

Kentucky Power Company  
KPSC Case No. 2021-00421  
Commission Staff's PHDRs (2nd Hearing)  
Dated March 31, 2022

**DATA REQUEST**

**KPSC  
PHDR S1** Refer to March 30, 2022 Hearing Testimony of Timothy Kerns regarding the expected equipment repair costs and replacement power forecasts for Mitchell used to prepare Kentucky Power's Integrated Resource Plan.

- a. Provide the ten-year expected capital and expense forecast for Mitchell, itemized by the project.
- b. Provide the ten-year replacement power forecast for Mitchell.
- c. Provide the failure rates used to prepare the ten-year forecasts.

**RESPONSE**

a. See KPCO\_R\_KPSC\_PHDR\_S1\_Attachment1 for the requested information, used to prepare the Company's most recent IRP filing. Note that costs are 2019 post-allocated, fully loaded estimates that represent Kentucky Power's 50% share of the Mitchell Plant.

b. The Company does not have estimated costs for the replacement of power specifically for the Mitchell Plant. See KPCO\_R\_KPSC\_PHDR\_S1\_Attachment2 for the forecasted power prices used in the most recent IRP that were created as part of the Fundamentals Forecast.

c. The Company does not have forecasted failure rates for specific pieces of equipment, but rather estimates the forced outage rates for each generating unit. For the most recent IRP, the equivalent forced outage rate - demand (EFORd) assumed for the units at the Mitchell Plant were as follows:

- Mitchell Unit 1: 20.08%
- Mitchell Unit 2: 9.77%

Witness: Timothy C. Kerns

| Year | Power Prices (\$/MWh) -Nominal \$'s |          |
|------|-------------------------------------|----------|
|      | PJM_AEP                             |          |
|      | On-Peak                             | Off-Peak |
| 2019 | 30.55                               | 25.15    |
| 2020 | 30.97                               | 25.43    |
| 2021 | 31.13                               | 25.72    |
| 2022 | 32.25                               | 26.78    |
| 2023 | 33.61                               | 27.93    |
| 2024 | 35.01                               | 29.22    |
| 2025 | 36.17                               | 30.14    |
| 2026 | 37.25                               | 31.06    |
| 2027 | 38.69                               | 32.28    |
| 2028 | 47.58                               | 41.03    |
| 2029 | 47.86                               | 41.11    |
| 2030 | 48.89                               | 41.90    |
| 2031 | 49.73                               | 42.38    |
| 2032 | 51.29                               | 43.16    |
| 2033 | 52.38                               | 43.88    |
| 2034 | 53.58                               | 45.13    |
| 2035 | 55.61                               | 46.59    |
| 2036 | 55.86                               | 46.94    |
| 2037 | 57.33                               | 48.33    |
| 2038 | 59.40                               | 49.81    |
| 2039 | 60.96                               | 50.89    |
| 2040 | 61.73                               | 51.95    |
| 2041 | 62.33                               | 53.01    |
| 2042 | 63.77                               | 54.59    |
| 2043 | 64.31                               | 55.85    |
| 2044 | 66.55                               | 58.08    |
| 2045 | 67.29                               | 59.62    |
| 2046 | 68.94                               | 61.55    |
| 2047 | 70.58                               | 63.18    |
| 2048 | 72.03                               | 64.85    |
| 2049 | 72.33                               | 65.85    |
| 2050 | 74.03                               | 67.40    |
| 2051 | 75.57                               | 68.90    |
| 2052 | 77.10                               | 70.38    |
| 2053 | 78.63                               | 71.88    |

Kentucky Power Company  
KPSC Case No. 2021-00421  
Commission Staff's PHDRs (2nd Hearing)  
Dated March 31, 2022

**DATA REQUEST**

**KPSC  
PHDR S2** Provide a copy of the current Mitchell Operating Agreement with notations for each contract provision that indicates which sections of the proposed Mitchell Ownership Agreement and the proposed Mitchell Operations and Maintenance Agreement correspond to the articles in the current Mitchell Operating Agreement. Also, provide a list of topics addressed in the proposed Mitchell Ownership Agreement and the proposed Mitchell Operations and Maintenance Agreement that is not addressed in the current Mitchell Operating Agreement.

**RESPONSE**

Footnotes have been included in KPCO\_R\_KPSC\_PHDR\_S2\_Attachment1 to note in the December 31, 2014 Mitchell Plant Operating Agreement (“*Operating Agreement*”) the corresponding section included in the (a) proposed Mitchell Plant Ownership Agreement by and between Kentucky Power Company and Wheeling Power Company, draft dated March 15, 2022 (the “*Ownership Agreement*”) and/or the (b) proposed Mitchell Plant Operations and Maintenance Agreement by and between Kentucky Power Company and Wheeling Power Company (“*O&M Agreement*”), a form of which was included as Exhibit C to the Stock Purchase Agreement, dated October 26, 2021, by and among American Electric Power Company, Inc., AEP Transmission Company, LLC and Liberty Utilities Co. KPCO\_R\_KPSC\_PHDR\_S2\_Attachment2 contains a list of provisions contained in the Ownership Agreement that are not contained in the Operating Agreement. KPCO\_R\_KPSC\_PHDR\_S2\_Attachment3 contains a list of provisions contained in the O&M Agreement that are not contained in the Operating Agreement.

Witness: Stephan T. Haynes

**RATE SCHEDULE NO. 303**

**MITCHELL PLANT OPERATING AGREEMENT<sup>1</sup>**

**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**

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<sup>1</sup> Footnotes have been included to note the corresponding section in the (a) proposed Mitchell Plant Ownership Agreement by and between Kentucky Power Company and Wheeling Power Company, draft dated March 15, 2022 (the "**Ownership Agreement**") and/or the (b) proposed Mitchell Plant Operations and Maintenance Agreement by and between Kentucky Power Company and Wheeling Power Company ("**O&M Agreement**"), a form of which was included as Exhibit C to the Stock Purchase Agreement, dated October 26, 2021, by and among American Electric Power Company, Inc., AEP Transmission Company, LLC and Liberty Utilities Co.

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 KPCCO AND AGENT

1.1 KPCCo shall operate and maintain the Mitchell Plant in accordance with good utility practice consistent with procedures employed by KPCCo at its other generating stations, and in conformity with the terms and conditions of this Agreement.<sup>2</sup>

1.2 KPCCo 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.<sup>3</sup>

1.3 The Owners shall establish such bank accounts as may from time to time be required or appropriate.<sup>4</sup>

1.4 As soon as practicable after the end of the month, KPCCo 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 KPCCo 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.<sup>5</sup>

1.5 KPCCo shall be responsible for the day to day operation and maintenance of the Mitchell Plant. KPCCo 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.<sup>6</sup>

1.6 Agent, as directed by the Operating Committee and consistent with Agent's service agreements with KPCCo and WPCo, shall provide services necessary for the safe and efficient operation and maintenance of the Mitchell Plant.<sup>7</sup>

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<sup>2</sup> This is covered with certain modifications in Section 1.5 of the Ownership Agreement.

<sup>3</sup> This is covered with certain modifications in Section 5.7 of the O&M Agreement and Section 6.4 of the Ownership Agreement.

<sup>4</sup> This is covered with certain modifications in Section 1.6 of the Ownership Agreement.

<sup>5</sup> This is covered with certain modifications and additional specificity in Article VII of the O&M Agreement.

<sup>6</sup> This is covered with certain modifications in Section 1.5 of the Ownership Agreement, except that WPCo rather than KPCCo is designated as the Operator.

<sup>7</sup> This section is not included in the Ownership Agreement, but is covered with certain modifications in Section 14.4.2 of the O&M Agreement.

## 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.<sup>8</sup>

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.<sup>9</sup>

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.<sup>10</sup>

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.<sup>11</sup>

## 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.<sup>12</sup>

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.<sup>13</sup>

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<sup>8</sup> This is covered in Section 2.1 of the Ownership Agreement.

<sup>9</sup> This is covered in Section 2.2 of the Ownership Agreement.

<sup>10</sup> This is covered with certain modifications in Sections 2.4 and 7.5 of the Ownership Agreement.

<sup>11</sup> This is covered with certain modifications in Section 2.5 of the Ownership Agreement.

<sup>12</sup> This is covered with certain modifications in Section 3.1 of the Ownership Agreement, except that, as noted above, WPCo will serve as the Operator.

<sup>13</sup> This is covered with certain modifications in Section 6.7 of the Ownership Agreement.



## 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.<sup>14</sup>

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.<sup>15</sup>

## 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.<sup>16</sup>

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.<sup>17</sup>

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.<sup>18</sup>

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.<sup>19</sup>

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<sup>14</sup> This is covered with certain modifications in Section 4.1 of the Ownership Agreement.

<sup>15</sup> This is covered with certain modifications in Section 4.2 of the Ownership Agreement.

<sup>16</sup> This is covered with certain modifications in Section 5.1 of the Ownership Agreement.

<sup>17</sup> This is covered with certain modifications in Section 5.1 of the Ownership Agreement.

<sup>18</sup> This is covered with certain modifications in Section 5.3 of the Ownership Agreement.

<sup>19</sup> This is covered in Section 5.4 of the Ownership Agreement.

## 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:<sup>20</sup>

(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.<sup>21</sup>

(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.<sup>22</sup>

(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.<sup>23</sup>

(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.<sup>24</sup>

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.<sup>25</sup>

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<sup>20</sup> This is covered with certain modifications in Section 6.1 of the Ownership Agreement.

<sup>21</sup> This is covered in Section 6.1(a) of the Ownership Agreement.

<sup>22</sup> This is covered in Section 6.1(b) of the Ownership Agreement.

<sup>23</sup> This is covered in Section 6.1(c) of the Ownership Agreement.

<sup>24</sup> This is covered in Section 6.1(d) of the Ownership Agreement.

<sup>25</sup> This is covered with certain modifications in Section 2.3 of the Ownership Agreement.

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.<sup>26</sup>

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.<sup>27</sup>

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:<sup>28</sup>

(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.<sup>29</sup>

(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.<sup>30</sup>

(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.<sup>31</sup>

6.6 Each Owner shall bear the cost of all taxes attributable to its respective ownership interest in the Mitchell Plant.<sup>32</sup>

## 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

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<sup>26</sup> This is covered with certain modifications in Section 6.2 of the Ownership Agreement.

<sup>27</sup> This is covered with certain modifications in Section 6.3 of the Ownership Agreement.

<sup>28</sup> This is covered with certain modifications in Section 6.4 of the Ownership Agreement.

<sup>29</sup> This is covered in Section 6.4(a) of the Ownership Agreement.

<sup>30</sup> This is covered with certain modifications in Section 6.4(b) of the Ownership Agreement.

<sup>31</sup> This is covered with certain modifications in Sections 6.4(d) and Section 6.4(g) of the Ownership Agreement.

<sup>32</sup> This is covered with certain modifications in Section 6.5 of the Ownership Agreement.

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.<sup>33</sup>

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.<sup>34</sup>

(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.<sup>35</sup>

(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.<sup>36</sup>

(d) Decisions on capital expenditures, including unit upgrades and re-powering.<sup>37</sup>

(e) Determinations as to changes in the unit capability and decisions on unit retirement. Establishment and modification of billing procedures under this Agreement.<sup>38</sup>

(f) 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

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<sup>33</sup> This is covered with certain modifications in Section 7.1 of the Ownership Agreement.

<sup>34</sup> This is covered with certain modifications in Section 7.2(a) of the Ownership Agreement.

<sup>35</sup> This is covered with certain modifications in Section 7.2(b) of the Ownership Agreement.

<sup>36</sup> This is covered with certain modifications in Section 7.2(c) of the Ownership Agreement.

<sup>37</sup> This is covered with certain modifications in Section 7.2(d) of the Ownership Agreement.

<sup>38</sup> This is covered with certain modifications in Sections 7.2(f) and 7.2(g) of the Ownership Agreement.

procedures if the Owner elects to purchase coal, transportation or consumables for its own interest.<sup>39</sup>

(g) 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.<sup>40</sup>

(h) 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.<sup>41</sup>

(i) Other duties as assigned by agreement of the Owners.<sup>42</sup>

7.3 The Operating Committee shall meet at least annually, and at such other times as any Party may reasonably request.<sup>43</sup>

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.<sup>44</sup>

7.5 The Owners will each make an initial unit commitment one business day ahead of real-time dispatch.<sup>45</sup>

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.<sup>46</sup>

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 startup costs for

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<sup>39</sup> This is covered with certain modifications in Section 7.2(h) of the Ownership Agreement.

<sup>40</sup> This is covered with certain modifications in Section 7.2(j) of the Ownership Agreement.

<sup>41</sup> This is covered with certain modifications in Section 7.2(k) of the Ownership Agreement.

<sup>42</sup> This is covered in Section 7.2(p) of the Ownership Agreement.

<sup>43</sup> This is covered with certain modifications in Section 7.3 of the Ownership Agreement.

<sup>44</sup> This is covered in Section 7.4 of the Ownership Agreement.

<sup>45</sup> This is covered with certain modifications in Section 7.5 of the Ownership Agreement.

<sup>46</sup> This Section 7.6 (and subsections) is covered with certain modifications in Sections 2.3, 7.5 and 7.6 of the Ownership Agreement and Section 3.4 of the O&M Agreement.

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.<sup>47</sup>

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

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<sup>47</sup> This is covered with certain modifications in Section 6.4(c) of the Ownership Agreement.

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 10<sup>th</sup> 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.<sup>48</sup>

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.<sup>49</sup>

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.<sup>50</sup>

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<sup>48</sup> This is covered with certain modifications in Section 7.7 of the Ownership Agreement.

<sup>49</sup> This is covered with certain modifications in Section 7.8 of the Ownership Agreement.

<sup>50</sup> This is covered with certain modifications in Section 7.8 of the Ownership Agreement.

## 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.<sup>51</sup>

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.<sup>52</sup>

## 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.<sup>53</sup>

9.2 This Agreement is subject to the regulatory authority of any State or Federal agency having jurisdiction.<sup>54</sup>

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.<sup>55</sup>

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.<sup>56</sup>

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

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<sup>51</sup> This is covered with certain modifications in Section 8.1 of the Ownership Agreement.

<sup>52</sup> This is covered with certain modifications in Section 8.2 of the Ownership Agreement.

<sup>53</sup> This is covered with certain modifications in Section 13.1 of the Ownership Agreement.

<sup>54</sup> This is covered in Section 13.2 of the Ownership Agreement.

<sup>55</sup> This is covered with certain modifications in Section 13.3 of the Ownership Agreement.

<sup>56</sup> This is covered with certain modifications in Section 13.4 of the Ownership Agreement.



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: [ggpaul@aep.com](mailto:ggpaul@aep.com)

WHEELING POWER COMPANY  
Charles R. Patton  
President

Attn: \_\_\_\_\_

Phone: (304)348-4152

Facsimile: (304) 348-4198

Email: [erpatton@aep.com](mailto:erpatton@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](mailto: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.<sup>57</sup>

<sup>57</sup> This is covered with certain modifications in Section 13.6 of the Ownership Agreement.

## 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.<sup>58</sup>

## 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.<sup>59</sup>

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.<sup>60</sup>

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.<sup>61</sup>

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.<sup>62</sup>

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<sup>58</sup> This is covered with certain modifications in Section 11.1 of the Ownership Agreement.

<sup>59</sup> This is covered with certain modifications in Section 12.1 of the Ownership Agreement.

<sup>60</sup> This is covered with certain modifications in Section 12.2 of the Ownership Agreement.

<sup>61</sup> This is covered with certain modifications in Section 12.3 of the Ownership Agreement.

<sup>62</sup> This is covered with certain modifications in Section 12.3 of the Ownership Agreement.

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.<sup>63</sup>

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.<sup>64</sup>

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.<sup>65</sup>

11.3.5 Unless otherwise agreed by the Owners, any arbitration proceedings shall be conducted in Columbus, Ohio.<sup>66</sup>

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.<sup>67</sup>

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

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<sup>63</sup> This is covered with certain modifications in Section 12.3 of the Ownership Agreement.

<sup>64</sup> This is covered with certain modifications in Section 12.3 of the Ownership Agreement.

<sup>65</sup> This is covered with certain modifications in Section 12.3 of the Ownership Agreement.

<sup>66</sup> This section was removed from the Ownership Agreement.

<sup>67</sup> This is covered in Section 12.5 of the Ownership Agreement.

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.<sup>68</sup>

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.<sup>69</sup>

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.<sup>70</sup>

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<sup>68</sup> This is covered with certain modifications in Section 12.6 of the Ownership Agreement.

<sup>69</sup> This section was removed from the Ownership Agreement.

<sup>70</sup> This section was removed from the Ownership Agreement.

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

**Mitchell Plant Ownership Agreement**  
**Additional Provisions**

The following is a list of new provisions contained in the proposed Mitchell Plant Ownership Agreement by and between Kentucky Power Company and Wheeling Power Company, draft dated March 15, 2022, that are not contained in the Mitchell Plant Operating Agreement by and among Kentucky Power Company, Wheeling Power Company and American Electric Power Service Corporation dated as of December 31, 2014. The descriptions of these new provisions are qualified in their entirety by reference to the text of the proposed Mitchell Plant Ownership Agreement.

- Article 1 – Ownership and Operations
  - 1.1 – Ownership of project assets in undivided interest
  - 1.2 – Further assurances to record project asset ownership
  - 1.3 – Project assets held for the benefit of both Owners
  - 1.4 – Waiver of partition of project assets
  - 1.7 – Initial capital budget
  - 1.8 – New project assets owned in proportion to capital expenditure funding
- Article 3 – Replacement, Additions and Retirements
  - 3.2 – Obligations upon retirement of the Mitchell Plant
- Article 4 – Working Capital Requirements
  - 4.3 – Owner credit support requirements upon a credit rating downgrade
  - 4.4 – Credit support for third parties
- Article 5 – Investment in Fuel
  - 5.2 – Coal and consumable quality requirements
- Article 6 – Apportionment of Station Costs
  - 6.4(c)-(g) – Allocation of certain operating expenditures between the Owners
  - 6.6 – Exclusion from Subchapter K partnership tax treatment
  - 6.7 – Allocation of capital expenditures between the Owners
  - 6.8 – Allocation of decommissioning costs between the Owners
  - 6.9 – Regulatory disallowances
- Article 7 – Operating Committee and Operations
  - 7.2(a) – Approval of capital expenditures and ELG expenditures
  - 7.2(e) – Approval of expense allocations between the Owners
  - 7.2(l) – (o) -- Approval of certain decisions
  - 7.5 – Joint dispatch and bidding
  - 7.6 – Procedures to implement separate dispatch and bidding
  - 7.9 – Administration of project contracts with affiliates
- Article 9 – Dispositions of interests; financing cooperation; negotiation of a buyout transaction; unit interest swap transaction
- Article 10 – Defaults and Remedies
- Article 12 – Dispute Resolution; Resolution of Technical Disputes and Unit Interest Swap Disputes
- Article 13 – General
  - 13.5 – Amendments
  - 13.7 – Counterpart execution

- 13.8 – Expenses to negotiate agreement
- 13.9 – Waivers; election of remedies
- 13.10 – Successors
- 13.11 – Public announcements
- 13.12 – Severability
- 13.13 – Equitable remedies
- Exhibit A – Capital Budget, Initial Budgets and Forecast.
- Exhibit B – Form of Monthly Sample Report
- Exhibit C – Unit Interest Swap Transaction Implementation

**Mitchell Plant O&M Agreement**  
**Additional Provisions**

The following is a list of provisions contained in the proposed Mitchell Plant Operations and Maintenance Agreement by and between Kentucky Power Company and Wheeling Power Company that are not contained in the Mitchell Plant Operating Agreement by and among Kentucky Power Company, Wheeling Power Company and American Electric Power Service Corporation dated as of December 31, 2014. The descriptive headings of these new provisions are qualified in their entirety by reference to the text of the proposed Mitchell Plant Operations and Maintenance Agreement.

The proposed Mitchell Plant Operations and Maintenance Agreement is intended to implement on a customary arm's-length basis the short-form operations and maintenance provisions (e.g. Sections 1.4 through 1.6) contained in the Mitchell Plant Operating Agreement and such agreement reflects customary provisions that are equally applicable, regardless of whether such parties are affiliated or unaffiliated companies during the term thereof.

- Article I – Agreement
  - 1.1 – Agreement
  - 1.2 – Relationship of the Parties
  - 1.3 – Entire Agreement
- Article II – Definitions
- Article III – Responsibilities of Operator
  - 3.1 – Provision of Services
  - 3.2 – Procurement
  - 3.3 – Standards for Performance of the Services
  - 3.4 – Dispatch
  - 3.5 – Licenses and Permits
  - 3.6 – Personnel Matters
  - 3.7 – No Liens or Encumbrances
  - 3.8 – Emergency Action
- Article IV – Obligations, Rights and Representations of Each Owner
  - 4.1 – General
  - 4.2 – Information
  - 4.3 – Access to Facility
  - 4.4 – Instructions, Approvals, etc.
- Article V – Representatives, Budgets and Reports
  - 5.1 – Representatives of Operator
  - 5.2 – Representatives of Owner, Operating Committee
  - 5.3 – Plans and Budgets
  - 5.4 – Availability of Operating Data and Records
  - 5.5 – Litigation and Permit Lapses
  - 5.6 – Other Information
  - 5.7 – Records, Maintenance and Retention
- Article VI – Limitations on Authority
  - 6.1 – Limitations on Authority



- Article VII – Compensation and Payment
  - 7.1 – General
  - 7.2 – Costs
  - 7.3 – Cost Audit
  - 7.4 – Late Payment Rate
- Article VIII – Term
  - 8.1 – Term
  - 8.2 – Termination by the Non-Operator Owner for Cause
  - 8.3 – Termination by Operator
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  - 8.5 – Services Upon Termination
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- Article IX – Insurance
  - 9.1 – Operator Insurance Requirements
  - 9.2 – Form and Content
- Article X – Indemnification
  - 10.1 – Operator Indemnification
  - 10.2 – Owner Indemnification
  - 10.3 – Environmental Indemnification
- Article XI – Liabilities of the Parties
  - 11.1 – Limitations of Liability
  - 11.2 – Operator's Total Aggregate Liability
  - 11.3 – No Warranties or Guarantees
- Article XII – Confidentiality
  - 12.1 – General
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- Article XIII – Title, Documents and Data
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  - 14.14 – Counterparts

- 14.15 – Governing Law; Venue; Waiver of Jury Trial
- 14.16 – Interpretation
- 14.17 – Severability
- 14.18 – Cooperation in Financing
- Appendix A – Scope of Services
- Appendix B – Initial Budget and Plan
- Appendix C – Operating Costs Worksheet/Sample Invoice

Kentucky Power Company  
KPSC Case No. 2021-00421  
Commission Staff's PHDRs (2nd Hearing)  
Dated March 31, 2022

**DATA REQUEST**

**KPSC  
PHDR S3** Provide a copy of the Philip Sporn Plant and Cardinal Plant operating agreements and ownership agreements between the American Electric Power Company, Inc. affiliates that co-own or co-owned the plants.

**RESPONSE**

See KPCO\_R\_KPSC\_PHDR\_S3\_Attachment1 for a copy of the Cardinal Station Agreement dated January 1, 2018. It should be noted that while the Cardinal Plant does have units owned by separate companies, the plant is also operated by a jointly-owned, separate entity in the Cardinal Operating Company.

See KPCO\_R\_KPSC\_PHDR\_S3\_Attachment2 for a copy of the Sporn operating agreement dated January 22, 2014.

Witness: Timothy C. Kerns

**AMENDMENT NO. 13  
to  
STATION AGREEMENT**

**dated as of January 1, 2018**

**by and between**

**AEP GENERATION RESOURCES INC.,**

**BUCKEYE POWER, INC.**

**and**

**CARDINAL OPERATING COMPANY**

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**AMENDMENT NO. 13 TO STATION AGREEMENT  
(A RESTATEMENT OF THE STATION AGREEMENT)**

Dated as of January 1, 2018

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This AMENDMENT NO. 13 to STATION AGREEMENT (“Amendment”), dated as of January 1, 2018, to that certain Station Agreement, dated as of January 1, 1968, as supplemented and amended from time to time, entered into by and between AEP GENERATION RESOURCES INC., a Delaware corporation (herein called “AEP GenCo”), BUCKEYE POWER, INC., an Ohio corporation not for profit (herein called “Buckeye”), and CARDINAL OPERATING COMPANY, an Ohio corporation (herein called “Operating Company”);

**WITNESSETH:**

WHEREAS, AEP GenCo is a corporation organized and existing under the laws of the State of Delaware and is engaged in the generation and sale of electric energy at wholesale; and

WHEREAS, Buckeye is a corporation not for profit organized and existing under the laws of the State of Ohio and is engaged in the generation and transmission of electric energy in said State for distribution and use by its membership, which presently consists of twenty-five cooperatively organized non-profit electric companies operating in said State; and

WHEREAS, AEP GenCo is the owner of a steam electric generating unit at the Cardinal Station located near Brilliant, Ohio, and Buckeye is the owner of a second and third steam electric generating unit at the Cardinal Station, and AEP GenCo and Buckeye own as tenants in common certain interests in real property and general facilities at the Cardinal Station; and

WHEREAS, Operating Company is a corporation organized under the laws of the State of Ohio to operate and maintain the aforesaid Cardinal Station in accordance with the provisions of this Agreement and otherwise as AEP GenCo and Buckeye may determine to be in their mutual interest; and

WHEREAS, the Station Agreement was originally dated as of January 1, 1968, and includes twelve prior amendments thereto dated, respectively, as of October 1, 1973, March 1, 1976, March 1, 1977, December 1, 1977, April 15, 1980, June 1, 1981, January 1, 1995, September 1, 1999, July 1, 2003, October 1, 2007, November 14, 2013, and January 1, 2014 (herein called the “Station Agreement”), concerning the operation and use of the Cardinal Station; and

WHEREAS, AEP GenCo, Buckeye and Operating Company desire by this Amendment to make certain changes to the Station Agreement and amend and restate the Station Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto do hereby agree as follows:

- 1. Effective as of the Effective Date of this Amendment, delete Article 1 through Article 15 of the Station Agreement in their entirety and in lieu thereof substitute the following:**

#### **ARTICLE ONE - DEFINITIONS.**

- 1.1. The following terms when used herein shall have the meanings specified:

*Additional Cardinal Station (Unit Three)* means the aggregate of (a) Buckeye's Additional Land (Unit Three Land), (b) Buckeye's Additional Unit (Unit Three), (c) the respective portions of the Common Land and the Cardinal Station Common Facilities allocable to Buckeye's Additional Unit (Unit Three), and (d) Buckeye's Additional (Unit Three) Substation Facilities.

*Additional Cardinal Station (Unit Three) Coal Stock* means the tons of coal in storage at the Cardinal Station for the Additional Cardinal Station (Unit Three).

*Cardinal Station Monthly Coal Requirement* in any month means the measured tons of coal used in the operation of the Cardinal Station during such month.

*Cardinal Station Monthly Consumable Handling Cost* in any month means the total monthly costs incurred by Operating Company for such month associated with the use of any Consumable for the Cardinal Station, excluding Consumable unloading and storing costs but including the cost of handling such Consumable.

*Cardinal Station Monthly Fuel Byproduct Handling Cost* in any month means the total monthly costs incurred by Operating Company for such month associated with the handling, loading, storing, barging, placement in the landfill or disposal of any Fuel Byproduct for the Cardinal Station.

*Cardinal Station Monthly Fuel Byproduct Credit* in any month means the total monthly credits or payments received by Operating Company from persons other than the Owners for such month associated with any Fuel Byproduct for the Cardinal Station, including, without limitation, credits or payments associated with the sale or reimbursement of barging for any Fuel Byproduct.

*Cardinal Station Monthly Fuel Handling Cost* in any month means the total monthly costs incurred by Operating Company for such month for handling all fuels for the Cardinal Station, excluding coal unloading and storing costs.

*PJM OATT* means the Federal Energy Regulatory Commission accepted Open Access Transmission Tariff of PJM Interconnection, LLC, or any successor tariff, including, but not limited to, any successor tariff of any regional transmission organization.

*AEP Transmission System* means the transmission and distribution facilities owned by affiliates of American Electric Power Company, Inc., including Ohio, or their successors in ownership or control of such facilities, including, but not limited to, any regional transmission organization.

*Agreement* means the Station Agreement, originally dated as of January 1, 1968, currently among AEP GenCo, Buckeye and Operating Company, as the same shall from time to time be amended, modified, revised and/or supplemented.

*Ancillary Services* means the services, other than electric generating capacity and energy, which a unit(s) at the Cardinal Station is capable of producing, including, without limitation, spinning reserve, regulation service and reactive power, which such services PJM may recognize as supporting the reliable operation of the PJM transmission grid.

