

Coal

AEP SYSTEM RAIL CAR USE AGREEMENT

THIS AGREEMENT, dated as of this 1st day of April 1982, among Indiana & Michigan Electric Company ("IMECo"), an Indiana corporation, Appalachian Power Company ("APCo"), a Virginia corporation, and Ohio Power Company ("OPCo"), an Ohio corporation (hereinafter referred to collectively as the Parties, or singularly as a Party), and such other direct or indirect subsidiary company of American Electric Power Company, Inc. as shall become a Party hereto with the consent of the afore-named Parties by executing and delivering a counterpart of this Agreement to each of the Parties hereto.

WITNESSETH THAT:

WHEREAS, each of the Parties to this Agreement currently leases from non-affiliated persons open hopper railroad cars which are used to transport coal from both affiliated and non-affiliated suppliers to various coal-fired electric generating plants within the American Electric Power System; and

WHEREAS, it is contemplated that each of the afore-named Parties may from time to time acquire, by lease or otherwise, additional or replacement open hopper railroad cars which would then become a part of the fleet of such rail cars maintained by such Parties; and

WHEREAS, the Parties recognize that it is desirable that open hopper railroad cars currently leased or to be acquired by lease or otherwise be deployed as a common fleet

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within the American Electric Power System for the mutual benefit of all Parties hereto, without regard to lease ownership by a specific Party, but on the basis of proximity and availability for use, and other dispatching considerations;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements of the Parties hereto as herein stated, each Party hereby severally agrees to make available to any other Party open hopper railroad cars now leased or hereafter acquired by lease or otherwise by such Party for use in transporting coal for the benefit of such other Party, subject to the terms and conditions of and in the manner specified in this Agreement, as it may, from time to time, be amended by further agreement of the Parties.

ARTICLE I

TERM

The term of this Agreement shall continue as to each Party until terminated by such Party on not less than six (6) months' written notice to all other Parties hereto, or, without regard to such prior notice, at the time any such Party shall cease to be a subsidiary, directly or indirectly, of American Electric Power Company, Inc. or its successors.

ARTICLE II

DEFINITIONS

The following terms, as used in this Agreement, shall have the respective meanings set forth in this Article,

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unless otherwise defined for a particular purpose or unless the context requires a different meaning:

a. AEPX Car means, without distinction based on ownership (by leasehold or otherwise), any open hopper railroad car, and in the plural, all of those open hopper railroad cars, now leased or hereafter acquired by the Parties hereto for use in transporting coal from affiliated and non-affiliated suppliers to electric generating stations within the American Electric Power System or to storage pending later delivery to such electric generating stations.

b. Transportation Department refers to the Coal Transportation Department of the American Electric Power Service Corporation Fuel Supply Department.

c. Ownership, as the term is applied to any AEPX Car, includes ownership by lease, and the Owner of any AEPX Car refers to any Party to this Agreement who owns, by lease or otherwise, such AEPX Car.

d. Use, as the term is applied to any AEPX Car, means the benefit derived from a service movement (i.e., the transportation of coal) using such AEPX Car, and a User of an AEPX Car refers to any Party to this Agreement, or to any other person who is not a Party hereto, who derives such benefit.

ARTICLE III

ESTABLISHMENT OF AEPX CAR COMMON FLEET

Subject to the terms and conditions contained in

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Articles IV and V hereof, each Party to this Agreement, and each person who may hereafter become a Party (to the extent any such Party is an Owner of AEPX Cars), hereby agrees to make available to any other Party and to any person who is not a Party hereto AEPX Cars which such Party owns, at such times and for such uses as the Transportation Department, in its sole discretion, may direct.

It is further agreed that the Transportation Department shall have full authority, as agent for each of the Parties hereto, to identify and select from among the fleet of available AEPX Cars those that may be made available for use by a Party, in accordance with Article IV, or to any other User who is not a Party, in accordance with Article V. The Parties shall reimburse American Electric Power Service Corporation, in accordance with the terms of their respective service agreements, for services performed or costs incurred by the Transportation Department in furtherance of this Agreement.

