Public Service Commission of Kentucky

REQUEST FOR PROPOSAL (RFP)

1. Invitation to Propose

The Kentucky Public Service Commission (Commission) is seeking proposals for all consulting services required to perform a management and operations audit of Kentucky Power Company (Kentucky Power). Kentucky Power's headquarters are located in Ashland, Kentucky.

Each person responding to this RFP is referred to hereinafter as a "Bidder" until such time as they may be selected to undertake the engagement. A "Consultant" is a firm that has been selected to undertake the engagement. The Commission will accept proposals to this RFP under the terms and conditions set forth herein.

Upon selection to perform the management and operations audit, a Letter of Agreement ("Agreement") will be signed between the Commission, Kentucky Power and the Consultant. This Agreement, described more fully herein, shall comprise the contract for the engagement.

The standard information package for this project, which can be found on the Commission's website at psc.ky.gov under the heading Kentucky Power Management Audit, contains the cover letter, the RFP, links to relevant Orders from Case

Nos. 2011-00401,[1] 2012-00578,[2] 2013-00430,[3] 2017-00179,[4] 2021-00004,[5] 2021-00481,[6] 2021-00370,[7] 2023-00159,[8] 2025-00175,[9] 2025-00257,[10] FERC Docket EC22-26-000, and Kentucky Power's 2025 Annual Report.[11]

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[1] *Application of Kentucky Power Company for Approval of Its 2011 Environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, and for the Grant of a Certificate of Public Convenience and Necessity for the Construction and Acquisition of Related Facilities* (Ky. PSC Dec. 5, 2019).

[2] *Application of Kentucky Power Company for (1) A Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power Company of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred in Connection with the Company's Efforts to Meet Federal Clean Air Act and Related Requirements; and (5) All Other Required Approvals and Relief* (Ky. PSC Oct. 7, 2013).

[3] *Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity Authorizing the Company to Convert Big Sandy Unit 1 to a Natural Gas-Fired Unit and for all Other Required Approvals and Relief* (Ky. PSC Aug. 1, 2014).

[4] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates For Electric Service; (2) An Order Approving Its 2017 Environmental Compliance Plan; (3) An Order Approving Its Tariffs and Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets And Liabilities; and (5) An Order Granting All Other Required Approvals And Relief* (Ky. PSC Jan. 18, 2018).

[5] Case No. 2021-00004, *Electronic Application of Kentucky Power Company for Approval of a Certificate of Public Convenience and Necessity for Environmental Project Construction at the Mitchell Generating Station, an Amended Environmental Compliance Plan, and Revised Environmental Surcharge Tariff Sheets* (Ky. PSC May 3, 2022).

[6] *Electronic Joint Application of American Electric Power Company, Inc., Kentucky Power Company and Liberty Utilities Co. for Approval of the Transfer of Ownership and Control of Kentucky Power Company* (Ky. PSC May. 4, 2022).

[7] Case No. 2021-00370, *Electronic Investigation of the Service, Rates and Facilities of Kentucky Power Company* (Ky. PSC Sept. 15, 2021).

[8] Case No. 2023-00159, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) A Securitization Financing Order; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 19, 2024).

[9] Case No. 2025-00175, *Electronic Application of Kentucky Power Company for Approval of (1) a Certificate of Public Convenience and Necessity to Make the Capital Investments Necessary to Continue Taking Capacity and Energy from the Mitchell Generating Station After December 31, 2028, (2) an Amended Environmental Compliance Plan, (3) Revised Environmental Surcharge Tariff Sheets, and (4) All Other Required Approvals and Relief* (Ky. PSC Dec. 30, 2025).

[10] Case No. 2025-00257, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Certain*

2. Background Information

Kentucky Power is a direct, wholly-owned subsidiary of American Electric Power Company, Inc. (AEP).[12] AEP is a multi-state public utility holding company that includes utilities providing electric service to customers in parts of eleven states: Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia.[13] Kentucky Power Cost Recovery, LLC (Kentucky Power Cost Recovery) is a separate entity which was formed in Delaware and is registered to do business in Kentucky. Kentucky Power Cost Recovery is a "wholly owned subsidiary of Kentucky Power with Kentucky Power owning 100% of the outstanding membership interests in and to [Kentucky Power Cost Recovery.]"

Kentucky Power is a member of PJM Interconnection, LLC (PJM),[14] a regional transmission organization (RTO), which is regulated by the Federal Energy Regulatory Commission (FERC).[15] PJM coordinates and administers the movement of wholesale electricity in all or parts of 13 states and the District of Columbia.[16] The Commission approved Kentucky Power's transfer of functional operation of its transmission facilities, subject to certain stipulations, to PJM by final Rehearing Order on May 19, 2004, in Case

Regulatory and Accounting Treatments; and (4) All Other Required Approvals and Relief (Ky. PSC Feb. 28, 2026).

[11] Documents for which confidential protection has been granted will be made available to the Consultant selected to perform the audit pursuant to a formal confidentiality agreement.

[12] Case No. 2025-00257, Application at 2.

[13] Operating Companies (last checked Jun. 9, 2026).

[14] PJM - Member List (last accessed Jun. 9, 2026).

[15] PJM - Governing Documents (last accessed Jun. 9, 2026).

[16] PJM - About PJM (last accessed June 16, 2026).

No. 2002-00475.[17] Kentucky Power began participating in the PJM energy market on October 1, 2004.[18]

In Kentucky Power's most recent rate case, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General) raised a number of concerns regarding whether the utility has been managing its system appropriately. The Commission's final Order recognized when discussing the Attorney General's concerns, this is not the first time the Attorney General or the Commission has been critical of the management and planning decisions made by Kentucky Power.[19]

<u>3.</u> **<u>Objective and Scope of the Audit</u>**

<u>Objective</u>

The Kentucky Public Service Commission is initiating a management and operations audit of Kentucky Power Company (Kentucky Power) pursuant to 807 KAR 5:013 and KRS 278.255. The overall objective of the audit is to evaluate and assess Kentucky Power's management and operations—particularly its organizational structure,

[17] Case No. 2002-00475, *Application of Kentucky Power Company D/B/A American Electric Power for Approval, to the Extent Necessary, to Transfer Functional Control of Transmission Facilities Located in Kentucky to PJM Interconnection, L.L.C. Pursuant to KRS 278.218* (Ky. PSC May 19, 2004). *See also* Case No. 2024-00343, *Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to Replace and Upgrade Portions of the Bellefonte Station in Boyd County, Kentucky (Bellefonte Station Upgrade Project),* Direct Testimony of Nicholas C. Koehler (Koehler Direct Testimony) (filed Sept. 8, 2022) at 2–5, and Application, Exhibits 7–9, for a detailed description of how PJM, AEP, and Kentucky Power coordinate the planning of Kentucky Power's transmission system.