*Buckeye's Additional Land (Unit Three Land)* means the parcels of land described as Buckeye's Additional Land (Unit Three Land) in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which descriptions may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Buckeye's Additional (Unit Three) Substation Facilities* means all items of property owned by Buckeye which are located at Cardinal Station appurtenant to Buckeye's Additional Unit (Unit Three), including retirements, replacements and/or additions from time to time made in respect thereof, and which are required and/or useful to connect Buckeye's Additional Unit (Unit Three) electrically with the Cardinal Station high voltage busses which are classified under Accounts 351 through 359 and Account 397 of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time. Buckeye's Additional (Unit Three) Substation Facilities are more specifically described in Part X of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Buckeye's Additional Unit (Unit Three)* means the nominally rated 620,000 kw steam electric generating unit which commenced commercial operation on September 20, 1977, including retirements, replacements and/or additions from time to time made in respect thereof. Buckeye's Additional Unit (Unit Three) is more specifically described in Part IV of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Buckeye's Additional Unit (Unit Three) Monthly Energy* for any month means the Total Net Generation of Buckeye's Additional Unit (Unit Three) allocated to Buckeye for such month in accordance with the principles set forth in Article Eight hereof.

*AEP GenCo's Initial Unit (Unit One) Monthly Energy* for any month means the Total Net Generation of AEP GenCo's Initial Unit (Unit One) allocated to AEP GenCo for such month in accordance with the principles set forth in Article Eight hereof.

*Buckeye Cardinal Hourly Demand* for any hour means the kilowatt demand at the Cardinal Station's high-voltage busses which is equal to the amounts of hourly power scheduled for such hour by Buckeye or its agent from Buckeye's Initial Unit (Unit Two) and Buckeye's Additional Unit (Unit Three) in accordance with Section 8.4.

*AEP GenCo Cardinal Hourly Demand* for any hour means the kilowatt demand at the Cardinal Station's high-voltage busses which is equal to the amounts of hourly power scheduled

for such hour by AEP GenCo or its agent from AEP GenCo's Initial Unit (Unit One) in accordance with Section 8.4.

*Buckeye's Initial Land (Unit Two Land)* means the parcel of land described as Buckeye's Initial Land (Unit Two Land) in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Buckeye's Initial (Unit Two) Substation Facilities* means all items of property located at the Initial Cardinal Station (Units One and Two) appurtenant to Buckeye's Initial Unit (Unit Two), including retirements, replacements and/or additions from time to time made in respect thereof, and which are required and/or useful to connect Buckeye's Initial Unit (Unit Two) electrically with the Cardinal Station high voltage busses which are classified under Accounts 351 through 359 and Account 397 of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time. Buckeye's Initial (Unit Two) Substation Facilities are more specifically described in Part IX of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Buckeye's Initial Unit (Unit Two)* means the nominally rated 590,000 kw steam electric generating unit, including retirements, replacements and/or additions from time to time made in respect thereof, which commenced commercial operation on July 1, 1967. Buckeye's Initial Unit (Unit Two) is more specifically described in Part III of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Buckeye's Initial Unit (Unit Two) Monthly Energy* for any month means the Total Net Generation of Buckeye's Initial Unit (Unit Two) for such month determined in accordance with the principles set forth in Article Eight hereof.

*Buckeye Member* means (a) any one of the twenty-five electric companies organized and operated not for profit on a cooperative basis and which together constitute the present membership of Buckeye, (b) any electric company similarly organized and operated which may hereafter be or become a member of Buckeye, and (c) any successor to any existing Buckeye Member or Buckeye Members except (i) a successor which is at the date of this Agreement a public utility included as such under the definition of that term contained in Section 4905.02 of the Revised Code of Ohio or which is a successor to any such public utility, or (ii) Buckeye or a successor to Buckeye, or (iii) a successor which is a political subdivision of the State of Ohio or a municipal corporation, bureau or department organized by or serving any such political subdivision or any other governmental agency or any successor to any of the foregoing.

*Buckeye's Monthly Energy* means the sum of Buckeye's Initial Unit (Unit Two) Monthly Energy and Buckeye's Additional Unit (Unit Three) Monthly Energy.

*Buckeye Mortgage* means the Mortgage and Deed of Trust dated as of April 1, 1968, as supplemented, amended, and restated from time to time, or any successor document superseding or replacing such Mortgage and Deed of Trust, made by Buckeye with The Ohio National Bank

of Columbus (now US Bank National Association) or any successor trustee, as Trustee. Whenever reference is made in this Agreement to the Trustees under the Buckeye Mortgage, or to the corporate trustee under the Buckeye Mortgage, such terms shall mean the corporations or corporation which shall at the time in question be acting in such capacities or capacity under the Buckeye Mortgage.

*Buckeye's Units (Units Two and Three)* means Buckeye's Initial Unit (Unit Two) and Buckeye's Additional Unit (Unit Three).

*Capacity Credits* means the credits or rights allocated, assigned or recognized by PJM for or to the electric generating capacity of the Cardinal Station, however such credits or rights may be described or named by PJM and in whatever manner and for whatever period such credits or rights may be allocated, assigned or recognized by PJM, which credits or rights may be used by the holder or owner thereof to meet any obligations imposed by PJM on load serving entities to obtain such capacity credits or rights in order to serve load located within PJM.

*Cardinal Station* means the steam electric generating station located near Brilliant, Ohio, as from time to time modified or expanded as contemplated by this Agreement or otherwise, including the Initial Cardinal Station (Units One and Two) and the Additional Cardinal Station (Unit Three).

*Cardinal Station Common Facilities* means all items of property associated with the Cardinal Station which are useful and/or necessary for operation of the Cardinal Units, including retirements, replacements and/or additions from time to time made in respect thereof, and which cannot be properly associated specifically with AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), Buckeye's Additional Unit (Unit Three), AEP GenCo's (Unit One) Substation Facilities, Buckeye's Initial (Unit Two) Substation Facilities or Buckeye's Additional (Unit Three) Substation Facilities. The Cardinal Station Common Facilities are more specifically described in Part VI of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Cardinal Station Fuel Byproduct Stock* means, for any inventoried Fuel Byproduct, the weight of such Fuel Byproduct in storage or landfill at the Cardinal Station for disposal at the Cardinal Station or for sale.

*Cardinal Station Monthly Fuel Byproduct Production* in any month means the measured weight of any particular Fuel Byproduct produced at the Cardinal Station during such month.

*Cardinal Station Consumable Stock* means, for any inventoried Consumable, the weight of such Consumable in storage at the Cardinal Station for the operation of the Cardinal Station.

*Cardinal Station Monthly Consumable Requirement* in any month means the measured weight of any particular inventoried Consumable used in the operation of the Cardinal Station during such month.

*Cardinal Station Monthly Maintenance Cost* in any month means the total maintenance expenses allocable to the Cardinal Station for such month.

*Cardinal Station Monthly Prorated Capacity Cost* in any month means the total expense charged to Operation and Maintenance Expense Accounts of the Uniform System of Accounts, other than expenses for fuel, fuel handling costs, Consumables, Consumables handling costs and maintenance, for such month allocable to the Cardinal Station, which shall not include any part of either Owner's administrative expenses, but shall include Cardinal Station overhead consisting of (a) any administrative and general expenses which are incurred directly by Operating Company and (b) the costs to Operating Company for special services of the character to be rendered by Buckeye, AEP GenCo, or AEP Service Corporation, under the agreements referred to in Section 12.11.

*Cardinal Station Operating Committee* means the committee established as provided in Section 13.1

*Cardinal Station Site* means the several parcels of land described as the Cardinal Station Site in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which descriptions may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Cardinal Units* means AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two) and Buckeye's Additional Unit (Unit Three).

*Common Land* means the parcels of land jointly owned by Buckeye and AEP GenCo described as the Common Land in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Consumable* means any non-fuel material used as part of the operation of the Cardinal Station. Consumables shall include limestone, urea, trona, and any other non-fuel materials that the Operating Company may deem a Consumable.

*Credit Rating* means, with respect to any entity, the rating then assigned to such entity's senior unsecured long-term non-credit enhanced debt or if such entity does not have a rating for its senior unsecured long-term non-credit enhanced debt, the rating then assigned to such entity as an issuer or corporate rating by S&P, Moody's or any other rating agency agreed to by the Owners.

*Date of Commercial Operation* means February 1, 1967 in the case of AEP GenCo's Initial Unit (Unit One), July 1, 1967 in the case of Buckeye's Initial Unit (Unit Two), and September 20, 1977 in the case of Buckeye's Additional Unit (Unit Three).

*FGD System* means a flue gas desulfurization system employed for the treatment of sulfur dioxide gas emissions caused by the coal combustion of Buckeye's Initial Unit (Unit Two), AEP GenCo's Initial Unit (Unit One) or Buckeye's Additional Unit (Unit Three).

*Fuel Byproduct* means any material produced or derived as part of the process of consuming fuel for the generation of electricity at the Cardinal Station. Fuel Byproducts shall

include gypsum, ash and any other non-fuel materials that the Operating Company may deem a Fuel Byproduct.

*General Facilities* means all items of property at Cardinal Station that comprise the Initial Cardinal Station (Units One and Two) General Facilities and the Cardinal Station Common Facilities.

*Initial Cardinal Station Coal Stock* means Buckeye's Initial Cardinal Station (Unit Two) Coal Stock and AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock.

*Initial Cardinal Station (Units One and Two)* means the aggregate of (a) AEP GenCo's Land (Unit One Land), Buckeye's Initial Land (Unit Two Land) and the Joint Land, (b) Buckeye's Initial Unit (Unit Two), (c) AEP GenCo's Initial Unit (Unit One), (d) the Initial Cardinal Station (Units One and Two) General Facilities, (e) Buckeye's Initial (Unit Two) Substation Facilities, (f) AEP GenCo's (Unit One) Substation Facilities, and (g) the respective portions of the Common Land and the Cardinal Station Common Facilities allocable to Buckeye's Initial Unit (Unit Two) and AEP GenCo's Initial Unit (Unit One).

*Buckeye's Initial Cardinal Station (Unit Two) Coal Stock* means the tons of coal in storage at the Cardinal Station for Buckeye's Initial Unit (Unit Two).

*AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock* means the tons of coal in storage at the Cardinal Station for AEP GenCo's Initial Unit (Unit One).

*Initial Cardinal Station (Units One and Two) General Facilities* means all items of property associated with the Initial Cardinal Station (Units One and Two) which are useful and/or necessary for operation of the Initial Units (Units One and Two) but not Buckeye's Additional Unit (Unit Three) or Buckeye's Additional (Unit Three) Substation Facilities, including retirements, replacements and/or additions from time to time made in respect thereof, and which cannot be properly associated specifically with AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), AEP GenCo's (Unit One) Substation Facilities or Buckeye's Initial (Unit Two) Substation Facilities. The Initial Cardinal Station (Units One and Two) General Facilities are more specifically described in Part V of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Initial Unit* means either AEP GenCo's Initial Unit (Unit One) or Buckeye's Initial Unit (Unit Two).

*Joint Land* means the parcels of land jointly owned by Buckeye and AEP GenCo described as Joint Land in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which descriptions may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Landfill Land* means the parcels of land jointly owned by Buckeye and AEP GenCo described as Landfill Land in the descriptions of the Cardinal Station Site contained in Part I of Appendix A hereto, which descriptions may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Letter(s) of Credit* means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch, with such bank having a long term debt or a deposit rating of at least A- from S&P or A3 from Moody's and having at least \$10 Billion United States Dollars in assets, with such letters of credit in a form reasonably acceptable to the Owner in whose favor the letter of credit is issued. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

*Major Spare Parts* means the spare parts usable at the Cardinal Station listed in Appendix D hereto and in any subsequent addition to said Appendix D made in accordance with the provisions of Section 4.1.

*Maximum Permissible Continuous Loading* means the maximum continuous loading capability of any generating unit as established in accordance with the procedure set forth in Appendix C hereto.

*Moody's* means Moody's Investors Service, Inc. or its successor.

*AEP GenCo Associate* means the affiliated utility operating companies of AEP GenCo located in the PJM region, consisting of Appalachian Power Company, Ohio Power Company, Indiana Michigan Power Company, Kentucky Power Company and their respective successor utility operating companies with respect to which 50% or more of the outstanding voting securities are owned, directly or indirectly, by American Electric Power Company, Inc.

*Ohio* means Ohio Power Company, an Ohio corporation.

*Ohio's Bulk Transmission Facilities* means the 138-kv, 345-kv and 765-kv transmission facilities owned by Ohio or its successors in ownership of such facilities, including, but not limited to, any regional transmission organization, and such higher voltage transmission facilities as Ohio or such successors may install and own subsequent to the date hereof.

*AEP GenCo's Initial Unit (Unit One)* means the nominally rated 590,000 kw steam electric generating unit, including retirements, replacements and/or additions from time to time made in respect thereof, which generating unit commenced commercial operation on February 1, 1967. AEP GenCo's Initial Unit (Unit One) is more specifically described in Part II of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*AEP GenCo's Land (Unit One Land)* means the parcel of land described as AEP GenCo's Land (Unit One Land) in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*AEP GenCo's Monthly Energy* means AEP GenCo's Initial Unit (Unit One) Monthly Energy.

*AEP GenCo's (Unit One) Substation Facilities* means all items of property owned by AEP GenCo which are located at Cardinal Station appurtenant to AEP GenCo's Initial Unit (Unit One), including retirements, replacements and/or additions from time to time made in respect



thereof, and which are required and/or useful to connect AEP GenCo's Initial Unit (Unit One) electrically with the high voltage busses for Cardinal Station which are located in Ohio's Tidd Plant substation and which are classified under Accounts 351 through 359 and Account 397 of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time. AEP GenCo's (Unit One) Substation Facilities are more specifically described in Part VIII of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Operating Company* means Cardinal Operating Company, an Ohio corporation organized by Ohio and Buckeye to operate Cardinal Station as herein provided.

*Owner* means either AEP GenCo or Buckeye or their respective successors in interest at the Cardinal Station, as the case may be.

*Owners* means AEP GenCo and Buckeye or their respective successors in interest at the Cardinal Station collectively.

*Performance Assurance* means collateral in the form of either cash, Letter(s) of Credit, or a guaranty in the form set forth in Appendix B from a guarantor with a Credit Rating equal to or greater than BBB- from S&P or Baa3 from Moody's, or other security acceptable to the requesting Owner.

*PJM* means PJM Interconnection, L.L.C., or any successor regional transmission organization, which owns or controls the AEP Transmission System.

*Property Unit* means either (i) a unit of property as such units are defined in the Retirement Unit List, or (ii) an item of property, the investment in which at the time of commercial operation thereof is in excess of \$25,000, unless the Owners shall mutually agree that such item of property shall not be a Property Unit.

*S&P* means Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

*Retirement Unit List* means the publication listing retirement units for steam production property kept by Buckeye or Operating Company in accordance with applicable requirements of regulatory authorities and heretofore delivered to AEP GenCo by Buckeye or Operating Company or any revised Retirement Unit List substituted therefor pursuant to Section 3.4.

*Substation Land* means the parcel of land described as Substation Land in the description of the Cardinal Station Site contained in Part I of Appendix A hereto, which description may be modified or supplemented from time to time by mutual agreement among the parties hereto.

*Total Net Available Capability* of any unit at the Cardinal Station for any hour means the Total Net Capability of such unit, adjusted for circulating water temperature, fuel quality and availability, equipment condition and scheduled and forced outages and other factors affecting capability that may prevail in such hour.

*Total Net Capability* of any generating unit or combination of generating units means the total net capability of such unit or units in kilowatts as of the high voltage Cardinal Station busses determined in accordance with the provisions of Appendix C hereto.

*Total Net Generation* in any month, as applied to any generating unit or combination of generating units, means the net electrical output of such unit or units during such month as of the high-voltage busses of Cardinal Station, determined in accordance with the provisions of Appendix C hereto.

*Uniform System of Accounts* means the uniform system of accounts prescribed by the Federal Energy Regulatory Commission, as in effect on the date of Amendment No. 13 to the Agreement.

## **ARTICLE TWO - OWNERSHIP OF FACILITIES.**

2.1. (a) Buckeye's Initial Land (Unit Two Land) and Buckeye's Initial Unit (Unit Two) located thereon and Buckeye's Additional Land (Unit Three Land) and Buckeye's Additional Unit (Unit Three) located thereon shall be owned by Buckeye, and Buckeye's Initial Unit (Unit Two) and Buckeye's Additional Unit (Unit Three) shall be operated by Operating Company in accordance with the provisions of this Agreement.

(b) AEP GenCo's Land (Unit One Land) and AEP GenCo's Initial Unit (Unit One) located thereon shall be owned by AEP GenCo, and AEP GenCo's Initial Unit (Unit One) shall be operated by Operating Company in accordance with the provisions of this Agreement.

(c) Substation Land shall be owned by Ohio subject to the right of Buckeye to own any of Buckeye's Initial (Unit Two) Substation Facilities and Buckeye's Additional (Unit Three) Substation Facilities located thereon, and the right of AEP GenCo to own any of AEP GenCo's (Unit One) Substation Facilities located thereon.

(d) Buckeye's Initial (Unit Two) Substation Facilities and Buckeye's Additional (Unit Three) Substation Facilities shall be owned by Buckeye and shall be located on Buckeye's Initial Land (Unit Two Land), Buckeye's Additional Land (Unit Three Land), Joint Land, Common Land, and Substation Land.

(e) AEP GenCo's (Unit One) Substation Facilities shall be owned by AEP GenCo and shall be located on AEP GenCo's Land (Unit One Land), Joint Land, Common Land, and Substation Land.

(f) The Joint Land and the Initial Cardinal Station (Units One and Two) General Facilities shall be owned by Buckeye and AEP GenCo as tenants in common of the whole thereof, and each of them shall have an undivided one-half interest therein. The ownership of the Initial Cardinal Station (Units One and Two) General Facilities by Buckeye and AEP GenCo as tenants in common shall exist regardless of whether in fact any one or more parts of the Initial Cardinal Station (Units One and Two) General Facilities shall be affixed to real property owned by either Buckeye or AEP GenCo.

(g) The Landfill Land, the Common Land and the Cardinal Station Common Facilities shall be owned by Buckeye and AEP GenCo as tenants in common of the whole thereof, and Buckeye shall have an undivided two-third interest therein, and AEP GenCo shall have an undivided one-third interest therein. The ownership of the Cardinal Station Common Facilities by Buckeye and AEP GenCo as tenants in common shall exist regardless of whether in fact any one or more parts of the Cardinal Station Common Facilities shall be affixed to real property owned by either Buckeye or AEP GenCo.

(h) Buckeye and AEP GenCo recognize that because the property constituting the Cardinal Station Common Facilities will be useful and/or necessary for the operation of each of Buckeye's Initial Unit (Unit Two), Buckeye's Additional Unit (Unit Three), and AEP GenCo's Initial Unit (Unit One), the construction costs of such Cardinal Station Common Facilities will be allocated two-thirds to Buckeye and one-third to AEP GenCo, unless Buckeye and AEP GenCo agree to allocate such construction costs in another manner as will reflect the relationships of such Cardinal Station Common Facilities to the three generating units involved.

(i) AEP GenCo and Buckeye will execute and deliver any and all such instruments and documents as may from time to time be reasonably requested by one from the other to confirm their respective property rights and interests in and to the several parcels of real property constituting the Cardinal Station Site, other than the Substation Land, and in and to the facilities constituting the Cardinal Station, or any of them, including requisite easements for access thereto, as herein provided and including for purposes of updating the description of such real property and facilities contained in Appendix A. Buckeye and AEP GenCo shall arrange to obtain easements from Ohio for their generation-related facilities located on the Substation Land, and Buckeye and AEP GenCo shall grant easements to Ohio for Ohio's transmission-related facilities located on Buckeye's Initial Land (Unit Two Land), Buckeye's Additional Land (Unit Three Land), AEP GenCo's Land (Unit One Land), the Joint Land, the Common Land, and/or the Landfill Land.

2.2. Buckeye and AEP GenCo hereby agree to grant to each other appropriate permanent easements to utilize such coal storage facilities, circulating water tunnels, salt storage basins, water treatment facilities and such other facilities as may be the property of one Owner and are necessary for the operation of the other Owner's Initial Unit and/or Buckeye's Additional Unit (Unit Three), to the extent that such use will not impair the operation of either Owner's Initial Unit and/or Buckeye's Additional Unit (Unit Three).

2.3. The parties acknowledge that AEP GenCo's or Ohio's Tidd Station is no longer operational and has been demolished and was located on the Common Land. The parties have agreed on the sharing between them of the costs thereof. AEP GenCo will indemnify and hold Buckeye and its employees, agents, officers, directors, and affiliates harmless from and against any and all losses, liabilities, costs, expense and damages associated with claims or causes of action regarding the operation of the Tidd Station, including reasonable attorney fees incurred by such indemnified parties to defend against such claims or causes of action, and including claims or causes of action regarding hazardous materials or pollution located on the site of the Tidd Station in connection with the operation of the Tidd Station.

2.4. [reserved].

2.5. Neither AEP Genco nor Buckeye shall, so long as this Agreement shall remain in effect, bring any action for partition in respect of the Joint Land, the Common Land, the Landfill Land, the Initial Cardinal Station (Units One and Two) General Facilities and/or the Cardinal Station Common Facilities.

2.6. (a) AEP GenCo shall pay any property taxes applicable to AEP GenCo's Land (Unit One Land), and to its improvements thereon, and Buckeye shall pay any property taxes applicable to Buckeye's Initial Land (Unit Two Land) and Buckeye's Additional Land (Unit Three Land), and to its improvements thereon. AEP GenCo and Buckeye shall pay the property taxes applicable to their respective ownership interests in the Joint Land, the Common Land, the Landfill Land, and any improvements thereon, and in the General Facilities. Ohio shall pay any property taxes applicable to the Substation Land and to its improvements thereon, Buckeye shall pay any property taxes applicable to its improvements located on the Substation Land, and AEP GenCo shall pay any property taxes applicable to its improvements located on the Substation Land.

(b) Each Owner agrees to adequately insure its respective properties and property interests at the Cardinal Station, whether held by it in its individual capacity or as tenant in common with the other, with mutually agreeable coverage against public liability, losses resulting from fire, machinery breakdown, explosion of pressure vessels and other risks customarily insured against in the case of comparable power plant facilities, and each policy of insurance obtained by either Owner shall name the other Owner and Operating Company as persons insured thereunder. The Owners will mutually agree on, in advance and update from time to time, as necessary, insurance requirements for outside contractors engaged by the Operating Company, and the general terms and conditions under which outside services are provided. Operating Company will use commercially reasonable and diligent efforts to require that all contracts with third parties relating to Cardinal Station contain such mutually agreed to general terms and conditions, including insurance requirements for outside contractors, and provide the same protection for the Owners as for the Operating Company. This protection shall include, but not be limited to, obligations of such third parties to indemnify all of the Owners for breaches by such third parties of such general terms and conditions for outside services.

2.7. In the event that any adverse claim should be asserted by any third party against the Cardinal Station Site or any part thereof, other than the Substation Land, whether owned by AEP GenCo or Buckeye or AEP GenCo and Buckeye as tenants in common, which is based or purports to be based on an alleged defect in title to the property constituting the subject of such claim, AEP GenCo and Buckeye shall cooperate in taking such action as may be required to defend against such claim and shall share equally all costs and expenses incurred in connection with such claim and defense.

2.8. (a) If requested by AEP GenCo, Buckeye shall deliver to AEP GenCo (i) within 120 days following the end of each fiscal year of Buckeye, a copy of Buckeye's annual report containing consolidated audited financial statements for such fiscal year and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of Buckeye, a copy of Buckeye's quarterly report containing consolidated unaudited financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that

should any such statements not be available on a timely basis due to a delay in preparation or certification, Buckeye shall diligently pursue the preparation, certification and delivery of the statements.

(b) If at any time Buckeye's Credit Rating falls below BBB- from S&P and Baa3 from Moody's, or if Buckeye is not rated by either S&P or Moody's, then AEP GenCo may by notice to Buckeye require Buckeye to provide Performance Assurance in an amount determined in accordance with the formula set forth below for the then-current calendar year and for the following calendar year(s), as such amount is reset from time to time in accordance with this Section 2.8, until Buckeye obtains a Credit Rating of BBB- or greater from S&P or Baa3 or greater from Moody's. Upon receipt of such notice, Buckeye shall have ten (10) days to remedy the situation by providing such Performance Assurance to AEP GenCo for the applicable calendar year. If Buckeye provides Performance Assurance in the form of a guaranty, and the Credit Rating for Buckeye's guarantor falls below BBB- from S&P and Baa3 from Moody's, or if such guarantor is not rated by S&P or Moody's at any point during the term of the guaranty, AEP GenCo may by notice to Buckeye require Buckeye to provide substitute Performance Assurance that otherwise complies with the requirements of this Agreement, and upon the provision of such substitute Performance Assurance, whether from an alternate guarantor with the required Credit Ratings or a Letter of Credit or cash, the guaranty from the original guarantor shall automatically terminate and be of no further force and effect (and the guarantor shall have no liability thereunder) on and as of such date of substitution. If Buckeye's Credit Rating, subsequent to providing Performance Assurance to AEP GenCo, is equal to or greater than BBB- from S&P or Baa3 from Moody's, AEP GenCo will return the then balance of Performance Assurance to Buckeye.

FORMULA FOR CALCULATION OF  
BUCKEYE PERFORMANCE ASSURANCE MAXIMUM AMOUNT

Calculation as of the date of the Performance Assurance request for the then-current calendar year, until reset, as set forth below:

An amount equal to the sum of:

- \$ \_\_\_\_\_ 1) Twelve (12) times the average monthly "billable costs" (meaning, for all purposes of the calculation of Performance Assurance, costs incurred by Operating Company on behalf of the Owners and billed to the Owners, and not costs incurred by the Owners on their own behalf) of Buckeye's share of the estimated cost of any retirement, replacement or addition of a Property Unit made or expected to be made under Section 3.2 of the Agreement during the current calendar year, as approved in Operating Company's budget for such period; and
- \$ \_\_\_\_\_ 2) For other expenses, Buckeye's share of twelve (12) times the average monthly billable costs under the Agreement of Buckeye for the current calendar year, as approved in Operating Company's current budget for such period times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget), including, by way of example:

a. Twelve (12) times the average monthly billable costs of Buckeye's share of Consumables, fuel oil reserves and fuel oil charged to Buckeye under Article 6 of the Agreement, times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget), and

b. Twelve (12) times the average monthly billable costs of Buckeye's share of apportioned Cardinal Station costs related to fuel supply costs (excluding Coal) under Article 7 of the Agreement, including Buckeye's share of the Cardinal Station Monthly Consumable Requirement, the Cardinal Station Monthly Fuel Handling Cost, the Cardinal Station Monthly Consumable Handling Cost, the Cardinal Station Monthly Fuel Byproduct Handling Cost and Buckeye's share of all fuel oil consumed, calculated pursuant to Section 7.2 and Section 7.3 of the Agreement, times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget), and

c. Twelve (12) times the average monthly billable costs of Buckeye's share of the Cardinal Station Monthly Maintenance Costs calculated under Section 7.4 of the Agreement, Buckeye's share of the Cardinal Station Monthly Prorated Capacity Cost calculated under Section 7.5 of the Agreement, and Buckeye's costs of consumed emissions allowances under Section 7.6 of the Agreement, times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget); and

\$ \_\_\_\_\_ 3) 110% of Operating Company's and Buckeye's good faith estimate of Buckeye's allocated portion of the expected present value of decommissioning expenses associated with the General Facilities, including fly ash, bottom ash and FGD System byproducts impoundments, initially estimated at \$52,000,000.

Minus:

\$ \_\_\_\_\_ After demand from AEP GenCo, any amounts previously paid to Operating Company or AEP GenCo by application of any previous Performance Assurance provided by Buckeye to Operating Company or AEP GenCo for payment of obligations due to Operating Company or AEP GenCo from Buckeye; and

\$ \_\_\_\_\_ Any amounts previously paid by Buckeye for decommissioning expenses associated with Buckeye's Initial Unit (Unit Two) and/or Buckeye's Additional Unit (Unit Three);

Equals:

\$ \_\_\_\_\_ **Total Performance Assurance Maximum Amount for Buckeye**

After providing Performance Assurance, should Buckeye's Credit Rating remain below BBB- from S&P and Baa3 from Moody's or if Buckeye is not rated by S&P or Moody's, the Total Performance Assurance Maximum Amount shall be reset on or before January 31<sup>st</sup> of each

subsequent calendar year(s), as applicable, and Operating Company shall calculate the applicable amount in accordance with the above formula, and Operating Company will provide notice thereof to Buckeye; provided that, until the determination and notice to Buckeye of the new Total Performance Assurance Maximum Amount, and the provision by Buckeye to AEP GenCo of Performance Assurance in such reset amount by no later than February 7 of the applicable calendar year, the applicable Total Performance Assurance Maximum Amount for the previous year shall continue to apply. Buckeye shall have until no later than February 7 of the applicable calendar year to provide Performance Assurance to AEP GenCo in the amount reset for the applicable calendar year. If Buckeye provides Performance Assurance in the form of a guaranty, Buckeye may substitute the entity that serves as the guarantor by providing a guarantee in the format of Appendix B from an alternate guarantor, provided such alternate guarantor has a Credit Rating of BBB- from S&P or Baa3 from Moody's, and upon the provision of a guarantee from an alternate guarantor, the guarantee from the original guarantor shall automatically terminate and be of no further force and effect (and the guarantor shall have no liability thereunder) on and as of such date of substitution. If Buckeye provides Performance Assurance in the form of a Letter of Credit, Buckeye may substitute the bank that serves as the Letter of Credit provider by providing a Letter of Credit from an alternate bank, provided such alternate bank is a U.S. commercial bank or a foreign bank with a U.S. branch having a long term debt or a deposit rating of at least A- from S&P or A3 from Moody's and having at least \$10 Billion United States Dollars in assets.

