November 27, 2017

INTRODUCTION

American Electric Power Service Corporation (AEPSC) is seeking spot proposals on behalf of one or more of AEPSC's affiliated or associated companies for the supply of coal to one or more power plants.

This solicitation seeks coal that meets the specifications on the attached "Coal Specifications." All proposals will have specifically negotiated terms and conditions.

AEPSC is seeking proposals for the following:

- Up to 400,000 tons of coal, FOB Barge, beginning in January 2018 and ending in June 2018 (refer to Nymex Specification "A")

- Up to 1,700,000 tons of coal, FOB Rail (joint-line served), beginning in January 2018 and ending in June 2018 (refer to PRB Specification "B")

- Up to 250,000 tons of coal, FOB Barge, beginning in January 2018 and ending in June 2018 (refer to ILB Specification "C")

Each valid proposal should include:

- The Seller's and Producer's name(s);
- The location of the mine;
- The mine type (surface or underground);
- The seam of coal being mined;
- The mine district;
- The quality of the coal, inclusive of suspension/rejection limits;
- The coal preparation (washed, crushed run-of-mine, etc.);
- The tons proposed for delivery each month;
- The stated price per ton;
- The commencement date and months of delivery; and
- MSHA ID Number, Environmental Permits, and the intended method of mining (surface, mountain top removal, contour, or deep)

Please complete all attached forms with a valid offer.

COAL PROPOSAL PACKAGE

A "Spot Coal Proposal Form", a "Barge Transportation Facilities Information" sheet and a "Rail Transportation Facilities Information" sheet shall comprise a "Coal Proposal Package." Copies of these forms are contained herein. In order to ensure that proposals are responsive to AEPSC's needs, and that they provide a uniform basis for evaluation, any entity providing offers is required to complete a "Coal Proposal Package" for each submitted offer. Typical coal analyses, including the Proximate, Ultimate, Trace Element and Mineral Ash Analyses, Grindability Index, and Ash Fusion Temperatures, shall be submitted with the attached "Coal Proposal Package."

BID SUBMITTAL

The "Coal Proposal Package(s)," which should be signed by a person having proper authority to legally obligate the offering company, provided along with any additional supporting materials, must be received no later than 5:00 p.m., **MONDAY, DECEMBER 4, 2017**. Proposals are to be kept open for AEPSC's acceptance until 5:00 p.m., **FRIDAY, DECEMBER 8, 2017**. All proposals are to be submitted by e-mail to aepfuelsrfp@aep.com, or delivered in an envelope marked "AEPSC RFP - COAL PROPOSAL" and are to be addressed as follows:

AEPSC RFP – COAL PROPOSAL
ATTN: CHARLES WEST, MGR., COAL PROCUREMENT
AMERICAN ELECTRIC POWER SERVICE CORP.
1 RIVERSIDE PLAZA, 14TH FLOOR
COLUMBUS, OH 43215

If you do not wish to receive future solicitations, please complete and return the attached "Remove from Solicitation" form on or before DECEMBER 4, 2017.

BID EVALUATION

Proposals will be evaluated based upon the following factors:

1) Delivered cost (cents per million Btu);
2) Coal quality with appropriate price adjustments for guaranteed percent ash and pounds SO_2 per million Btu based on the relevant SO_2 emissions allowances and SO_2 removal costs, inclusive of rejection limits;
3) Reliability of supply and transportation flexibility;
4) Previous experience with bidder or bidding company in past business with AEPSC;
5) Terms and Conditions

AEPSC reserves the right to modify or withdraw this invitation, to reject any or all proposals, and to terminate any subsequent negotiations at any time. AEPSC also reserves the right to accept one or more proposal(s) for a portion or for all of the quantities of coal it seeks to acquire with this invitation.

AEPSC will retain in confidence all proposals and other information received pursuant to this invitation, except when the same is requested by a court or government agency, or otherwise required to be disclosed.

Those submitting proposals shall be responsible for the completeness and accuracy of all information contained in and used in preparation of its proposal(s) and for having supplied all necessary information.

It should be noted that for payment purposes, weighing and sampling shall be performed at the same location. Sampling and analysis shall be performed by a mutually agreeable third party laboratory.

