

RATE SCHEDULE NO. 303

MITCHELL PLANT OPERATING AGREEMENT

KENTUCKY POWER COMPANY

WHEELING POWER COMPANY

and

AMERICAN ELECTRIC POWER SERVICE CORPORATION, AS AGENT

Tariff Submitter: **Kentucky Power Company**
FERC Program Name: **FERC FPA Electric Tariff**
Tariff Title: **KPCo Rate Schedules and Service Agreement Tariffs**
Tariff Proposed Effective Date: **12/31/2014**
Tariff Record Title: **Mitchell Plant Operating Agreement**
Option Code: **A**
Record Content Description: **Rate Schedule No. 303**

THIS MITCHELL PLANT OPERATING AGREEMENT (“Agreement”), with an effective date of December 31, 2014 (“Effective Date”), is by and among Kentucky Power Company, a Kentucky corporation qualified as a foreign corporation in West Virginia (“KPCo”), and Wheeling Power Company, a West Virginia corporation (“WPCo”) (such two parties hereinafter sometimes referred to as the “Owners”); and American Electric Power Service Corporation, a New York corporation qualified as a foreign corporation in West Virginia (“Agent”). KPCo, WPCo and Agent may hereinafter be referred to as a “Party” or collectively as the “Parties”.

WITNESSETH:

WHEREAS, KPCo acquired a fifty percent (50%) undivided ownership interest in the Mitchell Power Generation Facility consisting of two 800MW generating units and associated plant, equipment and real estate, located in Moundsville, West Virginia (the “Mitchell Facility”) on December 31, 2013; and

WHEREAS, AEP Generation Resources Inc. (“AEPGR”), an affiliate of the Parties, acquired a fifty percent (50%) undivided ownership interest in the Mitchell Facility, also on December 31, 2013; and

WHEREAS, pursuant to an Asset Contribution Agreement between AEPGR and Newco Wheeling Inc., a West Virginia corporation merged or to be merged into WPCo upon the closing of the transactions (the “Transfer Date”) set forth in such Asset Contribution Agreement (the “ACA”), AEPGR transferred its fifty percent (50%) undivided interest in the Mitchell Facility to Newco Wheeling Inc., exclusive of its interest in the Conner Run Fly Ash Impoundment and Dam (“Conner Run”), which interest in Conner Run was retained on the Transfer Date by AEPGR; and

WHEREAS, this Agreement shall be effective upon the Effective Date but the rights and obligations set forth herein shall not commence until 12:01 AM on the day following the Transfer Date; and

WHEREAS, the Owners desire that KPCo shall operate and maintain the Mitchell Facility, exclusive of Conner Run (the "Mitchell Plant"), in accordance with the provisions set forth herein; and

WHEREAS, the Owners are subsidiaries of American Electric Power Company, Inc. ("AEP"), the parent company in an integrated public utility holding company system, and use the services of Agent (an affiliated company engaged solely in the business of furnishing essential services to the Owners and to other affiliated companies), as outlined in the service agreements between Agent and KPCo and between Agent and WPCo.

NOW THEREFORE, in consideration of the premises and for the purposes hereinabove recited, and in consideration of the mutual covenants hereinafter contained, the signatories agree as follows:

ARTICLE ONE

FUNCTIONS OF KPCO AND AGENT

- 1.1 KPCo shall operate and maintain the Mitchell Plant in accordance with good utility practice consistent with procedures employed by KPCo at its other generating stations, and in conformity with the terms and conditions of this Agreement.
- 1.2 KPCo shall keep all necessary books of record, books of account and memoranda of all transactions involving the Mitchell Plant, and shall make computations and allocations on behalf of the Owners, as required under this Agreement. The books of

record, books of account and memoranda shall be kept in such manner as to conform, where so required, to the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC") for Public Utilities and Licensees ("Uniform System of Accounts"), and to the rules and regulations of other regulatory bodies having jurisdiction as they may from time to time be in effect.

