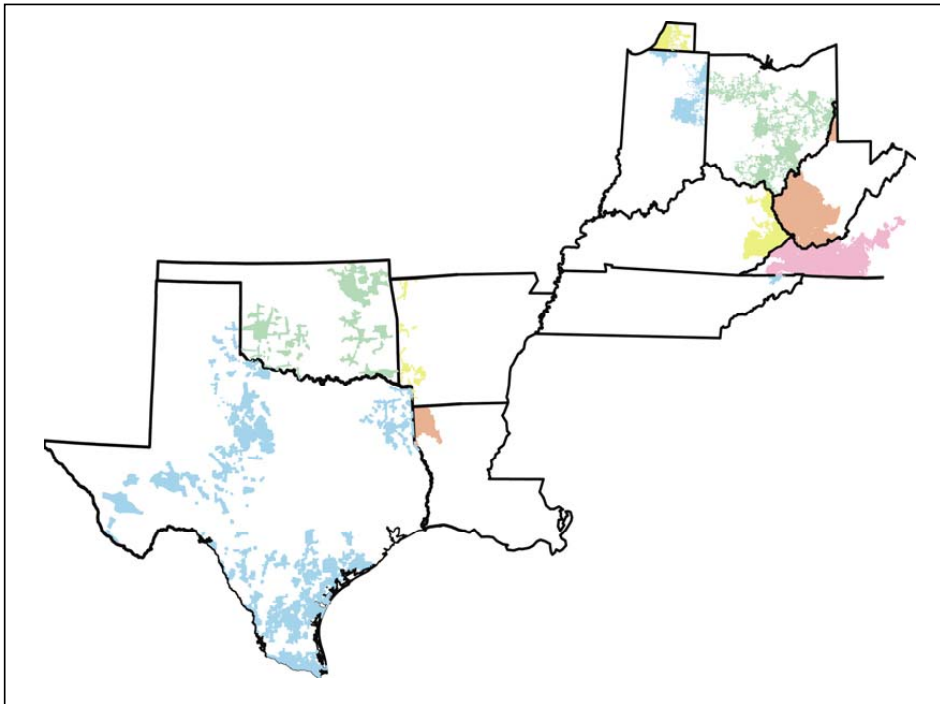
The table below gives a brief explanation of potential performance drivers for Asplundh. This data will be tracked and submitted by Asplundh to the AEP Manager Forestry Operations on a quarterly basis.

Table of Future Performance Drivers:

Future Performance Drivers	Descriptions	Tracking Mechanism	Initial Report Due
A. Percentage of Time General Foreman Spends with Crews	% of billed general foreman hours spent with crews	GPS crew tracking records	3/31/2013
B. Fuel Usage	Actual fuel used by all billed vehicles and equipment (both on and off road)	AVMS data points	12/31/2012
C. Asplundh Employee Turnover Rate	# of Asplundh full time employees (FTE's) leaving Asplundh divided by the number of equivalent FTE's (equivalent FTE's = billed straight time labor hours / 2080)	Asplundh employment records	12/31/2012
D. Drive Time	Time from start time at crew show-up to arrival at first job site location of the day.	GPS crew tracking records	3/31/2013
E. Vehicle Engine Idle Time	Hours main engine on vehicles is at idle while crew is on job site	GPS crew tracking records	12/31/2012
F. Crew Down Time	Hours Crew is unproductive due to mechanical breakdowns, waiting on assignments, waiting on equipment, etc	Asplundh timesheet data	3/31/2013
G. Equipment Down Time	Hours equipment is unavailable due to either required maintenance or breakdown.	Asplundh timesheet data	3/31/2013
H. Pull out time	Time from start time at crew show-up to leaving for first job site of the day.	GPS crew tracking records	12/31/2013

AEP – ASPLUNDH 2012/2013 KEY PERFORMANCE INCENTIVE PLAN GUIDELINES

AEP – KENTUCKY



2012/2013 AEP - Asplundh Key Performance Incentive Plan

This document describes the 2012/2013 AEP - Asplundh Key Performance Incentive ("KPI") Plan and explains how payouts will be determined for Asplundh employees. The KPI has been developed for the purpose of improving the safety, efficiency, and effectiveness of the work performed by Asplundh under their AEP vegetation management contract(s), resulting in improved service and value to our customers. The KPI Plan's performance measures provide a "line of sight" for AEP Forestry Management and Asplundh employees so that performance expectations associated with vegetation management are communicated and understood. The KPI will work in conjunction with each of the Operating Company's Corporate Key Performance Indicator ("CKPI") Plans by meeting or exceeding the performance factor targets on a quarterly basis under safety and efficiency.

