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BARGE TRANSPORTATION AGREEMENT

THIS AGREEMENT, dated as of the 1st day of May, 1986 (the "Agreement"), among Appalachian Power Company, a Virginia corporation (APCo), Ohio Power Company, an Ohio corporation (OPCo), AEP Generating Company, an Ohio corporation (AEPGC) 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 above parties by executing and delivering to such parties a counterpart of this Agreement (collectively the Shippers and individually a Shipper) and Indiana & Michigan Electric Company, an Indiana corporation (I&MECo),

WITNESSETH THAT:

WHEREAS, since September 4, 1973, the River Transportation Division of I&MECo (the Division) has operated towboats, barges and other facilities for the transportation of coal on the Kanawha, Green and Ohio Rivers and other navigable waterways to coal-fired steam electric generating stations of APCo, OPCo, AEPGC and I&MECo, which stations require large quantities of coal which can be delivered to such stations in river barges; and

WHEREAS, Shippers desire the Division to continue transportation of coal in barges to their coal unloading docks and are willing to contract with the Division for the transportation of coal during the term of this Agreement, at the prices,

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and upon the other terms and conditions hereinafter set forth;
and

WHEREAS, the Division desires to continue transporting coal in barges to coal unloading docks of Shippers and is willing to contract with Shippers for the transportation of coal for Shippers during the term of this Agreement, at the prices, and upon the other terms and conditions hereinafter set forth (which are essentially the same as the terms and conditions under which coal transportation services have been provided to Shippers by the Division for a number of years);

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements of the parties hereto as herein stated, each Shipper hereby severally agrees to furnish and deliver coal or cause coal to be furnished and delivered to the Division at loading points on the Ohio, Kanawha or Green Rivers, or their navigable tributaries and to accept delivery of such coal at designated delivery points and pay for the services of the Division in receiving, transporting and delivering such coal, and the Division hereby agrees to receive, transport and deliver such coal in barges from such loading points to such designated delivery points during the term of this Agreement, at the prices, and upon the other terms and conditions hereinafter set forth.

ARTICLE I

TERM

The term of this Agreement shall continue as to each Shipper until terminated by such Shipper by delivery of written

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notices to the Division not less than six months prior to the date of termination specified in such written notice.

ARTICLE II

RECEIPT AND TRANSPORTATION OF COAL

Section 1. Subject to the provisions of this Agreement, the Division shall receive, transport and deliver for each Shipper such quantities of coal as such Shipper shall specify from time to time on reasonable notice to the Division.

Section 2. The obligations of the Division to any Shipper set forth in Section 1 of this Article II shall be subject to I&MECo's reasonable requirements for transportation of coal for use in I&MECo's generating stations or for transportation of coal for use in generating stations of other Shippers or other direct or indirect subsidiary companies of American Electric Power Company, Inc.

Section 3. During the term of this Agreement each Shipper shall by written notice to the Division designate loading points (the "Loading Points") and delivery points (the "Delivery Points") on the Ohio, Green or Kanawha Rivers or their navigable tributaries.

ARTICLE III

LOADING AND UNLOADING OF COAL

The loading of coal into the Division's barges at the Loading Points and the unloading of such coal from the Division's

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barges at the Delivery Points shall be performed by each Shipper or its coal suppliers with its or their facilities in a workman-like manner to a draft specified by the Division.

ARTICLE IV

DIVISION'S AFFIRMATIVE COVENANTS CONCERNING
TRANSPORTATION EQUIPMENT

The Division shall at all times provide a sufficient number of barges, maintained in a good and seaworthy condition, and adequate motive power to enable it to carry out its obligations under this Agreement without delay and in a workmanlike manner, shall conform to the best accepted practice for the movement of bulk commodities by barge on inland waterways, and shall comply with all laws relating to the use and operation of vessels on inland waterways. All empty barges shall be delivered to the Loading Points free of foreign matter.

