



| TERM                                | GENERATION SERVICE CHARGES                                                                                                                                                      | CANCELLATION FEE                                                                                                                                                                                                                                         | CONTRACT RENEWAL                                                                                                                                                                                                                                                                                               | OTHER |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 24 monthly billing cycles ("Term"). | 6.19 cents per kWh for Generation Service. Price excludes taxes, utility Distribution Service charges, Transmission Service, and other non-bypassable utility charges and fees. | You may cancel within the 7-calendar day rescission period without penalty. <u>If you terminate after the rescission period, you will incur a fee equal to the number of months remaining in the Term multiplied by \$10.</u> See Section 6 for details. | Unless AEP Energy automatically renews your Agreement with advance written notice, your Agreement will continue on a month-to-month basis, and you will pay a variable price per kWh. You will not be subject to a cancellation fee while taking service on a month-to-month basis. See Section 8 for details. | N/A   |

**CONDITIONS.** These Terms and Conditions (this "Agreement") form the agreement for Generation Service and applicable Transmission Service between you ("Customer") and AEP Energy, Inc. ("AEP Energy"). Please keep a copy of this Agreement for your records. AEP Energy is certified by the Public Utilities Commission of Ohio ("PUCO") to offer and supply Generation Service in Ohio. As a Competitive Retail Electric Service ("CRES") provider, AEP Energy will supply the electric generation and provide applicable transmission services to your Electric Distribution Utility ("EDU") based on your usage. Your EDU then distributes or delivers the electricity to you. Your Distribution Service will remain with your current EDU, which is regulated by the PUCO.

**DEFINITIONS:** "Competitive Retail Electric Service Provider" or "CRES" provider means, as defined by Chapter 4901:1-21 of the Substantive Rules applicable to electric service providers, an entity that sells electric energy to retail customers in Ohio. "Generation Service" means the production of electricity. "Generation-Related Charges" means those charges or costs associated with the production, procurement and supply of electricity. "Non-bypassable utility charges and fees" means those EDU charges and fees payable by you regardless of whether the EDU or a CRES provides Generation Service. "Transmission Service" means moving high voltage electricity from a generation facility to the distribution lines of an EDU. "Distribution Service" means the physical delivery of electricity to customers by the EDU.

**RIGHT OF RESCISSION.** Once you have been enrolled to receive Generation Service from AEP Energy, your EDU will send you a confirmation letter. You have the right to rescind your enrollment without penalty within seven (7) calendar days following the postmark date of the confirmation letter by contacting your EDU and following the instructions contained in the letter. This right of rescission only applies when you initially switch to AEP Energy and not upon renewal. Your EDU will not send a confirmation notice upon any renewal of this Agreement. In the event the EDU's retail

electric choice program is terminated or materially changed in any manner prior to the end of the initial Term or renewal thereof, AEP Energy may terminate this Agreement, without penalty to either party.

#### TERMS AND CONDITIONS OF SERVICE

1. **Eligibility.** Residential customer accounts that are on residential rates codes and are not enrolled in the Percentage of Income Plan Program (PIPP) are eligible for this offer from AEP Energy. AEP Energy reserves the right to refuse enrollment to any residential customer who is not current on their EDU charges.

2. **Price.** During the term of this Agreement, you agree to pay AEP Energy a price for all applicable combined Transmission Service, Generation Service and Generation-Related Charges as specified in "Generation Service Charges" listed above including any applicable taxes, if any. For the "Term" listed above, all kilowatt- hours ("kWh") of electric energy metered by the EDU shall be billed at the rate per kWh specified above. In addition to AEP Energy's charges, you will be charged by your EDU for Distribution Service and other EDU charges and fees. An average residential customer, using 750 kWh of electricity on a monthly basis, would incur approximately \$40 to \$50 per month in such EDU charges and fees. Also, AEP Energy will charge you for any and all fees, costs, and obligations for transmission or ancillary services imposed by a Regional Transmission Organization ("RTO"), such as PJM Interconnection, LLC, or an Independent System Operator (ISO), such as the Midwest Independent Transmission System Operator (MISO) or any successor organizations (collectively, referred to as the RTO), that are not otherwise reimbursed to AEP Energy, regardless of whether such charges are greater than, less than, or equal to the charges the Customer currently pays for these services ("RTO/Transmission and Ancillary Services Charges"). Note that if, due to a change in market conditions, we wish to lower the price per kilowatt hour charged to you under this Agreement, we may do so without your consent, provided there are no other changes to the terms and conditions of this Agreement. AEP Energy will pass

through to you any RTO/Transmission and Ancillary Services Charges, which may be variable, related to AEP Energy's providing electricity to you and any additional or increased fees or charges that are beyond AEP Energy's reasonable control. These fees and charges include, but are not limited to, fees for switching, disconnecting, reconnecting or maintaining electric service or equipment, changes to capacity related charges, transmission or transmission-related charges, or changes to retail electric customer access programs or any other, that are imposed or changed by any statute, rule, regulation, order or other law, or procedure, tariff, rate class or other process or charge, promulgated by any governmental authority or EDU or other regulated service provider. These fees and charges will be passed through to you and added to your pricing.