In 2012/2013, the KPI Plan will be based on the general performance categories of:

- Safety
- Efficiency
- Effectiveness

The Safety performance category contains the Injury Severity Rate, the key performance measure for the plan, which is the "gatekeeper" for the KPI Plan. The Injury Severity Rate has an established threshold that must be met or exceeded in order for a payment to be made under the KPI Plan. This threshold is the 3-year average, aggregate Severity Rate of all AEP Operating Companies and must be met by each Asplundh Operating Company Unit ("Unit") of vegetation management contractors working for AEP in order for that Unit to receive payment. If the threshold is exceeded by any Unit in a quarter, AEP and Asplundh will mutually develop a plan designed to improve the Injury Severity Rate for that Unit to at or below the threshold. If an Asplundh employee is fatally injured during the course of work under the contract(s) covered by this plan, the Unit sustaining the fatality will not be eligible for a KPI Plan payout in the quarter in which the fatality occurred. The payout for all Units outside the Unit incurring the fatality will be reduced by any earned payouts in the Safety portion of their KPI Plan during that same quarter. An exception may be made if, after a thorough review, AEP determines the fatality occurred through "no fault" of an Asplundh employee.

Each general performance category contains specific performance measures with targets specific to each of the Units. The targets have been developed using performance data from each of the Operating Companies, and are shown on the Quarterly KPI Target Worksheet attached on the last page of this document. These measures provide an alignment with the Operating

Companies' goals and improve the ability to determine fair, challenging targets which incorporate local operating issues, regulatory requirements, etc.

The 2012/2013 AEP - Asplundh KPI Plan has six (6) Safety Performance Measures that carry a 35% weighting, three (3) Efficiency Performance Measures that carry a 36% weighting, and two (2) Effectiveness Performance Measures that carry a 29% weighting. Each performance measure has a weighting factor assigned to it with the sum of the weighting factors equaling one. Each Unit earns a performance factor of 0.0 – 1.0 for each performance measure in the KPI Plan. The performance factor earned is based on the Unit's quarterly results. Each performance measure's weighting factor is multiplied by its earned performance factor to obtain its weighted performance factor. The sum of the weighted performance factors for all the performance measures results in the Unit's aggregate performance factor. The quarterly KPI Plan pot allocated for each Unit is 5% of the Unit's Asplundh labor, with mark-ups, invoiced that quarter for the classifications of General Foreman and below. To determine the Unit's KPI Plan payout, its aggregate performance factor is multiplied by its quarterly KPI Plan pot allocated.

Within a given Unit, if the total calculated KPI Plan payout for the quarter falls at or below 50% of the allocated KPI Plan pot, then there will be no KPI Plan payout for that specific quarter.

For internal accounting purposes: The total KPI Plan payout will be allocated between Capital and Operation & Maintenance (O&M) expenses in accordance with the Operating Company's actual outside services labor expenditures for that quarter.

Operating Company Unit Example:

$$[(\text{First Performance Factor} \times \text{Weighting}) + (\text{Second Performance Factor} \times \text{Weighting}) + \dots + (\text{Last Performance Factor} \times \text{Weighting})] \times (\text{Quarterly KPI Plan Pot}) = \text{Unit's KPI Plan Payout}$$

Asplundh will be responsible for allocating each Unit's KPI Plan payout to the employees working within the Unit. There is no one "best practice" for allocating the payout, so allocation methods may vary by Unit to provide the best motivation for performance improvement. Asplundh management (Regional VP or Manager) and AEP Operating Company management (Forestry Supervisor, Operations or Reliability Manager, and VP of Operations) must be in agreement on the allocation plan.

Descriptions of the various performance categories, performance measures, and objectives that are used in the KPI plan are outlined below.

❖ **PERFORMANCE CATEGORY: SAFETY**

The Performance Measures under the Safety Performance category apply only when work, including service restoration work, is being performed in an AEP Operating Company and includes all Asplundh employees covered by an AEP contract(s) that includes this KPI Plan. For recording against any performance measures in the KPI Plan, regardless of the AEP location where the accident occurs, it is charged to the Asplundh employee's "home" Unit.

➤ **Performance Measure: Severity Rate**

➤ **Objective: Reduce the accident severity rate for the quarter by 10% of the previous 3-year average.**

Included in the accident severity rate are the days away from work and restricted duty days for injuries recorded on the OSHA 300 log. Days away from work are commonly referred to as "lost time". Restricted duty days are defined as the days the injured employee is restricted from performing the duties of his regular occupation by his doctor but is assigned alternate work or restricted duties within his occupation. All days between the first lost or restricted day and the day the restrictions are lifted by the doctor are included. Severity days will continue to count into the next quarter if need be. No single OSHA recordable incident shall accumulate more than 180 calendar days of lost time or restricted duty.

