



**AMERICAN®
ELECTRIC
POWER**

American Electric Power
P O Box 2021
Roanoke, VA 24022-2121
www.aep.com

February 16, 2004

Dear:

Enclosed are two copies of the “Virginia Public Authorities Amendment to the Agreement for the Purchase of Electricity from Appalachian Power Company (dba American Electric Power)” containing the new rates (Exhibit BB and Exhibit CC) and terms agreed upon by your negotiating committee and American Electric Power. The rates under this Amendment have been in effect since August 2002. The term of this Amendment shall be for the provision of service until June 30, 2007. Please have the responsible authority sign both copies, on behalf of the Customer, of this Amendment on page 12 and return one copy to my attention. Please retain the other copy for your files.

Your prompt attention to returning the signed Amendment is appreciated. If you have any questions about the Amendment, please contact me at 540-985-2968.

Sincerely,

Darren Shepard
Customer Services Manager

Attachments

/d

VIRGINIA PUBLIC AUTHORITIES

**AMENDMENT TO
AGREEMENT FOR THE PURCHASE OF ELECTRICITY
FROM APPALACHIAN POWER COMPANY
(d/b/a AMERICAN ELECTRIC POWER)**

THIS AMENDMENT to the Agreement for the Purchase of Electricity is made and entered into as of the 16th day of February, 2004, by and between Appalachian Power Company, dba American Electric Power (“Company”), and Albemarle County Board of Supervisors (“Customer”), collectively referred to herein as the Parties:

WITNESSTH:

WHEREAS, the Company is an electric operating subsidiary of American Electric Power Company, Inc. (“AEP”); and

WHEREAS, the VML/VACo-Appalachian Power Company Steering Committee (“Committee”), comprised of representatives of local governments and political subdivisions and acting on behalf of such governments and subdivisions located within the service area of the Company (“Public Authorities”), has for many years negotiated the terms of standard contract forms that have included, among other things, rates for the electricity purchased from the Company by the Customer and other Public Authorities; and

WHEREAS, the most recent such written contract form, which was entered into by the Customer and other Pubic Authorities customers with the Company in the form of

an Agreement for the Purchase of Electricity ("Agreement"), covered the period beginning July 1, 2000 and ending June 30, 2002; and

WHEREAS, on or about February 15, 2001, the Company and the Committee agreed to extend the term of such agreements through December 31, 2003, at rates set forth in the applicable rate schedules of the Company's Tariff 17, as on file with the Virginia State Corporation Commission ("Commission" or "State Corporation Commission of Virginia"); and

WHEREAS, on or about December 20, 2001, the Company, the Committee and the Town of Wytheville, Virginia entered into a letter agreement ("2001 Letter Agreement"), pursuant to which the Company agreed to offer its Public Authorities customers a further extension of the agreements, among other options, subject to certain conditions set forth in the 2001 Letter Agreement, and to enter into an appropriate amendment to its agreements with its Public Authorities customers, once certain conditions precedent contained in the 2001 Letter Agreement had been satisfied; and

WHEREAS, certain of the conditions precedent in the 2001 Letter Agreement were contained in the Settlement Agreement Among American Electric Power Service Corporation, American Electric Power Company, Inc. and Virginia and West Virginia Parties ("Virginia/West Virginia Settlement Agreement") in AEP's then pending corporate separation filing at the Federal Energy Regulatory Commission ("FERC") in Docket Nos. EC01-130-000 and ER01-2668-000, to which the Committee and the Town of Wytheville, Virginia, became a signatory on December 20, 2001; and

WHEREAS, by Resolution/Letter duly approved and executed, the Customer elected, in accordance with the 2001 Letter Agreement, to extend its Agreement with the Company through June 30, 2007; and

WHEREAS, the Company has determined that there are sound business reasons to proceed to execute this Amendment at this time, even though all of the conditions precedent, which were in the 2001 Letter Agreement for the Company's benefit, have not been met; and