[18] *See generally* Case No. 2019-00154, *Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to Perform Upgrade, Replacement, and Installation Work at its Existing Substation Facilities in Perry and Leslie Counties, Kentucky* (Ky. PSC May 28, 2020) and Direct Testimony of Kamran Ali (filed June 27, 2019) at 6 for a summary of Kentucky Power's history with PJM.

[19] Case No. 2025-00257, Feb. 28, 2026, Order at 205-207.

relationships with affiliates, and strategic and resource planning—to determine whether Kentucky Power is providing efficient and effective service consistent with industry best practices, and to recommend improvements, if any, to Kentucky Power's management and operations in specified Task Areas.

Scope

A Consultant will be selected to review the strategic planning, management, decision-making, and effectiveness of Kentucky Power's management and operations. The scope of the review will encompass, but not be limited to, the following Task Areas:

1. Evaluating Kentucky Power's organizational structure and the role and effectiveness of Kentucky Power's board (to the extent that it includes executive management from other AEP regulated affiliates) in providing oversight and direction to Kentucky Power's management, including:

a. The board's make-up and relationships with AEP and other Kentucky Power affiliates;

b. Any controls, policies, or procedures either from Kentucky Power's board or AEP that restrict Kentucky Power's management from acting without specific authorization from AEP or Kentucky Power's board, or otherwise delineates decision-making authority for Kentucky Power management; and

c. The effect of the organizational structure and the board's oversight and direction on Kentucky Power's strategic and resource planning processes, including the extent to which Kentucky Power operates independently from AEP throughout the planning and execution of its strategic plans.

2. Evaluating the role and effectiveness of AEP Officers and Executives, and Officers and Executives of other Kentucky Power affiliates in providing oversight, direction, and guidance to Kentucky Power's management and employees, including:

a. Any controls, policies, or procedures that place Kentucky Power management or employees under the authority of AEP or affiliate Officers and Executives, or otherwise delineate decision-making authority for Kentucky Power between Kentucky Power management and the Officers or Executives of AEP or its other affiliates; and

b. The effect, if any, of that oversight, direction, and guidance, and the relationships between Kentucky Power and AEP, and more broadly its other affiliates, on:

i. Kentucky Power's strategic, capital allocation, and resource planning processes;

ii. The ability of Kentucky Power's management to manage and contain the costs of Kentucky Power and to otherwise provide efficient and effective service consistent with industry best practices, and independent of AEP or its other affiliates' interests; and

iii. Kentucky Power's ability to raise equity and debt capital.

3. Evaluating the role and effectiveness of Kentucky Power management in directing or otherwise controlling, whether directly or through arms-length negotiations, when and how the costs of AEP and other affiliates are incurred or allocated to Kentucky Power, including the role of Kentucky Power's management with respect to:

a. AEP executive compensation;

b. AEP Service Corp. expenses and allocations, including the allocation methodology;

c. FERC transmission charge and revenue allocations; and

d. Uniformity of cost allocation formulas in Kentucky Power's cost allocation manual (CAM) as compared to the other AEP regulated affiliate CAMs.

4. Evaluating Kentucky Power's Executive Management, including its policies and procedures and its interactions with AEP or its other affiliates with respect to:

a. Strategic planning;

b. Financial systems — including risk assessment — to contain and control costs or track, maintain, and enhance Kentucky Power's financial integrity and accountability;

c. Information Technology (IT) costs allocated between AEP and its regulated operating companies and between Kentucky Power and the other operating companies. Costs could include IT planning, operation and maintenance, cybersecurity, programming, and software and hardware purchases;

d. Oversight, review and record-keeping of the condition of utility plant; the planning, selection and execution of special projects; and of short- and long-term operations and maintenance activities; and

e. Oversight of contractor performance and overall project management to ensure that tasks and objectives are being met expeditiously and without waste.

5. Evaluating the effectiveness of Kentucky Power's economic development process, including the project origination process; the extent of Kentucky Power's influence on the decision of a load to locate within its service territory versus in a

neighboring affiliate's territory; the process and factors governing the ultimate location of a new project; and identifying actions Kentucky Power takes or could take to:

a. Aid economic development organizations and county level economic development authorities to prepare for and successfully attract economic development projects; and

b. Overcome obstacles to successfully attract economic development projects.

6. Evaluating the reasonableness and effectiveness of the fuel procurement and management and dispatching practices and policies for the Kentucky Power's generating stations (Mitchell Units 1 and 2 and Big Sandy Unit 1), including the extent to which considerations other than the economics of the units operation have determined when each unit should be offered into the PJM energy market.

7. Evaluating the reasonableness and effectiveness of capital budgeting and allocation processes applicable to or affecting Kentucky Power's operations, including:

a. Policies and procedures governing AEP's capital budget allocation process to the operating companies; and

b. The process under which Kentucky Power and other operating companies compete for additional discretionary capital funds from AEP.

8. Evaluating the role and effectiveness of Kentucky Power's management in the resource planning process used to determine whether and what generation and transmission investments should be made to serve Kentucky Power's customers, including the effectiveness of the operational and strategic planning for Mitchell and Big Sandy plants.

The proposal should reflect the Consultant's preliminary understanding of these issues and their experience in addressing these issues.

The Consultant will conduct interviews with Kentucky Power’s senior management and appropriate AEP Service Corp. personnel. The Consultant shall conduct an interview early to gather points of interest with appropriate representatives of the following parties who have intervened at the Commission in Kentucky Power’s proceedings: the Attorney General; Kentucky Industrial Utility Customers; and Mountain Association, Appalachian Citizens Law Center, Kentuckians for the Commonwealth, and the Kentucky Solar Energy Society (collectively, Joint Intervenors).

Interviews with Kentucky Power’s senior management and appropriate AEP Service Corp. personnel will be conducted in-person at Kentucky Power’s offices in Ashland, Kentucky or at the appropriate AEP offices in Columbus, Ohio. Interview requests shall be made sufficiently in advance to ensure that interviewees can attend without unduly disrupting their normal jobs. The Consultant will be required to make appropriate recommendations to the Commission. Both the Commission and Kentucky Power expect the final audit report to be fully footnoted and for the Consultant’s recommendations to be supported by findings and conclusions.

