

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENTUCKY POWER)	
COMPANY D/B/A AMERICAN ELECTRIC)	
POWER, AMERICAN ELECTRIC POWER)	
COMPANY, INC. AND CENTRAL AND SOUTH)	
WEST CORPORATION FOR (1) APPROVAL OF THE)	
CHANGES TO THE SYSTEM SALES)	CASE NO.
CLAUSE TARIFF; (2) ENTRY OF CERTAIN)	2002-00039
FINDINGS PURSUANT TO 15 U.S.C. 97Z;)	
(3) ENTRY OF CERTAIN FINDINGS PURSUANT)	
TO 17 C.F.R. 200.53)	
(4) THE ENTRY OF AN ORDER)	
DECLARING THAT THE TRANSFER OF THE)	
STOCK OF KENTUCKY POWER COMPANY)	
FROM AMERICAN ELECTRIC POWER COMPANY,)	
INC. TO ITS WHOLLY OWNED SUBSIDIARY,)	
CENTRAL AND SOUTH WEST CORPORATION)	
MAY BE CONSUMMATED WITHOUT APPROVAL)	
BY THE COMMISSION; OR, ALTERNATIVELY,)	
APPROVING THE TRANSFER PURSUANT TO)	
KRS 278.020(4) AND KRS 278.020(5); AND (5))	
FOR RELATED RELIEF)	

O R D E R

On February 4, 2002, Kentucky Power Company, d/b/a American Electric Power (Kentucky Power), American Electric Power Company, Inc., (AEP) and Central and South West Corporation (CSW) filed an application requesting, among other things, a declaration that a proposed transfer of utility stock will not require Commission approval under KRS 278.020(4) and 278.020(5) because the transaction meets the requirements for an exemption under KRS 278.020(6)(b).

Currently, AEP owns 100 percent of the stock of Kentucky Power, making Kentucky Power a first tier subsidiary of AEP. Under the proposed plan of

reorganization, AEP intends to transfer the stock of Kentucky Power to CSW, which is also a wholly owned first tier subsidiary of AEP. After the transfer, Kentucky Power will be a wholly owned, second tier subsidiary of AEP.

Under KRS 278.020(5), no person can acquire control of a utility furnishing service in Kentucky unless the Commission has first approved the acquisition. There are a limited number of exceptions to this prior approval requirement. Those exceptions, set forth in KRS 278.020(6)(b), include the transfer of stock to effectuate a corporate reorganization where the acquirer already controls, is controlled by, or is under common control with, the utility.

Based on the evidence of record, and being otherwise sufficiently advised, the Commission finds that CSW, as a wholly owned subsidiary of AEP, is under common control with Kentucky Power. Thus, the exemption set forth in KRS 278.020(6)(b) for the acquisition of a utility directly or indirectly by a person who is under common control with the utility applies in this instance and no Commission approval of the transfer of stock is required under KRS 278.020(5). However, KRS 278.020(4) also requires Commission approval prior to any person acquiring or transferring ownership or control of any utility by transfer of stock, and there is no exemption from that subsection for a corporate reorganization as proposed here. Consequently, the transfer of Kentucky Power's stock by AEP to CSW is subject to the Commission's prior approval under KRS 278.020(4).

IT IS THEREFORE ORDERED that:

1. The proposed transfer of Kentucky Power's stock by AEP to CSW qualifies for the exemption set forth in KRS 278.020(6)(b) and the transfer does not require approval under KRS 278.020(5).

2. The proposed transfer of stock is subject to the prior approval by the Commission under KRS 278.020(4).

3. The procedural schedule set forth in Appendix A, attached hereto and incorporated herein by reference, shall be followed.

4. All requests for information and responses thereto shall be appropriately indexed and shall be copied to all parties. Any requests for information from the Commission Staff shall be responded to as if set forth in a Commission Order. All responses shall include the name of the witness who will be responsible for responding to the questions related to the information provided.

5. Any party filing testimony shall file an original and nine copies. The original and at least three copies of the testimony shall be filed as follows:

- a. Together with cover letter listing each person presenting testimony.
- b. Bound in three-ring binders or with any other fastener which readily opens and closes to facilitate easy copying.
- c. Each witness's testimony should be tabbed.
- d. Every exhibit to each witness's testimony shall be appropriately marked.

6. The applicants shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:011, Section 8(5). At the time publication is requested, applicants shall forward a duplicate of the notice and request to the Commission.

7. At any public hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

8. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of compelling reasons.

9. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 27th day of February, 2002.

By the Commission

ATTEST:

Deputy W. H. Fowler
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00039 DATED February 27, 2002

Any requests for information to Kentucky Power
shall be filed no later than 03/04/02

Kentucky Power shall respond to requests
for information no later than 03/13/02

Any supplemental requests for information
to Kentucky Power shall be filed no later than..... 03/20/02

Kentucky Power shall respond to supplemental
requests for information no later than..... 03/27/02

Any intervenor testimony shall be filed
in verified prepared form no later than..... 04/08/02

Any requests for information to intervenors
shall be filed no later than 04/18/02

Intervenors shall respond to requests for
information no later than..... 04/23/02

Public hearing shall be held at 9:00 a.m.,
Eastern Daylight Time, at the Commission s
offices at 211 Sower Boulevard, Frankfort, Kentucky 04/30/02