

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
[502] 223-3477
[502] 223-4124 Fax
www.stites.com

January 12, 2011

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**PUBLIC SERVICE
COMMISSION**

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

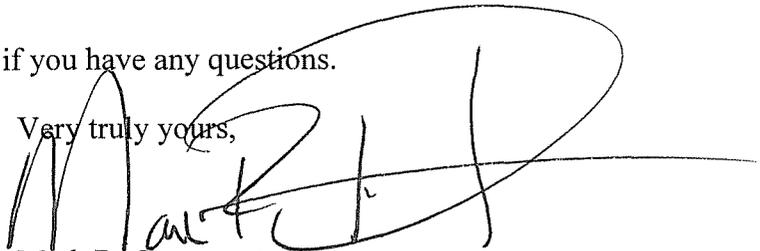
**RE: Application for Certificate of Public Convenience and Necessity To Bid On
Franchise for Ashland, Kentucky**

Dear Mr. Derouen:

Enclosed please find the original and ten copies of the Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to bid on the franchise for Ashland, Kentucky.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Mark R. Overstreet

MRO

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PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF THE APPLICATION)
 OF KENTUCKY POWER COMPANY FOR)
 A CERTIFICATE OF CONVENIENCE AND)
 NECESSITY AUTHORIZING THE) CASE NO. _____
 APPLICANT TO OBTAIN A FRANCHISE)
 IN THE CITY OF ASHLAND, BOYD)
 COUNTY, KENTUCKY)

APPLICATION

The petition of Kentucky Power Company (“Company”) respectfully shows:

1. That the Applicant is engaged in the business of transmitting and distributing electricity and rendering electric service in the City of Ashland, Boyd County, Kentucky.

2. That the post office address of the Applicant is P. O. Box 5190, Frankfort, Kentucky 40602.

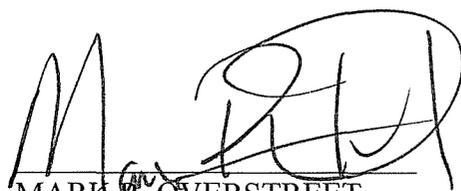
3. (a) A copy of the Articles of Incorporation of Kentucky Power Company is filed with the Public Service Commission.¹

(b) The Applicant is now and has been for a number of years rendering electric service in the City of Ashland, Boyd County, Kentucky. Public convenience and necessity requires that this service be continued and it is the desire of the Applicant to obtain a franchise in said City.

¹)A certified copy of Kentucky Power’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in Case No. 99-149, *In the Matter of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, as Exhibit 1.

(c) Attached is a copy of the form of franchise which the Applicant desires to obtain.

WHEREAS, Applicant asks that the Public Service Commission of the Commonwealth of Kentucky make its order authorizing the Applicant to obtain a franchise in the City of Ashland, Boyd County, Kentucky.

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is stylized and somewhat cursive.

MARK R. OVERSTREET
Stites & Harbison, PLLC
421 West Main Street
P. O. Box 634
Frankfort, KY 40602-0634
COUNSEL FOR APPLICANT

COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

Lila P. Munsey, being first duly sworn, deposes and says:

That she is the Manager, Regulatory Services of Kentucky Power Company, Applicant in the proceeding entitled as above, that she has read the foregoing application and knows the contents thereof; and that the same is true of her own knowledge, except as to matters which are therein stated on information or belief and that as to those matters she believes it to be true.

Lila P. Munsey
Manager, Regulatory Services
Kentucky Power Company
101A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602-5190

Subscribed and sworn to before me, this 17th day of January, 2011.

Judy K. Rogquist
Notary Public, State At Large, Kentucky

My Commission expires January 23, 2013

SECTION 1. That there be sold at public auction to the highest and best bidder, the franchise, privilege, right and authority to acquire, maintain, construct and operate in, above, under, across, and along the streets, thoroughfares, alleys, bridges, public ways and other public places (as the same now exist or may hereafter be laid out) of the City of Ashland, Boyd County, Kentucky, lines, poles, and equipment for the distribution of electric energy either by means of overhead or underground conductors, with all the necessary or desirable appurtenances for the purpose of supplying electric energy to said City and the inhabitants thereof and persons and corporations beyond the limits thereof for light, heat, power, and other purpose or purposes for which electric energy is now and may hereafter be used, and for the transmission of the same within, through or across said City.

SECTION 2. Said lines and appurtenances shall be constructed so as to interfere as little as possible with the traveling public in its use of the streets, thoroughfares, alleys, bridges and public places.

SECTION 3. The franchise, privilege, right and authority shall be in full force and effect for a period of twenty (20) years from the date of the passage of the ordinance granting it.

SECTION 4. The grantee of this franchise shall save the City harmless from any and all liability arising in any way from negligence in the erection, maintenance, or operation of said lines and appurtenances.

SECTION 5. Whenever the grantee of this franchise shall begin the erection of any lines or other equipment, it shall promptly and diligently prosecute the work to completion and leave the streets, thoroughfares, alleys, bridges, and public places where such work is done in as good condition of repair as before such work was commenced.

SECTION 6. Wherever in this franchise, either the City of Ashland or the grantee thereof is referred to, it shall be deemed to include the respective successors and assigns of either, and all rights, privileges, and obligations contained in this franchise shall be binding upon and inure to the benefit of the respective successors and assigns of said City, and said grantee whether so expressed or not.

SECTION 7. The grantee of this franchise may make such rules and regulations covering the furnishing of said electric energy as may be fair and reasonable and consistent with the standard practice of the grantee. Said grantee may charge such rates for electric services as shall be fair and reasonable. The said grantee shall render service under said franchise of like quality, that is adequate, efficient and reasonable, to that now being rendered in said City.

SECTION 8. The consideration paid by the successful bidder for the franchise, privilege, right and authority provided for herein shall be complete compensation and consideration for said franchise, privileges and right and for the use and occupancy of the streets, avenues, alleys, bridges, public ways, and other places of the City in lieu of any street or alley rental or to the charge for the use or occupancy of said streets, avenues, alleys, bridges, thoroughfares, public ways or public places of said City and in lieu of any pole tax or meter tax.

SECTION 9. Each bidder for said franchise, privilege, and right shall file as part of his bid a certified copy of a certificate of convenience and necessity from the Public Service Commission of Kentucky, issued under the authority of KRS278.020(3).

SECTION 10. The ordinance granting this franchise shall be accepted by the grantee thereof within sixty (60) days from the date of its passage.