- 1.3 The Owners shall establish such bank accounts as may from time to time be required or appropriate.
- 1.4 As soon as practicable after the end of the month, KPCo shall furnish to WPCo a statement setting forth the dollar amounts associated with the operation and maintenance of the Mitchell Plant as allocated hereunder to KPCo and WPCo for such month. The Owners shall, on a timely basis, deposit sufficient dollar amounts in the appropriate bank accounts to cover their respective allocations of such costs.
- 1.5 KPCo shall be responsible for the day to day operation and maintenance of the Mitchell Plant. KPCo shall obtain such materials, labor and other services as it considers necessary in connection with the performance of the functions to be performed by it hereunder from such sources or through such persons as it may designate.
- 1.6 Agent, as directed by the Operating Committee and consistent with Agent's service agreements with KPCo and WPCo, shall provide services necessary for the safe and efficient operation and maintenance of the Mitchell Plant.

ARTICLE TWO

APPORTIONMENT OF CAPACITY AND ENERGY

- 2.1 The Total Net Capability of the Mitchell Plant at the Mitchell Unit 1 and Unit 2 low-voltage busses, after taking into account auxiliary load demand, is 1,560,000 kilowatts. The Owners may from time to time modify the Total Net Capability of the Mitchell Plant as they may mutually agree.
- 2.2 The Total Net Generation of the Mitchell Plant during a given period, as determined by the requirements of KPCo and WPCo, shall mean the electrical output of the Mitchell Plant generators during such period, measured in kilowatt hours by suitable instruments, reduced by the energy used by auxiliaries for the Mitchell Unit 1 and Unit 2 during such period.
- 2.3 Except as set forth in Section 7.6 (including Section 7.6 Subsections), in any hour, KPCo and WPCo shall share the minimum load responsibility of Mitchell Unit 1 and Unit 2 in respective amounts proportionate to their ownership interests in the Mitchell Plant at such time. Each Owner may independently dispatch its share of the generating capacity between minimum and full load.
- 2.4 In any hour during which the Mitchell Units are out of service, the energy used by the out-of-service Units' auxiliaries during such hour shall be provided by KPCo and WPCo in respective amounts proportionate to their ownership interests in the Mitchell Plant at such time.

ARTICLE THREE

REPLACEMENTS, ADDITIONS, AND RETIREMENTS

- 3.1 KPCo shall from time to time make or cause to be made any additions to, replacements of, and retirements of, capitalizable facilities associated with the Mitchell Plant in accordance with the approved annual budget.
- 3.2 The dollar amounts associated with any additions to, replacements of, or retirements of, capitalizable facilities associated with the Mitchell Plant shall be allocated to KPCo and WPCo in respective amounts proportionate to their ownership interests in the Mitchell Plant at the time such additions, replacements, or retirements are made.

ARTICLE FOUR

WORKING CAPITAL REQUIREMENTS

- 4.1 KPCo and WPCo shall periodically mutually determine the amount of funds required for use as working capital in meeting payrolls and other expenses incurred in the operation and maintenance of the Mitchell Plant, and in buying materials and supplies (exclusive of fuel) for the Mitchell Plant.
- 4.2 KPCo and WPCo shall from time to time provide their share of working capital requirements in respective amounts proportionate to their ownership interests at such time in the Mitchell Plant.

ARTICLE FIVE

INVESTMENT IN FUEL

- 5.1 KPCo and Agent shall establish and maintain reserves of coal in stock piles for the Mitchell Plant of such quality and in such quantities as the Operating Committee shall determine to be required to provide adequate fuel reserves against interruptions of normal fuel supply, provided each Owner, subject to the approval of the Operating Committee and subject to no adverse impact on the operation of the Mitchell Plant, will have the right, but not the obligation, to directly purchase coal, transportation and consumables for its ownership interest. For the purposes of this Agreement, "consumables" shall be as defined in FERC account 502.
- 5.2 Except as provided in Section 5.1 for an Owner to elect to procure coal for its own interest, the Owners shall make such monthly investments in the common coal stock piles associated with the Mitchell Plant as are necessary to maintain the number of tons in such coal stock piles, after taking into account the coal consumption from the common coal stock piles by Mitchell Unit 1 and Unit 2 during such month.
- 5.3 At any time, KPCo's and WPCo's respective shares of the investment in the common coal stock piles shall be proportionate to their ownership interests in the Mitchell Plant, unless an Owner elects to procure its own coal as provided in Section 5.1, in which case inventories will be separately maintained for accounting purposes.
- 5.4 Fuel oil and consumables charged to operation for the Mitchell Plant shall be owned and accounted for between the Owners in the same manner as coal.

