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

January 25, 2008

**HAND DELIVERED**

Michael F. Buford  
Director, Division of Filings  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

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

**RE: Case No. 2007-00445 (City of Paintsville Franchise Agreement)**

Dear Mr. Buford:

Thank you for your letter of January 24, 2008 regarding the status of the franchise agreement between Kentucky Power Company and the City of Paintsville, Kentucky.

Although there have been no major issues and the Company believes an agreement will be reached, Kentucky Power remains in negotiations with the City. Kentucky Power will promptly file two copies of the franchise agreement when it is approved by the city commission and executed by the parties.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Mark R. Overstreet