WHEREAS, notwithstanding its execution of this Amendment prior to the fulfillment of each of the said conditions precedent, the Company reserves AEP's right and option, during the term of the Company's Agreement with Customer as extended by this Amendment, to implement the AEP corporate separation plan, as proposed in FERC Docket Nos. EC01-130-000 and ER01-2668-000; modified by the Virginia/West Virginia Settlement Agreement and the combined offer of settlement in those cases; and approved by the FERC by Order dated September 26, 2002; and

WHEREAS, the Company and the Customer desire to extend the term of their Agreement, make other revisions to that Agreement, and establish Street Lighting rates for the Customer, if applicable, as set forth herein.

NOW THEREFORE, for and in consideration of the promises and mutual covenants contained herein, the Company and the Customer hereby agree as follows:

1. The first sentence of the SECOND Section of the Agreement, entitled Term, is hereby deleted and replaced in its entirety with the following new sentence:

The term of this Agreement, which originally covered the twenty-four (24) month period beginning July 1, 2000, and ending June 30, 2002, shall be

extended for an additional sixty (60) months beginning July 1, 2002, and ending June 30, 2007.

2. A new paragraph is hereby added at the end of the existing FIFTH Section of the Agreement, entitled Extension of Service – Overhead, as follows:

If, after July 1, 2002, the State Corporation Commission of Virginia approves a change in the extension of service provisions applicable to the unbundled Standard Rate Schedules that correspond to the schedules in Public Authority Tariff No. 9 (i.e. Standard Rate Schedules SGS, MGS, GS-TOD, LGS and LPS-TOD, or any successor or replacement thereto, hereinafter referred to as “corresponding Standard Rate Schedules”), which provides for the utilization of revenues that exclude generation and/or other revenue components in the calculation of Contributions in Aid of Construction for retail customers served by the Company under those corresponding Standard Rate Schedules, then the Parties agree such change shall be reflected herein.

3. In the first sentence of numbered paragraph (1) of the EIGHTH Section of the Agreement, entitled Rates, the word “The” is hereby deleted and replaced with the following phrase: “For service through July 29, 2002, the”.

4. A new paragraph is hereby added at the end of existing numbered paragraph (1), as modified herein, of the EIGHTH Section of the Agreement, entitled Rates, as follows:

For service from July 30, 2002, through June 30, 2007, the rates at which the Company shall furnish the electricity herein provided shall be as set forth in “Exhibit BB” entitled “Public Authority Tariff No. 9,” attached hereto

and made a part hereof (which match the rates contained in the Company's unbundled Standard Rate Schedules, on file and approved by the Virginia State Corporation Commission) as applicable to the Customer; provided, however, that if the State Corporation Commission of Virginia approves changes to the rates contained in the Company's corresponding Standard Rate Schedules, then the rates in Exhibit BB shall be changed to match those in the corresponding Standard Rate Schedules. In the event that there are no longer any corresponding Standard Rate Schedules on file with the State Corporation Commission of Virginia because the Commission has terminated such rate schedules, the Parties agree that the Company shall charge the Customer the rates in the last applicable Exhibit BB through June 30, 2007; provided, however, to accommodate the fuel protections contained in the Virginia/West Virginia Settlement Agreement if such fuel protections are operative, and to provide for the continued recovery of only the Company's actual fuel costs incurred through the term of this Agreement, the Parties agree to enter into good faith negotiations to develop a reasonable fuel adjustment mechanism. The Parties further understand and agree that the fuel protections contained in the Virginia/West Virginia Settlement Agreement will be applicable to the Customer if and when those protections are operative for the Company's other Virginia retail customers, through June 30, 2007.

5. The second and third sentences of numbered paragraph (2) of the EIGHTH Section of this Agreement, entitled Rates, are hereby deleted and replaced in their entirety with the following two new sentences:

Thereafter, through July 29, 2002, the last bundled Schedule O.L. shall apply. A copy of the December 1, 1999 version of Schedule O.L. is attached as "Exhibit C."

