STITES & HARBISON PLLC

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RECEIVED
MAR 24 2004
PUBLIC SERVICE COMMISSION

March 24, 2004

HAND DELIVERED

Thomas M. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: ***P.S.C. Case No. 99-149 (Merger of American Electric Power Company and Central and South West Corporation)***

Dear Mr. Dorman:

Please accept for filing the original and four copies of the Supplemental Responses of Kentucky Power Company d/b/a American Electric Power to the Commission's June 14, 1999 Order in the above-referenced case. The Responses are for the quarter ended December 31. 2003.

The Company requests the Commission to reconsider that potion of its June 14, 2004 Order requiring the Company to make quarterly filings. The Company believes that in light of the passage of time the parties and Commission may no longer require quarterly filings. If the Commission and the parties believe they would be equally well served by annual filings, the Company requests the Order be amended to delete the requirement for quarterly filings. Finally, the Company requests that any annual filing be due on or before May 15th of each year.

By copy of this letter I am providing the parties to the case with a copy of the Supplemental Response. If you have any questions, please do not hesitate to contact me.

Sincerely yours,

STITES & HARBISON PLLC

Mark R. Overstreet

Enclosures
cc: David F. Boehm
William H. Jones, Jr.
Elizabeth Blackford

KE057:KE131:10729:1:FRANKFORT

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 24 2004

PUBLIC SERVICE COMMISSION

In the matter of:

JOINT APPLICATION OF KENTUCKY POWER COMPANY, AMERICAN ELECTRIC POWER COMPANY, INC. AND CENTRAL AND SOUTH WEST CORPORATION REGARDING A PROPOSED MERGER	)))))	CASE NO. 99-149

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RESPONSE OF KENTUCKY POWER COMPANY
d/b/a/
AMERICAN ELECTRIC POWER

Reporting Period: 4th Quarter Ending December 31, 2003

Filing Date: 23 March 2004

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Furnish annual financial statements of AEP, including consolidating adjustments of AEP and its subsidiaries with a brief explanation of each adjustment and all periodic reports filed with the SEC. Including but not limited to the U5S and U-13-60 reports. All subsidiaries should prepare and have available monthly and annual financial information required to compile financial statements and to comply with other reporting requirements. The financial statements for any non-consolidated subsidiaries of AEP should be furnished to the Commission. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg 10 (Periodic Reports)]

RESPONSE:

Please see the Company's response to Item No. 1 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

2

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a general description of the nature of inter-company transactions with specific identification of major transactions and a description of the basis upon which cost allocations and transfer pricing have been established. This report should discuss the use of the cost or market standard for the sale or transfer of assets, the allocation factors used, and the procedures used to determine these factors if they are different from the procedures used in prior years. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg. 11, Item 1]

RESPONSE:

Please see the Company's response to Item No. 2 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

3

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

On an annual basis file a report that identifies professional personnel transferred from Kentucky Power to AEP or any of the non-utility subsidiaries and describes the duties performed by each employee while employed by Kentucky Power and to be performed subsequent to transfer. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2.]

RESPONSE:

Please see the Company's response to Item No. 3 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

4

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file on a quarterly basis a report detailing Kentucky Power's proportionate share of AEP's total operating revenues, operating and maintenance expenses, and number of employees. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2]

RESPONSE:

For 4th Quarter 2003:

Kentucky Power Company
Report Proportionate Share of AEP
(in millions, except number of employees)

	Three Months Ended December 31, 2003				Twelve Months Ended December 31, 2003		
	AEP	KP CO	SHARE		AEP	KPCo	SHARE
Revenues	2,687	95	3.5%		14,545	377	2.6%
Operating/Maint. Exp.	1,625	39	2.4%		10,283	152	1.5%
Number of Employees*	19,905	394	2.0%				

* See Response to Item No. 6

WITNESS: Errol K. Wagner

5

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file any contracts or other agreements concerning the transfer of such assets or the pricing of inter-company transactions with the Commission at the time the transfer occurs. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11 (Special Reports)]

RESPONSE:

4th Quarter 2003:

During the three month period ending December 31, 2003 there were 7 different transactions in which AEP/Kentucky sold assets to its affiliates. The assets transferred were various meters and transformers. The total dollar value of the assets transferred was $85,850. The smallest dollar value transferred was two meters at a value of $70. The largest dollar value transferred was 755 meters at a value of $58,459.