ARTICLE SIX

APPORTIONMENT OF STATION COSTS

- 6.1 Except in the case where an Owner has elected to purchase coal for its own interest as provided for in Section 5.1 (in which case the allocation to the Owners of fuel expense shall be in accordance with procedures and processes approved by the Operating Committee), the allocation to the Owners of fuel expense associated with Mitchell Unit 1 and Unit 2 shall be determined by KPCo and Agent as follows:
- (a) In any calendar month, the average unit cost of coal available for consumption from the Mitchell Plant common coal stock piles shall be determined based on the prior month's ending inventory dollar and ton balances plus current month receipts delivered to the Mitchell Plant common coal stock piles. Each Owner's average unit cost will be the same, and receipts and inventory available for consumption amounts will be allocated to each Owner based on monthly usage.
 - (b) The number of tons of coal consumed by the Mitchell Plant in each calendar month from the Mitchell Plant common coal stock piles shall be determined and shall be converted into a dollar amount equal to the product of (i) the average cost per ton of coal associated with the Mitchell Plant in the Mitchell Plant common coal stock pile at the close of such month, and (ii) the number of tons of coal consumed by the Mitchell Plant from the Mitchell Plant common coal stock piles during such month. Such dollar amount shall be credited to the

Mitchell Plant fuel in stock pile and charged to Mitchell Plant fuel consumed.

- (c) In each calendar month, KPCo's and WPCo's respective shares of the Mitchell Plant fuel consumed expense as determined by the provisions of Section 6.1(b) shall be proportionate to each Owner's dispatch of the Mitchell Plant in such month.
- (d) Fuel oil reserves will be owned and accounted for in the same manner as coal stock piles, and fuel oil consumed will be allocated to the Owners in the same manner as coal consumed.

- 6.2 For purposes of this Agreement, KPCo's Assigned Capacity in the Mitchell Plant shall be equal to 50% of the Total Net Capability, and WPCo's Assigned Capacity shall be equal to 50% of the Total Net Capability.
- 6.3 For each calendar month, KPCo and Agent will, to the extent practicable, determine all Mitchell Plant operations expenses and associated overheads, as accounted for under the FERC Uniform System of Accounts.
- 6.4 For each calendar month, KPCo and Agent will, to the extent practicable, determine all Mitchell Plant maintenance expenses and associated overheads, as accounted for under the FERC Uniform System of Accounts.
- 6.5 In each calendar month, KPCo's and WPCo's respective shares of operations and maintenance expenses associated with the Mitchell Plant, as determined in accordance with Sections 6.3 and 6.4, shall be allocated as follows:
 - (a) In each calendar month, KPCo's and WPCo's respective shares of the Mitchell Plant steam expenses as recorded in FERC Account 502, and emission tons, with

allowance expenses as recorded in FERC Account 509, shall be proportionate to each Owner's dispatch of the Mitchell Plant in such month.

(b) In each calendar month, the maintenance of boiler plant expenses as recorded in FERC Account 512, and maintenance of electric plant expenses as recorded in FERC Account 513, shall be directly assigned to Mitchell Unit 1 or Unit 2 or designated as a common expense attributable to both units. In each calendar month, KPCo's and WPCo's respective shares of these expenses shall be proportionate to each Owner's dispatch of the applicable unit, or both units in the case of common expenses, over the previous sixty (60) calendar months.

