

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF AEP KENTUCKY)	
TRANSMISSION COMPANY, INC. FOR A)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE)	2011-00042
AND NECESSITY PURSUANT TO KRS 278.020)	
TO PROVIDE WHOLESALE TRANSMISSION)	
SERVICE IN THE COMMONWEALTH)	

O R D E R

On June 7, 2011, AEP Kentucky Transmission Company, Inc. ("KY Transco"), by counsel, filed a letter in this case discussing two recent press releases issued by its parent company, American Electric Power ("AEP"). One of the press releases relates to a recent memorandum of understanding ("MOU") entered into between AEP and the Tennessee Valley Authority ("TVA") to pursue the future construction of transmission facilities in the states of Tennessee, Kentucky, and Virginia. The other press release relates to a second MOU, which is between Pioneer Transmission LLC, a joint venture of AEP and Duke Energy, and TVA, for the construction of a transmission line connecting AEP's Rockport Station in Indiana with the TVA's Paradise Station in Kentucky. The KY Transco letter includes copies of the press releases and states that KY Transco's ownership of any facilities constructed under the first MOU is yet to be determined, while its ownership of any facilities constructed under the second MOU is not contemplated.

Based on the letter and being otherwise sufficiently advised, the Commission finds that the plans discussed in these recently filed press releases raise issues of what the future role of KY Transco will be, the exact nature of the projects that it will own, and the impact of those projects on the rates and service provided to the retail customers of its affiliate, Kentucky Power. In addition, the Commission takes notice of AEP's recent announcement that it has been evaluating the divestiture of Kentucky Power for some time.¹ AEP's consideration of such a divestiture raises the additional issue of whether it is appropriate for the Commission to authorize KY Transco to own and construct transmission facilities that are needed to serve Kentucky Power's customers if KY Transco and Kentucky Power do not remain under common ownership. A related issue is whether KY Transco, either as an affiliate of Kentucky Power or as a non-affiliate, should be authorized to operate as a utility and thereby acquire the right of eminent domain to construct transmission facilities that may not be needed to serve Kentucky Power's customers.

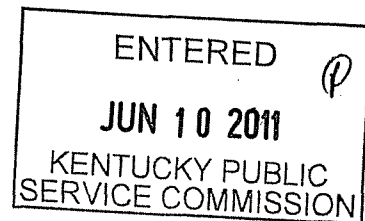
The Commission further finds that to properly investigate these issues, KY Transco should file supplemental testimony addressing each of these issues and an opportunity should be afforded for additional discovery, if needed. To provide sufficient time to conduct this investigation, the Commission is compelled to cancel the previously scheduled hearing and will reschedule it by subsequent Order at a later date.

¹ Bob Matyi, AEP May Sell "Underearning" Subsidiaries, CEO Hints Kentucky Power on the Block, Electric Utility Week, June 6, 2011, at 4.

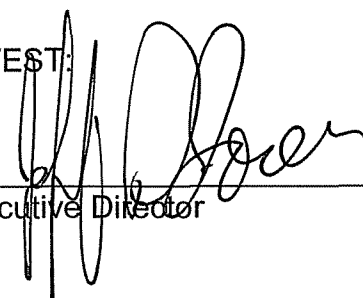
IT IS THEREFORE ORDERED that:

1. KY Transco shall file no later than June 21, 2011 supplemental testimony addressing each of the issues set forth in the findings above.
2. Information requests to KY Transco shall be filed no later than July 15, 2011, and KY Transco shall file responses to information requests no later than July 29, 2011.
3. The hearing scheduled on June 21, 2011 is cancelled and shall be rescheduled by subsequent Order to a later date.

By the Commission



ATTEST:



Executive Director

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