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Kentucky Power Company
2010 Distribution Vegetation Management Plan

MAY 20 2010

PUBLIC SERVICE
COMMISSION

Overview

On March 31, 2010, Kentucky Power filed its 2010 Distribution Vegetation Management Plan with the Public Service Commission. (A copy of the Plan is attached as **EXHIBIT 1** to this Plan.) In the plan, the Company projected undertaking distribution vegetation management work to re-clear 872 miles of distribution lines at an estimated O&M cost of \$6.5M.

In its 2010 Distribution Vegetation Management Plan Kentucky Power projected that during the entirety of 2010 Kentucky Power would undertake the following work at the stated cost in each of the three districts in its service territory:

District	Planned Miles Of Distribution Line To Be Re-Cleared	Planned Acres To Be Sprayed (Included In Miles To Be Re-Cleared)	Total Distribution Vegetation Management O&M Expenditures
Hazard	333	854	\$2,230,528
Pikeville	360	630	\$2,495,953
Ashland	179	320	\$1,773,519
Totals	872	1804	\$6,500,000

Based on year to date actual expenditures, the Company estimates that 466 miles of distribution lines will be maintained during the first six months of 2010. The O&M cost of performing the work during the first six months of 2010 is projected to be \$4 million. This compares with test year O&M expenditures of \$7.24M for the twelve month period ended September 30, 2009.

Under the Unanimous Settlement Agreement, Kentucky Power agreed to maintain the test-year level of Distribution Vegetation Management O&M expenditures. In addition, under the Unanimous Settlement Agreement, Kentucky Power is to receive and is required to spend an additional \$10 million annually for Distribution Vegetation Management. Thus, if the Unanimous Settlement Agreement is approved, Kentucky Power's annual Distribution Vegetation Management expenditures will be \$17.24M. The budget for the first six months following the approval of the Unanimous Settlement Agreement is \$8.62M (\$17.24 million/2).

A circuit-by-circuit description of the proposed Distribution Vegetation Management work plan for the second half of 2010, along with the associated O&M expenditures, is

provided as EXHIBIT 2 to this Plan. EXHIBIT 3 to the Plan sets out by District the projected aerial spraying expenditures during the second half of 2010. Finally, EXHIBIT 4 to the Plan provides on a district-by-district basis the projected total O&M expenditures during the second half of 2010.

As set out in more detail on EXHIBITS 2-4 of this plan, Kentucky Power projects that during the six-month period July 29, 2010 to December 31, 2010.

- Approximately 1257 miles of distribution line will be re-cleared by manual trimming, mechanical trimming and herbicide treatment during the six months ended December 31, 2010. This is 851 miles more than the 406 miles planned for the second half of 2010 in the absence of the increased reliability funding.
- The Distribution Vegetation Management contract crew complement will be expanded from 71 existing crews to 91 crews (60 Asplundh new hires).
- Planned overtime work of 80 hours per Asplundh crew will be performed (equivalent to 21 additional FTE's for six months).
- 12 experienced contract crews will be brought in from other locations for three months of work. (36 FTE's).
- An aerial saw will be utilized to trim 90 miles of distribution line. No aerial saw work was in the original 2010 work plan. The use of an aerial saw allows re-clearing in the most inaccessible areas and helps resolve tree overhang problems.
- Herbicide application will be increased from the 182 miles in the original plan for the second half of the year to 600 miles.
- 3 contract foresters will be employed to assist our company foresters in planning and monitoring the work performed.

Kentucky Power estimates it will take 7 years to perform a complete re-clearing cycle of its distribution system and establish a 4-year cycle for its program. A complete inventory of all trees along distribution Rights-of-Way will not be made at this time. However the Company will develop and maintain an inventory of "cycle-buster" trees as the program is moved to a 4-year cycle. (A cycle buster tree is one that has to be revisited before the circuit is due for its next cycle trim.)

Vegetation management problems have been identified as the primary cause of reliability problems of seven of the ten 2009 worst performing circuits. Of these seven circuits, the distribution vegetation management work planned to address reliability

issues has either been completed in the first half of 2010, or will be completed under this proposed plan during the second half of 2010.