Dispatch is assumed to have been allocated fifty percent (50%) to each Owner for months that are prior to this Agreement.

(c) In each calendar month, KPCo's and WPCo's respective shares of all other operations, maintenance, administrative and general expenses shall be proportionate to their respective ownership interests.

6.6 Each Owner shall bear the cost of all taxes attributable to its respective ownership interest in the Mitchell Plant.

ARTICLE SEVEN

OPERATING COMMITTEE AND OPERATIONS

7.1 By written notice to each other, the Owners and Agent each shall name one representative ("Operating Representative") and one alternate to act for it in matters pertaining to operating arrangements under this Agreement. Any Party may change its Operating Representative or alternate at any time by written notice to the other

Parties. The Operating Representatives for the respective Parties, or their alternates, shall comprise the Operating Committee. All decisions, directives, or other actions by the Operating Committee must be by unanimous agreement of the Operating Representatives of the Owners. The Operating Representative of Agent, or of any third party that provides services in replacement of Agent, shall be free to express the views of Agent or such third party on any matter, but shall not have a vote on the Operating Committee. Except as otherwise provided in Sections 11.1, 11.2 and 11.3 with respect to a dispute referred to the Operating Committee by an Owner, the failure of the Owners' respective Operating Representatives to unanimously agree with respect to a matter pending before the Operating Committee shall not be considered to be a dispute that would be subject to resolution under Article Eleven.

7.2 The Operating Committee shall have the following responsibilities:

- (a) Review and approval of an annual budget and annual operating plan, including determination of the emission allowances required to be acquired by KPCo and WPCo. If the Operating Committee fails to approve an annual budget, the approved annual budget from the previous year will continue to apply until such time as the new annual budget is approved.
- (b) Establishment and review of procedures and systems for dispatch, notification of dispatch, and unit commitment under this Agreement, including any commitment of Called Capacity pursuant to Section 7.6.2.

- (c) Establishment and monitoring of procedures for communication and coordination with respect to the Mitchell Plant capacity availability, fuel-firing options, and scheduling of outages for maintenance, repairs, equipment replacements, scheduled inspections, and other foreseeable cause of outages, as well as the return to availability following an unplanned outage.
- (d) Decisions on capital expenditures, including unit upgrades and re-powering.
- (e) Determinations as to changes in the unit capability and decisions on unit retirement.
- (f) Establishment and modification of billing procedures under this Agreement.
- (g) Approval of material contracts for fuel, transportation or consumable supply. Establishment of specification of fuels, oversight of fuel inspection and certification procedures, management of fuel inventories, and allocation of rights under fuel supply, transportation and consumable contracts. Establishment of an Owner's procurement rights and procedures if the Owner elects to purchase coal, transportation or consumables for its own interest.
- (h) Establishment of, termination of, and approval of any change or amendment to the operating arrangements between KPCo and Agent or any replacement third party with respect to the Mitchell Plant generating units; provided, however, that Agent or any replacement

third party shall participate in discussions pursuant to this subsection 7.2(h) only if and to the extent requested to do so by both Owners.

- (i) Review and approval of plans and procedures designed to ensure compliance with any environmental law, regulation, ordinance or permit, including procedures for allocating and using emission allowances or for any programs that permit averaging at more than one unit for compliance.
- (j) Other duties as assigned by agreement of the Owners.

7.3 The Operating Committee shall meet at least annually, and at such other times as any Party may reasonably request.

7.4 The Parties shall cooperate in providing to the Operating Committee the information it reasonably needs to carry out its duties, and to supplement or correct such information on a timely basis.

7.5 The Owners will each make an initial unit commitment one business day ahead of real-time dispatch.

7.6 Application of this Section 7.6 (including subsections) is subject to (i) the receipt of any necessary regulatory approvals or waivers expressly granted for this Section 7.6; and (ii) the Operating Committee establishing and approving procedures and systems for dispatch. As used in this Section and subsections of this Section, the terms "Party" or "Parties" refers only to KPCo and WPCo, or both of them, as the case may be.

