

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter Of:

PUBLIC SERVICE
COMMISSION

Joint Application Of Kentucky Power Company,)
American Electric Power Company, Inc., And Central)
And South West Corporation Regarding A Proposed) Case No. 99-149
Merger)

Kentucky Power Company's Motion's For Waiver Of
A Portion Of The Commission's June 14, 1999 Order
Approving the May 24, 1999 Stipulation And Settlement Agreement

Kentucky Power Company ("Kentucky Power" or the "Company") moves the Public Service Commission of Kentucky ("Commission") to waive so much of the Commission's June 14, 1999 Order approving the May 24, 1999 Stipulation and Settlement Agreement in this proceeding as is necessary to permit the Company to provide the Commission with copies of the Company's anticipated filings with the Federal Energy Regulatory Commission ("FERC") coincident with their filing. In support of its motion Kentucky Power states:

1. On May 24, 1999 Kentucky Power filed with the Commission a May 24, 1999 "Stipulation and Settlement Agreement" resolving the issues in this proceeding. By Order dated June 14, 1999 the Commission approved the May 24, 1999 Stipulation and Settlement Agreement (the June 14, 1999 Order").

2. Paragraph 8(T) of the Stipulation and Settlement Agreement provides:

Thirty (30) days prior to filing any affiliate contract (including service agreements) with the SEC or FERC an AEP operating company shall submit to each affected State Commission a copy of the proposed filing.

3. On December 17, 2010 each member of the AEP Power Pool gave notice of its decision to terminate the American Electric Power Interconnection Agreement (“Pool Agreement”) effective January 1, 2014, or such other date approved by the FERC.

4. On January 19, 2012 representatives of Kentucky Power met with the Commission Staff, representatives of Kentucky Industrial Utility Customers, Inc., and representatives of the Office of the Attorney General to discuss, among other matters, the Company’s proposed filings with the Federal Energy Regulatory Commission in connection with the termination of the AEP Pool. These filings included an application under Section 203 of the Federal Power Act to transfer a 20% undivided interest in the Mitchell Plant to Kentucky Power. Also addressed was the Company’s filings under Section 205 of the Federal Power Act providing notice of the termination of the Pool Agreement and the AEP Interim Allowance Agreement, and requesting acceptance, without condition or modification, of the Power Cost Sharing Agreement among Appalachian Power Company (“APCo”), Indiana Michigan Power Company (“I&M”), Kentucky Power, and American Electric Power Service Corporation (“AEPSC”) and of the Bridge Agreement among APCo, I&M, Kentucky Power, AEPSC, and AEP Generation Resources, Inc. Finally, information was provided on the proposed filing, under Section 205 of the Federal Power Act, of the Mitchell Operating Agreement among APCo, Kentucky Power, and AEPSC.

5. On February 10, 2012 the Company filed with FERC the filings described in paragraph 4 above. Copies of, or links to, the filings were provided on February 10, 2012 to the Commission and representatives of the Attorney General and KIUC.

6. On February 23, 2012 the Public Utilities Commission of Ohio (“PUCO”) entered its Entry on Rehearing in related Ohio dockets. The effect of the Entry on Rehearing was to

withdraw the PUCO's prior approval of the Electronic Security Plan filed by Ohio Power Company ("OPCo") and Columbus Southern Power Company ("CSPCo").¹ This in turn affected the ability of the parties to the February 10, 2012 FERC filings to consummate the transactions contemplated in the filings.

7. In response to the PUCO's February 23, 2012 Entry on Rehearing, on February 28, 2012, Kentucky Power Company and other AEP affiliates (the "AEP Companies"), withdrew their February 10, 2012 FERC filings without prejudice. Their withdrawal indicated the AEP Companies intended to pursue the matters covered by the filings that were being withdrawn, and to make the necessary filings at FERC at a later date.

8. On March 30, 2012 OPCo filed applications with the PUCO for approval of a modified Electronic Security Plan. In addition, OPCO filed an application that same day to amend its Corporate Separation Plan.