ARTICLE V

PRICE

The Division shall charge to each Shipper, and each Shipper shall pay to the Division, the costs of any transportation services performed by the Division for such Shipper. Such costs shall consist of all charges and expenses directly attributable to the performance of such service, a fair and equitable allocation of other charges and expenses of the Division (taking into account the transportation services performed by the Divi-

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sion for I&MECo), a provision for taxes at the combined normal tax and surtax rate applicable to corporations under Section 11 or any successor section of the Internal Revenue Code of 1954, as in effect from time to time, and an amount equal to 9.21% per annum of I&MECo's net investment in the Division. The determination of the 9.21% composite rate is shown in Appendix B. The Division will use the 9.21% composite after tax rate of return on its net investment until such time as it receives approval from the Public Service Commission of West Virginia and/or The Virginia State Corporation Commission, if necessary, to adjust the return on common equity on January 1 of each calendar year to the rate of return on common equity determined and allowed by the FERC in the most recent wholesale rate proceeding involving I&MECo. In the absence of a FERC order during the calendar year preceding each January 1, the rate of return on common equity would be that authorized by the Public Service Commission of Indiana in an I&MECo retail electric rate proceeding, during the calendar year preceding such January 1, otherwise the existing rate of return continues until the next January 1. For purposes of this Agreement, I&MECo's net investment in the Division during any period shall be understood to consist of its investment in real and personal property and an amount equal to 1/8 of the aggregate operation, maintenance, rental and general expenses of the Division for each annual period, plus prepayments and deferred expenses at the end of such period. If for any period the aggregate charges of the Division for transportation services

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performed do not equal the aggregate costs of performing such services, a prospective adjustment in rates will be made. A review of the need for such prospective adjustments shall be undertaken at least annually.

Demurrage and standby charges shall be assessed as provided in Appendix A hereto.

ARTICLE VI

CONDITIONS

Section 1. Billing and Payment.

On or before the fifteenth day of each calendar month, the Division shall render to each Shipper an invoice for all coal, if any, transported hereunder during the preceding calendar month. Each Shipper shall pay the Division by cash or check, in United States funds, the net amount of the invoice prior to the end of the month in which an invoice is received.

Each invoice shall show, inter alia, the quantity of coal transported hereunder during the preceding calendar month, the applicable prices therefor, and any debts or credits due.

Section 2. Weights.

To enable the Division to prepare invoices, each Shipper shall, promptly after the end of each calendar month, advise the Division as to the weights of the coal transported for such Shipper during that month either as loaded and weighed at Loading Points or as unloaded and weighed at the plant of the Shipper. The Division shall have the right at all reasonable times to review and audit the weights.

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Section 3. Records and Audits.

The Division shall keep accurate and satisfactory records and books of accounts showing all costs, payments, price revisions, credits, debits and all other data required for the purposes of this Agreement. Each Shipper shall have the right at any time, upon written notice to the Division, to examine the Division's records and books of accounts for the purpose of verifying the data used or to be used in determining the price paid or payable by such Shipper.

Section 4. Insurance.

It is understood that title to coal will remain in each respective Shipper. Each Shipper shall, at its own expense, carry and maintain cargo insurance, with waiver of subrogation against the Division, on the coal transported hereunder; and to the extent appropriate, each Shipper shall also, at its own expense, carry and maintain Longshoremen's and Harbor Workers' Compensation Act insurance covering its employees at its docks.

The Division shall, at its own expense, carry and maintain full marine coverage, with waiver of subrogation against any Shipper, including Hull, Collision, and Protection and Indemnity insurance or other insurance covering the liability of the vessels and their owners against loss of life and personal injury to members of their crews, including transportation, wages, maintenance and care.

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Section 5. Force Majeure.

If, because of force majeure, either party hereto is unable to carry out any of its obligations under this Agreement, and if such party promptly gives to the other party hereto written notice of such force majeure, then the obligations of the party giving such notice shall be suspended to the extent made necessary by such force majeure and during its continuance, provided the effect of such force majeure is eliminated insofar as possible with all reasonable dispatch.

The term "force majeure" as used herein shall mean any causes beyond the control and without fault or negligence of the party affected thereby, such as acts of God, acts of the public enemy, insurrections, riots, strikes, labor disputes, labor or materials shortages, fires, explosions, floods, breakdowns of or damage to plants, equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damages thereto), interruptions to transportation, river freeze-ups, embargoes, orders or acts of civil or military authority, or other causes of a similar nature which wholly or partly prevent the mining, delivery and/or loading of the coal by any Shipper or any coal suppliers thereto, or the receiving, transporting and/or delivery of the coal by the Division, or the accepting, utilizing and/or unloading of the coal by any Shipper.

