

**RECEIVED**

MAR 24 2010

PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE**

**PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF:**

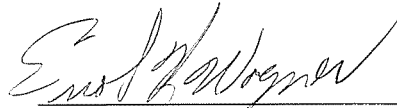
**ADJUSTMENT OF RATES OF )  
KENTUCKY POWER COMPANY ) Case No. 2009-00459**

**KENTUCKY POWER COMPANY RESPONSES TO  
ATTORNEY GENERAL'S SECOND SET OF DATA REQUESTS**

**March 24, 2010**

**AFFIDAVIT**

Errol K Wagner, upon being first duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.



Errol K Wagner

Commonwealth of Kentucky

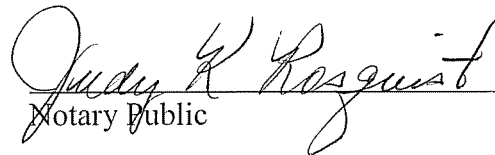
)

) Case No. 2009-00459

County of Franklin

)

23<sup>rd</sup> Sworn to before me and subscribed in my presence by Errol K Wagner, this the day of March, 2010.



Notary Public

My Commission Expires:

January 23, 2013

**AFFIDAVIT**

Dennis W. Bethel, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.

Dennis W. Bethel  
Dennis W. Bethel

State of Ohio                                 )  
   ) Case No. 2009-00459  
County of Franklin                                 )

Subscribed and sworn to before me, a Notary Public, by Dennis W. Bethel this  
22<sup>nd</sup> day of March 2010.

Susan C. Wilson  
Notary Public

My Commission Expires April 5, 2011



SUSAN C. WILSON  
Notary Public, State of Ohio  
My Commission Expires April 5, 2011

**AFFIDAVIT**

Ranie K Wohnhas, upon being first duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.



Ranie K. Wohnhas

Commonwealth of Kentucky

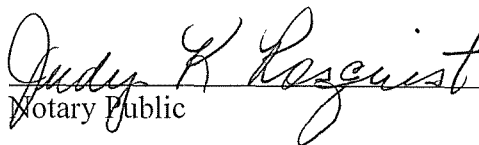
)

) Case No. 2009-00459

County of Franklin

)

23<sup>rd</sup> Sworn to before me and subscribed in my presence by Ranie K. Wohnhas, this the day of March, 2010.



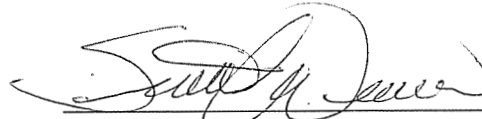
Notary Public

My Commission Expires:

January 23, 2013

**AFFIDAVIT**


Scott C. Weaver, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.



\_\_\_\_\_  
Scott C. Weaver

State of Ohio                                    )  
  ) Case No. 2009-00459  
County of Franklin                            )

Subscribed and sworn to before me, a Notary Public, by Scott C. Weaver this 22nd  
day of March 2010.

  
\_\_\_\_\_  
Notary Public

My Commission Expires 11/17/2014



Sharon Hutchens  
Notary Public-State of Ohio  
My Commission Expires  
November 17, 2014

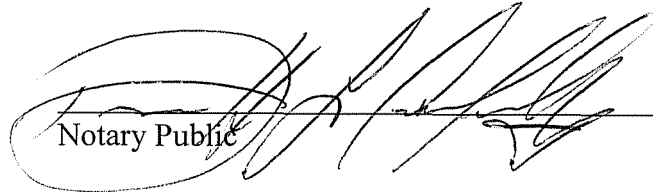
**AFFIDAVIT**

Everett G Phillips, upon being first duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.

  
 \_\_\_\_\_  
 Everett G. Phillips

Commonwealth of Kentucky )  
 ) Case No. 2009-00459  
 County of Boyd )

Sworn to before me and subscribed in my presence by Everett G. Phillips, this the 22 day of March, 2010.

  
 \_\_\_\_\_  
 Notary Public

My Commission Expires: 4/5/2011



**Kentucky Power Company**

**REQUEST**

The Attorney General's initial data requests at § (5) required the company's officials responding to those requests to do so under oath or certification. State why the company officials who responded failed to do so under oath or certification.

**RESPONSE**

The Commission's regulations do not require that responses to intervenor requests be verified prior to service or filing. As has been the long-standing practice before the Commission, the Company anticipates the Company witnesses will update the data request answers, and verify those updated answers under oath as part of their testimony in any hearing. In addition, the Company will provide affidavits from all witnesses with respect to previously filed Responses as soon as possible.

**WITNESS:** Errol K Wagner





## Kentucky Power Company

### REQUEST

Confirm that pursuant to the materials filed in the public record in response to AG 1-47, at p. 6 of 39, the amount of additional revenues the company is seeking through the instant proceeding is \$55 million. If so, does KP plan to amend its petition to correct the amount of additional revenue sought? If not, why not?

### RESPONSE

No. The amount sought by Kentucky Power in this proceeding is the amount set forth in its application.

WITNESS: Errol K Wagner



## Kentucky Power Company

### REQUEST

Reference the company's response to AG 1-1 (a). Why has the company not performed any such studies? Will the company commit to conducting such a study? If not, state in complete detail why not.

### RESPONSE

The response to AG 1-1(a) states:

"The Company has not conducted any studies to determine whether costs would be reduced if it had more in-state generation. The Company is a member of the AEP-East Pool which plans on an AEP-East System basis. When additional capacity is required the Company would perform siting studies that potentially could consider sites in Kentucky."

As indicated in the response, the Company is a member of the AEP-East Pool which plans on an AEP-East basis. The AEP Pool was established to obtain efficient and coordinated expansion of electric power facilities in AEP's eastern zone. As supply side generation options are determined to be required by the AEP Pool to meet its PJM obligations, reasonable cost options will be considered. However, as a member of the AEP-Pool the following should be considered:

1. The location of a generation asset does not affect member company AEP Pool capacity equalization payments. As an example, Kentucky Power has a purchase entitlement share of the Rockport Generating Plant. The capacity associated with that entitlement is used in computing Kentucky Power's Pool capacity obligation even though the plant is located in Indiana.
2. Until such a time as new generation is needed to meet PJM obligations, it would be premature to conduct such a study.

WITNESS: Scott C Weaver



**Kentucky Power Company**

**REQUEST**

Reference the company's response to AG 1-1 (d). By stating that such measures also must be economic "on an AEP-East System basis," is the company acknowledging that the interests of its ratepayers are secondary to those of the AEP-East System?

**RESPONSE**

The Company does not agree with the premise of this question that economic decisions for the AEP Pool are in conflict with the interest of Kentucky Power's ratepayers. The response to AG 1-1 (d) simply points out that the Company is part of the AEP Pool which plans on an integrated basis.

**WITNESS:** Scott C Weaver



## Kentucky Power Company

### REQUEST

Reference the company's response to AG 1-4. Did any of the costs for which KP seeks recovery in the instant case originate in other out-of-state AEP affiliated companies? If so, break down the costs by type and amount. Distinguish those costs from costs which are attendant with Kentucky-based plant, O & M, etc.

### RESPONSE

Yes. All costs for which Kentucky Power seeks recovery, whether paid to KPCo's sister companies or an out-of-state coal vendor, were incurred in connection with the provision of service to Kentucky Power's ratepayers. Likewise, some of the revenues for which KPCo's customers are receiving the benefit of in the instant case originated with Kentucky Power's affiliated companies and other out-of-state companies.

The requested breakdown has not been performed.

WITNESS: Errol K Wagner





**Kentucky Power Company**

**REQUEST**

Reference the company's response to AG 1-5. Answer the question. State what percentage of the total costs is due to increased PJM costs.

**RESPONSE**

Please see the Company's response to AG 2nd Set Item No. 9.

**WITNESS:** Errol K. Wagner



## **Kentucky Power Company**

### **REQUEST**

Reference the company's response to Ag 1-8. Answer the question. State why the company is not seeking additional revenue from cable attachment rates.

### **RESPONSE**

The Company fully and fairly answered question posed by AG 1st Set Item No. 8. That Data Request stated: "Please explain fully why the company is seeking no additional income from cable TV rates". The question goes on to state "Provide a table showing KP's competitive cable rates in comparison to the cable providers in KP's service territory". The Company's response was as follows; "KPCo does not provide cable TV services to its retail customers. Thus, KPCo can not provide a table showing KPCo's competitive cable rates in comparison to the cable providers' rates in KPCo's service territory".

To the extent the Attorney General is now asking why the Company is not seeking to adjust the rates under its Cable Television Pole Attachment (Tariff C.A.T.V.) to recover additional revenue, Kentucky Power elected not to do so in this proceeding. The Company's decision is consistent with past action by Kentucky Power in that the Company has not always requested an increase in the C.A.T.V. Tariff at the same time as a base rate change. During the test year the C.A.T.V. Tariff revenues were \$ 460,668.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**

**REQUEST**

Reference the company's response to AG 1-20. No response was given to the question "Of the seven (7) transmission-related cost components identified, state whether any component is new since the company's last rate case." Answer the question.

**RESPONSE**

None of the seven (7) transmission cost components listed on pages 4 and 5 of Company witness Bethel's testimony are new since the company's last rate case. However, PJM had not charged AEP under Schedule 12 prior to 2007. PJM's process for allocation of Default costs to Members preceded AEP's membership; however, AEP did not incur such costs after joining PJM until 2007. Since KPCo's present rates reflect costs prior to 2007, the costs in this case for those items are "new" for the purposes of KPCo retail cost of service.

**WITNESS:** Dennis W Bethel



**Kentucky Power Company**

**REQUEST**

Reference the company's response to AG 1-22. Answer the question. State what percentage of the proposed rate increment will go toward increased costs the company pays to PJM. State the exact manner in which the company will recover the projected 26% increase in PJM costs that the company pays to PJM.

**RESPONSE**

The Company is unable to quantify the difference between the amount of PJM expenses in the existing rates and those in the proposed rates because the existing rates were produced through settlement. The Company has proposed to recover PJM costs actually incurred in future periods via Tariff T.A.

**WITNESS:** Dennis W Bethel





## Kentucky Power Company

### REQUEST

Reference the company's response to AG 1-30. Identify in complete detail the "inflationary pressures and limited funding" stated in the company's response. Identify the person(s) in the company responsible for "limit[ing the] funding" necessary to maintain the desired inspection cycle. Provide any and all documents in the company's possession, including internal memoranda of any type or sort indicating the "inflationary pressures and limited funding." With reference to your response to subpart (a), state in complete detail why the company is "unable" to identify the kind of inspection cycle that would be supported based upon levels of O & M and capital built into the company's base rates since the last rate case.

- a. Explain in complete detail why the company could not have sought additional "funding" from the AEP conglomerate of companies to institute all or at least a portion of the company's enhanced vegetation management plans during the test year, and then seek recovery for those sums so expended in the instant proceeding. Do not refer to the company's response to any other prior data request.

### RESPONSE

The Company provided detail of the inflationary pressures affecting its vegetation management expenditures in its response KIUC 1-60. The graph provided as Attachment 1 to that response details the inflationary pressures to which the Company is subject.

The budget and funding approval process begins with the Company's staff. The staff-proposed budget then is submitted to AEP Service Corp. Corporate Planning and Budgeting, the AEP Executive Committee, and ultimately the AEP Board of Directors for approval.

