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March 30, 2012

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**HAND DELIVERED**

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

**RECEIVED**  
MAR 30 2012  
PUBLIC SERVICE  
COMMISSION

RE: Case No. 2009-00459


Dear Mr. Derouen:

Enclosed please find the original and ten copies of Kentucky Power Company's 2011 Reliability Report. It is being filed in conformity with paragraph 5(d) the Commission's June 28, 2010 Order in Case No. 200-00459.

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

Very truly yours,

STITES & HARBISON, PLLC

  
Mark R. Overstreet

MRO

cc: Dennis G. Howard II (with enclosure)  
Michael L. Kurtz (with enclosure)

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED**  
MAR 30 2012  
PUBLIC SERVICE  
COMMISSION

RESPONSE OF KENTUCKY POWER COMPANY  
IN CONFORMITY WITH PARAGRAPH 5(d)  
OF THE UNANIMOUS SETTLEMENT AGREEMENT,  
APPENDIX A TO THE COMMISSION ORDER IN  
CASE NO. 2009-00459  
DATED JUNE 28, 2010

March 30, 2012

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 2011 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>
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
2011	3.085	195.4	602.8

The increase in SAIDI for 2011 is largely attributed to the extraordinary weather experienced during the year. This is evidenced by the fact that 2011 was a record year for precipitation in eastern Kentucky as we experienced a record level of 62.46 inches (NWS at Huntington, WV) or 48% above the average annual precipitation of 43.1 inches.

Since there was plenty of moisture to support tree growth, we did experience an increase of outages and SAIDI for "Vegetation Inside R/W" outage cause. With the additional rain saturating the ground, we also experienced a large increase in trees uprooting and falling into the line as well as trees sliding down the mountain into the line.

In addition, rainy weather has an influence on the failed equipment outages. Cutout failures are the biggest contributor to failed equipment. It has been demonstrated that most defective cutouts will cause outages after rain has dampened the pole and hardware.

2011 Distribution Vegetation Management (VM) Work by Circuit

See Attachment 1 for vegetation management work performed on each distribution circuit for 2011. The units reported are miles completed, acres of brush cut, acres of brush sprayed, trees removed and trees trimmed.

2011 Distribution Operation & Maintenance VM Work by Circuit

See Attachment 1 for the total expenditures for vegetation management work on each distribution circuit in 2011. 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 2011.

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 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.

2011 Distribution Vegetation Management Plan - Additional Information

Kentucky Power's Distribution Vegetation Management Program changed mid-year 2010 from a performance-based maintenance program to a full-circuit maintenance program aimed at moving our VM Program to a cycle-based approach. The transition to a cycle-based program is estimated to take 7 years.

Maintenance was completed on 1,871 miles of line while our goal was to achieve maintenance on 2,295 miles of line. This goal was not achieved due to underestimating the amount of work required to re-clear some circuits which had not been maintained for a number of years. 2,064 acres were sprayed, which exceeded the company's goal of 2,006 acres.

The total 2011 O&M expenditures for the VM Program were \$17,245,255, or \$7,290 above the Settlement annual amount of \$17,237,965, as shown below.

Total VMP O&M	\$ 17,245,255
Settlement Agreement Paragraph 5(a)	\$ 7,237,965
Settlement Agreement Paragraph 5(b)	<u>\$ 10,000,000</u>
Total Settlement Agreement	\$ 17,237,965
<b>Amount spent above the agreement</b>	<b>\$ 7,290</b>