- 7.6.1 If Mitchell Unit 1 or Unit 2 is designated to be committed by both Parties, such unit will be brought on line or kept on line. If neither Party designates Mitchell Unit 1 or Unit 2 to be committed, such unit will remain off line or be taken offline.
- 7.6.2 When a Mitchell Unit is designated to be committed by one Party, but designated not to be committed by the other Party, the unit will be brought on line or kept on line if the Party designating the unit for commitment undertakes to pay any applicable start-up costs for the unit, as well as any applicable minimum running costs for the unit thereafter, in which event the unit shall be brought on line or kept on line, as the case may be. The Party so designating the unit to be committed shall have the right to schedule and dispatch up to all of the Available Capacity of the unit. Available Capacity means that portion of the Owners' aggregate Assigned Capacity that is currently capable of being dispatched. The Party exercising this right shall be referred to as the "Calling Party," and the capacity called by that Party in excess of its Assigned Capacity Percentage of the Available Capacity of that unit shall be referred to as its "Called Capacity." The other Party shall be referred to as the "Non-Calling Party". The Calling Party shall provide reasonable notice to the Non-Calling Party of its call, including any start-up or shut-down time for the Unit. For purposes of this Agreement, KPCo's Assigned Capacity Percentage shall be 50%, and WPCo's Assigned Capacity Percentage shall be 50%.
- 7.6.3 The Non-Calling Party can reclaim any Called Capacity attributable to its Assigned Capacity share by giving the Calling Party notice equal to the normal cold start-up time for the unit. At the end of the notice period, the Non-Calling Party shall have the right to schedule and dispatch the recalled capacity. At that point, the Non-

Calling Party shall resume its responsibility for its share of any applicable start-up costs for the unit and prospectively shall bear its responsibility for the costs associated with its Assigned Capacity from the unit.

- 7.6.4 If any capacity remains available but is not dispatched from a Party's Available Capacity committed as a result of the initial unit commitment, the other Party may only schedule and dispatch such capacity pursuant to agreement with the non-dispatching Party.
- 7.7 KPCo and WPCo shall be individually responsible for any fees charged by FERC on the basis of the sales or transmission by each of capacity or energy at wholesale in interstate commerce.
- 7.8 Emission Allowances. On the Transfer Date pursuant to the ACA, AEPGR, the previous owner of WPCo's interest in the Mitchell Plant, will assign to WPCo all Emission Allowances allocated to AEPGR for the Mitchell Plant for each vintage year after 2014, issued by the U.S. Environmental Protection Agency ("USEPA") pursuant to Title IV of the Clean Air Act Amendments of 1990 and any regulations thereunder, and any other emission allowance trading program created under the Clean Air Act and administered by USEPA or the State of West Virginia, including but not limited to the Clean Air Interstate Rule 40 CFR Parts 96 and 97, and any amendments thereto ("Emission Allowances"), and all Emission Allowances for 2014 and any vintage year prior to 2014 that were allocated to the Mitchell Plant and that have not been expended as of the date of assignment. To the extent that additional Emission Allowances are required for operation of the Mitchell Plant, KPCo and WPCo will each be responsible for acquiring sufficient Emission

Allowances to satisfy the Emission Allowances required because of its dispatch of energy from the Mitchell Plant, and the Emission Allowances required to satisfy the Emission Allowance surrender obligations attributable to the Mitchell Plant imposed under the Consent Decree between USEPA and Ohio Power Company entered on December 10, 2007, in Civil Action No. C2-99-1182 and consolidated cases by the U.S. District Court in the Southern District of Ohio. On or before January 10 of each year, Agent shall determine and notify KPCo and WPCo of the number of additional annual Emission Allowances consumed by each of them through December 31 of the previous year, and KPCo and WPCo shall each transfer into the Mitchell Plant U.S. EPA Allowance Transfer System account that number of Emission Allowances with a small compliance margin by January 31 of that year. For seasonal Emission Allowance programs, Agent shall determine and notify KPCo and WPCo of the number of additional seasonal Emission Allowances consumed by each of them during the applicable compliance period by the 10th day of the first month following the end of the compliance period, and KPCo and WPCo shall each transfer into the appropriate Mitchell Plant U.S. EPA Allowance Transfer System Account that number of Emission Allowances with a small compliance margin by the last day of the first month following the end of the compliance period. In the event that KPCo or WPCo fails to surrender the required number of Emission Allowances by January 31 or the last day of the first month following any seasonal compliance period, Agent shall purchase the required number of Emission Allowances, and KPCo or WPCo, as the case may be, shall reimburse Agent for such purchases, with interest at the Federal Funds Rate (as published by the Board of

