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April 6, 2011

**HAND DELIVERED**

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

RECEIVED

APR 06 2011  
PUBLIC SERVICE  
COMMISSION

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

**RE: Case No. 2011-00042**

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of the attachments to Kentucky Transmission Company, Inc.'s responses to Commission Staff's data request numbers 9 and 11 in the above matter. I apologize for omitting the attachments from the filing made on March 31, 2011.

Copies of the attachments also are being served upon the parties indicated below.

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

Very truly yours,

  
Mark R. Overstreet

MRO

cc: Michael L. Kurtz  
Lawrence W. Cook

**CPCN Requirements for Transmission Lines  
AEP State Jurisdictions**

KPSC Case No. 2011-00042  
Order dated March 18, 2011  
Item No. 9  
Attachment 1

State	State Code	CPCN Required	Voltage	Extension	Description	Testimony Required?
MI	460.501, 460.561- 575, 460.3410, 460.1149	Yes	=>345 kV	=>5 Miles	A CPCN is required for major transmission line projects (=>345 kV & =>5 Miles) and optional for other lines. The commission requires each utility to develop a commission approved plan for the extensions of facilities where the investment is in excess of that included in the regular rates for service and for which the customer is required to pay all or part of the cost. <sup>1</sup> If the transmission line is to be located in a wind energy resource zone, an expedited certificate is available under MCL 460.1149. MCL 460.1149 was added by 2008 PA 295. R 460.3410 states: Each utility shall develop a plan, approved by the commission, for the extensions of facilities where the investment is in excess of that included in the regular rates for service and for which the customer is required to pay all or part of the costs.	Yes
OH	4906, 4928.12, 4933.25	Yes	=>125 kV	Any Length	No utility can construct, install or operate system facilities without a CPCN. The Ohio Power Siting Board is the agency that provides approval for any major utility facility. See <a href="http://www.opsb.ohio.gov/">http://www.opsb.ohio.gov/</a>	Yes
OK	17-8-159.18	No	N/A	N/A	The CPCN is only necessary to establish the right of the utility to construct. Physical facilities cannot be assigned, leased or alienated without the issuance of a CPCN by the state commission. This includes amendments to CPCN's approved or issued before the date the state code referenced was enacted.	No
TN	1220-1-1.03	Yes	Any Voltage	Any Length	The state commission requires a CPCN, and provides a detailed checklist of the items that need to be included in the CPCN for all transmission facilities.	No
TX	25.101, 37.051	Yes	=>60 kV	Any Length	The commission in TX requires a CPCN to install, operate or extend transmission facilities at or greater than 60 kV either directly or under a franchise.	Yes
VA	56-234.3, 56- 265.2, 56- 580	Yes	=>150 kV	Any Length	The state commission requires a CPCN for transmission lines operating at or above 150 kV. The commission has an extensive document that details the requirements for building transmission lines in VA.	Yes
WV	24-2-11, General Order No. 256	Yes	Any Voltage	Any Length	Every transmission construction project requires an application to the Commission for a certificate ("CCN"), except "ordinary extensions of existing systems in the usual course of business" – regardless of its length or voltage.	Yes

1. State Generation & Transmission Siting Directory, Edison Electric Institute, pub. 2004.

## SERVICE AGREEMENT

THIS SERVICE AGREEMENT, made as of the 15<sup>th</sup> day of June, 2000, between American Electric Power Service Corporation, a New York corporation ("Service Corporation") and Kentucky Power Company, a Kentucky corporation ("Client")

### WITNESSETH:

WHEREAS, both Service Corporation and Client are associate companies in the American Electric Power System (the "AEP System"), which is comprised of American Electric Power Company, Inc. ("American") and its subsidiary companies; and

WHEREAS, Service Corporation is a wholly-owned subsidiary of American and is approved by the Securities and Exchange Commission (the "Commission") as a subsidiary service company pursuant to the provisions of Section 13 of the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"); and

WHEREAS, Service Corporation maintains an organization of employees who are experienced in the operations of public utilities and related businesses, together with appropriate facilities and equipment, through which it is prepared to provide various management, administrative, financial, technical and other services, as hereinafter provided, to Client and to other member companies in the AEP System (Client, together with such other member companies, are hereinafter referred to collectively as "Clients"); and