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Section 6. Notices.

All notices under this Agreement shall be in writing; and if to any Shipper, shall be sufficient in all respects if delivered in person to its President or Vice President or sent by registered mail addressed to such Shipper at its address set forth at the foot of this Agreement, or at any subsequent address of which such Shipper may notify the Division in writing; and if to the Division, shall be sufficient in all respects if sent by registered mail addressed to the Division at P. O. Box 700, Lancaster, Ohio, 43130, or at any subsequent address of which the Division may notify the Shipper in writing.

Section 7. Waivers and Remedies.

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

All remedies afforded under this Agreement shall be taken and construed as cumulative and in addition to every other remedy provided for herein or by law.

No default by any party to this Agreement in the performance of any of its covenants or obligations hereunder, which except for this provision would be the legal basis for rescission or termination of this Agreement by any other party hereto, shall give or result in such a right unless and until the

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party committing such default shall fail to correct the default within thirty (30) days after written notice of claim of such default is given to such defaulting party by the party claiming such default.

Section 8. Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; but this Agreement may not be assigned by either party without the written consent of the other, except that any party may, without the consent of any other party, assign this Agreement to a successor to all or substantially all of its property and assets who shall assume the obligations of the assigning party hereunder and to any direct or indirect subsidiary company of American Electric Power Company, Inc.

Section 9. 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 Shipper shall not be authorized by all 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

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be, as to such Shipper, but such ineffectiveness shall not affect the obligations of any other party hereto.

Section 10. Further Agreements.

I&MECo and any Shipper, may enter into a further agreement or agreements setting forth detailed terms and provisions relating to the performance by I&MECo and such Shipper of their respective obligations hereunder. No agreement entered into pursuant to this Section 10 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.

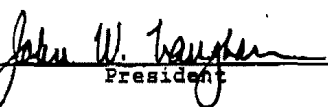
OHIO POWER COMPANY
301 Cleveland Avenue, S.W.
Canton, Ohio 44701

By 
Vice President

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

By 
President

APPALACHIAN POWER COMPANY
40 Franklin Road, S.W.
Roanoke, Virginia 24011

By 
President

AEP GENERATING COMPANY
1 Riverside Plaza
Columbus, Ohio 43215

By 
Vice President

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**Appendix A
Barge Transportation Agreement**

BARGE DEMURRAGE CHARGES

AND

TOWBOAT STANDBY CHARGES

CHARGES AND PROCEDURES

Effective as of March 1, 1978

(Subject to Amendment from Time to Time)

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DEMURRAGE & STANDBY
CHARGES

A. Barge Demurrage

To promote efficient use of barges, plants are requested to unload barges so as to minimize barge delay.

The following definitions apply:

1. "Actual Placement" (or placement) is securing of a barge in the plant's designated barge unloading area.
2. "Constructive Placement" occurs when, due to any cause attributable to the plant which prohibits actual placement of a barge, the barge must therefore be secured elsewhere.
3. "Release" of an unloaded barge occurs when it is secured at the plant's designated empty barge fleeting area.
4. "Time of Placement" is to be when the barge is placed, the time to be determined by the delivering towboat Captain. A record of placement times will be furnished to the Shipper.
5. "Time of Release" is when the barge is unloaded. The time of release will be determined by the shipper and will be furnished to F&MECo.
6. "Plant" is the facility to which a delivery is made by placement of a barge.

The following rules govern barge demurrage:

1. Barge demurrage is computed for each Plant based on an "Average Agreement" method, with payments billed for demurrage debits which exceed demurrage credits. These debits and credits will be computed at rates of \$100 each for a jumbo barge, and \$60 each for a standard barge. Total billing for the excess amount of all debits over all credits occurs monthly. No demurrage credits are carried over to the following month.
2. Demurrage time for a barge will commence at the first 7:00 AM following Constructive Placement or Actual Placement of the barge, (and the barge is therefore considered to be in the Shipper's possession), and will

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run until the barge has been Released. "Demurrage days" will run from 7:00 AM to 7:00 AM. A fractional part of a day will be considered one day.

