

RATE SCHEDULE No. 300

POWER COORDINATION AGREEMENT

among

**APPALACHIAN POWER COMPANY,
INDIANA MICHIGAN POWER COMPANY,
KENTUCKY POWER COMPANY,
WHEELING POWER COMPANY**

and

AMERICAN ELECTRIC POWER SERVICE CORPORATION

as Agent

Tariff Submitter: **Appalachian Power Company**
FERC Program Name: **FERC FPA Electric Tariff**
Tariff Title: **APCo Rate Schedules and Service Agreements Tariffs**
Tariff Proposed Effective Date: **06/01/2015**
Tariff Record Title: **Power Coordination Agreement**
Option Code: **A**
Record Content Description: **Rate Schedule No. 300**

POWER COORDINATION AGREEMENT

THIS AGREEMENT is made and entered into as of this ___ day of _____, 2015, by and among Appalachian Power Company (“APCo”), Indiana Michigan Power Company (“I&M”), Kentucky Power Company (“KPCo”), Wheeling Power Company (“WPCo”) and American Electric Power Service Corporation (“AEPSC”) as agent (“Agent”) to APCo, I&M, KPCo and WPCo.

RECITALS:

WHEREAS, APCo, I&M, KPCo and WPCo (collectively the “Operating Companies” or individually “Operating Company”) own and operate electric generation, transmission and distribution facilities with which they are engaged in the business of generating, transmitting and selling electric power to the general public and to other electric utilities;

WHEREAS, the Operating Companies' electric facilities are now and have been for many years interconnected through their respective transmission facilities and transmission facilities of third parties at a number of points;

WHEREAS, APCo, I&M, KPCo and WPCo provide power to serve retail and wholesale customers in Indiana, Kentucky, Michigan, Tennessee, Virginia and West Virginia;

WHEREAS, APCo, I&M, KPCo and WPCo believe that they can continue to achieve efficiencies and economic benefits through (a) participation in the organized power markets of a regional transmission organization and (b) allocation of off-system sales and purchases with other parties on bases that fairly assign or allocate the costs and benefits of these transactions;

WHEREAS, the achievement of the foregoing will be facilitated by the performance of certain services by an Agent;

WHEREAS, AEPSC is the service company affiliate of APCo, I&M, KPCo and WPCo and as such performs a variety of services on their behalf in accordance with applicable rules and regulations of the Federal Energy Regulatory Commission (“Commission”); and

WHEREAS, AEPSC is willing to serve as Agent to APCo, I&M, KPCo and WPCo under this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the Parties mutually agree as follows:

ARTICLE I DEFINITIONS

1.1 Agreement means this Power Coordination Agreement among APCo, I&M, KPCo, WPCo and Agent, including all Service Schedules and attachments hereto.

1.2 Capacity Auction means auctions implemented pursuant to a Capacity Market, and may include, but is not necessarily limited to, the Base Residual Auction and other incremental auctions conducted in accordance with the PJM Interconnection, LLC (“PJM”) Reliability Pricing Model market rules.

1.3 Capacity Market means any market of an applicable regional transmission organization under which the Operating Companies satisfy their capacity obligations as load serving entities, which would include, for example, the PJM capacity market as described in the PJM Reliability Assurance Agreement (“RAA”) and Attachment DD of the PJM Open Access Transmission Tariff (“PJM OATT”).

1.4 Dedicated Wholesale Customer means a wholesale customer whose load is served by an Operating Company that has undertaken, by contract, an obligation to serve that customer's partial or full requirements load and to acquire power supply resources and other resources necessary to meet those requirements.

1.5 Generation Hedge Transactions means Off-System Transactions entered into for the purpose of hedging the output of the generation assets of one or more of the Operating Companies.

1.6 Industry Standards means all applicable national and regional electric reliability council and regional transmission organization principles, guides, criteria, standards and practices.

1.7 Internal Load means all sales of power, plus associated line losses, by an Operating Company to its Retail Customers and Dedicated Wholesale Customers. As distinguished from Off-System Sales, Internal Load is principally characterized by the Operating Company assuming the load obligation as its own power commitment.