The quarterly accident severity rate is calculated per the following formula:

$$\frac{(\# \text{ Of Days Away from Work} + \text{Restricted} + \text{Transfer Days}) \times 200,000}{(\text{Hours Worked in Qtr})}$$

➤ **Performance Measure: Incident Rate**

➤ **Objective: Reduce the accident incident rate for the quarter by 10% of the previous 3-year average.**

Included in the incident rate is the total number of injuries, illnesses and lost work cases that are required to be recorded on the Contractor's OSHA 300 log. An injury or illness is an abnormal condition or disorder. Injuries include cases such as, but not limited to, a cut, fracture, sprain, strain, or amputation. Illnesses include both acute and chronic, such as, but not limited to, a skin disease, respiratory disorder, or poisoning.

The quarterly accident incident rate is calculated per the following formula:

(# OSHA Recordable Incidents x 200,000) / (Hours Worked in Qtr)

If the calculated incident rate is above the 3-year average and only one (1) incident has occurred during the quarter, then the 0.25 performance factor will apply.

- **Performance Measure: Days Away, Restricted, or Transferred Cases (DART) Rate**
- **Objective: Reduce the number of cases that have days away, restricted, or transferred days for the quarter by 10% of the previous 3-year average.**

The DART rate includes the total number of cases involving days away from work, restricted work activity, and transfers to another job. These are required to be recorded on the Contractor's OSHA 300 log. Days away from work are commonly referred to as "lost time". Restricted duty days are defined as the days the injured employee is restricted from performing the duties of his regular occupation by his doctor but is assigned alternate work or restricted duties within his occupation. Transfers to another job include but are not limited to being able to perform "light" duty with restrictions. All days between the first lost, restricted, or job transfer day, and the day the restrictions are lifted by the doctor are included.

The quarterly DART rate is calculated per the following formula:

$$\text{(# OSHA Recordable Lost Time + Restricted + Job Transfer Cases) x 200,000 / (Hours Worked in Qtr)}$$

- **Performance Measure: Outages**
- **Objective: Reduce the "at fault/negligent" crew caused outages, flashes, and operations for the quarter by 10% of the previous 3-year average.**

Interruptions to the Distribution system can be very serious. A Contractor caused interruption (outages, flashes, and operations) may easily result in personal injuries to the employees involved. It also has the potential to affect large numbers of customers and large blocks of load. An interruption is defined as any tree contact or human error that disrupts the normal operation of the circuit whether momentary or for a sustained period of time. An exception may be made, if after a thorough review, AEP determines that there was no fault caused by the Contractor.

"At fault/negligent" crew causes outages will be calculated on a quarterly basis.

➤ **Performance Measure: Vehicle Accidents**

- **Objective: Reduce the number of "at fault" vehicle accidents for the quarter by 10% of the previous 3-year average.**

All vehicle accidents should be reviewed by AEP and Asplundh management to determine if they are "at fault". The following definitions may be used as a guideline:

"AT FAULT" VEHICLE ACCIDENT DEFINITION

A motor vehicle accident in which the Asplundh driver/operator involved was the major cause of the accident (i.e., disregarding traffic signals, backing into fixed objects, excessive speed, etc.).

NOT AT FAULT VEHICLE ACCIDENT DEFINITION

A motor vehicle accident in which the actions of the Asplundh driver/operator involved was not the casual factor of the accident.

However, there can be circumstances in which the accident could have been avoided had the Asplundh driver/operator taken defensive measures (i.e., braking suddenly and being struck in the rear, or being struck by a merging vehicle).

Quarterly vehicle accident rates are calculated per the following formula:

$$\text{(# at Fault Vehicle Accidents x 200,000) / (Hours Worked in Qtr)}$$

If the calculated "at fault" vehicle accident rate is above the 3-year average and only one (1) incident has occurred during the quarter, then the 0.25 performance factor will apply.

➤ **Performance Measure: Field Safety Observations**

- **Objective: Monitor and improve crew safety performance to achieve a 99.5% pass rate of field safety observations.**

Individual crew safety observations will be performed throughout each quarter. As noted in the detailed criteria listed on the AEP Forestry Contract (KPI) Crew Audit form, the auditor will score the crew based on a pass/fail system. A "fail" rating will result from not meeting one of the first seven (7) criteria. A "fail" rating can also result when one of the last three (3) items is scored as "unacceptable" and the auditor believes the

magnitude or frequency of the unacceptable element warrants the “fail” rating. The inspector will document the reason for the “fail” or “unacceptable” ratings in the comments section of the form.

