

421 West Main Street  
Post Office Box 634  
Frankfort, KY 40602-0634  
[502] 223-3477  
[502] 223-4124 Fax  
www.stites.com

May 15, 2009

**HAND DELIVERY**

Jeff Derouen  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**  
MAY 15 2009  
PUBLIC SERVICE  
COMMISSION

Mark R. Overstreet  
(502) 209-1219  
(502) 223-4387 FAX  
moverstreet@stites.com

**RE: P.S.C. Case No. 99-149**

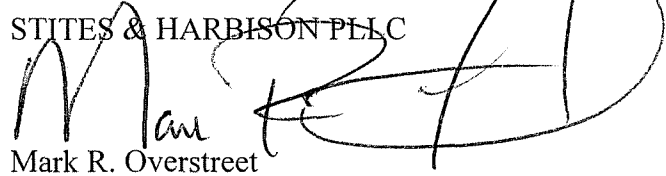
Dear Ms. Derouen:

Please accept for filing the original and four copies of the Supplemental Responses of Kentucky Power Company to the Commission's June 14, 1999 Order in the above matter. The Responses are for the year ended December 31, 2008.

By copy of this letter I am providing the parties to the case with a copy of the Supplemental Response. If you have any questions, please do not hesitate to contact me.

Sincerely yours,

STITES & HARBISON PLLC



Mark R. Overstreet

cc: William H. Jones, Jr.  
David F. Boehm  
Dennis G. Howard, II

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
MAY 15 2009  
PUBLIC SERVICE  
COMMISSION

In the matter of:

JOINT APPLICATION OF KENTUCKY POWER )  
COMPANY, AMERICAN ELECTRIC POWER )  
COMPANY, INC. AND CENTRAL AND SOUTH ) CASE NO. 99-149  
WEST CORPORATION REGARDING A )  
PROPOSED MERGER )

.....

RESPONSE OF KENTUCKY POWER COMPANY

Reporting Period: Year Ending December 31, 2008

May 15, 2009



## Kentucky Power Company

### REQUEST

Furnish annual financial statements of AEP, including consolidating adjustments of AEP and its subsidiaries with a brief explanation of each adjustment and all periodic reports filed with the SEC. Including but not limited to the U5S and U-13-60 reports. All subsidiaries should prepare and have available monthly and annual financial information required to compile financial statements and to comply with other reporting requirements. The financial statements for any non-consolidated subsidiaries of AEP should be furnished to the Commission. [Reference: Merger Act., Ky. PSC Order dated 6-14-99, pg 10 (Periodic Reports)]

### RESPONSE

In July 2007, Kentucky Power Company filed with the Securities and Exchange Commission to cease acting as a registered company. Consequently, Kentucky Power Company is no longer included in AEP's Form 10-K. Upon notifying the Kentucky Commission of its de-registration, Kentucky Power agreed to provide the Executive Director and the Financial Analysis Division a copy of AEP's Form 10-K. Two copies of the report were filed with the Commission on May 8, 2009 under the subject reference *Kentucky Power Company Holding Company File*.

Attached A to this response is a copy of Kentucky Power Company's 2008 Annual Report. The SEC Form U-13-60 has been replaced as FERC Form 60 and a copy is provided herewith as Attachment B. The SEC Form U5S is no longer required to be filed due to the repeal of the Public Utility Holding Company Act of 1935.

