

ADDENDUM 1
Special Terms and Conditions

This Addendum supplements and amends the Contract between Kentucky Power Company (Company) and KES Acquisition Company (Customer) entered into the 1st day of March, 2016.

- I. The Customer has elected to contract for service under Contract Service Interruptible Service Tariff (Tariff C.S.-I.R.P.). A copy of the Company's current Tariff C.S.-I.R.P. is attached hereto and incorporated herein.
- II. This Addendum shall be effective April 1, 2016 for an initial term of four (4) years and shall remain in effect until either party provides three (3) years' written notice prior to March 1 of its intention to discontinue service under the terms of this Tariff for the fourth delivery year beginning after the notice is provided. Written notice deadlines through March 1, 2019 are as follows:

<u>Written Notice Deadline</u>	<u>Effective Date of End of Service under Tariff</u>
March 1, 2016	June 1, 2019
March 1, 2017	June 1, 2020
March 1, 2018	June 1, 2021
March 1, 2019	June 1, 2022

In the event of a permanent shut down of the customer's rolling mill facilities, the three years' written notice requirement will not apply and only two (2) months' notice will be required to terminate this Addendum.

- III. The Customer designates the first **1000** kW of the Capacity Reservation as the Firm Service Capacity Reservation, not subject to interruption as specified in Tariff C.S.-I.R.P.
- IV. The Interruptible Capacity Reservation shall be the remaining **4000** kW for the On-Peak Period and **4000** kW for the Off-Peak Period, which is equal to the Capacity Reservation under the contract less the Firm Service Capacity Reservation.
- V. By March 1 of each year, the customer shall re-nominate the Interruptible Capacity Reservation for the upcoming contract year, except that the cumulative reductions over the life of the addendum shall not exceed 20% of the original Interruptible Capacity Reservation nominated under the addendum. If no re-nomination is received by March 1, the prior year's Interruptible Capacity Reservation shall apply for the forthcoming contract year of June 1 through May 31. Any increases in the Interruptible Capacity Reservation shall be subject to availability.
- VI. Contract credits will be provided under this tariff for Interruptible Capacity that qualifies under PJM's rules as capacity for the purpose of meeting the Company's FRR/RPM obligation will receive a credit of \$3.68 per kW each month (roughly \$121/MW-day).

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- This credit applies to the difference between monthly On-Peak billing demand and the designated Firm Service Capacity Reservation.

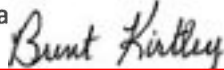
VII. The Company reserves the right to interrupt service down to the Customer's Firm Service Capacity Reservation when an PJM emergency mandatory load management reduction action, as defined by PJM in its agreements and manuals, has been issued by the PJM for the AEP Load Zone or any subzone thereof that includes the Customer's load. Such interruptions as described herein shall be designated as Mandatory Interruptions.

The Company further reserves the right to interrupt service to the Customer's interruptible load when, in the sole judgment of the Company, an emergency condition, consistent with the North American Electric Reliability Corporation (NERC) Reliability Standards and/or good utility practice, exists on the AEP East System pursuant to the AEP System Emergency Operating Plan or for system integrity purposes.

VIII. The Company will endeavor to provide the Customer with as much advance notice as possible, through the customer communications system or successor to, of a Mandatory Interruption of service as described in VII. For Mandatory Interruptions, however, the Customer will be required to interrupt service within thirty (30) minutes or a lesser period if required by PJM, unless an exception request has been approved by PJM. The exceptions, as provided by PJM and effective as of October 1, 2015, are summarized below. Such exceptions are subject to change or modification by PJM. The intent of these exemptions is to accommodate C.S-IRP customers with legitimate, physical reasons why load reduction cannot be achieved within a thirty (30) minute notification period. PJM Exception Definitions: 1) to avoid damage to Customer's manufacturing process or product produced; 2) back-up generator ramp time limitations; and 3) on-site safety concerns. Customer must complete a PJM Exception Request Form, which will be provided by the Company. The Company will submit the completed form to PJM. If the exception request is approved by PJM, the Company will notify Customer of the approved notification time period for the next PJM delivery year. PJM may require Customer to apply for an exemption prior to each delivery year.