WITNESS: Errol K. Wagner

6

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file a quarterly report of the number of employees of AEP and each subsidiary on the basis of payroll assignment. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 1 (Special Reports)]

RESPONSE:

Please see the attached page for the 4th Quarter 2003.

WITNESS: Errol K. Wagner

KENTUCKY POWER COMPANY
d/b/a/
AMERICAN ELECTRIC POWER

EMPLOYEE COUNT AS OF 12/31/2003

Co	Descr	Employee Count
E01	Kingsport Power Company	57
E02	Appalachian Power Company	2376
E03	Kentucky Power Company	394
E04	Indiana Michigan Power Company	2306
E06	Wheeling Power Company	57
E07	Ohio Power Company	2155
E10	Columbus Southern Power Co	1090
E16	Houston Pipe Line Company LP	268
E36	Louisiana Intrastate Gas Co	61
E39	Lig Liquids Company L.L.C.	27
E48	River Transportation Div I&MP	334
E54	Conesville Coal Prep Co	35
E59	AEP Energy Services	1
E61	AEP Service Corporation	6264
ECC	AEP Texas Central Company	1203
EEE	CSW Energy, Inc.	43
EEL	AEP Elmwood LLC	145
EMO	AEP MEMCO	380
EPP	Public Service Co. of OK	1068
ESS	SouthWestern Electric Power Co	1169
EWW	AEP Texas North Company	472
	TOTAL	19905

7

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report containing the years of service at Kentucky Power and the salaries of professional employees transferred from Kentucky Power to AEP or its subsidiaries filed in conjunction with the annual transfer of employees report. [Reference: Merger Agt., Ky. PSC Order 6/14/99, Reporting Requirements, Pg. 12, Item 2]

RESPONSE:

Please see the Company's response to Item No. 7 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

8

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of cost allocation factors in use, supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12 Item 3]

RESPONSE:

Please see the Company's response to Item No. 8 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file summaries of any cost allocation studies when conducted and the basis for the methods used to determine the cost allocation in effect. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 4]

RESPONSE:

4th Quarter 2003:

Kentucky Power Company did not perform any cost allocation studies during the quarter ended December 31, 2003. The methods used by Kentucky Power Company for cost allocation are documented in the AEP Cost Allocation Manual.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file an annual report of the methods used to update or revise the cost allocation factors in use supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 5]

RESPONSE:

Please see the Company's response to Item no. 10 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation and bylaws of affiliated companies in businesses related to the electric industry or that would be doing business with AEP. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 6]

RESPONSE:

Please see the Company's response to Item No. 11 filed with the Commission on December 8, 2000.

WITNESS: Errol K. Wagner

12

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP should file the current Articles of Incorporation of affiliated companies involved in non-related business. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 7]

RESPONSE:

See the Company's response to Item No. 11 filed with the Commission on December 8, 2000.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

To the extent that the merger is subject to conditions or changes not reviewed in this case, the Joint Applicants should amend their filing to allow the Commission and all parties an opportunity to review the revisions to ensure that Kentucky Power and its customers are not adversely affected and that any additional benefits flow through the favored nations clause. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pgs. 12-13]

RESPONSE:

Please see the Company's response to Item No. 13 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

The Joint Applicants should submit copies of final approval received from the FERC, SEC, FTC, DOJ, and all state regulatory commissions to the extent that these documents have not been provided. With each submittal, the Joint Applicants shall further state whether Paragraph 10 of the Settlement Agreement requires changes to the regulatory plan approved herein. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Pg. 14 Item 7]

RESPONSE:

See the Company's response to Item No. 14 filed with the Commission on December 8, 2000.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Service Reliability Report addressing the duration and frequency of customer disruptions (CAIDI and SAIFI), including storms for calendar 2002. [Reference: Merger Agt., Attachment C, Pg. 1 Item l]

RESPONSE:

