

August 8, 2014

**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, but will mirror those included in this solicitation as close as practicable.

AEPSC is seeking proposals for the following:

* Up to 400 thousand tons of coal, FOB Barge, beginning as early as October 2014 and ending as late as December 2014 (refer to High Sulfur Specification “A”);
* Up to 750 thousand tons of coal, FOB Barge, beginning as early as January 2015 and ending as late as December 2015 (refer to High Sulfur Specification “A”);
* Up to 1.25 million tons of coal, FOB Barge or CSX Rail, beginning in January 2015 and ending in December 2015 (refer to Nymex or CSX Specification “B”);
* Up 5.0 million tons of coal, FOB Rail, beginning as early as October 2014 and ending as late as December 2015 (refer to PRB Specification “C” or “D”);

Each valid proposal should include:

To access the blank Spot PO form, DOUBLE click on the link below:

* 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;
* MSHA ID Number, Environmental Permits, and the intended method of mining (mountain top removal, contour, or deep) ; and
* The loading dock and respective river milepost

Please complete all attached forms with a valid offer.

**COAL PROPOSAL PACKAGE**

A "Spot Coal Proposal Form," and a "Barge Transportation Facilities Information" sheet, or 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., **THURSDAY, AUGUST 21, 2014**. Proposals are to be kept open for AEPSC's acceptance until 5:00 p.m., **THURSDAY, AUGUST 28, 2014**. All proposals are to be submitted by e-mail to either [cfwest@aep.com](mailto:cfwest@aep.com) or [dlwelsh@aep.com](mailto:dlwelsh@aep.com) with a courtesy copy to [coalrfp@aep.com](mailto:coalrfp@aep.com), or by fax to (614) 716-6569 (Attention: Charles West), 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 receive future solicitations, please complete and return the attached "Remove from Solicitation" form on or before AUGUST 15, 2014.**

**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 SO2 per million Btu based on the relevant SO2 emissions allowances, 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.

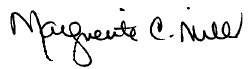
Those submitting proposals shall be responsible for the completeness and accuracy of all information contained in and used in preparation of its proposal(s) and for having supplied all necessary information.

It should be noted that for payment purposes, weighing and sampling shall be performed at the same location pursuant to Sections 3 and 4 of the AEP Coal Procurement Terms and Conditions contained within the attached Spot Purchase Order.

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 or Denzil Welsh at (614) 716-6116.

Thank You,



Marguerite C. Mills

Vice President

### COAL SPECIFICATIONS



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

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**SPOT COAL PROPOSAL FORM**

DATE:

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) | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| |  |  |  |  | | --- | --- | --- | --- | | Shipping Point(s): | Origin Station: |  | | |  | OPSL No. (Defined in OPSL 6000R): |  | | |  | No. of railcars/shipment\* (> 15): |  | | |  | Maximum Loadout Time: | 24 hrs. □ | 4 hrs. □ | |  |  |  |  | |  |  |  |  |     Spot Coal Proposal Form  Page 2 of 6   |  |  |  |  | | --- | --- | --- | --- | | Barge Deliveries | | | | | Shipping Point(s): | Dock: |  | | |  | River: |  | | |  | Milepost: |  | | | **6. Pricing ($/short ton):** | FOB Barge: |  | | |  | FOB Rail: |  | | |  | FOB Conesville Plant: |  | | |  |  |  | | | **7. Type of Mine(s):** | Surface: | % | | |  | Underground: | % | | |  |  |  | | | **8. Mine District:** |  |  | | |  |  |  | | | **9. Name of Seam(s):** |  | | | |  |  | | | |  |  | | | |  |  | | | |  | | | | |  |  |  | | | **10. Preparation:** | Crushed, run-of-mine: | % |  | |  | Washed: | % |  | |  |  |  | | | **11. Comments:** |  |  | | |  | | | | |  | | | | |
|  |

Spot Coal Proposal Form

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**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**  Average | **Suspension** | | **Rejection** | |
| **Half-Month** | | **Applicable Lot\*\*\*** | |
| **Wtd. Avg** | | **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. SO2 per mmBtu) |  | N/A |  | N/A |  |
| Ash Fusion Temp.  (H=½W) oF 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

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Spot Coal Proposal Form

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**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

Spot Coal Proposal Form

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**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

Spot Coal Proposal Form

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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, SEPTEMBER 5, 2014.** 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: **AUGUST 21, 2014**

 First Fold 

----------------------------------------------------------------------------------------------------------------------------------------------------------------Tape Here --

 Second Fold 

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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