WITNESS: Errol K Wagner



## **Kentucky Power Company**

### **REQUEST**

On an annual basis file a general description of the nature of inter-company transactions with specific identification of major transactions and a description of the basis upon which cost allocations and transfer pricing have been established. This report should discuss the use of the cost or market standard for the sale or transfer of assets, the allocation factors used, and the procedures used to determine these factors if they are different from the procedures used in prior years. [Reference: Merger Agt., Ky. PSC Order dated 6-14-99, pg. 11, Item 1]

### **RESPONSE**

A general description of the nature of inter-company transactions is contained in the Cost Allocation Manual (CAM) filed May 2001 as Attachment 1. There have been no changes to the procedures used to price inter-company transactions from those used in the prior year. Unless exempted, inter-company transactions conducted by or with Kentucky Power Company are priced at fully-allocated cost in accordance with the Public Utility Holding Company Act of 2005.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**

**REQUEST**

On an annual basis file a report that identifies professional personnel transferred from Kentucky Power to AEP or any of the non-utility subsidiaries and describes the duties performed by each employee while employed by Kentucky Power and to be performed subsequent to transfer. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2.]

**RESPONSE**

Attached as Page 2 is a list of employees transferred from Kentucky Power Company to AEP or one of its subsidiaries during the twelve months ending December 31, 2008.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**  
**Transferees - 12 Months Ending December 31, 2008**

<u>Company / Emp Name</u>	<u>Eff Date</u>	<u>Job Title - New</u>	<u>Job Title - Old</u>
<b><u>AEP Service Corporation</u></b>			
Sanders, Isaac D	2008-06-28	Co-Op Student Computer Science	Co-Op Student Computer Science
Blackburn, Lance	2008-12-27	Station Manager II	Station Manager II
<b><u>Ohio Power Company</u></b>			
Green, Andy L	2008-03-22	Station Electrician C	Stores Attendant-B
<b><u>Public Service Co. of OK</u></b>			
Compton, Stephen L	2008-09-06	Technician Senior	Technician Senior



**Kentucky Power Company**

**REQUEST**

AEP should file on a quarterly\*\* basis a report detailing Kentucky Power's proportionate share of AEP's total operating revenues, operating revenues, operating and maintenance expenses, and number of employees. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 2]

\*\*Note: Pursuant to the Commission's Order dated June 14, 2004, the information pertaining to this data request shall be filed on an annual basis.

**RESPONSE**

<b>Kentucky Power Company</b>			
<b>Report Proportionate Share of AEP</b>			
<b>12 Months Ending December 31, 2008</b>			
<b>(in millions, except number of employees)</b>			
	<b>AEP</b>	<b>KPCo</b>	<b>Share</b>
Revenues	<b>\$14,440</b>	<b>\$666**</b>	<b>4.6%</b>
Operating/Maintenance Expense*	<b>\$8,399</b>	<b>\$283</b>	<b>3.4%</b>
No. of Employees as of 12/31/2008	<b>21,646</b>	<b>480</b>	<b>2.2%</b>

\*Includes Fuel expense of \$4,474 million of AEP and \$171 million for KPCo

\*\*Includes sales to affiliates of \$66 million of KPCo

**WITNESS:** Errol K Wagner



## Kentucky Power Company

### REQUEST

AEP should file any contracts or other agreements concerning the transfer of such assets or the pricing of inter-company transactions with the Commission at the time the transfer occurs. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11 (Special Reports)]

\*\*Note: Pursuant to the Commission's Order dated June 14, 2004, the information pertaining to this response shall be filed on an annual basis.

### RESPONSE

During the 12 months ended December 31, 2008 there were 29 different transactions in which AEP/Kentucky Power sold assets to its affiliates. The assets transferred were various meters and transformers. The total dollar value of the assets transferred was \$543,211. The smallest transfer was one meter at \$25 and the largest transfer was 1,624 meters for \$136,271.

WITNESS: Errol K Wagner



## Kentucky Power Company

### REQUEST

AEP should file a quarterly\*\* report of the number of employees of AEP and each subsidiary on the basis of payroll assignment. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 11, Item 1 (Special Reports)]

\*\*Note: Pursuant to the Commission's Order dated June 14, 2004, the information pertaining to this data request shall be filed on an annual basis.

