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NEWS RELEASE

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PSC APPROVES KENTUCKY POWER'S GREEN ENERGY PROGRAM *Utility will sell renewable energy certificates*

FRANKFORT, Ky. (August 26, 2008) – The Kentucky Public Service Commission (PSC) has approved a program that will allow Kentucky Power Co. customers to support the use of renewable energy sources by voluntarily paying a little extra on their electric bills.

In an order issued today, the PSC granted Kentucky Power's request to begin a "green pricing option" that allows customers to purchase renewable energy. A customer will be permitted to purchase up to 500 blocks of 100 kilowatt-hours per month, at \$2 per block.

A kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours. A typical Kentucky Power residential customer uses about 1,350 kilowatt-hours per month.

Kentucky Power will use the revenue produced by the optional payments to purchase renewable energy certificates (RECs) from generators of renewable energy. Sources include wind power, solar power, hydroelectric power, landfill gas, biomass and others.

RECs represent the environmental benefits of renewable energy. Kentucky Power is proposing to purchase RECs from sources in the Southeast and Midwest.

Although Kentucky Power will not be purchasing renewable energy directly from these sources, purchase of the RECs will "encourage and promote investment in renewable energy resources," the PSC said in its order.

"The Commission encourages Kentucky Power's customers to actively participate in this program and take full advantage of this opportunity to promote the use of renewable resources for the generation of electricity," the PSC said.

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Most electric utilities in Kentucky offer similar voluntary programs to their customers.

Kentucky Power is a subsidiary of American Electric Power Co. Inc. It serves about 175,000 customers in 20 eastern Kentucky counties.

The company will file reports on the progress of the program every six months, beginning in February 2009. The reports are to include information on sales, costs and expenditures, including those for education and marketing.

Today's order and related documents in the case may be found on the PSC's Web site, psc.ky.gov. The case number is 2008-00151.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 100 employees.

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