

**OHIO VALLEY ELECTRIC CORPORATION  
INDIANA-KENTUCKY ELECTRIC CORPORATION**

**Implementation Plan and Schedule for Compliance with the  
Standards of Conduct for Transmission Providers**

Below is the plan and schedule for the implementation by Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (together "OVEC"), of the requirements of the Standards of Conduct for Transmission Providers ("Order No. 2004") by June 1, 2004. This plan and schedule is provided without prejudice to OVEC's rights to request a waiver of or other relief from the requirements of Order No. 2004, and OVEC hereby reserves all such rights.

OVEC is not currently in compliance with all of the requirements of Order No. 2004. Absent waiver or clarification of certain aspects of Order No. 2004, OVEC would be required to make structural and organizational changes in order to comply with the separation of functions provisions of Order No. 2004. These changes would include the reorganization of current staff, the hiring and training of new employees, the construction of new facilities, and the acquisition and modification of equipment. In addition, as described below, OVEC would need to develop and implement procedures and other materials to comply with the new training and posting requirements of Order No. 2004 relating to the independent functioning of OVEC's transmission employees from employees of OVEC's energy affiliates.

<u>Proposed Action</u>	<u>Estimated Date</u>
1. Identify transmission functions and marketing functions and personnel and facilities associated with each function.	February 2004

- |  |                |
|--|----------------|
| 2. Identify changes to procedures and facilities necessary to comply with Order No. 2004.  | March-May 2004 |
| 3. Develop implementation procedures, including procedures for limiting access to information from transmission function to marketing function or energy affiliates. | April-May 2004 |
| 4. Develop and conduct employee training program.  | April-May 2004 |
| 5. Designate Chief Compliance Officer.   | May 2004       |
| 6. Develop organizational charts of transmission and marketing units and energy affiliates.  | May 2004       |
| 7. Post compliance filing on OASIS, including implementation procedures.   | May 2004       |

OVEC currently projects that its compliance costs for Order No. 2004 could total up to \$2,500,000 or more in initial costs and up to \$550,000 or more annually in compliance costs. Of those totals, up to \$2,000,000 or more in initial costs, and up to \$500,000 or more in annual on-going costs, might be needed to comply with Order No. 2004's requirements relating to independent functioning and separation of functions, while up to \$500,000 or more in initial costs and up to \$50,000 or more in annual on-going costs might be needed to implement and comply with the procedures on information disclosure and posting required under Order No. 2004.