### RESPONSE

Below is a chart showing the number of AEP employees on the basis of payroll assignment for each AEP subsidiary for the twelve months ending December 31, 2008:

Description	Employee Count
Kingsport Power Company	58
Appalachian Power Company	2,571
Kentucky Power Company	480
Indiana Michigan Power Company	2,518
Wheeling Power Company	62
Ohio Power Company	2,421
Columbus Southern Power Co	1,287
River Transportation Div I&MP	353
Conesville Coal Prep Co	31
AEP Service Corporation	6,330
AEP Pro Serv	1
AEP Texas Central Company	1,198
CSW Energy, Inc.	18
AEP Elmwood LLC	152
AEP MEMCO	1,086
Public Service Co. of OK	1,274
South Western Electric Power Co	1,436
AEP Texas North Company	370
Grand Total	21,646

WITNESS: Errol K Wagner





**Kentucky Power Company**

**REQUEST**

AEP should file an annual report containing the years of service at Kentucky Power and the salaries of professional employees transferred from Kentucky Power to AEP or its subsidiaries filed in conjunction with the annual transfer of employees report. [Reference: Merger Agt., Ky. PSC Order 6/14/99, Reporting Requirements, Pg. 12, Item 2]

**RESPONSE**

Please see the attached page.

**WITNESS:** Errol K Wagner

## Kentucky Power Transferees 12 Months Ending December 31, 2008

<u>Name</u>	<u>Eff Date</u>	<u>Total Years of Service</u>	<u>Annual Salary</u>
<b><u>AEP Service Corporation</u></b>			
Sanders, Isaac D	2008-06-28	<1	\$31,200.00
Blackburn, Lance	2008-12-27	29	\$102,900.00
<b><u>Ohio Power Company</u></b>			
Green, Andy L	2008-03-22	10	\$42,286.40
<b><u>Public Service Co. of OK</u></b>			
Compton, Stephen L	2008-09-06	27	\$62,000.00



**Kentucky Power Company**

**REQUEST**

AEP should file an annual report of cost allocation factors in use, supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12 Item 3]

**RESPONSE**

The allocation factors used by Kentucky Power Company and other AEP System companies are described in the Cost Allocation Manual (CAM) filed May 2001 as Attachment 1, Item No. 2. Specifically, section 99-00-04 provides the full list of allocation factors available for use.

**WITNESS:** Errol K. Wagner



## Kentucky Power Company

### REQUEST

AEP should file summaries of any cost allocation studies when conducted and the basis for the methods used to determine the cost allocation in effect. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 4]

\*\*Note: Pursuant to the Commission's Order dated June 14, 2004, the information pertaining to this data request shall be filed on an annual basis.

### RESPONSE

Kentucky Power Company did not perform any cost allocation studies during the twelve months ending December 31, 2008. The methods used by Kentucky Power Company for cost allocation are documented in the AEP Cost Allocation Manual.

WITNESS: Errol K. Wagner



## Kentucky Power Company

### REQUEST

AEP should file an annual report of the methods used to update or revise the cost allocation factors in use supplemented upon significant change. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 5]

### RESPONSE

The methods used to update or revise the cost allocation factors used by Kentucky Power Company and other AEP System companies were not significantly changed during the year ended December 31, 2008. Allocation factors are revised periodically each year (e.g., monthly, quarterly, semi-annually and annually) based on the most current statistics available for each factor. The allocation factors in use are documented in the Cost Allocation Manual (CAM) filed May 2001 as Attachment 1, Item No. 2.

**WITNESS:** Errol K Wagner





## **Kentucky Power Company**

### **REQUEST**

AEP should file the current Articles of Incorporation and bylaws of affiliated companies in businesses related to the electric industry or that would be doing business with AEP.[Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 6]

### **RESPONSE**

Due to the voluminous nature of this request, the Company is providing a list of AEP's subsidiaries. After the Commission Staff has an opportunity to review the list, the Company will make available a copy of the Articles of Incorporation and By-Laws of any affiliate the Staff deems necessary for review.