(c) If requested by Buckeye, AEP GenCo shall deliver to Buckeye (i) within 120 days following the end of each fiscal year of AEP GenCo's guarantor, a copy of the annual report of AEP GenCo's guarantor containing consolidated audited financial statements for such fiscal year, provided, that if AEP GenCo has a Credit Rating equal to or greater than BBB- from S&P or Baa3 from Moody's, AEP GenCo will instead provide within 120 days following the end of each of its fiscal years a copy of AEP GenCo's annual report containing consolidated audited financial statements for such fiscal year, and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of AEP GenCo's guarantor, a copy of AEP GenCo's guarantor's quarterly report containing consolidated unaudited financial statements for such fiscal quarter, provided, that if AEP GenCo has a Credit Rating equal to or greater than BBB- from S&P or Baa3 from Moody's, AEP GenCo will instead provide within 60 days following the end of each of the first three fiscal quarters of each fiscal year of AEP GenCo, a copy of AEP GenCo's quarterly report containing consolidated unaudited financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, AEP GenCo or AEP GenCo's guarantor, as applicable, shall diligently pursue the preparation, certification and delivery of the statements.

(d) If at any time AEP GenCo's Credit Rating falls below BBB- from S&P and Baa3 from Moody's, or if AEP GenCo is not rated by either S&P or Moody's, then Buckeye may by notice to AEP GenCo require AEP GenCo to provide Performance Assurance in an amount determined in accordance with the formula set forth below for the then-current calendar year and for the following calendar year(s), as such amount is reset from time to time in accordance with this Section 2.8, until AEP GenCo obtains a Credit Rating of BBB- or greater from S&P or Baa3 or greater from Moody's. Upon receipt of such notice, AEP GenCo shall

have ten (10) days to remedy the situation by providing such Performance Assurance to Buckeye for the applicable calendar year. If AEP GenCo's Credit Rating, subsequent to providing Performance Assurance to Buckeye, is equal to or greater than BBB- from S&P or Baa3 from Moody's, Buckeye will return the then balance of Performance Assurance to AEP GenCo. As AEP GenCo will not initially have a Credit Rating, prior to the date of this Agreement, Buckeye will be deemed to have given AEP Genco notice of a requirement to provide Performance Assurance in an amount determined in accordance with the formula set forth below to Buckeye, and AEP GenCo will deliver such Performance Assurance prior to the date of this Agreement. If AEP GenCo provides Performance Assurance in the form of a guaranty, and the Credit Rating for AEP GenCo's guarantor falls below BBB- from S&P and Baa3 from Moody's, or if such guarantor is not rated by S&P or Moody's at any point during the term of the guaranty, Buckeye may by notice to AEP GenCo require AEP GenCo to provide substitute Performance Assurance that otherwise complies with the requirements of this Agreement, and upon the provision of such substitute Performance Assurance, whether from an alternate guarantor with the required Credit Ratings or a Letter of Credit or cash, the guaranty from the original guarantor shall automatically terminate and be of no further force and effect (and the guarantor shall have no liability thereunder) on and as of such date of substitution.

FORMULA FOR CALCULATION OF  
AEP GENCO PERFORMANCE ASSURANCE MAXIMUM AMOUNT

Calculation as of the date of the Performance Assurance request for the then-current calendar year, until reset, as set forth below:

An amount equal to the sum of:

\$\_\_\_\_\_ 1) Twelve (12) times the average monthly "billable costs" (meaning, for all purposes of the calculation of Performance Assurance, costs incurred by Operating Company on behalf of the Owners and not costs incurred by the Owners on their own behalf) of AEP GenCo's share of the estimated cost of any retirement, replacement or addition of a Property Unit made or expected to be made under Section 3.2 of the Agreement during the current calendar year, as approved in Operating Company's budget for such period; and

\$\_\_\_\_\_ 2) For other expenses, AEP GenCo's share of twelve (12) times the average monthly billable costs under the Agreement of AEP GenCo for the current calendar year, as approved in Operating Company's current budget for such period times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget), including, by way of example:

a. Twelve (12) times the average monthly billable costs of AEP GenCo's share of Consumables, fuel oil reserves and fuel oil charged to AEP GenCo under Article 6 of the Agreement, times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget); and



b. Twelve (12) times the average monthly billable costs of AEP GenCo's share of apportioned Cardinal Station costs related to fuel supply costs (excluding Coal) under Article 7 of the Agreement, including AEP GenCo's share of the Cardinal Station Monthly Consumable Requirement, the Cardinal Station Monthly Fuel Handling Cost, the Cardinal Station Monthly Consumable Handling Cost, the Cardinal Station Monthly Fuel Byproduct Handling Cost, and AEP GenCo's share of all fuel oil consumed, calculated pursuant to Section 7.2 and Section 7.3 of the Agreement, times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget); and

c. Twelve (12) times the average monthly billable costs of AEP GenCo's share of the Cardinal Station Monthly Maintenance Costs calculated under Section 7.4 of the Agreement, AEP GenCo's share of the Cardinal Station Monthly Prorated Capacity Cost calculated under Section 7.5 of the Agreement, and AEP GenCo's costs of consumed emissions allowances under Section 7.6 of the Agreement, times 110% (or if the current budget is not yet approved, based on 120% of the last approved annual budget); and

\$\_\_\_\_\_ 3) 110% of Operating Company's and AEP GenCo's good faith estimate of AEP GenCo's allocated portion of the expected present value of decommissioning expenses associated with the General Facilities, including fly ash, bottom ash and FGD System byproducts impoundments, initially estimated at \$26,000,000.

Minus:

\$\_\_\_\_\_ After demand from Buckeye, any amounts previously paid to Operating Company or Buckeye by application of any previous Performance Assurance provided by AEP GenCo to Operating Company or Buckeye for payment of obligations due to Operating Company or Buckeye from AEP GenCo; and

\$\_\_\_\_\_ Any amounts previously paid by AEP GenCo for decommissioning expenses associated with AEP GenCo's Initial Unit (Unit One);

Equals:

\$\_\_\_\_\_ Total Performance Assurance Maximum Amount for AEP GenCo

After providing Performance Assurance, should AEP GenCo's Credit Rating remain below BBB- from S&P and Baa3 from Moody's or if AEP GenCo is not rated by S&P or Moody's, the Total Performance Assurance Maximum Amount shall be reset on or before January 31st of each subsequent calendar year(s), as applicable, and Operating Company shall calculate the applicable amount in accordance with the above formula, and Operating Company will provide notice thereof to AEP GenCo; provided that, until the determination and notice to AEP GenCo of the new Total Performance Assurance Maximum Amount, and the provision by AEP Genco to Buckeye of Performance Assurance in such reset amount by no later than

February 7 of the applicable calendar year, the applicable Total Performance Assurance Maximum Amount for the previous year shall continue to apply. AEP GenCo shall have until no later than February 7 of the applicable calendar year to provide Performance Assurance to Buckeye in the amount reset for the applicable calendar year. If AEP GenCo provides Performance Assurance in the form of a guaranty, AEP GenCo may substitute the entity that serves as the guarantor by providing a guaranty in the format of Appendix B from an alternate guarantor, provided such alternate guarantor has a Credit Rating of BBB- from S&P or Baa3 from Moody's, and upon the provision of a guaranty from an alternate guarantor, the guaranty from the original guarantor shall automatically terminate and be of no further force and effect (and the guarantor shall have no liability thereunder) on and as of such date of substitution. If AEP GenCo provides Performance Assurance in the form of a Letter of Credit, AEP GenCo may substitute the bank that serves as the Letter of Credit provider by providing a Letter of Credit from an alternate bank, provided such alternate bank is a U.S. commercial bank or a foreign bank with a U.S. branch having a long term debt or a deposit rating of at least A- from S&P or A3 from Moody's and having at least \$10 Billion United States Dollars in assets.

(e) To secure its obligations under this Agreement and to the extent either Owner or both Owners deliver(s) Performance Assurance hereunder to the other Owner, each such party that delivers Performance Assurance (a "Pledgor") hereby grants to the other party (the "Secured Party") a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party as Performance Assurance hereunder, and each such party agrees to take such action as the other party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of setoff against), such collateral.

Upon or any time after the occurrence and during the continuation of a Pledgor's material breach of this Agreement, the other party holding Performance Assurance may do any one or more of the following:

- (i) exercise any of the rights and remedies of a Secured Party with respect to all such Performance Assurance, including any such rights and remedies under law then in effect;
- (ii) exercise its rights of setoff against any and all such Performance Assurance in the possession of the Secured Party or its agent;
- (iii) draw on any outstanding Letter of Credit issued for its benefit; and
- (iv) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of purchase or redemption by the Pledgor.

The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor's obligations under the Agreement (the Pledgor remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

(f) For Performance Assurance in the form of cash that is held by a party the interest rate will be, for any day, the federal funds (effective) rate in effect for such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System. Such interest shall be calculated commencing on the date Performance Assurance in the form of cash is received by a Secured Party but excluding the earlier of: (i) the date Performance Assurance in the form of cash is returned to the Pledgor; or (ii) the date Performance Assurance in the form of cash is applied to a Pledgor's obligations. The Pledgor shall invoice the Secured Party monthly setting forth the calculation of the interest amount due, and the Secured Party shall make payment thereof by the later of (x) the third Business Day of the first month after the last month to which such invoice relates or (y) the third Business Day after the day on which such invoice is received.

### **ARTICLE THREE - RETIREMENTS, REPLACEMENTS AND ADDITIONS.**

3.1. (a) When a Property Unit is retired from service, the investment in such Property Unit shall for the purpose of all computations under this Agreement be removed from the applicable plant investment account of the Owner thereof or the Owners, as the case may be, and from any related reserve for depreciation, as of the out-of-service date of such Property Unit.

(b) When a Property Unit is placed in service replacing a retired Property Unit, or when a Property Unit is placed in service but not as a replacement, the original investment in such replacement or additional Property Unit, as the case may be, shall for the purpose of all computations made under this Agreement be added to the plant investment of the Owner thereof or the Owners, as the case may be, as of the in-service date of such Property Unit.

(c) A removal, change or supplement of an item of property which, of itself, consists of less than an entire Property Unit shall not be deemed to constitute a retirement, replacement or addition of a Property Unit, and any expense involved therein shall constitute maintenance expense.

3.2. (a) Operating Company shall, from time to time, recommend to the Owners action to be taken in connection with the retirement, replacement or addition of Property Units to any portion of the Cardinal Station (such recommendation to take into account the current market and market projections for electricity) and shall have the right, on behalf of the Owners, to make or cause to be made recommended retirement, replacements or additions of Property Units in their respective portions of the Cardinal Station; provided, however, that no single retirement, replacement or addition of a Property Unit involving i) an investment by an Owner exceeding \$100,000 in amount for its own Unit or Units (exclusive of General Facilities) or ii) an investment by the Owners in jointly owned General Facilities exceeding \$400,000 in amount (such threshold amount to be determined on a combined basis considering the investment of both Owners in the General Facilities), shall be made by Operating Company except with the prior approval of the Owner (in the case of its own Unit or Units) or Owners (in the case of jointly owned General Facilities), as the case may be, which approval shall not be unreasonably withheld (an Owner may consider and take into account the current market and market projections for electricity). In the event of a catastrophic failure of a Property Unit that is not

jointly owned General Facilities, the applicable Owner shall individually make all decisions related to the retirement, replacement or addition to such Property Unit. Each Owner shall be obligated to make such retirements, replacements and additions as shall be required by law if they do not exceed \$2,500,000 in amount on a Property Unit basis (as described in a project or work order). In addition, either Owner may make other retirements, replacements or additions of Property Units in its portion of the Cardinal Station on its own responsibility and at its own expense, subject to approval thereof by the other Owner.

(b) The cost of any retirement, replacement or addition of a Property Unit in any portion of the Cardinal Station other than the jointly owned General Facilities shall be borne by the Owner thereof. The cost of any retirement, replacement or addition of a Property Unit in the Initial Cardinal Station (Units One and Two) General Facilities shall be shared by the Owners in proportion to their respective ownership interests in such facilities, i.e. each Owner shall be responsible for one-half the cost, unless the Owners otherwise agree to share such costs in another manner. The cost of any retirement, replacement or addition of a Property Unit in the Cardinal Station Common Facilities shall be shared by the Owners in proportion to their respective ownership interests in such facilities, i.e. Buckeye shall be responsible for two-thirds of the cost, and AEP GenCo shall be responsible for one-third of the cost, unless Buckeye and AEP GenCo agree to share such costs in another manner as will reflect the relationships of such Cardinal Station Common Facilities to the three generating units involved.

(c) In the event that an Owner does not approve of an investment by the Owners in excess of \$400,000 in a replacement or addition of a Property Unit in the jointly owned General Facilities (such threshold amount to be determined on a combined basis considering the investment of both Owners in the General Facilities) that is recommended by Operating Company or does not approve an investment in a Property Unit (as described in a project or work order) in excess of \$2,500,000 in amount involving a replacement or addition in the jointly owned General Facilities that is required by law, the other Owner (the one that desires to proceed with a replacement or addition of such General Facilities) may, if such Owner purchases and pays for 100% of the cost of such replacement or addition, proceed with such replacement or addition, and such Owner shall own 100% of such replacement or addition, and the other Owner (the one that does not desire to proceed with a replacement or addition of such General Facilities) shall either (i) discontinue the use of such General Facilities while continuing to operate its Unit or Units, if practicable, and pay 100% of any incremental operating expenses necessary to allow such Owner to continue to operate its Unit or Units without the use of such General Facilities (ii) pay the other Owner a commercially reasonable fee for use of such replacement or addition for so long as such Owner has not retired its Unit or Units, (iii) retire and permanently remove from service its Unit or Units in accordance with Section 3.5, or (iv) otherwise cease to operate its Unit or Units without retiring such Unit or Units.

3.3. Any removal, change or supplement involving an item of property which is not a Property Unit shall be the responsibility of Operating Company and any expense involved therein shall constitute maintenance expense.

3.4. Upon any revision of the Retirement Unit List, the revised Retirement Unit List shall be substituted for the Retirement Unit List then in effect unless AEP GenCo shall, within

twenty days after delivery to it of notice of such revision, advise Operating Company that it objects thereto.

3.5 (a) Notwithstanding Section 3.2 above and subject to the provisions of this Section 3.5, either Owner may retire and permanently remove from service its Unit or Units, without the recommendation of Operating Company and/or the approval of the other Owner.

(b) In the event that an Owner elects to retire and permanently remove from service its Unit or Units, (i) such Owner shall, if permitted by law, give the other Owner at least six months prior written notice of the planned retirement date, (ii) the other Owner shall, unless it has also made an election to retire and permanently remove from service its Unit or Units, acquire, prior to the planned retirement date, at a commercially reasonable price determined by the retiring Owner, the retiring Owner's interest in jointly-owned land and facilities at the Cardinal Station, including Joint Land, Common Land, Landfill Land, and the General Facilities, and the Owners will negotiate in good faith to determine the net present value of the incremental operating cost (determined in a commercially reasonable manner) to the other Owner to continue to operate its Unit or Units without the retiring Owner's Unit or Units in operation (as referenced in Section 3.5(d) below, and which may refer to historic costs and the approved operating budget) that the non-retiring Owner will reasonably incur through the period that is the earlier of (j) the term of this Agreement or (k) the date that such Owner retires its own Unit or Units, and they will prepare a mutually acceptable purchase and sale agreement to address such acquisition as contemplated in (vi) below, (iii) the Owners shall discuss and may mutually agree that the retiring Owner's solely-owned interest in its Unit or Units to be retired shall also be sold to the other Owner at a mutually agreeable price, and, in the case of AEP GenCo's Unit, subject to existing restrictions related to such Unit relative to a permanent retirement date or requirement to convert such unit to a co-fired unit, which restrictions AEP GenCo is obligated by existing contract or by law to transfer to a purchaser of its Unit, and if they agree to a sale, they will prepare a mutually acceptable purchase and sale agreement to address such acquisition as contemplated in (vi) below, (iv) if the non-retiring Owner purchases the retiring Owner's interest in jointly-owned land and facilities at the Cardinal Station, including Joint Land, Common Land, Landfill Land, and the General Facilities, the retiring Owner shall also contemporaneously sell its shares in Cardinal Operating Company to the other Owner at par value, relinquish all of its Board seats in Cardinal Operating Company, and relinquish all approval rights that the retiring Owner may have under this Agreement with respect to Cardinal Station operations of the non-retiring Owner's Unit(s) and of the jointly-owned land and facilities (but the parties will memorialize an understanding that once the non-retiring Owner retires its Unit or Unit(s), that both Owners will have input on decisions related to decommissioning and demolition and remediation of environmental liabilities of such retired Unit(s) and of jointly owned land and facilities at Cardinal Station, unless such obligations are assumed by the non-retiring Owner), (v) the parties shall negotiate in good faith relative to revisions to this Agreement to reflect such retirement, sale of Cardinal Operating Company stock and relinquishment of rights, and sale, of land and facilities, (vi) any such mutually agreeable purchase and sale agreement shall address (x) the retiring Owner's retention of liability for all costs associated with the retirement and permanent removal from service of the retiring Owner's Unit or Units (as more fully described in (c) below), and all environmental liabilities associated with the retiring Owner's use of its Units (as more fully described in (c) below and taking into account additional environmental liabilities associated with the non-retiring Owner's use of its Units on and after any such sales date), as

well as for any necessary credit support associated with the retiring Owner's retention of such liabilities, or (y) a credit against the purchase price, or payment by the retiring Owner, for the other Owner's assumption of such liabilities if the other Owner agrees to assume such liabilities, and for the other Owner's assumption of its incremental operating costs associated with the retirement of the retiring Owner's Unit or Units (as more fully described in (d) below), if the Owners reach agreement on the net present value of such incremental cost.

(c) Each Owner shall be fully responsible for all costs associated with the retirement and permanent removal from service of such Owner's Unit or Units, and all environmental liabilities associated with its use of its Units, including responsibility for closure of jointly-owned land and facilities at the Cardinal Station, including the fly ash and bottom ash ponds, asbestos abatement, and closure of landfills for other coal combustion byproducts (subject to an equitable reduction should the non-retiring Owner's decision to continue to operate such jointly-owned land and facilities after the date of retirement of the retiring Owner's Unit or Units result in increased costs to complete such closure activities due to changes in law or the adoption of more stringent or costly closure or abatement procedures after the date of retirement of the retiring Owner's Unit or Units), unless the other Owner elects to assume such liabilities in connection with a purchase of the retiring Owner's interest in jointly-owned land and facilities at the Cardinal Station, including Joint Land, Common Land, Landfill Land, and the General Facilities or the Unit or Units. This subsection (c) shall survive the termination of this Agreement and, for the avoidance of doubt, apply equally to the Owners, without regard to the timing of whether an Owner or the Owners retires a Unit prior to or after the term of this Agreement, unless the parties mutually agree otherwise.

(d) If an Owner retires and permanently removes from service its Unit or Units and only if the Owners do not reach agreement upon the amount of the incremental cost as part of the sale of the jointly-owned land and facilities at the Cardinal Station (as referenced in Section 3.5(b)(ii)), such Owner shall continue to pay for the incremental cost (determined in a commercially reasonable manner) to the other Owner to continue to operate its Unit or Units without the retiring Owner's Unit or Units in operation for the remainder of the term of this Agreement. The other Owner shall take appropriate steps to adjust operations and reduce expenditures at the Cardinal Station to account for the retirement and permanent removal of service of the retiring Owner's Units or Units. With respect to capital additions and replacements to be made to the General Facilities during the remaining term of this Agreement but after the retirement and permanent removal from service of the retiring Owner's Unit or Units, (i) the retiring Owner shall be responsible for the other Owner's incremental costs associated with those capital additions and replacements that would be prudently incurred only for operations through the remaining term of this Agreement, and (ii) with respect to capital additions and replacements that the other Owner makes that would not be prudently incurred for operations only through the remaining term of this Agreement but would be prudently incurred for operations after the remaining term of this Agreement, the retiring Owner shall be responsible for only the other Owner's incremental costs associated with, the lesser of (x) the operation of such capital additions and replacements through the remaining term of this Agreement and not for the useful life of such facilities, or (y) hypothetical, reasonably forecasted expenses (mutually agreed upon by the Owners in a commercially reasonable manner) that would need to be incurred in lieu of

such capital additions and replacements to allow the Cardinal Station to operate through the remaining term of this Agreement.

#### **ARTICLE FOUR - MAJOR SPARE PARTS.**

4.1. AEP GenCo shall purchase and own Major Spare Parts interchangeable, to the extent specified in Appendix D hereto, with equivalent parts of AEP GenCo's Initial Unit and Buckeye's Initial Unit and/or Buckeye's Additional Unit, and shall also purchase and own such other spare parts as AEP GenCo and Buckeye may from time to time mutually agree to include in the category of Major Spare Parts. Buckeye agrees that its approval of any such inclusion shall not be unreasonably withheld.

4.2. AEP GenCo agrees that, if and when any AEP GenCo Associate constructs and owns a generating unit (or units) for which parts are interchangeable with the Major Spare Parts, or if and when AEP GenCo constructs and owns a generating unit (or Units) for which parts are interchangeable with the Major Spare Parts, it will arrange to interchange Major Spare Parts owned by it with such interchangeable parts owned by such AEP GenCo Associate so that duplication of investment in expensive spare parts may be minimized. Accordingly, when a Major Spare Part is owned by an AEP GenCo Associate, AEP GenCo shall not be obligated under Section 4.1 to purchase and own a duplicate thereof.

4.3. AEP GenCo hereby extends to Buckeye the right to use any of the Major Spare Parts for Buckeye's Units and it will extend to Buckeye its rights and obligations in respect of any major spare parts arrangements from time to time existing between AEP GenCo and AEP GenCo Associates. Buckeye hereby agrees to accept such rights and obligations, which it is understood shall be as follows:

(a) If at any time Buckeye has need of a Major Spare Part to replace an equivalent item which has been damaged, the owner of such Major Spare Part shall make such Major Spare Part available for Buckeye's use (at the location where such Major Spare Part is stored) as expeditiously as possible; provided, however, that if AEP GenCo or an AEP GenCo Associate also develops a need for such Major Spare Part prior to the time of the actual installation thereof in one of the Buckeye Units, the owner of the generating unit having the highest net capability for which such Major Spare Part is required shall have prior claim to the use of such Major Spare Part, and in the event such net capabilities are equal, the owner of the item equivalent to such Major Spare Part which was damaged earliest shall have prior claim to the use of such Major Spare Part.

(b) If an Owner uses a Major Spare Part to replace an equivalent item which has been damaged, such Owner shall have an obligation to cause the repair of such damaged item, or to acquire a new item in place thereof, if necessary, as expeditiously as possible, and to transfer the repaired item, or new item, as the case may be, to the original owner for such Major Spare Part at its original location.

(c) If the damaged item can be repaired, the cost of loading, freighting, unloading and freight charges in respect of such Major Spare Part and/or damaged item, and the costs of

removal of, and repairs made to, such damaged item, together with all incidental expenses related thereto, shall be a part of the Cardinal Station Monthly Maintenance Cost.

(d) If the damaged item has been damaged beyond repair, and if such damaged item is a Property Unit, the entire cost of the retirement and replacement of such damaged item shall be borne by AEP GenCo and Buckeye in proportion to their respective ownership interests in such Property Unit; if, however, such damaged item is less than a Property Unit; the costs associated with its removal, and the acquisition of a new item in place thereof, shall be a part of the Cardinal Station Monthly Maintenance Cost.

4.4. (a) Buckeye shall pay to AEP GenCo in respect of the rights extended by AEP GenCo as provided in Section 4.3 a monthly charge for each Major Spare Part associated with Buckeye's Initial Unit equal to the product of (i) 0.011042, (ii) the total gross investment (i.e., the aggregate purchase price including freight, excise taxes, etc.) of AEP GenCo and AEP GenCo Associates in such Major Spare Part, and (iii) the quotient of (A) one, divided by (B) the total number of generating units of AEP GenCo and any AEP GenCo Associate which are then in commercial operation, for which such Major Spare Part is interchangeable, plus one.

(b) Buckeye shall pay to AEP GenCo in respect of the rights extended by AEP GenCo as provided in Section 4.3 a monthly charge for each Major Spare Part associated with Buckeye's Additional Unit equal to the product of (i) 0.011042, (ii) the total gross investment (i.e., the aggregate purchase price including franchise, excise taxes, etc.) of AEP GenCo and AEP GenCo Associates in such Major Spare Part, and (iii) the quotient for such month of (A) the number of items of equipment at the Additional Cardinal Station which can be interchanged with a particular Major Spare Part, divided by (B) the total number of the items of equipment at the generating units of AEP GenCo and any AEP GenCo Associate and at the Additional Cardinal Station which can be interchanged with such Major Spare Part.

(c) In addition, Buckeye shall pay to AEP GenCo an amount in dollars sufficient to reimburse AEP GenCo for any amounts paid or payable by it as sales, excise or similar taxes (other than taxes based on or measured by net income) in respect of the total amount paid by Buckeye pursuant to this Section and to enable AEP GenCo, after provision for such taxes, to realize the net amount payable by Buckeye as herein provided. Buckeye shall also make available to the extent that is practicable to do so space within its portion of Cardinal Station for the storage of Major Spare Parts. In the event that any amounts paid or payable by Buckeye to AEP GenCo pursuant to this Section shall at any time become subject to any income or similar tax based on or measured by net income levied by any State or subdivision thereof, then the amount payable hereunder shall be increased by an additional amount which, after provision for the payment of such tax, will net the amount otherwise payable hereunder.

4.5. AEP GenCo shall invoice Buckeye promptly for the monthly charge to be paid by Buckeye pursuant to Section 4.4 and such invoices shall be paid within fifteen (15) days after receipt thereof by Buckeye. Interest shall be paid by Buckeye at the rate specified in Section 15.5 on any amount overdue.

4.6 Buckeye agrees that it will purchase and maintain a suitable stock of spare parts for Buckeye's Initial Substation Facilities and Buckeye's Additional Substation Facilities in



accordance with the practices employed by AEP GenCo for the maintenance of spare parts for comparable substation facilities at other generating stations of AEP GenCo..

#### **ARTICLE FIVE - WORKING CAPITAL REQUIREMENTS.**

5.1. The Owners shall provide the funds required for use as working capital in meeting payrolls and other expenses incurred in the operation and maintenance of the Cardinal Station, and in buying materials and supplies, and the Owners hereby authorize Operating Company as their agent to draw upon such funds for expenditures on their behalf necessary to operate and maintain Cardinal Station.

5.2. Buckeye shall provide the appropriate share of working capital requirements, other than for fuel and Consumables, in the following ratio: Buckeye's share will be in the ratio for each month of (a) 100% of Buckeye's Total Net Capability of Buckeye's Units (Units Two and Three) to (b) the Total Net Capability of the Cardinal Units, and AEP GenCo shall provide the appropriate share of working capital requirements, other than for fuel and Consumables, in the following ratio: AEP GenCo's share will be in the ratio for each month of (x) 100% of AEP GenCo's Total Net Capability of AEP GenCo's Initial Unit (Unit One) to (y) the Total Net Capability of the Cardinal Units. Each Owner shall make the requisite funds available by cash payments directly to Operating Company, by deposits to bank accounts established by Operating Company, by investing in materials and supplies, by prepayments, by purchase of spare parts, or by a combination of such methods as may be agreed to between the Owners from time to time.

5.3 To the extent that Operating Company is required to provide credit support, i.e. a guarantee, cash deposit, letter of credit, or other credit support, to a third-party in connection with any activity that Operating Company performs as agent on behalf of the Owners under this Agreement, the Owners shall share the cost of the third-party credit support on the same basis that they share the cost of working capital; provided, however, that if the relevant activity that Operating Company performs relates solely to the interest of one Owner or the other in the Cardinal Station, but not both Owners, then the credit support shall be provided directly by the affected Owner. To the extent that the Owners are required to provide credit support to a third-party in connection with any portion of the Cardinal Station that the Owners jointly own, then the Owners shall provide or share the cost of the credit support in the same ratio that the applicable portion of the Cardinal Station is jointly owned. To the extent that an Owner is required to provide credit support to a third party in connection with any portion of the Cardinal Station that one Owner, but not the other, owns, then the affected Owner shall provide the credit support.