ARTICLE IV

AFFILIATE USE OF AEPX CARS

A Party (the User) to this Agreement who uses an AEPX Car owned by another Party (the Owner) to deliver coal directly to any of the User's generating plant sites, shall pay to the Owner a daily usage charge that is equivalent to the Owner's daily lease cost for any such AEPX Car, and a mileage maintenance charge, determined by the Transportation Department from data provided by the Computerized Freight Car

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Control System of the Association of American Railroads, if available, otherwise from data developed by the Transportation Department, such charge representing the amount accrued by the Owner in its Maintenance Accrual Accounts to provide for projected car maintenance expenses.

If an AEPX Car is used by an affiliated company in the AEP System to deliver coal into storage at an AEP System coal transfer terminal for future delivery to a then undetermined AEP System generating station, daily usage and mileage charges shall be paid initially by the operator of such transfer terminal, and accrued by such operator as a part of the inventory value of the stored coal, and shall, depending upon ultimate delivery of the stored coal, be absorbed by the operator of that transfer terminal, or passed through to such other AEP System company as may take delivery of such coal.

ARTICLE V

NON-AFFILIATE USE OF AEPX CARS

The Transportation Department shall have authority, as agent for each Party to this Agreement, to enter into subleasing agreements with non-AEP System Users for the use of such AEPX Cars. Each sublease of an AEPX Car shall provide for the User to pay a daily usage charge and mileage charge in such amounts and at such rates as may be determined by negotiation between the Transportation Department and any such User. Any sublease entered into by

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the Transportation Department on behalf of an Owner shall also specify that the sublessee is to pay the applicable daily usage charge directly to the Owner of an AEPX Car subject to any such sublease and may specify that mileage charges are to be paid either to such Owner or to the Transportation Department, which shall be responsible for determining, based on car ownership, the amount to be credited to a particular Owner.

ARTICLE VI

AEPX CAR INSURANCE AND TAX CHARGES

The Transportation Department, on behalf of the Parties hereto, shall be responsible for the filing of all tax returns and verification of all tax bills, for prorating total tax liabilities among the Parties to this Agreement based on usage of AEPX Cars and for billing (and collecting from) non-affiliated sublessees taxes applicable to usage of AEPX Cars by such sublessees when the subleases specify such manner of recovery. Each Party to this Agreement shall arrange for adequate insurance coverage with respect to AEPX Cars owned by it, in accordance with applicable requirements of any lease, and shall be responsible for complying with all other terms and conditions contained in any lease.

ARTICLE VII

RECORDS AND AUDITS

The Transportation Department and the General Office Accounting Department of each Owner Party shall keep accurate and satisfactory records and ledgers and all

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other data which will allow the Parties hereto to carry out the purposes of this Agreement. Each Party shall have the right at any time, upon written notice to the Transportation Department, to examine the Transportation Department's records for the purpose of verifying the data used or to be used in determining the amounts payable by or owing to such Party hereunder.

ARTICLE VIII

REGULATORY APPROVALS

The performance of the obligations of each Party hereto shall be subject to the receipt and continued effectiveness of all authorizations of governmental regulatory authorities necessary at the time to permit such Party to perform its duties and obligations hereunder. In the event that the performance by any Party shall not be authorized by governmental regulatory authorities whose authorization is necessary for such performance, or in the event that any such authorization once given, shall be revoked or withdrawn, then this Agreement shall not become effective, or shall cease to be effective, as the case may be, as to such Party, but such ineffectiveness shall not affect the obligations of any other Party hereto.

ARTICLE IX

FURTHER AGREEMENTS

The Parties hereto may enter into a further agreement or agreements setting forth detailed terms and provisions relating to the performance by them of their respective obligations hereunder. No agreement entered into

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pursuant to this Article IX shall, however, alter to any material degree the obligations of any Party to this Agreement in any manner inconsistent with any of the foregoing sections of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective authorized officers as of the day and year first above written.