**WITNESS:** Errol K Wagner

**AEP's Subsidiaries and Non-Utility Affiliates**

AEP Acquisition, LLC  
AEP C&I Company, LLC  
AEP Coal Marketing, LLC  
AEP Coal, Inc.  
AEP Communications, Inc.  
AEP Credit, Inc  
AEP Delaware Investment Company  
AEP Delaware Investment Company II  
AEP Desert Sky GP, LLC  
AEP Desert Sky LP II, LLC  
AEP Desert Sky LP, LLC  
AEP Elmwood LLC  
AEP Energy Partners, Inc.  
AEP Energy Service Gas Holding Company  
AEP Energy Services Investments, Inc.  
AEP Energy Services Limited  
AEP Energy Services UK Generation Limited  
AEP Energy Services, Inc.  
AEP Fiber Venture, LLC  
AEP Generating Company  
AEP Holdings II C.V.  
AEP Investments, Inc.  
AEP Kentucky Coal, LLC  
AEP Nonutility Funding LLC  
AEP Power Marketing, Inc.  
AEP Pro Serv, Inc.  
AEP Properties, L.L.C.  
AEP Resources, Inc.  
AEP River Operations LLC  
AEP T&D Services, LLC  
AEP Texas Central Company  
AEP Texas Central Transition Funding II LLC  
AEP Texas Commercial & Industrial Retail GP, LLC  
AEP Texas Commercial & Industrial Retail Limited Partnership  
AEP Texas North Company  
AEP Texas North Generation Company, LLC  
AEP Transmission Company, LLC  
AEP Transmission Holding Company, LLC  
AEP Utilities, Inc.  
AEP Utility Funding, LLC  
AEP Wind Energy, LLC  
AEP Wind GP, LLC  
AEP Wind Holding Company, LLC  
AEP Wind LP II, LLC  
AFN, LLC  
American Electric Power Company, Inc.  
American Electric Power Service Corporation  
Amperion, Inc.

Appalachian Power Company  
Blackhawk Coal Company  
Cardinal Operating Company  
Cedar Coal Company  
Central Appalachian Coal Company  
Central Coal Company  
Columbus Southern Power Company  
Comverge, Inc.  
Conesville Coal Preparation Company  
Conlease, Inc.  
CSW Energy Services, Inc.  
CSW Energy, Inc.  
CSW International, Inc.  
CSW UK Finance Company  
CSW UK Investments Limited  
Desert Sky Wind Farm LP  
Distribution Vision 2010, LLC  
Diversified Energy Contractors Company, LLC  
Dolet Hills Lignite Company, LLC  
Electric Transmission America, LLC  
Electric Transmission Texas, LLC  
ESG Manufacturing, LLC  
ESG, L.L.C.  
Franklin Real Estate Company  
IMT Land Corp.  
Indiana Franklin Realty, Inc.  
Indiana Michigan Power Company  
Indiana-Kentucky Electric Corporation  
Intercontinental Exchange, Inc.  
Intergen Denmark ApS  
Intergen Denmark Finance ApS  
International Marine Terminals Partnership  
Kentucky Power Company  
Kingsport Power Company  
Microcell Corporation, Inc.  
Mutual Energy SWEPCO, LP  
National Temporary Services, Inc.  
Nuvest, LLC  
Octagon, Inc.  
Ohio Power Company  
Ohio Series, Potomac-Appalachian Transmission Highline, LLC  
Ohio Valley Electric Corporation  
Path Ohio Transmission Company, LLC  
PATH West Virginia Transmission Company, LLC  
Pioneer Transmission, LLC  
Power Tree Carbon Company, LLC  
Powerspan Corp.  
Price River Coal Company, Inc.  
Public Service Company of Oklahoma  
REP General Partner, LLC

REP Holdco, LLC  
Snowcap Coal Company, Inc.  
Southern Appalachian Coal Company  
Southwest Arkansas Utilities Corporation  
Southwestern Electric Power Company  
SWEPCO Capital Trust I  
The Arklahoma Corporation  
Trent Wind Farm, LP  
United Sciences Testing, Inc  
Universal Supercapacitors, LLC  
West Virginia Series, Potomac-Appalachian Transmission Highline, LLC  
Wheeling Power Company



**Kentucky Power Company**

**REQUEST**

AEP should file the current Articles of Incorporation of affiliated companies involved in non-related business.

[Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pg. 12, Item 7]

**RESPONSE**

Please see the Company's response to Item No. 11.

**WITNESS:** Errol K Wagner





## **Kentucky Power Company**

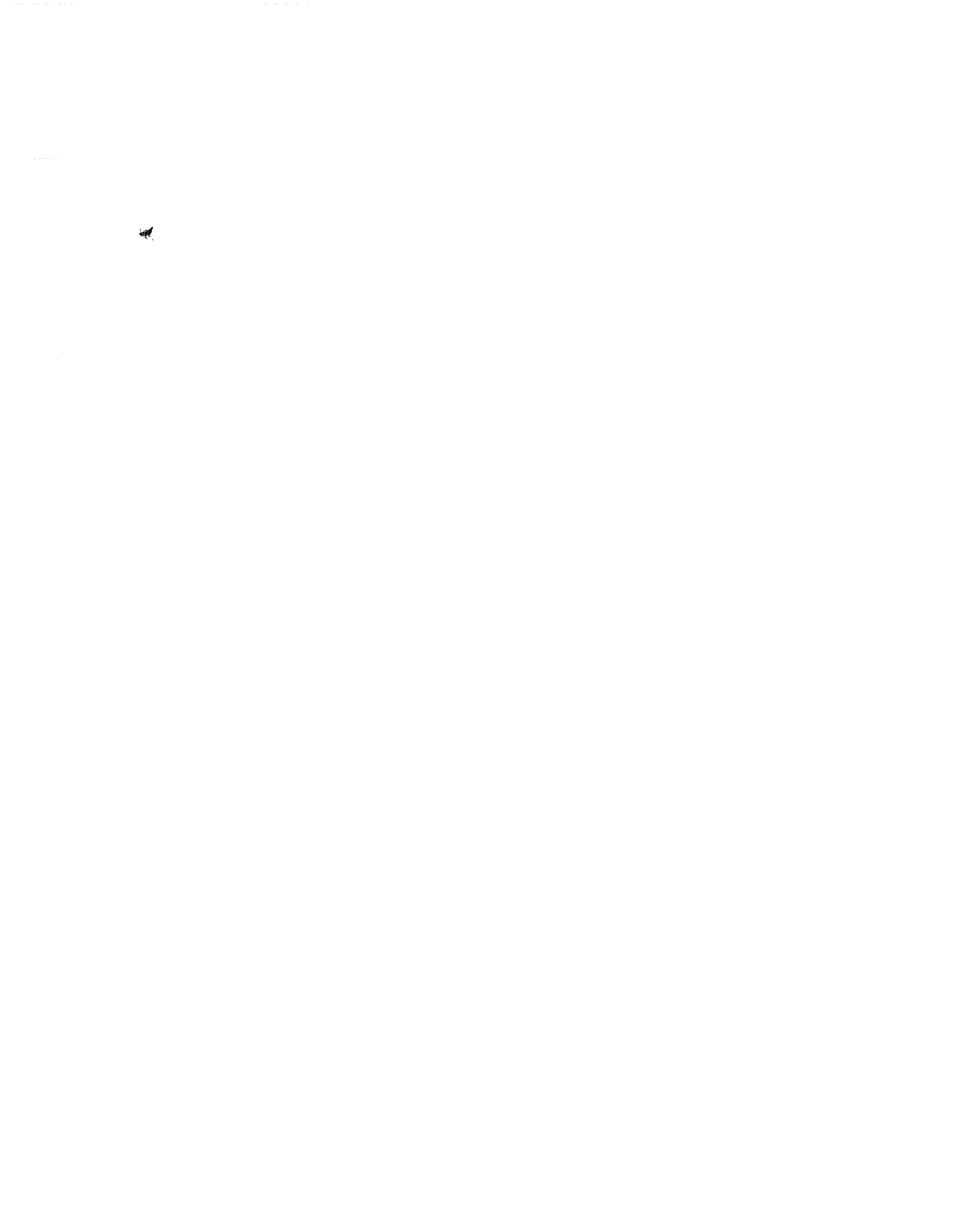
### **REQUEST**

To the extent that the merger is subject to conditions or changes not reviewed in this case, the Joint Applicants should amend their filing to allow the Commission and all parties an opportunity to review the revisions to ensure that Kentucky Power and its customers are not adversely affected and that any additional benefits flow through the favored nations clause. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Reporting Requirements, Pgs. 12-13]

### **RESPONSE**

There were no changes during the period ending December 31, 2008 to the terms and conditions of the settlement agreements in any of the jurisdictions subject to the merger that would adversely affect the settlement reached in the Commonwealth of Kentucky, or cause additional benefits to flow through the favored nations clause.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**

**REQUEST**

The Joint Applicants should submit copies of final approval received from the FERC, SEC, FTC, DOJ, and all state regulatory commissions to the extent that these documents have not been provided. With each submittal, the Joint Applicants shall further state whether Paragraph 10 of the Settlement Agreement requires changes to the regulatory plan approved herein. [Reference: Merger Agt., Ky. PSC Order dated 6/14/99, Pg. 14 Item 7]

**RESPONSE**

Please see the Company's response to Item No. 14 as filed with the Commission on December 8, 2000.

**WITNESS:** Errol K Wagner



## Kentucky Power Company

### REQUEST

Provide annual Service Reliability Report addressing the duration and frequency of customer disruptions (CAIDI and SAIFI), including storms for calendar 2008. [Reference: Merger Agt., Attachment C, Pg. 1 Item 1]