2011 KY POWER FORESTRY SUMMARY

Circuit #	Circuit Name	Total Cost (O&M and Capital)	Total Line Miles	Miles Planned CUT	Miles Completed CUT	Miles Completed SPRAY	Miles Completed TOTAL	Brush Cut Acres	Brush Spray Acres	Tree Removals	Tree Trims	COMMENTS
2150105	Sprigg - Matewan			1	0.0	0.0	0.0					Feeder Breaker reclearing deferred
3200201	Barrensite - Fireburn	\$2,489				0.4	0.4		1.70	4		Ground spray application.
3200202	Barrensite - Vuican-A	\$573,514	49	49	32.9	0.0	32.90	32.69	0.00	9,055	1,841	Full Circuit Reclear. To be completed in 2012
3200204	Barrensite - Pounding Mill	\$5,725			0.3	0.0	0.30	0.30		58	35	Ground spray application.
3200302	Belfry - Toler	\$2,510				0.0	0.0		0.70	13		Quality-of-Service Work
3201002	Tom Watkins - Distribution-A	\$1,711			0.1	0.0	0.10	0.00	0.00	2	0	Quality-of-Service Work
3202201	Lovely - Lovely-A	\$16,764			2.9	0.0	2.90	0.60	0.00	133	23	Quality-of-Service Work
3202202	Lovely - Wolf Creek	\$5,009			0.4	0.0	0.40	0.30		58	7	Quality-of-Service Work
3300601	Bluegrass - Walkertown	\$81,630	28	4	4.0	1.9	5.90	8.50	0.03	1,132	610	2nd Recloser Zone - COMPLETED
3300602	Bluegrass - Hazard	\$6,887				0.0	0.0	0.27	0.02	144	42	Quality-of-Service Work
3301101	Chavies - Chavies	\$7,256			2.7	2.7	2.70	2.20	2.49	55	6	Ground spray application.
3301401	Combs - Combs	\$88,928	9	9	9.3	1.8	11.10	12.43	6.17	2,136	443	Full Circuit Reclear - COMPLETED
3301402	Combs - Airport Garden	\$564,652	41	41	41.0	2.0	43.00	65.13		9,278	1,685	Full Circuit Reclear - COMPLETED
3301701	Daisy - Leatherwood	\$2,057				0.0	0.0					
3302701	Hazard - Black Gold	\$75,319	44	3	2.5	38.8	41.30	11.08	75.64	1,524	265	Quality-of-Service Work & Ground spray application.
3302702	Hazard - Lothair	\$994				0.0	0.0	0.09	0.06			Ground spray application.
3302703	Hazard - Hazard	\$14,048			12.0	12.0	12.00		30.76	12		Quality-of-Service Work
3302704	Hazard - Kenmont	\$9,751				0.0	0.0		0.19	53	6	Ground spray application.
3303901	Leslie - Hyden	\$10,589			0.6	0.6	0.60			273		Ground spray application.
3303902	Leslie - Wooten	\$11,068			0.3	0.0	0.30	0.75		191	31	Quality-of-Service Work
3303903	Leslie - Hals Fork	\$84,455			0.9	0.0	0.90	0.10		3,328	102	Quality-of-Service Work
3307301	Bulan - Ary-Heiner	\$5,426			0.6	0.6	0.60	0.01	0.74	56	5	Ground spray application.
3307302	Bulan - Ajax-Dwarf	\$6,755			1.1	1.1	1.10	0.05	6.19	16	2	Ground spray application.
3307303	Bulan - Lotts Creek	\$2,280				0.0	0.00	0.00	1.02	0	0	Quality-of-Service Work