In no event shall the Customer be subject to Mandatory Interruptions under the provisions of this Addendum more than ten (10) times during any delivery year and each Mandatory Interruption shall last no more than six (6) hours. The Customer agrees to be subject to Mandatory Interruptions on weekdays between 12 noon and 8 PM, EPT, for the months of June through September.

IX. For the months of October through May the Customer may be requested to respond on a best effort basis to Mandatory Interruption notices on weekdays between 2 PM and 10 PM, EPT. Customer shall not be subject to the failure to interrupt provisions contained in IX and X, in the event the Customer does not respond to Mandatory Interruption notices for the months of October through May. The delivery year maximum number of Mandatory Interruptions shall apply for each delivery year which is defined by PJM as June 1 through Ma

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If the Customer fails to reduce its usage to its Firm Service Capacity Reservation as requested by the Company for a Mandatory Interruption and the Company is assessed a non-compliance charge by PJM, the Company will pass through to the Customer the non-compliance charge associated with the Customer's non-compliance. Such non-compliance charge will be calculated by PJM in accordance with its tariff. In the event that more than one CS-IRP Customer fails to interrupt load as requested by the Company for a Mandatory Interruption and the Company is assessed a non-compliance charge by PJM, each Customer's share of the non-compliance charge shall be in proportion to the amount of non-compliance for each Customer.

- X. If the Customer fails to reduce its usage to its Firm Service Capacity Reservation as requested by the Company during a Mandatory Interruption, the Company further reserves the right to (a) interrupt the Customer's entire load if necessary to address the existing emergency condition, and (b) discontinue service to the Customer under this Addendum if the Customer fails to interrupt load twice during any June through September period as requested by the Company.
- XI. The Customer agrees to comply with any PJM requirements for testing of interruptible load. The PJM's current requirements provide for a one hour test curtailment on a weekday between Noon and 8 PM during the months of June through September, excluding the Fourth of July and Labor Day. The Company will provide the Customer at least one-week's advance notice of any tests scheduled, to the extent permitted by the PJM Tariff, no later than when the Company is required to notify PJM of such test. The Company reserves the right to require an additional test curtailment if the Company does not achieve the minimum PJM compliance testing standards. If the Customer fails to interrupt load during two or more test curtailments during any 12-month period, the Company reserves the right to discontinue service to the Customer under this Addendum.
- XII. If the Customer fails to reduce its usage to its Firm Service Capacity Reservation for the mandatory annual Load Management testing in PJM and the Company is assessed a Load Management Test Failure charge by PJM; the Company will pass through to the Customer the Load Management Test Failure charge associated with its non-compliance.
- XIII. The Customer shall own and maintain all computer hardware, software and communication equipment required to meet the specifications of the Customer communication system successor there to. The Customer is solely responsible for receiving and acting upon Mandatory Interruption notices from the Company. The Company's current system requires the ability to access the Internet to set up the account and allows the customer to designate multiple entities to receive notification by text and e-mail.
- XIV. No responsibility or liability of any kind shall attach to or be incurred by the Company for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any interruption or curtailment of service under this Addendum.
- XV. This Addendum will be modified as necessary to maintain compliance/qualification with PJM requirements for a Demand Response capacity resource. If any such modification results in a customer no longer being able to physically comply or unable to comply with the requirements

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financial cost with PJM requirements, this Addendum may be terminated upon the effective date of such modifications without the three year notice otherwise required in II. The customer shall provide the Company with documentation of the physical constraint or proof of significant financial cost and agrees to work with the Company to satisfy any obligation for the remainder of the current delivery year.

Kentucky Power Company

By: *DeWanda K Borden*
(Signature)

DEWANDA BORDEN
(Printed Name)

Title: M&CS MANAGER

Date: 3/2/16

KES Acquisition Company

By: *Michael Salamon*
(Signature)

MICHAEL SALAMON
(Printed Name)

Title: PRESIDENT : COO

Date: MARCH 1, 2016

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