Governors of the Federal Reserve System as from time to time in effect) running from the date of such purchases to the date of payment. The Operating Committee will develop procedures to be implemented after the end of each calendar year to account for the Emission Allowances required by the use of the Mitchell Plant by KPCo and WPCo and to correct any imbalance between Emission Allowances supplied and Emission Allowances used through the end of the preceding year by settlement or payment.

7.9 Capital repairs and improvements to the Mitchell Plant will be determined by the Operating Committee pursuant to the annual budgeting process set forth in Section 7.10. Expenditures that the Operating Committee determines have been or will be incurred exclusively for one Owner shall be assigned exclusively to that Owner.

7.10 At least 90 days before the start of each operating year, KPCo and Agent shall submit to the Operating Committee a proposed annual budget with respect to the Mitchell Plant, a proposed annual operating plan, and an estimate and schedule of costs to be incurred for major maintenance or replacement items during the next six-year period. The annual budget shall be presented on a month-by-month basis for each month during the next operating year, and shall include an operating budget, a capital budget, an estimate of the cost of any major repairs that are anticipated will occur during such operating year with respect to the Mitchell Plant, and an itemized estimate of all projected non-fuel variable operating expenses relating to the operation of the Mitchell Plant during that operating year. The members of the Operating Committee will meet and work in good faith to agree upon the final annual budget and final annual operating plan. Once approved, the annual budget

and annual operating plan shall remain in effect throughout the applicable operating year, subject to such changes, revisions, amendments, and updating as the Operating Committee may determine.

ARTICLE EIGHT

EFFECTIVE DATE AND TERM

- 8.1 Subject to FERC approval or acceptance for filing, the Effective Date of this Agreement shall be December 31, 2014.
- 8.2 Subject to FERC approval or acceptance, if necessary, this Agreement shall remain in force until such time as (i) KPCo or WPCo has divested itself of all or any portion of its ownership interest in the Mitchell Plant, other than assignment or other transfer of such ownership interests to another AEP affiliate; or (ii) either KPCo or WPCo is no longer a direct or indirect wholly owned subsidiary of AEP; or (iii) KPCo and WPCo may mutually agree to terminate this Agreement.

ARTICLE NINE

GENERAL

- 9.1 This Agreement shall inure to the benefit of and be binding upon the signatories hereto and their respective successors and assigns, but this Agreement may not be assigned by any signatory without the written consent of the others, which consent shall not be unreasonably withheld.
- 9.2 This Agreement is subject to the regulatory authority of any State or Federal agency having jurisdiction.
- 9.3 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Ohio, excluding conflict of laws principles that would require the application of the laws of a different jurisdiction.
- 9.4 This Agreement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral between the signatories or their representatives with respect to operation of the Mitchell Plant, and constitutes the entire agreement of the signatories with respect to the operation of the Plant. Notwithstanding the foregoing, this Agreement does not supersede any previous agreements among any of the signatories allocating or transferring rights to capacity and associated energy, or ownership, of the Mitchell Plant.
- 9.5 Each Party shall designate in writing a representative to receive any and all notices required under this Agreement. 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 at the address specified below:

KENTUCKY POWER COMPANY

Gregory G. Pauley

President & COO

Attn: _____

Phone: (502) 696-7007

Facsimile: (502) 696-7006

Email: ggpauley@aep.com

WHEELING POWER COMPANY

Charles R. Patton

President

Attn: _____

Phone: (304) 348-4152

Facsimile: (304) 348-4198

Email: crpatton@aep.com

AMERICAN ELECTRIC POWER SERVICE
CORPORATION

Mark C. McCullough

Executive Vice President – Generation

Attn: _____

Phone: (614) 716-2400

Facsimile: (614) 716-1331

Email: mcmccullough@aep.com

All notices shall be effective upon receipt, or upon such later date following receipt as set forth in the notice. Any Party may, by written notice to the other Parties, change the representative or the address to which such notices are to be sent.