6. A new paragraph is hereby added at the end of existing numbered paragraph (2), as modified herein, of the EIGHTH Section of the Agreement, entitled Rates, as follows:

From July 30, 2002, through June 30, 2007, outdoor lighting service will be furnished in accordance with the monthly rates, hours of lighting, and ownership of facilities provisions of Schedule O.L. or any successor or replacement thereto (hereinafter referred to as Schedule O.L.), as contained in the Company's tariff then on file with the State Corporation Commission of Virginia. A copy of the Company's current Schedule O.L. is attached as "Exhibit CC". In the event that there is no longer a Schedule O.L. on file with the State Corporation Commission of Virginia because the Commission has terminated that schedule, the Parties agree that the monthly rates, hours of lighting and ownership of facilities provisions of the last Schedule O.L. shall continue to apply to the Customer through June 30, 2007; provided, however, to accommodate the fuel protections contained in the Virginia/West Virginia Settlement Agreement if such fuel protections are operative, and to provide for the continued recovery of only the Company's actual fuel costs incurred

through the remainder of the term of this Agreement, the Parties agree to enter into good faith negotiations to develop a reasonable "Generation Levelized Fuel" rate component. The Parties further understand and agree that the fuel protections contained in the Virginia/West Virginia Settlement Agreement will be applicable to the Customer if and when those protections are operative for the Company's other Virginia retail customers, through June 30, 2007.

7. A new numbered paragraph (3) shall be added to the EIGHTH Section of the Agreement, entitled Rates, as follows:

Beginning July 1, 2002, through the term of this Agreement, the rates for the Street Lighting Service provided to the Customer by Company, if any, shall be the rates in effect July 1, 2000, unbundled into the applicable components; provided, however, that those rates shall be subject to changes in the fuel factor (i.e. the levelized fuel component), including the fuel protections contained in the Virginia/West Virginia Settlement Agreement if operative, through June 30, 2007.

8. The second full paragraph of the TENTH Section of the Agreement, entitled Information to be Provided, is hereby deleted and replaced in its entirety with the following new paragraph:

The above information shall be provided electronically to the single designated representative of the PA customer group, at no expense to the Customer for the first request, within 90 days after receiving the request, but in any event not later than January 1, 2007. The Company shall comply with any reasonable additional requests from the designated

representative of the PA customers for the data described above, but no more frequently than once in any calendar year, and the Customer agrees to pay for such data.

9. The paragraph in the ELEVENTH Section of the Agreement, entitled Distribution, is hereby deleted in its entirety and replaced with the following new paragraph:

The Company agrees to provide to the designated representative of the PA customer group, by May 1, 2006, a proposed distribution revenue requirement and distribution rate(s) based on the cost of providing distribution service to the PA customers, together with the underlying distribution cost of service study and supporting work papers. The Company agrees to comply with all additional reasonable requests for information in connection with the proposed distribution rates. The Company shall respond to any such requests from the PA customer group for information within 30 days from receipt of such requests. The Parties further agree to enter into good faith negotiations to establish, by January 1, 2007, a cost-of-service based distribution rate, to be effective after June 30, 2007, for service to PA customers and for the distribution component of street lighting rates.

10. In the first sentence of the THIRTEENTH Section of the Agreement, entitled Generation, the year "2002" is changed to "2007".

11. Numbered paragraph (4) of the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, is hereby deleted and replaced in its entirety with the following new paragraph:

The following exhibits are attached hereto and made a part hereof:

Exhibit A – A list of Accounts as of July 1, 2000

Exhibit B – Public Authority Tariff No. 8, Schedule P.A.

Exhibit BB – Public Authority Tariff No. 9

Exhibit C – The December 1, 1999 version of the Company's
Schedule O.L.

Exhibit CC - The Company's Current Schedule O.L.