While the Company is unable to identify the level of O&M and capital built into base rates to support its Enhanced Equipment Inspection and Mitigation Initiative, during the test year for its last case (12 mos. ended June 30, 2005), the Company spent \$19,114 on pole groundline inspection and treatment. Using an estimate of \$30 as the cost of each pole inspected, this yields a 310-year cycle for the Company to inspect all 200,700 poles.

a. The Company considered requesting funds from its corporate parent to fund additional vegetation management. It elected not to do so because such a transfer would take the form of an equity investment requiring not only the return (at some time) of the funds, but also a periodic return on the investment. Further, no business can consistently spend money it does not earn.

The Company also notes that as a utility holding company it does not satisfy any definition of "conglomerate."

**WITNESS:** Everett G Phillips and Ranie K Wohnhas



## Kentucky Power Company

### REQUEST

Reference the company's response to AG 1-32. The question required the company to provide copies ". . . of all studies, analyses and correspondence." No such documents were provided. Why not?

- a. Provide all documentation and actual facts upon which you base the assertion that "it has been proven that moving from a performance based approach to a cycle based approach . . . significantly improves reliability." Is Public Service Co. of Oklahoma an AEP affiliate? Does any such documentation from a non-AEP affiliate exist? If so, provide copies.

### RESPONSE

AG 1-32 requested all studies related to economics and/or cost effectiveness of the performance-based versus cyclic vegetation management approach. The Company does not have documents related to the cost effectiveness of one approach versus another. As stated in AG 1-32, the Company relied on the significant improvement in reliability realized by Public Service Company of Oklahoma, an AEP affiliate, when proposing the cycle-based program.

Additionally, attached as Exhibit 1 is the E.On 2008 Electric Distribution Utility Annual Report for its subsidiaries Kentucky Utilities Company (KU) and Louisville Gas & Electric Company (LG&E), which was filed with the Kentucky Public Service Commission on April 1, 2009. Pages 4 and 8, of the Annual Reliability Report, provide detail of the vegetation management program for LG&E and KU, respectively. Both companies are maintaining a cycle-based program with a cycle duration of approximately 4.5 years. These companies are having success with their cycle-based vegetation management programs as evidenced by their tree-related reliability metrics.

**WITNESS:** Everett G Phillips



Mr. Reggie Chaney  
Director of Engineering  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

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PUBLIC SERVICE  
COMMISSION

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Manager - Regulatory Affairs  
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April 1, 2009

RE: *An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices*- Administrative Case No. 2006-00494

Dear Mr. Chaney:

Enclosed please find Louisville Gas and Electric Company and Kentucky Utilities Company's 2008 Annual Reliability Report pursuant to the Commission's Order dated October 26, 2007 in the above mentioned matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Rick E. Lovekamp". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Rick E. Lovekamp

# KENTUCKY PUBLIC SERVICE COMMISSION

## Electric Distribution Utility Annual Reliability Report

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### SECTION 1: CONTACT INFORMATION

UTILITY NAME	1.1	Louisville Gas and Electric Company
REPORT PREPARED BY	1.2	Nelson Maynard, Director Reliability
E-MAIL ADDRESS OF PREPARER	1.3	nelson.maynard@eon-us.com
PHONE NUMBER OF PREPARER	1.4	859-367-1107

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### SECTION 2: REPORT YEAR

CALENDAR YEAR OF REPORT	2.1	2008
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### SECTION 3: MAJOR EVENT DAYS

	$T_{MED}$		
	3.1		3.602
FIRST DATE USED TO DETERMINE $T_{MED}$	3.2		1-Jan-05
LAST DATE USED TO DETERMINE $T_{MED}$	3.3		31-Dec-07
NUMBER OF MED IN REPORT YEAR	3.4		18

NOTE: Per IEEE 1366  $T_{MED}$  should be calculated using the daily SAIDI values for the five prior years. If five years of data are not available, then utilities should use what is available until five years are accumulated.

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### SECTION 4: SYSTEM RELIABILITY RESULTS

Excluding MED

SAIDI	4.1	94.30
SAIFI	4.2	1.042
CAIDI	4.3	90.48

Including MED (Optional)

SAIDI	4.4	3823.19
SAIFI	4.5	2.246
CAIDI	4.6	1701.88

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Notes:

- 1) All duration indices (SAIDI, CAIDI) are to be reported in units of minutes.
  - 2) Reports are due on the first business day of April of each year
  - 3) Reports cover the calendar year ending in the December before the reports are due.
  - 4) IEEE 1366 (latest version) is used to define SAIDI, SAIFI, CAIDI, and  $T_{MED}$
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## KENTUCKY PUBLIC SERVICE COMMISSION

### Electric Distribution Utility Annual Reliability Report

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#### SECTION 5. OUTAGE CAUSE CATEGORIES Excluding MED

CAUSE CODE DESCRIPTION	SAIDI VALUE	CAUSE CODE DESCRIPTION	SAIFI VALUE
Animal	5.1.1 7.35	Animal	5.2.1 0.104
Construction	5.1.2 0.96	Construction	5.2.2 0.026
Lightning	5.1.3 9.78	Lightning	5.2.3 0.119
Non-Company	5.1.4 2.14	Non-Company	5.2.4 0.033
Unknown	5.1.5 20.34	Unknown	5.2.5 0.254
Overload	5.1.6 0.94	Overload	5.2.6 0.009
Planned Work	5.1.7 5.72	Planned Work	5.2.7 0.083
Trees	5.1.8 20.33	Trees	5.2.8 0.136
Utility Equip	5.1.9 19.79	Utility Equip	5.2.9 0.205
Vehicle	5.1.10 6.93	Vehicle	5.2.10 0.073

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#### SECTION 6. WORST PERFORMING CIRCUITS

CIRCUIT IDENTIFIER	SAIDI VALUE	MAJOR OUTAGE CATEGORY
DU0002	6.1.1 851.53	Vehicle
AL1444	6.1.2 659.44	Vehicle
HI1472	6.1.3 578.23	Lightning
BR1186	6.1.4 573.72	Trees
SW1184	6.1.5 552.40	Trees
BB1103	6.1.6 502.34	Trees
SP1115	6.1.7 479.92	Vehicle
LS1247	6.1.8 409.64	Trees
OX1278	6.1.9 367.00	Utility Equipment
WS1305	6.1.10 358.37	Vehicle

CIRCUIT IDENTIFIER	SAIFI VALUE	MAJOR OUTAGE CATEGORY
SW1184	6.2.1 5.210	Trees
CA1304	6.2.2 5.001	Animal, Lightning
FV1477	6.2.3 4.927	Utility Equipment
AK1290	6.2.4 4.278	Planned Work
HB1145	6.2.5 4.010	Lightning
BR1186	6.2.6 3.901	Utility Equipment
FL1497	6.2.7 3.704	Utility Equipment
BB1103	6.2.8 3.532	Trees
WP1104	6.2.9 3.524	Trees
SM1366	6.2.10 3.409	Utility Equipment

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## KENTUCKY PUBLIC SERVICE COMMISSION

### Electric Distribution Utility Annual Reliability Report

Additional pages may be attached as necessary

#### SECTION 7: VEGETATION MANAGEMENT PLAN REVIEW

The Companies' Vegetation Management Plan was submitted December 19, 2007 and is referenced to the Reliability Report submitted April 1, 2008. The Distribution Vegetation Management Program encompasses right of way maintenance for Louisville Gas and Electric Company and Kentucky Utilities Company (referred to as the "Companies"). The program is centralized and managed by a Forestry Manager and nine company Utility Arborists. All are certified arborists by the International Society of Arboriculture.

The Companies' plan is to maintain a proactive trim cycle while balancing the reactive needs of worst performing circuits. The Companies' goal is to maintain an average trim cycle of five years or less. The effectiveness of the plan is evaluated by the cycle, system performance as measured by system SAIDI, SAIFI, and CAIDI, and customer feedback as measured by satisfaction surveys.

#### **Effectiveness of the program:**

Cycle - 4.56 years.

Tree SAIDI - 20.33 minutes

Tree SAIFI - .136

Tree CAIDI - 149 minutes

Customer satisfaction in Power Quality and Reliability has been stable over the past three years.

Power Quality and Reliability is one of the highest ranking components of the study.

The routine trim schedule, mid cycle, herbicide, and worst performing circuits plans were completed as planned.

#### **Adjustments made to the Vegetation Management Plan in 2008 included:**

- 1). On September 14, 2008, Hurricane Ike caused significant damage to the system. Tree crews worked through December 31, 2008 to remove damaged trees and limbs that were of imminent risk to system reliability
- 2). The Companies reduced from five to four professional tree contractor companies (Nelson, Phillips, Townsend and Wright) to improve efficiency in the plan.

#### **Changes to be implemented in 2009:**

- 1). Increased focus on hazard tree removals of off right of way trees.
- 2). Change mid cycle from spring to summer to more readily identify dead limbs and trees.
- 3). The Ice Storm of January 27, 2009, caused significant damage to the trees across the system. Tree crews were employed to remove damaged trees and limbs that were of imminent risk to system reliability.

## KENTUCKY PUBLIC SERVICE COMMISSION

### SECTION 8. UTILITY COMMENTS

The Institute of Electrical and Electronic Engineers (IEEE) standard number IEEE 1366 - 2003 has been used to define the terms in the reliability report, including the criteria for omitting events classified as major event days. The 2008 data is reported by the IEEE exclusion definition. Data is not available based on the IEEE rule prior to 2005.

On September 14, 2008, Hurricane Ike caused significant damage to the system. Due to the catastrophic nature of Hurricane Ike, a total of eleven days was included as a major event.

# KENTUCKY PUBLIC SERVICE COMMISSION

## Electric Distribution Utility Annual Reliability Report

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### SECTION 1: CONTACT INFORMATION

UTILITY NAME	1.1	Kentucky Utilities Company
REPORT PREPARED BY	1.2	Nelson Maynard, Director Reliability
E-MAIL ADDRESS OF PREPARER	1.3	nelson.maynard@eon-us.com
PHONE NUMBER OF PREPARER	1.4	859-367-1107

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### SECTION 2: REPORT YEAR

CALENDAR YEAR OF REPORT	2.1	2008
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### SECTION 3: MAJOR EVENT DAYS

	$T_{MED}$	3.1	3.602
FIRST DATE USED TO DETERMINE $T_{MED}$		3.2	1-Jan-05
LAST DATE USED TO DETERMINE $T_{MED}$		3.3	31-Dec-07
NUMBER OF MED IN REPORT YEAR		3.4	18

NOTE: Per IEEE 1366  $T_{MED}$  should be calculated using the daily SAIDI values for the five prior years. If five years of data are not available, then utilities should use what is available until five years are accumulated.