ARTICLE TEN

LIMITATION OF LIABILITY

- 10.1 Notwithstanding anything in this Agreement to the contrary, neither of the Owners or Agent shall be liable under this Agreement for special, consequential, indirect, punitive or exemplary damages, or for lost profits or business interruption damages, whether arising by statute, in tort or contract or otherwise.

ARTICLE ELEVEN

DISPUTE RESOLUTION

- 11.1 If either Owner believes that a dispute has arisen as to the meaning or application of this Agreement, it shall present that matter to the Operating Committee in writing, and shall provide a copy of that writing to the other Owner.
- 11.2 If the Operating Committee is unable to reach agreement on a dispute submitted to the Operating Committee pursuant to Section 11.1 within thirty (30) days after the dispute is presented to it, the matter shall be referred to the chief operating officers of the Owners for resolution in the manner that such individuals shall agree is appropriate; provided, however, that either Owner involved in the dispute may invoke the arbitration provisions set forth in Section 11.3 at any time after the end of the thirty (30) day period provided for the Operating Committee to reach agreement if the Operating Committee has not reached agreement.
- 11.3 If the Owners are unable to resolve a dispute through the Operating Committee within thirty (30) days after the dispute is presented to the Operating Committee pursuant to Section 11.1, or through reference of the matter to the chief operating

officers of the Owners pursuant to Section 11.2, either Owner may commence arbitration proceedings by providing written notice to the other Owner, detailing the nature of the dispute, designating the issue(s) to be arbitrated, identifying the provisions of this Agreement under which the dispute arose, and setting forth such Owner's proposed resolution of such dispute.

- 11.3.1 Within ten (10) days of the date of the notice of arbitration, a representative of each Owner shall meet for the purpose of selecting an arbitrator. If the Owners' representatives are unable to agree on an arbitrator within fifteen (15) days of the date of the notice of arbitration, then an arbitrator shall be selected in accordance with the procedures of the American Arbitration Association ("AAA"). Whether the arbitrator is selected by the Owners' representatives or in accordance with the procedures of the AAA, the arbitrator shall have the qualifications and experience in the occupation, profession, or discipline relevant to the subject matter of the dispute.
- 11.3.2 Any arbitration proceeding shall be subject to the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.* (1994), as it may be amended, or any successor enactment thereto, and shall be conducted in accordance with the commercial arbitration rules of the AAA in effect on the date of the notice to the extent not inconsistent with the provisions of this Article.
- 11.3.3 The arbitrator shall be bound by the provisions of this Agreement where applicable, and shall have no authority to modify any terms and conditions of this Agreement in any manner. The arbitrator shall render a decision resolving the dispute in an equitable manner, and may determine that monetary damages are due to an Owner or may issue a directive that an Owner take certain actions or refrain from taking

certain actions, but shall not be authorized to order any other form of relief; provided, however, that nothing in this Article shall preclude the arbitrator from rendering a decision that adopts the resolution of the dispute proposed by an Owner. Unless otherwise agreed to by the Owners, the arbitrator shall render a decision within one hundred twenty (120) days of appointment, and shall notify the Owners in writing of such decision and the reasons supporting such decision. The decision of the arbitrator shall be final and binding upon the Owners, and any award may be enforced in any court of competent jurisdiction.