**3. Term (Length of Agreement).** Your service from AEP Energy will begin with the next available meter-reading in the Term following: a) the seven (7) day rescission period; b) the acceptance of the enrollment request by AEP Energy (at its discretion and consistent with Paragraph 7 below), and c) processing of the enrollment by your EDU, and will continue for the Term, unless otherwise terminated or renewed, ending on the meter read for the last month of service.

**4. Billing.** You will continue to receive a single bill, typically on a monthly basis, from your EDU that will contain both your EDU and AEP Energy charges. AEP Energy does offer budget billing for AEP Energy's charges. If you do not pay your bill by the due date, AEP Energy may cancel this Agreement after giving you a minimum of fourteen (14) days written notice. Upon cancellation you will be returned to your EDU as a customer. You will remain responsible to pay AEP Energy for any electricity used before this Agreement is cancelled as well as any late payment charges. Further, your failure to pay EDU charges may result in your electric service being disconnected in accordance with the EDU tariff.

**5. Penalties, Fees and Exceptions.** Your EDU may charge you a switching fee. If you do not pay the full amount owed to AEP Energy by the due date of the bill, AEP Energy may charge a late payment fee up to one and one-half (1.5%) percent of the outstanding balance per month, or the maximum legally allowed interest rate, whichever is lower until such payment is received by AEP Energy. AEP Energy reserves the right to demand adequate assurances from you in the form of prepayment or other form of credit support in the event you fail to make payments in accordance with the terms herein. Customers requiring financial assurance will be required to post that assurance within 3 business days of notice.

**6. Cancellation/Termination Provisions/Failure to Pay.** If this Agreement is not rescinded during the rescission period, enrollment will be sent to your EDU. You may terminate this Agreement, without penalty, if you move outside AEP Energy's service area or into an area where AEP Energy charges a different price, by providing AEP Energy with a thirty (30) day written notice prior to such move. Any failure to pay your bill shall be deemed a breach of this Agreement permitting AEP Energy to terminate this Agreement upon fourteen (14) days advance written notice. There will be a charge as specified in "Cancellation Fee" above if you terminate this Agreement for any other reason, except as expressly provided herein, or breach this Agreement in accordance with the preceding sentence. Should you cancel service with AEP Energy and

return to standard offer service with your EDU, you may not be served under the same rates, terms, and conditions that apply to other EDU customers.

**7. Customer Consent and Information Release Authorization.** By accepting this offer from AEP Energy, you understand and agree to the terms and conditions of this Agreement with AEP Energy. You authorize AEP Energy to obtain information from the EDU that includes, but is not limited to: your billing history, payment history, historical and expected electricity usage, meter-readings, and characteristics of electricity service. AEP Energy reserves the right to check your credit with a consumer credit reporting agency to determine if your credit standing is satisfactory before accepting your enrollment request. This Agreement shall be considered executed by AEP Energy following: a) acceptance of your enrollment request by AEP Energy; b) the end of the seven (7) day rescission period, and c) acceptance of enrollment by your EDU.

**8. Contract Renewal.** Upon expiration of the initial Term and unless AEP Energy renews for a fixed term in accordance with the following sentence, this Agreement will automatically renew on a month-to-month basis at a variable price per kWh, based upon the applicable RTO prevailing market and business conditions for electricity at the EDU load zone or equivalent market delivery point, plus an adder of up to \$0.05 per kWh for Generation Service and applicable Transmission Service. Notwithstanding the preceding sentence, if AEP Energy chooses to renew this Agreement for a fixed term, then AEP Energy will send advance written notice not less than 45 days prior to the end of the initial Term, and this Agreement shall be automatically renewed for the renewal term with the revised terms and conditions, unless you notify AEP Energy in writing rejecting the renewal term on such terms and conditions no later than five (5) business days after receipt of such notice. Pricing excludes taxes, Distribution Service charges and other non-bypassable EDU charges and fees. No cancellation fee will apply during any renewal Term on a month-to-month basis, but a cancellation fee may apply during a fixed term renewal, as specified in the renewal notice. You may obtain next month's variable price by calling an AEP Energy Service Representative at the toll-free telephone number set forth in Section 16. Pricing is generally available on the 15th business day of each month for the next billing cycle. At any time after the initial Term during a month-to-month renewal, Customer may contact AEP Energy to enroll in the then-current fixed price plan. AEP Energy can renew this Agreement without Customer's affirmative consent even when there is a change in the rate or other terms and conditions.