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### SECTION 4: SYSTEM RELIABILITY RESULTS

Excluding MED

SAIDI	4.1	73.28
SAIFI	4.2	0.748
CAIDI	4.3	97.92

Including MED (Optional)

SAIDI	4.4	438.74
SAIFI	4.5	1.195
CAIDI	4.6	367.00

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Notes:

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-

# KENTUCKY PUBLIC SERVICE COMMISSION

## Electric Distribution Utility Annual Reliability Report

### SECTION 5: OUTAGE CAUSE CATEGORIES

Excluding MED

CAUSE CODE DESCRIPTION	SAIDI VALUE	CAUSE CODE DESCRIPTION	SAIFI VALUE
Animal	5.1.1 3.83	Animal	5.2.1 0.060
Construction	5.1.2 0.75	Construction	5.2.2 0.016
Lightning	5.1.3 9.26	Lightning	5.2.3 0.088
Non-Company	5.1.4 1.23	Non-Company	5.2.4 0.018
Unknown	5.1.5 11.62	Unknown	5.2.5 0.119
Overload	5.1.6 3.71	Overload	5.2.6 0.043
Planned Work	5.1.7 3.50	Planned Work	5.2.7 0.054
Trees	5.1.8 22.06	Trees	5.2.8 0.158
Utility Equip	5.1.9 12.03	Utility Equip	5.2.9 0.140
Vehicle	5.1.10 5.30	Vehicle	5.2.10 0.054

### SECTION 6: WORST PERFORMING CIRCUITS

CIRCUIT IDENTIFIER	SAIDI VALUE	MAJOR OUTAGE CATEGORY
0643	6.1.1 1310.3	Utility Equipment
0333	6.1.2 1220.7	Non-Company
0311	6.1.3 1072.4	Trees
0467	6.1.4 827.1	Non-Company
1712	6.1.5 794.0	Lightning
0423	6.1.6 772.6	Trees
0007	6.1.7 750.9	Overload
1633	6.1.8 747.4	Utility Equipment
0458	6.1.9 717.1	Trees
0948	6.1.10 667.4	Trees

CIRCUIT IDENTIFIER	SAIFI VALUE	MAJOR OUTAGE CATEGORY
0311	6.2.1 9.170	Trees
0333	6.2.2 5.556	Non-Company
0254	6.2.3 5.450	Utility Equipment
0201	6.2.4 5.264	Overload
0306	6.2.5 5.000	Non-Company
0423	6.2.6 4.812	Trees
4450	6.2.7 4.811	Overload
4340	6.2.8 4.472	Planned Work
0515	6.2.9 4.437	Lightning
1633	6.2.10 4.253	Overload

## KENTUCKY PUBLIC SERVICE COMMISSION

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### Electric Distribution Utility Annual Reliability Report

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Additional pages may be attached as necessary

#### SECTION 7: VEGETATION MANAGEMENT PLAN REVIEW

The Companies' Vegetation Management Plan was submitted December 19, 2007 and is referenced to the Reliability report submitted April 1, 2008. The Distribution Vegetation Management Program encompasses right of way maintenance for Louisville Gas and Electric Company and Kentucky Utilities Company (referred to as the "Companies"). The program is centralized and managed by a Forestry Manager and nine company Utility Arborists. All are certified arborists by the International Society of Arboriculture.

The Companies' plan is to maintain a proactive trim cycle while balancing the reactive needs of worst performing circuits. The Companies' goal is to maintain an average trim cycle of five years or less. The effectiveness of the plan is evaluated by the cycle, system performance as measured by system SAIDI, SAIFI, and CAIDI, and customer feedback as measured by satisfaction surveys.

#### **Effectiveness of the program:**

Cycle - 4.56 years.

Tree SAIDI - 22.06 minutes

Tree SAIFI - .158

Tree CAIDI - 139 minutes

Customer satisfaction in Power Quality and Reliability has been stable over the past three years. Power Quality and Reliability is one of the highest ranking components of the study.

The routine trim schedule, mid cycle, herbicide, and worst performing circuits plans were completed as planned.

#### **Adjustments made to the Vegetation Management Plan in 2008 included:**

- 1). On September 14, 2008, Hurricane Ike caused significant damage to the system. Tree crews worked through December 31, 2008 to remove damaged trees and limbs that were of imminent risk to system reliability.
- 2). The Companies reduced from five to four professional tree contractor companies (Nelson, Phillips, Townsend and Wright) to improve efficiency in the plan.

#### **Changes to be implemented in 2009:**

- 1). Increased focus on hazard tree removals of off right of way trees.
- 2). Change mid cycle from spring to summer to more readily identify dead limbs and trees.
- 3). The Ice Storm of January 27, 2009, caused significant damage to the trees across the system. Tree crews were employed to remove damaged trees and limbs that were of imminent risk to system reliability.

## KENTUCKY PUBLIC SERVICE COMMISSION

### SECTION 8: UTILITY COMMENTS

The Institute of Electrical and Electronic Engineers (IEEE) standard number IEEE 1366 - 2003 has been used to define the terms in the reliability report, including the criteria for omitting events classified as major event days. The 2008 data is reported by the IEEE exclusion definition. Data is not available based on the IEEE rule prior to 2005.

On September 14, 2008, Hurricane Ike caused significant damage to the system. Due to the catastrophic nature of Hurricane Ike, a total of 11 days was included as a major event.



## Kentucky Power Company

### REQUEST

Reference the company's response to AG 1-41. The question required the company to provide copies of "any and all" applicable declarations pages. The company admitted that it has such policies, yet failed to produce the items it was required to produce. Why? Please provide the documents the company was required to produce.

### RESPONSE

Question AG 1-41 was specific to insurance for outages. The Company does not maintain specific insurance relating to outages, specifically for T&D lines. However, the Company is providing the declaration pages of AEP's corporate property insurance in response to this request. Confidential protection of portions of the attachment are being requested in the form of a Motion for Confidential Treatment.


WITNESS: Errol K Wagner



**ENERGY INSURANCE SERVICES, INC.  
GREENVILLE, SOUTH CAROLINA**

**"ALL RISK" PROPERTY POLICY**

Declarations attached to and made part of Policy No: P03-09-05

- ITEM 1 Insured: American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc., Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereafter acquired, organized or controlled (hereinafter referred to as the Insured). Corporations, associations or other entities acquired after the effective date of this policy are automatically included hereunder.
- ITEM 2 Address: 1 Riverside Plaza  
Columbus, Ohio 43215
- ITEM 3 Policy Period: 12 months from July 1, 2009 to July 1, 2010, both dates 12:01 AM Local Standard Time at the location of the property insured.
- ITEM 4 Territory: Worldwide, except those countries currently under Trade Embargo Restrictions by the United States.
- ITEM 5 Limits of Liability: Liability under this policy arising out of one occurrence shall not exceed \$5,000,000 for all insured losses
- ITEM 6 Premium: 
- ITEM 7 Endorsements Attached at Policy Issuance: B, M, R, 1, 2, 3, 4, 5, 6 and T1

## PROPERTY INSURANCE POLICY

POLICY OF ALL RISK PROPERTY INSURANCE INCLUDING MACHINERY BREAKDOWN  
EFFECTED WITH ASSOCIATED ELECTRIC AND GAS INSURANCE SERVICES LIMITED  
HAMILTON, BERMUDA



PLEASE READ THE ENTIRE POLICY CAREFULLY.

POLICY NUMBER: LD317A1A07

In consideration of the stipulations named herein and the premiums provided herein, the company does insure the following:

1. **INSURED**

American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc., Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereafter acquired, organized or controlled (hereinafter referred to as the Insured). Corporations, associations or other entities acquired after the effective date of this policy are automatically included hereunder.

2. **ADDRESS**

1 Riverside Plaza  
Columbus, Ohio 43215

3. **TERM**

24 months from July 1, 2007 to July 1, 2009, both dates 12:01 AM Local Standard Time at the location of the property insured.

4. **TERRITORY**

Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

5. **LIMITS OF LIABILITY**

Liability under this policy excess of the Retention arising out of one occurrence shall not exceed:

\$200,000,000 (40% AEGIS participation) part of \$500,000,000 excess of \$5,000,000

The Company will pay no more than the above limit in any one occurrence. In addition, the Company will not be liable for more than its applicable proportionate share of the sublimits below which are part of an not in addition to the Limits of Liability.

- a. \$500,000,000 per occurrence and in the annual aggregate separately in respect of loss or damage caused directly by the peril of Flood except \$25,000,000 for locations in Flood-Zone A; however, this Flood Zone A limitation does not apply to locations built above the 100 Year Flood Plain elevation as defined by the National Flood Insurance Program (NFIP) or those locations protected by a levee or dike.
- b. \$500,000,000 per occurrence and in the annual aggregate separately in respect of loss or damage caused by Earthquake. \$100,000,000 per occurrence and in the annual aggregate for losses at all newly acquired locations and miscellaneous unscheduled locations, except \$50,000,000 per occurrence and in the annual aggregate for losses at all newly acquired locations and miscellaneous unscheduled locations situated New Madrid Earthquake Zones. Any newly acquired locations and miscellaneous unscheduled locations in High Hazard Earthquake zones must be declared to and accepted by the Lead Underwriter prior to coverage attaching.
- c. \$50,000,000 per occurrence in respect of property under construction (other than construction at existing sites or plant upgrading projects) until declared to and agreed and accepted by the Lead Underwriter prior to coverage attaching
- d. \$50,000,000 or the greater of 25% of the loss per occurrence as respects debris removal
- e. \$25,000,000 per occurrence in respect of Electronic Data Processing Systems and Electronic Data Processing Media
- f. \$10,000,000 per occurrence in respect of Fine Arts

- g. \$10,000,000 per occurrence as respects Expediting Expense.
- h. \$5,000,000 per occurrence and in the aggregate annually for Decontamination and Clean-Up in respect of seepage, pollution and contamination for all coverages combined.
- i. \$2,500,000 per occurrence as respects Overhead Expense Charges

**6. RETENTION**

Property Damage/Expediting Expense: \$5,000,000 per occurrence

**7. PROPERTY AND INTERESTS INSURED**

- a. Real and Personal Property of every kind and description, including, but not limited to improvements and betterments, property while in the course of construction, installation, erection or assembly, property in due course of transit, Valuable Papers and Records, accounts receivable, Fine Arts, dams, rail and hopper cars, draglines and rolling stock, mining equipment and, at the Insured's option the interest of contractors and sub-contractors in work performed for the Insured, personal property of officers, directors and employees of the Insured while at premises of the Insured, Electronic Data Processing Systems Media, and expediting expense
- b. Property of others in the care, custody or control of the Insured or for which the Insured is responsible, and property of the Insured in the care, custody or control of others, but only in excess of insurance carried by others

**8. PROPERTY EXCLUDED**

- a. Bills, currency, deeds, money, notes, securities, precious metals except for industrial applications, and bullion;
- b. Aircraft, watercraft exceeding 40 ft in length, spacecraft and licensed motor vehicles, when away from the Insured's premises;
- c. Standing timber used for commercial purposes, growing crops, coal outside of buildings, animals;
- d. Land other than earthen dams (except as specifically insured hereunder in the Decontamination and Clean-Up Expense extension), underground wells, water (except as specifically insured hereunder in the Decontamination and Clean-Up Expense extension and except when contained within any type of tank, piping

# ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED

Endorsement No 21 Effective Date of Endorsement July 1, 2009

Attached to and forming part of POLICY No L0317A1A07

INSURED American Electric Power Service Corporation

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged


## EXTENSION ENDORSEMENT

It is hereby agreed to extend all terms and conditions of the POLICY. The Declarations is amended as follows:



**POLICY PERIOD:** from July 1, 2007 to July 1, 2010  
both days at 12:01 AM Standard Time at the address of the INSURED

**ADDITIONAL PREMIUM:** to be determined at the anniversary date of July 1, 2009, which will be based on updated values and rating adjustment

It is understood and agreed that this POLICY is hereby amended as indicated. All other terms and conditions of this POLICY remain unchanged.