### RESPONSE

The overall Customer Average Interruption Duration Index (CAIDI) for Kentucky Power Company (KPCo) customers during calendar year 2008 was 177.6 minutes per customer interrupted. The overall System Average Interruption Frequency Index (SAIFI) for KPCo customers during calendar year 2008 was 2.991 interruptions per customer served.

KPCo has previously reported on its changes in outage reporting systems. Making comparisons to the 1995-1998 values is very difficult because of the numerous advancements in outage recording technology. The ultimate results are more accurate outage customer count and outage duration values.

**WITNESS:** Errol K Wagner



## Kentucky Power Company

### REQUEST

Provide annual Call Center Performance Measures for those centers that handle Kentucky customer calls (Call Center Average Speed of Answer (ASA) Abandonment Rate, and Call Blockage), for calendar year 2008. [Reference: Merger Agt., Attachment C, Pg. 1, Item 2]

### RESPONSE

The annual Call Center Performance Measures for those centers that handle Kentucky customer calls for the calendar year 2008 are: Average Speed of Answer (ASA): 47 seconds, Abandonment Rate: 5.51%, and Call Blockage: 1.57%.

**WITNESS:** Errol K Wagner





## Kentucky Power Company

### REQUEST

Will continue to completely inspect its Kentucky electric facilities every two years and perform tree trimming, lightning arrester replacement, animal guarding and pole and cross arm replacements. Provide data for calendar year 2008. [Reference: Merger Agt., Case 99-149, Attachment C, Page 1, Item 3]

### RESPONSE

In the calendar year 2008, Kentucky Power continued to perform circuit inspections, tree trimming, lightning arrester replacement, cutout replacement, animal guarding, and pole and cross arm replacements as needed. Kentucky Power provides the following statistics for work in its service territory in 2008:

- 123 complete circuits were inspected in 2008
- Replaced 465 deteriorated wood poles
- Reinforced 247 deteriorated wood poles
- Completed right-of-way maintenance on 1,393.6 miles of distribution line.
- Replaced 2705 cutouts and 2309 lightning arresters under our cutout and arrester replacement program.
- Installed 948 animal guards.

