

KPSC Case No. 2009-00459  
In Conformity With Paragraph 5(d)  
Of the Unanimous Settlement Agreement  
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Filed April 1, 2011

In accordance with the Public Service Commission's Order dated June 28, 2010, in Case No. 2009-00459, Kentucky Power makes the following report regarding its distribution vegetation management program for the 2010 calendar year:

System Performance (SAIFI, CAIDI, and SAIDI)

The first set of reliability information includes the Kentucky Power System Average Interruption Frequency Index, the Customer Average Interruption Duration Index, and the System Average Interruption Duration Index for the reporting period, known in the industry as SAIFI, CAIDI, and SAIDI, respectively. Kentucky Power has included these system performance numbers, excluding major events as defined by IEEE standard 1366, for the past five years:

<b>Calendar Year</b>	<b>SAIFI</b>	<b>CAIDI</b>	<b>SAIDI</b>
2006	2.756	182.2	502.1
2007	2.276	146.9	334.2
2008	2.904	170.9	496.3
2009	2.556	194.5	497.1
2010	2.470	169.4	418.4

2010 Distribution Vegetation Management (VM) Work by Circuit

See Attachment 1 for vegetation management work performed on each distribution circuit for 2010. The units reported are miles completed, acres of brush cut, acres of brush sprayed, trees removed and trees trimmed.

2010 Distribution Operation & Maintenance VM Work by Circuit

See Attachment 1 for the total expenditures for vegetation management work on each distribution circuit in 2010. RWM, AEP's software program for tracking vegetation work and expenditures, does not separate the O&M and Capital expenditures for the circuits worked during the year. Therefore the costs in Attachment 1 represent the total O&M and Capital expenditures for each circuit in 2010.

Also, expenditures shown in this attachment do not include all costs associated with the Vegetation Maintenance Program. Expenses associated with Internal Company Labor & Fleet, unscheduled hotspot and trouble restoration work, incentive program for

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tree contractor employees, materials (herbicides for the Spray Program), contract foresters, tree contractor's field supervision, and contract work planners are not allocated to a circuit.

2010 Distribution Vegetation Management Plan - Additional Information

Kentucky Power's Distribution Vegetation Management Program changed mid-year from a performance-based maintenance program to a full-circuit maintenance program aimed at moving our VM Program to a cycle-based approach. Resource augmentation began early in July, with the addition of in-house contract tree crews and outsource crews, open circuit bids, and longer work-weeks. The additional resources were allocated to full-circuit reclearing projects. These circuits were ranked based upon tree outage performance data.

Maintenance was completed on 1,569 miles of line. Our goal was to achieve 1,694 miles of line; however some circuits required more work than anticipated due to the excessive amount of tree growth in the rights-of-way. The accuracy of estimating reclearing costs is expected to improve as the Company gains more experience with full-circuit maintenance. The Company earmarked 90 miles of line for the aerial saw; inspections showed that many of these lines had been aerially sawn five to eight years earlier and still exhibited good clearance. Thirty-eight miles were actually cut with the aerial saw. 2,134 acres were sprayed, which exceeded the company's goal of 2,002 acres.

The total 2010 O&M expenditures for the VM Program were \$12,650,212, or \$343,754 above the Settlement amount of \$12,306,458 for 2010, as shown below.

Total VMP O&M	\$12,650,212
Settlement Agreement Paragraph 5(a)	\$7,237,965
Settlement Agreement Paragraph 5(b)	<u>\$5,068,493</u>
Total Settlement Agreement	\$12,306,458
<b>Amount spent above the agreement</b>	<b><u>\$343,754</u></b>

The total Forestry Capital expenditures were \$1,180,685. The total expenditures for the Vegetation Management Program, including the O&M and the forestry capital, were \$13,830,897 for 2010.