  
Signature of Authorized Representative

EIM's Authorization   6-26-09

310259-07GP A P =   
310277-07GP A P = 

**ENERGY INSURANCE SERVICES  
GREENVILLE, SOUTH CAROLINA**

**ENDORSEMENT NO: 2**

**ATTACHING TO AND FORMING PART OF POLICY NO: P03-07-09**

**ISSUED TO: American Electric Power Company, Inc.**

**FOR THE POLICY PERIOD: JULY 1, 2007 TO JULY 1, 2009**

**EFFECTIVE DATE: JULY 1, 2009 AT 12:01 A.M. STANDARD TIME.**

It is hereby understood and agreed that as of the above effective date the policy term on the Declaration Page and on page 2 is amended as follows:

**POLICY PERIOD:** from July 1, 2007 to July 1, 2010, both days at 12:01 A.M.  
Standard Time at the location of the property insured or as otherwise stipulated in this policy

It is further understood and agreed that the policy premium on page 6 shall read as follows:

**PREMIUM:** [REDACTED] for the period July 1, 2009 to July 1, 2010

**ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.**

**IN WITNESS WHEREOF,** the First Named Insured and the Company have caused this Endorsement to be executed and attested on their behalf

**GREENVILLE, SOUTH CAROLINA**

Date: 8-14-09

Attest: Barbara A Turner

**GREENVILLE, SOUTH CAROLINA**

Date: 8-14-09

Attest: Barbara A Turner

**ENERGY INSURANCE SERVICES**

By: [Signature]  
Adam Forstot

Title: Authorized Representative

**MEMBER INSURED**

By: [Signature]  
Garry W. Coulter

Title: [Attorney-in-fact]

## Declarations



**Policy Number**  
PWG 6541390-00

**Named Insured and Mailing Address**  
American Electric Power  
1 Riverside Plaza  
Columbus, OH 43215

and

Any affiliated or subsidiary companies or corporations owned, controlled or coming under the Named Insured's active management and their interest in partnerships or joint ventures as now exist or may hereafter be constituted or acquired during the policy period

The inclusion of more than one (1) Insured under this Policy will not operate to increase the total limit of insurance beyond the total limit of insurance stated in this Policy

### **The Stock Company (providing insurance)**

Zurich American Insurance  
Schaumburg, IL

**Producer**  
McGriff, Seibels & Williams  
2211 7<sup>th</sup> Avenue, South  
Birmingham, AL 35202

### **Policy Period**

Coverage begins July 1, 2009 at 12:01 AM Coverage ends July 1, 2010 at 12:01 AM

### **Insuring Agreement**

In consideration for the premium charged and subject to all the terms and conditions, this Policy insures the Named Insured (hereinafter called the Insured) during the Policy Period and for an amount not exceeding its proportionate share of the Limit(s) of insurance specified in the forms and endorsements attached

Insurance provided under this policy applies to loss or damage caused by or resulting from risks of direct physical loss of or damage from any external cause to covered property occurring at a premises described within the Territory of the policy, unless excluded

### **Proportionate Share**

This Policy's proportionate share for loss or damage after the application of any deductible is:

5 % Quota Share; Being \$12,500,000 part of a \$250,000,000 loss layer excess of deductibles

Premium

Annual Policy Premium

Surcharges, Taxes & Fees

Total Policy Premium

Forms Applicable to This Policy

Form Name	Form Number	Edition Date
(Manuscript) Property Insurance Policy	NA	NA

*Celia Funder*

\_\_\_\_\_  
Authorized Representative

July 30, 2009

\_\_\_\_\_  
Date



**VALIDUS UNDERWRITING  
RISK SERVICES, INC.**

48 Wall Street, 7<sup>TH</sup> Floor, New York, NY 10005

**Evidence of Cover**

We are pleased to confirm that we have bound the following risk with the insurer(s) listed herein. The insurance will be subject to the terms, conditions and exclusions of the policy wording, as applicable

<b>EVIDENCE OF COVER NUMBER:</b>	AJC091749A09 (All Risks) AFF091753A09 (TRIPRA)
<b>NAMED INSURED:</b>	American Electric Power Service Corporation
<b>INSURED MAILING ADDRESS:</b>	1 Riverdale Plaza Columbus, Ohio 43215
<b>COVERAGE:</b>	All Risks of Direct Physical Loss or Damage to Real and/or Personal Property, including Boiler and Machinery
<b>POLICY:</b>	As per attached policy form
<b>PERIOD OF INSURANCE:</b>	7/1/2009 - 7/1/2010
<b>VALUES:</b>	As per on file with the Company
<b>DEDUCTIBLES</b>	As per attached policy form
<b>TERRITORIAL LIMITS:</b>	As per attached policy form
<b>POLICY LIMIT OF LIABILITY:</b>	\$5,000,000 being 2% of \$250,000,000 per occurrence
<b>INSURER:</b>	Certain Underwriters at Lloyd's - Talbot Underwriting Ltd Syndicate 1183
<b>COMMISSION:</b>	NIL
<b>CANCELLATION:</b>	As per attached policy form
<b>PRODUCER:</b>	McGriff, Seibels & Williams Inc Birmingham, AL

Each insurer will pay no more than its proportional share of the above limit(s) of liability, in any one occurrence. In addition, no insurer will be liable for more than its proportionate share of the following sub-limits, which are part of and not in addition to the limits of liability.

The insurance hereby evidenced is written by an approved nonlicensed insurer in the State of Ohio and is not covered in case of insolvency by the Ohio Insurance Guaranty Association.

**VALIDUS UNDERWRITING  
RISK SERVICES, INC.**

48 Wall Street, 7<sup>TH</sup> Floor, New York, NY 10005

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**Evidence of Cover**

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**ADDITIONAL TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF THE WORDING:**

1. Mandatory Endorsements attached:
  - Political Risk Endorsement
  - Millennium Endorsement
  - Nuclear, Biological or Chemical Materials Exclusion
  - War and Terrorism Exclusion Endorsement (B)
2. Following additional Endorsements are attached: Named Adjuster Endorsement
3. Including Business Interruption for Desert Sky Windfarm and Trent Mesa Windfarm only
4. 2.5% Engineering/Survey Fee allowance, as incurred.

**PREMIUM:** [REDACTED]

(Excluding acts of terrorism as defined in the Terrorism Risk Insurance of 2002, as amended by the Terrorism Risk Insurance Extension Act of 2005 and by the Terrorism Risk Insurance Program Reauthorization Act of 2007)

Additional premium for the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Extension Act of 2005 and by the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA)

Additional premium amount for TRIPRA: [REDACTED]

As respects acts of terrorism as defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Extension Act of 2005 and by the Terrorism Risk Insurance Program Reauthorization Act of 2007:

The Insured has selected to accept coverage for the premium amount stated above

The Insured has selected to decline the coverage.

Above premiums are exclusive of all taxes, state surcharges, fees and commissions except they do include brokerage commission if any amount is stated on Page 1

**VALIDUS UNDERWRITING  
RISK SERVICES, INC.**

48 Wall Street, 7<sup>TH</sup> Floor, New York, NY 10005

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**Evidence of Cover**

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**CLAIMS PROCEDURE:**

All claims to be notified in accordance with the terms and conditions of the Policy form on file with the Company

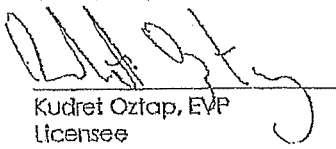
[claims@validusURS.com](mailto:claims@validusURS.com)

Or by letter to the following address

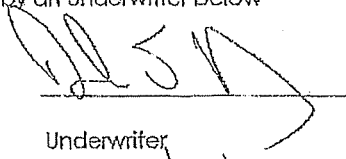
Validus Underwriting Risk Services, Inc.  
48 Wall Street, 7<sup>th</sup> Floor  
New York, NY 10005  
Attn: Mae Guerin

In issuing this Evidence of Cover, Validus Underwriting Risk Services, Inc. is acting only on behalf of the insurer named herein, and does not represent the Insured. The Producer named in this Evidence of Cover shall bear all responsibility for compliance with laws applicable to non-admitted insurance in the various U.S. jurisdictions relevant to the risk insured herein, or shall work with another appropriately licensed producer to do so. Where applicable, such compliance shall specifically include, but shall not be limited to: all filings with state insurance departments or stamping offices related to surplus lines insurance; the collection and payment of surplus lines premium tax and other applicable local fees; and affixing to the policy wording all notices to insureds as may be required by applicable state laws.

This evidence of cover is not valid unless signed by an underwriter below

  
Kudret Oztap, EVP  
Licensee

Dated in New York: 10/27/09

  
Underwriter

Dated: 10/27/09

Signed for and behalf of Validus Underwriting Risk Services, Inc. 48 Wall Street, 7<sup>th</sup> Floor, New York, NY 10005

**COMPLAINTS PROCEDURE**

If you have any questions please contact:  
Validus Underwriting Risk Services, Inc.  
48 Wall Street, 7<sup>th</sup> Floor  
New York, NY 10005  
Tel: (212) 785-2000  
Fax: (212) 785-2001

Invoice is attached

## POLICY AMENDATORY ENDORSEMENT

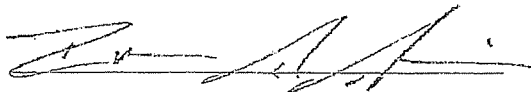
Endorsement No 20 Effective Date of Endorsement July 1, 2009  
Attached to and forming part of POLICY No 2611829  
NAMED INSURED American Electric Power Service Corporation ET AL

### ANNIVERSARY PREMIUM RATING ADJUSTMENT ENDORSEMENT

It is understood and agreed that based on current loss reserves for the period July 1, 2008 to July 1, 2009 as set forth in adjusters reports that the base rates for this policy anniversary are increased by 10% in accordance with Endorsement No 19, Item c.

It is further understood and agreed that based on provisions in Endorsement No 19, Item c and updated values totaling \$43,904,960,734 the 100% premium for the July 1, 2009 to July 1, 2010 period is [REDACTED] including [REDACTED] for the Terrorism Act as amended in 2007 National Union's proportionate share of the premium for the policy period is [REDACTED]

AUTHORIZED SIGNATURE:





JK  
 JLT

CONTRACT ENDORSEMENT

Unique Market Reference B0901BL0700599000  
 Endorsement Reference P14  
 Insured American Electric Power

CONTRACT CHANGES

ENDORSEMENT  
 EFFECTIVE DATE:

It is hereby noted and agreed with effect from 1 July 2009:

Premium payable for period 1 July 2009 to 1 July 2010 both days at 12:01a.m Local Standard Time at the location of the property insured is as follows:



PREMIUM (100%)

USD [redacted] per annum inclusive of premium of:


USD [redacted] per annum in respect of Terrorism coverage which allocated 60% GT and 40% TO

Notwithstanding the Anniversary Premium Rating Adjustment per Endorsement Reference P10 the premium above is subject to net incurred losses for the period 1 July 2008 to 1 May 2009 of greater than 50% but no more than 100% of the premium for the period 1 July 2008 to 1 July 2009

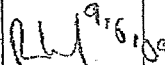
Signed Lines hereunder for the period 1 July 2009 to 1 July 2010 are increased if and as required up to Written Lines as below and premium to be paid into the 2009/2010 year of account:

Insurer	Reference	Written Line	
AES 1225	<u>09 NOS570AAPG</u>	6.5%	<div style="text-align: right;">           JK            22 June 9   </div>
AGM 2488	<u>ATLZAGLE8899</u>	5.50%	

All other terms and conditions remain unchanged

Leading Insurer  
  
 10 June 9

AES 1225

Internal use only  9/6/09



CONTRACT ENDORSEMENT

Unique Market Reference B0901BL0700581000  
 Endorsement Reference P15  
 Insured American Electric Power