1.8 Off-System Sales means all wholesale power sales by an Operating Company other than sales to the Retail Customers and Dedicated Wholesale Customers that comprise the Operating Company's Internal Load. Sales of wholesale power by an Operating Company to another Operating Company are not governed by this Agreement, and will not be deemed Off-System Sales under this Agreement.

1.9 Off-System Purchases means wholesale power purchases by an Operating Company or Operating Companies for any of the following reasons: (a) to reduce power supply costs, (b) to serve load requirements, (c) to provide reliability of supply, (d) to satisfy state specific requirements or goals or (e) to engage in Off-System Sales. Purchases of wholesale power by an Operating Company from another Operating Company are not governed by this Agreement, and will not be deemed Off-System Purchases under this Agreement.

1.10 Off-System Transactions means Off-System Sales, Off-System Purchases and any other types of power-related wholesale transactions, whether physical or financial, on behalf of an Operating Company or Operating Companies, excluding sales to Internal Load customers.

1.11 Operating Committee means the administrative body established pursuant to Article VI for the purposes specified within this Agreement.

1.12 Party means each of APCo, I&M, KPCo, WPCo and Agent, individually, and **Parties** means APCo, I&M, KPCo, WPCo and Agent, collectively.

1.13 Retail Customer means a retail power customer on whose behalf an Operating Company has undertaken an obligation to obtain power supply resources in order to supply electricity to reliably meet the electric needs of that customer.

1.14 Service Schedules means the Service Schedules attached to this Agreement, as they may be amended from time to time, and those that later may be agreed to by the Parties and made part of a modified Agreement.

1.15 Spot Market means the day ahead, real time (balancing) or similar short-term energy market(s) operated by the applicable regional transmission organization(s), typically characterized by energy that is selected and delivered on an hourly, or more frequent, basis during that same day or the next calendar day.

1.16 System Emergency means a condition which, if not promptly corrected, threatens to cause imminent harm to persons or property, including the equipment of a Party or a Third Party, or threatens the reliability of electric service provided by an Operating Company to Retail Customers or Dedicated Wholesale Customers.

1.17 Third Party or Third Parties means any entity or entities that are not a Party or Parties.

1.18 Trading Transactions means Off-System Transactions that are not Generation Hedge Transactions or otherwise sourced or hedged from, dedicated to, or associated with the generation assets or Internal Load of the Operating Companies.

ARTICLE II TERM OF AGREEMENT

2.1 Term and Withdrawal. Subject to Commission approval or acceptance for filing, this Agreement shall take effect on June 1, 2015, or such other date permitted by the Commission, and shall continue in full force and effect until (a) terminated by mutual agreement or (b) upon no less than twelve (12) months' written notice by one Party to each of the other Parties, after which time the notifying Party will be withdrawn from the Agreement and the Agreement will continue in full force and effect for the remaining Parties except for such modifications necessary to remove the withdrawn Party.

ARTICLE III [INTENTIONALLY OMITTED]

ARTICLE IV SCOPE AND RELATIONSHIP TO OTHER AGREEMENTS AND SERVICES

4.1 Scope. This Agreement is not intended to preclude the Parties from entering into other arrangements between or among themselves or with Third Parties. This Agreement is intended to operate in addition to, not in lieu of, power market transactions and settlements that occur between each Operating Company, or the Operating Companies collectively, and any applicable regional transmission organizations.

4.2 Transmission. This Agreement is intended to apply to the coordination of the power supply resources of, and loads served by, the Operating Companies. It is not intended to

apply to the coordination of transmission facilities owned or operated by the Operating Companies.

ARTICLE V AGENT

5.1 Agent. The Agent will perform the activities and duties specified by this Agreement and any other activities or duties pertaining to this Agreement that may be requested from time to time by one or more Operating Companies, subject to the receipt of any necessary regulatory approvals. The Operating Companies delegate to AEPSC, as the Agent, and AEPSC hereby accepts responsibility and authority for the duties specified in this Agreement and shall perform each of those duties under the direction of the Operating Companies. With the prior written consent of the Operating Companies, AEPSC may delegate all or a part of its responsibilities under this Agreement to another entity.

