

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY POWER COMPANY D/B/A)	
AMERICAN ELECTRIC POWER)	
_____)	CASE NO. 2002-00138
)	
ALLEGED FAILURE TO COMPLY WITH)	
ADMINISTRATIVE REGULATION)	
807 KAR 5:041, SECTION 3)	

O R D E R

Kentucky Power Company d/b/a American Electric Power (AEP) is a Kentucky corporation that owns and operates facilities used in the distribution of electricity to the public for lights, heat, power, and other uses. On June 28, 2002, the Commission entered an Order establishing this case and directing AEP to show cause why it should not be subject to the penalties of KRS 278.990(1) for failing to comply with Commission regulations.

At the request of AEP, an informal conference was held on July 24, 2002. During the informal conference, AEP entered into negotiations with Commission Staff to resolve all outstanding issues in this proceeding. An agreement was reached and was subsequently reduced to writing and executed. A copy of the agreement is appended hereto.

The Settlement Agreement has been reviewed by the Commission. After considering, *inter alia*, the circumstances surrounding the alleged violations and the manner in which similar proceedings have been resolved by agreement, the

Commission finds that the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. No formal hearing shall be held in this case.
2. The Settlement Agreement is appended hereto and incorporated into this Order as if fully set forth herein.
3. The terms and conditions set forth in the Settlement Agreement are adopted and approved.
4. Upon payment of the penalty set out in paragraph 1 of the Settlement Agreement, this case shall be closed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 19th day of August, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 2002-00138
DATED AUGUST 19, 2002

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY POWER COMPANY dba)	
AMERICAN ELECTRIC POWER)	
_____)	
ALLEGED FAILURE TO COMPLY WITH)	CASE NO.
ADMINISTRATIVE REGULATION 807 KAR 5:041,)	2002-00138
SECTION 3)	

SETTLEMENT AGREEMENT

THIS AGREEMENT made and entered this 24th day of July, 2002, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and KENTUCKY POWER COMPANY dba AMERICAN ELECTRIC POWER ("AEP").

WITNESSETH:

WHEREAS, AEP is a Kentucky corporation that owns and operates facilities used in the distribution of electricity to the public for compensation for light, heat, power and other uses;

WHEREAS, on February 8, 2002, an incident occurred near Chavies, in Perry County; involving some of the facilities owned and operated by AEP;

WHEREAS, on February 11, 2002, Commission Staff issued an Utility Accident Investigation Report regarding the incident;

WHEREAS, on June 28, 2002, the Public Service Commission entered an order establishing this case and directing AEP to show cause why it should not be subject to the penalties of KRS 278.990(1) for failing to comply with Administrative Regulation 807 KAR 5:041, Section 3 in relation to the incident;

WHEREAS, on July 18, 2002, AEP, by counsel, filed its response to the Commission's Order of June 28, 2002; and,

WHEREAS, AEP and Commission Staff desire to settle the issues raised by this proceeding and have entered into this Settlement Agreement through compromise.

NOW, THEREFORE, AEP and Commission Staff agree that:

1. Within 10 days after the entry of an Order approving this Settlement Agreement, AEP shall pay to the Commonwealth of Kentucky the sum \$1,750. This payment shall be in the form of a cashier's or certified check made payable to Treasurer, Commonwealth of Kentucky, and shall be mailed or delivered to: Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

2. AEP acknowledges that with Administrative Regulation 807 KAR 5:041, Section 3 requires electric utilities to operate and to maintain their facilities in conformance the National Electric Safety Code, 1990 Edition, and Rule 279 A.2.a.b.(2).

3. Nothing contained herein shall be construed as an admission of a violation of any statute, administrative regulation or any provision of the NESC nor shall the Public Service Commission's acceptance of this agreement be construed as a finding of a violation of any statute, administrative regulation or any provision of the NESC.

4. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

5. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on either signatory or be construed against either AEP or Commission Staff.

6. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

IN WITNESS WHEREOF, AEP and Commission Staff have executed this Settlement Agreement the day and year first above written by and through their duly authorized attorneys.

STAFF OF PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: Paul Shapiro
Paul Shapiro
Office of General Counsel

KENTUCKY POWER COMPANY dba
AMERICAN ELECTRIC POWER

BY: Mark R. Overstreet
Mark R. Overstreet
Stites & Harbison, PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634