3. For a barge, a demurrage debit is incurred for each day after the third day (e.g. after the fourth 7:00 AM) that the barge is in Shipper's possession, and during any part of which day the barge remains unloaded. The \$100 and \$60 rates apply.
4. For a barge, a demurrage credit is earned for each day before the third day (e.g. before the fourth 7:00 AM) that the barge has been completely unloaded. The \$100 and \$60 rates apply.
5. Saturdays, Sundays, and holidays are included in demurrage determinations.

The Attachment A, "Barge Demurrage Charge Record", appended hereto, is used by Shipper for determination of the amount of barge demurrage charges. Columns F, G, H and I provide for posting the credits and debits for all barges at any point in time. Entires in these columns may be either days (i.e. debits or credits), or dollars, at Shipper's discretion. If entires in columns F, G, H and I are in days, they may be converted to dollars whenever accumulative entires are made in columns J and K, but must be converted to dollars at month end.

To further improve understanding of how demurrage credits and debits occur, attached Exhibits B and C illustrate credit and debit transactions for specific situations. It is important to note that the net demurrage position of a plant for a given month can and should be determined right after the close of the month, and need not await the release of all barges placed in that month.

B. Towboat Standby

Standby time is incurred by towboats waiting for their barges to be unloaded. Standby charge is an hourly charge, after the first "free" 24 hours, assessed against a Shipper whose Plant is so operated to cause towboats to wait for barges to become unloaded.

To promote efficient use of towboats, plants are requested to unload barges so as to minimize towboat standby time. The following definitions apply:

1. "Standby Arrival" is the time the towboat's tow is placed (Actual Placement or Constructive Placement) and is computed from the time when all barges in the

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-towboat's tow have been placed (Actual Placement or Constructive Placement).

2. "Standby Termination" is the time when the last barge to complete a tow has been released by Shipper at a Plant.
3. "Standby Time" is the time period between Standby Arrival and Standby Termination.

The attached Exhibit D "Towboat Standby Charge Record" is used for plant determination of towboat standby charges. At any time, the plant's cumulative towboat standby charges may be determined by multiplying the total hours in column G by the hourly standby charge rate of \$100/hour.

C. Submission of Plant-Determined Demurrage and Standby Charges for Verification, Audit, and Billing

Within 5 days of the last day of each month, that month's Barge Demurrage Charge Record and Towboat Standby Charge Record are to be sent to I&M Accounting, Fort Wayne, attention W. Keltner, for verification, audit, and any billing due the Shipper.

D. Exemption from Demurrage and Standby Charges

On occasion a Shipper may seek an exemption from barge demurrage and towboat standby charges it would otherwise incur at a Plant because of extenuating circumstances or inoperability conditions which constitute "force majeure situations." Examples of "force majeure situations" are occurrences beyond a Shipper's reasonable control, such as acts of God, equipment breakdowns, fires, river conditions prohibiting normal handling of vessels, sabotage, accidents, labor disputes, and other similar or different occurrences.

To permit consideration of Shipper-proposed exemptions, the following procedure provides for filing of demurrage and standby charge "force majeure" claims by Shippers, and disposition of such claims:

1. A Shipper claiming a force majeure situation and exemption from demurrage or standby charges will promptly notify the River Transportation Division of Indiana & Michigan Electric Company (the "Division") stating the nature of the condition and briefly explaining the justification for exemption.
2. Within 48 hours of the elimination of the "force majeure condition" claimed as detailed in (1) above, the Shipper will send a letter claiming exemption from

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-demurrage or standby charges and its supporting reasons
therefore to the Division.

3. Disposition of the claim will be decided by the General
Manager of Transportation on a case by case basis, all
Shippers being treated equitably, with appeals being
referred to the Senior Vice President-Fuel Supply.