#### **ARTICLE SIX - INVESTMENT IN FUEL AND CONSUMABLES.**

6.1. It is recognized by the Owners that a reasonable amount of coal in stock is desirable for the Cardinal Station at all times in order to provide adequate fuel reserves against interruptions of normal fuel supply. The Owners will share with each other fuel quality information regarding their respective coal stocks and will meet as necessary to update engineering specifications to account for changes in Unit performance, capability or any changes in law that would adversely impact the fuel and/or consumables that could be utilized in Cardinal Station operations. The Owners agree that the quality of any coal or consumable utilized by any

Cardinal Unit must be deemed reasonably acceptable by both Owners. Any Owner's coal being utilized shall be deemed to be acceptable if it meets the following requirements: (a) Coal previously utilized at the Initial Cardinal Station with satisfactory operating performance shall be considered acceptable for use in the Initial Cardinal Station, unless deemed unacceptable due to a required change of the engineering specifications making the Coal no longer viable; or (b) For the Initial Units, Coal from any new seam or source for a shared physical inventory shall be acceptable if such supply is shown to perform satisfactorily in the Initial Units and is mutually acceptable to each Owner; or (c) conform with the then current engineering specifications; or (d) otherwise be mutually agreed to by each Owner. Consumables from any new seam or source for a shared physical inventory shall be acceptable if such supply is shown to perform satisfactorily in the Cardinal Units and conform to the then current engineering specifications for the Cardinal Units or otherwise be mutually agreed to by each Owner.

6.2. Unless the Owners mutually agree otherwise, each Owner shall contract for, maintain reserves of coal in stock in such quantities as the applicable Owner deems appropriate for its Units, subject to the following:

(a) When Buckeye's Initial Cardinal Station (Unit Two) Coal Stock is physically combined with AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock, inventory space for Buckeye's Initial Cardinal Station (Unit Two) Coal Stock shall not exceed fifty percent (50%) of the Initial Units inventory tonnage capacity, unless mutually agreed to by the Owners.

(b) When AEP GenCo's Initial Cardinal (Unit One) Coal Stock is physically combined with Buckeye's Initial Cardinal Station (Unit Two) Coal Stock, inventory space for AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock shall not exceed fifty percent (50%) of the Initial Units inventory tonnage capacity, unless mutually agreed to by the Owners.

6.3. Each Owner shall be responsible for making adequate investments in the Initial Cardinal Station Coal Stock to ensure appropriate quantities for such Owner's requirements. No Owner shall use the other Owner's Initial Cardinal Station Coal Stock tonnage without the express written approval from the other Owner.

6.4. Fuel oil reserves for the Initial Cardinal Station (Units One and Two) shall be procured by Operating Company and owned and accounted for between the Owners on a 50/50 basis. Should an Owner choose to retire an Initial Unit in accordance with Section 3.5, the Owner choosing to retire such Initial Unit will cease being a part of said fuel oil inventory after the date that the Initial Unit is retired. Fuel oil reserves for the Additional Cardinal Station (Unit Three) shall be procured by Operating Company and owned and accounted for by Buckeye.

6.5. Unless the Owners mutually agree otherwise, Operating Company shall take such steps as are necessary to keep Buckeye's Initial Cardinal Station (Unit Two) Coal Stock, AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock, and the Additional Cardinal Station (Unit Three) Coal Stock separate and apart from each other (on an accounting basis only for the Initial Cardinal Station Coal Stock and on an accounting and physical inventory basis for the Additional Cardinal Station Coal Stock), and shall keep separate records of the respective investments of the Owners therein; provided, however, that Buckeye's Initial Cardinal Station

(Unit Two) Coal Stock and AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock shall share a common physical inventory, unless the Owners mutually agree otherwise or unless the quality of Buckeye's Initial Cardinal Station (Unit Two) Coal Stock is materially different from the quality of AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock, in which case either Owner may require a separate physical inventory for the Initial Cardinal Station Coal Stock. In the event that Buckeye's Initial Cardinal Station (Unit Two) Coal Stock and AEP GenCo's Initial Cardinal Station (Unit One) Coal Stock are maintained in separate physical inventories (coal piles), then Buckeye shall be entitled to two-thirds ( $2/3^{\text{rds}}$ ) of the available physical inventory space for the combined Initial Cardinal Station Coal Stock and the Additional Cardinal Station Coal Stock, and AEP GenCo shall be entitled to one-third ( $1/3^{\text{rd}}$ ) of the available physical inventory space for the combined Initial Cardinal Station Coal Stock and the Additional Cardinal Station Coal Stock, unless the Owners mutually agree otherwise. If the Owners elect to procure, inventory and account for coal collectively for the Cardinal Station, rather than separately for each Unit, then, unless the Owners mutually agree otherwise, each Owner shall invest directly in a portion of coal in stock for the Cardinal Station in the same manner as for Consumables set forth in Section 6.6(a).

6.6. (a) Unless the Owners mutually agree otherwise, reserves of each inventoried Consumable shall be procured by Operating Company, and owned and accounted for between the Owners, collectively for the Cardinal Station, rather than separately for each Unit. Each Owner shall invest directly in a portion of such Consumable in stock as follows:

(i) Buckeye shall make such monthly investments in the applicable Cardinal Station Consumable Stock as are necessary to maintain its ownership, after taking into account the consumption by Buckeye of its share of the applicable Cardinal Station Monthly Consumable Requirement, of that number of tons of such Consumable in the storage pile or piles equal to the product of (A) the ratio of the portion of Buckeye's Monthly Energy for the preceding twelve-month period allocated to the units consuming the applicable Consumable to the Total Net Generation of such units for the preceding twelve-month period, and (B) the total tons of such Consumable in the applicable Cardinal Station Consumable Stock.

(ii) AEP GenCo shall make such monthly investments in the applicable Cardinal Station Consumable Stock as are necessary to maintain its ownership, after taking into account the consumption by AEP GenCo of its share of the applicable Cardinal Station Monthly Consumable Requirement, of that number of tons of such Consumable in the storage pile or piles equal to the product of (A) the ratio of the portion of AEP GenCo's Monthly Energy for the preceding twelve-month period allocated to the units consuming the applicable Consumable to the Total Net Generation of such units for the preceding twelve-month period, and (B) the total tons of such Consumable in the applicable Cardinal Station Consumable Stock.

(b) If, with respect to any Consumable, there is a measurable difference in the rate per kilowatthour of consumption of such Consumable between any units, the Owners shall adjust the required investments in such Consumable accordingly.

(c) If the Owners so agree, reserves of each inventoried Consumable may be procured, owned and accounted for between the Owners, separately for each Unit, in the same manner as coal.

(d) Should an Owner choose to retire a Cardinal Station Unit in accordance with the provisions of Section 3.5, the ratio of the portion of the Owner's Monthly Energy for the preceding twelve-month period allocated to the Units consuming the applicable Consumable to the Total Net Generation of such Units for the preceding twelve-month period shall be removed from the calculation as determined in 6.6(a), after the first month in which the Unit is retired.

#### **ARTICLE SEVEN - APPORTIONMENT OF STATION COSTS.**

7.1. Operating Company shall keep books of record and accounts, on the same basis for each Owner, covering the sums of money expended for the account of each Owner in operating and maintaining Cardinal Station. The allocation of expenses between the Owners shall be made in the manner set forth in Sections 7.2, 7.3, 7.4, 7.5 and 7.6, the actual allocation to be made by Operating Company.

7.2. Unless the Owners mutually agree otherwise, the allocation of all costs with respect to fuel supply for the Cardinal Station shall be accounted for separately for each Unit.

(a) All coal delivered to each Owner during a calendar month shall be charged to such Owner's fuel in stock at the average delivered unit cost for such Owner of coal delivered to the Cardinal Station during such month for such Owner, and, in addition, each Owner's fuel in stock shall be charged in each month with the total coal unloading costs incurred by Operating Company for such month in the ratio of tons of coal delivered for each Owner. Each Owner's fuel in stock shall also be charged in each month with the total coal storage costs incurred by Operating Company in such month in the ratio of tons of coal in stock for each Owner at the end of such month.

(b) The Cardinal Station Monthly Coal Requirement shall be divided between Buckeye and AEP GenCo on the basis of measured coal consumed by each Owner's respective Unit. Each Owner's share of the Cardinal Station Monthly Coal Requirement shall be separately converted into a dollar amount by using the average cost per ton of coal in such Owner's fuel in stock for such Unit at the close of such month, and such dollar amount will then be credited to such Owner's fuel in stock for such Unit and charged to such Owner's fuel consumed for such Unit; provided, however, that if there are substantial differences in quality between Buckeye's Initial Cardinal Station Coal Stock and AEP GenCo's Initial Cardinal Station Coal Stock, then Owner's shall mutually agree upon a methodology to take such differences in quality into account when converting each Owner's share of the Cardinal Station Monthly Coal Requirement into a dollar amount, unless either Owner requests, instead, that a separate physical inventory be maintained for each Owner's portion of the Initial Cardinal Station Coal Stock. If an Owner requests a separate physical inventory for such Owner's share of the Initial Cardinal Station Coal Stock, the Owners shall mutually agree upon the time frame and manner to separate the physical inventory and also the allocation of all cost associated with the division and operation of such separate physical inventories for the Initial Units.

(c) The Cardinal Station Monthly Fuel Handling Cost will be divided between Buckeye and AEP GenCo in the same ratio for each month as Buckeye's share of the Cardinal Station Monthly Coal Requirement (measured in tons of coal) and AEP GenCo's share of the Cardinal Station Monthly Coal Requirement (measured in tons of coal), respectively, bear to the

Cardinal Station Monthly Coal Requirement for such month. Each Owner's fuel consumed will be charged at the close of such month with each Owner's share of the Cardinal Station Monthly Fuel Handling Cost.

(d) Fuel oil consumed will be charged to the Owners on the basis of measured fuel oil consumed by each Owner's respective Unit.

(e) If the Owners elect to allocate all costs with respect to fuel supply for the Cardinal Station collectively for the Cardinal Station, rather than separately for each Unit, then, unless the Owners mutually agree otherwise, fuel supply will be accounted for and charged to the Owners, and fuel handling costs will be allocated, in the same manner as for Consumables and consumable handling costs, respectively, as set forth in Section 7.3(a).

7.3. The allocation of all costs with respect to a particular Consumable for the Cardinal Station shall be allocated to the units deemed by the Operating Company to be consuming such Consumable and accounted for as follows:

(a) Unless the Owners mutually agree otherwise, each Consumable shall be accounted for collectively for the Cardinal Station, rather than separately for each Unit, and each such Consumable will be accounted for and charged to the Owners, and the Cardinal Station Monthly Consumable Handling Cost will be allocated, as follows:

(i) All such Consumable delivered to each Owner during a calendar month shall be charged to such Owner's applicable Consumable in stock at either the average delivered unit cost of all such Consumable delivered to the Cardinal Station during such month or, if the delivered unit cost of such Consumable is different for each Owner, at the average delivered unit cost for such Owner of such Consumable delivered to the Cardinal Station during such month, and, in addition, each Owner's applicable Consumable in stock shall be charged in each month with the total unloading costs for such Consumable incurred by Operating Company for such month in the ratio by weight of such Consumable delivered for each Owner. Each Owner's applicable Consumable in stock shall also be charged in each month with the total storage costs for such Consumable incurred by Operating Company in such month in the ratio by weight of such Consumable in stock for each Owner at the end of such month.

(ii) The applicable Cardinal Station Monthly Consumable Requirement shall be divided between Buckeye and AEP GenCo based on the measured or calculated amount of such Consumable consumed by each Owner's Unit or Units for such month. Each Owner's share of the applicable Cardinal Station Monthly Consumable Requirement shall be separately converted into a dollar amount by using the average cost per unit of weight of such Consumable in such Owner's Consumable in stock at the close of such month and such dollar amount will then be credited to such Owner's Consumable in stock and charged to such Owner's Consumable consumed.

(iii) The Cardinal Station Monthly Consumable Handling Cost will be divided between Buckeye and AEP GenCo in the same ratio for each month as set forth in Section 7.3(a)(ii). Each Owner's Consumable consumed will be charged at the close

of such month with each Owner's share of the Cardinal Station Monthly Consumable Handling Cost.

(b) If the Owners have agreed to account for any Consumable separately for each Unit, then for each such inventoried Consumable, a separate Consumables in stock account shall be established for each Unit, and each Consumable stock will be accounted for in the same manner as a separate coal stock, each Consumable consumed will be charged to the Owners in the same manner as coal separately consumed, and the Cardinal Station Monthly Consumable Handling Cost will be allocated to each Owner in the same manner as fuel handling costs.

7.4. The allocation of all costs and/or credits with respect to a particular Fuel Byproduct for the Cardinal Station shall be allocated to the Cardinal Units producing such Fuel Byproduct and accounted for as follows:

(a) Unless the Owners mutually agree otherwise, each Fuel Byproduct shall be accounted for collectively for the Cardinal Station, rather than separately for each Unit, and each such Fuel Byproduct will be accounted for and charged and/or credited to the Owners, and the Cardinal Station Monthly Fuel Byproduct Handling Cost will be allocated, as follows:

(i) The Cardinal Station Monthly Fuel Byproduct Handling Cost will be divided between Buckeye and AEP GenCo in the same ratio for each month based on the measured or calculated amount of such Fuel Byproduct produced by each Owner's Unit or Units for such month. Each Owner's cost associated with the Fuel Byproduct will be charged at the close of such month with each Owner's share of the Cardinal Station Monthly Fuel Byproduct Handling Cost.

(ii) The Cardinal Station Monthly Fuel Byproduct Credit will be divided between Buckeye and AEP GenCo in the same ratio for each month based on the measured or calculated amount of such Fuel Byproduct produced by each Owner's Unit or Units for such month. Each Owner's credit associated with the Fuel Byproduct will be allocated at the close of such month with each Owner's share of the Cardinal Station Monthly Fuel Byproduct Credit.

(b) If the Owners have agreed to account for any Fuel Byproduct separately for each Unit, then for each such Fuel Byproduct, a separate Cardinal Station Monthly Fuel Byproduct Handling Cost and/or Cardinal Station Monthly Fuel Byproduct Credit account shall be established for each Unit, and each Fuel Byproduct will be accounted for separately for each Owner.

(c) If the Owners agree that the above manner for allocation of the Cardinal Station Monthly Fuel Byproduct Handling Cost or Cardinal Station Monthly Fuel Byproduct Credit does not apply to a specific Fuel Byproduct agreement, the Owners shall mutually agree on methodology of allocation of costs or credits for such Fuel Byproduct agreement.

7.5. The Cardinal Station Monthly Maintenance Cost will be allocated by Operating Company to the particular Cardinal Unit incurring the maintenance cost. Buckeye will be responsible for 100% of the Cardinal Station Monthly Maintenance Cost allocated to Buckeyes'

Initial Unit (Unit Two) and Buckeye's Additional Unit (Unit Three). AEP GenCo shall be responsible for 100% of the Cardinal Station Monthly Maintenance Cost allocated to AEP GenCo's Initial Unit (Unit One). If Operating Company can reasonably determine that the Cardinal Station Monthly Maintenance Cost should be allocated to the Initial Units (Units One and Two), but Operating Company cannot reasonably determine an allocation for a portion of the Cardinal Station Monthly Maintenance Cost to either Buckeye's Initial Unit (Unit Two) or AEP GenCo's Initial Unit (Unit One), such portion of the Cardinal Station Monthly Maintenance Cost for the Initial Units (Units One and Two) shall be allocated to Buckeye and AEP GenCo in the following percentages: (a) variable maintenance costs will be allocated between Buckeye and AEP GenCo based on the ratios of Buckeye's Initial Unit (Unit Two) Monthly Energy and AEP GenCo's Initial Unit (Unit One) Monthly Energy, respectively, to the Total Net Generation of the Initial Units (Units One and Two), for such month and the previous eleven months, and (b) the remaining portion of the Cardinal Station Monthly Maintenance Cost shall be allocated to Buckeye on the ratio of 100% of the Total Net Capability of Buckeye's Initial Unit (Unit Two) to the Total Net Capability of the Initial Units (Units One and Two), and to AEP GenCo on the ratio of 100% of AEP GenCo's Total Net Capability of AEP GenCo's Initial Unit (Unit One) to the Total Net Capability of the Initial Units (Units One and Two). If Operating Company cannot reasonably determine the particular Cardinal Unit incurring the cost or if the cost is allocated to the General Facilities, the Cardinal Station Monthly Maintenance Cost will be divided between Buckeye and AEP GenCo in the following percentages: (a) variable maintenance costs will be allocated between Buckeye and AEP GenCo based on the ratios of Buckeye's Monthly Energy and AEP GenCo's Initial Unit (Unit One) Monthly Energy, respectively, to the Total Net Generation of the Cardinal Units, for such month and the previous eleven months, and (b) the remaining portion of the Cardinal Station Monthly Maintenance Cost shall be allocated to Buckeye on the ratio of 100% of the Total Net Capability of Buckeye's Units (Units Two and Three) to the Total Net Capability of the Cardinal Units, and to AEP GenCo on the ratio of 100% of the Total Net Capability of AEP GenCo's Initial Unit (Unit One) to the Total Net Capability of the Cardinal Units. Any proceeds of insurance received by either Owner in respect of any item of expense constituting maintenance expense included or includible in the Cardinal Station Monthly Maintenance Cost for any month shall be credited thereto in the month in which such proceeds are received.

7.6. The Cardinal Station Monthly Prorated Capacity Cost will be allocated between the Owners so that Buckeye's share will be in the ratio for each month of (a) 100% of the Total Net Capability of Buckeye's Units (Units Two and Three) to (b) the Total Net Capability of the Cardinal Units, and AEP GenCo's share will be in the ratio for each month of (x) 100% of the Total Net Capability of AEP GenCo's Initial Unit (Unit One) to (y) the Total Net Capability of the Cardinal Units.

7.7. Operating Company shall manage the emission allowance accounts for the units at the Cardinal Station and appoint individuals who are officers or employees of the Operating Company to act as account representatives and alternates who are officers or employees of the Operating Company with applicable governmental authorities as set forth in a separate agreement amongst the Owners and Operating Company. Each Owner shall be entitled to any emission allowances allocated by applicable governmental authorities to the Unit or Units owned by such Owner. Each Owner shall be fully and solely responsible for providing an adequate number of emission allowances so that the account representatives can timely remit the required

number of allowances to applicable governmental authorities based on the operation of such Owner's Unit or Units, and each Owner shall be fully responsible for any penalties or charges resulting from the failure of such Owner to timely remit such emission allowances. Buckeye, Operating Company, AEP GenCo and American Electric Power Service Corporation shall also enter into a EPA New Source Review Consent Decree Compliance Agreement.

#### **ARTICLE EIGHT - OPERATION OF CARDINAL STATION.**

8.1. The Cardinal Station shall be operated and maintained by Operating Company as a single station in accordance with good commercial, and safe, prudent and efficient, practices and otherwise in conformity with the terms and conditions of this Agreement, the PJM OATT (including related PJM agreements to which the parties may be bound, such as the PJM reliability assurance agreement, the PJM operating agreement, and the PJM interconnection agreements for the Cardinal Station), and all applicable laws, permits and regulations.

8.2. [RESERVED]

8.3. (a) In each hour during the term of this Agreement there shall be delivered hereunder at the Cardinal Station's high voltage busses for the account of Buckeye, to the extent that the total output of electric power by Buckeye's Units (Units Two and Three) in such hour shall be sufficient for that purpose and otherwise subject to the provisions of this Agreement, that number of kilowatts of electric power equal to the lesser of (a) the Total Net Available Capability of Buckeye's Units (Units Two and Three) for such hour, or (b) the Buckeye Cardinal Hourly Demand for such hour. Operating Company shall operate the Cardinal Station in accordance with the provisions set forth in Section 8.4.

(b) In each hour during the term of this Agreement there shall be delivered hereunder at the Cardinal Station's high voltage busses for the account of AEP GenCo, to the extent that the total output of electric power by AEP GenCo's Initial Unit (Unit One) in such hour shall be sufficient for that purpose and otherwise subject to the provisions of this Agreement, that number of kilowatts of electric power equal to the lesser of (a) the Total Net Available Capability of AEP GenCo's Initial Unit (Unit One) for such hour, or (b) the AEP GenCo Cardinal Hourly Demand for such hour. Operating Company shall operate the Cardinal Station in accordance with the provisions set forth in Section 8.4.

8.4. (a) The Buckeye Units shall be loaded in any hour as directed by Buckeye, between the minimum and maximum operating limits set forth in this Section and insofar as it may be physically possible to do so consistent with good commercial and safe practice. Buckeye shall submit a schedule to Operating Company by 10:00 A.M. each Monday of the planned schedule of the Buckeye Units for the week. Buckeye shall each day update the schedule for the following day as soon as possible following PJM's daily announcement of whether Buckeye's day-ahead bid for the Buckeye Units has been awarded or not by PJM. Each such day-ahead schedule update shall be consistent with the results of PJM's day-ahead schedule award. Buckeye may also update its daily schedule during a day by providing advance notice to Operating Company of any intra-day schedule change and approval of same by PJM. Any such schedule shall be consistent with the schedule of planned outages for Buckeye's Units (Units Two and Three) as determined by Buckeye, subject to Operating Company's approval not to be



unreasonably withheld. Buckeye acknowledges that Buckeye's Initial Unit (Unit Two) supports the start-up of AEP GenCo's Initial Unit (Unit One) and that the Total Net Available Capability of Buckeye's Initial Unit (Unit Two) in any hour may be reduced if steam from Buckeye's Initial Unit (Unit Two) is required to support the start-up of AEP GenCo's Initial Unit (Unit One) in such hour. Operating Company shall hold a daily operations call with the Owners by no later than 10:00 A.M. each day.

(b) AEP GenCo's Initial Unit (Unit One) shall be loaded in any hour as directed by AEP GenCo, between the minimum and maximum operating limits set forth in this Section and insofar as it may be physically possible to do so consistent with good commercial and safe practice. AEP GenCo shall submit a schedule to Operating Company by 10:00 A.M. each Monday of the planned schedule of AEP GenCo's Initial Unit for the week. AEP GenCo shall each day update the schedule for the following day as soon as possible following PJM's daily announcement of whether AEP GenCo's day-ahead bid for AEP GenCo's Initial Unit has been awarded or not by PJM. Each such day-ahead schedule update shall be consistent with the results of PJM's day-ahead schedule award. AEP GenCo may also update its daily schedule during a day by providing advance notice to Operating Company of any intra-day schedule change and approval of same by PJM. Any such schedule shall be consistent with the schedule of planned outages for AEP GenCo's Initial Unit (Unit One) as determined by AEP GenCo, subject to Operating Company's approval not to be unreasonably withheld. AEP GenCo acknowledges that AEP GenCo's Initial Unit (Unit One) supports the start-up of Buckeye's Initial Unit (Unit Two) and that the Total Net Available Capability of AEP GenCo's Initial Unit (Unit One) in any hour may be reduced if steam from AEP GenCo's Initial Unit (Unit One) is required to support the start-up of Buckeye's Initial Unit (Unit Two) in such hour. Operating Company shall hold a daily operations call with the Owners by no later than 10:00 A.M. each day.

(c) The maximum operating limit of each of the Cardinal Units shall be equal to the Total Net Available Capability of such unit. The minimum operating limit of each of the Cardinal Units shall be the lowest level of operation that insures stability of combustion in the steam generator of such unit at low firing rates.

(d) Each Owner shall make all necessary arrangements, including establishing necessary accounts and bidding and other commercial and market arrangements, with PJM as it deems appropriate for such Owner to receive all associated settlements (charges/credits) from PJM for any power and energy to which such Owner may be entitled under this Agreement from their respective Units. Any deviation between the actual output of an Owner's Unit and the amount scheduled or bid by such Owner shall be the responsibility of such Owner, including any resulting PJM penalties or charges associated with such deviation.

#### **ARTICLE NINE - [RESERVED]**

#### **ARTICLE TEN - ENTITLEMENT TO CAPACITY CREDITS AND ANCILLARY SERVICES.**

10.1. Unless the Owners mutually agree otherwise, Capacity Credits shall be allocated between AEP GenCo and Buckeye as follows: (i) Capacity Credits associated with AEP

GenCo's Initial Unit (Unit One) shall be allocated 100% to AEP GenCo, (ii) Capacity Credits associated with Buckeye's Initial Unit (Unit Two) shall be allocated 100% to Buckeye, and (iii) Capacity Credits associated with Buckeye's Additional Unit (Unit Three) shall be allocated 100% to Buckeye.

10.2. Unless the Owners mutually agree otherwise, Ancillary Services shall be allocated between AEP GenCo and Buckeye as follows: (a) such Ancillary Service associated with AEP GenCo's Initial Unit (Unit One) shall be allocated 100% to AEP GenCo, (b) such Ancillary Service associated with Buckeye's Initial Unit (Unit Two) shall be allocated 100% to Buckeye, and (c) such Ancillary Service associated with Buckeye's Additional Unit (Unit Three) shall be allocated 100% to Buckeye.

10.3 Each Owner shall make all necessary arrangements, including establishing necessary accounts and bidding and other commercial and market arrangements, with PJM as it deems appropriate for such Owner to receive all associated settlements (charges/credits) from PJM for any Capacity Credits and/or Ancillary Services to which such Owner may be entitled under this Agreement.

10.4 Each Owner shall be fully responsible for any penalties or charges that PJM may impose resulting from the failure of such Owner's Unit or Units to perform as required by PJM, including, without limitation, so-called PJM capacity performance penalties.

10.5 Each Owner shall be fully responsible for any penalties or charges that any governmental authority, including the Federal Energy Regulatory Commission or the North American Electric Reliability Corporation, may impose resulting from the failure of such Owner's Unit or Units to perform as required by such governmental authority or from the failure of such Owner to maintain required documentation or records or otherwise to meet its obligations as an owner or operator of electric generation facilities.

#### **ARTICLE ELEVEN - DELIVERY ARRANGEMENTS.**

11.1 Each Owner shall be fully responsible for making any necessary arrangements with PJM or others for the transmission of all electric power and energy (including all related Ancillary Services) which such Owner may be entitled to receive from such Owner's Unit or Units.

11.2 Each Owner shall at all times bear sole responsibility for all liabilities and risk of loss of all power and energy (including all related Ancillary Services) generated by such Owner's Unit or Units from the point of generation.

#### **ARTICLE TWELVE - FUNCTIONS OF OPERATING COMPANY.**

12.1. Operating Company shall operate and maintain the Cardinal Station in accordance with the provisions of this Agreement and in conformity with the provisions of the PJM OATT. In operating and maintaining the Cardinal Station as aforesaid, Operating Company shall act without compensation and only as agent for the Owners. All funds received and disbursements made by Operating Company in connection with the operation and maintenance of the Cardinal

Station shall be for the account of the Owners as their interests and obligations shall appear hereunder.

12.2. Each Owner has purchased at the par value thereof 250 shares of capital stock of Operating Company, representing 50% of the authorized number of such shares. Neither Owner shall sell, assign or otherwise dispose of its share interest in Operating Company except as an entirety to a successor to its interest in the Cardinal Station or to the other Owner for cash in the amount of the par value thereof or, in the case of Buckeye, to the Trustees, or either of them, under the Buckeye Mortgage. In the event that AEP GenCo desires to sell AEP GenCo's Initial Unit (Unit One) and/or assign its interest in this Agreement to a person or entity that is not an affiliate of American Electric Power Company, Inc., AEP GenCo shall sell, at par value thereof, 83 of its shares of capital stock of Operating Company to Buckeye prior to selling its remaining 167 shares of capital stock of Operating Company to such person or entity and prior to consummating any such sale of AEP GenCo's Initial Unit (Unit One) and/or assignment of AEP GenCo's interest in this Agreement so that Buckeye shall own 2/3 of the outstanding capital stock of Operating Company prior to the consummation of any such sale and/or assignment.

12.3. Each Owner shall be entitled to designate such number of nominees for election as directors of Operating Company as shall represent one-half of the authorized number of such directors and shall also be entitled to designate nominees for election to succeed any director previously nominated by it and elected as contemplated hereby. Each Owner agrees that, in any election of directors of Operating Company, including the election of directors to fill vacancies from time to time existing on the Board of Directors of Operating Company, it will vote the shares of capital stock of Operating Company owned by it for the election of the nominees designated by the other Owner to the end that the Board of Directors of Operating Company shall at all times consist equally of directors nominated by the respective Owners. In the event that AEP GenCo desires to sell AEP GenCo's Initial Unit (Unit One) and/or assign its interest in this Agreement to a person or entity that is not an affiliate of American Electric Power Company, Inc., and AEP GenCo sells 83 of its shares of capital stock of Operating Company to Buckeye so that Buckeye owns 2/3 of the outstanding capital stock of Operating Company in accordance with Section 12.2 of this Agreement, Buckeye shall be entitled to designate such number of nominees for election as directors of Operating Company as shall represent two-thirds of the authorized number of such directors and shall also be entitled to designate nominees for election to succeed any director previously nominated by it and elected as contemplated hereby, and each Owner agrees that, in any election of directors of Operating Company, including the election of directors to fill vacancies from time to time existing on the Board of Directors of Operating Company, it will vote the shares of capital stock of Operating Company owned by it for the election of the nominees designated by the other Owner to the end that the Board of Directors of Operating Company shall at all times consist of directors nominated two-thirds by Buckeye and one-third by the other Owner.