APPALACHIAN POWER COMPANY
40 Franklin Road
Roanoke, Virginia 24009

By: 
Vice President

INDIANA & MICHIGAN ELECTRIC COMPANY
One Summit Square
Fort Wayne, Indiana 46801

By: 
Vice President

OHIO POWER COMPANY
301 Cleveland Avenue, S.W.
Canton, Ohio 44702

By: 
Vice President

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CONSENT TO AGENCY

The American Electric Power Service Corporation, a New York corporation and an associate company of each of the Parties hereto in the American Electric Power System, hereby agrees to render services in furtherance of this Agreement, in accordance with the terms of its service agreement with each Party hereto.

AMERICAN ELECTRIC POWER
SERVICE CORPORATION
180 East Broad Street
Columbus, Ohio 43215

By: Frank D. Owen
Vice Chairman

Dated as April 1, 1982.

AMENDMENT NO. 1 AND CONSENT
TO
AEP SYSTEM RAIL CAR USE AGREEMENT

This AMENDMENT and CONSENT is dated as of the 1st day of July,
2006.

WHEREAS, that certain AEP System Rail Car Use Agreement dated as of April 1, 1982 ("Rail Car Use Agreement"), is among Indiana & Michigan Electric Company, now Indiana Michigan Power Company, an Indiana corporation ("I&M"), Appalachian Power Company, a Virginia corporation ("APCO"), and Ohio Power Company, an Ohio corporation ("OPCO"), all three of which companies are subsidiaries of American Electric Power Company, Inc., a New York corporation ("AEP") and therefore affiliates.

WHEREAS, the Rail Car Use Agreement provides that other direct or indirect subsidiary companies of AEP may become a party to the Rail Car Use Agreement with the consent of the aforementioned parties to the Rail Car Use Agreement and by executing and delivering a counterpart of the Rail Car Use Agreement to each of the parties thereto.

WHEREAS, Public Service Company of Oklahoma, an Oklahoma corporation ("PSO"), and Southwestern Electric Power Company, a Delaware corporation ("SWEPCO"), each of which is an indirect subsidiary of AEP, desire to become a party to the Rail Car Use Agreement;

WHEREAS, each of I&M, APCO, and OPCO does hereby consent to the addition of PSO and SWEPCO as parties to the Rail Car Use Agreement;

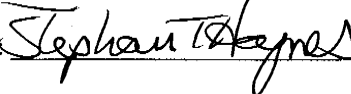
NOW THEREFORE, in consideration of the foregoing,

1. The Rail Car Use Agreement is hereby amended to add PSO and SWEPCO to the Rail Car Use Agreement.
2. PSO and SWEPCO hereby agree to abide by all of the terms and conditions of the Rail Car Use Agreement as are currently in effect.
3. APCO, I&M, and OPCO hereby consent to the addition of PSO and SWEPCO as parties to the Rail Car Use Agreement.
4. All other terms and conditions of the Rail Car Use Agreement, a copy of which is attached, remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment and Consent to be signed by their respective authorized officers as of the day and year first above written.

APPALACHIAN POWER COMPANY

By



Its: Assistant Treasurer

INDIANA MICHIGAN POWER COMPANY

By: Stephan T. Hynes

Its: Assistant Treasurer

OHIO POWER COMPANY

By: Stephan T. Hynes

Its: Assistant Treasurer

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: Stephan T. Hynes

Its: Assistant Treasurer

SOUTH WESTERN ELECTRIC POWER COMPANY

By: Stephan T. Hynes

Its: Assistant Treasurer

**AMENDMENT NO. 2 TO AEP
SYSTEM RAIL CAR USE AGREEMENT**

This Amendment No. 2 to AEP System Rail Car Use Agreement (this "Amendment No. 2") is entered into by and among **Indiana Michigan Power Company ("I&M")**, **Appalachian Power Company (APCo)**, **Ohio Power Company (OPCo)**, **Southwestern Electric Power Company ("SWEPCO")**, **Public Service Company of Oklahoma ("PSO")** and **Kentucky Power Company ("KPCo")**, effective on the 12 day of September, 2013 (the "Effective Date").