ARTICLE VI COMPOSITION AND DUTIES OF THE OPERATING COMMITTEE

6.1 Operating Committee. By written notice to the other Parties, each Party shall name one representative ("Representative") to act for it in matters pertaining to this Agreement and its implementation. A Party may change its Representative at any time by written notice to the other Parties. The Representatives of the respective Parties shall comprise the Operating Committee. The Agent's Representative shall act as the chairman of the Operating Committee ("Chairman"). All decisions of the Operating Committee shall be by a simple majority vote of the Representatives. There shall be only five voting representatives on the Operating Committee. No Party may delegate its vote to another entity.

6.2 Meeting Dates. The Operating Committee shall hold meetings at such times, means, and places as the members shall determine. Minutes of each Operating Committee meeting shall be prepared and maintained.

6.3 Duties. The Operating Committee shall have the duties listed below:

- (a) reviewing and providing direction concerning the equitable sharing of costs and benefits under this Agreement among the Operating Companies;
- (b) administering this Agreement and proposing amendments hereto, including such amendments that are proposed in response to a change in regulatory requirements applicable to one or more of the Operating Companies or changes concerning an applicable regional transmission organization, provided that any amendments will be subject to Section 13.2; and
- (c) reviewing and, if necessary, proposing changes to the duties and responsibilities of the Agent, subject to Section 5.1.

In the event that an action of the Operating Committee results in a change to the settlement process(es) among the Operating Companies, such modified settlement will normally occur on a prospective basis only, however, this may include past billing periods back to the beginning of the first full billing month preceding the date of action of the Operating Committee. Such modifications will be subject to the terms of Article IX as applicable.

ARTICLE VII OPERATING COMPANY PLANNING AND OPERATIONS

7.1 Operating Company and System Planning. Each Operating Company will be individually responsible for its own capacity planning. Consistent with the requirements of PJM or the applicable regional transmission or reliability organization, each Operating Company will be responsible for maintaining an adequate level of power supply resources to meet its own

Internal Load requirements for capacity and energy, including any required reserve margins, and shall bear all of the resulting costs. The Agent shall assess the adequacy of the power supply resources of the Operating Companies and make recommendations to each Operating Company regarding (1) the need for additional power supply resources and (2) whether each Operating Company has power supply resources in excess of its needs (short-term or long-term) that could be made available to the other Operating Companies or Third Parties either through separate contracts or through the power markets of the applicable regional transmission organization. The actual addition or disposition of power supply resources will be conditioned on compliance with all applicable state and other regulatory requirements and requirements of the applicable regional transmission organization.

7.2 Generation Resource Outage Planning. The Agent, on behalf of the Operating Companies, will coordinate the scheduling of planned generation resource outages in order to support reliability and manage costs.

7.3 Generation Resource Dispatch. The generation resources of each of the Operating Companies will be individually dispatched by the Agent in accordance with the direction of the applicable regional transmission organization.

7.4 Regional Transmission Organization Transactions. The Agent will administer the participation of the Operating Companies in the power markets of the applicable regional transmission organization. Each Operating Company shall be individually responsible for charges it incurs and credits it receives due to its participation in the power markets of a regional transmission organization. Such costs and revenues will be assigned or allocated directly by the applicable regional transmission organization or its agent where practical. The Operating Companies may collectively participate from time to time in specific markets of the regional

transmission organization or to meet certain regional transmission or reliability organization requirements, in which case the allocation of resulting revenues and/or costs, if any, will be performed as specified herein. The election of whether each Operating Company's load and generation resources will participate in the Capacity Market of PJM through the Reliability Pricing Model auctions or through the Fixed Resource Requirement alternative, either collectively or individually, for any planning year is not governed by this Agreement.

7.5 Off System Transactions. The Agent will engage in Off-System Transactions on behalf of or at the direction of the Operating Companies and will assign or allocate the costs and revenues of Off-System Transactions to the Operating Companies in the manner specified below.

7.5.1 Capacity Purchases and Sales with Third Parties. Except as described in Section 7.5.2 related to the PJM Capacity Auctions: (1) Off-System Transactions of capacity undertaken for an individual Operating Company will be directly assigned to that Operating Company; (2) Off-System Purchases of capacity undertaken for more than one Operating Company will be allocated among those Operating Companies ratably in proportion to the total capacity needed by each Operating Company minus each Operating Company's total capacity resources; and (3) Off-System Sales of capacity undertaken for more than one Operating Company will be allocated among those Operating Companies ratably in proportion to the total capacity resources of each Operating Company minus the total capacity obligation of each Operating Company (including any holdback required by the applicable regional transmission organization).