12.4. Operating Company shall keep all necessary books of record, books of account and memoranda of all transactions involving the Cardinal Station and shall make daily, monthly and annual computations and allocations on behalf of the respective Owners as required under this Agreement. The books of record, books of account and memoranda shall be kept by Operating Company on the same basis for each of the Owners and in such manner as to enable

either of them to conform, where so required, to the Uniform System of Accounts, and to the rules and regulations of any regulatory body or bodies having jurisdiction.

12.5. Operating Company shall perform all necessary invoicing on behalf of the respective Owners as herein provided (whether such invoicing shall be to the other Owner or to a third party) when requested by them so to do.

12.6. Operating Company shall keep the Owners accurately informed (by telephone communication in the case of emergencies) of any operating conditions at the Cardinal Station which may adversely affect its efficiency and reliability as a source of power.

12.7. Operating Company shall maintain the metering equipment at the Cardinal Station. Each Owner may, at its option and expense, install check metering. Operating Company shall make periodic tests and inspections of the meters (in accordance with policy established by the Cardinal Station Operating Committee) and shall adjust the meters as may be necessary to maintain the same at the highest practicable commercial standard of accuracy. Operating Company will advise the Owners promptly of the results of any meter tests. Operating Company will give the Owners notice of all tests and inspections, and the Owners shall be entitled to have representatives present when such tests and inspections are made. Operating Company shall make additional tests of any of the meters at the request of either Owner. If the periodic or additional tests to be made by Operating Company do not show any meter to be less accurate than 1% slow or fast, no correction shall be made in the various information and statements therefore furnished to the Owners hereunder. If any such tests show that a meter is inaccurate by more than 1% slow or fast, corrections shall be made in the information and statements based on readings derived therefrom furnished to the Owners for the previous month and for the elapsed period in the month during which the test was made, or from the date of the latest test if within the previous month.

12.8. Funds required by Operating Company for performance of its functions under this Agreement shall be provided by Buckeye and AEP GenCo in accordance with the provisions of Article Five hereof. Operating Company shall establish such bank accounts as it may from time to time require.

12.9. (a) As soon as practicable after the end of each month, Operating Company shall furnish to Buckeye and to AEP GenCo a statement setting forth in reasonable detail the amounts to be paid by Buckeye and AEP GenCo to or for the account of Operating Company hereunder. Buckeye and AEP GenCo shall pay the amounts respectively to be paid by them within fifteen (15) days after receipt of such statement.

(b) Buckeye and AEP GenCo recognize that as much as fifteen (15) days may be required after the close of each calendar month to assemble all the data required to compute and render a final statement. Accordingly, Operating Company may, at its option, or shall upon request by the Owners, render an estimated statement to the Owners promptly after the close of each month, using the then available data. In such event, any necessary adjustments to conform such estimated statement to the final statement shall be submitted at the time when the estimated statement is rendered for the next succeeding month.

(c) In addition to any amounts required to be paid by them to Operating Company hereunder, Buckeye and AEP GenCo shall pay Operating Company such amounts in dollars as shall be sufficient to reimburse Operating Company for any amounts paid or payable by Operating Company as sales, excise or similar taxes (other than taxes based on or measured by net income) in respect of the total amounts respectively paid by AEP GenCo and Buckeye hereunder and to enable Operating Company, after provision for such taxes, to realize the net amounts payable by AEP GenCo and Buckeye as herein provided.

12.10. Buckeye and AEP GenCo shall have the right, at any reasonable times during the term of this Agreement, and any extensions thereof, and for five years thereafter, to inspect all books, records and accounts pertaining to the operations of Cardinal Station for five years immediately preceding such inspection, and to make such audits thereof as Buckeye and AEP GenCo may deem necessary in their respective interests.

12.11. Operating Company has entered into an agreement dated as of January 1, 2018 with Buckeye to obtain all special services required as an incident to the operation of Cardinal Station. Operating Company has entered into an agreement dated as of January 1, 2018 with AEP GenCo to obtain special services required as an incident to the operation of Cardinal Station. Operating Company is a party to an existing agreement dated as of January 1, 1968 with American Electric Power Service Corporation (AEP Service Corporation) to obtain special services required as an incident to the operation of Cardinal Station.

12.12. Operating Company is hereby authorized to obtain materials, labor and such 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 subagents as it may designate, including Buckeye, AEP GenCo, AEP Service Corporation, or other third party service providers.

12.13. [reserved]

12.14 Prior to the commencement of each calendar year during the term of this Agreement, Operating Company shall, in consultation with the Owners, prepare a budget of estimated operating and capital expenditures for the following calendar year that will occur during the term of this Agreement for review and approval of the Operating Company Board of Directors and create a non-binding estimate of operating and capital expenditures for the next four calendar years, and review and approve (or suggest revisions to) the outage schedules recommended by the Owners for their Units, for the upcoming calendar year. Operating Company may, as necessary, upon review and approval of the Operating Company Board of Directors, update and revise the annual operating and capital budget during the calendar year. Operating Company shall make the operating and capital budget, and the approved outage schedules, as well as any updates or revisions thereto, available to the Owners.

#### **ARTICLE THIRTEEN - CARDINAL STATION OPERATING COMMITTEE.**

13.1. There is established hereunder a Cardinal Station Operating Committee consisting of six members (or such greater even number of members as the Board of Directors of Operating Company may determine) to exercise the responsibilities specified in Section 13.5 and to

perform such other duties as may from time to time be assigned to it by the Board of Directors of Operating Company.

13.2. Each Owner shall appoint one-half of the authorized representatives to act as members of the Cardinal Station Operating Committee and shall designate alternates who may act in the absence of such representatives, and each Owner shall, in alternate years, appoint the Committee Chairman. Each Owner shall evidence such appointments by written notice to the other Owner and, by similar notice, either Owner may change its representatives or its alternates on such Committee at any time. Each member of the Cardinal Station Operating Committee may invite one other person, who need not be a member of his or her organization but shall be acting as his or her personal advisor, to attend certain meetings of the Cardinal Station Operating Committee as such advisor for the purpose of assisting him or her in respect of matters scheduled to be considered thereat by prearranging such attendance with the Committee Chairman.

13.3. The expenses of each member of the Cardinal Station Operating Committee shall be borne by the Owner he or she represents.

13.4. The Cardinal Station Operating Committee shall hold regularly scheduled monthly meetings and may meet at other times upon call of the Chairman of the Committee. Any regularly scheduled meeting of the Committee may be omitted but only by unanimous consent of all members thereof.

13.5. The responsibilities of the Cardinal Station Operating Committee shall include (a) periodic reviews of Cardinal Station operation and performance with the plant manager thereof, including any problems encountered by plant management in connection therewith, (b) recommendations to Operating Company of the annual capital and operating budget of Operating Company, (c) recommendations to Operating Company regarding the annual schedule of planned outages submitted by the Owners, and (d) recommendations to Operating Company of providers of special services to Operating Company incidental to the operation of the Cardinal Station.

13.6. Operating Company shall make available to the Cardinal Station Operating Committee studies, reports and recommendations received upon the performance of engineering and special services obtained by Operating Company pursuant to Section 12.11 and 12.12.

#### **ARTICLE FOURTEEN - TERM OF AGREEMENT.**

14.1. This Agreement shall continue for (i) an initial term from the date on which the effective date of Amendment No. 1 to the Station Agreement occurred to and until 11:59:59 p.m. on September 30, 2012; and (ii) thereafter, for an additional term beginning upon the expiration of the initial term as set forth above and continuing until 11:59:59 p.m. on December 31, 2026; Buckeye and AEP GenCo shall commence negotiations in respect of the extension of the additional term, or termination, of this Agreement not less than four (4) years prior to the end of such additional term.

## **ARTICLE FIFTEEN - GENERAL.**

15.1. The parties hereto recognize that the PJM OATT, and any tariff or rate schedule which shall embody or supersede either, are in certain respects subject to the jurisdiction of the Federal Energy Regulatory Commission under the Federal Power Act, and are subject to such lawful action as any regulatory authority having jurisdiction shall hereafter take with respect thereto. The performance of any obligation of any party hereto shall be subject to the receipt from time to time as required of such authorizations or approvals of regulatory authorities having jurisdiction as shall be required by law.

15.2. AEP GenCo is entering into this Agreement pursuant to its market based rate tariff on file with FERC. AEP GenCo agrees to pay for electric service furnished to AEP GenCo hereunder and for the right to receive the same, and Buckeye agrees to pay for electric service furnished to Buckeye hereunder and for the right to receive the same, in accordance with the provisions of this Agreement, or any applicable superseding tariff or rate schedule(s) (including a market based rate tariff) accepted for filing and made effective by such regulatory agency or agencies as shall have jurisdiction in the premises, each of which is incorporated herein by reference thereto, and service under this Agreement, and/or under any such applicable superseding tariff or rate schedule(s) shall be subject to all of the provisions of this Agreement as the same may be changed or modified by any such superseding tariff or rate schedule(s).

15.3. The parties hereto agree that, in the event that any term or condition of this Agreement shall become the subject (other than at the instance of a party to this Agreement) of a proceeding before any regulatory agency, the parties will cooperate and use their best efforts to defend the same; provided, however, that if any term or condition of this Agreement shall be required to be changed in any such proceeding pursuant to final order of a regulatory authority having jurisdiction, then the parties hereto shall, at the request of Buckeye or of AEP GenCo, review the terms and conditions of this Agreement in the light of such change and shall negotiate in good faith with respect to any additional change or changes which either Buckeye or AEP GenCo shall consider necessary or desirable to restore, in the light of such change, the relative relationships between benefits and burdens under all of the interrelated conditions of this Agreement which existed prior to such change; and provided further that, in the event that the parties hereto shall not agree to any additional change or changes so requested, then any party hereto shall, upon delivery of prior written notice to each other party hereto, be entitled to take such action before, or make such filings with, any regulatory authority having jurisdiction with respect to any term or condition of this Agreement as such party shall deem appropriate and, in the event of any such action by any party, the terms and conditions under which service shall be rendered by any party hereto shall be the terms and conditions as so changed or shall result from any ensuing action by or before any regulatory authority having jurisdiction.

15.4. All notices under this Agreement shall be in writing and, if to AEP GenCo, shall be sufficient in all respects if delivered in person to its President, or sent by registered mail, certified mail or nationally recognized overnight delivery service addressed to it at its office at 303 Marconi Boulevard, Suite 300, Columbus, Ohio 43215, or at any subsequent address of which AEP GenCo may notify Buckeye in writing; if to Buckeye, shall be sufficient in all respects if delivered in person to its President and CEO, or sent by registered mail, certified mail or nationally recognized overnight delivery service to its office at 6677 Busch Boulevard,

Columbus, Ohio 43229, or any subsequent address of which Buckeye may notify AEP GenCo in writing; and, if to Operating Company, shall be sufficient in all respects if delivered in person to its President or sent by registered mail, certified mail or nationally recognized overnight delivery service to such address as Operating Company shall provide to Buckeye and AEP GenCo by notice given as herein provided.

15.5. If, at any time, there shall be a dispute or difference of opinion between Buckeye and AEP GenCo in respect of the amount of any payment to be made by either of them hereunder, then on or prior to the date herein fixed for such payment the billed party shall pay the amount thereof which it admits to be due and at the same time (a) may pay to the billing party under protest all or any part of any amount in dispute, and (b) shall deliver to the billing party a written statement of the reasons why any amount claimed by the billing party to be due is disputed, and the issues in connection therewith shall be submitted to arbitration in accordance with the terms of Section 15.6. Upon determination of the dispute, the billing party shall refund any portion of the amount in dispute paid by the billed party in excess of the amount held to have been due, and the billed party shall pay to the billing party any amount by which the disputed amount paid, if any, was less than the amount held to have been due. Interest at the prime rate plus 2% per annum (or the maximum interest rate permitted by applicable law, if less) shall be paid from the payment date to the date of any subsequent payment or refund, as the case may be. The prime rate means the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding date on which published). The payment by the billed party of any amount or disputed amount, or the acceptance by the billing party of any amount or disputed amount, as contemplated hereby prior to such arbitration shall not be regarded as a waiver by either of them and shall not in any way prejudice the rights of either of them to additional payment or refund, as the case may be. No payment made or received under this Section 15.5 shall be construed to effect a waiver or release by any party or to prejudice the rights of any party to additional payment or refund, as the case may be.

15.6. Any controversy, claim, counterclaim, defense, dispute, difference or misunderstanding arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration before three arbitrators one of whom shall be named by Buckeye, one of whom shall be named by AEP GenCo and the third of whom shall be named by the two arbitrators appointed by Buckeye and AEP GenCo, respectively. In the event that the two arbitrators so appointed shall fail to name a third arbitrator within thirty (30) days after the date of the appointment of the second of them, then the third arbitrator shall be appointed by the American Arbitration Association. The arbitration proceeding shall be conducted in accordance with the Rules of the American Arbitration Association then in effect, and judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof. This provision shall survive the termination of this Agreement. The parties expressly agree that this provision shall constitute a condition precedent to the institution of any proceeding in any court relating to the subject matter hereof, *provided*, however, that nothing herein contained shall (a) preclude, or be deemed to preclude, any party to this Agreement from taking action contemplated by this Agreement before, or making such filings with, any regulatory authority having jurisdiction with respect to any term or condition of this Agreement, or the PJM OATT as such party shall deem appropriate, or (b) require, or be deemed to require, any such party to institute,



or complete, an arbitration proceeding under this Section 15.6 prior to the taking of such action before, or the making of such filing with, any such regulatory authority.

15.7. The failure of any party hereto to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage 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 to remain in full force and effect.

15.8. (a) AEP GenCo shall not be held responsible or liable for any loss or damage to Buckeye or any Buckeye Member on account of AEP GenCo's failure to perform any obligation to be performed by it hereunder at any time, caused by Act of God, fire, flood, explosion, strike, civil or military authority, governmental action or inaction, insurrection or riot, enemy attack, malicious mischief, act of the elements, failure of equipment, or any other cause beyond its control or failure of any portion of its facilities or the facilities of Ohio's Bulk Transmission Facilities; provided, however, that AEP GenCo shall use its best efforts to resume with utmost dispatch the performance of any obligation hereunder, the performance of which is excused by this subsection.

(b) Buckeye shall not be held responsible or liable for any loss or damage to AEP GenCo on account of Buckeye's failure to perform any obligation to be performed by it hereunder at any time, caused by Act of God, fire, flood, explosion, strike, civil or military authority, governmental action or inaction, insurrection or riot, enemy attack, malicious mischief, act of the elements, failure of equipment, or any other cause beyond its control or failure of any portion of its facilities or the facilities of any Buckeye Member; provided, however, that Buckeye shall use its best efforts to resume with utmost dispatch the performance of any obligation hereunder, the performance of which is excused by this subsection.

(c) Operating Company shall not be held responsible or liable for any loss or damage to AEP GenCo, Buckeye or to any Buckeye Member on account of Operating Company's failure to perform any obligation to be performed by it hereunder at any time, caused by Act of God, fire, flood, explosion, strike, civil or military authority, governmental action or inaction, insurrection or riot, enemy attack, malicious mischief, act of the elements, failure of equipment, or any other cause beyond its control or failure of any portion of Ohio's Bulk Transmission Facilities and/or other facilities used to transmit Cardinal Station power and energy from the point of generation; provided, however, that Operating Company shall use its best efforts to resume with utmost dispatch the performance of any obligation hereunder, the performance of which is excused by this subsection.

(d) Each party's liability shall be limited to direct actual damages only. Such direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived. No party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages, by statute, in tort or in contract, under any indemnity provision or otherwise. It is the intent of the parties that the limitations herein imposed on remedies and the measure of damages be without regard to the cause or causes related thereto, including the negligence of any party, whether such negligence be sole, joint or concurrent, or active or passive.

15.9. This Agreement shall not be assigned by either Buckeye or AEP GenCo, except to a successor to such Owner's interest in the Cardinal Station, without the prior written consent of the other party; provided that either Buckeye or AEP GenCo, or both, may assign its right, title and interest in, to and by virtue of this Agreement, including any and all extensions, renewals, amendments and supplements thereto, to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities, without such trustee or trustees assuming or becoming in any respect obligated to perform any of the obligations of the assignor, and, if any such trustee be a corporation, without its being required by the parties hereto to qualify to do business in the State of Ohio, and such trustee or trustees may transfer, convey and assign all the right, title and interest of the assigning party in, to or by virtue of this Agreement in connection with any proceeding (whether or not judicial) to realize on any security provided for said bonds or other obligations or securities to any purchaser of any part of such security. It is further expressly stipulated and provided that no assignment by either Buckeye or AEP GenCo to any other person or party of any of their rights or interests under this contract shall have the effect of relieving Buckeye or AEP GenCo, as the case may be, from full liability and financial responsibility for performance (both before and after any such assignment) of all the obligations and duties herein provided and imposed upon Buckeye and AEP GenCo, respectively. This Agreement shall not be assigned by Operating Company under any circumstances without the prior written consent of AEP GenCo and Buckeye and of the Trustees under the Buckeye Mortgage. Each Owner shall assign this Agreement to any successor to such Owner's interest in the Cardinal Station. Subject to the foregoing provisions of this Section, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

15.10. In the event of any act or omission by Buckeye which would give AEP GenCo the right, immediately or after lapse of a period of time, to cancel or terminate this Agreement, AEP GenCo shall give written notice of such act or omission to the Trustees under the Buckeye Mortgage and shall not exercise such right against Buckeye if, within 60 days after the receipt of such notice by such Trustees, the corporate trustee under the Buckeye Mortgage shall undertake in a written notice to AEP GenCo that, from and after the date of such written notice to AEP GenCo, said corporate trustee will be responsible for the performance of all of the obligations of Buckeye under this Agreement and, to the extent that any act or omission by Buckeye occurring prior to the date of the delivery by AEP GenCo of written notice thereof to said Trustees can be remedied, will remedy the same, and that said corporate trustee will promptly commence the performance of such obligations. If any act or omission by Buckeye occurring prior to the date of delivery by AEP GenCo of written notice thereof to the Trustees cannot be remedied, AEP GenCo shall look solely to Buckeye for redress in respect of such act or omission. In the event that, after receipt by AEP GenCo of a written notice from the corporate trustee under the Buckeye Mortgage that said corporate trustee will be responsible for the performance of all of the obligations of Buckeye under this Agreement, an act or omission by said corporate trustee occurs which would give AEP GenCo the right, immediately or after lapse of a period of time, to cancel or terminate this Agreement, AEP GenCo shall be entitled to exercise such right with the same consequences as if said corporate trustee had not substituted itself for Buckeye in the performance of Buckeye's obligations under this Agreement.

15.11. It is understood and agreed by the parties hereto that if any one or more provisions contained herein shall be finally determined by any court of competent jurisdiction to

contravene, or be invalid under, any applicable provision of law, such contravention or invalidity shall not invalidate this Agreement, but this Agreement shall be construed as if not containing such provision or provisions and the rights and obligations of the parties shall be construed and enforced accordingly; provided, however, that no obligation other than those herein provided (except for changes in rates or charges) shall thereby be imposed on any party; and provided further that to the extent that any such provision or provisions shall constitute a part of any effective rate schedule, or terms and conditions thereof, on file with any regulatory agency having jurisdiction such provision or provisions shall remain in full force and effect (i) unless and until modified by valid final order of such regulatory agency or (ii) unless and until such provision or provisions in such rate schedule, or terms and conditions thereof, shall be finally determined by any court of competent jurisdiction to contravene, or be invalid under, any applicable provisions of law. In the event that an occasion shall arise requiring that this Agreement be construed as if not containing a particular provision or provisions as aforesaid and the effect thereof shall be to impose on any party an obligation other than those herein provided (except for changes in rates or charges), the parties will negotiate in good faith to provide a substitute for such provision or provisions.

15.12. To the extent that implementation of any provision set forth herein, including any computation which references rolling average data, would require or reference data from a period of time prior to the effective date of Amendment No. 13 to the Agreement during which Ohio, and not AEP GenCo, was a party to the Agreement, the parties agree to use the relevant data for Ohio from such period.

2. **Effective as of the Effective Date of this Amendment, delete Appendix A through Appendix E of the Station Agreement in their entirety and in lieu thereof substitute Appendix A through Appendix E, in each case in the form attached to this Amendment.**
3. **This Amendment shall become effective on a date mutually agreeable to the parties to this Amendment that is not more than 14 days after the date on which the last of the following events shall have occurred (“Effective Date”):**
  - (a) **Buckeye, Operating Company and AEP GenCo shall each have caused this Amendment to be executed by their officers thereunto duly authorized;**
  - (b) **Approval of this Amendment by the Board of Directors of Buckeye, Operating Company and AEP GenCo, if Board approval of such party is deemed necessary by such party;**
  - (c) **January 1, 2018;**
  - (d) **Approval of this Amendment by Buckeye’s lenders under the Buckeye Mortgage, as Buckeye represents and warrants that such approval is required;**
  - (e) **Approval of the termination of the Greenville Station operation and maintenance agreement between Buckeye and AEP Pro Serv, Inc. by Buckeye’s lenders, as Buckeye represents and warrants that such approval is required;**

(f) Approval of the termination of the Mone Station agreements between Buckeye's affiliate, National Power Cooperative, Inc. ("National"), AEP GenCo and AEP Pro Serv, Inc. by National's lender, as Buckeye represents and warrants that such approval is required; and

(g) Approval of this Amendment by the Federal Energy Regulatory Commission, if the parties determine that such approval is required.

(h) Payment by AEP GenCo to Buckeye of amounts due under the payment letter agreement between Buckeye and AEP GenCo dated of even date herewith.

Each party shall use reasonable diligence to take or cause to be taken all action requisite to the end that the foregoing events shall occur and that this Amendment shall become effective as provided in this Section 3 at the earliest practicable date. Notwithstanding the foregoing, if the foregoing approvals are not obtained (if required), without modification or condition, prior to March 30, 2018, this Amendment shall be deemed withdrawn and shall be null and void and of no force and effect.

4. The performance of the parties prior to the Effective Date of this Amendment, and any payment obligations related thereto, shall be governed by the terms and conditions of the Station Agreement in effect prior to the Effective Date of this Amendment.

5. This Amendment constitutes the entire agreement between the parties hereto with respect to the matters covered herein.

6. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Ohio, exclusive of conflicts of laws provisions.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

AEP GENERATION RESOURCES INC.      BUCKEYE POWER, INC.

By: Charles E. Zebula

By: \_\_\_\_\_

Name: Charles E. Zebula  
Its: President and COO

Name: Patrick W. O'Loughlin  
Its: President and CEO

CARDINAL OPERATING COMPANY

By: \_\_\_\_\_

Name: Patrick W. O'Loughlin  
Its: Executive Vice President

(f) Approval of the termination of the Mone Station agreements between Buckeye's affiliate, National Power Cooperative, Inc. ("National"), AEP GenCo and AEP Pro Serv, Inc. by National's lender, as Buckeye represents and warrants that such approval is required; and

(g) Approval of this Amendment by the Federal Energy Regulatory Commission, if the parties determine that such approval is required.

(h) Payment by AEP GenCo to Buckeye of amounts due under the payment letter agreement between Buckeye and AEP GenCo dated of even date herewith.

Each party shall use reasonable diligence to take or cause to be taken all action requisite to the end that the foregoing events shall occur and that this Amendment shall become effective as provided in this Section 3 at the earliest practicable date. Notwithstanding the foregoing, if the foregoing approvals are not obtained (if required), without modification or condition, prior to March 30, 2018, this Amendment shall be deemed withdrawn and shall be null and void and of no force and effect.

4. The performance of the parties prior to the Effective Date of this Amendment, and any payment obligations related thereto, shall be governed by the terms and conditions of the Station Agreement in effect prior to the Effective Date of this Amendment.

5. This Amendment constitutes the entire agreement between the parties hereto with respect to the matters covered herein.

6. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Ohio, exclusive of conflicts of laws provisions.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

AEP GENERATION RESOURCES INC. BUCKEYE POWER, INC.

By: \_\_\_\_\_

By:  \_\_\_\_\_

Name: Charles E. Zebula  
Its: President and COO

Name: Patrick W. O'Loughlin  
Its: President and CEO

CARDINAL OPERATING COMPANY

By:  \_\_\_\_\_

Name: Patrick W. O'Loughlin  
Its: Executive Vice President

APPENDIX A

**I. DESCRIPTION OF CARDINAL STATION SITE.**

The parcels of real property constituting the Cardinal Station Site are described as follows, with reference being made to that certain draft drawing titled "Cardinal Main Plant Site Depicting Land Ownership," dated November 13, 2013 (the "Map"):

**AEP GenCo's Land  
(Unit One Land)**

Tract 7 on Map

**Buckeye's Initial Land  
(Unit Two Land)**

Tract 6 on Map;

Area C on Map

**Buckeye's Additional Land (Unit Three Land)**

Tract 3 on Map (including Area B on Map and excluding Area A on Map)

**Joint Land**

Tract 4 on Map (including Area A and Area E on Map, excluding Area B and Area D on Map)

Tract 5 on Map (excluding Area C and Area D on Map; Tract 5 to be subsumed within Tract 4 in final version of Appendix A)

**Common Land**

Tract 1 on Map;

Tract 2 on Map;

Tract 9 on Map;

Tract 10 on Map;

Tract 11 on Map (excluding Area E on Map);

Tract 12 on Map;

Tract 13 on Map;

Tract 15 on Map;

Area D on Map;

Area F on Map;

Area G on Map;

Area I on Map

#### **Substation Land**

Tract 8 on Map;

Area H on Map

#### **Landfill Land**

The following parcels identified on the draft drawing titled "Cardinal Plant Landfill Land," dated November 13, 2013:

- (1) Tax Parcel 50-05010-000, 53.17 acres;
- (2) Tax Parcel 50-01000-000, 37.54 acres;
- (3) Tax Parcel 50-04072-000, 253.98 acres;
- (4) Tax Parcel 50-04072-005, 49.134 acres;
- (5) Tax Parcel 50-04077-000, 111.8 acres;
- (6) Tax Parcel 50-00853-000, 61.94 acres;
- (7) Tax Parcel 50-04073-000, 128.16 acres;
- (8) Tax Parcel 50-01529-000, 82.99 acres;
- (9) Tax Parcel 50-00853-000, 11.01 acres;
- (10) Tax Parcel 50-00852-000, 52.75 acres;
- (11) Tax Parcel 50-01545-000, 59.481 acres;
- (12) Tax Parcel 50-05067-000, 37.510 acres;

- (13) Tax Parcel 50-01530-000, 6.484 acres;
- (14) Tax Parcel 50-01534-000, 8.33 acres;
- (15) Tax Parcel 50-04064-000, 76.78 acres;
- (16) Tax Parcel 50-00847-000, 37.402 acres;
- (17) Tax Parcel 50-01565-000, 43.022 acres;
- (18) Tax Parcel 50-01563-000, 373.54 acres;
- (19) Tax Parcel 50-00949-000, .95 acres;
- (20) Tax Parcel 50-00852-000, 146.13 acres;
- (21) Tax Parcel 50-00837-000, 39.116 acres;
- (22) Tax Parcel 50-00838-000, 22.283 acres;
- (23) Tax Parcel 50-05019-000, 236.658 acres;
- (24) Tax Parcel 50-00838-001, 6.943 acres;
- (25) Tax Parcel 444-9, 4.59 acres;
- (26) Tax Parcel 50-00374-000, 236.254 acres;
- (27) 1.046 acre parcel, no tax parcel number identified, D.B.V. 625 Page 132;
- (28) Tax Parcel 50-04066-000, 188.10 acres;
- (29) Tax Parcel 50-00840-000, 57.564 acres;
- (30) Tax Parcel 50-00831-000, 29.52 acres;
- (31) Tax Parcel 50-00944-000, 2.33 acres;
- (32) Tax Parcel 50-04038-000, 35.26 acres;
- (33) Tax Parcel 50-04042-000, 4.51 acres;
- (34) Tax Parcel 50-00296-000, 44.40 acres;



- (35) Tax Parcel 50-00295-000, 47.48 acres;
- (36) Tax Parcel 50-00294-000, 119.42 acres;
- (37) Tax Parcel 50-00300-000, 30.85 acres;
- (38) Tax Parcel 50-00038-000, .29 acres;
- (39) Tax Parcel 50-01247-000, 8.56 acres;
- (40) Tax Parcel 50-00299-000, 11.01 acres;
- (41) Tax Parcel 50-00050-000, .23 acres;
- (42) Tax Parcel 50-01222-000, .21 acres;
- (43) Tax Parcel 50-00030-000, 2.05 acres.

