

May 10, 2019

INTRODUCTION

Cardinal Operating Company (COC) on behalf of AEP Generation Resources Inc. (AEPGR), an unregulated wholly owned subsidiary of AEP Energy Supply, LLC, itself a wholly owned subsidiary of American Electric Power Company, Inc. and Buckeye Power, Inc. (BPI), a corporation not for profit organized and existing under the laws of the State of Ohio and 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, is seeking proposals for the supply of coal to the Cardinal Power Plants listed below:

Unit 1 (owned 100% by AEPGR)
Units 2 & 3 (owned 100% by BPI).

This solicitation seeks coal that meets the specifications on the attached "Coal Specifications." All proposals will have specifically negotiated terms and conditions based on the attached Master Agreement. Any changes proposed to the Master Agreement will need to be expressed as part of this solicitation.

COC is seeking proposals for the following:

Term Coal - Beginning in Q1 2020 and lasting a term of up to three (3) years. AEPGR and/or BPI may choose to individually transact on a specific year, or years, contained within a term proposal.

All prices should be on a fixed price basis, with no adjustments for changes in law which result in increases to Seller's cost to mine coal (such adjustments being disallowed for the duration of the term of the contract).

- FOB Barge
- FOB Truck Cardinal Plant

Each valid proposal should include:

- The Seller's and Producer's name(s);
- The location of the mine and/or loadout;
- The mine type (surface or underground) ;
- The seam(s) of coal being mined;
- 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 availability of option tons each month;
- The stated price per ton;
- The commencement date (no sooner than January 2020) and months of delivery;
- MSHA ID Number, Environmental Permits, and the intended method of mining (mountain top removal, contour, highwall miner / auger, or deep)

COAL PROPOSAL – TERM

In order to ensure that proposals are responsive to COC's needs, and that they provide a uniform basis for evaluation, any entity providing offers is required to complete a "Term Coal Proposal Form" for each submitted offer, as well as provide proposed changes to the Master Agreement, if any. Copies of these forms and the Master Agreement are contained herein. Typical coal analyses, including the Proximate, Ultimate, Trace Element and Mineral Ash Analyses, Grindability Index, Ash Fusion Temperatures, Mercury and Chlorine, shall be submitted with the attached forms.

BID SUBMITTAL

All submitted offers shall be signed by a person having proper authority to legally obligate the offering company, provided along with any additional supporting materials, and must be received no later than 5:00 p.m., **FRIDAY, MAY 24, 2019**. Proposals are to be kept open for acceptance by AEPGR and/or BPI until 5:00 p.m., **FRIDAY, JUNE 21, 2019**. All proposals are to be submitted by e-mail to jdhenry@aepes.com, or delivered in an envelope marked "COC RFP - COAL PROPOSAL" and are to be addressed as follows:

COC RFP – COAL PROPOSAL
ATTN: JIM HENRY
AEP ENERGY SUPPLY
303 MARCONI BLVD.
COLUMBUS, OH 43215

BID EVALUATION

Proposals will be evaluated based upon the following factors:

- 1) Quality adjusted delivered cost (cents per million Btu)
- 2) Reliability of supply and transportation flexibility
- 3) Volume flexibility offered
- 4) Willingness to reasonably commit to the Terms and Conditions provided
- 5) Creditworthiness

CONTRACT TERMS

AEPGR and BPI will require any successful Bidder(s) to agree to the following:

1. There shall be no provision within the contract providing for change in law claims for increases in Seller's cost to mine coal and such claims are expressly disallowed for the term of the contract.
2. Bidder(s) willingness to enter into a Master Agreement.

FURTHER INFORMATION

COC reserves the right to modify or withdraw this invitation, to reject any or all proposals, and to terminate any subsequent negotiations at any time. COC 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.

COC 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.

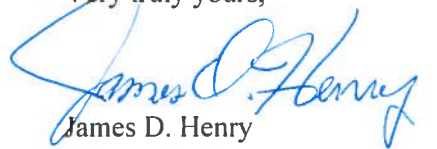
Those submitting proposals shall be responsible for the completeness and accuracy of all information contained in and used in preparation of its proposal(s) and for having supplied all necessary information.

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

AEPGR and BPI Master Agreement terms and conditions for a term agreement are attached. Updated credit terms will need to be negotiated as part of all contract negotiations.

Should further information be required, please contact Jim Henry at (614) 583-6974.

Very truly yours,



James D. Henry
Vice President
AEP Generation Resources Inc.

COAL SPECIFICATION – FOB Barge and FOB Cardinal Plant

	*Contracted Half-Month	Half-Month Suspension Limit	Shipment Rejection Limit
Calorific Value (Btu/lb.)		Contracted Less 200 Btu	10,800 Min
Moisture (%)		10.50 Max	11.00 Max
Ash (%)		11.50 Max	13.00 Max
Sulfur Dioxide (Lbs. SO ₂ /mmBtu)		7.50 Max	7.50 Max
Ash Fusion Temp.°F Red Atm. (H=1/2 W)		2,250 Min	2,050 Min
% Chlorine CL (dry)		N/A	0.20 Max

*Contracted Specification as proposed by Supplier and placed on the Coal Proposal Form below