❖ **PERFORMANCE CATEGORY: EFFICIENCY**

These performance measures provide a “line of sight” reference to the crew in the field and provide AEP and Asplundh management the opportunity to implement best practices in crew management. Target levels will be set quarterly to compensate for seasonal variations. These target levels will be based on historic data for each Operating Company Unit unless otherwise agreed to by AEP and Asplundh management.

Accurate reporting of Work Units completed is required for efficiency measures to be viable. Reported Work Units will be verified through field audits of completed work. Variances will be addressed with local Asplundh management. During the quarterly performance period, if the variance between the completed Work Units reported and the completed Work Units audited is greater than 5% for trims and removals and greater than 10% for Brush Cut, the performance factor applied to this performance measure will be zero (0).

- **Performance Measure: Hours per Tree Trim (Non Mechanical)**
- **Objective: Increase the efficiency of crews performing tree trimming by 5% over the previous 3-year average.**

Hours per tree trimmed will be collected quarterly through RWM for crews working on base and reliability capital and maintenance. Crew types and RWM work types included in this performance measure will be agreed upon by AEP Operating Company and Asplundh management.

- **Performance Measure: Hours per Tree Removal (Non Mechanical)**
- **Objective: Increase the efficiency of crews performing tree removal by 5% over the previous 3-year average.**

Hours per tree removed will be collected quarterly through RWM for crews working on base and reliability capital and maintenance. Crew types and RWM work types included in this performance measure will be agreed upon by AEP Operating Company and Asplundh management.

➤ **Performance Measure: Hours per Unit of Brush Cut (Non Mechanical)**

Objective: Increase the efficiency of crews performing brush clearing by 5% over the previous 3-year average.

Hours per unit of brush cut will be collected quarterly through RWM for crews working on base and reliability capital and maintenance. Crew types and RWM work types included in this performance measure will be agreed upon by AEP Operating Company and Asplundh management.

❖ **PERFORMANCE CATEGORY: EFFECTIVENESS**

➤ **Performance Measure: Work Quality – Clearance to Operating Company Standards**

➤ **Objective: A minimum of 98% or more of the spans maintained have conductor to vegetation clearances meeting or exceeding the Operating Company's specification.**

AEP will sample maintained spans and conduct field audits of span line clearance to determine if the work was completed to Operating Company standards. The AEP Forestry Contract (KPI) Crew Audit form will be used for these audits. Any defect found on any audit will be a "failed" audit unless an AEP Operating Company Forestry representative approves a variance. The percentage of passed audits will determine the performance factor.

➤ **Performance Measure: Work Quality – Trimming to arboricultural industry standards and AEP specifications.**

➤ **Objective: A minimum of 98% or more of the spans maintained had vegetation managed per arboricultural industry standards and AEP specifications.**

AEP will sample maintained spans and conduct field audits to determine if the work was completed to industry standards and AEP specifications. The AEP Forestry Contract (KPI) Crew Audit form will be used for these audits. Any defect found on any audit will be a "failed" audit unless an AEP Operating Company Forestry representative approves a variance. The percentage of passed audits will determine the performance factor.

SAMPLE QUARTERLY KPI TARGET SHEET

	A	B	C	D	E	F
1		Asplundh - Kentucky P				
2						
3						
4		Measure	Definition	1.0 Target	Weighting	
5	1	SAFETY (35%)	SEVERITY RATE (KPI Gatekeeper 36.4)	# of OSHA recordable lost work days + restricted duty days X 200,000/total man hours worked per quarter		
6	2		OSHA Incident Rate	# of Actual OSHA recordable cases X 200,000/total man hours worked per quarter		
7	3		DART Rate	# of OSHA recordable lost time & restricted cases X 200,000/total man hours worked per quarter		
8	4		Outages	"At Fault/Negligent" Crew caused outages, flashes, & operations		
9	5		Vehicle Accidents	"At Fault" Vehicle Accidents		
10	6		Field Safety Observations	Individual Pass/Fail using Crew Safety Inspections		
11	7	EFFICIENCY (36%)	Per Unit Measure (Reporting Accuracy Var < 5%)	Hours per Tree Trimmed (Manual Crews Only)		
12	8		Per Unit Measure (Reporting Accuracy Var < 5%)	Hours per Tree Removed (Manual Crews Only)		
13	9		Per Unit Measure (Reporting Accuracy Var < 10%)	Hours per Unit Brush Cut (Manual Crews Only)		
14	10	EFFECTIVENESS (29%)	Work Quality	Field audit of span line clearance per OpCo standards		
15	11			Field audit of spans trimmed per industry standards		
16		Was KPI Performance Goals Achieved at or above 51%?		YES		100%
17				NO		