## **II. Description of AEP GenCo's Initial Unit (Unit One)**

AEP GenCo's Initial Unit (Unit One) is located on the parcel of land described as AEP GenCo's Land (Unit One Land) of the Cardinal Station Site and includes (a) all foundations and structures thereon bounded by and including walls and/or structural members for AEP GenCo's Initial Unit (Unit One) on the north and adjoining to walls and/or structural members for Buckeye's Initial Unit (Unit Two) to the south, it being understood that to the extent that the foundations and structures for AEP GenCo's Initial Unit (Unit One) encroach upon Buckeye's Initial Land (Unit Two Land), Joint Land or Common Land, such foundations and structures are nevertheless part of AEP GenCo's Initial Unit (Unit One), (b) all machinery, equipment, pipes, cables, etc., on or within the structures located on AEP GenCo's Land (Unit One Land), (c) items of property specifically described as Exception BI-2 and BI-15 in Part III of this Appendix A, Exception BA-2 in Part IV of this Appendix A, Exceptions GF-1, GF- 13, GF-26, GF-28, GF-30 and GF-32 in Part V of this Appendix A, and Exceptions CF-3, CF-7 and CF-19 in Part VI of this Appendix A, and (d) the following specific items of property:

*OI-1:* AEP GenCo's Initial Unit (Unit One) old stack [item 41];

*OI-2:* AEP GenCo's Initial Unit (Unit One) steam generator building [item 42];

*OI-3:* AEP GenCo's Initial Unit (Unit One) turbine building [item 43];

*OI-4:* AEP GenCo's Initial Unit (Unit One) selective catalytic boxes reduction system boxes [item 44];

*OI-5:* AEP GenCo's Initial Unit (Unit One) screen house [item 53];

*OI-6:* AEP GenCo's Initial Unit (Unit One) contaminated condensate storage tank [item 55]; and

*OI-7:* AEP GenCo's Initial Unit (Unit One) clean condensate storage tank [item 57];

with the following exceptions in respect of the property described in subsections (a) and (b) of this Part:

*Exception OI-1:* All property described in subsections (a) and (b) of this Part classified under Accounts 351 through 359, and Account 397, of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time. All items of property included under this Exception OI-1 are designated as a part of AEP GenCo's (Unit One) Substation Facilities .

*Exception OI-2:* River bank improvements and rip-rap on AEP GenCo's Land (Unit One Land) adjoining to the walls of the pump house and water intake structures for AEP GenCo's Initial Unit (Unit One). All such improvements are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-3:* The sheet piling water diversion wall located on AEP GenCo's Land (Unit One Land) and adjoining to the northeast corner of the screen well bulkhead and extending in an easterly direction to the river bank. Such diversion wall is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-4:* [Reserved.]

*Exception OI-5:* Fuel oil pumping equipment, including valves, strainers and other accessories, which are located on AEP GenCo's Land (Unit One Land) to the west of the contaminated condensate storage tank, and all valves, fittings and piping necessary and/or useful for connecting the aforesaid fuel oil pumping equipment with the 840,000 gallon fuel oil tank [Item 64] which is located on Joint Land to the west of the warehouse [Item 77]. All items of property included under this Exception OI-5 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-6:* The well water softener located at elevation 645'-0" in the water treatment plant area near the intersection of building column lines 1 and C for AEP GenCo's Initial Unit (Unit One), and the 6,000-gallon well water tank located at elevation 757'-6" between building column lines J and H and building column lines 7 and 8 for AEP GenCo's Initial Unit (Unit One), and all valves, fittings and piping on or within the structures on AEP GenCo's Land (Unit One Land) which are necessary and/or useful for connecting the aforesaid well water softener, the aforesaid well water tank and the Cardinal Station deep well. All items of property included under this Exception OI-6 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-7:* Motor-driven service water pump set, including automatic self-cleaning strainer, located on elevation 645'-0" between building column lines 7 and 8 for AEP

GenCo's Initial Unit (Unit One). All such equipment is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-8:* The southerly motor-driven ash handling pump set, including automatic self-cleaning strainer, located on elevation 645'-0" between building column lines 10 and 11 for AEP GenCo's Initial Unit (Unit One). All such equipment is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-9:* One fire system pegging pump set located on elevation 645'-0" between building column lines 10 and 11 for AEP GenCo's Initial Unit (Unit One). All such equipment is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-10:* Chemical cleaning equipment, including chemical cleaning tank and chemical cleaning station located on elevation 671'-0" between building column lines 6 and 7 for AEP GenCo's Initial Unit (Unit One), two chemical cleaning pumps located on elevation 659'-0" between building column lines 4 and 6 for AEP GenCo's Initial Unit (Unit One), and pertinent valves, fittings and interconnecting piping for the aforesaid equipment. All items of property included under this Exception OI-10 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-11:* The centrifugal plant air compressor and the associated air compressor oil pump located on elevation 661'-0" between building column lines 7 and 8 for AEP GenCo's Initial Unit (Unit One). All such equipment is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-12:* Freight elevator located to the west of the intersection of building column lines C and 2 for AEP GenCo's Initial Unit (Unit One). Such elevator is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-13:* Miscellaneous store rooms, including 5-ton monorail and hoist located on elevation 671'-0" in the smoke stack for AEP GenCo's Initial Unit (Unit One). All items of property included under this Exception OI-13 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-14:* The 300 kva lighting transformer for service building lighting system and for emergency lighting for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two) located on the transformer deck elevation 674'-0" for AEP GenCo's Initial Unit (Unit One). Such lighting transformer is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-15:* The switchgear and control devices for ash handling pump referred to in Exception OI-8 in cubicle 1A8 in the 4 kv control center, together with all cables and connections leading therefrom to such pump and its controls, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of AEP GenCo's Initial Unit (Unit One). All items of

property included under this Exception OI-15 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-16:* The combination starter and control devices in motor control center TC-E for strainer drive for ash handling pump referred to in Exception OI-8 and all electrical connections therefrom to such strainer drive. All items of property included under this Exception OI-16 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-17:* The switchgear and control devices for service water pump referred to in Exception OI-7 in cubicle 1F4 in the 600 volt control center, together with all cables and connections leading therefrom to such pump and its controls, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of AEP GenCo's Initial Unit (Unit One). All items of property included under this Exception OI-17 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-18:* The combination starter in motor control center TC-D for strainer drive for service water pump referred to in Exception OI-7 and all electrical connections therefrom to such strainer drive. All items of property included under this Exception OI-18 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-19:* The switchgear and control devices for centrifugal plant air compressor referred to in Exception OI-11 in cubicle 1B2 in the 4 kv control center, together with all cables and connections leading therefrom to such air compressor and its controls, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of AEP GenCo's Initial Unit (Unit One). All items of property included under this Exception OI-19 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-20:* The combination starter in motor control center TB-F for oil pump for centrifugal plant air compressor referred to in Exception OI-11 and all electrical connections therefrom to such pump and its controls. All items of property included under this Exception OI-20 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-21:* The motor control breaker in motor control center TMZ-E for freight elevator motor-generator set and all electrical connections therefrom to the freight elevator motor-generator set and controls. All items of property included under this Exception OI-21 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-22:* The motor combination starter in motor control center TC-E for the fire system pegging pump and all electrical connections therefrom to the fire system pegging pump and its controls. All items of property included under this Exception OI-22 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-23:* Two combination starters in motor control center PCR-C and one control breaker in motor control center PCR-F for fuel oil pumping equipment included under Exception OI-5 and all electrical connections therefrom to such fuel oil pumping equipment and its controls. All items of property included under this Exception OI-23 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-24:* Switchgear and control devices for chemical cleaning pump in cubicle 1A2 in the 4 kv control center, together with all cables and connections leading therefrom to such pump, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of AEP GenCo's Initial Unit (Unit One). All items of property included under this Exception OI-24 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-25:* The combination starter in the motor control center EB-F for the chemical cleaning pump and all electrical connections therefrom to the chemical cleaning pump and its controls. All items of property included under this Exception OI-25 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-26:* The switchgear in cubicle 1D2 in the 600 volt control center, together with all cables and connections leading therefrom to power panel MS-D, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of AEP GenCo's Initial Unit (Unit One). All items of property included under this Exception OI-26 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-27:* The switchgear for 75-ton turbine room cranes in cubicle 1F7 in the 600 volt control center, together with all cables and connections leading therefrom to the crane trolley wires for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two), but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of AEP GenCo's Initial Unit (Unit One). All items of property included under this Exception OI-27 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception OI-28:* The fuel oil pump lines placed in or on AEP GenCo's Land (Unit One Land) for the purposes of connecting the fuel oil pumping equipment included under Exception OI-5 with Buckeye's Initial Unit (Unit Two). All such fuel oil pipe lines included under this Exception OI-28 are designated as part of Buckeye's Initial Unit (Unit Two).

### **III. Description of Buckeye's Initial Unit (Unit Two)**

Buckeye's Initial Unit (Unit Two) is located on the parcel of land described as Buckeye's Initial Land (Unit Two Land) of the Cardinal Station Site and includes (a) all foundations and structures thereon bounded by and including walls and/or structural members for Buckeye's Initial Unit (Unit Two) on the south and adjoining to walls and/or structural members for AEP GenCo's Initial Unit (Unit One) to the north, it being understood that to the extent that the foundations and structures for Buckeye's Initial Unit (Unit Two) encroach upon AEP GenCo's

Land (Unit One Land), Joint Land, or Common Land such foundations and structures are nevertheless part of Buckeye's Initial Unit (Unit Two), (b) all machinery, equipment, pipes, cables, etc., on or within the structures located on Buckeye's Initial Land (Unit Two Land), (c) items of property specifically described as Exception BA-3 in Part IV of this Appendix A, Exception OI-28 in Part II of this Appendix A, Exceptions GF-2, GF- 14, GF-27, GF-29, GF-31, GF-33, GF-37 and GF-38 in Part V of this Appendix A, and Exceptions CF-4 and CF-6 in Part VI of this Appendix A, and (d) the following specific items of property:

*BI-1:* Buckeye's Initial Unit (Unit Two) old stack [item 46];

*BI-2:* Buckeye's Initial Unit (Unit Two) steam generator building [item 47];

*BI-3:* Buckeye's Initial Unit (Unit Two) turbine building [item 48];

*BI-4:* Buckeye's Initial Unit (Unit Two) selective catalytic reduction system boxes [items 49];

*BI-5:* Buckeye's Initial Unit (Unit Two) screen house [item 54];

*BI-6:* Buckeye's Initial Unit (Unit Two) contaminated condensate storage tank [item 56];  
and

*BI-7:* Buckeye's Initial Unit (Unit Two) clean condensate storage tank [item 58];

with the following exceptions in respect of the property described in subsections (a) and (b) of this Part:

*Exception BI-1:* All property described in subsections (a) and (b) of this Part classified under Accounts 351 through 359, and Account 397, of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time. All items of property included under this Exception BI-1 are designated as part of Buckeye's Initial (Unit Two) Substation Facilities.

*Exception BI-2:* The equipment installed for the purpose of conveying and/or handling coal between Station No. 8 and Station No. 9 which is identified as Conveyor No. 9, the centers of said Stations Nos. 8 and 9 being located 492'-0" and 239'-0", respectively, southwest of the northeast line of AEP GenCo's Land (Unit One Land) and 226'-3" and 230'-1", respectively, southeast of the northwest line of AEP GenCo's Land (Unit One Land), Buckeye's Initial Land (Unit Two Land) and Joint Land. All such equipment is designated as part of AEP GenCo's Initial Unit (Unit One).

*Exception BI-3:* River bank improvements and rip-rap on Buckeye's Initial Land (Unit Two Land) adjoining to the walls on building column line C for Buckeye's Initial Unit (Unit Two) and adjoining to the circulating water discharge structure. All such improvements are designated as part of Initial Cardinal Station (Units One and Two) General Facilities.

*Exception BI-4:* The sheet piling water diversion wall located on Buckeye's Initial Land (Unit Two Land) and adjoining to the circulating water discharge structure at a point between building column lines 7 and 8 for Buckeye's Initial Unit (Unit Two) and extending in an easterly direction into the Ohio River. Such diversion wall is designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception BI-5:* Any part or parts of the fuel barge unloading dock which may be located on Buckeye's Initial Land (Unit Two Land). Such dock is designated as part of Cardinal Station Common Facilities.

*Exception BI-6:* [Reserved.]

*Exception BI-7:* [Reserved.]

*Exception BI-8:* The switchgear in cubicle 2D9 in the 600 volt control center MCC BBN-D, together with all cables and connections therefrom and from the AEP GenCo's Initial Unit (Unit One) 4 kv control centers leading to the fly ash pumps and fly ash seal water pump, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of Buckeye's Initial Unit (Unit Two). All items of property included under this Exception BI-8 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception BI-9:* The combination starter in motor control center PCR-C for fuel oil pumping equipment included under Exception OI-5 and all electrical connections therefrom to such fuel oil pumping equipment. All items of property included under this Exception BI-9 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception BI-10:* The carbon dioxide storage tank for the fire fighting system located on floor elevation 645'-0" and all fittings and piping connected thereto. All items of property included under this Exception BI-10 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception BI-11:* The fall-out shelter room, including the diesel-generator set and all other equipment therein, located on elevation 671'-0" in the smoke stack for Buckeye's Initial Unit (Unit Two). All items of property included under this Exception BI-11 are designated as part of Cardinal Station Common Facilities.

*Exception BI-12:* The switchgear in the 600 volt control center MCC PCR-C, together with all cables and connections therefrom leading to the motor control center in the chlorine building located on Joint Land, but not including any cable pans, ducts, conduits, hangers, etc., which are necessary and/or useful for routing such cables through the structures which are part of Buckeye's Initial Unit (Unit Two). All items of property included under this Exception BI-12 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception BI-13:* The Regional Dispatch Center including all associated equipment to be located in the smoke stack for Buckeye's Initial Unit (Unit Two). All items of property

included under this Exception BI-13 are to be owned exclusively by AEP GenCo and do not constitute part of the Cardinal Station.

*Exception BI-14:* The cable trenches and control cables located on Buckeye's Initial Land (Unit Two Land) which are used to connect Buckeye's Additional Unit (Unit Three) control devices with Buckeye's Additional (Unit Three) Substation Facilities. Such cable trenches and control cables are designated as part of Buckeye's Additional (Unit Three) Substation Facilities.

*Exception BI-15:* The selective catalytic reduction system box and its associated foundations and structural supports located on Buckeye's Initial Land (Unit Two Land) which is used in connection with the selective catalytic reduction system for AEP GenCo's Initial Unit (Unit One). Such selective catalytic reduction system box is designated as part of AEP GenCo's Initial Unit (Unit One).

#### **IV. Description of Buckeye's Additional Unit (Unit Three)**

Buckeye's Additional Unit (Unit Three) is located on the parcel of land described as Buckeye's Additional Land (Unit Three Land) of the Cardinal Station Site and includes (a) all foundations and structures thereon, (b) all machinery, equipment, pipes, cables, etc., on or within the structures located on Buckeye's Additional Land (Unit Three Land), (c) a 138-kv circuit breaker and associated structures and equipment located at Ohio's Tidd Plant substation for purposes of controlling the 138-kv auxiliary start-up lines for Buckeye's Additional Unit (Unit Three), (d) items of property specifically described as Exceptions GF-10, GF-15, GF-18, GF -21, and GF-23 in Part V of this Appendix A, and Exceptions CF-8, CF-10, CF-11, CF-12, CF-13, and CF-15 in Part VI of this Appendix A, and (e) the following specific items of property:

*BA-1:* Buckeye's Additional Unit (Unit Three) stack [item 86];

*BA-2:* Buckeye's Additional Unit (Unit Three) steam generator building [item 87];

*BA-3:* Buckeye's Additional Unit (Unit Three) turbine building [item 88];

*BA-4:* Buckeye's Additional Unit (Unit Three) water treating building [item 89];

*BA-5:* Service building for Buckeye's Additional Unit (Unit Three) [item 90];

*BA-6:* Buckeye's Additional Unit (Unit Three) auxiliary boiler building [item 91];

*BA-7:* Buckeye's Additional Unit (Unit Three) precipitator and airheaters [item 92];

*BA-8:* Buckeye's Additional Unit (Unit Three) induced draft fans [item 93];

*BA-9:* Selective Catalytic Reduction Unit 3A [item 94];



*BA-10:* Selective Catalytic Reduction Unit 3B [item 95];

*BA-11:* Buckeye's Additional Unit (Unit Three) jet bubble reactor mechanical enclosure [item 96];

*BA-12:* Buckeye's Additional Unit (Unit Three) jet bubble reactor [item 97];

*BA-13:* Oxidation air building [item 98];

*BA-14:* Buckeye's Additional Unit (Unit Three) jet bubble reactor electrical enclosure [item 99];

*BA-15:* Buckeye's Additional Unit (Unit Three) cooling tower [item 100];

*BA-16:* Circulating water pump house [item 101];

*BA-17:* Continuous emissions monitoring system enclosure [item 102];

*BA-18:* Induced draft fans and auxiliary equipment [item 103];

*BA-19:* Induced draft fans electrical enclosure [item 104];

*BA-20:* River pump house [item 105];

*BA-21:* Clean condensate storage tank [item 106];

*BA-22:* Contaminated condensate storage tank [item 107];

*BA-23:* Reclaim water tank [item 108];

*BA-24:* Reagent storage tank [item 109];

*BA-25:* Byproduct storage tank [item 110];

*BA-26:* Flue gas desulfurization pump house [item 111];

*BA-27:* Sulfuric acid tank [item 112];

*BA-28:* Fire service water tank [item 113];

*BA-29:* Fire pump building [item 114];

*BA-30:* [Reserved];

*BA-31:* Hydrogen skid/exclusion zone [item 116];

*BA-32:* Service water pump house and emergency diesel generator [item 117];

- BA-33:* Utility pipe rack [item 118];
- BA-34:* Nitrogen tank area [item 119];
- BA-35:* Chemical storage building [item 121];
- BA-36:* Trona silos [item 122];
- BA-37:* Trona truck unloading facility [item 123];
- BA-38:* Blower/MCC building [item 124];
- BA-39:* Chiller/dehumidifier building [item 125];
- BA-40:* Reclaim conveyor [item 126];
- BA-41:* Coal breaker house [item 132];
- BA-42:* Boom stacker and reclaimers [item 133];
- BA-43:* Sewage treatment plant [item 134];
- BA-44:* Coal Station F transfer house [item 138];
- BA-45:* Coal transfer house [item 140];
- BA-46:* Radial stacker [item 141];
- BA-47:* Buckeye's Additional Unit (Unit Three) urea conversion area [item 142];
- BA-48:* Urea solution pump skid [item 143];
- BA-49:* Urea solution storage tank [item 144];
- BA-50:* Region 2 plant engineering office facility [item 145];
- BA-51:* Electrical building [item 146];
- BA-52:* Oil storage buildings [items 147];
- BA-53:* Fuel oil containment tank [item 148];
- BA-54:* Oil spill warehouse [item 149];
- BA-55:* Buckeye's Additional Unit (Unit Three) fire house [item 150];
- BA-56:* Transformer storage [item 151]; and
- BA-57:* Barge unloading dock [item 156];

with the following exceptions in respect of the property described in subsections (a) and (b) of this Part:

*Exception BA-1:* The bottom-ash drainage sumps located on Buckeye's Additional Land (Unit Three Land). All items included under this Exception BA-1 are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception BA-2:* Ash disposal pipelines and associated support structures, located on Buckeye's Additional Land (Unit Three Land), from AEP GenCo's Initial Unit (Unit One) to the bottom ash storage area. Such ash disposal pipelines are to be owned by AEP GenCo and are designated as part of AEP GenCo's Initial Unit (Unit One).

*Exception BA-3:* Ash disposal pipelines and associated support structures, located on Buckeye's Additional Land (Unit Three Land), from Buckeye's Initial Unit (Unit Two) to the bottom ash storage area. Such ash disposal pipelines are to be owned by Buckeye and are designated as part of Buckeye's Initial Unit (Unit Two).

*Exception BA-4:* The main power, UAT and RAT transformer area, located on Buckeye's Additional Land (Unit Three Land). Such transformer equipment is owned by Buckeye and is designated as part of Buckeye's Additional (Unit Three) Substation Facilities. [item 120]

*Exception BA-5:* Several transmission towers and the lines attached thereto, located on Buckeye's Additional Land (Unit Three Land). All such transmission towers and lines are to be owned by Ohio and do not constitute part of the Cardinal Station. [items 37]

*Exception BA-6:* The coal rail car dumper located on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 74]

*Exception BA-7:* The warehouse designated Warehouse 83, located on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 127]

*Exception BA-8:* The training center building located on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 128]

*Exception BA-9:* The warehouse located adjacent to the training center building on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 129]

*Exception BA-10:* The storage building located immediately north of the warehouse on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 130]

*Exception BA-11:* The fuel oil pump house located on Buckeye's Additional Land (Unit Three Land). Such fuel oil pump house is designated as part of the Cardinal Station Common Facilities. [item 135]

*Exception BA-12:* The fuel oil storage tanks located on Buckeye's Additional Land (Unit Three Land), which are designated as part of the Cardinal Station Common Facilities. [item 136]

*Exception BA-13:* The fuel oil barge unloading facility located on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 137]

*Exception BA-14:* The Coal Station R1 barge unloading facility located on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 139]

*Exception BA-15:* The direct charge warehouse located on Buckeye's Additional Land (Unit Three Land), which is designated as part of the Cardinal Station Common Facilities. [item 152]

## **V. Description of Initial Cardinal Station (Units One and Two) General Facilities.**

The Initial Cardinal Station (Units One and Two) General Facilities include the service building which adjoins AEP GenCo's Initial Unit (Unit One) to the north and all improvements, roads, foundations, structures, machinery, tools, equipment, electric conductors, etc., to the Initial Cardinal Station, which are useful and/or necessary for the operation of the Initial Units (Units One and Two) but not Buckeye's Additional Unit (Unit Three), which are located and described as follows:

(a) All items of property included in Exceptions BI-3, BI-4, BI-6 through BI-10 inclusive, and BI-12 in Part III of this Appendix A, Exceptions OI-2, OI-3 and OI-5 through OI-27, inclusive, in Part II of this Appendix A, Exception BA-1 in Part IV of this Appendix A, and Exceptions CF-1, CF-2, CF-5, CF-16, CF-17 and CF-20 in Part VI of this Appendix A.

(b) [Reserved.]

(c) All items of property associated with the Initial Cardinal Station (Units One and Two) which are located in or on Joint Land (and are not included as a part of AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), Buckeye's Additional Unit (Unit Three), or Cardinal Station Common Facilities, as described in Parts II, III, IV and VI of this Appendix A, respectively), including the following specific items of property:

*GF-1:* New flue gas desulfurization stack for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two); [item 3]

*GF-2:* Service building for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two); [item 26]

*GF-3:* Machine shop for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two); [item 27]

*GF-4:* Oxidation air blower building; [item 31]

*GF-5:* Sewage treatment plant; [item 36]

*GF-6:* Flyash Slurry Pumphouse ; [item 51]

*GF-7:* Fuel oil tank for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two); [item 64]

*GF-8:* Coal Station 7; [item 65]

*GF-9:* Coal Station 6A; [item 66]

*GF-10:* Coal Silo A; and [item 70]

*GF-11:* Hydrogen storage and unloading facility for AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two); [item 79]

with the following exceptions in respect of the property described in the introductory paragraph of this Part:

*Exception GF-1:* Ash disposal pipelines, located on Joint Land, from AEP GenCo's Initial Unit (Unit One) to the bottom ash storage basin. Such ash disposal pipelines are owned by AEP GenCo and are designated as part of AEP GenCo's Initial Unit (Unit One).

*Exception GF-2:* Ash disposal lines, located on Joint Land, from Buckeye's Initial Unit (Unit Two) to the bottom ash storage basin. Such ash disposal lines are to be owned by Buckeye and are designated as part of Buckeye's Initial Unit (Unit Two).

*Exception GF-3:* Any of AEP GenCo's (Unit One) Substation Facilities that are placed on Joint Land.

*Exception GF-4:* Any of Buckeye's Initial (Unit Two) Substation Facilities that are placed on Joint Land.

*Exception GF-5:* [Reserved.]

*Exception GF-6:* Any transmission towers and lines placed on Joint Land prior or subsequent to construction of the Cardinal Station, excepting those described in Exceptions GF-17 and GF-18. All such transmission towers and lines shall be owned by Ohio and do not constitute part of the Cardinal Station. [item 37]

*Exception GF-7:* The cable trenches and control cables located on the Joint Land which are used to connect AEP GenCo's Initial Unit (Unit One) control devices with AEP GenCo's (Unit One) Substation Facilities . Such cable trenches and control cables are designated as part of AEP GenCo's (Unit One) Substation Facilities .

*Exception GF-8:* The cable trenches and control cables located on the Joint Land which are used to connect Buckeye's Initial Unit (Unit Two) control devices with Buckeye's Initial (Unit Two) Substation Facilities. Such cable trenches and control cables are designated as part of Buckeye's Initial (Unit Two) Substation Facilities.

*Exception GF-9:* Any part or parts of the fuel barge unloader, and fuel rail unloader and their associated facilities and equipment located on Joint Land. Such rail unloader, and barge unloader are designated as part of the Cardinal Station Common Facilities. The Coal Station 1 barge unloader located on Joint Land. Such barge unloader is designated as part of the Cardinal Station Common Facilities. [item 131]

*Exception GF-10:* Any coal handling facilities associated specifically with Buckeye's Additional Unit (Unit Three) and located on Joint Land. Such facilities are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception GF-11:* Any coal handling facilities installed on Joint Land which are useful and/or necessary for operation of the Cardinal Units and which cannot be properly associated specifically with the Initial Units (Units One and Two) or Buckeye's Additional Unit (Unit Three). Such facilities are designated as part of Cardinal Station Common Facilities.

*Exception GF-12:* The equipment installed on Joint Land for the purpose of conveying and/or handling coal between the barge unloader and Station No. 2 which is identified as Conveyor No. 2, between the truck unloader and Station No. 5 which is identified as Conveyor No. 5, between the rail unloader and Station No. 5 which is identified as Conveyor No. 4, between Station No. 2 and Station No. 6 which is identified as Conveyor No. 3, between Station No. 5 and Station No. 6 which is identified as Conveyor No. 6 as well as Stations No. 2 and No. 5. All such equipment is identified as Cardinal Station Common Facilities.

*Exception GF-13:* Ash disposal pipelines and associated support structures, located on Joint Land, from AEP GenCo's Initial Unit (Unit One) to the fly ash disposal area. Such ash disposal pipelines are designated as part of AEP GenCo's Initial Unit (Unit One).

*Exception GF-14:* Ash disposal pipelines and associated support structures, located on Joint Land, from Buckeye's Initial Unit (Unit Two) to the fly ash disposal area. Such ash disposal pipelines are designated as part of Buckeye's Initial Unit (Unit Two).

*Exception GF-15:* Ash disposal pipelines and associated support structures, located on Joint Land, from Buckeye's Additional Unit (Unit Three) to the fly ash disposal area located on Common Land. Such ash disposal pipelines are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception GF-16:* Guard houses located on Joint Land. Such guard houses are designated Cardinal Station Common Facilities.

*Exception GF-17:* The generator leads and associated structures, located on Joint Land, connecting Buckeye's Additional Unit (Unit Three) with Buckeye's Additional (Unit Three) Substation Facilities. Such leads and associated structures are designated as part of Buckeye's Additional (Unit Three) Substation Facilities.

*Exception GF-18:* The 138-kv auxiliary start-up supply leads and associated structures, located on Joint Land, used to provide auxiliary power to Buckeye's Additional Unit (Unit Three) from AEP GenCo's (Unit One) Substation Facilities . Such leads and structures are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception GF-19:* The cable trenches and control cables located on Joint Land which are used to connect Buckeye's Additional Unit (Unit Three) control devices with Buckeye's Additional (Unit Three) Substation Facilities. Such cable trenches and control cables are designated as part of Buckeye's Additional (Unit Three) Substation Facilities.

*Exception GF-20:* Flyash drainage sumps located on Joint Land. Such drainage sumps are designated Cardinal Station Common Facilities.

*Exception GF-21:* The railroad track and associated facilities constituting the construction spur for Buckeye's Additional Unit (Unit Three) and located on Joint Land. Such railroad track is designated as part of Buckeye's Additional Unit (Unit Three).

*Exception GF-22:* Any of the Buckeye's Additional (Unit Three) Substation Facilities that are placed on Joint Land.

*Exception GF-23:* The fencing and lighting facilities associated with the access road for Buckeye's Additional Unit (Unit Three). Such fencing and lighting facilities are designated part of Buckeye's Additional Unit (Unit Three).

*Exception GF-24:* The yard utility building. Such building is designated as part of the Cardinal Station Common Facilities.

*Exception GF-25:* The cafeteria equipment located in the service building which adjoins AEP GenCo's Initial Unit (Unit One) to the north. Such cafeteria equipment is designated as part of the Cardinal Station Common Facilities.