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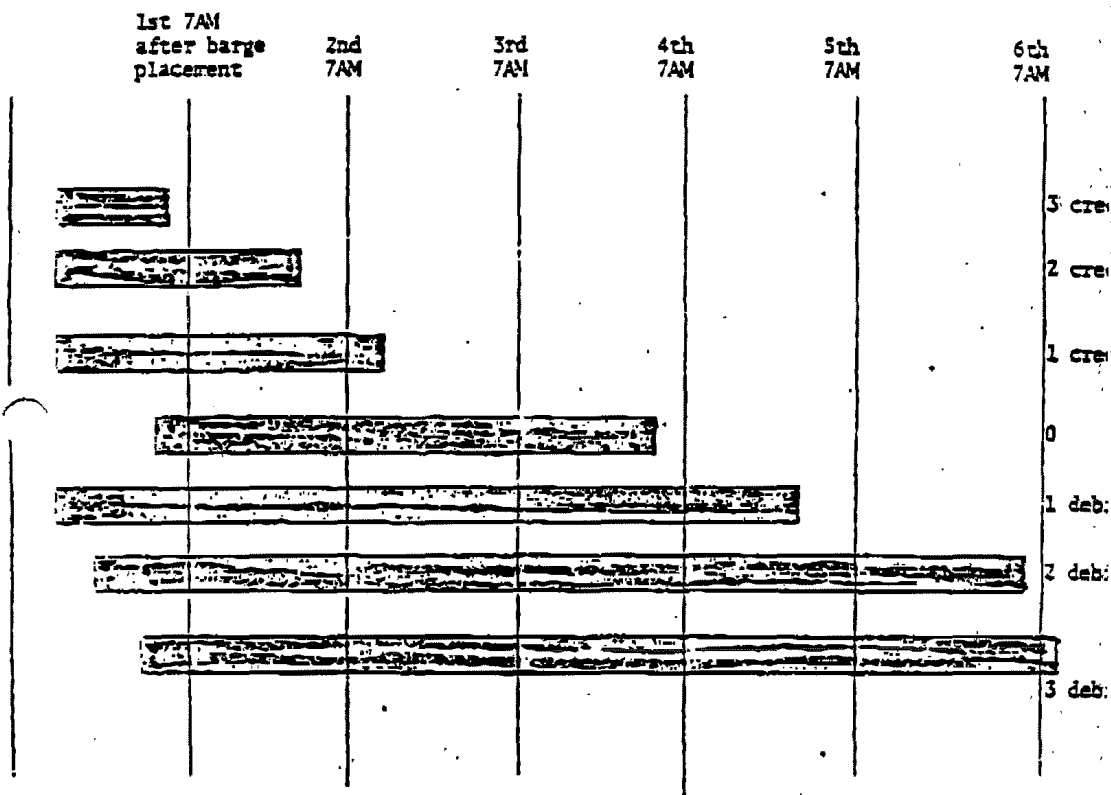
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EXHIBIT B

EXAMPLE OF BARGE DEMURRAGE CREDIT AND DEBIT DETERMINATIONS
 FOR BARGES PLACED AND RELEASED IN SAME MONTH

(Left side of bar = barge placed; right side of bar = barge released)



Note: "Placement" = constructive placement or actual placement

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FOR BARGES PLACED THAT FIRST MONTH, BUT RELEASED AFTER THAT MONTH

(Left side of bar = placement; right side of bar = release)

First Month				Next Month				DEURAGE						
7AM	7AM	7AM	Last 7AM 1st Month	1st 7AM Next Month	7AM	7AM	7AM	7AM	First Month		CR	DB	CR	DB
[bar]									3	0	0	0	0	0
[bar]									2	0	0	0	0	0
[bar]									1	0	0	0	0	0
[bar]									0	0	0	0	0	0
[bar]									0	1	0	0	0	0
[bar]									0	1	0	0	0	0
[bar]									0	1	0	0	0	0
[bar]									3	0	0	0	0	0
[bar]									2	0	0	0	0	0
[bar]									1	0	0	0	0	0
[bar]									0	0	0	0	0	0
[bar]									0	0	0	0	0	0
[bar]									0	0	0	0	0	0
[bar]									0	0	0	0	0	0
[bar]									0	0	0	0	0	0
[bar]									3	0	0	0	0	0
[bar]									2	0	0	0	0	0
[bar]									1	0	0	0	0	0
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[bar]									0	0	0	0	0	2
[bar]									0	0	0	0	0	3
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[bar]									0	0	0	0	0	0
[bar]									0	0	0	0	0	1
[bar]									0	0	0	0	3	0
[bar]									0	0	0	2	0	0

