

January 23, 2014

February 2014 Auction
Final ACCEPTABLE Modifications to the Pre-Bid Security Documents

This document contains the **FINAL** comprehensive list of modifications to the Sample Pre-Bid Letter of Credit that are **ACCEPTABLE** to AEP Ohio on an optional basis for the February 2014 Auction. There were no proposed modifications to the Letter of Intent to Provide a Guaranty and the Letter of Reference that are acceptable to AEP Ohio on an optional basis.

The Sample Pre-Bid Security Documents are available on the “*Information – Documents*” page of the AEP Ohio CBP website.

January 23, 2014

Original Beneficiary

To: Ohio Power Company ("AEP Ohio"), an Ohio corporation
c/o National Economic Research Associates, Inc. ("NERA")
Auction Manager
1835 Market Street, Suite 1205
Philadelphia, PA 19103

Acceptable Modifications to Beneficiary

Original Paragraph 1

1. We hereby establish in your favor this irrevocable Letter of Credit (this "Letter of Credit") for the account of _____("the Bidder"), in the amount of \$_____, effective immediately and available to you at sight upon demand at our counters at _____[location] and expiring on _____[date] which is 60 calendar days from date of issuance, unless terminated earlier in accordance with the provisions hereof or otherwise extended.

Acceptable Modifications to Paragraph 1

Original Paragraph 2

2. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting a certificate from you stating that the Bidder:
- a) “has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted by the Bidder to participate in AEP Ohio’s Competitive Bidding Process for purposes of procuring supply under the Master Energy Supply Agreement”; or
 - b) “has violated the bidding rules for AEP Ohio’s Competitive Bidding Process for purposes of procuring supply under the Master Energy Supply Agreement”; or
 - c) “has a winning bid in AEP Ohio’s Competitive Bidding Process for purposes of procuring supply under the Master Energy Supply Agreement and has failed to execute the Master Energy Supply Agreement within three (3) business days of the acceptance of the results by the Commission”; or
 - d) “has a winning bid in AEP Ohio’s Competitive Bidding Process for purposes of procuring supply under the Master Energy Supply Agreement and has failed to meet the creditworthiness requirements of the Master Energy Supply Agreement within three (3) business days of the acceptance of the results by the Commission (as defined in the Master Energy Supply Agreement)”.

Acceptable Modifications to Paragraph 2

Original Paragraph 3

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (prevailing Eastern Time¹) on such Business Day to _____ [bank], _____ [address], (i) a notice in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of AEP Ohio and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of AEP Ohio.

Acceptable Modifications to Paragraph 3

¹ If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time, all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

Original Paragraph 4

4. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 PM (prevailing Eastern Time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 AM (prevailing Eastern Time) on a Business Day pursuant to Paragraph 3 hereof, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made on or after 11:00 AM (prevailing Eastern Time) on any Business Day pursuant to Paragraph 3 hereof.

Acceptable Modifications to Paragraph 4

Original Paragraph 5

5. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not later than three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

Acceptable Modifications to Paragraph 5

Original Paragraph 6

6. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, or (iii) the above-stated expiration date hereof.

Acceptable Modifications to Paragraph 6

Original Paragraph 7

7. As used herein:

“Authorized Officer” means President, Treasurer, any Vice President or any Assistant Treasurer or any other person holding an equivalent title.

“Business Day” means any day on which commercial banks are not authorized or required to close in New York, NY and any day on which payments can be effected on the Fed wire system.

Acceptable Modifications to Paragraph 7

7. As used herein:

“Authorized Officer” means President, Treasurer, any Vice President or any Assistant Treasurer or any other person holding an equivalent title.

“Business Day” means any day on which commercial banks are not authorized or required to close in ~~New York, NY~~ Stamford, CT and any day on which payments can be effected on the Fed wire system.