3308001	Jackson - South Jackson	\$9,248			0.4	0.0	0.40	0.74		66	89	Quality-of-Service Work
3308401	Beckham - Hindman	\$934,029	83	75	55.0	3.7	58.70	161.22	9.86	14,866	3,459	Full Circuit Reclear. To be completed in 2012
3308402	Beckham - Carr Creek	\$45,446			5.3	0.0	5.30	4.77		1,486	112	Tree work to address reliability issues on Irishman's Ck - COMPLETED
3308502	Bonnyman - Hazard	\$17,346			2.5	2.5	2.50	1.35	7.86	93	20	Ground spray application.
3308503	Bonnyman - Big Creek	\$25,787			3.8	3.8	3.80	0.74	9.33	79	28	Ground spray application.
3308601	Collier - Upper Rockhouse	\$2,198			0.3	0.3	0.30	0.20	0.06	37	9	Ground spray application.
3308602	Collier - Lower Rockhouse	\$501,489	70	70	24.8	0.0	24.80	101.14	16.33	7,631	1,832	Full Circuit Reclear. To be completed in 2012
3308603	Collier - Smoot Creek	\$3,192				0.1	0.10		1.05	11	2	Ground spray application.
3309001	Jeff - Viper	\$113,616			7.0	0.4	7.40	19.32	0.07	3,700	474	Tree work to address reliability issues on Mace's Ck - COMPLETED
3309002	Jeff - Jeff	\$1,799				0.0	0.0		1.12	57		Quality-of-Service Work
3309101	Whitesburg - Whitesburg	\$10,413				0.0	0.0		0.02			Quality-of-Service Work
3309102	Whitesburg - Hospital	\$52				0.0	0.0					Quality-of-Service Work
3309103	Whitesburg - Cowan	\$4,237			1.4	1.4	1.40	0.00	2.52	10	4	Ground spray application.
3309104	Whitesburg - Crafts Colley	\$415,241	27	15	15.0	0.0	15.00	62.01	0.93	5,274	2,065	Full Circuit Reclear - COMPLETED
3309301	Vicco - Red Fox	\$34,717				0.7	0.70	2.35		480	103	Ground spray application.
3309302	Vicco - Jeff	\$21,218			2.3	0.0	2.30	7.72		778	66	Quality-of-Service Work
3309901	Slemp - Defeated Cr.	\$752				0.0	0.0			9	16	Quality-of-Service Work
3309902	Slemp - Leatherwood	\$2,575				0.0	0.0			147	15	Ground spray application.
3310501	Haddix - Quicisand	\$103,155			91.2	0.0	91.20	0.77	152.02	46	12	Quality-of-Service Work
3310502	Haddix - Canoe	\$11,715				0.1	0.10	0.26		46	12	Quality-of-Service Work
3311101	Stinnett - Redbird	\$1,572,314	116	116	106.0	0.1	106.10	255.82	25.99	32,726	7,511	Full Circuit Reclear. To be completed in 2012
3311102	Stinnett - Beech Fork	\$190,287	10	10	10.0	0.0	10.00	27.72		5,654	773	Full Circuit Reclear - COMPLETED
3311103	Stinnett - Wendover 36kV	\$3,204			0.1	0.0	0.10			4	28	Quality-of-Service Work
3311401	Reedy - Deane	\$435,691	59	11	16.0	4.6	20.60	48.59	1.55	5,232	1,267	Full Circuit Reclear. To be completed in 2012
3311701	Shamrock - Shamrock	\$2,980			0.3	0.3	0.30	1.20		187	15	Ground spray application.