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Plant

TOYBOAT STANDBY CHANGE RECORD FOR MONTH OF _____

A Toyboat	B Standby Arrival		C Standby Termination		D Elapsed Standby Time (hours)	E Less 24 hrs. - Chargeable Standby hours	F Notes
	Date	Time	Into	Time			
Total							X Hourly Rate of \$ _____

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INDIANA & MICHIGAN ELECTRIC COMPANY
 RIVER TRANSPORTATION DIVISION

Calculation of Cost of Capital Rate
 Applicable to Net Investment

Corporate Capitalization at 9/1/73	(\$000) Amount	Percent of Total Capitalization	Rate	Weighted Composite Rate
Long Term Debt ⁽¹⁾	<u>\$393,138</u>	49.3%	6.5% ⁽²⁾	3.20%
Preferred Stock	<u>87,357</u>	10.9%	7.7% ⁽²⁾	.84%
Stockholders Equity:				
Common Stock	56,584			
Other Paid-In Capital	181,028			
Retained Earnings	<u>79,810</u>			
	<u>317,422</u>	<u>39.8%</u>	<u>13.0</u> ⁽³⁾	<u>5.17%</u>
Total	<u>\$797,917</u>	<u>100.0%</u>		<u>9.21%</u>

- (1) Includes unamortized premium and discount, and current portion of long-term debt.
- (2) Effective rate of last issue by Indiana & Michigan Electric Company prior to September 1, 1973.
- (3) Return on common equity ordered by the Federal Energy Regulatory Commission on March 18, 1980, in I&MCo's general rate proceeding, Docket No. ER76-716.

AMENDMENT NO. 1 TO BARGE TRANSPORTATION AGREEMENT

This Amendment No. 1 to Barge Transportation Agreement ("Amendment No. 1") is entered into by and among **Appalachian Power Company** ("APCo"), **Ohio Power Company** ("OPCo"), **Kentucky Power Company** ("KPCo") and **AEP Generating Company** ("AEPGC") (collectively the "Shippers" and individually a "Shipper") and **Indiana Michigan Power Company** (formerly **Indiana & Michigan Electric Company**), an Indiana corporation ("I&M") effective as of the 12th day of September, 2013 (the "Effective Date").

WHEREAS, APCo, OPCo, AEPGC and I&M entered into that certain Barge Transportation Agreement dated May 1, 1986 (the "Barge Transportation Agreement") pursuant to which I&M transports coal on the Kanawha and Ohio Rivers, and other navigable waterways, to coal-fired steam electric generating stations of APCo, OPCo, AEPGC and I&M.

WHEREAS, APCo, OPCo, AEPGC and I&M desire to amend the Barge Transportation Agreement as hereinafter provided.

WHEREAS, KPCo desires to become a party to the Barge Transportation Agreement.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements of the Parties hereto as herein stated, the APCo, OPCo, AEPGC and I&M agree to amend the Barge Transportation Agreement as hereinafter set forth and consent to KPCo becoming a party to the Barge Transportation Agreement as amended by this Amendment No. 1.

1. ARTICLE V PRICE is hereby deleted in its entirety and replaced with the following:

ARTICLE V PRICE

a. At the end of each month the Division shall invoice each Shipper for coal transportation and unloading and loading services (the "River Transportation Services") provided to Shipper by the Division during such month. The fee for River Transportation Services (the "River Transportation Services Fee") shall consist of the Division's annual estimate of its fully loaded cost to perform the River Transportation Services on a per ton basis which shall include an after-tax carrying charge equal to I&M's return on equity set by the Indiana Utility Regulatory Commission on the Division's investment in the assets utilized by it to perform the River Transportation Services and determined in accordance with Appendix A attached hereto, and an adder for income taxes at the prevailing statutory rate. The River Transportation Services Fee shall be revised from time to time by the Division to reflect its estimated fully loaded cost to perform the River Transportation Services and to reflect any changes in I&M's return on equity. Shippers shall provide the Division annually with a reasonably detailed forecast of its requirements for River Transportation Services to assist in the Division's computation of the River Transportation Services Fee.