4. <u>Acceptance of Proposals</u>

There will be **no Bidders' conference** in conjunction with this RFP. As previously stated, the purpose of this RFP is to receive proposals for all consulting services required to perform a management and operations audit of Kentucky Power.

All properly submitted proposals will be accepted for consideration and reviewed by the Commission. However, the Commission reserves the right to request necessary amendments to any proposal, reject all proposals, reject any proposal that does not meet the mandatory requirements of this RFP, or cancel this RFP.

The Commission also reserves the right to waive minor irregularities in proposals, providing such action is in the best interest of the Commonwealth of Kentucky, the Public Service Commission, and Kentucky Power. Waiver of minor irregularities shall in no way modify this RFP's requirements or excuse the Consultant from full compliance with the RFP's specifications and other requirements set forth in any Agreement arising from this RFP.

If your firm is interested in performing this work, you should submit a Portable Document Format (PDF) electronic version of your proposal to Noah.Abner@ky.gov **no later than 4:30 PM EDT on October 16, 2026**. The Commission will not consider any proposal received after this deadline. **An electronic copy alone will be sufficient to satisfy the receipt deadline requirement.** Any questions regarding this RFP must be directed to Noah Abner in writing via mail or email (Noah.Abner@ky.gov). All proposals have become the property of the Public Service Commission of Kentucky. Upon selecting a Consultant to perform this engagement, all proposals will be made available for public inspection.

Your response should be addressed to:

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, Kentucky 40601
ATTN: Noah Abner

After receipt of proposals, the Commission may request certain firms bidding on the project to appear before the Commission and the staff to provide an oral proposal briefing and to respond to questions. If an oral briefing is required, it will take place on or about November 30, 2026. It is anticipated that the evaluation phase of the project will take about five (5) months but no more than six (6) months to complete and culminate in the publication of a final report including a management summary and action plans for each recommendation.[20] The project will begin on or about December 7, 2026. If the Bidder thinks additional time is needed to complete the project, justification should be supplied, and an estimate of additional time should be clearly set forth in the Bidder's proposal.

5. Contents of Proposal

Bidders' proposals should include the following:

A. STATEMENT OF THE PROJECT

State in succinct terms your understanding of the project presented in this RFP.

B. MANAGEMENT SUMMARY

Include a narrative description of the proposed effort, a discussion of project management techniques, tools and practices, and a list of the end products that will be provided to the Commission throughout the project and at the conclusion of the project.

C. WORK PLAN

Task descriptions are to be the guide in describing your technical plan for accomplishing the audit work plan. The task descriptions should be in sufficient depth to give the Commission and its staff a thorough understanding of your work plan. The

[20] To comply with this requirement, the Consultant must complete Sections I – V.D of the Management Audit Action Plan Template, included on pages 33 and 34 of this RFP.

description should include an estimate of the number of hours each primary member of the review team will devote to each task, functional area, and special interest area. A proposal may be rejected if the work plan does not specifically detail how each of the task descriptions is to be accomplished. The workplan should also include a preliminary information request.

D. PRIOR EXPERIENCE

Submit a statement of similar projects conducted in the previous five years. Provide a copy of Bidder's most recently completed relevant review report. This requirement would also apply to a subcontractor, if appropriate. Indicate specifically any projects of utilities and provide copies of such audit reports. Experience cited should be that performed by your firm and specifically by individual team members. **Projects referred to should be identified and the name of the client shown, including the name, address and phone number of the official responsible for the client utility or agency who may be contacted.**

E. PERSONNEL

Include the names of all personnel -- executive, professional management analysts, systems analysts, auditors, staff Consultants, etc. who will be engaged in the review. Their education and experience in auditing and management/process evaluations must be included. If an Agreement is awarded, the personnel assigned to conduct the review may not be changed without the written approval of the Commission or its designated representative. The Commission will notify Kentucky Power of any requested personnel change and allow Kentucky Power input before written approval for the change is approved.

F. STATEMENT ON POTENTIAL CONFLICTS OF INTEREST

The Bidder shall identify any relationship(s) between itself and any of its affiliated companies or proposed subcontractors (including prior relationships of individual personnel engaged in performing the review) and Kentucky Power (or any affiliate). This would include any services provided during the last five years to Kentucky Power, any subsidiaries, parent corporation, subsidiaries of the parent corporation, or any other related organizations associated with the electric utility industry. Any engagements, including but not limited to consulting or preparing studies or testimony, for another utility, a regulatory agency, consumer advocate group, attorney general, or similar entity (an "Interested Party") shall also be disclosed. If there have been no such relationships, a statement to that effect is to be included in the proposal.

The requirement to inform the Commission of any possible conflict of interest is a continuing obligation until the matter is completed. **If, during the audit, it is determined that an undisclosed conflict exists or has existed between the Consultant and Kentucky Power or other interested party, the Commission reserves the right to terminate the Agreement and shall not be obligated or liable for any payment otherwise owed to the Consultant for service rendered or anticipated to be rendered, for costs incurred or expenses.**

G. BUDGET ESTIMATES

For each task described in Section 5.C. above, a cost estimate shall be provided. The cost estimate for each task shall include labor costs, costs of supplies and materials, subcontractor costs, transportation costs, and total cost. The labor costs should be broken down to identify the personnel or category of personnel, possible estimated hours, rate per hour, and total cost. **A firm, total not-to-exceed cost for the audit shall be provided.**

H. TIME

For each task described in Section 5.C. above, an estimate of the time required for completion shall be provided in schedule form. Show all audit tasks, the estimated hours to complete each task, and the total estimated hours to complete the audit. An estimate of the percentage of time spent on-site shall also be provided.

I. INITIAL REQUEST FOR DOCUMENTS

The Consultant shall submit an initial information request for pertinent documents as a part of the proposal. Upon final selection of the Consultant by the Commission, Kentucky Power shall initiate responses to the initial information request, thus enabling the Consultant to have access to the requested information during the early stages of the audit. **The initial information request should be clearly prioritized and should not be overly burdensome.**

J. WORKSPACE

Requirements for working space at Kentucky Power's headquarters should be specified in the proposal.

K. PERIOD OF OFFER

A statement should be included stating that the Consultant's proposal shall remain valid for three months from the final date for submitting proposals as stated in Section 4 of this RFP.

L. WILLINGNESS TO WORK

The Bidder’s willingness to work with the Staff Project Officer in the manner described in this RFP should be stated in the proposal.

M. SIGNATURES

All proposals must be signed by an authorized official of the Bidder.