WHEREAS, I&M, APCo, OPCo, SWEPCO and PSO are parties to that certain AEP System Rail Car Use Agreement dated April 1, 1982, as amended by Amendment No. 1 and Consent to AEP System Rail Car Use Agreement dated July 1, 2006 (the "Rail Car Use Agreement").

WHEREAS, KPCo, an indirect subsidiary of AEP, desires to become a party to the Rail Car Use Agreement.

WHEREAS, I&M, APCo, OPCo, SWEPCO, PSO and KPCo are indirect subsidiaries of American Electric Power Company, Inc. ("AEP").

WHEREAS, the Rail Car Use Agreement provides that other direct or indirect subsidiary companies of AEP may become a party to the Rail Car Use Agreement with the consent of the existing parties to the Rail Car Use Agreement and by executing and delivering a counterpart of the Rail Car Use Agreement to each of the parties thereto.

NOW THEREFORE, in consideration of the foregoing,

1. The Rail Car Use Agreement is hereby amended to add KPCo as a party.
2. KPCo hereby agrees to abide by all of the terms and conditions of the Rail Car Use Agreement.
3. APCo, I&M, OPCo, SWEPCO and PSO each consent to the addition of KPCo as a party to the Rail Car Use Agreement.
4. All other terms and conditions of the Rail Car Use Agreement as amended, a copy of which is attached, remain in full force and effect.

5. Pursuant to IC 8-1-2-49(g), this Amendment No. 2 shall not become effective as to I&M until it has been filed with the Indiana Utility Regulatory Commission.

Executed as of the Effective Date.

OHIO POWER COMPANY

By: 

Timothy K. Light, Vice President *RGL*

APPALACHIAN POWER COMPANY

By: 


Timothy K. Light, Vice President *RGL*

INDIANA MICHIGAN POWER COMPANY

By: 


Timothy K. Light, Vice President *RGL*

SOUTHWESTERN ELECTRIC POWER COMPANY

By: 

Timothy K. Light, Vice President *RGL*

KENTUCKY POWER COMPANY

By: 

Timothy K. Light, Vice President *RGL*

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: 

Timothy K. Light, Vice President *RGL*

Appendix A

Component		Capitalization @12/31/XX (000)	Percent of Total	Annual Cost	After-Tax Rate of Return	Before-Tax	
						Weighted Percent	In Dollars
Long Term Debt	A	1,532,198	46.97 %	5.70%	C	2.62 %	81,188
Preferred Stock		0	0.00 %	0.00%	C	0.00 %	0
Common Stock	B	1,801,131	54.03 %	10.20%	D	8.48 %	282,828
Total		3,333,329	100.00 %			11.10 %	343,813

The amounts above are examples and should be updated as specified below

A) Includes long term debt due in one year and is net of unamortized debt premium and discount, unamortized debt expense and losses on re-acquired debt. It excludes spent nuclear fuel disposal costs. This figure should be updated annually using actual data from the I&M General Ledger.

B) Common equity includes premium on preferred stock and excludes undistributed subsidiary earnings. This figure should be updated annually using actual data from the I&M General Ledger.

C) Annual cost of Long-Term Debt is updated annually using actual data from the I&M General Ledger.

D) Based on I&M return on equity in effect as determined by the Indiana Utility Regulatory Commission from time to time (e.g. upon resolution of a base rate case, etc.)

E) Includes FIT adder (i.e. "gross-up") calculated at the prevailing statutory tax rate (currently 35%).