All proposals shall be submitted by the offering company at their sole cost and expense.

Should further information be required, please contact Chuck West at (614) 716-6117, Clint Stutler at (614) 716-6789 or Amanda Torgerson at (614) 716-6222.
Thank You,

Marguerite C. Mills

Marguerite C. Mills
Vice President

COAL SPECIFICATIONS

Nymex Specification "A" (FOB Barge)	**Contracted Half-Month**	**Half-Month Suspension Limit**	**Shipment Rejection Limit**
Calorific Value (Btu/lb.)	12,000	< 11,850	< 11,750
Moisture (%)	10.00	> 10.00	> 10.00
Ash (%)	12.00	> 13.00	> 13.50
Sulfur Dioxide (lbs. SO_2/mmBtu)	1.67	> 1.75	> 1.75

PRB Specification "B" (FOB Rail)	**Contracted Half-Month**	**Half-Month Suspension Limit**	**Shipment Rejection Limit**
Calorific Value (Btu/lb.)	8,400 *to* 8,850	-	< 8,200 *to* < 8,600
Moisture (%)	27.00	-	>31.00
Ash (%)	5.50	-	> 7.00
Sulfur Dioxide (lbs. SO2/mmBtu)	0.50 *to* 0.80	-	> 0.80 *to* > 1.20

ILB Specification "C" (FOB Barge)	**Contracted Half-Month**	**Half-Month Suspension Limit**	**Shipment Rejection Limit**
Calorific Value (Btu/lb.)	11,500	-	< 10,900
Moisture (%)	13.00	-	> 14.00
Ash (%)	8.50	-	> 10.50
Sulfur Dioxide (lbs. SO2/mmBtu)	5.00	-	> 5.60
Chlorine (%)	-	-	> 0.2

The above specifications may not exactly match one or more of the coal types a prospective supplier may have, but should be included in the one that most closely fits such specification.

SPOT COAL PROPOSAL FORM

Details concerning the supply of coal being offered herein to the American Electric Power Service Corporation (AEPSC) are provided below:

1. Seller: (If Seller is a Sales Agent, include full names, addresses, and telephone numbers of Sales Agent and Producer and attach Producer's signed authorization for Sales Agent to "exclusively" make an offer on behalf of Producer.)

(a) Seller: _____ (b) Producer: _____

_____ _____

_____ _____

_____ _____

_____

2. Name(s) and location(s) of mine(s):

_____

_____

3. Quantity offered (tons per month): _____

4. Term: _____

(The actual length of Term shall be designated by AEPSC in the event of its acceptance of offer. Seller is to specify the earliest month coal is available).

5. Bidder's Shipping Point:

Rail Deliveries (minimum 90 cars)

Shipping Point(s): Origin Station: _____

OPSL No. (Defined in OPSL 6000R): _____

No. of railcars/shipment* (≥ 15):

Maximum Loadout Time:	24 hrs. ☐	4 hrs. ☐

Barge Deliveries

Shipping Point(s):

Dock: _____

River: _____

Milepost: _____

6. Pricing ($/short ton):

FOB Barge: _____

FOB Rail: _____

7. Type of Mine(s):

Surface: _____ %

Underground: _____ %

8. Mine District: _____

9. Name of Seam(s):

_____

_____

_____

_____

10. Preparation:

Crushed, run-of-mine: _____ %

Washed: _____ %

11. Comments:

_____

_____

_____

12. Guaranteed "Spot" coal specifications "As-Received":

The quality of coal being offered herein is intended to meet one of the following specifications as stated on the Coal Specifications:

☐ Specification A ☐ Specification B ☐ Specification C

Table 1

Parameter	Contracted Monthly Weighted Average	Suspension Half-Month Wtd. Avg		Rejection Applicable Lot*** Wtd. Avg	
		minimum	maximum	minimum	maximum
Calorific Value (Btu/lb.)			N/A		N/A
Moisture (%)		N/A		N/A	
Ash (%)		N/A		N/A	
Volatile Matter (%)		N/A	N/A		N/A
Hardgrove Grindability		N/A	N/A		N/A
**Sulfur Dioxide (lbs. SO_2 per mmBtu)		N/A		N/A	
Ash Fusion Temp. (H=½W) °F Red. Atm.		N/A	N/A		N/A
**Ash Loading (lbs. Ash/mmBtu)		N/A		N/A	
Mercury (lbs. Hg per TBtu)		N/A		N/A	
Chlorine (%)		N/A		N/A	
Sizing	2" x 0	N/A	N/A		2" x 0

