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November 13, 2012

HAND DELIVERED

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

RECEIVED

NOV 13 2012

PUBLIC SERVICE
COMMISSION

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

RE: Letter Agreement Between Kentucky Power Company and Big Sandy Rural Electric Cooperative Corporation Regarding Service To Paul Hampton On The Right Fork of Williams Branch Near Wittensville In Johnson County, Kentucky

Dear Mr. Derouen:

Enclosed please find the original and ten copies of the letter agreement between Kentucky Power Company and Big Sandy Rural Electric Cooperative Corporation regarding service to a single residence in Johnson County, Kentucky. The letter agreement is submitted for Commission approval pursuant to KRS 278.018(6). As set forth in detail in the letter agreement, the contract will promote the purposes of KRS 278.016.

Although the parties agree that the residence is located within 30 feet of the boundary between the two utilities, Big Sandy believes the residence is located in Kentucky Power's service territory; Kentucky Power on the other hand believes the residence is located in Big Sandy's service territory. To ensure the customer is served promptly, and because the residence is located closer to Kentucky Power's existing distribution facilities, Kentucky Power and Big Sandy agreed that Kentucky Power would provide service.

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

Very truly yours,


Mark R. Overstreet

MRO

cc: David Estep

OCT 15 2012



Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

October 3, 2012

David A. Estep
President and General Manager
Big Sandy Rural Electric Cooperative Corporation
504 Eleventh Street
Paintsville, Kentucky 41240

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NOV 13 2012

PUBLIC SERVICE
COMMISSION

Dear Mr. Estep:

This is to memorialize the agreement between Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") and Kentucky Power Company ("Kentucky Power") regarding the proposed service by Kentucky Power to the residence owned by Paul Hampton. Mr. Hampton's residence is located on the Right Fork of Williams Branch, near Wittensville in Johnson County, Kentucky. This agreement is made pursuant to KRS 278.018(6), is limited to Mr. Hampton's residence, and is expressly subject to the approval of the Public Service Commission of Kentucky.

Big Sandy and Kentucky Power agree that Kentucky Power will provide service to Mr. Hampton's residence. The parties further agree that this agreement is limited solely to the provision of service by Kentucky Power to Mr. Hampton's residence, and nothing in this agreement shall be deemed as entitling Kentucky Power to provide service to any other facility located in whole or in part in Big Sandy's service territory. Big Sandy and Kentucky Power further agree that nothing in this agreement shall be deemed a change in the boundary line between the certified territories of Big Sandy and Kentucky Power.

In reaching this agreement, Big Sandy and Kentucky Power considered and relied upon the following facts:

- (1) Mr. Hampton's residence constitutes a single new, electric-consuming facility located near the boundary of the adjacent certified territories of Big Sandy and Kentucky Power.
- (2) The parties disagree whether the facility to be served lies within the certified territory of Kentucky Power or the certified territory of Big Sandy. Based upon the GPS coordinates obtained by Big Sandy, Mr. Hampton's residence lies within Kentucky Power's certified territory. Conversely, GPS coordinates obtained by Kentucky Power indicate the facility lies within Big Sandy's certified territory. Both parties agree that the residence lies within approximately 30 feet of the boundary line between the two service territories. Big Sandy has requested that Kentucky Power provide service to Mr. Hampton's residence.

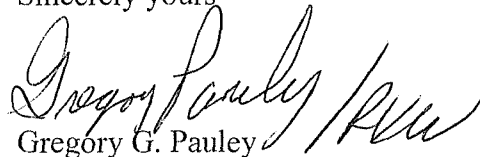
(3) Service to Mr. Hampton's residence by Big Sandy will require Big Sandy to extend its existing distribution line approximately 2,000 feet. Kentucky Power can provide service to the facility by extending its existing distribution line approximately 1,000 feet.

(4) Originally Mr. Hampton requested that Kentucky Power provide service. Big Sandy agreed that Kentucky should provide service.

(5) The parties believe this agreement will promote the purposes of KRS 278.016, and will provide adequate and reasonable service to all areas affected by it.

If this accurately reflects our agreement, please sign where indicated below and return a copy to me. I will file a copy of this letter agreement with the Public Service Commission of Kentucky for their approval. Please do not hesitate to contact me if you have any questions.

Sincerely yours



Gregory G. Pauley
President and COO, Kentucky Power
Company

Agreed to this 10th day of October, 2012:

Big Sandy Rural Electric Cooperative Corporation

By: David Estepp

Its: CEO