Kentucky Power continues its asset management programs to review the performance of its facilities and to make prudent improvements to continue providing reliable and cost-effective electric service to its Kentucky customers.

**WITNESS:** Errol K Wagner



## Kentucky Power Company

### REQUEST

AEP/Kentucky Power management will compile outage data detailing each circuit's reliability performance. In addition, by monitoring repeated outages on a regular basis, the Company will identify and resolve reliability problems, which may go unnoticed by using CAIDI and SAIFI results. This data will be coupled with feedback from district field personnel and supervision and management concerning other locations and situations where the impact of outages are quantified. This process will be used to develop a comprehensive work plan each year, which focuses efforts to improve service reliability. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages. [Reference: Merger Agt., Attachment C, Pg. 1, Item 4]

### RESPONSE

Kentucky Power continues to compile outage data detailing each circuit's reliability performance. Worst performing circuits are identified considering SAIFI, CAIDI and SAIDI. Circuits or circuit segments with repeat outages are identified as well as those with outage causes that can be addressed through existing asset improvement programs targeting animal, lightning, small conductor failures and tree caused outages. This allows for the identification of areas needing reliability improvements and for the development of work plans to optimize system performance where within utility control.

Work plans are developed by combining reliability performance with input from field personnel to identify areas that do not satisfy ranking criteria alone. Work plans include ground-line inspection and treatment of poles; improved fault isolation by installing additional sectionalizing devices; recloser maintenance; and system improvements required due to facility loading, voltage control and reliability performance.

**WITNESS:** Errol K Wagner

## Kentucky Power Company

### REQUEST

AEP/Kentucky Power management will compile outage data detailing each circuit's reliability performance. In addition, by monitoring repeated outages on a regular basis, the Company will identify and resolve reliability problems, which may go unnoticed by using CAIDI and SAIFI results. This data will be coupled with feedback from district field personnel and supervision and management concerning other locations and situations where the impact of outages are quantified. This process will be used to develop a comprehensive work plan each year, which focuses efforts to improve service reliability. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages. [Reference: Merger Agt., Attachment C, Pg. 1, Item 4]

### RESPONSE

Kentucky Power continues to compile outage data detailing each circuit's reliability performance. Worst performing circuits are identified considering SAIFI, CAIDI and SAIDI. Circuits or circuit segments with repeat outages are identified as well as those with outage causes that can be addressed through existing asset improvement programs targeting animal, lightning, small conductor failures and tree caused outages. This allows for the identification of areas needing reliability improvements and for the development of work plans to optimize system performance where within utility control.

Work plans are developed by combining reliability performance with input from field personnel to identify areas that do not satisfy ranking criteria alone. Work plans include ground-line inspection and treatment of poles; improved fault isolation by installing additional sectionalizing devices; recloser maintenance; and system improvements required due to facility loading, voltage control and reliability performance.

**WITNESS:** Errol K. Wagner

## Kentucky Power Company

### REQUEST

Plans to continue to maintain a high quality workforce to meet customers' needs. [Reference: Merger Agt, Attachment C, Pg. 2, Item 5]

### RESPONSE

The Company commits to maintain a high quality workforce to continue providing electrical services to meet the customers' needs.

