



Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

May 23, 2012

Kimra H. Cole, Director of Engineering
Kentucky Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

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PUBLIC SERVICE
COMMISSION

Re: Case No. 2009-00459

Dear Ms. Cole:

This letter is in response to your letter of May 3, 2012, concerning Kentucky Power Company's 2011 Reliability Report filed March 30, 2012. You note the Company reported that maintenance was completed on 1,871 miles of distribution line¹ during 2011 after previously projecting work on 2,295 miles of distribution line for the year.² You then asked how the difference between the proposed miles to be maintained, and the actual miles achieved in 2011, would affect the Company's 2010 estimate of the time required to complete its full-circuit, cycle-based maintenance program.

At the time of the settlement, "Kentucky Power estimate[d] it will take 7 years [or until June 30, 2017] to perform a complete re-clearing cycle of its distribution system and establish a 4-year cycle for its program."³ Based upon discussions with Kentucky Power's Forestry Department personnel, and an annual budget of \$17,237,965, Kentucky Power remains confident it will meet its original estimate of seven years to perform a complete maintenance cycle of the distribution system and establish a four-year cycle.

2011 was the first full year of the Company's Distribution Vegetation Management Program. The goal of 2,295 miles was, in retrospect, too ambitious and would have permitted Kentucky Power to complete the re-clearing cycle of its distribution lines in less than seven years. However, the Company was unable to meet its self-prescribed 2011 target because of the difficult terrain and the amount of vegetation overgrowth encountered in the 2011 work areas. The areas targeted in its 2011 program were some of the most challenging that will be encountered in completing the planned seven-year maintenance cycle. Kentucky Power

¹ The Company has approximately 8,000 miles of overhead primary distribution line on its system.
² Kentucky Power Company 2011 Distribution Vegetation Management Plan – Table 1 (Filed September 30, 2010). You also note the Company spent \$7,290 (or .04%) more on distribution line vegetation management than it committed to spend in the Unanimous Settlement Agreement approved by the Commission in its Order dated June 28, 2010.
³ Kentucky Power Company 2010 Distribution Vegetation Management Plan at 2 - The 2010 Plan was filed by the Company on May 20, 2010, in conformity with Settlement Agreement, and was offered by Kentucky Power in support of the Company's request that the agreement be approved.

expects that in the “later years” of the program, the amount of line mileage cleared each year will increase above the 2011 levels. In addition, as shown on the “2011 KY Power Forestry Summary,” filed March 30, 2012, the Company was required to perform a limited amount of unplanned (hot-spot) work during 2011. Completion of this unplanned work does not contribute to the total miles of line maintained during the year. We estimate the hot-spot work will decrease as the program moves forward, allowing more focus on re-clearing efforts.

Kentucky Power remains committed to providing reliable electrical service and is dedicated to re-clearing its system and establishing a four-year maintenance cycle by the end of the originally-estimated, seven-year period. The Company will promptly notify the Commission if it becomes concerned that the original seven-year estimate will not be met.

If you have any questions, please contact me at (502) 696-7007.

Sincerely,

A handwritten signature in cursive script that reads "Gregory G. Pauley". The signature is written in black ink and is positioned above the printed name and title.

Gregory G. Pauley
President/COO