7.5.2 Capacity Purchases and Sales in the PJM Capacity Auctions And Related Issues. When an Operating Company participates individually in the Reliability Pricing Model or the Fixed Resource Requirement alternative, Off-System Transactions

of capacity related to a PJM Capacity Auction will be directly assigned to the specific Operating Company based on the results of such auctions.

When two or more Operating Companies collectively participate in the Fixed Resource Requirement alternative, any Off-System Transactions of capacity related to a PJM Capacity Auction will be allocated to each participating Operating Company ratably in proportion to the total capacity resources of each Operating Company minus the total capacity obligation of each Operating Company (including any holdback required by PJM) for the applicable planning year(s), and Service Schedule A will apply to delivery year and post-delivery year obligations of the participating Operating Companies associated with the Fixed Resource Requirement alternative.

7.5.3 Directly Assigned Energy Purchases and Sales with Third Parties.

Off-System Transactions of energy will be directly assigned to the applicable Operating Company. Costs and revenues associated with each Operating Company's Off-System Sales of energy and Internal Load energy purchases from the applicable regional transmission organization in the Spot Market, including the purchase of any energy deficits or sales of any energy surpluses, will be directly assigned to that Operating Company.

7.5.4 Generation Hedge Transactions and Trading Transactions. Revenues and costs associated with Generation Hedge Transactions, including revenues and costs associated with the settlement of Generation Hedge Transactions in the Spot Market or other markets of the applicable regional transmission organization, will be allocated among the Operating Companies by the Agent as specified under Service Schedule B.

Revenues and costs associated with Trading Transactions, including revenues and costs associated with the settlement of Trading Transactions in the Spot Market or other markets of the applicable regional transmission organization, will be allocated among the Operating Companies by the Agent as specified under Service Schedule C.

7.6 Emergency Response. In the event of a System Emergency, no adverse distinction shall be made between the customers of any of the Operating Companies. Each Operating Company shall, under the direction of the applicable regional transmission organization, make its power supply resources available in response to a System Emergency. Notwithstanding the foregoing, it is understood that transmission constraints or other factors may limit the ability of an Operating Company to respond to a System Emergency.

**ARTICLE VIII
ASSIGNMENT OF COSTS AND BENEFITS
OF COORDINATED OPERATIONS**

8.1 Service Schedules. The costs and revenues associated with coordinated operations as described in Article VII shall be distributed among the Operating Companies in the manner provided in the Service Schedules utilizing the billing procedures described in Article IX. It is understood and agreed that all such Service Schedules are intended to establish an equitable sharing of costs and/or benefits among the Operating Companies, and that circumstances may, from time to time, require a reassessment of the relative costs and benefits of this Agreement, or of the methods used to apportion costs and benefits under the Service Schedules. Upon a proposal of the Operating Committee, any of the Service Schedules may be amended as of any date agreed to by the Operating Committee by majority vote, subject to Section 13.2.

ARTICLE IX BILLING PROCEDURES

9.1 Records. The Agent shall maintain such records as may be necessary to determine the assignment of costs and revenues of coordinated operations pursuant to this Agreement. Such records shall be made available to the Parties upon request for a period not to exceed three (3) years.

9.2 Monthly Net Billing Statements. As promptly as practicable after the end of each calendar month, the Agent shall prepare a statement setting forth the monthly summary of costs and revenues allocated or assigned to the Operating Companies in sufficient detail as may be needed for settlements under the provisions of this Agreement. As required, the Agent may provide such statements on an estimated basis and then adjust those statements for actual results.

9.3 Billings and Payments. The Agent shall be responsible for all billing between the Operating Companies and other entities with which they engage in Off-System Transactions pursuant to this Agreement. Payments among the Operating Companies, if any, shall be made by remittance of the net amount billed or by making appropriate accounting entries on the books of the Parties. The entire amount shall be paid when due.