CONTRACT CHANGES

ENDORSEMENT  
 EFFECTIVE DATE:

It is hereby noted and agreed with effect from 1 July 2009:

Cover is provided hereunder for the period 1 July 2009 to 1 July 2010 both days at 12:01a.m Local Standard Time at the location of the property insured and Premium is payable as follows:

PREMIUM (100%)

USD [redacted] per annum inclusive of premium of:

USD [redacted] per annum in respect of Terrorism coverage which allocated 60% 6T and 40% TO

Notwithstanding the Anniversary Premium Rating Adjustment per Endorsement Reference P10 the premium above is subject to net incurred losses for the period 1 July 2008 to 1 May 2009 of greater than 50% but no more than 100% of the premium for the period 1 July 2008 to 1 July 2009

Insurer	Reference	Written Line
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SJC 2003	<del>RD 3000 215787</del> 'PG' <del>RD 7000 215789</del> '6T'	10.00% up to 8.5%
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GSC 958	<u>DBONNNDNE069</u>	6.00%
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BRT 2987	EA911E09A000 'PG' <u>EA911E09B000</u> '6T'	3.00%
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Leading Insurer
 3/6/09

Internal use only	
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9/6/09

25/6/09



901  
 JLT

CONTRACT ENDORSEMENT

Unique Market Reference      B0901BL0903085000  
 Endorsement Reference      P2  
 Insured      American Electric Power

CONTRACT CHANGES

ENDORSEMENT  
 EFFECTIVE DATE:

With effect from inception it is noted and agreed that:

Period is amended to read as follows:

1 July 2009 to 1 July 2010 both days at 12:01a.m. local standard  
 time at the address of the Insured stated per slip

Reference to separate annual aggregates for the periods (a) July 1,  
 2009 to July 1, 2010, and; (b) July 1, 2010 to July 1, 2011 is deleted

All other terms and conditions remain unchanged

AGREEMENT

GENERAL UNDERWRITERS AGREEMENT (GUA)		
Each Underwriter's proportion is several not joint		
Slip Leader Only	Slip Leader And Agreement Parties	All Reinsurers
Box 1	Box 2	Box 3

*W. S. ...*  
 2/30/09

Leading Insurer

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MRC

B0901BL0903085000

901  
JLT

Page of

RISK DETAILS

Unique Market  
Reference:

B0901 BL0903085 000

TYPE

: All Risks of Direct Physical Loss or Damage, including Flood, Earthquake, Boiler Explosion, Mechanical and Electrical Breakdown as more fully defined in the Underlying Policy Wording

INSURED

: American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc., Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereinafter acquired, organized or controlled (hereinafter referred to as the Insured) Corporations, associations or other entities acquired after the effective date of this Policy are automatically included hereunder

ADDRESS

: 1 Riverside Plaza, Columbus, Ohio 43215

PERIOD

: 1 July 2009 to 1 July 2011 both days at 12:01a.m local standard time at the address of the Insured stated above.

INTEREST

: Real and Personal Property of every kind and description, including, but not limited to improvements and betterments, property of others in the care, custody or control of the Insured or for which the Insured is responsible, property of the Insured in the care, custody or control of others (but only in excess of insurance carried by others), property while in the course of construction, installation, erection or assembly, property in due course of transit, Valuable Papers and Records, accounts receivable, Fine Arts, dams, rail and hopper cars, draglines and rolling stock, mining equipment, at the Insured's option, the interest of contractors and sub-contractors in work performed for the Insured, personal property of officers, directors and employees of the Insured while at premises of the Insured, Electronic Data Processing Systems Media, and expediting expense

All as more fully defined in the Underlying Policy Wording

LIMIT OF LIABILITY

(for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate separately in respect of Flood and Earthquake

EXCESS OF

(for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate



JLT Avdt

BLC090308500pln/10 June 2009

The insurance hereby evidenced is written by an approved nonlicensed insurer in the State of Ohio and is not covered in case of insolvency by the Ohio





MRC

B0901BL0903085000

901  
JLT

Page of

separately in respect of Flood and Earthquake in turn excess of Insured's Retention.

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention.

SITUATION : Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

CONDITIONS : Subject to terms and conditions of the Underlying Policy (reference BLO700599 hereafter referred to as "Underlying Policy") with any additional conditions referenced below and attached hereto and to follow amendments to Underlying Policy as may be agreed by Sllp Leader thereon (Lloyd's Syndicate AES 1225)

In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the primary policy prior to the happening of a loss for which claim is made hereunder

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy

Notwithstanding any of the terms of this Policy that might be construed otherwise, the Insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insured



JLT Auth



**CONTRACT ENDORSEMENT**

Unique Market Reference      B0901BL0903009000  
 Endorsement Reference      P3  
 Insured      American Electric Power

**CONTRACT CHANGES**


**ENDORSEMENT  
 EFFECTIVE DATE:**

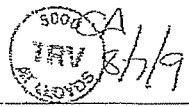
With effect from inception it is noted and agreed that Order Hereon is amended to 100% of 17% and Signed Lines are:

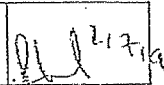
TRV 5000      4 3750%  
 MAP 2791      1 7500%  
 AUW 609      0 8750%  
 Infrassure      10 0000%

All other terms and conditions remain unchanged.

**AGREEMENT**

GENERAL UNDERWRITERS AGREEMENT (GUA)		
Each Underwriter's proportion is several not joint		
Slip Leader Only   Box 1	Slip Leader And Agreement Parties  Box 2	All Reinsurers  Box 3

Leading insurer  


Internal use only  




901  
 JLT

CONTRACT ENDORSEMENT

Unique Market Reference      B0901BL0903009000  
 Endorsement Reference        P2  
 Insured                            American Electric Power

CONTRACT CHANGES

ENDORSEMENT  
 EFFECTIVE DATE:

With effect from inception it is noted and agreed that:

Period is amended to read as follows:

1 July 2009 to 1 July 2010 both days at 12:01a.m local standard time at the address of the Insured stated per slip

Reference to separate annual aggregates for the periods (a) July 1, 2009 to July 1, 2010, and; (b) July 1, 2010 to July 1, 2011 is deleted

Premium Payment Terms are amended to read as follows

Premium payable within 60 days from 1 July 2009

All other terms and conditions remain unchanged.

AGREEMENT

GENERAL UNDERWRITERS AGREEMENT (GUA)		
Each Underwriter's proportion is several not joint		
Slip Leader Only	Slip Leader And Agreement Parties	All Reinsurers
Box 1	 13. July 2009	Box 3

Leading Insurer



*By 107 1*



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**E0901BL0903009000**

**RISK DETAILS**

Unique Market Reference:

B0901 BL0903009 000

The insurance hereby evidenced is written by an approved nonlicensed insurer in the State of Ohio and is not covered in case of insolvency by the Ohio Insurance Guaranty Association.

TYPE

: All Risks of Direct Physical Loss or Damage, including Flood, Earthquake, Boiler Explosion, Mechanical and Electrical Breakdown as more fully defined in the Underlying Policy Wording

INSURED

: American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc, Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereinafter acquired, organised or controlled (hereinafter referred to as the Insured) Corporations, associations or other entities acquired after the effective date of this Policy are automatically included hereunder

ADDRESS

: 1 Riverside Plaza, Columbus, Ohio 43215

PERIOD

: 1 July 2009 to 1 July <sup>2010</sup> ~~2011~~ both days at 12:01a m local standard time at the address of the Insured stated above.



INTEREST

: Real and Personal Property of every kind and description, including, but not limited to improvements and betterments, property of others in the care, custody or control of the Insured or for which the Insured is responsible, property of the Insured in the care, custody or control of others (but only in excess of insurance carried by others), property while in the course of construction, installation, erection or assembly, property in due course of transit, Valuable Papers and Records, accounts receivable, Fine Arts, dams, rail and hopper cars, draglines and rolling stock, mining equipment, at the Insured's option, the interest of contractors and sub-contractors in work performed for the Insured, personal property of officers, directors and employees of the Insured while at premises of the Insured, Electronic Data Processing Systems Media, and expediting expense

All as more fully defined in the Underlying Policy Wording

LIMIT OF LIABILITY

(for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate separately in respect of Flood and Earthquake

EXCESS OF

(for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate

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separately in respect of Flood and Earthquake in turn excess of Insured's Retention.

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention

SITUATION : Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

CONDITIONS : Subject to terms and conditions of the Underlying Policy (reference BL0700599 hereafter referred to as "Underlying Policy") with any additional conditions referenced below and attached hereto and to follow amendments to Underlying Policy as may be agreed by Slip Leader thereon (Lloyd's Syndicate AES 1225).

In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the primary policy prior to the happening of a loss for which claim is made hereunder

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insured

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RISK DETAILS

The insurance hereby evidenced is written by an approved nonlicensed insurer in the State of Ohio and is not covered in case of insolvency by the Ohio Insurance Guaranty Association.

Unique Market Reference:

B0901 BL0903009 000

TYPE

: All Risks of Direct Physical Loss or Damage, including Flood, Earthquake, Boiler Explosion, Mechanical and Electrical Breakdown as more fully defined in the Underlying Policy Wording.

INSURED

: American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc., Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereinafter acquired, organized or controlled (hereinafter referred to as the Insured). Corporations, associations or other entities acquired after the effective date of this Policy are automatically included hereunder.

ADDRESS

: 1 Riverside Plaza, Columbus, Ohio 43215

PERIOD

: 1 July 2009 to 1 July 2011 both days at 12:01 a.m. local standard time at the address of the Insured stated above

INTEREST

: Real and Personal Property of every kind and description, including, but not limited to improvements and betterments, property of others in the care, custody or control of the Insured or for which the Insured is responsible, property of the Insured in the care, custody or control of others (but only in excess of insurance carried by others), property while in the course of construction, installation, erection or assembly, property in due course of transit, Valuable Papers and Records, accounts receivable, Fine Arts, dams, rail and hopper cars, draglines and rolling stock, mining equipment, at the Insured's option, the interest of contractors and sub-contractors in work performed for the Insured, personal property of officers, directors and employees of the Insured while at premises of the Insured, Electronic Data Processing Systems Media, and expediting expense.

All as more fully defined in the Underlying Policy Wording.

LIMIT OF LIABILITY (for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate separately in respect of Flood and Earthquake

EXCESS OF

(for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate

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BL0903009:amp:2011 June 2009

Stamp: JUN 23 2009

23 Juni 2009

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separately in respect of Flood and Earthquake in turn excess of Insured's Retention.

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention

SITUATION : Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

CONDITIONS : Subject to terms and conditions of the Underlying Policy (reference BLO700599 hereafter referred to as "Underlying Policy") with any additional conditions referenced below and attached hereto and to follow amendments to Underlying Policy as may be agreed by Slip Leader thereon (Lloyd's Syndicate AES 1225).

In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the primary policy prior to the happening of a loss for which claim is made hereunder.

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles.

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy.

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insured

*[Handwritten signature]*

JLT Audit

E10903009:app1-2/01 June 2009

23, Juni 2009

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RISK DETAILS

Unique Market Reference:

B0901 BL0903071 000

The insurance hereby evidenced is written by an approved nonlicensed insurer in the State of Ohio and is not covered in case of insolvency by the Ohio Insurance Guaranty Association.