6. Selection Criteria

All proposals received will be evaluated by the Commission and/or its authorized staff. There are several factors that will be considered in selecting the proposals that satisfy the requirements of this RFP. These factors include: the Bidder's understanding of the Commission's needs and a proposed approach that satisfies these needs; the Bidder's willingness to work with Kentucky Power and its staff; the experience and ability of the Bidder's staff assigned to the project and their capability to perform the proposed work and assigned tasks; the proposal's description of tasks in the work plan to determine if the Bidder possesses the knowledge and understanding of the technical functions to be examined in the study; the Bidder's willingness to include the Commission staff in the various stages of the review; the Bidder's demonstrated ability to meet stated deadlines; the Bidder's project management techniques and practices; and any comments from Kentucky Power. **As this is a review of an investor-owned electric utility, cost will be an important consideration, although it will not necessarily be the deciding factor.**

7. Role of Commission Staff and Kentucky Power’s Coordinator

Noah Abner will be the Staff Project Officer designated by the Commission to ensure satisfactory and timely performance of the proposed work in accordance with any Agreement arising from this RFP. Kentucky Power shall designate a representative to coordinate with the Staff Project Officer and the Consultant on the scheduling and management of the audit process. Upon the effective date of an Agreement, the Staff Project Officer will be the sole contact for the Consultant in any discussions with the Commission.

The Consultant shall be responsible for including the members of the Commission staff in the planning and organizational meetings and at all stages of the project as directed by the Staff Project Officer.

The Commission will rely upon the Staff Project Officer to answer questions from time to time about the progress and status of the project. It will be necessary, therefore, that the Staff Project Officer and the Commission staff be involved in the work of the Consultant. This involvement may include attending selected interviews, reviewing analytical procedures, and monitoring the project's progress as to scope, budget, work plans, time, etc. It is expected that the Consultant will frequently discuss the Consultant's progress informally and directly with the Staff Project Officer and that periodic written reports will be necessary in addition to the informal contact between the Consultant's staff and the Staff Project Officer. These reports are described below:

<u>Weekly Informal Reports:</u> By the first working day of each week, the Consultant shall provide written notice of the interviews and site visits scheduled for the following week to the Staff Project Officer for review and approval. It will be important for the Consultant to closely coordinate the schedule for interviews and site visits with Staff Project Officer and Kentucky Power's Coordinator in order to minimize disruption of daily management activities.

Monthly Written Status Reports: Based on the task plan submitted with the proposal, the monthly reports should consist of two parts:

A. General narrative briefly describing progress to date and outlining reasons for any deviations from the task plan schedule. This narrative should also contain a statement indicating the status of the project in relation to time -- ahead, behind, or on schedule.

B. Status sheet indicating actual hours logged by category (i.e., project manager, senior analyst or auditor, junior analyst or auditor, etc.), by consultant, material and supplies cost, and other costs, showing percentage of each in relation to proposal costs.

Monthly reports shall be submitted to the Staff Project Officer and Kentucky Power's Coordinator by the tenth working day following the month's end and shall be submitted for any month worked.

Interview Summaries: By the fifth working day after each interview, formal summaries of each interview, may include participants' conclusions and observations, additional data requests generated, issues identified, and any follow-up required, shall be forwarded to the Staff Project Officer.

8. Draft/Final Report

A final report must evolve from a draft report prepared at least thirty (30) days prior to the submission of the final report. The draft report shall contain, at minimum, functional area task reports, a management summary, which includes findings of operating effectiveness and efficiency, and recommendations. All reports provided to the Staff Project Officer (task reports, draft report, final report) must be fully footnoted. The

Commission Staff, Kentucky Power, and the Consultant will review the findings of each task report at a three-party roundtable meeting prior to the issuance of each task report to the Staff Project Officer. Task reports shall be submitted early enough in the project to allow for additional in-depth analyses and subsequent revisions. Following initial review of the task reports by the Commission staff, Kentucky Power will be afforded an opportunity to review the task reports. Kentucky Power's written comments shall be submitted to the Consultant and the Staff Project Officer within ten (10) working days after it receives each task report so that the Consultant can consider any changes of fact, conclusions, or recommendations before completing the draft report. After review of the task reports has been completed, the Consultant will be required to prepare a draft report for review by the Commission Staff.

The Commission requires the final report to be in a narrative form and include terminology that will be meaningful to Kentucky Power's management and others generally familiar with the subject areas:

A. General Statement and Summary;

B. Findings and Conclusions with Respect to the Primary Objectives of the Review; and

C. Recommendations, if any, relating specifically to the Task Areas.

Findings, conclusions, and recommendations must be justified and accompanied by adequate supporting information. **The final report should consist of an Executive Summary that describes the project and ties all the issues together as well as chapters for each Task Area.**

The Commission expects an objective and balanced report to be prepared.

The Consultant shall provide the Commission with **5 bound copies and 1 electronic copy of the final report. In addition, Kentucky Power and any Intervenor shall be provided with one electronic copy of the final report**.

9. Testimony

The Consultant may be required to testify at a public hearing before the Commission. The selected consulting firm must be willing to stand behind its findings, conclusions, and recommendations by testifying, upon request of the Commission, in a hearing before the Commission at the Consultant's agreed upon compensation rates as identified in the Agreement. In addition, the selected firm can expect to be asked its opinion regarding any testimony submitted by Kentucky Power or any intervenors in the proceedings.

All properly identified and related costs incurred by the Consultants for purposes identified under this Section will be paid by Kentucky Power to the extent that: (a) the Consultant is providing testimony directly related to the content of the final report and action plans; (b) such testimony is within two years of the final report completion; and (c) the Consultant is providing testimony at the request of the Commission.

10. Action Plans

It is the Commission's intent to secure a commitment from Kentucky Power to implement the Consultant's appropriate recommendations as expeditiously as possible, and to develop a dialogue between Kentucky Power and the Consultant regarding the proper action steps necessary to successfully implement each recommendation. The Consultant shall be responsible for the development of action plans to implement each recommendation and will be required to review the appropriateness of the detailed action steps developed by Kentucky Power. An example of the action plan format desired by the Commission is included with this RFP. The process of developing action plans will therefore be expected to include the following events:

A. The Consultant will be responsible for developing draft action plans which include the background, the priority, the improvement baseline intended, and the estimated one-time and annual costs and benefits for each recommendation. This step will require the Consultant's completion of Section I through Section V of the action plan format and shall be submitted with the final report.