9.4 Taxes. Should any federal, state, or local tax, surcharge or similar assessment, in addition to those that may now exist, be levied upon the electric capacity, energy, or services to be provided in connection with this Agreement, or upon the provider of service as measured by the electric capacity, energy, or services, or the revenue there from, such additional amount shall be included in the net billing described in Section 9.3.

9.5 Undelivered and Unpaid Monthly Billing Statements. Within one (1) year from the date on which a billing statement should have been delivered, if a Party's records reveal that the bill was not delivered, then the Agent shall deliver to the appropriate Party a bill within

one (1) month of this determination. Any amounts collected or reimbursed due to such delay shall not include interest.

9.6 Billing Errors and Disputes. If a Party discovers a billing error pertaining to a prior billing for reasons including, but not limited to, missing or erroneous data or calculations, including those caused by meter, computer or human error, a correction adjustment will be calculated through the second full month preceding discovery of the error. The Parties shall have the right to dispute the accuracy of any bill or payment for a period not to exceed two months from the date on which the bill or, if applicable, the corrected bill was initially delivered. Following this two-month period, the right to dispute a bill is permanently waived for any and all reasons including but not limited to, (a) errors, (b) omissions, (c) Agent's actions, and (d) the Operating Committee's decisions, Agreement interpretations and direction in the administration of the Agreement. Any amounts collected or reimbursed due to such disputes shall not include interest.

ARTICLE X FORCE MAJEURE

10.1 Events Excusing Performance. No Party shall be liable to another Party for or on account of any loss, damage, injury, or expense resulting from or arising out of a delay or failure to perform, either in whole or in part, any of the agreements, covenants, or obligations made by or imposed upon the Parties by this Agreement, by reason of or through strike, work stoppage of labor, failure of contractors or suppliers of materials (including fuel, consumables or other goods and services), failure of equipment, environmental restrictions, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any court or regulatory agency granted in any *bona fide* legal proceedings or action, or of any civil or military

authority either *de facto* or *de jure*, explosion, Act of God or the public enemies, or any other cause reasonably beyond its control and not attributable to its neglect. A Party experiencing such a delay or failure to perform shall use due diligence to remove the cause or causes thereof; however, no Party shall be required to add to, modify or upgrade any facilities, or to settle a strike or labor dispute except when, according to its own best judgment, such action is advisable.

ARTICLE XI DELIVERY POINTS

11.1 Delivery Points. All electric energy delivered under this Agreement shall be of the character commonly known as three-phase sixty-cycle energy, and shall be delivered at the various points where the transmission systems of the Operating Companies are interconnected, either directly or through transmission facilities of third parties, at the nominal unregulated voltage designated for such points, and at such other points and voltages as may be determined and agreed upon by the Operating Companies.

ARTICLE XII GENERAL

12.1 Adherence to Industry Standards. The Parties agree to make their best efforts to conform to Industry Standards as they affect the implementation of and conduct pertaining to this Agreement.

12.2 No Third Party Beneficiaries. This Agreement does not create rights of any character whatsoever in favor of any person, corporation, association, entity or power supplier, other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of the Parties. Nothing in this Agreement shall be construed as permitting or vesting, or attempting to permit or vest, in any person, corporation, association, entity or power supplier,

other than the Parties, any rights hereunder or in any of the resources or facilities owned or controlled by the Parties or the use thereof.

12.3 Waivers. Any waiver at any time by a Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

12.4 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties only, and their respective successors and assigns, and shall not be assignable by any Party without the written consent of the other Parties except to a successor in the operation of its properties by reason of a reorganization to comply with state or federal restructuring requirements, or a merger, consolidation, sale or foreclosure whereby substantially all such properties are acquired by or merged with those of such a successor.