**Attachment 1**

<b>2010 Ky Forestry - Cost &amp; Units by Circuit</b>							
<b>Circuit</b>	<b>Circuit Desc</b>	<b>O&amp;M &amp; Capital Expenditures</b>	<b>Miles Complete</b>	<b>Brush Cut Acres</b>	<b>Brush Spray Acres</b>	<b>Tree Removal</b>	<b>Tree Trim</b>
2150103	Sprigg - Sprigg	\$4,738.99	0.2	1.1		202	4
2206403	South Neal - Whites Creek Road	\$33,851.77	5.4	1.8	10.8	266	1,000
3000201	Big Sandy - Fallsburg South	\$523,409.54	13.3	22.5	42.9	4,432	7,383
3000202	Big Sandy - Bumaugh North	\$81,978.39	14.6	8.2	41.6	371	2,584
3000301	Bellefonte - Westwood	\$839.90					11
3000302	Bellefonte - Flatwoods	\$374.12					6
3000303	Bellefonte - Bellefonte	\$530.43				1	1
3000601	Grahn - Distribution	\$9,050.85	1	0.0	5.4	2	0
3000701	Graysbranch - Graysbranch	\$560,975.62	47.1	26.2	20.8	4,864	2,946
3000801	Hayward - Halderman	\$2,580.06		0.7		15	15
3000802	Hayward - Lawton	\$211,192.90	11	5.8	70.8	2,580	211
3000901	Highland - Russell	\$41,766.80	1.8	4.9	1.9	261	112
3000902	Highland - Flatwoods	\$40,987.58	2.2	1.7		364	112
3000903	Highland - Wurtland	\$8,950.81	0.8	0.2		6	10
3001001	Hitchins - Damron Branch	\$41,058.63	4.1	1.8	3.1	259	99
3001002	Hitchins - Willard	\$343,564.39	27.9	10.6	11.0	4,783	1,067
3001003	Hitchins - Grayson	\$82,903.50	6.4	2.6	8.5	302	521
3001004	Hitchins - EK Road	\$1,401.94	0.9	0.0	1.3	1	4
3001101	Hoods creek - Summitt	\$889.67				3	1
3001102	Hoods creek - Rural	\$1,444.90	4.8	0.1		11	4
3001201	Howard Collins - 13th St.	\$5,330.09	0.2	0.0	0.0	99	4
3001203	Howard Collins - Floyd St.	\$909.94				3	
3001401	Louisa - City	\$6,495.35	4.3	0.2	4.3	4	6
3001402	Louisa - High Bottom	\$18,924.60	3.3	0.7	0.8	35	112
3002001	South Shore - Siloam	\$22,135.81	2.9	0.6		109	76
3002002	South Shore - Distribution	\$15,803.20	1.2	0.8		37	57
3002101	10th Street - 6th St.	\$1,261.73	0.5				1
3002103	10th Street - 12th St.	\$151.38					4
3002105	10th Street - Midtown	\$892.18					2
3002107	10th Street - West Central	\$1,598.09		0.1			3