*Exception GF-26:* The jet bubble reactor for AEP GenCo's Initial Unit (Unit One) located on Joint Land. Such jet bubble reactor is designated as part of AEP GenCo's Initial Unit (Unit One). [item 1]

*Exception GF-27:* The jet bubble reactor for Buckeye's Initial Unit (Unit Two) located on Joint Land. Such jet bubble reactor is designated as part of Buckeye's Initial Unit (Unit Two). [item 2]

*Exception GF-28:* AEP GenCo's Initial Unit (Unit One) induced draft fans located on Joint Land. Such draft fans are designated as part of AEP GenCo's Initial Unit (Unit One). [item 32]

*Exception GF-29:* Buckeye's Initial Unit (Unit Two) induced draft fans located on Joint Land. Such draft fans are designated as part of Buckeye's Initial Unit (Unit Two). [item 33]

*Exception GF-30:* AEP GenCo's Initial Unit (Unit One) flue gas ductwork which is located on Joint Land. Such ductwork is designated as part of AEP GenCo's Initial Unit (Unit One). [items 34]

*Exception GF-31:* Buckeye's Initial Unit (Unit Two) flue gas ductwork which is located on Joint Land. Such ductwork is designated as part of Buckeye's Initial Unit (Unit Two). [items 35]

*Exception GF-32:* AEP GenCo's Initial Unit (Unit One) precipitators which are located on Joint Land. Such precipitators are designated as part of AEP GenCo's Initial Unit (Unit One). [items 45]

*Exception GF-33:* Buckeye's Initial Unit (Unit Two) precipitators which are located on Joint Land. Such precipitators are designated as part of Buckeye's Initial Unit (Unit Two). [items 50]

*Exception GF-34:* The Coal Silo Station 6 located on Joint Land, which is designated as part of the Cardinal Station Common Facilities. [item 67]

*Exception GF-35:* The Coal Station 5 Sample House located on Joint Land, which is designated as part of the Cardinal Station Common Facilities. [item 68]

*Exception GF-36:* The Sample House, which is located on Joint Land southeast of Coal Silo Station 6. Such Sample House is designated as part of the Cardinal Station Common Facilities. [item 69]

*Exception GF-37:* Coal Silo B, which is located on Joint Land. Such Coal Silo B is owned by Buckeye and is designated as part of Buckeye's Initial Unit (Unit Two). [item 71]

*Exception GF-38:* The junction house and deluge valve station located on Joint Land. Such junction house and deluge valve station are designated as part of Buckeye's Initial Unit (Unit Two). [item 72]

*Exception GF-39:* The tractor garage and locomotive shop located on Joint Land, which is designated as part of the Cardinal Station Common Facilities. [item 73]

*Exception GF-40:* The Coal Station 3 located on Joint Land. Such Coal Station 3 is designated as part of the Cardinal Station Common Facilities. [item 80]



*Exception GF-41:* The deluge valve house located on Joint Land. Such deluge valve house is designated as part of the Cardinal Station Common Facilities. [item 81]

## **VI. Description of Cardinal Station Common Facilities.**

The Cardinal Station Common Facilities include all improvements, roads, foundations, structures, machinery, tools, equipment, electric conductors, etc., associated with the Initial Units (Units One and Two) or Buckeye's Additional Unit (Unit Three), which are useful and/or necessary for operation of all of the Cardinal Units, and which are located and described as follows:

(a) Items of property included in Exception OI-4 in Part II of this Appendix A, in Exceptions BI-5 and BI-11 in Part III of this Appendix A, in Exceptions BA-6 through BA-15, inclusive, in Part IV of this Appendix A, and in Exceptions GF-9, GF-11, GF-12, GF-16, GF-20, GF-24, GF-25, GF-34, GF-35, GF-36, GF-39, GF-40 and GF-41 in Part V of this Appendix A.

(b) All items of property associated with the Cardinal Station which are portable and movable, such as automotive equipment, office furniture and equipment, laboratory equipment, welding machines, portable hoists, spare parts (other than Major Spare Parts) and portable tools, etc., which cannot be properly associated specifically with AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), or Buckeye's Additional Unit (Unit Three).

(c) All items of property associated with the Cardinal Station which are located in or on Landfill Land (and which are not included as part of AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), Buckeye's Additional Unit (Unit Three), or Initial Cardinal Station (Units One and Two)General Facilities).

(d) All items of property associated with the Cardinal Station which are located in or on Common Land (and which are not included as part of AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), Buckeye's Additional Unit (Unit Three), or Initial Cardinal Station (Units One and Two)General Facilities as described in Parts II, III, IV and V of this Appendix A, respectively), including the following specific items of property:

*CF-1:* Metal cleaning waste treatment pump house; [item 157]

*CF-2:* Metal cleaning waste treatment tank; [item 158]

*CF-3:* Ash basin drainage structure; [item 159]

*CF-4:* Recirculating water ash pond pump house; [item 160]

*CF-5:* Urea mix tank and pump building; [item 59]

*CF-6:* Urea recycle tank; [item 60]

*CF-7:* Urea storage tank; [item 61]

*CF-8:* Wastewater treatment facility; [item 76]

*CF-9:* The several office/storeroom/warehouse buildings located across the road from the wastewater treatment facility, east of Coal Station 6A; [items 77]

*CF-10:* The slag blower shop [item 82]

*CF-11:* Reagent storage tanks located adjacent to the AEP GenCo Unit and Buckeye Initial Unit flue gas desulfurization stack, used for the flue gas desulfurization system; [item 4]

*CF-12:* The flue gas desulfurization system common building; [item 5]

*CF-13:* The limestone silos located adjacent to the flue gas desulfurization common building; [items 6]

*CF-14:* The maintenance tank located adjacent to the two flue gas desulfurization water tanks [item 7];

*CF-15:* The gypsum dewatering tanks used for the FGD byproduct dewatering system; [items 9]

*CF-16:* The reclaim tanks located adjacent to the dewatering tanks, used for the flue gas desulfurization system; [items 10]

*CF-17:* Flue gas desulfurization system service water tanks; [items 11]

*CF-18:* The limestone reclaim conveyor used for the flue gas desulfurization system; [item 12]

*CF-19:* The gypsum stackout conveyor; [item 13]

*CF-20:* The limestone emergency reclaim hopper used for the flue gas desulfurization system; [item 14]

*CF-21:* The limestone stockpile used for the flue gas desulfurization system; [item 15]

*CF-22:* The commercial gypsum stockpile (covered); [item 16]

*CF-23:* Waste gypsum stockpile (covered); [item 17]

*CF-24:* Balanced hydraulic crane; [item 18]

*CF-25:* Limestone unloading hopper; [item 19]

*CF-26:* New 40 foot diameter loading/unloading cells (typ); [item 20]

*CF-27:* New 18 foot diameter fleeting cells (typ); [item 21]

*CF-28:* Limestone stackout conveyor; [item 22]

*CF-29:* Long term limestone storage; [item 23]

*CF-30:* Waste gypsum stockpile; [item 24]

*CF-31:* Coal Station 4 truck unloading hopper; [item 75]

*CF-32:* Main gate guard house; [item 78]

with the following exceptions in respect of the property described in the introductory paragraph of this Part:

*Exception CF-1:* The bottom ash discharge structures installed as part of the Initial Cardinal Station. Such discharge structures are designated as part of the Initial Cardinal Station (Units One and Two)General Facilities.

*Exception CF-2:* The bottom ash drainage sumps. Such drain-age sumps are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception CF-3:* Ash disposal pipelines and associated supporting structures, from AEP GenCo's Initial Unit (Unit One) to the bottom ash disposal area. Such ash disposal pipelines are designated as part of AEP GenCo's Initial Unit (Unit One).

*Exception CF-4:* Ash disposal pipelines and associated supporting structures, from Buckeye's Initial Unit (Unit Two) to the bottom ash disposal area. Such ash disposal pipelines are designated as part of Buckeye's Initial Unit (Unit Two).

*Exception CF-5:* Ash disposal pipelines and associated supporting structures, from AEP GenCo's Initial Unit (Unit One) and Buckeye's Initial Unit (Unit Two) to the fly ash disposal area and installed prior to January 1, 1973. Such ash disposal pipelines are designated as part of Initial Cardinal Station (Units One and Two)General Facilities.

*Exception CF-6:* Ash disposal pipelines and associated support structures from Buckeye's Initial Unit (Unit Two) to the fly ash disposal area installed on or subsequent to January 1, 1973 but prior to or on the Date of Commercial Operation of Buckeye's Additional Unit (Unit Three). Such ash disposal pipelines are designated as part of Buckeye's Initial Unit (Unit Two).

*Exception CF-7:* Ash disposal pipelines and associated support structures from AEP GenCo's Initial Unit (Unit One) to the fly ash disposal area installed on or subsequent to January 1, 1973. Such ash disposal pipelines are designated as part of AEP GenCo's Initial Unit (Unit One).

*Exception CF-8:* Ash disposal pipelines and associated support structures from Buckeye's Additional Unit (Unit Three) to the fly ash disposal area. Such ash disposal pipelines are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception CF-9:* Any transmission towers and lines placed on Common Land, excepting those described in Exceptions CF-14 and CF-15. All such transmission towers and lines are to be owned by Ohio and do not constitute part of the Cardinal Station.[items 37]

*Exception CF-10:* The bottom ash recirculating pipelines from the recirculating pond to Buckeye's Additional Unit (Unit Three). Such recirculating pipelines are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception CF-11:* The bottom ash recirculating pump house and associated equipment constituting a part of the bottom ash recirculating system for Buckeye's Additional Unit (Unit Three). Such pump house and associated equipment are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception CF-12:* Ash disposal pipelines and associated support structures from Buckeye's Additional Unit (Unit Three) to the bottom ash disposal area. Such ash disposal pipelines are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception CF-13:* The railroad track and associated facilities constituting the construction spur for Buckeye's Additional Unit (Unit Three) and located on Common Land. Such railroad track is designated as part of Buckeye's Additional Unit (Unit Three).

*Exception CF-14:* The generator leads and associated structures located on Common Land, connecting Buckeye's Additional Unit (Unit Three) with Buckeye's Additional (Unit Three) Substation Facilities. Such leads and associated structures are designated as part of Buckeye's Additional (Unit Three) Substation Facilities.

*Exception CF-15:* The 138-kv auxiliary start-up leads and associated structures located on Common Land, used to provide auxiliary power to Buckeye's Additional Unit (Unit Three) from AEP GenCo's (Unit One) Substation Facilities . Such leads and structures are designated as part of Buckeye's Additional Unit (Unit Three).

*Exception CF-16:* [Reserved.]

*Exception CF-17:* [Reserved.]

*Exception CF-18:* The Tidd Plant Building located on Common Land, such building having been constructed by AEP GenCo or Ohio for use by the Tidd Plant. The Tidd Plant Building is owned by AEP GenCo or Ohio and does not constitute part of the Cardinal Station. [item 8]

*Exception CF-19:* [Reserved.]

*Exception CF-20:* The interplant building located on Common Land adjacent to the Tidd Plant Building, which is designated as part of the Initial Cardinal Station (Units One and Two) General Facilities. [item 38]

*Exception CF-21:* Any transmission towers and lines placed on Common Land prior or subsequent to construction of the Cardinal Station. All such transmission towers and lines shall be owned by Ohio and do not constitute part of the Cardinal Station. [item 37]

## **VII. Reserved**

### **VIII. Description of AEP GenCo's (Unit One) Substation Facilities**

AEP GenCo's (Unit One) Substation Facilities are located on the parcels of property described as AEP GenCo's Land (Unit One Land), Joint Land and Substation Land, or on other land owned by AEP GenCo adjacent to the Cardinal Station Site, and include all items of property located at the Cardinal Station appurtenant to AEP GenCo's Initial Unit (Unit One) and required and/or useful to connect electrically AEP GenCo's Initial Unit (Unit One) with the 138-kv busses for Cardinal Station and Tidd Plant which are located in Ohio's Tidd Plant substation, including the main power transformer located adjacent to AEP GenCo's Initial Unit (Unit One), circuit breakers, disconnect switches, lightning arresters, conductors, 13.8-kv start-up lines for AEP GenCo's Initial Unit (Unit One), the lines connecting AEP GenCo's Initial Unit (Unit One) to the transformers that supply auxiliary power to the Cardinal Station, meters, relays and all other substation and transmission facilities, other than Buckeye's Initial (Unit Two) Substation Facilities, required and/or useful to connect structurally and/or electrically Buckeye's Initial (Unit Two) Substation Facilities and AEP GenCo's Initial Unit (Unit One) with the existing Tidd Plant substations and switchyards and Ohio's 138-kv and 345-kv transmission facilities and classified under Accounts 351 through 359 and Account 397, of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time, including Exception OI-1 in Part II of this Appendix and Exception GF-7 in Part V of this Appendix A.

### **IX. Description of Buckeye's Initial (Unit Two) Substation Facilities**

Buckeye's Initial (Unit Two) Substation Facilities are located on the parcels of property described as Buckeye's Initial Land (Unit Two Land), Joint Land and Substation Land and include all items of property located at the Cardinal Station appurtenant to Buckeye's Initial Unit (Unit Two) and required and/or useful to connect electrically Buckeye's Initial Unit (Unit Two) and the Cardinal Station 345-kv bus, including the main power transformer located adjacent to Buckeye's Initial Unit (Unit Two), the 13.8-kv start-up lines for Buckeye's Initial Unit (Unit Two), the lines connecting Buckeye's Initial Unit (Unit Two) to the transformers that supply auxiliary power to the Cardinal Station, the most southeasterly circuit breaker and the associated disconnect switches, lightning arresters, conductors, meters, relays and all other facilities electrically located between Buckeye's Initial Unit (Unit Two) and said circuit breaker classified under Accounts 351 through 359, and Account 397, of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time, including Exception BI-1 in Part III of this Appendix A and Exception GF-8 in Part V of this Appendix A. The 345-kv circuit breaker and certain related facilities associated with Buckeye's Initial Unit (Unit Two) have been

transferred by Buckeye to Ohio and retained by Ohio as transmission facilities, and such facilities no longer constitute a part of the Cardinal Station.

#### **X. Description of Buckeye's Additional (Unit Three) Substation Facilities**

Buckeye's Additional (Unit Three) Substation Facilities are to be located on parcels of property described as Buckeye's Additional Land (Unit Three Land), Joint Land, and Substation Land and are to include all items of property located at the Cardinal Station appurtenant to and required and/or useful to connect electrically Buckeye's Additional Unit (Unit Three) and the Cardinal Station 345-kv bus, including the main power transformer located adjacent to Buckeye's Additional Unit (Unit Three), the lines connecting Buckeye's Additional Unit (Unit Three) to the transformers that supply auxiliary power to the Cardinal Station, the two 345-kv circuit breakers and the associated disconnect switches, lightning arresters, conductors, meters, relays and all other facilities electrically located between Buckeye's Additional Unit (Unit Three) and said circuit breakers classified under Accounts 351 through 359, and Account 397, of the Uniform System of Accounts, as such account numbers may be amended or replaced from time to time, including Exceptions GF-17 and GF-19 in Part V, BI-14 in Part III, BA-4 in Part IV, and CF-14 in Part VI of this Appendix A. The 345-kv circuit breakers and certain related facilities associated with Buckeye's Additional Unit (Unit Three) have been transferred by Buckeye to Ohio and retained by Ohio as transmission facilities, and such facilities no longer constitute a part of the Cardinal Station.

#### **XI. Cardinal Station Plot Plan and Ownership Records**

The location of the Joint Land, Common Land, and the location and description of the various components of AEP GenCo's Initial Unit (Unit One), Buckeye's Initial Unit (Unit Two), Buckeye's Additional Unit (Unit Three), Initial Cardinal Station (Units One and Two) General Facilities, Cardinal Station Common Facilities, AEP GenCo's (Unit One) Substation Facilities, Buckeye's Initial (Unit Two) Substation Facilities and Buckeye's Additional (Unit Three) Substation Facilities, as described in this Appendix A, are shown on the Cardinal Station Plot Plan, drawing numbers MSK-CD13-040113, MSK-CD13-040213, MSK-CD13-040313, and MSK-CD13-040413 and MSK-CD13-030613 (the "Cardinal Station Plot Plan"). Personal property item numbers referenced in this Appendix A relate to item numbers set forth on the Cardinal Station Plot Plan.

A more detailed description of the various components of the Cardinal Station, and the ownership of same by Buckeye and AEP GenCo, are shown in the Cardinal Station books and records as maintained by Operating Company, currently maintained in an enterprise management system known as Asset Suite, which books and records are subject to Buckeye's and AEP GenCo's review and approval. In the event of any conflict between this Appendix A and the Cardinal Station books and records, the Cardinal Station books and records as maintained by Operating Company, and reviewed and approved by Buckeye and AEP GenCo, shall control.

## APPENDIX B

### FORM OF GUARANTY

#### GUARANTY AGREEMENT

**THIS GUARANTY AGREEMENT** (this "Guaranty"), dated as of January \_\_\_\_\_, 20\_\_, is issued and delivered by [\_\_\_\_\_, a \_\_\_\_\_] (the "Guarantor"), for the account of [\_\_\_\_\_, a \_\_\_\_\_] (the "Obligor"), and for the benefit of **Cardinal Operating Company**, an Ohio corporation ("Cardinal"), and [Buckeye Power, Inc. or AEP Generation Resources Inc., a \_\_\_\_\_] ("Buckeye" or "AEP GenCo", as applicable") (Cardinal and [Buckeye or AEP GenCo, as applicable] are individually or collectively referred to as the "Beneficiary").

#### **Background Statement**

**WHEREAS**, the Obligor is a party to that certain Station Agreement dated as of January 1, 1968 with the Beneficiary and the Obligor (as amended, supplemented or otherwise modified from time to time, the "Agreement") and Obligor is providing Performance Assurance in accordance with the Agreement to the Beneficiary in the form of this Guaranty.

#### **Agreement**

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. Guaranty; Limitation of Liability. The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the full and timely payment of the Obligor's present and future payment obligations arising under the Agreement, as or when such amounts become due and payable, whether secured or unsecured, absolute or contingent, joint or several, at their scheduled due dates, upon acceleration, or as determined by a court of law (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by [Buckeye or AEP GenCo, the applicable Beneficiary]; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount of \$\_\_\_\_\_ U.S. Dollars (the "Maximum Amount"). This Guaranty shall extend to any and all Guaranteed Obligations to Beneficiary regardless of whether such Guaranteed Obligations are in the form of notes, bills, open accounts or any other instrument or method used for the payment of money which is executed and/or endorsed and delivered by Obligor to Beneficiary.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to the payment of Guaranteed Obligations only, and Guarantor shall have no obligation to sell, deliver, supply or transport gas, power or ancillaries or perform any related services. The obligations of Guarantor under this Guaranty shall not be affected by any action taken under the Agreement by Beneficiary in the exercise of any right or power therein conferred; or by any failure or omission by Beneficiary to enforce any right conferred thereby or by any waiver by Beneficiary of any covenant or condition therein provided; it being the purpose

and intent that this Guaranty and the obligations of Guarantor hereunder shall not be discharged except as provided herein.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the Maximum Amount without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, may change in form or amount, or renew at any time, such Guaranteed Obligations, and that Beneficiary may grant indulgences to the Obligor under the Agreement, and Obligor may incur additional Guaranteed Obligations under the Agreement (subject to the limit on Guarantor's obligations under this Guaranty of the Maximum Amount); all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

3. Waiver of Rights. The obligations of the Guarantor hereunder shall be unconditional, irrespective of any circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor. Without limiting the generality of the foregoing, the Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of Obligor to execute the Agreement or any other documents executed in connection with the Agreement or to incur the Guaranteed Obligations, or change, restructuring or termination of the company existence or structure of, Obligor or Guarantor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement, as qualified by Section 5 below, (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Obligor or its assets, and (iv) any right to require Beneficiary to sue the Obligor or any other person, or to seek enforcement of any performance against Guarantor or any other person, or as a prerequisite to Beneficiary's taking



any action against Guarantor under this Guaranty or to join Obligor in any suit brought on this Guaranty.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligor's rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations under the Agreement, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other person by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute security pursuant to Section 17(ii), this provision shall only be applicable to such substitute security and this Guaranty shall not be reinstated. Beneficiary shall not be obligated to file any claim relating to the Guaranteed Obligations owing to it in the event that Obligor becomes subject to bankruptcy, reorganization or similar proceedings (whether voluntary or involuntary), and the failure of Beneficiary to so file shall not affect Guarantor's obligations hereunder.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor. Beneficiary shall be entitled to apply any payment received from Guarantor in such order and against such liabilities under the Agreement or any other document executed in connection therewith as it shall determine in its sole discretion.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) eighteen (18) months following the issuance of this Guaranty, (ii) such time as all the Guaranteed Obligations have been discharged in full or terminated, (iii) such time as the Guarantor has, after demand from [Buckeye or AEP GenCo, the applicable Beneficiary], paid the Guaranteed Obligations up to the Maximum Amount (including any potential for

reinstatement pursuant to Section 6), as confirmed in writing by [Buckeye or AEP GenCo, the applicable Beneficiary], or (iv) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date").

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 shall be in addition to any amounts of Obligor which Guarantor has guaranteed to pay hereunder and shall not be subject to the Maximum Amount; provided, however, that Guarantor shall not be required to make payments under this Section 10 in excess of \$500,000.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consent that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants, as of the date of this Guaranty, that:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the

Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

(g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), or at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and [Buckeye or AEP GenCo, the applicable Beneficiary].

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity.

16. Assignment. This Guaranty shall inure to the benefit to the Beneficiary and its respective representatives, successors and permitted assigns. This Guaranty shall be binding upon the Guarantor and its successors and permitted assigns. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of [Buckeye or AEP GenCo, the applicable Beneficiary] (which consent may not be unreasonably withheld or delayed). Any purported assignment in violation of this Section 16 shall be void and without effect.

17. Early Termination. This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P or at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty by substitute security (cash, Letter of Credit,

a guaranty or other security) meeting the requirements of Performance Assurance as defined in the Agreement and in an amount calculated in accordance with Section 2.8 of the Agreement for the then applicable calendar year and in form and substance reasonably acceptable to [Buckeye or AEP GenCo, the applicable Beneficiary].

18. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:

\_\_\_\_\_

Attention: \_\_\_\_\_

Facsimile: (\_\_\_\_) \_\_\_\_ - \_\_\_\_

With a copy to Obligor:

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

Facsimile: (\_\_\_\_) \_\_\_\_ - \_\_\_\_

If to the Beneficiary, at:

**Cardinal Operating Company**

\_\_\_\_\_

Facsimile: (614) XXX-XXXX

Attn: Treasurer

**[Buckeye Power, Inc. or AEP Generation Resources Inc., as applicable]**

\_\_\_\_\_

Facsimile: (\_\_\_\_) \_\_\_\_ - \_\_\_\_

Attn: \_\_\_\_\_

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4:00 p.m. local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4:00 p.m. local time of recipient.

**IN WITNESS WHEREOF**, the Guarantor has executed this Guaranty as of the day and year first above written.

[\_\_\_\_\_]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\*Bracketed language to be adjusted as necessary to reflect the name and information of the appropriate party.

## APPENDIX C

### DETERMINATION OF TOTAL NET GENERATION, TOTAL NET CAPABILITY, AND MAXIMUM PERMISSIBLE CONTINUOUS LOADING

The Total Net Generation, Total Net Capability, and Maximum Permissible Continuous Loading of any Initial Unit (Unit One or Two), Buckeye's Additional Unit (Unit Three), or combination of Initial and/or Buckeye's Additional Unit (Unit Three) of the Cardinal Station shall be determined in accordance with the following procedures:

1. Total Net Generation, in connection with any generating unit, or combination of generating units, means, during the period being considered, the electrical output of the generator, or generators of such unit or units, as the case may be, measured in kilowatt hours reduced by (a) the energy used by auxiliaries for the unit, or units, during such period, and (b) the transformation losses between the generator terminals of such unit or units and the high-voltage Cardinal Station busses. Transformation losses will be measured by suitable instruments, or by any alternative method recommended by the Cardinal Station Operating Committee and approved by the Owners.

2. Operating Company shall make maximum loading tests for each of the Initial Units (Units One and Two) and for Buckeye's Additional Unit (Unit Three) at intervals of approximately two weeks duration during the term of the foregoing Station Agreement. Such maximum loading tests shall be made over a minimum period of six hours with all regularly operated equipment in service, with the boilers consuming fuel of average quality being supplied for such unit, and operating with the power factor normally imposed on the Cardinal Station, or, if at any time it shall not be possible to conduct these tests under such conditions, Operating Company shall make appropriate adjustments to the loading test results to take into account any deviations from such conditions. Operating Company shall bring the unit being tested to maximum loading with the turbine generator wide open, or as nearly wide open as possible without a resulting decline in turbine throttle steam pressure, and may back-off load by such amount as may be necessary in the event that overloading of any auxiliary apparatus is observed, to arrive at the maximum continuous loading capability. The parties recognize that maximum loading tests made in the manner and over the minimum period and at the intervals specified above may shorten the useful service life of the generating unit subjected thereto and/or increase the maintenance required in respect thereof. Accordingly, the Operating Company may, after an initial series of twelve maximum loading tests for each generating unit installed at the Cardinal Station have been made by Operating Company, specify from time to time such alternate methods and/or schedules for loading tests to determine the maximum loading capability of each such generating unit as it may deem to be acceptable and adequate for making the determinations to be made hereunder, having regard for periodic variables resulting from maintenance schedules. An amount not in excess of 10 mw specified by the Engineering Department of AEP Service Corporation (until Operating Company determines that AEP Service Corporation should no longer provide such advice, and, thereafter, specified by mutual agreement of the Owners) as being necessary to provide the minimum margin of control consistent with good and safe commercial practice shall be deducted from such maximum continuous loading capability to arrive at the maximum permissible continuous loading (Maximum Permissible Continuous Loading).

3. The Total Net Capability of the Cardinal Units for each month shall be determined at three months' intervals. The Total Net Capability of the Cardinal Units shall be equal to such value each month of each calendar year as shall be mutually agreed upon by AEP GenCo and Buckeye. In the event that AEP GenCo and Buckeye cannot mutually agree to the Total Net Capability of the Cardinal Units, such Total Net Capability shall be equal to the average Maximum Permissible Continuous Loading as determined by the maximum loading tests made during the preceding 12 months period, diminished by the total of the auxiliary load demands and the transformation losses between such unit and the high-voltage Cardinal Station busses applicable to such unit. For the avoidance of doubt, Maximum Permissible Continuous Loading tests shall be conducted, and the Total Net Capability shall be determined, on an annual basis for the Cardinal Units regardless of any Owner's decision to operate or not operate its Unit or Units on a commercial basis, unless and until an Owner makes an election to retire and permanently remove from service its Unit or Units in accordance with and subject to Section 3.5, in which case such Unit or Units shall no longer be subject to Maximum Permissible Continuous Loading tests, and the Total Net Capability for such Unit or Units shall be zero, effective as of the date of retirement.

## **APPENDIX D**

### **LIST OF MAJOR SPARE PARTS**

Major spare parts interchangeable with equivalent parts of Buckeye's Initial Unit (Unit Two) and AEP GenCo's Initial Unit (Unit One), as identified on the attached document.

Appurtenant accessories such as steel storage frames, wedges, clips and shims for any of the above.

Major spare parts interchangeable with equivalent parts of Buckeye's Additional Unit (Unit Three) as identified on the attached document.

Appurtenant accessories such as steel storage frames, wedges, clips and shims for any of the above.

Additional major spare parts may be added to the above list by agreement between AEP GenCo and Buckeye as provided in Section 4.1 of the foregoing Station Agreement.



## APPENDIX E

### CARDINAL STATION DRAWINGS AND PLANS

The following constitute the current drawings and plans of the Cardinal Station. The Cardinal Station drawings and plans may be updated by Operating Company from time to time and shall be approved by Buckeye and AEP GenCo. In the event of any conflict between this Appendix B and the Cardinal Station drawings and plans as maintained by Operating Company, the Cardinal Station drawings and plans as maintained by Operating Company, and reviewed and approved by Buckeye and AEP GenCo, from time to time shall control.