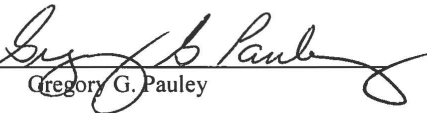
- 11.3.4 The fees and expenses of the arbitrator shall be shared equally by the Owners, unless the arbitrator specifies a different allocation. All other expenses and costs of the arbitration proceeding shall be the responsibility of the Owner incurring such expenses and costs.
- 11.3.5 Unless otherwise agreed by the Owners, any arbitration proceedings shall be conducted in Columbus, Ohio.
- 11.3.6 Except as provided in this Article, the existence, contents, or results of any arbitration proceeding under this Article may not be disclosed without the prior written consent of the Owners, provided, however, that either Owner may make disclosures as may be required to fulfill regulatory obligations to any agencies having jurisdiction, and may inform its lenders, affiliates, auditors, and insurers, as necessary, under pledge of confidentiality, and may consult with expert consultants as required in connection with an arbitration proceeding under pledge of confidentiality.

- 11.3.7 Nothing in this Agreement shall be construed to preclude either Owner from filing a petition or complaint with FERC with respect to any claim over which FERC has jurisdiction. In such case, the other Owner may request that FERC reject the petition or complaint or otherwise decline to exercise its jurisdiction. If FERC declines to act with respect to all or part of a claim, the portion of the claim not so accepted by FERC may be resolved through arbitration, as provided in this Article. To the extent that FERC asserts or accepts jurisdiction over all or part of a claim, the decisions, findings of fact, or orders of FERC shall be final and binding, subject to judicial review under the Federal Power Act, 16 U.S.C. § 791a *et seq.*, as amended from time to time, and any arbitration proceedings that may have commenced prior to the assertion or acceptance of jurisdiction by FERC shall be stayed, pending the outcome of the FERC proceedings. The arbitrator shall have no authority to modify, and shall be conclusively bound by, any decisions, findings of fact, or orders of FERC; provided, however, that to the extent that any decisions, findings of fact, or orders of FERC do not provide a final or complete remedy to an Owner seeking relief, such Owner may proceed to arbitration under this Article to secure such a remedy, subject to any FERC decisions, findings, or orders.
- 11.4 The procedures set forth in this Article shall be the exclusive means for resolving disputes arising under this Agreement and shall survive this Agreement to the extent necessary to resolve any disputes pertaining to this Agreement. Except as provided in Sections 11.3 and 11.3.7, neither Owner shall have the right to bring any dispute for resolution before a court, agency, or other entity having jurisdiction over this Agreement, unless both Owners agree in writing to such procedure.

11.5 To the extent that a dispute involves the actions, inactions or responsibilities of Agent under this Agreement, the provisions of this Article shall be applicable to such dispute. For such purposes, Agent shall be treated as an Owner in applying the provisions of this Article.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

KENTUCKY POWER COMPANY

By: 
Gregory G. Pauley

Title: President & COO

WHEELING POWER COMPANY

By: _____
Charles R. Patton

Title: President

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: _____
Mark C. McCullough

Title: Executive Vice President - Generation

11.5 To the extent that a dispute involves the actions, inactions or responsibilities of Agent under this Agreement, the provisions of this Article shall be applicable to such dispute. For such purposes, Agent shall be treated as an Owner in applying the provisions of this Article.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

KENTUCKY POWER COMPANY

By: _____
Gregory G. Pauley

Title: President & COO

WHEELING POWER COMPANY

By: Charles R. Patton
Charles R. Patton

Title: President

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By: _____
Mark C. McCullough

Title: Executive Vice President - Generation

11.5 To the extent that a dispute involves the actions, inactions or responsibilities of Agent under this Agreement, the provisions of this Article shall be applicable to such dispute. For such purposes, Agent shall be treated as an Owner in applying the provisions of this Article.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

KENTUCKY POWER COMPANY

By: _____
Gregory G. Pauley

Title: President & COO

WHEELING POWER COMPANY

By: _____
Charles R. Patton

Title: President

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By:  _____
Mark C. McCullough

Title: Executive Vice President - Generation