B. Kentucky Power will then be responsible for reviewing the Consultant's draft action plans and shall prepare responses to all the action plans. Any recommendations may be considered in a future case for Kentucky Power. Kentucky Power's response shall include a statement addressing each recommendation, which either adopts the recommendation, adopts it with exception, or rejects the recommendation. The response shall detail steps (as well as the start date and completion date for each step) necessary to implement each recommendation adopted or adopted with exception by Kentucky Power. This step will require Kentucky Power to complete Section VI through Section VIII of the action plan format which shall be submitted to the Consultant and the Commission within 30 days of the release of the final report, unless otherwise mutually agreed upon by the Staff Project Officer and Kentucky Power. For any recommendations rejected, a detailed basis for rejection shall be provided.

C. The Consultant will then be responsible for reviewing Kentucky Power's comments and action steps and formally commenting (in the finalized action plans) on the appropriateness of the proposed implementation activities, as well as clarifying the intent of the recommendations, if necessary. This step will require the Consultant's completion of Section IX of the action plan format.

D. **The Consultant shall be responsible for printing the finalized action plans and shall provide the Commission with 5 bound copies and 1 electronic copy for the finalized action plans. Kentucky Power shall be provided with one electronic copy of their finalized action plans.** These finalized action plans shall be submitted to the Commission and to Kentucky Power within 60 days of the release of the final report. For the purposes of this project, finalized action plans shall require the completion of Section I through Section IX of the action plan format as described in Section 10.A through Section 10.C of this RFP.

11. <u>Work Papers</u>

Work papers utilized by the Consultant during the course of the review used in support of the final report shall be available to the Commission and Kentucky Power as appropriate during the review of the Consultant's draft final report and shall be turned over to the Commission concurrent with the submission of the final report. At a minimum, the work papers should include interview summaries, data request responses, and any special analyses prepared by the Consultant.

12. <u>Contractual Arrangement</u>

The Agreement for this engagement will be among the Commission, Kentucky Power and the Consultant. KRS 278.255(3) provides for the Consultant to work for and under the direction of the Commission with the cost to be borne by and paid by Kentucky Power directly to the Consultant. Payments to the Consultant on an Agreement entered into as a result of this RFP will be based upon hours actually expended and actual expenses incurred on this engagement at rates stated in the Agreement. **<u>Total payments under the Agreement shall not exceed the firm budget cap quoted in the proposal.</u>** Total cost includes itemized cost of supplies and materials, reasonable and customary cost of transportation and per diem expenses, and any reasonable and appropriate subcontract costs. Neither the Commission nor Kentucky Power will be liable for any costs incurred prior to the making of any Agreement.

The review must be completed in a timely manner. The audit project shall be completed no later than six (6) months from its commencement date, unless the Commission and the Consultant agree to an extension. If the final report has not been issued six (6) months from the commencement date, absent a modification of the Agreement, the Consultant may be required to forfeit ten percent (10%) of the total cost of the project. The project will be considered complete upon the Staff Project Officer's receipt of the finalized action plans as described in Item 10 of this RFP.

The Consultant's invoices, with supporting documentation, shall be presented to the Staff Project Officer by the 10th of each month for services provided and expenses incurred in the previous month. The Staff Project Officer shall review and the Commission Executive Director shall approve all invoices and the Staff Project Officer will forward them to Kentucky Power. Kentucky Power shall have the opportunity to review all invoices forwarded by the Staff Project Officer. Kentucky Power shall make payment directly to the Consultant within 20 working days of receipt of the approved invoices.

13. <u>Conflicts of Interest</u>

It is the intent of the Commission to assure that any Consultant, any agents of a Consultant, any approved subcontractor of a Consultant and any employees of such sub-contractor, who are in a position to affect the outcome of the reports or services rendered under an Agreement arising from this RFP, shall, during the course of the Agreement, strictly comply with the following provisions concerning conflicts of interest:

A. Solicitation or Acceptance of Gifts or Favors or Offers of Gratuities

No consulting firm or persons shall solicit or accept anything of value to the recipient, including a gift, loan, reward, meal, promise of future employment, favor, or service (except Kentucky Power's services that are provided under existing tariffs) from employees or representatives of Kentucky Power (or any affiliate) in connection with an Agreement entered into as a result of this RFP.

By submission of a bid, the Bidder certifies that no member or delegate of Congress, nor any elected or appointed official or employee of the Commonwealth of Kentucky has or will benefit financially or materially from this procurement. Any Agreement arising from this procurement may be terminated by the Commission if it is determined that gratuities of any kind were either offered to or received by any of the aforementioned officials or employees from the Consultant, its agent or employee.

B. Conflicting Employment or Contractual Relationship

No consulting firm or persons shall have or accept any employment or enter into a contractual relationship with Kentucky Power (or any affiliate) in connection with an Agreement entered into as a result of this RFP for a period of two years following the completion of the review. It is further required that any such relationship held or acquired during the course of any Agreement arising from this RFP with any other utility, which is subject to the regulation of this Commission, shall be discussed with this Commission as to the timing and subject of such relationships. The consulting firm selected shall certify that it will not perform subsequent work for Kentucky Power (or any affiliate) in Kentucky in connection with any Agreement entered into as a result of this RFP for a period of two years following the completion of the review unless authorized in writing by the Commission.

C. Disclosure or Use of Certain Information

No consulting firm or persons shall disclose to any other person or entity any confidential or proprietary information (Confidential Information) concerning Kentucky Power (or any affiliate or member) in connection with any Agreement entered into as a result of this RFP, which has been gained in the course of performing services under an Agreement, nor shall such firm or persons use such information for any purpose other than the subject audit, without the prior written approval of the Commission and Kentucky Power which is the subject of the Agreement. The Consultant shall take all reasonable steps to safeguard such Confidential Information to prevent unauthorized disclosure or use. Access to the Confidential Information shall be limited to employees, representatives and agents of the firm who have a need to use the Confidential Information for the purposes of the review and who have executed a Nondisclosure Certificate, as provided by the Commission (Authorized Recipients). Such Authorized Recipients agree not to disclose Confidential Information to any other persons or entities or to retain or use Confidential Information obtained hereunder for any purpose other than the review. In the event that disclosure of any Confidential Information is compelled by a lawful order of a court or administrative agency with jurisdiction over the subject matter, the Consultant shall promptly give the Commission and Kentucky Power advance notice so that they can seek to protect any interests in keeping the information confidential.

Kentucky Power has the obligation to clearly identify and mark any materials that it deems Confidential Information so as to alert the Consultant that such materials are governed by this provision and are to be maintained as confidential. The obligations of Consultants and Authorized Recipients hereunder shall survive the termination of any Agreement.