#### Drawings & Descriptions Relating to the Initial Cardinal Station (Units One and Two)

| Old Description  | New Description                    | Old Drawing # | New Drawing #      | Revision Date |
|--|------------------------------------|---------------|--------------------|---------------|
| Plot of Property   |                                    | S-SK-121764   | Not found          |               |
| Plot Plan  | Same                               | 1-2-5030-4    | 1-2-5030-12        | 3/3/2008      |
| General Cross section - Units 1 & 2  | Same                               | 1-2-5031-1    | 1-2-5031-5         | 7/20/2009     |
| Longitudinal Section Through Turbine Room - Units 1 & 2                                      | Same                               | 1-2-5032-1    | 1-2-5032-3         | 11/26/2007    |
| Longitudinal Section Through Heater Bay - Units 1 & 2  | Same                               | 1-2-5033-1    | 1-2-5033-1         | 6/28/1965     |
| Longitudinal Sections front of Steam Generator & through Tubular Air Heaters Units 1 & 2     | Same                               | 1-2-5034-1    | 1-2-5034-2         | 9/27/2007     |
| Cross section of Pulverizer Bay - Units 1 & 2  | Same                               | 1-2-5035-1    | 1-2-5035-1         | 6/28/1965     |
| Arrangement of Circ water tunnels - Units 1 & 2  | Same                               | 1-2-5036-1    | 1-2-5036-1         | 6/28/1965     |
| Condenser pit Elevation 645' and Forebay Elevations Units 1 & 2                              | Same                               | 1-2-5037-2    | 1-2-5037-4         | 11/26/2007    |
| Turbine Room and Heater Bay Basement Ele 661' & Service bldg Basement Ele 671" - Units 1 & 2 | Same                               | 1-2-5038-2    | 1-2-5038-5         | 4/27/2005     |
| Plan of Boiler Room Basement - Units 1 & 2   | Same                               | 1-2-5039-1    | 1-2-5039-6         | 9/15/2006     |
| Transformer Deck Elevation 674' - Units 1 & 2  | Same                               | No Listing    |                    |               |
| Main floor Plan Elevation 691' - Units 1 & 2   | Same                               | 1-2-5040-1    | 1-2-5040-4         | 9/27/2007     |
| Heater Bay and Boiler Plan Ele 714' 6" - Units 1 & 2   | Same                               | 1-2-5041-1    | 1-2-5041-2         | 12/11/1978    |
| Heater Bay and Boiler Plan - Units 1 & 2   | Same, but individual drawings/unit | 1-2-5042-1    | 1-5042-2/ 2-5042-2 | 11/28/2007    |
| Plans - Deaerator and Upper Level  | Same                               | 1-2-5043-1    | 1-2-5043-4         | 4/30/1998     |

Slagblower Platforms - Units 1 & 2

|  |      |                    |                 |            |
|--|------|--------------------|-----------------|------------|
| Main One Line Diagrams   | Same | OP -2978-1000-3    | OP- 2978-1000-9 | 4/14/1984  |
| Auxiliary One-Line Diagram Unit 1  | Same | OP-2978-1-1200A-5  | 1-1200A-26      | 8/15/2011  |
| Auxiliary One-Line Diagram Unit 2  | Same | OP-2978-2-1200A-3  | 2-1200A - 27    | 10/14/2011 |
| Motor Control Centers Aux One-Line Diagrams Unit 1                       | Same | OP-2978-1-1200B    | 1-1200B-35      | 2/27/2013  |
| Motor Control Centers Aux One-Line Diagrams Unit 2                       | Same | OP-2978-2-1200B    | 2-1200B-36      | 7/1/2013   |
| Coal Handling Auxiliary One Line Diagram - Units 1 & 2                   | Same | OP-2978-12-1200C-1 | 12-1200C-25     | 7/16/2010  |
| General Plan - Coal Handling Equipment                                   | Same | 1-2-3800-8         | 1-2-3800-8      | 4/1/1966   |
| Arrangement of Flyash Slurry Piping - Units 1 & 2                        | Same | 1-2-5216-6         | 1-2-5216-6      | 3/1/1967   |
| Arrangement of Flyash Slurry Piping - Units 1 & 2                        | Same | 1-2-5217-4         | 1-2-5217-5      | 11/21/1995 |
| Ash Removal Piping - Units 1, 2 and Tidd Flyash Piping                   |      | 1-2-5219-3         | 1-2-5219-4      | 9/27/1972  |
| Revision of Sanitary Systems Required by Construction of Pike Island Dam |      | A-4101-2           | 1-2-4104-4      | 5/1/2002   |

**Drawings & Descriptions Relating to the Additional Cardinal Station (Unit Three) (Additional Plans)**

| Old Description  | New Description                                 | Old Drawing # | New Drawing # | Revision Date |
|--|---|---------------|---------------|---------------|
| Plot Plan  | Site Arrangement                                | 3-5030-0      | 3-509004-B, C | 6/8/2012      |
| General Cross Section Unit 3   | General Arrangement Floor Plan                  | 3-5031-0      | 3-5031-0      | 10/24/1972    |
| Longitudinal Section Through Turbine Room Unit 3                         | General Arrangement Mezz Floor Ele 121'         | 3-5032-0      | 3-5032-1      | 7/20/2009     |
| Longitudinal Section Through Heater Bay Unit 3                           | General Arrangement Main Floor Ele 141"         | 3-5033-0      | 3-5033-0      | 4/28/1976     |
| Longitudinal Section Through Steam Generator & Tubular Air heater Unit 3 | General Arrangement at Burners                  | 3-5034-0      | 3-5034-0      | 4/28/1976     |
| Cross section of Pulverizer Bay - Unit 3                                 | Heater & Conveyor Floor Ele 233'6"              | 3-5035-0      | 3-5035-0      | 12/9/2005     |
| Arrangement of Circ water tunnels - Unit 3                               | General Arrangement Deaerator Floor (Plan View) | 3-5036-0      | 3-5036-0      | 4/28/1976     |
| Condenser pit Elevation 645' and Forebay Elevations A - Unit 3           | General Arrangement Roof Plan                   | 3-5037-0      | 3-5037-0      | 12/9/2005     |
| Turbine Room and Heater Bay Basement Floor Elevation B - Unit 3          | General Arrangement Section "A-A"               | 3-5038-0      | 3-5038-1      | 10/1/1990     |
| Boiler Room Basement and Transformer Deck Ele C - Unit 3                 | General Arrangement Section "B-B"               | 3-5039-0      | 3-5039-0      | 4/28/1976     |

|  |   |          |            |            |
|--|---|----------|------------|------------|
| Main Floor Plan Elevation D - Unit 3                   | General Arrangement Section "C-C"                   | 3-5040-0 | 3/5040-0   | 4/28/1976  |
| Heater Bay and Boiler Plans Elevation E - Unit 3       | General Arrangement Section "D-D"                   | 3-5041-0 | 3-5041-0   | 4/28/1976  |
| Heater Bay and Boiler Plan Unit 3                      | General Arrangement Section "E-E"                   | 3-5042-0 | 3-5042-1   | 7/20/2009  |
| Deaerator and Upper Slagblower Platforms Unit 3        | General Arrangement Section "F-F"                   | 3-5043-0 | 3-5043-0   | 4/28/1976  |
| General Plan - Coal Handling System                    | Same  | 3-3500-0 | 3-3800-11  | 10/14/1977 |
| Main One-Line Diagram - Unit 3                         | 13.8KV Switchgear                                   | 3-1000-0 | 3-1000A-21 | 12/17/2009 |
| Auxiliary One-Line Diagram - Unit 3                    | Key Diagram 6.9KV Switchgear Bus 3A                 | 3-1200A  | 3-1200A-20 | 2/29/2012  |
|  | Key Diagram 6.9KV Switchgear Bus 3B                 |          | 3-1200B-20 | 2/29/2012  |
|  | Key Diagram 6.9KV Switchgear Bus 3C                 |          | 3-1200C-20 | 2/29/2012  |
|  | Key Diagram 6.9KV Switchgear Bus 3D                 |          | 3-1200D-21 | 2/29/2012  |
| Motor Control Center Auxiliary One-line Diagram Unit 3 | Key Diagram 600V AC Unit Substation 31A             | 3-1200B  | 3-1200E-7  | 3/11/2011  |
|  | Key Diagram 600V AC Unit Substation 31B1            |          | 3-1200F-8  | 1/5/2009   |
|  | Key Diagram 600V AC Unit Substation 31B2            |          | 3-1200G-6  | 11/17/1997 |
|  | Key Diagram 600V AC Unit Substation 31C             |          | 3-1200H-6  | 3/11/2011  |
|  | Key Diagram 600V AC Unit Substation 31D1            |          | 3-1200J-7  | 3/11/2011  |
|  | Key Diagram 600V AC Unit Substation 31D2            |          | 3-1200K-6  | 11/17/1997 |
|  | Key Diagram 600V AC Unit Switchgear Bus AWRP        |          | 3-1200L-5  | 4/29/2008  |
|  | Key Diagram 480V AC Unit Precip Switchgear Bus 31PA |          | 3-1200M-5  | 11/17/1997 |
|  | Key Diagram 480V AC Unit Precip Switchgear Bus 31PB |          | 3-1200N- 5 | 11/17/1997 |
|  | Key Diagram 480V AC Unit Precip Switchgear Bus 31PC |          | 3-1200P-5  | 11/17/1997 |
|  | Key Diagram 480V AC Unit Precip Switchgear Bus 31PD |          | 3-1200Q-5  | 11/17/1997 |
| Coal Handling Auxiliary One Line Diagram Unit 3 Plan   | Key Diagram 600V Switchgear Bus CHYE & CHYW         | 3-1200C  | 3-1200X-11 | 9/14/2007  |
|  | Key Diagram 600V Switchgear Bus CHE & CHW           |          | 3-1200Y-4  | 11/17/1997 |

Location Plan

**New General Arrangements for Added Equipment, NOT on Original Drawing List**

| <b>Old Description</b> | <b>New Description</b>   | <b>Old Drawing #</b> | <b>New Drawing #</b>         | <b>Revision Date</b> |
|------------------------|--|----------------------|------------------------------|----------------------|
|                        | General Arrangement Unit 1 SCR   |                      | 1-BBP-100075-9268030-0       | 6/3/2002             |
|                        | General Arrangement Unit 2 SCR   |                      | 2-BBP-100076-9268017-00      | 8/20/2001            |
|                        | General Arrangement FGD Units 1 & 2                                    |                      | 12-508003-SH01-7             | 1/28/2007            |
|                        | General Arrangement Units 1 & 2 Hydrolyzers                            |                      | 12-586801-0                  | 2/26/2004            |
|                        | General Arrangement Units 1 & 2 Dry Sorbent Injection                  |                      | 2-MSK-M011F-0                | 1/11/2008            |
|                        | General Arrangement Unit 3 SCR   |                      | cdp-3 dbriley-100077-9268010 | 7/24/2001            |
|                        | General Arrangement Unit 3 FGD   |                      | 3-508010A - 2                | 7/9/2012             |
|                        | General Arrangement Unit 3 Hydrolyzers                                 |                      | 3-586801-0                   | 2/26/2004            |
|                        | General Arrangement Unit 3 Dry Sorbent Injection                       |                      | 3-MSK-M012AG-0               | 11/7/2008            |
|                        | General Arrangement Units 1,2 & 3 Reagent Prep and Deawatering Systems |                      | 12-508001SH01-7              | 1/3/2011             |
|                        | General Arrangement Units 1,2 & 3 Limestone Material Handling          |                      | CDP-3-rsecc-0805-PPL-L1      | 6/26/2008            |
|                        | General Arrangement Units 1,2, & 3 Gypsum By Product Handling          |                      | CDP-12-rsecc-0601-cvyg2-L1-2 | 5/26/2006            |
|                        | General Arrangement Units 1,2, & 3 FGD Waste Water Treatment           |                      | 13-507901-6                  | 7/30/2010            |
|                        | General Arrangement Units 1,2, & 3 Urea Handling and Prep              |                      | 13-506801-2                  | 11/30/2002           |
|                        | General Arrangement Unit 1 CEMS  |                      | 1-560961-0                   | 4/27/2007            |
|                        | General Arrangement Unit 2 CEMS  |                      | 2-560961-0                   | 4/27/2007            |
|                        | General Arrangement Unit 3 CEMS  |                      | 3-15696-1                    | 6/8/2012             |
|                        | SCR Project Aux One line   |                      | 1-12076-12                   | 6/12/2009            |

|  |              |           |
|--|--------------|-----------|
| (Unit 1)   |              |           |
| SCR Project Aux One line<br>(Unit 2)   | 2-12076-13   | 6/12/2009 |
| FGD Project Aux One line<br>Diagram Overall, Units 1,2,3<br>(Reagent Prep& Dewatering) | 12-121000-4  | 7/14/2008 |
| 13.8 SWGR Bus One line<br>Diagram U3   | 3-121000-2   | 5/9/2011  |
| FGD Aux One line 480<br>SWGR Bus 03-EL- 31A/31B<br>& 32A/32B U3 FGD                    | 3-121010-0   | 5/8/2009  |
| FGD Purge Stream<br>Wastewater Treatment<br>Electrical - Overall One Line<br>diagram   | 13-121600-2  | 5/30/2008 |
| Precipitator 13.8KV & 600V<br>Three Line diagram<br>Precipitator Addition              | 12-12001A -7 | 10/5/2007 |

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Filed Date: 01/22/2014

**RATE SCHEDULE NO. 302**

**SPORN PLANT OPERATING AGREEMENT**

**APPALACHIAN POWER COMPANY**

**AEP GENERATION RESOURCES INC.**

**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: **01/01/2014**  
Tariff Record Title: **Sporn Plant Operating Agreement**  
Option Code: **A**  
Record Content Description: **Rate Schedule No. 302**

Document Accession #: 20140122-5179

Filed Date: 01/22/2014

THIS SPORN PLANT OPERATING AGREEMENT ("Agreement") dated as of January 1, 2014 is by and among Appalachian Power Company ("Appalachian"), a Virginia corporation qualified as a foreign corporation in West Virginia; AEP Generation Resources Inc. ("GenCo"), a Delaware corporation qualified as a foreign corporation in West Virginia (collectively hereinafter sometimes referred to as the "Owners"); and American Electric Power Service Corporation ("Agent"), a New York corporation qualified as a foreign corporation in West Virginia. Appalachian, GenCo and Agent may hereinafter be referred to individually as a "Party" and collectively as the "Parties".

WITNESSETH:

WHEREAS, Appalachian owns two operating 150,000 kilowatt generating units ("Sporn Unit Nos. 1 and 3") at the Philip Sporn Plant ("Sporn Plant") located along the Ohio River near New Haven, West Virginia, and GenCo has acquired from Ohio Power Company, and now owns, two operating 150,000 kilowatt generating units and one 450,000 kilowatt generating unit ("Sporn Unit Nos. 2, 4 and 5") at the Sporn Plant; and

WHEREAS, GenCo's Sporn Unit No. 5 was retired February 13, 2012; and

WHEREAS, the Owners desire that Appalachian operate and maintain the Sporn Plant in accordance with the provisions hereof, effective January 1, 2014; 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 Appalachian Power Company and between Agent and AEP Generation Resources Inc.

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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 APPALACHIAN AND AGENT

- 1.1 Appalachian shall operate and maintain the Sporn Plant in accordance with good utility practice consistent with procedures employed by Appalachian at its other generating stations, and in conformity with the terms and conditions of this Agreement.
- 1.2 Appalachian shall keep all necessary books of record, books of account and memoranda of all transactions involving the Sporn 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 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 [INTENTIONALLY LEFT BLANK]
- 1.4 As soon as practicable after the end of each month, Appalachian shall furnish to GenCo a statement setting forth the dollar amounts associated with the operation and maintenance of the Sporn Plant applicable to Appalachian and GenCo for such month in accordance with the provisions of this Agreement. The Owners shall, on a timely basis, deposit sufficient dollar amounts in the appropriate bank accounts to cover their respective costs.



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- 1.5 Appalachian may 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 Appalachian and GenCo, shall provide services necessary for the safe and efficient operation and maintenance of the Sporn Plant.

## ARTICLE TWO

### APPORTIONMENT OF CAPACITY AND ENERGY

- 2.1 Each Owner shall have the primary right to demand and use at any and all times the entire available kilowatt output capacity of the units it owns at the Sporn Plant and the electric energy associated with such capacity so demanded and used.

## ARTICLE THREE

### ADDITIONS, REPLACEMENTS AND RENEWALS

- 3.1 Installation of additional facilities or replacement of existing facilities with other facilities at the Sporn Plant may at any time or from time to time be made by either Owner on its side of the median line and the Owner making such installation or replacement shall pay the entire cost thereof and shall be vested with absolute title thereto; provided, however, that if the units of the Sporn Plant are being operated together as a single station at the time such installation or replacement is made, all features of such installation or replacement which may affect the satisfactory, economical and/or safe operation of the Sporn Plant as a whole and all items which involve capital expenditures which cannot be

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performed under previously obtained authorizations from the other Owner shall be submitted in writing to the other Owner for approval by such Owner before such installation or replacement is made.

- 3.2 If any such installation or replacement requires structures or facilities to be installed upon the property of the other Owner, such other Owner shall grant any necessary easements for the structures or facilities which do not interfere with the use or development of its own units, and, if such structures or facilities are incorporated subsequently into an installation or replacement of its own, it shall purchase them at their book value. Each Owner shall be responsible for any liability or damage resulting from the installation or replacement of structures or facilities on the property of the other Owner.
- 3.3 The cost of new jointly-owned property and the costs incurred in installing any such new jointly-owned property that will serve all the Sporn Plant Units shall be apportioned between the Owners based upon the ratio of each Owner's capacity in the units it owns at the Sporn Plant to the sum of the capacity of all of the units at the Sporn Plant. Additions to existing jointly-owned property and replacements of sections of components of existing jointly-owned property shall be apportioned based upon the ratio of each Owner's capacity in the units it owns at the Sporn Plant to the sum of the capacity of all the units at the Sporn Plant.
- 3.4 The cost of new jointly-owned property and cost incurred in installing any such new jointly-owned property that will benefit less than all of the Sporn Units will be apportioned between the Owners based upon the ratio of each Owner's capacity in the units it owns at the Sporn Plant which are benefited by the new jointly-owned property to

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the sum of the capacity in all units at the Sporn Plant which are benefited by the new jointly-owned property.

#### ARTICLE FOUR

##### WORKING CAPITAL REQUIREMENTS

- 4.1 Appalachian and GenCo 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 Sporn Plant and in buying materials and supplies (inclusive of fuel) for Sporn Plant.
- 4.2 Appalachian and GenCo shall from time to time provide their share of working capital requirements in respective amounts proportionate to the ratio of each Owner's capacity in the units it owns at the Sporn Plant to the sum of the capacity of all of the units at the Sporn Plant.

#### ARTICLE FIVE

##### APPORTIONMENT OF COST OF OPERATING AND MAINTAINING THE SPORN PLANT

- 5.1 The costs incurred during or accrued for each calendar month in operating the Sporn Plant, as shown by the cost statements described in Article One, shall be assigned between the Owners. Appalachian and Agent will, to the extent practicable, determine all administrative and general expenses associated with the operation and maintenance of the Sporn Plant. The costs of such administration and general expenses shall be allocated 50% to Appalachian and 50% to GenCo to the extent such administrative and general expenses were not directly attributable to an Owner. Appalachian and Agent will, to the

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extent practicable, determine all Sporn Plant operating and maintenance costs that are directly attributable to a specific unit for assignment to and payment by the Owner of that unit. With respect to operating and maintenance costs that benefit the entire Sporn Plant site and which are not directly attributable to a specific unit, Appalachian and Agent shall classify such non-attributable operating and maintenance costs as either fixed operating and maintenance expenses or variable operating and maintenance expenses. The non-attributable fixed operating and maintenance expenses shall be allocated 50% to Appalachian and 50% to GenCo. The Owners may, from time to time, amend the allocation formula to reflect retirement or decommissioning of a unit. The non-attributable variable operating and maintenance expenses for emission tons, with allowance expenses as recorded in FERC Account 509 shall be allocated to the Owners on a monthly basis proportionate to each Owner's dispatch of their respective Units to the total dispatch of the Sporn Plant. The non-attributable variable maintenance of boiler expenses as recorded in FERC Account 512 and maintenance of electric plant as recorded in FERC Account 513 shall be allocated to the Owners on a monthly basis proportionate to each Owner's dispatch of their respective units to the total dispatch of the Sporn Plant, over the previous sixty (60) calendar months.

5.2 [INTENTIONALLY LEFT BLANK].

5.3 Agent, pursuant to direction from the Operating Committee (as defined in Article Six), shall continue to procure and deliver fuel to each of the operating generating units at the Sporn Plant. Except for any unit for which GenCo has exercised the option described in Section 5.3.1, each Owner will pay for the fuel costs of the units it owns at the Sporn Plant as determined in accordance with the last sentence of Section 5.3.2. Fuel costs

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will include the cost of the fuel itself, the cost of fuel transportation, and any carrying charges associated with fuel.

5.3.1 GenCo shall have the option, on six (6) months' notice to Appalachian and subject to no adverse impact on the operation of Appalachian's units, to supply the fuel necessary to operate one or more of the units it owns at the Sporn Plant. This option must be noticed at the same time as to all generating units at the Sporn Plant owned by GenCo that are served from the same physical fuel inventory. The option, once noticed, may not be revoked without Appalachian's consent.

- (a) If it exercises the option described in this Section 5.3.1, GenCo shall have the right to use delivery and storage facilities, including rights of access, owned by Appalachian or Agent or under contract to Appalachian or Agent for the delivery to or storage of such fuel at the Sporn Plant, for use in connection with the unit(s) for which it has exercised such option. GenCo shall pay a monthly charge submitted by Appalachian reflecting the proportional cost of its use of fuel delivery and storage facilities in each month.
- (b) In the event that GenCo exercises the option described in this Section 5.3.1 the Operating Committee will identify, and determine the appropriate allocation to GenCo of rights and obligations under, the applicable fuel supply contract(s), and any associated transportation contract(s), for fuel for the unit(s) as to which the option is exercised. Appalachian and Agent, as

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necessary, shall assign to GenCo, and GenCo shall accept assignment of, that portion of Appalachian's and Agents' rights under such contracts which the Operating Committee has determined should be allocated to GenCo for fuel for the unit(s) as to which the option has been exercised. If GenCo exercises the option provided in this subsection, but for any reason the fuel supply that is GenCo's responsibility is not timely delivered to the subject generating unit(s), GenCo shall not have the right to commit or dispatch the units affected.

5.3.2. In the event that GenCo exercises the option to supply fuel described in Section 5.3.1 with respect to any unit, the specifications for the fuel(s) supplied for that unit will be established and, when appropriate, modified, by the Operating Committee. The Operating Committee will ensure that the specifications for the fuel to be supplied pursuant to the Section 5.3.1 option will have no adverse impact on the units owned by Appalachian. Fuel will be subject to inspection and certification procedures as the Operating Committee may decide. Fuel inventories at each unit that is the subject of the option, or at the Sporn Plant, may be physically commingled, but separate accounts will be maintained to reflect the fuel credited to each Owner and used by each Owner at each unit. The Operating Committee will develop procedures to avoid imbalances between the amount of fuel each Owner delivers and the amount of fuel each Owner uses, and shall take any steps necessary for the correction of any imbalance by settlement or payment as soon as feasible, but in no event shall imbalances be permitted to exist for more

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than six months without settlement or payment. The fuel costs of each Owner with respect to an individual unit will be equal to the sum of minimum load and hourly average fuel costs (based on average heat rates at the unit's level of capacity utilization) associated with the Energy that each schedules from that unit. In the event that GenCo exercises the option to supply fuel described in Section 5.3.1 with respect to any unit, Appalachian will assign to GenCo the fuel inventory, as of the date of the option takes effect, for the generating units affected by the exercise of the option.

#### ARTICLE SIX

##### OPERATING COMMITTEE

- 6.1 By written notice to each other, each of the Owners and Agent shall name one representative ("Operating Representative") and one alternate to act for it in matters pertaining to operating arrangements under this Agreement. For purposes of Sections 6.1 through 6.4 of this Agreement, Parties shall include the Owners and Agent. Any Party may change its Operating Representative or alternate at any time by written notice to the other Parties. The three 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'

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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.

6.2 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 the Owners.
- b. Establishment and review of procedures and systems for dispatch, notification of dispatch, and unit commitment under this Agreement.
- c. Establishment and monitoring of procedures for communication and coordination with respect to unit capacity availability, fuel-firing options, and scheduling of the generating capacity, including scheduling of outages for maintenance, repairs, equipment replacements, scheduled inspections, and other foreseeable cause of outages at any generating unit, as well as the return of any unit to availability following an unplanned outage.
- d. Decisions on capital expenditures for facilities at the Sporn Plant owned jointly by the Owners.
- e. Determinations as to changes in the unit capability of the units and decisions on unit retirement.
- f. Establishment and modification of billing procedures under this Agreement.
- g. Specification of fuels, oversight of fuel inspection and certification procedures, management of fuel inventories, and allocation of rights under fuel supply and transportation contracts in accordance with Section 5.3.1(b).



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- h. Establishment of, termination of, and approval of any change or amendment to the operating arrangements between Appalachian and Agent or any replacement third party with respect to the Sporn Plant generating units; provided, however, that Agent or any replacement third party shall participate in discussions pursuant to Section 6.2.h only to the extent requested to do so by both Owners.
  - i. Review and approval of plans and procedures designed to insure 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 written agreement of the Owners.
- 6.3 The Operating Committee shall meet at least annually, and at such other times as any Party may reasonably request.
- 6.4 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.
- 6.5 Appalachian and GenCo 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.
- 6.6 Capital repairs and improvements for facilities at the Sporn Plant owned jointly by the Owners will be determined by the Operating Committee pursuant to the annual budgeting process set forth in Section 6.7. Expenditures that the Operating Committee determines have been or will be incurred exclusively for one Owner shall be assigned exclusively to that Owner.

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6.7 At least 90 days before the start of each Operating Year, Appalachian and Agent shall submit to the Operating Committee a proposed annual budget with respect to the Sporn Plant generating units, a proposed annual operating plan with respect to those generating units, and an estimate and schedule of costs to be incurred for major maintenance or replacement items with respect to those generating units 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 to occur during such operating year with respect to the Sporn Plant generating units, and an itemized estimate of all projected non-fuel variable operating expenses relating to the operation of those generating units 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 SEVEN

##### GOVERNMENTAL AUTHORITIES

This Agreement is subject to the regulatory powers of any State or Federal agency having jurisdiction.

#### ARTICLE EIGHT

##### LIMITATION OF LIABILITY

8.1 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

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or exemplary damages, or for lost profits or business interruption damages, whether arising by statute, in tort or contract or otherwise.

#### ARTICLE NINE

#### MISCELLANEOUS

- 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 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.
- 9.3 This Agreement supercedes and replaces the Operating Agreement between Appalachian Power Company and Ohio Power Company, dated January 1, 1998, as of the date this Agreement becomes effective.
- 9.4 This Agreement supercedes all previous representations, understandings, negotiations, and agreements, either written or oral between the signatories or their representatives with respect to operation of the Sporn Plant, and constitutes the entire agreement of the signatories with respect to the operation of the Sporn Plant. Notwithstanding the foregoing, this Agreement does not supercede any previous agreements among any of the signatories allocating or transferring rights to capacity and associated energy, or ownership, of the Sporn Plant units.
- 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

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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:

APPALACHIAN POWER COMPANY  
Jeffrey D. LaFleur  
Vice President

Attn: \_\_\_\_\_

Phone: (304) 348-4194 \_\_\_\_\_

Facsimile: (304) 348-4126 \_\_\_\_\_

Email: [jdlafleur@aep.com](mailto:jdlafleur@aep.com) \_\_\_\_\_

AEP GENERATION RESOURCES INC.  
Charles E. Zebula  
President

Attn: \_\_\_\_\_

Phone: (614) 716-2800 \_\_\_\_\_

Facsimile: (614) 716-1404 \_\_\_\_\_

Email: [cezebula@aepes.com](mailto:cezebula@aepes.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](mailto:mcmccullough@aep.com) \_\_\_\_\_

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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.

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

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

## ARTICLE TEN

### EFFECTIVE DATE AND TERMINATION

Subject to FERC approval or acceptance for filing, this Agreement is effective at January 1, 2014. Subject to FERC approval or acceptance, if necessary, this Agreement may be terminated (a) upon not less than one year's written notice by either Owner; or (b) without notice if FERC or any state commission with jurisdiction determines that performance hereunder conflicts with any rule, regulation or order of FERC or such state commission; or (c) at any time if either Appalachian or GenCo is no longer a direct or indirect wholly owned subsidiary of AEP; or (d) at any time by mutual agreement of Appalachian and GenCo to terminate this Agreement.

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## 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 any dispute 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 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 Owner's

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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 Owner's 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 Eleven.

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

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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



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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 Eleven 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 by 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.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized, and their corporate seals to be hereunto affixed on the day and year first above written.

APPALACHIAN POWER COMPANY

By:   
Jeffrey D. LaFleur  
Vice President

AEP GENERATION RESOURCES INC.

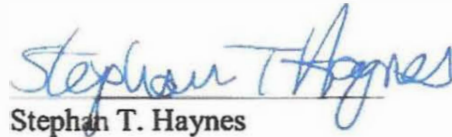
By:   
Charles E. Zebula  
President

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By:   
Mark C. McCullough  
Executive Vice President - Generation

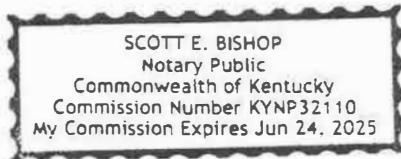
VERIFICATION

The undersigned, Stephan T. Haynes, being duly sworn, deposes and says he is Senior Vice President of Strategy & Transformation for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the forgoing responses, and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

  
Stephan T. Haynes

Commonwealth of Kentucky )  
County of Boyd ) Case No. 2021-00421  
)

Subscribed and sworn to before me, a Notary Public in and before said County and State,  
by Stephan T. Haynes, this 6<sup>th</sup> day of April 2022.

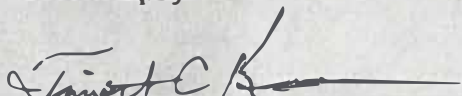


  
Notary Public

Notary ID Number: KYNP 32110

VERIFICATION

The undersigned, Timothy C. Kerns, being duly sworn, deposes and says he is Vice President of Generating Assets for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the forgoing responses, and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

  
Timothy C. Kerns

COMMONWEALTH OF KENTUCKY

)

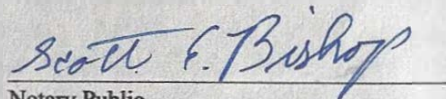
) Case No. 2021-00421

COUNTY OF BOYD

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by  
Timothy C. Kerns, this 5<sup>th</sup> day of April 2022.



  
Notary Public

Notary ID Number: KYMP 32110