12.5 Liability and Indemnification. SUBJECT TO ANY APPLICABLE STATE OR FEDERAL LAW THAT MAY SPECIFICALLY RESTRICT LIMITATIONS ON LIABILITY, EACH PARTY (AN "INDEMNIFYING PARTY") SHALL RELEASE, INDEMNIFY, AND HOLD HARMLESS THE OTHER PARTIES (EACH AN "INDEMNIFIED PARTY"), THEIR DIRECTORS, OFFICERS AND EMPLOYEES FROM AND AGAINST ANY AND ALL LIABILITY FOR LOSS, DAMAGE OR EXPENSE (1) ALLEGED TO ARISE FROM, OR BE INCIDENTAL TO, INJURY TO PERSONS AND/OR DAMAGE TO PROPERTY IN CONNECTION WITH THE INDEMNIFYING PARTY'S FACILITIES OR THE PRODUCTION OR TRANSMISSION OF ELECTRIC ENERGY BY OR THROUGH THE INDEMNIFYING PARTY'S FACILITIES OR (2) RELATED TO PERFORMANCE OR NON-

PERFORMANCE OF THIS AGREEMENT OR (3) RELATED TO ANY NEGLIGENCE ARISING UNDER THIS AGREEMENT. IN NO EVENT SHALL ANY PARTY BE LIABLE TO ANOTHER PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY CLAIM ARISING OUT OF THIS AGREEMENT.

12.6 Headings. The descriptive headings of the Articles, Sections and Service Schedules of this Agreement are used for convenience only, and shall not modify or restrict any of the terms and provisions thereof.

12.7 Notice. Any notice or demand for performance required or permitted under any of the provisions of this Agreement shall be deemed to have been given on the date such notice, in writing, is deposited in the U.S. mail, postage prepaid, certified or registered mail, addressed to the Parties at their principal place of business at 1 Riverside Plaza, Columbus, Ohio 43215, or in such other form or to such other address as the Parties may stipulate.

12.8 Interpretation. In this Agreement: (a) unless otherwise specified, references to any Article or Section are references to such Article or Section of this Agreement; (b) the singular includes the plural and the plural includes the singular; (c) unless otherwise specified, each reference to a requirement of any governmental entity or regional transmission organization includes all provisions amending, modifying, supplementing or replacing such governmental entity or regional transmission organization from time to time; (d) the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (e) unless otherwise specified, each reference to any tariff or agreement includes all amendments, modifications, supplements, and restatements made to such tariff or agreement from time to time which are not prohibited by this Agreement; (f) the descriptive headings of the various Articles

and Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict the terms and provisions thereof; and (g) “herein,” “hereof,” “hereto” and “hereunder” and similar terms refer to this Agreement as a whole.

ARTICLE XIII REGULATORY APPROVAL

13.1 Regulatory Authorization. This Agreement is subject to and conditioned upon its approval or acceptance for filing without material condition or modification by the Commission. In the event that this Agreement is not so approved or accepted for filing in its entirety or without conditions or modifications unacceptable to any Party, or the Commission subsequently modifies this Agreement upon complaint or upon its own initiative (as provided for in Section 13.2), any Party may, irrespective of the notice provisions in Section 2.1, withdraw from this Agreement by giving thirty (30) days’ advance written notice to the other Parties.

13.2 Changes. It is contemplated by the Parties that it may be appropriate from time to time to change, amend, modify, or supplement this Agreement, including the Service Schedules and any other attachments that may be made a part of this Agreement, to reflect changes in operating practices or costs of operations or for other reasons. Any such changes to this Agreement shall be in writing executed by the Parties and subject to approval or acceptance for filing by the Commission.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

APPALACHIAN POWER COMPANY

By: Charles Patton

Title: President & COO

INDIANA MICHIGAN POWER COMPANY

By: _____

Title: _____

KENTUCKY POWER COMPANY

By: _____

Title: _____

WHEELING POWER COMPANY

By: Charles Patton

Title: President & COO

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: _____

Title: _____

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

APPALACHIAN POWER COMPANY

By: _____

Title: _____

INDIANA MICHIGAN POWER COMPANY

By: *John Calabrese*

Title: President + COO

KENTUCKY POWER COMPANY

By: _____

Title: _____

WHEELING POWER COMPANY

By: _____

Title: _____

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: _____

Title: _____

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

APPALACHIAN POWER COMPANY

By: _____

Title: _____

INDIANA MICHIGAN POWER COMPANY

By: _____

Title: _____

KENTUCKY POWER COMPANY

By: *Bryce B. Paul*

Title: *President + COO*

WHEELING POWER COMPANY

By: _____

Title: _____

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: _____

Title: _____

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

APPALACHIAN POWER COMPANY

By: _____

Title: _____

INDIANA MICHIGAN POWER COMPANY

By: _____

Title: _____

KENTUCKY POWER COMPANY

By: _____

Title: _____

WHEELING POWER COMPANY

By: _____

Title: _____

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: Galard E. Mearns

Title: SVP Regulatory Svcs.