2011 KY POWER FORESTRY SUMMARY

Circuit #	Circuit Name	Total Cost (O&M and Capital)	Total Line Miles	Miles Planned CUT	Miles Completed CUT	Miles Completed SPRAY	Miles Completed TOTAL	Brush Cut Acres	Brush Spray Acres	Tree Removals	Tree Trims	COMMENTS
3312201	Engle - Industrial Park 34.5	\$691				0.0	6.10	3.45	12.47	25	12	Ground spray application.
3312202	Engle - Grapevine 34.5	\$25,081				0.0	0.80	3.51		934	92	Began Full Circuit Reclear. To be completed in 2012.
3312901	Jenkins - Kona	\$33,842		0.8		26.9	26.90	8.65	51.72	234	113	Ground spray application.
3314401	Mayking - Ermine	\$69,124	47	8	8.0	3.2	11.20	34.37	1.53	3,885	1,213	Full Circuit Reclear - COMPLETED. Began in 2010.
3314402	Mayking - Millstone	\$375,808	27	5	5.0	9.2	14.20	9.47	37.50	803	204	Full Circuit Reclear - COMPLETED. Began in 2010.
3400101	Allen - Distribution	\$72,417		8	6.9	0.0	6.90	5.77	0.68	2,610	591	Toler Creek conversion project. Tree work COMPLETED
3400301	Betsy Layne - Mud Creek	\$220,153		3	3.1	8.7	8.70	2.20	14.17	14	7	Ground spray application.
3400302	Betsy Layne - Tram 12 KV	\$11,381				0.0	9.40		9.54	961	238	Penhook conversion project. Tree work COMPLETED
3400303	Betsy Layne - Harold	\$121,331				0.0					1	Quality-of-Service
3400601	Burton - Ligon	\$256				0.0	11.90	11.66	0.00	3,930	297	Full Circuit Reclear - COMPLETED
3400702	Draffin - Yellow Hill	\$348,513	12	6	6.0	0.2	0.20	0.32	0.00	6		Ground spray application.
3400901	Elkhorn City - City	\$6,274				0.0	2.20	29.12	0.00	1,759	89	Feeder Breaker Zone reclear - COMPLETED
3400902	Elkhorn City - Grassy	\$92,999		2	44.0	0.0	44.00	55.21	0.70	461	2,378	BID JOB. Full Circuit Reclear - COMPLETED
3401001	Elwood - Dorton	\$229,370	44	69	69.0	0.0	69.00	792.31	0.00	8,136	3,229	BID JOB. Full Circuit Reclear - COMPLETED
3401002	Elwood - Virgie	\$325,789	69			0.0	0.10	0.25		41	5	Quality-of-Service Work
3401101	Falcon - Oil Springs	\$971				0.0	0.10			13	3	Quality-of-Service Work
3401102	Falcon - Salyersville	\$4,133		0.1		0.0	25.60	1.20	44.21	8	12	Quality-of-Service Work
3401301	Fleming - Neon	\$2,564				26.6	13.20		19.85	531	86	Ground spray application.
3401702	Henry Clay - Regina	\$69,951				0.0				3		Ground spray application.
3401703	Henry Clay - Ashcamp	\$28,136				0.0				20		Quality-of-Service Work
3401801	Index - Distribution	\$913				0.1	0.10			2	3	Quality-of-Service Work
3401802	Index - Hospital	\$916				0.3	0.30	0.11	0.40	60	1	Ground spray application.
3402001	Keyser - Mullins	\$3,595				2.1	2.10	0.11	5.30	100	2	Ground spray application.
3402002	Keyser - Stonecoal	\$20,760				1.3	1.30	1.99	1.99	18	1	Ground spray application.
3402202	McKinney - Gibson	\$4,297				8.7	8.70	1.59	12.98		7	Ground spray application.
3402204	McKinney - Maytown	\$7,753				0.0						Quality-of-Service Work
3402802	Paintsville - Nippa	\$1,748				0.0	0.50	0.00	0.00	174	30	Quality-of-Service Work
3403001	Pikeville - City	\$786				0.0	0.50	0.00	0.00	0	0	Quality-of-Service Work
3403003	Pikeville - Cedar Creek	\$21,751		0.5		0.0				0		Quality-of-Service Work
3403201	Beaver Creek - Ligon	\$2,710				0.0						Quality-of-Service Work
3403301	Prestonsburg - City	\$456				0.0	4.80	8.98	5.01	1,642	201	Rt Fk Little Beaver Ck reconductoring project.
3403701	Russell Fork - Little Beaver	\$160,204		4.8		0.0	2.10	5.19		716	1	Feeder Breaker Zone - tree work COMPLETED
3403801	Second Fork - Distribution	\$27,545		1.0		0.0	2.10			7		Quality-of-Service
3404301	Sidney - Big Creek	\$2,042				29.5	44.50	17.20	66.20	2,862	490	Full Circuit Reclear - COMPLETED. Began in 2010.
3404302	Sidney - Coburn Mtn.	\$220,469	49	15	15.0	4.4	4.40	0.07	7.16	8	7	Ground spray application.
3407101	Topmost - Dema	\$7,213				0.0	12.80		21.55	21		Ground spray application.
3407103	Topmost - Kite	\$346				12.8	6.90		11.50	7	6	Reclearing deferred
3408103	Salisbury - Martin	\$21,091				6.9	0.60	0.31		113	42	Quality-of-Service Work
3408303	Coleman - Peter Creek	\$7,939	72	28	0.6	0.0	0.60			4		Quality-of-Service Work
3408401	Kimper - Long Fork	\$14,706				0.0						Ground spray application.
3408402	Kimper - Grapevine	\$734				0.7	0.70	1.18	1.18			Ground spray application.
3409001	W. Paintsville - Paintsville	\$787				7.6	7.60	12.71	12.71			Ground spray application.
3409002	W. Paintsville - Starfordsville	\$5,531				2.5	2.50	4.12	4.12			Quality-of-Service Work
3409301	Kenwood - W Van Lear	\$1,786				0.0	51.00	69.60	33.27	10,907	2,232	Full Circuit Reclear. To be completed in 2012
3409302	Kenwood - Auxier	\$1,528	51	10	46.0	0.0	9.90	35.58	8.91	5,775	712	Full Circuit Reclear - COMPLETED
3409303	Kenwood - Hagerhill	\$624,831	41	39	16.6	0.0	16.60	90.64	19.91	4,081	1,663	Full Circuit Reclear. To be completed in 2012
3409401	Feds Creek - Feds Creek	\$599,073	39	1	0.0	0.0	0.70		1.80	23	2	Deferred until early 2012
3409402	Feds Creek - Levisa Stone	\$848				0.0						Quality-of-Service Work
3409502	Burdine - Levisa Stone	\$431,270	39	1	0.0	0.0	0.70					Quality-of-Service Work
3410501	So. Pikeville - Pikeville	\$1,162				0.0	0.70					Quality-of-Service Work
3410502	So. Pikeville - Island Creek	\$6,963				0.0	0.70					Quality-of-Service Work