Kentucky Power will use reasonable and prudent efforts to adhere to and carry out this Work Plan. Unforeseen circumstances may cause some deviations from the plan. These include major storms or the newly discovered need to do vegetation management on a distribution circuit not in the plan, but which is experiencing reliability problems. The Company will inform the Commission of any such material deviation from its Plan.

EXHIBIT 1

2010 Kentucky Power Vegetation Management Plan/Review

There are no major changes to the Vegetation Management Plan for 2010. The Cut portion of the 2010 VMP will focus on Feeder Breaker Zones and Recloser/Sectionalizer Zones that impact large numbers of customers. Mitigating tree-caused outages in these areas will provide the optimum impact on reducing SAIFI. These zones will be prioritized and scheduled based on past reliability performance, field inspection of the right-of-way conditions, and the number of customers impacted. Some line segments that have experienced repeated tree-caused outages in 2009 will be included in the 2010 Plan also. Some full-circuit reclearing will also be performed. These circuits will be selected based on tree-related outage performance. Approximately \$571,175 will be earmarked in the Cut portion of the VM Plan to address reactive reliability issues that develop throughout the year. This *Unscheduled/Reactive* funding represents about eight percent of the total VM Budget.

Right-of-Way (ROW) widening will be performed on selected line segments to reduce the potential for outages caused by trees from outside the ROW. These lines segments are typically in inaccessible areas, have experienced excessive Tree Out of ROW outages, and/or serve critical or large numbers of customers. This work will be funded under the Capital portion of the VM Plan.

Herbicide treatment methods are an important component of Kentucky Power's Vegetation Management Plan. ULV (Ultra Low Volume), high-volume foliar, basal, cut-surface, and aerial application techniques will be utilized depending on the brush conditions. The goal is to treat 1,804 acres of brush in 2010.

2010 KENTUCKY POWER DISTRIBUTION VEGETATION MANAGEMENT PLAN

AREA	PLANNED MILES	PLANNED SPRAY ACRES	FORESTRY CAPITAL FUNDING	UNSCHEDULED REACTIVE O&M FUNDING	SCHEDULED O&M FUNDING	TOTAL O&M FUNDING	TOTAL VMP FUNDING
HAZARD	333	854	\$348,319	\$197,579	\$2,032,949	\$ 2,230,528	\$2,578,847
PIKEVILLE	360	630	\$378,310	\$273,132	\$2,222,821	\$ 2,495,953	\$2,874,263
ASHLAND	179	320	\$273,371	\$100,464	\$1,673,055	\$ 1,773,519	\$2,046,890
TOTALS	872	1804	\$1,000,000	\$571,175	\$5,928,825	\$ 6,500,000	\$7,500,000

The 2009 VM Plan was implemented without any major changes. The Ice Storm in January, the February Wind Storm in the Hazard Area and the two snow storms in December caused significant damage to our distribution system. Tree crews worked for several weeks following these major events to remove damaged trees and limbs endangering our facilities. A series of minor storms in June initiated additional reactive tree work that also impacted our VM Plan. The historic level of storm activity experienced in 2009 prevented us from spending all of the funds designated for Vegetation Management during 2009. We also performed more Right-of-Way widening work than was originally planned. This work was funded under the Capital portion of the budget. Right-of-Way widening is aimed at improving the long-term reliability of line segments by reducing the number of outages caused by trees falling from outside of the Right-of-Way.