WHEREAS, such services will be rendered at cost, determined in accordance with the applicable rules and regulations of the Commission under the 1935 Act, and the allocation of such costs among Clients will be made in accordance with the authority granted by the Commission in HCAR No. 27186 in File No. 70-9381 (June 14, 2000);

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, Service Corporation and Client hereby agree as follows:

1. Agreement to Provide Services Service Corporation agrees to provide to Client from time to time, upon the terms and conditions hereinafter set forth, such of the following services as may properly be rendered by Service Corporation to Client (within the meaning and intent of the 1935 Act and any other applicable statutes and the orders, rules and regulations of the Commission and any other governmental bodies having jurisdiction) at such times, for such periods and in such manner as Client may from time to time require and which Service Corporation is equipped to perform:

(a) Consultation, analysis, advice and performance of services in connection with matters relating to operations, management, financing and financial planning, engineering, system planning, law, corporate communications, corporate development, energy production, energy delivery and pricing, environmental requirements, marketing, governmental and general business problems or questions;

(b) Consultation, analysis, advice and performance of services in connection with human relations and employee benefit plans;

(c) Tax services relating to the preparation and filing of returns for federal, state and local taxes, including consolidated tax returns;

(d) Assistance in connection with any audits of such tax returns by Internal Revenue Service and other taxing bodies or authorities;

(e) Consultation, analysis, advice and performance of services in connection with accounting matters and financial reporting; and

(f) Electronic data processing services, including establishing and operating a data processing center, processing of customer billings, revenues and statistics, payrolls, property accounting, general accounting, cash forecasts, load flow studies, and various other business and engineering applications as may from time to time be in the best interest of Client.

Service Corporation will render all services performed under this Service Agreement at cost, determined in accordance with Rule 91 of the Rules and Regulations of the Commission.

Service Corporation will also provide Client with such other services, in addition to those specified above, as may be requested by Client and which Service Corporation concludes it is equipped to perform. In providing such services, Service Corporation may arrange, where it deems appropriate, for the services of experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the rendition of such services.

2. Agreement to Take Services. Client agrees to take from Service Corporation such of the services described in Section 1 hereof and such additional general and special services, whether or not now contemplated, as are requested from time to time by Client and which Service Corporation is equipped to perform.

3. Compensation and Allocation. As compensation for the services to be rendered hereunder, Client agrees to pay to Service Corporation all costs which reasonably can be identified and related to particular transactions or services performed by Service Corporation on Client's behalf. Where more than one Client is involved in or has received benefits from a transaction or service performed, costs will be allocated and billed among such Clients on the basis most directly related to the transaction or service performed. Allocated costs will be billed using appropriate attribution bases as authorized by the Commission.

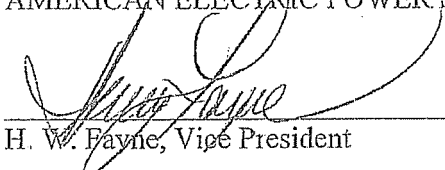
As soon as practicable after the close of each month, Service Corporation shall render a monthly statement to Client which shall reflect the billing information necessary to identify the costs and allocations made and charged for that month. Client agrees to remit to Service Corporation all charges billed to Client within 30 days after receipt of the monthly statement

4 Termination of Prior Agreement This Service Agreement supersedes the agreement dated January 1, 1980, between the parties hereto, providing for the rendition of services by Service Corporation to Client.

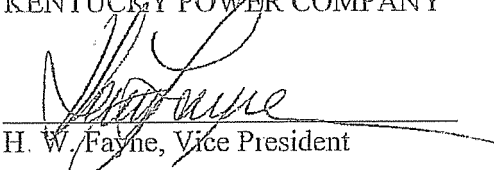
5 Term and Termination This Service Agreement shall become effective upon the fifteenth day of June, 2000, and shall continue in full force and effect until terminated by either party hereto upon not less than ninety (90) days' prior written notice to the other party. This Service Agreement shall also be subject to termination or modification at any time if and to the extent its performance may or shall conflict with (i) any rule, regulation or order of the Commission pursuant to the provisions of the 1935 Act, whether issued before or after the effective date of this Service Agreement, or (ii) any rule, regulation or order of any other governmental body having jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date first above written

AMERICAN ELECTRIC POWER SERVICE CORPORATION

  
H. W. Payne, Vice President

KENTUCKY POWER COMPANY

  
H. W. Payne, Vice President