** Half-Month Suspension should be reasonably close to the contracted specification
*** Applicable Lot refers to each barge load of coal, or at Buyer's election, a composite of two or more barges, or a unit train

BARGE TRANSPORTATION FACILITIES INFORMATION

The following information is required for each barge coal origin that is being bid:

Loading Dock _____

River Milepost _____

1) What is the maximum number of Jumbo Barges that can be loaded in an eight-hour shift?

_____

2) How many shifts per day are barges loaded? _____

3) How many days per week are barges loaded? _____

4) How many loaded and empty Jumbo Barges can be accommodated in the harbor of the above named Loading Dock?

_____

_____

5) Does this Loading Dock require the use of a harbor service for fleeting and switching?

_____

6) If the answer to No. 5 is "Yes", please identify the required harbor service.

_____

7) Can the loading of barges commence at any time on any day upon arrival of the barges?

_____

8) How fast after loading can an advanced shipping manifest be FAXED to a location?

_____

If there are any questions regarding the information being sought, please contact Jeff Dial at (614) 716-6298.

_____
Signature

_____
Title

_____
Company

RAIL TRANSPORTATION FACILITIES INFORMATION

The following information is required for each rail coal origin that is being bid:

Shipping Point:_____

Railroad(s): _____

OPSL No.: _____

1) What is the minimum and maximum unit train size that can be loaded?

_____

2) How fast can the indicated unit train be loaded?

_____

3) How precisely can the tonnage being loaded in each car be controlled? What car loading precision would be guaranteed?

_____

4) Can the loading of the Unit Train start at any time and on any day upon the arrival of the cars?

_____

5) Is the assistance of the Railroad's locomotive and crew required to load the train?

_____

6) Are there any restrictions that would prevent your ability to load Buyer's 4,000 cubic feet AEPX hopper cars?

_____

7) How fast, after loading, can an advanced shipping manifest be FAXED to a location?

_____

8) Is equipment available for applying freeze-proofing and/or side release agents?

_____

If there are any questions regarding the information being sought, please contact Jeff Dial at (614) 716-6298.

_____
Signature

_____
Title

_____
Company

THIS IS A FIRM OFFER TO SUPPLY COAL UNDER ALL TERMS AND CONDITIONS INCLUDED IN THIS COAL PROPOSAL PACKAGE, AND SHALL BE HELD OPEN BY SELLER FOR AEPSC'S ACCEPTANCE THROUGH 5:00 P.M., **FRIDAY, DECEMBER 8, 2017.** UNTIL AEPSC'S ACCEPTANCE HEREOF, WHICH SHALL BE AT ITS SOLE DISCRETION, THIS PROPOSAL SHALL NOT CONSTITUTE A VALID AND ENFORCEABLE AGREEMENT, BUT UPON AEPSC'S ACCEPTANCE, SUCH PROPOSAL SHALL CONSTITUTE A VALID AND ENFORCEABLE AGREEMENT BETWEEN AEPSC AND SELLER.

Proposal submitted by:

_____
(Signature)

_____
(Title)

_____
(Company)

"REMOVE FROM SOLICITATION" FORM

TO AEP: THIS FORM WILL SERVE AS OUR NOTICE TO YOU THAT WE REQUEST TO BE REMOVED FROM FUTURE SOLICITATIONS.

COMPANY _____ SIGNATURE _____

ADDRESS _____ DATE _____

_____ PHONE _____

RETURN BY: **DECEMBER 4, 2017**

π First Fold π

Tape Here --

π Second Fold π

Place Postage Here

AEPSC RFP – COAL PROPOSAL
ATTN: CHARLES WEST, MGR., FUEL PROCUREMENT
AMERICAN ELECTRIC POWER SERVICE CORP.
1 RIVERSIDE PLAZA, 14TH FLOOR
COLUMBUS, OH 43215