3003701	Coalton - US 60 W	\$86,791.57				105	1,650
3003702	Coalton - Cannonsburg	\$52,131.66	3.5	3.9	9.2	640	148
3003703	Coalton - Trace Creek	\$58,637.93	5.2	4.6	3.6	860	316
3004301	Siloam - Distribution	\$5,291.33	2.3	0.4		14	36
3007903	Busseyville - Louisa	\$72,702.00	9	5.2	6.1	391	2,012
3007904	Busseyville - Torchlight	\$118,494.18	15.5	3.1	67.1	818	4,569
3007905	Busseyville - Mattie	\$34,359.10	4.9	4.4	0.0	642	80
3007906	Busseyville - Walbridge	\$29,884.85	3.2		21.1	95	1
3008001	47th Street - 49th Street	\$4,631.07	0.1			8	13
3008002	47th Street - 39th Street	\$952.30					32
3008701	Cannonsburg - Cannonsburg	\$1,978.47				4	3
3008702	Cannonsburg - Rt. 3	\$17,182.86	1.5	0.0	0.0	42	1,204
3010601	Russell - Kenwood	\$2,010.96					4
3010602	Russell - Bear Run	\$34,111.72	3.4	0.9	9.1	275	110
3103101	Olive Hill - Globe	\$439,229.17	37.3	18.3	22.7	2,991	1,929
3110901	Wurtland - Wurtland	\$1,045.52					
3110902	Wurtland - Greenup	\$816.90				2	
3110903	Wurtland - Rt. 503	\$20,830.24	1.9	0.0	0.0	32	2
3116101	Grayson - Lansdowne	\$11,385.79	1.2	0.3	0.0	15	32
3116102	Grayson - Dixie Park	\$9,206.33	2.3	0.2	0.0	17	44
3116701	Belhaven - Diedrich	\$11,811.16	1.6	0.4	0.0	93	39
3116702	Belhaven - Indian Run	\$3,931.34	1.3	0.3	0.0	69	26
3116703	Belhaven - Argillite	\$163,700.87	19.9	5.6	0.0	1,125	1,168
3117601	Princess - Meade Station	\$23,933.20	6.6	1.2	2.3	76	135
3117602	Princess - Rt. 180	\$38,461.98	3	3.1	1.6	545	151
3150501	Borderland - Nolan-A	\$52,827.83	3.9	1.2	5.4	877	40
3150502	Borderland - Chattaroy	\$6,645.51	10.7	3.4	14.8		
3200201	Barrenshe - Freeburn	\$7,072.85	5.3		11.9		
3200202	Barrenshe - Vulcan-A	\$3,958.81	7.7		13.1		
3200204	Barrenshe - Pounding Mill	\$734.67	0.8		1.1		
3200301	Belfry - Belfry	\$4,140.86	0.1			3	5
3200302	Belfry - Toler	\$16,128.93	18.8	0.1	30.5	41	1
3201002	Tom Watkins - Distribution-A	\$295.75				11	
3202202	Lovely - Wolf Creek	\$3,425.40	4.4		7.6	2	6
3202203	Lovely - Mt. Sterling	\$4,556.51	9.6		16.1		