In accordance with the terms of other Sections of this Agreement, Exhibits BB and CC may be updated, or revised, from time to time, during the term of this Agreement.

12. The following new paragraph is added to the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, as new numbered paragraph (6):

This Agreement shall not be sold, assigned, or transferred by the Company to any other entity, including an affiliate of the Company, without the express written consent of the Customer; provided, however, that such permission shall not be unreasonably withheld by the Customer.

13. The following new paragraph is hereby added to the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, as new numbered paragraph (7):

The Customer represents and agrees that (1) it has chosen the Company to provide generation service through June 30, 2007; 2) it will not choose a different generation supplier to begin providing service prior to June 30, 2007; and, 3) it will not request that the State Corporation Commission of Virginia determine rates and provisions for default service (as defined in

§ 56-585 of the Code of Virginia) from the Company different than that provided for under this Agreement. Nothing in the preceding sentence shall apply to preclude the Customer from qualifying for or receiving default service from a different default service provider in the event that such a provider has been named for the Company's service territory and the Company fails to deliver under this Agreement. The Company and the Customer further agree that the types of interruptions of service provided for in other Sections of this Agreement shall not constitute a failure to deliver for purposes of § 56-585 of the Code of Virginia.

14. The following new paragraph is hereby added to the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, as new numbered paragraph (8):

Given the Customer's agreement, as contained in numbered paragraph (7) of this Section, that it will not request that the State Corporation Commission of Virginia determine rates and provisions for default service from the Company different than provided for under this Agreement, the Customer agrees not to participate in workgroups or default service proceedings before the Commission during the term of this Agreement; provided, however, that the Parties understand and agree that the Customer shall be entitled to participate in such workgroups or proceedings after June 30, 2007, or before, if the Company is not designated the default service provider in its service territory, or the Commission initiates a proceeding concerning competitive bidding for default service.

15. The following new paragraph is hereby added to the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, as new numbered paragraph (9):

The Parties agree that, during the term of this Agreement, AEP continues to have the right and option, to implement the corporate restructuring plan approved by the Federal Energy Regulatory Commission ("FERC") in Docket Nos. EC01-130-000 and ER01-2668-000, by Order dated September 26, 2002 ("Corporate Restructuring Plan"). If, during the term of this Agreement, AEP implements the Corporate Restructuring Plan, then the Customer agrees to be bound by the provisions of the Virginia/West Virginia Settlement Agreement filed in Docket Nos. EC01-130-000 and ER01-2668-000. If AEP does not implement the Corporate Restructuring Plan during the term of this Agreement, thereby maintaining the status quo for the AEP-East Companies through June 30, 2007, then the Customer agrees not to oppose any actions that AEP takes before any state or federal regulatory body, prior to June 30, 2007, to permit AEP to maintain such status quo.

16. The following new paragraph is hereby added to the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, as new numbered paragraph (10):

During the term of this Agreement, the Customer agrees not to oppose any actions that AEP takes before any state or federal regulatory body to implement Exempt Wholesale Generator ("EWG") status for the generating units specified in the March 11, 2002 letter of the State

Corporation Commission of Virginia regarding such EWG status; provided, however, the Parties understand and agree that such agreement is limited to the specific generating units listed on Exhibit 1 to the Commission's March 11, 2002 letter.

17. Current numbered paragraphs (6) and (7) of the FOURTEENTH Section of the Agreement, entitled Additional Terms and Conditions, are hereby renumbered as numbered paragraphs (11) and (12), respectively.
18. Except as modified by this Amendment, all other provisions of the Agreement shall remain in full force and effect throughout the term of the Agreement, as extended by this Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized officials as of the day and year first above written.

Appalachian Power Company
d/b/a American Electric Power
("Company")

By: _____

Name: Darren Shepard

Title: Customer Services Manager

Albemarle County Board of Supervisors

("Customer")

By: _____

Name: _____

Title: _____