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June 19, 2013

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission of Kentucky
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RE: Case No. 2013-00138

Dear Mr. Derouen:

Kentucky Power Company asked that I report to the Commission actions Kentucky Power has taken, or will take, to implement the simultaneous evaluation requirement of the Commission's February 22, 2013 Order in Case No. 2012-00367. In that case, the Company sought Commission approval to abandon semi-annual DSM applications, and to implement annual applications beginning in August 2014. In addition, the Company sought approval to consolidate the staggered evaluation of its DSM programs in favor of a single, simultaneous evaluation of the Company's portfolio of DSM programs. Prior to the Commission's Order, the Company was evaluating its programs on a "piece-meal" basis as the programs were scheduled to expire.

In response to the Company's requests, the Commission directed Kentucky Power to evaluate all of its DSM programs at the same time and to provide the results of the evaluations in connection with a single application to be filed no later than August 15, 2014. In addition, the Commission also extended certain of the programs to facilitate the simultaneous evaluation of Kentucky Power's portfolio of DSM programs in connection with the application to be filed no later than August 15, 2014.

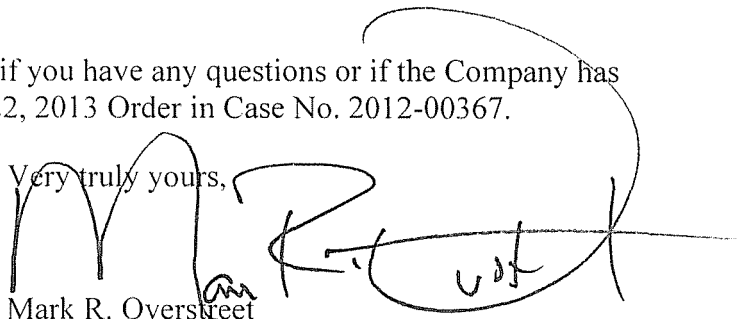
Prior to the Commission's February 22, 2013 Order, Kentucky Power contracted with Applied Energy Group, Inc. to provide evaluation services of those programs previously scheduled for evaluation in 2013. Because of the extension of certain of the programs, and the requirement that the Company's portfolio of DSM programs be evaluated simultaneously in connection with its 2014 annual application, Kentucky Power suspended AEG's services effective March 21, 2013. Kentucky Power paid AEG \$1,449 for work performed prior to suspension of the evaluation.

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The Commission's February 22, 2013 Order did not expressly extend the Company's Modified Energy Fitness Program. The program currently is scheduled to expire on December 13, 2013, at which time it normally would be evaluated. For the company to comply with the Commission's Order requiring the simultaneous evaluation of the Company's portfolio of DSM programs, the Modified Fitness Program will have to continue past its December 31, 2013 expiration date. Kentucky Power assumes that such an extension was the intent of the Commission's order. To comply with the express requirement of simultaneous evaluations, the Company intends, subject to contrary instructions from the Commission or staff, to extend the contract of Modified Energy Fitness program coordinator through December 31, 2014. Such an extension will permit the simultaneous evaluation of the Modified Energy Fitness Program with the other programs in the Company's portfolio of DSM programs.

Please do not hesitate to contact me if you have any questions or if the Company has misinterpreted the Commission's February 22, 2013 Order in Case No. 2012-00367.

Very truly yours,


Mark R. Overstreet

MRO