TYPE : Terrorism

INSURED : American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc., Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereinafter acquired, organised or controlled (hereinafter referred to as the Insured). Corporations, associations or other entities acquired after the effective date of this Policy are automatically included hereunder

ADDRESS : 1 Riverside Plaza, Columbus, Ohio 43215

PERIOD : 1 July 2009 to 1 July 2010 both days at 12:01a m local standard time at the address of the Insured stated above

INTEREST : This Policy provides Terrorism coverage in respect of Property insured under the Named Insured's Property Policy (all as per Property Policy reference BL0700599 hereafter referred to as "Property Policy")

LIMIT OF LIABILITY (for the Insured's Interest unless otherwise stated):  
USD 250,000,000 per occurrence and in the annual aggregate

EXCESS OF (for the Insured's Interest unless otherwise stated):  
USD 250,000,000 per occurrence and in the annual aggregate in turn excess of Insured's Retention

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention

SITUATION : Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

CONDITIONS : This Policy provides Terrorism coverage in respect of Property insured under the Named Insured's Property Policy insofar as this

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Policy insures such Property covered by the Property Policy against physical loss or damage that would fall for indemnity under the Property Policy but for existence of the Terrorism Exclusion Endorsement NMA 2920 contained in said Property Policy

This Policy shall be subject to all relevant terms, conditions and limitations as apply to the Property Policy to the extent they are relevant to this Policy, except for the purposes of this Policy, the following amendments are deemed to be made to this Policy. In the event of any conflict between the terms, conditions and limitations of this Policy and the Property Policy, the terms and conditions of this Policy shall prevail:

- A Onshore construction projects to attach automatically where the estimated full contract value is less than USD 50,000,000 any one project. Construction projects with full contract value in excess of the above amount are to be reported to Underwriters with 30 days of project commencement
- B The Automatic Acquisition Clause as contained in the Property Policy shall apply hereunder except that no automatic coverage is to apply under this Policy for a new location that a) has a total insured value greater than USD 10,000,000 and b) is within the metropolitan areas of the following cities:
  - o New York
  - o Chicago
  - o San Francisco
  - o Houston
  - o Los Angeles

Any new location in any of the metropolitan areas set out above and that has a total insured value greater than the amount specified above, is to be advised to and agreed by Underwriters, however, this policy will provide automatic coverage for up to 30 days from the date the Insured is at risk from such new location. Any location with a total insured value less than USD 10,000,000 shall be automatically included hereunder

- C For the purposes of this Policy, the definition of "occurrence" contained in the Property Policy is deemed to be replaced by the following:

The term "occurrence" shall mean any one loss and/or series of losses arising out of and directly occasioned by one Act or series of Acts of Terrorism for the same purpose or cause. The duration and extent of any one "Occurrence" shall be limited to all losses sustained by the Assured at the property insured herein during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this policy unless the Assured shall first sustain direct physical damage by an Act of Terrorism prior to expiration and within

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said period of 72 consecutive hours nor shall any period of 72 consecutive hours commence prior to the attachment of this Policy

- D For the purposes of this Policy, the Cancellation Clause contained in the Property Policy is deemed to be replaced with the following:

This Policy is non-cancellable except by mutual consent of both the Named Insured and Underwriters or in the event of non-payment of premium by the Assured, when cancellation shall be allowed in accordance with any Premium Payment Clause attached to this Policy.

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insured amounts for any reason, including, but not limited to, the financial impairment or insolvency of an underlying Insurer

The risk of uncollectibility (in whole or in part) of other insurance, whether because of financial impairment or insolvency of an underlying or other insurer or for any other reason, is expressly retained by the Assured and is not in any way or under any circumstances insured or assumed by Underwriters

CHOICE OF LAW & JURISDICTION

: Law: This Insurance shall be governed by and construed in accordance with the laws of the State of Ohio.

Jurisdiction: courts of the United States of America in accordance with the provisions of the Service Of Suit Clause (U S A ), NMA1998

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with service of process to be made upon Mendes and Mount, 750  
Seventh Avenue, New York, N Y. 10019-6829 or to be agreed Slip  
Leader only.

PREMIUM (100%) : USD [redacted] per annum

PREMIUM PAYMENT  
TERMS : Premium payable in within 60 days

TAXES PAYABLE BY  
INSURED AND  
ADMINISTERED BY  
UNDERWRITERS : None

RECORDING,  
TRANSMITTING AND  
STORING  
INFORMATION : Where JLT maintains risk and claim data, information or documents,  
JLT may hold such data, information or documents electronically

INSURER CONTRACT  
DOCUMENTATION JLT will prepare and issue to its client a copy of this document as  
evidence of cover (EOC). Non Lloyd's markets agree that such EOC  
will be issued without the Subscription Agreement, Fiscal &  
Regulatory and Broker Remuneration & Deduction sections of this  
contract. This document details the contract terms entered into by  
the insurers.  
No further documentation will be issued

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29/06/09



Jardine Lloyd Thompson Limited

6 Crutched Friars  
London EC3N 2PH

Tel +44 (0)20 7529 4000  
Fax +44 (0)20 7528 4600  
Our contact Richard Hurley

Date 13 July 2009

McGuff Seibels & Williams Inc,  
2211 7th Avenue South  
Birmingham  
AL 35233  
USA

Ref No BL0903132

### Evidence of Cover (Lloyd's)

Dear Sirs,

**Insured:** American Electric Power  
**Period:** 01 July 2009 to 01 July 2010  
**Interest(s):** All Risks of Physical Loss or Damage Onshore  
**Order Hereon:** 62 2642% part of 100% of 53%

In accordance with your instructions, we have effected insurance for your account as set out in the enclosed copy Contract

Our Debit Note reflecting the premium due for the insurance is additionally enclosed for your attention. In order to meet the premium payment terms set by Reinsurers, the premium needs to be paid to us by no later than the date set out in the Debit Note

Please note if individual Insurers impose their own line subjectivities these are expressed in the document below



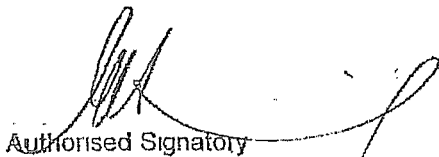
Continuation of Evidence of Cover BL0903132 dated 13 July 2009

**Reminder: Duty of Disclosure**

JLT Limited would like to remind you of a policyholder's (and its insurance agent's) duty to disclose all material facts and the consequences of not doing so, under English Law. It is necessary to disclose all information which a prudent Insurer would wish to consider in deciding whether or not to accept a risk, upon what terms and at what price. Failure to comply with this duty may give the Insurer the right to avoid the policy from its inception.

We would ask you to examine the enclosed documents carefully and if for any reason they are incorrect contact us immediately.

Yours faithfully  
for and on behalf of JLT Limited

  
Authorised Signatory



Continuation of Evidence of Cover BL0903132 dated 13 July 2009

**SUBJECTIVITIES APPLICABLE TO INDIVIDUAL INSURER LINES**

This contract is subject to US State Surplus lines requirements. It is the responsibility of the Surplus lines broker to affix a Surplus lines notice to the contract document before it is provided to the Insured. In the event that the Surplus lines notice is not affixed to the contract document, the Insured should contact the Surplus lines broker.



Continuation of Evidence of Cover BL0903132 dated 13 July 2009

## Security Schedule

Insured with:

62.2642% part of 100% of 53%

7 5130%	Lloyd's Syndicate 2488	AA-1128488
3 7566%	Lloyd's Syndicate 2010	AA-1128010
6 1043%	Lloyd's Syndicate 2121	AA-1128121
3 7566%	Lloyd's Syndicate 1084	AA-1127084
0 9391%	Lloyd's Syndicate 958	AA-1126958
5 1653%	Lloyd's Syndicate 2000	AA-1128000
1 8783%	Lloyd's Syndicate 609	AA-1126609
3 7566%	Lloyd's Syndicate 510	AA-1126510
3 7566%	Lloyd's Syndicate 1200	AA-1127200
0 9391%	Lloyd's Syndicate 2987	AA-1128987
3 0053%	Lloyd's Syndicate 5820	
3 3809%	Lloyd's Syndicate 1225	AA-1127225
1 4087%	Lloyd's Syndicate 2791	AA-1128791
1 4087%	Lloyd's Syndicate 2791	AA-1128791
3 7566%	Lloyd's Syndicate 1301	AA-1127301
8 9211%	Lloyd's Syndicate 5000	AA-1131000
2 2821%	Lloyd's Syndicate 2623	AA-1128623
0 5353%	Lloyd's Syndicate 623	AA-1126623
62.2642%		

This Security Schedule has been prepared by us for your ease of reference to identify the subscribing Insurers and their respective participations (as a percentage of our order) on the above referenced insurance contract. Please note that this schedule is not authorised by the subscribing Insurers.



Jardine Lloyd Thompson Limited

6 Crutched Friars  
London EC3N 2PH

Tel +44 (0)20 7529 4000  
Fax +44 (0)20 7526 4500  
Our contact Richard Hurley

Date 13 July 2009

McGriff Seibels & Williams Inc,  
2211 7th Avenue South  
Birmingham  
AL 35233  
USA

Ref No BL0903132

### Evidence of Cover (Companies)

Dear Sirs,

**Insured:** American Electric Power  
**Period:** 01 July 2009 to 01 July 2010  
**Interest(s):** All Risks of Physical Loss or Damage Onshore  
**Order Hereon:** 37 7358% part of 100% of 53%

In accordance with your instructions, we have effected insurance for your account as set out in the enclosed copy Contract

Our Debit Note reflecting the premium due for the insurance is additionally enclosed for your attention. In order to meet the premium payment terms set by Reinsurers, the premium needs to be paid to us by no later than the date set out in the Debit Note

Please note if individual Insurers impose their own line subjectivities these are expressed in the document below






Continuation of Evidence of Cover BL0903132 dated 13 July 2009

**Reminder: Duty of Disclosure**

JLT Limited would like to remind you of a policyholder's (and its insurance agent's) duty to disclose all material facts and the consequences of not doing so, under English Law. It is necessary to disclose all information which a prudent Insurer would wish to consider in deciding whether or not to accept a risk, upon what terms and at what price. Failure to comply with this duty may give the Insurer the right to avoid the policy from its inception.

We would ask you to examine the enclosed documents carefully and if for any reason they are incorrect contact us immediately.

Yours faithfully  
for and on behalf of JLT Limited

  
Authorised Signatory



Continuation of Evidence of Cover BL0903132 dated 13 July 2009

**SUBJECTIVITIES APPLICABLE TO INDIVIDUAL INSURER LINES**

This contract is subject to US State Surplus lines requirements. It is the responsibility of the Surplus lines broker to affix a Surplus lines notice to the contract document before it is provided to the Insured. In the event that the Surplus lines notice is not affixed to the contract document, the Insured should contact the Surplus lines broker.



