

**HAND DELIVERED**

October 8, 2012

Jeff R. Derouen  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
Frankfort, Kentucky 40601

**RECEIVED**

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**PUBLIC SERVICE  
COMMISSION**

Re: Case No. 1999-00149 (AEP Interconnection Pool Meeting)

Dear Mr. Derouen:

On February 10, 2012, American Electric Power Service Corporation (AEPSC) made a series of filings at the Federal Energy Regulatory Commission (FERC), on behalf of Kentucky Power Company (Company) and several other subsidiaries of American Electric Power Company, Inc. (AEP), including other AEP–East operating companies. These filings were designed to implement an internal corporate reorganization that would have resulted in the separation of the generation and power marketing business from the transmission and distribution businesses of Ohio Power Company (OPCo or AEP-Ohio), an AEP-East operating company and current signatory to the AEP Interconnection Agreement (Pool Agreement), effective concurrently with the termination of the Pool Agreement and the Interim Allowance Agreement on December 31, 2013. Among other things, the filings included a new pooling arrangement; a bridge agreement, which would be effective for a transition period; and a request to transfer certain generating assets to Appalachian Power Company and the Company.

On January 19, 2012, representatives of the Company met with members of the Commission’s Staff to discuss the filings and answer questions. A copy of the FERC filings was also formally served upon the Commission on February 10, 2012.

Due to the uncertainty imposed by subsequent developments in Ohio, including the withdrawal of orders of the Public Utilities Commission of Ohio (“Ohio Commission”) supporting the internal reorganization of OPCo, on February 28, 2012, AEP withdrew each of the February 10, 2012 FERC filings without prejudice. As AEP stated in its withdrawal notice, it intended to pursue the matters covered by the filings it was withdrawing, and make the necessary filings at FERC at a later date.

AEP has continued to pursue those matters and, in the near future, expects to receive an order from the Ohio Commission on the corporate separation of OPCo. Although the outcome of

that order is not known, these proceedings are on the Ohio Commission's October 10, 2012 docket.

In its August 8, 2012 Order in OPCo's Electric Security Plan (ESP) case, the Ohio Commission found as follows:

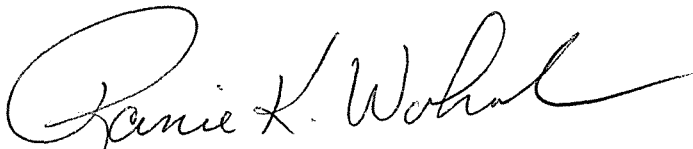
The Commission finds that sufficient information regarding the proposed generation asset divestiture and corporate separation, as reflected in more detail in the Corporate Separation Case, has been provided in this modified ESP case to allow the Commission to reasonably conclude that termination of the Pool Agreement and corporate separation facilitate AEP-Ohio's transition to a competitive market in Ohio. **Ohio Commission Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM, Opinion and Order, August 8, 2012, p. 59.**

If OPCo is authorized by the Ohio Commission to proceed with corporate separation as it has requested, AEP would expect to proceed expeditiously to make the necessary filings at FERC. In that case, we expect those filings to be very similar in most respects to the series of filings made by AEP on February 10, 2012.

Because of the pace of events, it is unlikely that the final version of the filings and any proposed agreements will be available 30 days prior to their filing with the FERC. Therefore, because we expect the filings to be very similar in most respects to the series of filings made by AEP on February 10, 2012, which filings were previously discussed with the Commission Staff and served on the Commission, please accept this letter as 30 days advance notice of those filings, including the filing with FERC of the proposed agreements to which the Company would be a party.

The Company has requested an informal conference with the Commission Staff, the Office of the Attorney General, and Kentucky Industrial Utility Customers, Inc. to provide additional details concerning the filings and any proposed agreements to which the Company is a party, including any changes from the prior filing. It is our understanding that the informal conference is scheduled for October 15, 2012 at 1:00 p.m. AEP will provide a final copy of the filings, including the proposed agreements, at the time of their filing with the FERC.

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



Ranie K. Wohnhas  
Managing Director, Regulatory & Finance

cc: Jennifer Hans, Office of Attorney General  
Michael L. Kurtz