b. Within sixty (60) days after the end of each calendar quarter year, the Division shall perform a true-up of the River Transportation Services Fees paid by Shippers during such calendar quarter (each a "True-Up Quarter") against the actual costs incurred by the Division to perform such River Transportation Services. If the aggregate River Transportation Services Fees payable or paid by a Shipper during a True-Up Quarter exceeds the actual costs incurred by the Division to perform the River Transportation Services during such True-UP Quarter, the difference shall be credited to the Shipper's account and applied against subsequent Shipper invoices. If the aggregate River Transportation Services Fees payable or paid by a Shipper during a True-Up Quarter is less than the actual costs incurred by the Division to perform the River Transportation Services during such True-UP Quarter, the difference shall be paid by Shipper when Shipper is invoiced for such difference.

c. Free time for each barge trip undertaken by the Division for a Shipper shall include three free days and Sundays and Holidays.

d. The Division shall issue Shipper a credit for each day that a barge is unloaded in less than the Shipper's allotted free time and debit Shipper for each day that a barge is unloaded after Shipper's allotted free time. Aggregate Shipper credits shall be applied against aggregate Shipper debits monthly and will be settled by the Division at the end of each month. Shipper credits are not refundable and will not be carried over from month to month. Shipper credits and debits will be calculated using 1/100th of a day.

e. The jumbo demurrage rate is \$100 per day per barge. Demurrage will be billed on actual unload times using 1/100th of a day.

2. The second sentence of Section 1 of Article VI is hereby deleted and replaced with the following sentence: "Each Shipper shall settle its invoiced River Transportation Services Fee though the AEP money pool within thirty (30) days following receipt of each invoice."

3. The Division's notice address in Section 7 of Article VI is hereby changed to 16150 Main Circle Drive, Suite 400, Chesterfield, MO 63017.

4. Appendix A to the Barge Transportation Agreement is hereby deleted in its entirety and replaced with Appendix A attached hereto.

5. APCo, OPCo, AEPGC and I&M each consent to KPCo becoming a party to the Barge Transportation Agreement, as amended by this Amendment No. 1.

6. KPCo agrees that it shall become a party to the Barge Transportation Agreement, as amended by this Amendment No. 1, upon its execution of this Amendment No. 1 and further agrees to abide by all of the terms and conditions of the Barge Transportation Agreement.


7. This Amendment No. 1 shall not become effective as to APCo until such time, if ever, that it has obtained all governmental regulatory approvals necessary to participate in this Agreement. This provision shall not affect the obligations of any other party hereto. If this Amendment No. 1 becomes effective as to APCo, it shall terminate as to APCo on the fifth anniversary of its receipt any regulatory approvals.

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


9. Except as specifically set forth herein, the Barge Transportation Agreement, a copy of which is attached, shall remain in full force and effect without amendment or modification.

Executed as of the Effective Date.

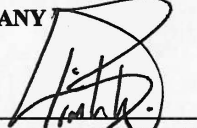
OHIO POWER COMPANY

By:  _____ RGR
Timothy K. Light, Vice President

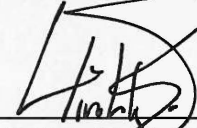
APPALACHIAN POWER COMPANY

By:  _____ RGR
Timothy K. Light, Vice President

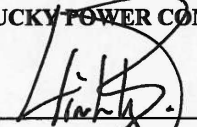
INDIANA MICHIGAN POWER COMPANY

By:  _____ RGR
Timothy K. Light, Vice President

AEP GENERATING COMPANY

By:  _____ RGR
Timothy K. Light, Vice President

KENTUCKY POWER COMPANY

By:  _____ RGR
Timothy K. Light, Vice President

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	45.97 %	5.70%	C	2.82 %	762,488
Preferred Stock		0	0.00 %	0.00%	C	0.00 %	0
Common Stock	B	1,801,131	54.03 %	10.20%	D	8.48 %	2,466,517
Total		3,333,329	100.00 %			11.10 %	3,228,981 E

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%).