2011 KY POWER FORESTRY SUMMARY

Circuit #	Circuit Name	Total Cost (O&W and Capital)	Total Line Miles	Miles Planned CUT	Miles Completed CUT	Miles Completed SPRAY	Miles Completed TOTAL	Brush Cut Acres	Brush Spray Acres	Tree Removals	Tree Trims	COMMENTS
3411401	Dewey - Inez-A	\$840,825	169	30	30.0	11.3	41.30	79.20	17.43	12,628	2,843	Lower Rockcastle Ck reliability issues - COMPLETED
3411801	Johns Creek - Meta	\$41,148		5		2.9	2.90	0.54	10.58	524	34	Ground spray application.
3411802	Johns Creek - Raccoon	\$27,865		5		0.8	0.80	1.50	0.90	326	79	Ground spray application.Grassy Ck conversion project CANCELED
3411901	Fords Branch - Shelby	\$820,759	39	39	31.0	0.0	31.00	48.24	1.37	9,712	1,534	Full Circuit Reclear. To be completed in 2012
3411902	Fords Branch - Robinson Ck	\$782,372	56	40	33.3	0.0	33.30	34.74	15.98	8,551	1,695	Full Circuit Reclear. To be completed in 2012
3413401	Garrett - Garrett	\$21,197				18.5	18.50	3.28	27.45			Ground spray application.
3413402	Garrett - Lacleay	\$16,284				12.2	12.20		20.27			Ground spray application.
3414901	Fishtrap - Distribution	\$52,334	5	5	3.1	0.0	3.10	5.51		1,569	17	Full Circuit Reclear. To be completed in 2012
3417601	New Camp - South Side	\$1,797				0.0				10		Quality-of-Service Work
3417602	New Camp - Arh-W Wmsn.	\$1,115				0.0				14	7	Quality-of-Service Work
3420001	Softshell - Vest	\$843		9	0.1	0.0	0.10			4	14	Second Zones - tree work DEFERRED
3420002	Softshell - Leburn	\$690		3		0.0						Recloser Zone, Possum Trot/Wiley Br - DEFERRED
2970603	Hurley - Race Fork	\$130,849	6	6	5.9	0.0	5.90	10.80		1,592	77	Full Circuit Reclear. To be completed in 2012
	Sum:	\$17,518,870		1092	996	875	1,871.10	2,418.78	2,012.12	232,467	62,614	