Please see the Company's response to Item No. 15 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Provide annual Call Center Performance Measures for those centers that handle Kentucky customer calls (Call Center Average Speed of Answer (ASA) Abandonment Rate, and Call Blockage), for calendar year 2002. [Reference: Merger Agt., Attachment C, Pg. 1, Item 2]

RESPONSE:

Please see the Company's response to Item No. 16 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Will continue to completely inspect its Kentucky electric facilities every two years and perform tree trimming, lightning arrestor replacement, animal guarding and pole and cross arm replacements. Provide data for calendar year 2002. [Reference: Merger Agt., Case 99-149, Attachment C, Page l, Item 3]

RESPONSE:

Please see the Company's response to Item No. 17 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP/Kentucky Power management will compile outage data detailing each circuit's reliability performance. In addition, by monitoring repeated outages on a regular basis, the Company will identify and resolve reliability problems, which may go unnoticed by using CAIDI and SAIFI results. This data will be coupled with feedback from district field personnel and supervision and management concerning other locations and situations where the impacts of outages are quantified. This process will be used to develop a comprehensive work plan each year, which focuses efforts to improve service reliability. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages.
[Reference: Merger Agt., Attachment C, Pg. 1, Item 4]

RESPONSE:

Please see the Company's response to Item No. 18 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Plans to continue to maintain a high quality workforce to meet customers' needs. [Reference: Merger Agt, Attachment C, Pg. 2, Item 5]

RESPONSE:

Please see the Company's response to Item No. 19 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall designate an employee who will act as a contact for State Commissions and consumer advocates seeking data and information regarding affiliate transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by a State Commission for any and all transactions between the jurisdictional operating company and its affiliates, regardless of which affiliate(s) subsidiary(ies) or associate(s) of an AEP operating company from which the information is sought. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item Q]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, is the contact designee for the Kentucky Public Service Commissioners and Staff and the Kentucky Attorney General's Office regarding affiliate transactions and personnel transfers.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

Please provide designated employee or agent within Kentucky who will act as a contact for retail customers regarding service and reliability concerns and provide a contact for retail consumers for information, questions and assistance. Such AEP/Kentucky Power representative shall be able to deal with billing, maintenance and service reliability issues. [Merger Agt., Stipulation and Settlement, Pg. 11, Item R]

RESPONSE:

The Company would prefer customers to initially call the Customer Solution Centers, whose representatives are capable of answering questions concerning service, reliability concerns and billing issues. However, the AEP-Kentucky Regulatory Services Department, specifically the Regulatory Services Director, are also capable of dealing with billing, maintenance and service reliability issues.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall provide each signatory state a current list of employees or agents that are designated to work with each State Commission and consumer advocate concerning state regulatory matters, including, but not limited to, rate cases, consumer complaints, billing and retail competition issues. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item 5.]

RESPONSE:

Mr. Errol K. Wagner, AEP-Kentucky Regulatory Services Director, and the AEP-Kentucky Regulatory Services Department staff are the designated employees to work with Kentucky Public Service Commission and the Kentucky Attorney General's Office concerning state regulatory matters, including, but not limited to rate cases, consumer complaints, billing and retail competition issues.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

The Company further commits to maintain in Kentucky a sufficient management team to ensure that safe, reliable and efficient electric service is provided and to respond to the needs and inquiries of its Kentucky customers.
[Reference: Merger Agt., Attachment C, Pg. 2, Item 6a]

RESPONSE:

Please see the Company's response to Item No. 23 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner

Kentucky Power Company
d/b/a
American Electric Power

REQUEST:

AEP shall contract with an independent auditor who shall conduct biennial audits for ten years after merger consummation of affiliated transactions to determine compliance with the affiliate standards outlined in the Stipulation and Settlement Agreement. The results of such audits shall be filed with the State Commissions. Prior to the initial audit, AEP will conduct an informational meeting with State Commissions regarding how its affiliates and affiliate transactions will or have changed as a result of the proposed merger.
[Reference: Stipulation and Settlement Agreement, Page 11, Section 8(V)]

RESPONSE:

Please see the Company's response to Item No. 24 filed with the Commission on May 16, 2003.

WITNESS: Errol K. Wagner