Attachment 1

2010 Ky Forestry - Cost & Units by Circuit							
Circuit	Circuit Desc	O&M & Capital Expenditures	Miles Complete	Brush Cut Acres	Brush Spray Acres	Tree Removal	Tree Trim
3300601	Bluegrass - Walkertown	\$119,461.58	22.9	11.4	28.6	2,960	420
3300602	Bluegrass - Hazard	\$16,473.82	0	7.1		511	29
3301101	Chavies - Chavies	\$168,828.72	14.8	23.6	43.3	3,691	607
3301102	Chavies - Buckhorn	\$2,220.35				55	6
3301401	Combs - Combs	\$362.16					15
3301402	Combs - Airport Garden	\$330.67					2
3301701	Daisy - Leatherwood	\$192,488.38	40	2.7	59.6	2,302	559
3302701	Hazard - Black Gold	\$364,169.61	28.7	115.9	57.1	11,380	1,161
3302702	Hazard - Lothair	\$653.66					
3302703	Hazard - Hazard	\$141,781.50	10.6	15.2	9.7	2,277	1,090
3302704	Hazard - Kenmont	\$11,198.18	0.2			114	51
3303901	Leslie - Hyden	\$177,206.49	49	8.5	82.7	3,433	351
3303902	Leslie - Wooton	\$275,628.10	55.8	12.4	138.8	3,469	618
3303903	Leslie - Hals Fork	\$12,491.51	4.7	0.7	8.3	126	7
3307301	Bulan - Ary-Heiner	\$7,320.23	6.8	0.9	10.7	100	10
3307302	Bulan - Ajax-Dwarf	\$37,839.16	0.9	5.3		628	87
3308001	Jackson - South Jackson	\$1,624.27				23	
3308002	Jackson - Panbowl	\$61,711.35	1.6	6.8		874	122
3308401	Beckham - Hindman	\$189,796.91	30.4	37.8	18.5	2,350	577
3308402	Beckham - Carr Creek	\$76,869.27	3.5	5.3	2.1	1,315	301
3308403	Beckham - Caney	\$5,146.16		0.5		72	16
3308502	Bonnyman - Hazard	\$48,330.42	15.9	2.7	32.6	1,061	62
3308503	Bonnyman - Big Creek	\$73,226.57	26.6	8.2	40.3	1,954	56
3308601	Collier - Upper Rockhouse	\$20,775.39	1.3	0.9	1.8	889	66
3308602	Collier - Lower Rockhouse	\$3,694.37	0.2		0.2	60	11
3308603	Collier - Smoot Creek	\$167,669.19	19.3	18.4	29.7	3,758	814
3309001	Jeff - Viper	\$23,850.12	21.1	0.4	35.4	97	2
3309002	Jeff - Jeff	\$3,643.28		0.1		32	10
3309101	Whitesburg - Whitesburg	\$569.76	0.1				18
3309102	Whitesburg - Hospital	\$36,516.67	0.7		0.5	1,125	92
3309103	Whitesburg - Cowan	\$7,883.13	1.8		19.5		
3309104	Whitesburg - Crafts Colley	\$201,784.41	13.3	23.8	7.0	4,558	673
3309301	Vicco - Red Fox	\$65,473.21	12.1	5.1	36.1	906	192
3309302	Vicco - Jeff	\$46,755.64	23.8	4.0	36.5	988	43
3309901	Slemp - Defeated Cr.	\$111,950.58	34.4	7.9	109.1	1,047	149
3309902	Slemp - Leatherwood	\$104,228.74	12.1	8.5	20.4	1,521	145
3309903	Slemp - Beech Fork	\$793.19					
3309904	Slemp - Royal Diamond	\$19,462.47	1.7	3.5		683	52
3310501	Haddix - Quicksand	\$93,282.59	41.1	7.4	65.5	451	34
3310502	Haddix - Canoe	\$120,475.47	58.6	106.7	53.5	76	3
3311101	Stinnett - Redbird	\$378.26				1	2
3311102	Stinnett - Beech Fork	\$302.23					1
3311401	Reedy - Deane	\$15,543.82	0.6		1.4	233	31
3311701	Shamrock - Shamrock	\$29,701.63	1.1	8.7		668	27
3312201	Engle - Grapevine 34.5	\$77,246.75	10.5	41.0	15.7	761	59
3312202	Engle - Industrial Park 34.5	\$2,749.18				23	
3312901	Jenkins - Kona	\$68,067.77	14.1	9.7	18.1	988	297
3312902	Jenkins - Jenkins	\$3,841.51	0.8		3.8	2	
3314401	Mayking - Ermine	\$456,647.58	27.8	43.6	2.5	5,833	2,535
3314402	Mayking - Millstone	\$456,021.67	35.9	69.6	4.6	5,430	1,637
3400101	Allen - Distribution	\$221,838.56	21.6	33.6	5.2	5,276	586
3400301	Betsy Layne - Mud Creek	\$310,545.61	30.8	22.3	42.2	3,437	740
3400302	Betsy Layne - Tram 12 KV	\$12,278.56	0.7			25	17
3400303	Betsy Layne - Harold	\$8,196.51	0		5.2	7	
3400601	Burton - Ligon	\$830.71	0			1	
3400701	Draffin - Belcher	\$22,567.44	7.5	0.7	11.3	239	59
3400702	Draffin - Yellow Hill	\$54,391.29	5	2.3	10.0	453	96
3400901	Elkhorn City - City	\$1,265.38				3	
3400902	Elkhorn City - Grassy	\$658.62					
3401001	Elwood - Dorton	\$3,135.48	0.1	1.4		195	
3401002	Elwood - Virgie	\$1,406.47	0.1			1	
3401101	Falcon - Oil Springs	\$13,185.44	19.9		32.6		
3401103	Falcon - Burning Fork	\$8,862.18	14.1		22.7	7	
3401301	Fleming - Neon	\$24,530.18	2.8	0.9		175	102
3401302	Fleming - McRoberts	\$43,504.70	15.6	4.2	22.5	394	174