**SERVICE SCHEDULE A
COLLECTIVE PARTICIPATION IN THE
FIXED RESOURCE REQUIREMENT ALTERNATIVE**

A1– Duration. This Service Schedule A shall become effective and binding when the Agreement of which it is a part becomes effective, and shall continue in full force and effect throughout the duration of the Agreement unless terminated or suspended.

A2 – Availability of Service. This Service Schedule A governs the administration and settlement of capacity during such times that multiple Operating Companies are participating, on a collective basis, in the Fixed Resource Requirement alternative.

A3 – Delivery Year and Post-Delivery Year Settlement. During a given PJM planning year (i.e., the delivery year), the Agent will manage the capacity resources needed to meet the combined Operating Companies' capacity obligations and commitments to PJM.

If capacity resource performance charges are assessed by PJM for a given delivery year, the total net charge will be allocated among the Operating Companies ratably in proportion to each Operating Company's contribution to the total charge, taking into account the effect of collective participation of the Operating Companies in the Fixed Resource Requirement alternative. Each Operating Company's contribution to the total net charge will be determined by the Agent by computing a total MW position for each Operating Company by subtracting its total capacity obligation in MWs from its total capacity resources in MWs. This result will be further adjusted by adding or subtracting as applicable the net total MWs of actual under-performance or over-performance of each Operating Company's capacity resources during the delivery year as computed by PJM. Any Operating Company with a resulting net short MW position, meaning that its capacity obligation MWs are greater than its capacity resource MWs including any MWs of over-performance or under-performance, will be allocated a share of the

total net performance charge from PJM based on the Operating Company's net short MW position. Any performance charge not allocated as set forth above will be directly assigned to the Operating Company that caused the performance charge.

SERVICE SCHEDULE B GENERATION HEDGE TRANSACTIONS

B1 – Duration. This Service Schedule B shall become effective and binding when the Agreement of which it is a part becomes effective, and shall continue in full force and effect throughout the duration of the Agreement unless terminated or suspended.

B2 – Service. This Service Schedule B governs energy-related Off-System Transactions made pursuant to Section 7.5.4 of the Agreement that are associated with Generation Hedge Transactions as defined in Section 1.5. The total monthly net costs and revenues from the settlement of Generation Hedge Transactions will be allocated among the Operating Companies ratably in proportion to the total of each Operating Company's surplus MWhs for the month, as determined by the Agent. Surplus MWhs will be computed as the total of all MWs in hours in which an Operating Company's MW output of its generation assets and energy purchases exceeded that Operating Company's Internal Load.

If the above allocation would result in any Operating Company being allocated revenues or costs associated with more than one hundred and fifteen percent (115%) of its monthly surplus MWhs as computed above, such excess(es) above that amount will be allocated to all of the Operating Companies ratably in proportion to the sum of each Operating Company's hourly MW output of its generation assets for the month.

SERVICE SCHEDULE C TRADING TRANSACTIONS

C1 – Duration. This Service Schedule C shall become effective and binding when the Agreement of which it is a part becomes effective, and shall continue in full force and effect throughout the duration of the Agreement unless terminated or suspended.

C2 – Service. This Service Schedule C governs the financial allocation and settlement of Off-System Transactions made pursuant to Section 7.5.4 of the Agreement that are associated with Trading Transactions as defined in Section 1.18. All Trading Transactions settled for a given month will be allocated among the Operating Companies ratably in proportion to each Operating Company's total common shareholder equity balance. The total common shareholder equity balance for each Operating Company as of the end of the previous calendar year will be as stated in the FERC Form 1, currently page 112 (Total Proprietary Capital). These balances will then be applied to allocate settled Trading Transactions among the Operating Companies during the subsequent twelve-month period beginning June 1 and ending May 31.