WITNESS: Errol K. Wagner



## Kentucky Power Company

### REQUEST

AEP shall designate an employee who will act as a contact for State Commissions and consumer advocates seeking data and information regarding affiliate transactions and personnel transfers. Such employee shall be responsible for providing data and information requested by a State Commission for any and all transactions between the jurisdictional operating company and its affiliates, regardless of which affiliate(s) subsidiary (ies) or associate(s) of an AEP operating company from which the information is sought. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item Q]

### RESPONSE

Kentucky Power Company's Regulatory Services Director, Mr. Errol K. Wagner, is the designated contact for the Kentucky Public Service Commissioners, Commission Staff, and the Kentucky Attorney General's office regarding affiliate transactions and personnel transfers.

WITNESS: Errol K Wagner

## Kentucky Power Company

### REQUEST

Please provide designated employee or agent within Kentucky who will act as a contact for retail customers regarding service and reliability concerns and provide a contact for retail consumers for information, questions and assistance. Such AEP/Kentucky Power representative shall be able to deal with billing, maintenance and service reliability issues. [Merger Agt., Stipulation and Settlement, Pg. 11, Item R]

### RESPONSE

The Company would prefer customers to initially call the Customer Solution Centers (CSC) toll free telephone number. The customer associates of the CSC are capable of answering questions concerning utility service, reliability concerns and billing issues. However, Kentucky Power Company's Regulatory Services Department's Staff, specifically the regulatory Services Director, is capable of dealing with billing, maintenance as well as service reliability issues.

WITNESS: Errol K Wagner





## Kentucky Power Company

### REQUEST

AEP shall provide each signatory state a current list of employees or agents that are designated to work with each State Commission and consumer advocate concerning state regulatory matters, including, but not limited to, rate cases, consumer complaints, billing and retail competition issues. [Reference: Merger Agt., Stipulation and Settlement, Pg. 11, Item 5.]

### RESPONSE

Kentucky Power Company's Regulatory Services Director, Mr. Errol K. Wagner, and the Regulatory Services Department Staff are the designated employees to work with the Kentucky Public Service Commission and the Kentucky Attorney General's office concerning state regulatory matters, including, but not limited to rate cases, consumer complaints, billing and retail competition issues.

**WITNESS:** Errol K. Wagner

## Kentucky Power Company

### REQUEST

The Company further commits to maintain in Kentucky a sufficient management team to ensure that safe, reliable and efficient electric service is provided and to respond to the needs and inquiries of its Kentucky customers.

[Reference: Merger Agt., Attachment C, Pg. 2, Item 6a]

### RESPONSE

The Company has maintained a sufficient management team in Kentucky to ensure that safe, reliable and efficient electric service is provided as well as to respond to our customer's needs and inquiries.

WITNESS: Errol K Wagner

## Kentucky Power Company

### REQUEST

AEP shall contract with an independent auditor who shall conduct biennial audits for ten years after merger consummation of affiliated transactions to determine compliance with the affiliate standards outlined in the Stipulation and Settlement Agreement. The results of such audits shall be filed with the State commissions. Prior to the initial audit, AEP will conduct an informational meeting with State Commissions regarding how its affiliates and affiliate transactions will or have changed as a result of the proposed merger.

[Reference: Stipulation and Settlement Agreement, Page 11, Section 8(V)]

### RESPONSE

Kentucky Power Company continues to adhere to all applicable affiliate standards. In light of the Kentucky General Assembly's enactment of HB 897 (KRS278.2201 et seq.) in 2000, and the express terms of the Merger Settlement Agreement and the Order approving the agreement, the affiliate standards and requirements contained in the Merger Settlement Agreement have been superseded by statute. *See: Order, Joint Application of Kentucky Power Company, American Electric Power Company, Inc. and Central and South West Corporation Regarding a Proposed Merger, P.S.C. Case No. 99-149 at page 8 (affiliate standards and guidelines set out in Merger Settlement Agreement to remain in effect "until new affiliate standards imposed by either the Commission or by the General Assembly.")*. According, Kentucky Power Company will not be conducting a biennial audit of affiliated transactions as contemplated by the now superseded standards.

WITNESS: Errol K Wagner