In the event of any unauthorized disclosure(s) of any Confidential Information by the Consultant, the Consultant shall immediately take any and all steps reasonably available to mitigate the harm from said disclosure(s) and shall immediately notify the Commission and Kentucky Power of the unauthorized disclosure(s).

The foregoing shall not be construed to limit access to, or use of, any information gained by the Authorized Recipients during the course of the review by the Commission or its duly authorized staff.

D. <u>Disclosure of Specified Interests</u>

If any firm or person holds any interest (other than as described in Section 13.B.) or owns or acquires a material financial position in the net worth of Kentucky Power (or any affiliate) that is the subject of a proposed agreement between the Commission and the Consultant, a statement shall be filed disclosing such interests prior to signing of any Agreement with the Commission, or immediately upon the establishment of such an interest, if it occurs during the course of the contractual obligation to this Commission. The holding of such an interest or material financial position shall constitute a basis for terminating the Agreement as set forth below.

E. <u>Corporate Conflict of Interest Policy</u>

All consulting firms desiring to do business with this Commission must submit, as part of their proposal or potential contract, a copy of their Corporate Conflict of Interest Policy, particularly in regard to stock ownership or financial relationships with clients. In the case of non-incorporated Consultants or where no corporate policy exists, a statement of intention to comply with the preceding provisions must be submitted.

14. Conditions

The following are additional conditions to performance of any Agreement arising from this RFP. Bidders must state in the proposal that they will comply with these conditions.

A. General - The terms of the contract among the Commission, Kentucky Power, and the Consultant shall be stated in the Agreement between the Commission, Kentucky Power, and the Consultant, which shall expressly incorporate by reference: (1) this RFP and any amendments thereto; (2) the Consultant's proposal submitted in response to the RFP; and (3) any written amendments to the Consultant's proposal which are expressly approved by the Commission. In the event of a conflict or ambiguity in language among these documents, the provisions and requirements set forth in the Agreement, then the RFP, shall govern.

No modification or change of any provision in the Agreement shall be made unless agreed to in writing by the Consultant, Kentucky Power, and the Commission.

The Agreement shall be construed according to the laws of the Commonwealth of Kentucky. Any legal proceedings against the Commission or Kentucky Power regarding this RFP or any resultant Agreement shall be brought in Commonwealth of Kentucky administrative or judicial forums to the extent permitted by law. Venue shall be in Franklin County, Kentucky.

B. Deviations from the RFP - Any deviations from the strict requirements of the RFP must be specifically defined in the Consultant's proposal which, if acceptable to the Commission, shall be expressly stated in the Agreement, but no deviation may be in conflict with the basic nature of this offer.

C. Entire Agreement - The Agreement supersedes all prior negotiations, representations or agreements, either written or oral, among the parties relating to its subject matter and shall be independent of and have no effect upon any other contracts.

D. Advertising Award - The Bidder agrees not to refer to award of an Agreement pursuant to this RFP in commercial advertising in such a manner as to state or imply that the firm or its services are endorsed or preferred by the Commission, Kentucky Power, or the Commonwealth of Kentucky.

E. Notices Upon the effective date of an Agreement pursuant to this RFP, all notices shall be deemed duly given when: (1) delivered by hand; (2) emailed to the address designated by the party; or (3) sent by registered mail, return receipt requested. All notices to the Commission are to be delivered to the Staff Project Officer. All notices to Kentucky Power are to be delivered to Kentucky Power's coordinator.

F. Titles of paragraphs are used to facilitate ease of reference only and shall not be construed to express or infer a contractual construction of language.

G. Agreement Effective Date – Any Agreement established from this RFP shall begin on the effective date stated in the Letter of Agreement.

H. Termination of Contract - Any Agreement resulting from this RFP shall be subject to the following termination provisions. An Agreement may be terminated by the Commission for:

a. Default - Any Consultant who is determined by the Commission to be in breach of any of the terms or conditions of an Agreement with the Commission may, in the discretion of the Commission, be declared in writing to be in default and such Agreement may be terminated as a result of such default. A default in performance by a Consultant for which an Agreement may be terminated shall include, but shall not necessarily be limited to, failure to perform the contract according to its terms, conditions and specifications; or failure to make delivery within the time specified or according to a delivery schedule fixed by the Agreement.

b. Consultant Bankruptcy - In the event of the filing of a petition in bankruptcy by or against the Consultant, the Commission shall have the right to terminate an Agreement upon the same terms and conditions as a termination for default.

c. Unavailability of Funds - In the event that the Commission determines that funds for an Agreement become unavailable, the Commission shall have the right to terminate an Agreement without penalty and upon the same terms and conditions as a termination for convenience. Availability of funds will be determined at the sole discretion of the Commission.

d. Convenience - The Commission shall be authorized to terminate an Agreement for its own convenience when the Commission has determined that such termination will be in the public interest. When it has been determined that an Agreement should be terminated for the convenience of the Commission, the Commission shall be authorized to negotiate a settlement with the Consultant according to terms deemed just and equitable by the Commission.

The Consultant shall be paid all monies due to services rendered and expenses incurred up to the termination date, as well as all monies due for commitments which cannot be terminated at such termination date or be otherwise mitigated, except as provided herein.

Whenever an Agreement is terminated for the convenience of the Commission, the Consultant shall have the burden of establishing the amount of the compensation due, by submission of complete and accurate cost data as presented in the proposal and evidence of expenses paid or incurred and services performed in connection with an Agreement from the effective date through the date of termination. Payment of the sum agreed to in settlement of an Agreement terminated for convenience of the Commission shall be made from the same source of funds or account as the original contract.

I. Procedure on Termination - Upon delivery by certified mail to the Consultant of a Notice of Termination specifying the nature of the termination, the extent to which performance of work under an Agreement is terminated and the date upon which such termination becomes effective, the Consultant shall:

a. Stop work under the Agreement on the date and to the extent specified in the Notice of Termination.

b. Place no further orders for services except as may be necessary for completion of such portion of the work under the Agreement as is not terminated.

c. Terminate all orders to the extent that they relate to the performance of work terminated by the Notice of Termination.

d. Upon request, assign to the Commonwealth, in the manner and to the extent directed by the Commission, all of the rights, titles, and interests of the Consultant under the orders so terminated. The Commonwealth shall have the right, at its discretion, to settle or cause payment of any or all claims arising out of the termination of such orders with the approval or ratification of the Commission and settle all outstanding liabilities arising out of such termination of orders, the cost of which would be reimbursable in whole or in part, in accordance with the provisions of the Agreement.

e. Complete performance of that part of the work not terminated by the Notice of Termination.

f. Take such action as may be necessary, or as the Commission may direct, for the protection and preservation of the property related to the Agreement which is in the possession of the Consultant and in which the Commission has or may acquire an interest.