9. The PUCO approved the modified Electronic Security Plan filed by OPCo by Opinion and Order dated August 8, 2012.

10. In response to the PUCO's August 8, 2012 Opinion and Order, and in anticipation of an imminent decision by the PUCO on OPCo's amended Corporate Separation Plan, Kentucky Power notified the Commission by letter delivered on October 8, 2012 that the AEP Companies intended to re-file with FERC, in the near future, modified versions of their February 10, 2012 FERC filings. Kentucky Power requested that its October 8, 2012 letter be accepted by the Commission in fulfillment of any 30-day notice requirement under Paragraph 8(T) of the May 24, 1999 Stipulation and Settlement Agreement.

¹ On December 31, 2011, CSPCo merged into OPCo in an internal reorganization that was approved by the PUCO and FERC.

11. By letter dated October 12, 2012 the Executive Director of the Commission indicated that he was without authority to act on the Company's request that the October 8, 2012 letter from the Company be accepted in satisfaction of the requirements of Paragraph 8(T) of the May 24, 1999 Stipulation and Settlement Agreement.

12. Representatives of Kentucky Power met with the Commission Staff and representatives of KIUC at the Commission's offices on October 15, 2012. A representative of the Attorney General participated by telephone. At the meeting, Kentucky Power indicated that the AEP Companies anticipated making the necessary filings at FERC as early as October 31, 2012 to address the December 31, 2013 termination of the AEP Pool. Company representatives also reviewed the anticipated FERC filings, including the Power Coordination Agreement and the planned transfer of a portion of the Mitchell Units to Kentucky Power. Other than replacing the previously submitted Power Cost Sharing Agreement with the Power Coordination Agreement, and the transfer of a different percentage interest in the Mitchell Units to Kentucky Power, in lieu of the previously indicated 20% interest, the anticipated FERC filings are expected to be substantially similar to the FERC filings previously made by the AEP Companies on February 10, 2012.

13. On October 17, 2012 the PUCO approved OPCo's amended Corporate Separation Plan.

14. Although the FERC filings are not expected to be in final form until immediately prior to their filing, Kentucky Power anticipates that the AEP Companies will make the FERC filings on October 31, 2012. Because of the December 31, 2013 termination of the AEP Pool Agreement; the corporate separation of OPCo; the need to provide FERC and all parties to the FERC proceedings, including State commissions, an adequate opportunity to consider the

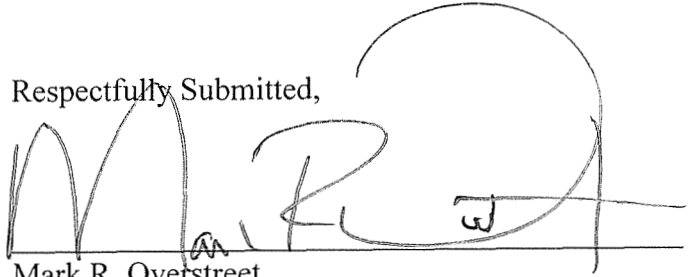
proposed FERC filings; and to provide an adequate period for post-approval activities prior to implementation of the various changes necessitated by OPCo's corporate separation and the termination of the Pool Agreement, a prompt FERC filing is required.

15. Kentucky Power submits that the purposes of Paragraph 8(T) of the May 24, 1999 Order have been satisfied by the Company's actions with the respect to the FERC filings. The Company previously provided more than eight months ago final versions of the later withdrawn February 10, 2012 FERC filings. The anticipated October 31, 2012 FERC filings will be substantially similar to the February 10, 2012 filings that were subsequently withdrawn. In addition, the Company met with the Commission Staff, the Office of the Attorney General, and KIUC twice this year to discuss the FERC filings and to answer questions regarding its plans.

16. Kentucky Power also believes that providing copies of the FERC filings coincident with their filing will not prejudice the Commission or likely intervenors before FERC. To the contrary, an early filing should benefit all parties to the FERC proceedings, including the Kentucky Commission.

Wherefore, Kentucky Power Company respectfully requests that the Commission waive or modify the provisions of its June 14, 1999 Order, to the extent necessary to permit Kentucky Power to provide the Commission with a copy of the to-be-filed FERC submissions coincident with their filing.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'M. R. Overstreet', written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first class mail on this 22nd day of October, 2012 upon:

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