

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER	)	
COMPANY, D/B/A AMERICAN ELECTRIC	)	
POWER COMPANY FOR AUTHORITY TO	)	CASE NO. 2002-00324
ISSUE AND SELL SECURED OR UNSECURED	)	
PROMISSORY NOTES OF ONE OR MORE	)	
NEW SERIES	)	

O R D E R

On September 3, 2002, Kentucky Power Company d/b/a American Electric Power Company ( Kentucky Power ) filed an application to issue and sell unsecured notes in one or more new series in an amount not to exceed \$250,000,000 and to assume certain obligations in connection therewith. The notes may be issued in the form of Senior or Subordinated Debentures or other promissory notes. Kentucky Power indicated that it will use the proceeds to repay at maturity or prepay or purchase directly or indirectly currently outstanding long-term debt, to repay short-term debt and to fund Kentucky Power's construction program, or for other corporate purposes. On September 30, 2002, Kentucky Power filed two motions: one for expedited approval; and a second to amend its original application by revising Exhibit E, which is a schedule of planned construction projects. In support of its request for expedited approval, Kentucky Power stated that it had an opportunity to sell fixed rate notes to Australian investors at approximately 1 percent less than on the United States market. In support of its motion to amend, Kentucky Power stated that the revisions to Exhibit E are necessary to reflect recent actions by its Board of Directors. Kentucky Power provided additional information on October 2, 2002 in response to a Commission information request.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance of the proposed bonds is for lawful objects within the corporate purposes of Kentucky Power's utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky Power is authorized to issue secured or unsecured promissory notes of one or more new series in an aggregate principal amount not to exceed \$250,000,000 and to assume certain obligations in connection therewith.

2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

3. Kentucky Power shall agree only to such terms and prices that are consistent with the parameters set out in its application.

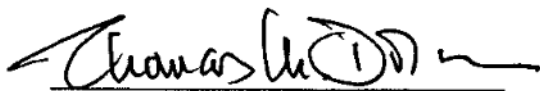
4. Kentucky Power shall, within 30 days from the date of issuance, file with this Commission a statement setting forth the date or dates of issuance, the price paid, the interest rate, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of October, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles H. [unclear]", written over a horizontal line.

Executive Director