The Consultant shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of any item of reimbursable price under this clause.

J. <u>Termination Claims</u> - After receipt of a Notice of Termination, the Consultant shall submit to the Commission any termination claim(s) in the form prescribed by the Commission no later than two (2) months from the effective date of termination.

If the Consultant fails to submit the termination claim within the time allowed, the Commission may, subject to any review required by the Commonwealth procedures in effect as of the effective date of the Agreement, determine, on the basis of information available to it, the amount, if any, due to the Consultant by reason of the termination and shall direct that payment of that amount be made.

In the event the Consultant and the Commission fail to agree, in whole or in part, on the costs to be paid to the Consultant in connection with the total or partial termination of work, the Commission shall determine on the basis of information available the amount, if any, due to the Consultant and shall direct that payment of that amount be made.

The Consultant shall have the right to appeal, as stated under Disputes, from any such determination made by the Commission.

K. Consultant - Personnel commitments identified in the Consultant's proposal shall be considered mandatory for the work to be performed under this RFP. Personnel assignments in the proposal shall not be changed without prior written consent from the Staff Project Officer. Replacement of such personnel, if approved, shall be with personnel of equal or superior ability and qualifications. The Commission may, at any time, require the Consultant to reassign or otherwise remove any employee found not qualified or otherwise unacceptable to the Commission.

Any contract or agreement entered into by the Consultant and a subcontractor shall expressly incorporate by reference the terms of the Agreement between the Commission and the Consultant.

L. Changes in Scope - The Commission may, at any time and in writing, change the general scope of an Agreement upon prior notice to and input from Kentucky Power. If any approved change affects the cost of, or the time required for, the performance of any part of the work, an adjustment shall be made in the Agreement which shall be modified in writing accordingly.

M. Force Majeure - Consultant shall not be liable for any damages for any inability to perform, or for any delays or interruptions beyond Consultant's reasonable control in performing any of Consultant's obligations under any Agreement, including but not limited to, those arising from acts of God, fires, floods, riots, insurrection, war, terrorism, sabotage, quarantines, strikes by Consultant's employees or embargoes. Consultant shall advise the Commission and Kentucky Power immediately of any failure, delay, or interruption upon occurrence thereof. Any such inability, delay or interruption, even though existing on the effective date of the Agreement or on the date of the start of the work, shall require Consultant to submit a recovery plan detailing the manner in which the delay shall be remedied, the revised schedule and any added expenses. Consultant shall use reasonable diligence to proceed with the work notwithstanding the occurrence thereof. Force Majeure shall apply only to the part of the work directly affected by the particular failure, delay or interruption, and shall not apply to the work as a whole or any other unaffected part thereof.

N. Disputes - Prior to the initiation of any action in a court by any party to an Agreement awarded as a result of this RFP concerning any contract, claim, or controversy, the Commission may, subject to any limitations or conditions imposed by regulations, settle, compromise, direct payment to be made or otherwise adjust the claim by or against, or controversy with, the Consultant relating to the Agreement, including, but not limited to, a claim or controversy based on breach of contract, mistake, misrepresentation, or other cause for contract modification or rescission. The Consultant also shall agree to participate in good faith in at least one mediation of any such dispute before any case is filed in a judicial or administrative venue.

O. Disclosure of Proposal Contents - The contents of any proposal in response to this RFP shall be confidential and shall not be disclosed to anyone other than the Commission and its staff, and Kentucky Power and their agents until an Agreement is entered into between the Commission, the Consultant, and Kentucky Power. Once an Agreement has been made, the proposal of the Consultant selected to perform the review, and the proposals of all unsuccessful Consultants may be made available for public inspection.

P. Confidentiality of Contract Terms - The Consultant, Kentucky Power, and the Commission agree that all information communicated among them before the effective date of the Agreement shall be received in strict confidence and shall not be disclosed by the receiving party, its agents, or employees without prior written consent of the other parties. Such material will be kept confidential to the extent allowed by law until the effective date of the Agreement, at which time the Agreement may be made available for public disclosure. Nothing in this provision may modify the provisions relating to Confidential Information set forth above.

Q. Consultant Responsibility - Any Agreement that may result from the RFP shall specify that the Consultant is solely responsible for fulfillment of the Agreement with the Commission. Any subcontractors shall be identified in the proposal.

R. Consultant Affiliation - If any affiliate or subcontractor of the Consultant takes any action which, if done by the Consultant, would constitute a breach of the Agreement, the same shall be deemed a breach by the Consultant. For purposes of this section, "affiliate" shall mean a parent, subsidiary or other person controlling, controlled by, or under common control with the Consultant.

S. Assignment - The Consultant shall not assign its inclusion on the pre-qualified list or any Agreement entered into as a result of this RFP in whole or in part or any payment arising therefrom without the prior written consent of the Commission. Any assignment without the written consent of the Commission shall be void.

T. Hold Harmless - The Consultant agrees to indemnify, defend, and hold harmless the Commonwealth, the Commission, and Kentucky Power, their officers, agents, and employees from:

a. Any claims or causes of action by or any losses to any person or firm alleging injury or damage resulting from the intentional or negligent acts of the Consultant, its officers or employees in the performance of any Agreement arising from this RFP.

b. Any failure of the Consultant, its officers or employees to observe the laws or regulations of the Commonwealth of Kentucky or the United States of America, including but not limited to, labor and minimum wage laws.

U. Permits, Licenses, Taxes and Registration - The Consultant shall procure all necessary permits and licenses and abide by all applicable laws, regulations and ordinances of all federal, state and local governments in which work under any Agreement is performed.

The Consultant shall pay any sales, use, or personal property taxes arising out of any Agreement and the transaction contemplated hereby. Any other taxes levied upon the transaction, equipment, or services delivered pursuant hereto shall be borne by the Consultant.

V. Employment Practices - The Consultant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, marital status, political affiliations, or handicap; except as otherwise provided by law. The Consultant must take affirmative action to ensure that employees, as well as applicants for employment, are treated without discrimination because of their race, color, religion, sex, national origin, age (except as provided by law), marital status, political affiliations, or disability. Such action shall include, but is not limited to, the following: employment, promotion, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Consultant agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this clause.

