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Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

January 8, 2015

PARTIES OF RECORD

Re: Case No. 2014-00420

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum please do so within five days of receipt of this letter. If you have any questions, please contact Jonathan Beyer, Commission Counsel, at 502/782-2581.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen", with a long horizontal flourish extending to the right.

Jeff Derouen
Executive Director

Enclosures

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File – Case No. 2014-00420
FROM: Jonathan Beyer, Staff Attorney
DATE: January 8, 2015
RE: Informal Conference of January 8, 2015

Pursuant to the Commission's December 23, 2014 Order granting the request of Kentucky Power Company ("Kentucky Power"), an informal conference was held in this matter on January 8, 2015. A list of attendees is attached.

Beginning the conference, Commission Staff ("Staff") inquired whether Kentucky Power has a cost allocation manual for use in allocating time spent by Kentucky Power employees on the HomeServe USA, Corp. ("HomeServe") activities as nonregulated and not as a part of Kentucky Power's regulated activities. Mr. John Rogness for Kentucky Power indicated affirmatively that Kentucky Power does have such a manual and would properly allocate all of the costs associated with HomeServe as a nonregulated activity. Mr. Rogness confirmed that HomeServe, and not Kentucky Power, would be marketing the HomeServe warranty service.

Mr. Rogness stated that customers who do not opt into the home warranty program will not see any changes to their bills. Those customers that do opt in will receive a welcome kit from HomeServe. Mr. Rogness agreed to Staff's request to provide a copy of the welcome kit information.

In response to Staff's inquiry, counsel for Kentucky Power, Mr. Mark Overstreet, stated that Kentucky Power will not have any liability in relation to the home warranties and that the individual contracts are between HomeServe and the individual customers. However, he indicated that, should a dispute arise, Kentucky Power retains the ability to intervene in and mediate the dispute.

Mr. Eric Morris, with American Electric Power ("AEP"), provided a description as to how the warranty services will operate. He stated that HomeServe will contract with local independent contractors to provide repairs. Neither the contractors nor their equipment will have any Kentucky Power markings. He further indicated that Kentucky Power will sign on to a master agreement that exists between AEP and HomeServe and that the agreement is exclusive to HomeServe. Upon Staff's request, Mr. Morris agreed to provide a copy of the master agreement, subject to any contemporaneous request for confidentiality, as well as the agreement to be signed by Kentucky Power. While a contract between HomeServe and a customer is for a one year term, Mr. Morris stated that a customer can cancel at any time. He further stated that should a customer discover that he or she has existing insurance coverage that protects against a loss also

covered by HomeServe, that HomeServe will refund all applicable premiums to the customer.

Finally, the parties discussed the timing of the Commission's review of this matter. Mr. Overstreet asserted that a contract is ready to be signed immediately upon issuance of a Commission Order approving the application. Mr. Overstreet and Mr. Rogness both indicated that the company requests an Order as soon as possible; however, they agreed that there is not a definite deadline for which an Order is required. Mr. Overstreet asserted that the earlier an Order is issued, the more beneficial it would be to Kentucky Power from a financial standpoint. The parties agreed that Kentucky Power would provide a copy of the master agreement, the agreement to be signed by Kentucky Power and the welcome kit no later than Monday, January 12, 2015.

Finding that no party had any further questions, the conference was adjourned.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF KENTUCKY POWER COMPANY) CASE NO.
PURSUANT TO 807 KAR 5:080 FOR) 2014-00420
ESTABLISHMENT OF A NEW NONREGULATED)
ACTIVITY)

January 8, 2015

Please sign in:

NAME

REPRESENTING

Jonathan Byer

PSC

Chris Whelan

PSC

Mark R. Overstreet

STIBUS² Harrison Park PCo.

Allison Barker

Kentucky Power

John Agness

" "

Eric Morris

American Electric Power for
Kentucky Power - via telephone