Continuation of Evidence of Cover BL0903132 dated 13 July 2009

## Security Schedule

Insured with:

**37.7358% part of 100% of 53%**

23 5849% Lancashire Insurance Company (UK) Limited, London,  
United Kingdom

# 14 1509% Arch Insurance Company (Europe) Ltd, London, United Kingdom

**37.7358%**

notated by # has tendered Notice of Cancellation at Anniversary Date

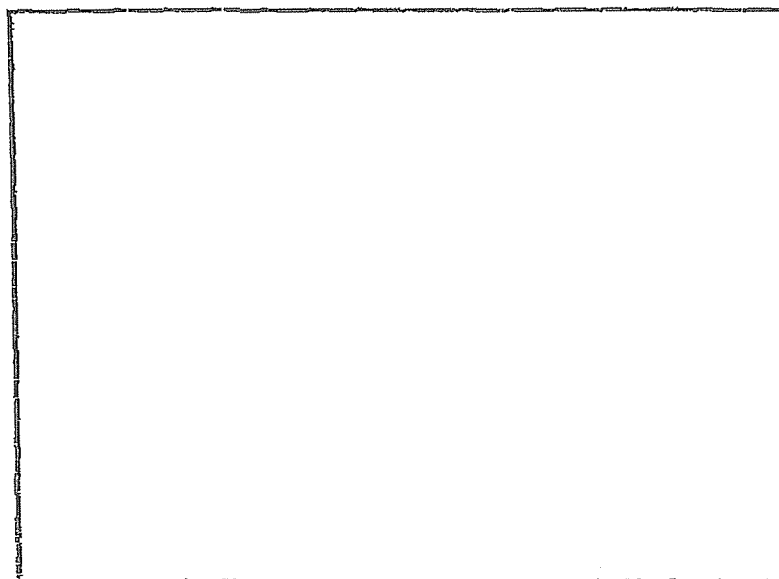
This Security Schedule has been prepared by us for your ease of reference to identify the subscribing Insurers and their respective participations (as a percentage of our order) on the above referenced insurance contract. Please note that this schedule is not authorised by the subscribing Insurers.



**JARDINE LLOYD THOMPSON**  
Limited

Policy No	901 JLT
BL0903132	
ASSURED/REASSURED	
American Electric Power	
USD 750,000,000 xs USD 500,000,000	
01 July 2009 to 01 July 2010	

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RISK DETAILS

Unique Market Reference:

B0901 BL0903132 000

TYPE

: All Risks of Direct Physical Loss or Damage, including Flood, Earthquake, Boiler Explosion, Mechanical and Electrical Breakdown as more fully defined in the Underlying Policy Wording

INSURED

American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc, Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereinafter acquired, organised or controlled (hereinafter referred to as the Insured) Corporations, associations or other entities acquired after the effective date of this Policy are automatically included hereunder

ADDRESS

1 Riverside Plaza, Columbus, Ohio 43215

PERIOD

1 July 2009 to 1 July 2010 both days at 12 01a m local standard time at the address of the Insured stated above

INTEREST

Real and Personal Property of every kind and description, including, but not limited to improvements and betterments, property of others in the care, custody or control of the Insured or for which the Insured is responsible, property of the Insured in the care, custody or control of others (but only in excess of insurance carried by others), property while in the course of construction, installation, erection or assembly, property in due course of transit, Valuable Papers and Records, accounts receivable, Fine Arts, dams, rail and hopper cars, draglines and rolling stock, mining equipment, at the Insured's option, the interest of contractors and sub-contractors in work performed for the Insured, personal property of officers, directors and employees of the Insured while at premises of the Insured, Electronic Data Processing Systems Media, and expediting expense

All as more fully defined in the Underlying Policy Wording

LIMIT OF LIABILITY

(for the Insured's Interest unless otherwise stated)

USD 750,000,000 per occurrence and in the annual aggregate separately in respect of Flood and Earthquake

EXCESS OF

(for the Insured's Interest unless otherwise stated)

USD 500,000,000 per occurrence and in the annual aggregate



AGM 2488  
28 June 2009

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separately in respect of Flood and Earthquake in turn excess of Insured's Retention

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention

SITUATION

Worldwide, except those countries currently under Trade Embargo Resfrnctions by the United States

CONDITIONS

Subject to terms and conditions of the Underlying Primary Policy (reference BLO700599 hereafter referred to as "Underlying Policy") with any additional conditions referenced below and attached hereto, ~~and to follow amendments to Underlying Policy as may be agreed by Slip Leader thereon (Lloyd's Syndicate AES 4225)~~

AGM 2488

In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the primary policy prior to the happening of a loss for which claim is made hereunder

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insured

AGM 2488





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amounts for any reason, including, but not limited to, the financial impairment or insolvency of an underlying Insurer

The risk of uncollectibility (in whole or in part) of other insurance, whether because of financial impairment or insolvency of an underlying or other insurer or for any other reason, is expressly retained by the Assured and is not in any way or under any circumstances insured or assumed by Underwriters

Terrorism Exclusion Endorsement NMA 2920 and TRIA Not Purchased Clause LMA 5092

CHOICE OF LAW & JURISDICTION

Law This Insurance shall be governed by and construed in accordance with the laws of the State of Ohio

Jurisdiction courts of the United States of America in accordance with the provisions of the Service Of Suit Clause (U S A ), NMA1998 with service of process to be made upon Mendes and Mount, 750 Seventh Avenue, New York, N Y 10019-6829, ~~or to be agreed Slip Leader only~~

*AGM 2488*

PREMIUM (100%)

USD [redacted] per annum and/or pro rata for period

PREMIUM PAYMENT TERMS

Premium payable in ~~two annual installments~~ within 60 days from 1 July 2009 and ~~60 days from 1 July 2010~~

*AGM 2488*

TAXES PAYABLE BY INSURED AND ADMINISTERED BY UNDERWRITERS

None

RECORDING, TRANSMITTING AND STORING INFORMATION

Where JLT maintains risk and claim data, information or documents, JLT may hold such data, information or documents electronically

INSURER CONTRACT DOCUMENTATION

JLT will prepare and issue to its client a copy of this document as evidence of cover (EOC) Non Lloyd's markets agree that such EOC will be issued without the Subscription Agreement, Fiscal & Regulatory and Broker Remuneration & Deduction sections of this contract This document details the contract terms entered into by the insurers

No further documentation will be issued

*This Contract is subject to US state surplus lines requirements. It is the responsibility of the surplus lines broker to affix a surplus lines notice to the contract document before it is provided to the Insured.*

*AGM 2488*

*AGM 2488*

JLT Auth

*To the extent that the surplus lines notice is not affixed to the*



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SECURITY DETAILS

(Re)Insurer's

Liability LMA3333(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Order Hereon 100% of 53.00% ~~or to be advised to Ship Leader only by email~~

Basis of Written Lines Percentage of Whole

*AGM 2009*  
2488  
*AGM 2009*  
2488





MRC

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Signing Provisions

In the event that the written lines hereon exceed 100% of the order, any lines written "To Stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (Re)Insurers

However

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full,
- b) the Insured/Reinsured may elect for the disproportionate signing of (Re)Insurers' lines, without further specific agreement of (Re)Insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "To Stand" may not be varied without the documented agreement of those (Re)Insurers;
- c) the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the Insured/Reinsured and all (Re)Insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (Re)Insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

Written Lines

4.0%  
of limit



ace global markets  
property power

A T L Z 4 9 L K 5 6 7 4

AGM 2488

21 June 2009  
See previous Fed Pg dated 2nd June 2009.

2%

Cathedral MMX 2010

D O H 9 9 3 4 0 A 0 0 1 1

30th June 2009

3 1/4%



Argenta ARG 2121

E 1 4 3 6 7 S A 1 0 9 X



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12.57.

*Handwritten signature*

**lancashire**  
INSURANCE COMPANY (UK) LIMITED

L	6	1	1	8	7	D	1	X	L	0	9
L0205											

LINE TO STAND



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2%  
Chaucer  
Non-Marine  
CSL 1084  
4.9 2.8 1 E 0.9 A A  
29/6/09

0.5%  
GSC 958  
D B O N N N D N E 0 7 6  
29/6/09

2.75%  
2.75%  
QBE  
QBP 2000  
9 1 6 W 0 0 0 8 3 9 7  
QBP Syndicate 2000 is part of Syndicate 2999  
Email: property2000@uk.qbe.com  
29/6/09

1%  
ATRIUM  
A U W 6 0 9  
P I D I F I W L S I 0 9 A F X  
nmproperty@atrium-uw.com  
30/6/09

2.0%  
Kiln Property  
KLN 510  
F U Y A 0 9 E 2 W S  
30/6/09

AGM 2488  
Dang



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2%

Heritage Property *CW<sup>30</sup>* HMA 1200  

1	0	0	8	9	0	9	A	1	0	0	0
---	---	---	---	---	---	---	---	---	---	---	---

*RA.*

For your information:  
Aggregates to 1200@heritage-plc.com

Brit Insurance *BRT* 2937  

A	V	2	5	5	F	0	9	A	0	0	0
---	---	---	---	---	---	---	---	---	---	---	---

*exp Pot prints*  
*30th June, 2009*

*[Handwritten scribble]*

*157*  
 Global Property *JCD* 5820  

P	E	0	1	7	4	2	A	A	0	0	1
---	---	---	---	---	---	---	---	---	---	---	---

property@jubilee-insurance.com

*1.87*  
*x*  
*Limit*

AEGIS  
 AES  
*x* 1225  

0	9	N	0	5	5	7	0	A	P	6
---	---	---	---	---	---	---	---	---	---	---

*[Handwritten signature]*  
*29 June 9*  
*[Handwritten signature]*  
*AGM 2488*  
*[Handwritten signature]*



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MAP 2791  
119 } 50%  
126 } 50%  
A23094402923  
A23094402924

BROADGATE BGT 1301  
112990K09AA  
Z-1

Arch Insurance Company (Europe) Ltd.  
Worldwide Energy Division  
Technical Risk

75%  
x limit

0006	0301	2009
A6105	XIS	NCAD

ALL TERMS AND AMENDMENTS TO BE AGREED  
LINE TO STAND ALL CLAIMS TO BE AGREED

AFR

1/75%  
x limit

PP00404AA001
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Power & Utilities

Email: Powerutilities@travelers.com

BEAZLEY AFB 2623 81%  
AFB 623 19%  
K8706F09A2FX  
U/W A:12  
Email schedules to commercialvalues@beazley.com

AGM 2488

Endorsement No. 8 Effective Date of Endorsement July 1, 2009  
Attached to and forming part of POLICY No. 3D568085001  
NAMED INSURED American Electric Power Service Corporation ET AL

**ANNIVERSARY PREMIUM ENDORSEMENT**

*This endorsement changes the policy. Please read it carefully.*

It is understood and agreed that the annual policy premium for the period July 1, 2009 to July 1, 2010 is            (100%)

All other terms and conditions remain unchanged.

AUTHORIZED SIGNATURE: *[Handwritten Signature]*



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Page of

RISK DETAILS

The insurance hereby evidenced is written by an approved nonlicensed insurer in the State of Ohio and is not covered in case of insolvency by the Ohio Insurance Guaranty Association.

Unique Market Reference:

B0901 BL0903058 000

TYPE

: All Risks of Direct Physical Loss or Damage, including Flood, Earthquake, Boiler Explosion, Mechanical and Electrical Breakdown as more fully defined in the Underlying Policy Wording.