Original Paragraph 8

8. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

Acceptable Modifications to Paragraph 8

Original Paragraph 9

9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

Acceptable Modifications to Paragraph 9

Original Paragraph 10

10. We certify that as of _____[date] we _____ [Bank] satisfy the minimum long-term senior unsecured debt rating of “A-” from Standard & Poor’s Rating Services or “A3” from Moody’s Investors Service, Inc.

Acceptable Modifications to Paragraph 10

Original Paragraph 11

11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial/multiple drawings are permitted hereunder. Drafts showing amounts in excess of amounts available under this Letter of Credit are acceptable, however, in no event will payment exceed the amount available to be drawn under this Letter of Credit.

Acceptable Modifications to Paragraph 11

Original Paragraph 12

12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ and confirmed by telephone to our Standby Letter of Credit Unit at _____.

Acceptable Modifications to Paragraph 12

12. ① Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ and confirmed by telephone to our Standby Letter of Credit ~~Unit~~ Department at _____.

Please note that change ① to Paragraph 6 is only acceptable if change ② is made to Annex 1 and change ③ is made to Annex 3.

② A1.1 To: [Bank]
 [Address]

 Attention: Standby Letter of Credit ~~Unit~~ Department

③ A3.1 To: [Bank]
 [Address]

 Attention: Standby Letter of Credit ~~Unit~~ Department

Original Paragraph 13

13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

Acceptable Modifications to Paragraph 13

Original Paragraph 14

14. This original Letter of Credit has been sent to the Auction Manager for AEP Ohio's Competitive Bidding Process:

Attn: National Economic Research Associates, Inc. (NERA)
Auction Manager
1835 Market Street, Suite 1205
Philadelphia, PA 19103

We understand that the Auction Manager holds the Letter of Credit for the benefit of AEP Ohio. The aggregate amount paid to AEP Ohio during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of AEP Ohio. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Officer of AEP Ohio or an Authorized Officer of the Auction Manager on behalf of AEP Ohio. An Authorized Officer of the Auction Manager means any Vice President or Senior Vice President of NERA.

Very truly yours,

[Bank]

By: _____
Name:
Title:

By: _____
Name:
Title:

Acceptable Modifications to Paragraph 14

Original Annex 1

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: [Bank]
[Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Letter of Credit.
2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of \$_____, inasmuch as the Bidder has _____ (state reason from conditions (a) - (d) of Paragraph 2).
3. The amount to be received by Ohio Power Company is \$_____.
4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

Ohio Power Company

By _____

Name:

Title:

Date:

January 23, 2014

Acceptable Modifications to Annex 1

① A1.1 To: [Bank]
[Address]

Attention: Standby Letter of Credit ~~Unit~~ [Department](#)

Please note that change ① to Annex 1 is only acceptable if change ② is made to Paragraph 12 and change ③ is made to Annex 3.

② Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ and confirmed by telephone to our Standby Letter of Credit ~~Unit~~ [Department](#) at _____.

③ A3.1 To: [Bank]
[Address]
Attention: Standby Letter of Credit ~~Unit~~ [Department](#)

Original Annex 2

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 4]

PAY TO: Ohio Power Company ("AEP Ohio")

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. _____ OF

[Bank]

[Address]

Ohio Power Company

By _____

Name:

Title:

Date:

Acceptable Modifications to Annex 2

Original Annex 3

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: [Bank]
[Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit and all amendments thereto, marked cancelled.

Ohio Power Company

By _____
Name:
Title:
Date:

cc: _____ [Bidder]

Acceptable Modifications to Annex 3

① A3.1 To: [Bank]
[Address]

Attention: Standby Letter of Credit ~~Unit~~ Department

Please note that change ① to Annex 1 is only acceptable if change ② is made to Paragraph 12 and change ③ is made to Annex 1.

② Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ and confirmed by telephone to our Standby Letter of Credit ~~Unit~~ Department at _____.

③ A1.1 To: [Bank]
[Address]
Attention: Standby Letter of Credit ~~Unit~~ Department