**9. Dispute Procedures.** Contact AEP Energy with any questions concerning the terms of service by phone at 1-866-258-3782 (toll-free) M-F 8AM – 7PM EST or in writing at AEP Energy, PO Box 3489, Chicago, IL 60654. Our web address is AEPenergy.com. If your complaint is not resolved after you have called AEP Energy and/or your EDU, or for general utility information, residential and business customers may contact the PUCO for assistance at 1-800-686-7826 (toll free) from 8:00 AM - 5:00 PM EST weekdays or at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov). Hearing or speech impaired customers may contact the PUCO via 7-1-1 (Ohio relay service). Residential customers may also contact the Ohio Consumers' Counsel for assistance with complaints and utility issues at 1-877-742-5622 (toll free) from 8:00 AM - 5:00 PM EST

weekdays, or [www.pickocc.org](http://www.pickocc.org).

10. Miscellaneous. You have the right to request from AEP Energy, twice within a 12-month period, up to 24 months of payment history, without charge. AEP Energy is prohibited from disclosing a Customer's social security number and/or account number(s) without the Customer's affirmative written consent except for AEP Energy's collections and reporting, participating in programs funded by the universal service fund pursuant to section 4928.54 of the Revised Code, or assigning a Customer's contract to another CRES provider. AEP Energy assumes no responsibility or liability for the following items that are the responsibility of the EDU: operation and maintenance of the EDU's electrical system, any interruption of service, termination of service, or deterioration of the EDU's service. In the event of a power outage, you should contact your local EDU. You are responsible for providing AEP Energy with accurate account information. If said information is incorrect, AEP Energy reserves the right to re-price the applicable account(s). AEP Energy reserves the right to re-price any account(s) or return you to the EDU if your rate code or meter type is changed and/or the account is no longer eligible for this program. Any notice, demand or other communication to be given hereunder, including, without limitation, any renewal or termination notice, shall be in writing and delivered to the address or email address maintained on file for you. You authorize, but do not obligate AEP Energy, to exercise your government aggregation opt-out rights. AEP Energy's environmental disclosure statement is available for viewing on our website at [AEPEnergy.com](http://AEPEnergy.com). You agree that AEP Energy will make the required quarterly updates to the statement electronically on our website. We will also provide the information to you upon request.

11. Warranty and Force Majeure. AEP Energy warrants title and the right to all electricity sold hereunder. THE WARRANTIES SET FORTH IN THIS PARAGRAPH ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR PURPOSE OR USAGE OF TRADE. AEP Energy will make commercially reasonable efforts to provide your electric service, but does not guarantee a continuous supply of electricity. Certain causes and events are out of the reasonable control of AEP Energy and may result in interruptions in service. AEP Energy is not liable for damages caused by acts of God, changes in laws, rules or regulations or other acts of any governmental authority (including the PUCO or RTO), accidents, strikes, labor troubles, required maintenance

work, inability to access the EDU's system, nonperformance by the EDU or any other cause beyond AEP Energy's reasonable control.

12. REMEDIES. UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN, ANY LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES AS THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, WHETHER IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISIONS OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT. THE LIMITATIONS IMPOSED ON REMEDIES AND DAMAGE MEASUREMENT WILL BE WITHOUT REGARD TO CAUSE, INCLUDING NEGLIGENCE OF ANY PARTY, WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE; PROVIDED NO SUCH LIMITATION SHALL APPLY TO DAMAGES RESULTING FROM THE WILLFUL MISCONDUCT OF ANY PARTY.

13. Customer Liability and Indemnification of AEP Energy. You assume full responsibility for retail electricity furnished to you at the delivery point(s) and on your side of the delivery point(s), and agree to and shall indemnify, defend, and hold harmless AEP Energy, its parent company and all of its affiliates, and all of their respective managers, members, officers, directors, shareholders, associates, employees, servants, and agents from and against all claims, losses, expenses, damages, demands, judgments, causes of action, and suits of any kind (hereinafter collectively referred to as "Claims"), including Claims for personal injury, death, or damages to property occurring at the delivery point(s) or on your side of the delivery point and upon the premise(s), arising out of or related to the electricity supplied to you and/or your performance under the Agreement.