INSURED

: American Electric Power Service Corporation for itself and as agent for American Electric Power Company, Inc, Indiana Michigan Power Company, and any corporations, subsidiaries, firms or individuals now in being or hereinafter acquired, organised or controlled (hereinafter referred to as the Insured) Corporations, associations or other entities acquired after the effective date of this Policy are automatically included hereunder

ADDRESS

: 1 Riverside Plaza, Columbus, Ohio 43215

PERIOD

: 1 July 2009 to 1 July 2011 both days at 12:01a m local standard time at the address of the Insured stated above

INTEREST

: Real and Personal Property of every kind and description, including, but not limited to improvements and betterments, property of others in the care, custody or control of the Insured or for which the Insured is responsible, property of the Insured in the care, custody or control of others (but only in excess of insurance carried by others), property while in the course of construction, installation, erection or assembly, property in due course of transit, Valuable Papers and Records, accounts receivable, Fine Arts, dams, rail and hopper cars, draglines and rolling stock, mining equipment, at the Insured's option, the interest of contractors and sub-contractors in work performed for the Insured, personal property of officers, directors and employees of the Insured while at premises of the Insured, Electronic Data Processing Systems Media, and expediting expense

All as more fully defined in the Underlying Policy Wording

LIMIT OF LIABILITY

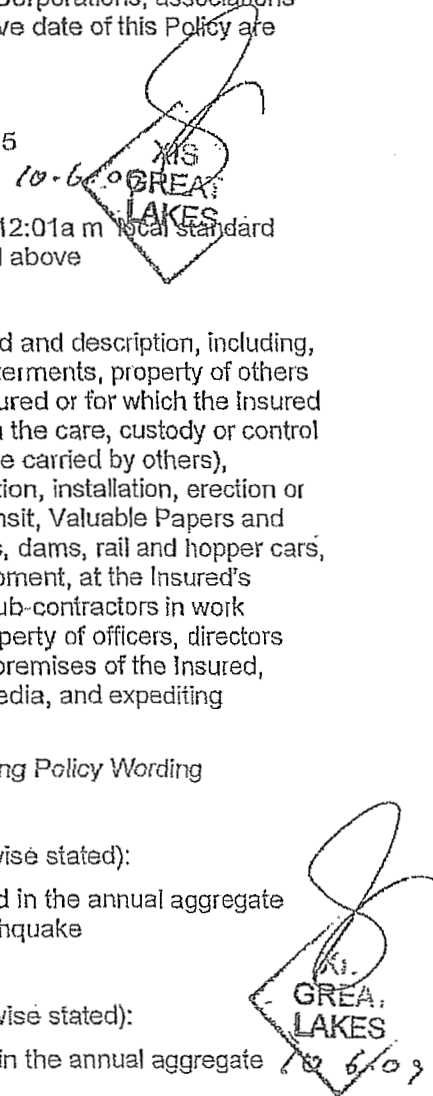
(for the Insured's Interest unless otherwise stated):

USD 1,000,000,000 per occurrence and in the annual aggregate separately in respect of Flood and Earthquake

EXCESS OF

(for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate





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separately in respect of Flood and Earthquake in turn excess of Insured's Retention

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention

SITUATION : Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

CONDITIONS : Subject to terms and conditions of the Underlying Policy (reference BLO700599 hereafter referred to as "Underlying Policy") with any additional conditions referenced below and attached hereto and to follow amendments to Underlying Policy as may be agreed by Slip Leader thereon (Lloyd's Syndicate AES 1225)

In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable; and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the primary policy prior to the happening of a loss for which claim is made hereunder

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurers shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insured

Handwritten signature and stamp: JLT GREAT LAKES 10/6/09

JLT Auth





### CONTRACT ENDORSEMENT

Unique Market Reference      B0901BL0903058000  
Endorsement Reference      P3  
Insured      American Electric Power

### CONTRACT CHANGES

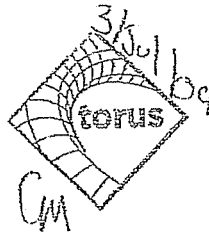
**ENDORSEMENT  
EFFECTIVE DATE:**      With effect from inception it is noted and agreed that Order Hereon  
is 100% of 18%

All other terms and conditions remain unchanged

### AGREEMENT

GENERAL UNDERWRITERS AGREEMENT (GUA)		
Each Underwriter's proportion is several not joint		
Slip Leader Only          Box 1	Slip Leader And Agreement Parties          Box 2	All Reinsurers          Box 3

Internal use only	
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Leading Insurer
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 JLT

CONTRACT ENDORSEMENT

Unique Market Reference B0901BL0903058000  
 Endorsement Reference P2  
 Insured American Electric Power

CONTRACT CHANGES

ENDORSEMENT  
 EFFECTIVE DATE:

With effect from inception it is noted and agreed that:

Period is amended to read as follows:

1 July 2009 to 1 July 2010 both days at 12:01a.m. local standard time at the address of the Insured stated per slip

Reference to separate annual aggregates for the periods (a) July 1, 2009 to July 1, 2010, and; (b) July 1, 2010 to July 1, 2011 and Swiss Re Multi Year Agreement are deleted

Premium Payment Terms are amended to read as follows

Premium payable within 60 days from 1 July 2009

Written and Signed line of Swiss Re International SE is 13.00%

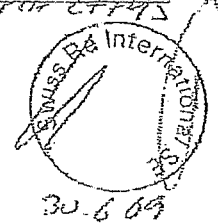
All other terms and conditions remain unchanged

AGREEMENT

GENERAL UNDERWRITERS AGREEMENT (GUA)		
Each Underwriter's proportion is several not joint		
Slip Leader Only	Slip Leader And Agreement Parties	All Reinsurers
Box 1	Box 2	Box 3

Leading Insurer

Int: slua only





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RISK DETAILS

Unique Market  
Référence:

B0901 BL0903058 000

TYPE : All Risks of Direct Physical Loss or Damage, including Flood,  
Earthquake, Boiler Explosion, Mechanical and Electrical Breakdown  
as more fully defined in the Underlying Policy Wording

INSURED : American Electric Power Service Corporation for itself and as agent  
for American Electric Power Company, Inc., Indiana Michigan Power  
Company, and any corporations, subsidiaries, firms or individuals  
now in being or hereinafter acquired, organized or controlled  
(hereinafter referred to as the Insured) Corporations, associations  
or other entities acquired after the effective date of this Policy are  
automatically included hereunder

*V affiliated and/or associated*

ADDRESS : 1 Riverside Plaza, Columbus, Ohio 43215

PERIOD : 1 July 2009 to 1 July 2011 both days at 12:01 a.m. local standard  
time at the address of the Insured stated above

INTEREST : Real and Personal Property of every kind and description, including,  
but not limited to improvements and betterments, property of others  
in the care, custody or control of the Insured or for which the Insured  
is responsible, property of the Insured in the care, custody or control  
of others (but only in excess of insurance carried by others),  
property while in the course of construction, installation, erection or  
assembly, property in due course of transit, Valuable Papers and  
Records, accounts receivable, Fine Arts, dams, rail and hopper cars,  
draglines and rolling stock, mining equipment, at the Insured's  
option, the interest of contractors and sub-contractors in work  
performed for the Insured, personal property of officers, directors  
and employees of the Insured while at premises of the Insured,  
Electronic Data Processing Systems Media, and expediting  
expense

All as more fully defined in the Underlying Policy Wording

LIMIT OF LIABILITY (for the Insured's Interest unless otherwise stated):

USD 1,000,000,000 per occurrence and in the annual aggregate  
separately in respect of Flood and Earthquake

EXCESS OF (for the Insured's Interest unless otherwise stated):

USD 250,000,000 per occurrence and in the annual aggregate

JLT Auth

BL0903058000pm2003 June 2009

The insurance hereby evidenced is  
written by an approved nonlicensed  
insurer in the State of Ohio and is not  
covered in case of insolvency by the Ohio  
Insurance Guaranty Association.





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Page 2 of 14

separately in respect of Flood and Earthquake in turn excess of Insured's Retention

Subject to the sub-limits as stated in the schedule attached which are included within and not in addition to the Limit stated above and which apply excess of the Insured's Retention.

SITUATION : Worldwide, except those countries currently under Trade Embargo Restrictions by the United States

CONDITIONS : Subject to terms and conditions of the Underlying Policy (reference BL0700599 hereafter referred to as "Underlying Policy") with any additional conditions referenced below and attached hereto and to follow amendments to Underlying Policy as may be agreed by Slip Leader thereon (Lloyd's Syndicate AES 1225) *and SR International SE*



In respect of the perils hereby insured against this Policy is subject to the same warranties, terms and conditions (except as regards the premium, the amount and Limits of Liability other than the deductible or self-insurance provision where applicable, and the renewal agreement, if any, AND EXCEPT AS OTHERWISE PROVIDED HEREIN) as are contained in or as may be added to the primary policy prior to the happening of a loss for which claim is made hereunder.

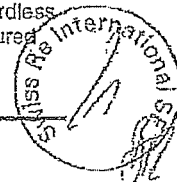


*Valid agreed by SR International SE*

It is a condition precedent to recovery under this Policy that the Policy/ies and Limit(s) of the Primary and Underlying Excess Insurances shall be maintained in full force and effect, except for any reduction or exhaustion of any underlying aggregate Limits of Liability contained therein, solely by the amount of loss(es) paid or admitted during the policy year. Only losses which, except for the amount thereof, would have been payable under this Policy may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles.

In the event of such reduction of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy shall pay excess over the reduced aggregate limit. In the event of exhaustion of the aggregate Limits of Liability of the Primary and Underlying Excess Insurances this Policy, subject to all its provisions, shall continue in force as Primary Insurance in respect of the peril for which the aggregate Limit of Liability has been so exhausted and the deductible or self-insured amount applicable to that peril, as set forth in the primary Policy, shall apply to this Policy.

Notwithstanding any of the terms of this Policy that might be construed otherwise, the insurance provided by this Policy shall always be excess over the maximum monetary limits set forth in the Primary and Underlying Excess Limit(s) (reduced only by reduction of any underlying aggregate limits as provided for above) regardless of the uncollectibility (in whole or in part) of any underlying insurances.



JLT/abh



**Kentucky Power Company**

**REQUEST**

Reference the company's response to AG 1-51. The company indicated correspondence was attached, but there were no attachments. Were the documents included in the CD the company attached to its responses? Please provide any additional documents necessary to fully respond to this request.

**RESPONSE**

Yes, pages 2 through 79 provided on the CD in response to AG 1st Set, Item 51 were all of the attachments referenced in the response.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**

**REQUEST**

Reference the materials the company produced in response to AG 1-51, at the bottom of p. 30 of 79. On that page (which contains no redactions) it is indicated that “[r]atings could be downgraded due to contagion risks associated with the parent company, AEP.” Identify the type and nature of “contagion risks” to which this document refers. Discuss fully whether any such risks actually exist at the present time, and the likelihood (if any) that they may materialize within the next three (3) years. If necessary, provide a confidential response.

**RESPONSE**

The article referenced above was published by Moody's Investor Service (Moody's) and was not written by the Company. "Contagion Risks" have not been identified by Moody's and it would be speculative to try and identify what Moody's meant by that term.

**WITNESS:** Errol K. Wagner





## Kentucky Power Company

### REQUEST

Identify all regulatory assets and cost tracking mechanisms for which the company is seeking recovery and/or approval in the instant proceeding. The company's response will be deemed all-inclusive.

### RESPONSE

The three regulatory assets the Company is requesting recovery of in the instant proceeding are (a) the regulatory asset associated with the January, February and May 2009 Major Event storms (See Section V, Workpaper S-4, Page 20); (b) the Carbon Management Research Group (See Section V, Workpaper S-4, Page 11); and (c) the two December, 2009 Major Events storms (See Company's response to Staff 3rd Set Item No. 25 page 5 of 7).

The only cost tracker mechanisms for which the Company is seeking approval of in the instant proceeding are the Off-System Sales, Environmental Surcharge and the Transmission Adjustment Tariff.

**WITNESS:** Errol K. Wagner and Ranie K. Wohnhas