The Consultant shall, in all solicitations or advertisements for employees placed by or on behalf of the Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age (except as provided by law), marital status, political affiliation, or handicap, except where it relates to a bona fide occupational qualification.

The Consultant shall comply with the nondiscrimination clause contained in Federal Executive Order 11246, as amended by Federal Executive Order 11375, relative to Equal Employment Opportunity for all persons without regard to race, color, religion, sex, or national origin, and the implementing rules and regulations prescribed by the Secretary of Labor and with 41 CFR Chapter 60. The Consultant shall comply with related laws and regulations of the Commonwealth of Kentucky.

The Consultant shall comply with regulations issued by the Secretary of Labor of the United States in 20 CFR Part 741, pursuant to the provisions of Executive Order 11758 and the Federal Rehabilitation Act of 1973.

The Consultant shall comply with the Civil Rights Act of 1964, and any amendments thereto, and the rules and regulations thereunder, and Section 504 of Title V of the Vocational Rehabilitation Act of 1973 as amended, and the Kentucky Civil Rights Act.

W. Rights and Remedies - The rights and remedies of the Commission provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or under any Agreement arising from this RFP.

X. Contract Severability - If any provision of an Agreement (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then the Commission, the Consultant, and Kentucky Power shall be relieved of all obligations arising under such provision. If the remainder of the Agreement is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

Y. Waiver - No covenant, condition, duty, obligation, or undertaking contained in or made a part of any Agreement arising from this RFP will be waived except by written agreement of the parties, and forbearance or indulgence in any other form or manner by any party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed or discharged by the party to which the same may apply; and until complete performance or satisfaction of all such covenants, conditions, duties, obligations, and undertakings, any other party shall have the right to invoke any remedy available under law or equity, notwithstanding any such forbearance or indulgence.

Any consent by any party to or waiver of a failure by the other, whether express or implied, shall not constitute consent of, waiver of, or excuse for any other different or subsequent failure.

Z. Insurance - The Consultant will provide public liability, property damage and worker's compensation insurance, insuring as they may appear, the interests of all parties to any Agreement arising from this RFP against any and all claims which may arise out of the Consultant's actions or the actions of its subcontractors or agents under the terms of an Agreement. In the event that any carrier of such insurance exercises a cancellation clause of any kind, explicit or otherwise, notice shall be made immediately to the Commission of such cancellation.

AA. Accounting Requirements - The Consultant shall establish and maintain an accounting system in accordance with Generally Accepted Accounting Principles (GAAP). The accounting system shall maintain records pertaining to the tasks defined herein and any other costs and expenditures made under an Agreement.

BB. Audit Requirements - The Consultant shall maintain books, documents, and other evidence pertaining to the administrative costs and expenses of any Agreement arising from this RFP to the extent necessary and in such detail as shall properly reflect all costs, direct and apportioned, and other costs and expenses of whatever nature for which reimbursement is claimed under the provisions of such an Agreement. Accounting records related to the provision of service under any Agreement arising from this RFP shall be open to the Commission at any time from the commencement date through 12 months subsequent to the review's conclusion.

CC. Contract Records Retention - The Consultant shall preserve and make available to the Commission and Kentucky Power all books, documents, papers, and records related to any Agreement arising from this RFP for a period of one year from the date of expiration or termination of the Agreement.

Records involving matters in litigation shall be kept for one year following the final termination of litigation and associated appeals, if any.

Authorized representatives of the Commission may examine and copy the items listed above during the Agreement period and during the periods described above. Kentucky Power may also examine and copy the items listed above during the Agreement period and during the periods described above after the Consultant’s review has been completed.

DD. Legal Fees - In the event that the Commission or Kentucky Power prevail in a legal action to enforce any provision of an Agreement arising from this RFP, the Consultant agrees to pay all expenses of such action, including reasonable attorney's fees and costs at all stages of litigation as set by the court or hearing officer.

EE. Independent Price Determination - By submission of a proposal the Consultant certifies the following:

a. Prices in the proposal have been derived independently without consultation, communication, or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other Consultant or with any competitor.

b. Unless otherwise required by law, the prices that have been quoted in the proposal have not been knowingly and will not knowingly be disclosed by the Consultant prior to award directly or indirectly to any other Consultant or to any competitor.

c. No attempt has been, or will be, made by the Consultant to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

MANAGEMENT AUDIT ACTION PLAN TEMPLATE

Recommendation No.

I. Report Reference (Filled Out by Consultant)

A. Chapter

B. Section

C. Recommendation No.

D. Priority:

II. Recommendation Statement (Filled Out by Consultant)

III. Background (Filled Out by Consultant)

This Section should discuss key findings and conclusions, noting deficiencies that are addressed by the Recommendation.

IV. Expected Improvement/Implementation Timeline (Filled Out by Consultant)

This Section should include a discussion of the specific improvement that will exist after the Recommendation is implemented.

Cost/Benefit Analysis and Support (Filled Out by Consultant)

A. <u>Cost Analysis</u>

This Section should address the cost associated with implementing the Recommendation, along with the specific support for the estimate.

B. <u>Benefit Analysis</u>

This Section should address the benefits associated with implementing the Recommendation, along with the specific support for the estimate.

C. Cost/Benefit Summary

Category	One Time	Annual Recurring
Cost:		
Benefit:		

D. Other Costs or Benefit

Other costs or benefits that cannot be quantified should be described in this Section.

VI. Utility Responsibility (Filled Out By Company)

A. Name:

B. Title:

C. Recommendation Action:

Approved; Approved with Exception; Rejected

D. Explanation of Exception or Rejection:

VII. Utility Response (Filled Out By Company)

A. Discussion of Recommendation

This Section should address the Company's interpretation of the recommendation.

B. Improvement Proposed by Utility

This Section should include the Company's perspective on what improvement will be realized.

C. Discussion of Cost/Benefit Analysis

This Section should address the Company's estimate of the costs and benefits associated with the Recommendation.

VIII. Implementation Steps (Filled Out By Company)

Recommendation No.	**Implementation Steps**	**Start Date**	**Completion Date**
	The Company should list the specific action to be taken to realize the intended improvement, as well as a start and completion date for each step		

IX. Comments/Clarification of Intent (Filled Out by Consultant)

A. Consultant Name:

B. Discussion:

The Consultant should respond to the Company’s discussion, improvement, steps, and cost/benefits. Included should be the Consultant’s perspective, particularly on areas of disagreement.