EXHIBIT 2

2010 2nd Half KY FORESTRY PLAN-SUMMARY

RECLEARING PLAN

DISTRICT	STATION NAME	CIRCUIT NAME	CIRCUIT NUMBER	LINE MILES	MILES PLANNED	O&M	COMMENTS
PKV	Sidney	Coburn Mountain	3404302	49.00	40.00	\$600,000	finish Full Circuit Reclear
PKV	Barrenshe	Vulcan	3200202	49.00	20.00	\$260,000	Full Circuit Reclear - to be completed in 2011 - 2009 WPC
PKV	Hurley	Race Fork	2970603	6.00	6.00	\$90,000	Full Circuit Reclear (Paw Paw area)
PKV	Spring	Matewan	2150105	1.30	1.30	\$6,500	Feeder Breaker Zone
PKV	Draffin	Yellow Hill	3400702	12.00	12.00	\$180,000	Full Circuit Reclear
PKV	Elkhorn City	Little Grass	3400902	2.20	2.20	\$11,000	Feeder Breaker Zone
PKV	Fishtrap	Distribution	3414901	4.80	4.80	\$24,000	Full Circuit Reclear
PKV	Henry Clay	Regina	3401702	80.00	5.62	\$56,201	Feeder Breaker Zone
PKV	Johns Creek	Meta	3411801	158.00	5.00	\$15,000	Hedge Road Recloser Zone - poor tree reliability performance - impacts 1,571 customers
PKV	South Fork	Distribution	3403801	2.05	1.00	\$4,000	Feeder Breaker Zone
PKV	South Pikeville	Pikeville	3410501	1.18	1.00	\$6,000	Feeder Breaker Zone
PKV	Topmost	Kite	3407103	4.00	4.00	\$56,000	Feeder Breaker Zone
PKV	West Paintsville	Staffordsville	3409002	44.00	10.00	\$120,000	finish Full Circuit Reclear
PKV	Feds Creek	Feds Creek	3409401	41.00	38.00	\$456,000	Full Circuit Reclear
PKV	Feds Creek	Lick Creek	3409402	17.00	17.00	\$204,000	Full Circuit Reclear
PKV	Fords Branch	Robinson Creek	3411902	35.00	35.00	\$420,000	Full Circuit Reclear
HAZ	Fords Branch	Shelby	3411901	37.00	37.00	\$444,000	Full Circuit Reclear
HAZ	Bluegrass	Hazard	3300602	1.92	1.92	\$17,240	Feeder Breaker Zone
HAZ	Bluegrass	Walkertown	3300601	1.35	1.35	\$12,155	Feeder Breaker Zone
HAZ	Chavies	Chavies	3301101	3.21	3.21	\$28,907	Feeder Breaker Zone - 2009 WPC
HAZ	Fleming	McRoberts	3401302	3.16	3.16	\$28,420	Feeder Breaker Zone
HAZ	Fleming	Neon	3401301	2.17	2.17	\$19,534	Feeder Breaker Zone
HAZ	Hazard	Kenmont	3302704	4.03	4.03	\$36,266	Feeder Breaker Zone
HAZ	Jeff	Jeff	3309002	0.60	0.60	\$5,400	Feeder Breaker Zone
HAZ	Reedy	Deane	3311401	6.78	6.78	\$61,020	Feeder Breaker Zone
HAZ	Slemp	Beech Fork	3309903	1.53	1.53	\$13,730	Feeder Breaker Zone
HAZ	Slemp	Defeated Creek	3309901	3.70	3.70	\$33,300	Feeder Breaker Zone
HAZ	Slemp	Royal Diamond	3309904	2.38	2.38	\$21,394	Feeder Breaker Zone
HAZ	Vicco	Red Fox	3309301	3.1	3.1	\$37,200	Sassafras Creek - Repeat Tree Outages
HAZ	Leslie	Wooten	3303902	4.30	4.30	\$51,600	1st recloser zone up Cutshtin - Repeat Tree Outages - impacts 1,423 customers
HAZ	Beckham	Carr Creek	3308402	6.30	6.30	\$75,600	Recloser Zone @ Brinkley - Repeat Tree Outages - impacts 384 customers
HAZ	Hazard	Blackgold	3302701	29	29	\$348,000	Full Circuit Reclear - 2009 WPC
HAZ	Whitesburg	Crafts Colley	3309104	26	26	\$312,000	Full Circuit Reclear
HAZ	Stinnett	Redbird	3311101	116	14	\$168,000	Recloser Zones: Stinnett Creek & Beech Fork - 2009 WPC
HAZ	Jeff	Viper	3309001	43	5	\$60,000	2nd Recloser Zone - Poor tree reliability performance - Left FK Macces Creek-impacts 663 customers
HAZ	Mayking	Ermine	3314401	26	26	\$312,000	Full Circuit Reclear
HAZ	Mayking	Millstone	3314402	43	25	\$300,000	Full Circuit Reclear
HAZ	Hazard	Hazard	3302703	12	12	\$144,000	Full Circuit Reclear
HAZ	Leslie	Wooten	3303902	150	20	\$240,000	head of Cutshtin - work to complete Circuit Reclearing
HAZ	Collier	Smooth Creek	3308603	70	10	\$120,000	Kingdom Come area - Repeat Tree Outages - 2009 WPC
ASH	Highland	Russell	3000901	1.90	1.90	\$11,400	Feeder Breaker Zone
ASH	Highland	Flatwoods	3000902	1.70	1.70	\$10,200	Feeder Breaker Zone
ASH	Highland	Wurland	3000903	0.80	0.80	\$4,800	Feeder Breaker Zone
ASH	Hitchens	Willard	3001002	147.20	14.00	\$196,000	Partial Reclear - This work completes reclearing planned in 1st half
ASH	Hitchens	Denton	3001001	4.10	4.10	\$24,600	Feeder Breaker Zone
ASH	Hitchens	E K Road	3001004	0.90	0.90	\$2,700	Feeder Breaker Zone
ASH	Hitchens	Grayson	3001003	47.60	6.10	\$91,500	Feeder Breaker Zone
ASH	Big Sandy	Fallsburg South	3000201	155.70	27.00	\$432,000	Full Circuit Reclear - Partial-to be completed in 2011
ASH	Grays Branch	Grays Branch	3000701	66.30	27.00	\$432,000	Full Circuit Reclear - Partial-to be completed in 2011
ASH	Olive Hill	Globe	3103101	117.00	27.00	\$432,000	Full Circuit Reclear - Partial-to be completed in 2011
HAZ	AERIAL SAW	RECLEARING TOTALS		Totals	527	\$7,088,467	
PKV	AERIAL SAW			45.0	45.0	\$157,530	
PKV	AERIAL SAW			45.0	45.0	\$157,530	
PKV	AERIAL SAW			90.0	90.0	\$315,060	