14. Assignment. You shall not assign this Agreement or its rights hereunder without the prior written consent of AEP Energy. AEP Energy may, without your consent, assign this Agreement to another CRES provider, including any successor, in accordance with the rules and regulations of the PUCO.

15. Choice of Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio without giving effect to any conflicts of law principles which otherwise might be applicable.

16. Contact Information. AEP Energy, PO Box 3489, Chicago, IL 60654. For more information call (866) 258-3782 or visit [AEPEnergy.com](http://AEPEnergy.com).

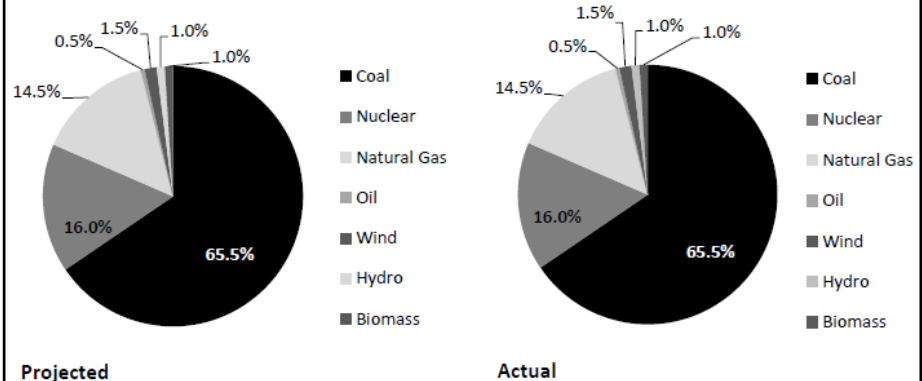
## AEP Energy

### Projected Data for the 2014 Calendar Year

### Actual Data for the Period 01/01/14 to 12/31/14\*

#### Generation Resource Mix -

A comparison between the sources of generation projected to be used to generate this product and the actual resources used during the period.

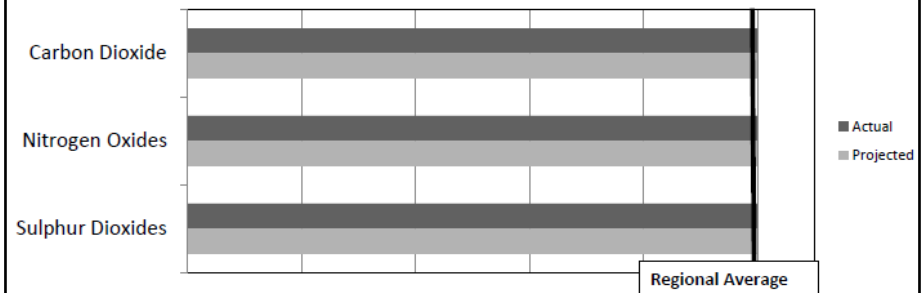


#### Environmental Characteristics -

A description of the characteristics associated with each possible generation resource.

|                             |                               |
|-----------------------------|-------------------------------|
| Biomass Power               | Air Emissions and Solid Waste |
| Coal Power                  | Air Emissions and Solid Waste |
| Hydro Power                 | Wildlife Impacts              |
| Natural Gas Power           | Air Emissions and Solid Waste |
| Nuclear Power               | Radioactive Waste             |
| Oil Power                   | Air Emissions and Solid Waste |
| Other Sources               | Unknown Impacts               |
| Solar Power                 | No Significant Impacts        |
| Unknown Purchased Resources | Unknown Impacts               |
| Wind Power                  | Wildlife Impacts              |

**Air Emissions – Product-specific projected and actual air emissions for this period compared to the regional average air emissions.**



#### Radioactive Waste -

Radioactive waste associated with the product.

| Type:                        | Quantity: |                             |
|------------------------------|-----------|-----------------------------|
| High-Level Radioactive Waste | Unknown   | LBs./1,000 kWh              |
| Low-Level Radioactive Waste  | Unknown   | Ft. <sup>3</sup> /1,000 kWh |

AEP Energy purchases all of its electric energy from the wholesale market. The above generation resource mix is based on EIA reporting of regional generation sources. AEP Energy does not have access to information regarding the radioactive waste produced by nuclear generation in the region.

With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, visit us online at [AEPenergy.com](http://AEPenergy.com) or contact AEP Energy at 1-866-258-3782.