**Attachment 1**

<b>2010 Ky Forestry - Cost &amp; Units by Circuit</b>							
<b>Circuit</b>	<b>Circuit Desc</b>	<b>O&amp;M &amp; Capital Expenditures</b>	<b>Miles Complete</b>	<b>Brush Cut Acres</b>	<b>Brush Spray Acres</b>	<b>Tree Removal</b>	<b>Tree Trim</b>
3401702	Henry Clay - Regina	\$274,076.60	19.8	17.2	26.3	3,166	678
3401703	Henry Clay - Ashcamp	\$219,113.13	4.9	12.7	0.0	3,096	406
3401801	Index - Distribution	\$824.32	0.1			1	
3401802	Index - Hospital	\$793.86	0.1			1	
3402001	Keyser - Mullins	\$8,244.84	0.1			72	17
3402002	Keyser - Stonecoal	\$23,631.36	3.8	1.0	9.1	536	
3402202	McKinney - Gibson	\$1,075.90	0.1	0.2		36	1
3402501	Middle Creek - Distribution	\$2,033.75	4.5		8.3		
3402801	Paintsville - City	\$2,346.41	1.4		2.5		
3402802	Paintsville - Nippa	\$3,373.61			4.2		
3403001	Pikeville - City	\$23,478.73	6.7		10.2	34	6
3403002	Pikeville - Main Street	\$1,604.20	1		1.7		
3403003	Pikeville - Island Creek	\$4,879.60	2.4	0.2	3.4	4	
3403201	Beaver Creek - Ligon	\$9,265.06	8.2		14.1		
3403202	Beaver Creek - Price	\$6,793.69	8.4		14.2	1	
3403301	Prestonsburg - City	\$239.02					1
3403801	Second Fork - Distribution	\$29,662.12	7.5	0.0	4.6	0	5,600
3404301	Sidney - Big Creek	\$4,035.77	0.4	0.1	0.7	92	9
3404302	Sidney - Coburn Mtn.	\$609,182.11	34	38.3	11.1	10,282	2,399
3407102	Topmost - Caney	\$897.01	1.4		2.5		
3407103	Topmost - Kite	\$28,587.07	9	1.3	12.5	295	53
3408101	Salisbury - Printer	\$8,297.01	11.1		16.1		
3408103	Salisbury - Martin	\$3,374.46	0.2			7	9
3408303	Coleman - Peter Creek	\$131,494.65	44.2	4.2	26.4	1,229	412
3408401	Kimper - Long Fork	\$6,813.57	0.2			59	
3408402	Kimper - Grapevine	\$2,059.91	0.1			20	
3409001	W. Paintsville - Paintsville	\$1,832.80	0.4		0.7		4
3409002	W. Paintsville - Staffordsville	\$377,750.34	79	72.1	81.3	6,501	1,273
3409003	West Paintsville - Plaza	\$14,745.95	20.7		34.7	75	
3409301	Kenwood - W Van Lear	\$5,469.39	0.4	0.0		15	31
3409302	Kenwood - Auxier	\$1,240.58	2.2		3.9		
3409303	Kenwood - Hagerhill	\$8,353.53	7.2		11.9	10	22
3409401	Feds Creek - Feds Creek	\$912,736.38	38.8	59.1	24.2	11,861	1,544
3409402	Feds Creek - Lick Creek	\$302,483.82	17	40.7	24.3	5,210	693
3409502	Burdine - Levisa Stone	\$13,744.00		1.0		237	4
3409503	Burdine - Jenkins	\$6,569.96	6.5	0.0	10.9	0	0
3410502	So. Pikeville - Island Creek	\$23,954.57	2.5	0.7	3.3	611	1
3411401	Dewey - Inez-A	\$163,164.26	55.1	16.2	79.3	2,899	476
3411801	Johns Creek - Meta	\$169,241.91	10.1	4.6	12.4	2,201	243
3411802	Johns Creek - Raccoon	\$31,080.61	9	0.9	17.0	226	48
3411901	Fords Branch - Shelby	\$123,317.94	6	35.2	0.0	957	395
3411902	Fords Branch - Robinson Ck	\$669,338.13	30.9	33.7	33.7	8,224	1,303
3412901	Weeksbury - Distribution	\$830.33					20
3413402	Garrett - Lackey	\$1,015.54					
3417601	New Camp - South Side	\$3,698.68	5.6		11.0		
3417602	New Camp - Arh-W Wmsn.	\$1,224.32	1.7		2.7		
3420002	Softshell - Leburn	\$3,039.68	0.5	0.9		111	
3451202	Beefhide - Dunham	\$14,329.11	3.1	2.6	3.3	253	88
3974101	Big Rock - Conaway	\$17,849.87	0.90	2.0		165	40
970603	Hurley - Race Fork	\$2,699.75					
	O&M & Capital Totals	\$12,536,837	1,569.10	1181.4	2,134.1	166,318	60,702
	Misc. VM exp not recorded by circuit	\$1,294,060					
		\$13,830,897					
	Less: Total Forestry Capital	\$1,180,685					
	Total VMP O&M	\$12,650,212					
	Settlement Agreement Paragraph 5(a)	\$7,237,965					
	Settlement Agreement Paragraph 5(b)	\$5,068,493					
	Total Settlement Agreement	\$12,306,458					
	<b>Amount spent above the agreement</b>	<b>\$343,754</b>					