EXHIBIT 3

GROUND SPRAY PLAN - KY POWER 2nd HALF 2010

DISTRICT	SPRAY MILES	ACRES	BUDGET
PKV	196	392	\$196,000
HAZ	280	560	\$280,000
ASH	124	248	\$124,000
Totals	600	1200	\$600,000

EXHIBIT 4

Kentucky Power Company					
2nd Half of 2010					
Distribution Vegation Management O&M Forestry Plan-Summary					
<u>ACTIVITY</u>	<u>Total O&M</u>	<u>Pikeville</u>	<u>Hazard</u>	<u>Ashland</u>	
RECLEARING	\$7,088,467	\$3,005,501	\$2,445,766	\$1,637,200	
GROUND SPRAY	\$600,000	\$196,000	\$280,000	\$124,000	
AERIAL SPRAY	\$1,260	\$1,260	\$0	\$0	
AERIAL SAW	\$315,060	\$157,530	\$157,530	\$0	
Unscheduled/Reactive Maintenance	\$260,080	\$89,080	\$110,000	\$61,000	
CONTRACT FORESTERS	\$115,000	\$38,333	\$38,333	\$38,334	
STUMP GRINDING PROGRAM	\$11,000	\$5,000	\$0	\$6,000	
TREE REPLACEMENT PROGRAM	\$24,133	\$12,133	\$5,000	\$7,000	
KPI INCENTIVE PROGRAM-Asplundh Field Personnel	\$120,000	\$50,400	\$42,000	\$27,600	
INTERNAL-Existing KY Forestry Staff	\$85,000	\$29,750	\$25,500	\$29,750	
TOTAL	\$8,620,000	\$3,584,987	\$3,104,129	\$1,930,884	
September 30, 2009 Test Year Level	\$7,240,000				
Settlement Incremental Level	\$10,000,000				
Total Annual Distribution Vegation	\$17,240,000				
2010 O&M BUDGET - 2nd Half	\$8,620,000				
Reclearing, Aerial Saw and Spray Miles					
Pikeville	486				
Hazard	537				
Ashland	235				
Total	1,257				