

# STITES & HARBISON<sup>PLLC</sup>

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March 20, 2007

**HAND DELIVERED**

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Ms. Beth O'Donnell  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

RECEIVED

MAR 20 2007

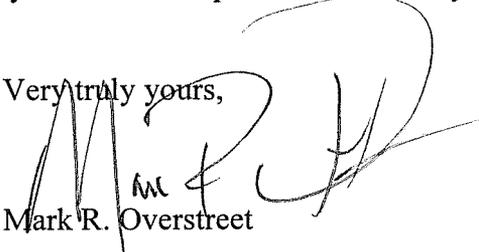
PUBLIC SERVICE  
COMMISSION

**RE: P.S.C. Case No. 2006-00507**

Dear Ms. O'Donnell:

Enclosed please find Kentucky Power's Responses to Staff's Second Set of Data Requests. The company believed it previously filed these responses on February 23, 2007. I apologize for any inconvenience.

Very truly yours,

  
Mark R. Overstreet

cc: Robert Cowan  
Elizabeth E. Blackford  
Michael L. Kurtz, Esq.

15396:1:FRANKFORT

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE**  
**PUBLIC SERVICE COMMISSION OF KENTUCKY**

**RECEIVED**

MAR 20 2007

PUBLIC SERVICE  
COMMISSION

**IN THE MATTER OF**

**AN EXAMINATION OF THE APPLICATION )**  
**OF THE FUEL ADJUSTMENT CLAUSE OF )**  
**KENTUCKY POWER COMPANY ) CASE NO. 2006-00507**  
**FROM NOVEMBER 1, 2004 THROUGH )**  
**OCTOBER 31, 2006 )**

**KENTUCKY POWER COMPANY**

**RESPONSES TO COMMISSION STAFF SECOND SET OF DATA REQUESTS**

**February 23, 2007**



## **Kentucky Power Company**

### **REQUEST**

Refer to AEP's response to Item 10 of the Commission's December 18, 2006 Order. AEP's internal average annual demand increased by 20 MW for the year ending October 31, 2005 compared to the year ending October 31, 2006, while AEP's maximum annual internal demand decreased by 20 MW. Explain whether the primary driver of the inverse results of the average and maximum average demands is weather related. If there are other reasons for the results, include those reasons in the explanation.

### **RESPONSE**

There is a correction to the Company's response to the Commission Staff's First Set Item No. 10 (B). The Kentucky Power Internal Average Annual Demand should have read 1,339 MW for 2006. The 1,305 MW for 2005 is correct.

With respect to the Commission Staff's question as to "explain whether the primary driver of the inverse result on the average and maximum average demand is weather related, the Company would agree that weather is the primary driver. KPCo is a winter peaking company. Reviewing the past ten years of data, the average low temperature at the time KPCo sets its peak is 7 degrees. The low temperature in January 2005 was 3 degrees and in December 2005 the low temperature was 11 degrees.

Please see page two of this response for the calculation of the internal average annual demand.

**WITNESS:** Errol K Wagner





## **Kentucky Power Company**

### **REQUEST**

Refer to AEP's response to Item 13 of the Commission's December 18, 2006 Order. Monthly line losses for the period under review range from 2.172 percent to 22.991 percent. Provide a narrative explanation of the reasons for such a wide range of losses, particularly for the losses of 22.991 percent in November 2004, which are considerably higher than any other month during the period.

### **RESPONSE**

The Company believes the reason for the wide range of line losses in November 2004 of 22.991% and December 2004 of 2.172% was due to a meter reading error. The meter reading error made when reading November 2004 meters would be corrected when the December 2004 meters were read correctly.

The Company is currently in the process of conducting a line loss study to help determine why the monthly line loss percentages are fluctuating. It is anticipated that the study will be completed by mid-July 2007.

The Company uses the 12 months ending line loss percentage in its fuel adjustment clause calculation. That line loss percentage does not fluctuate like the current month's line loss percentage. The 12-month ending line loss percentage is increasing over the twenty four month review period and we expect the line loss study to address this issue also.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**

**REQUEST**

Refer to AEP's response to Item 15 of the Commission's December 18, 2006 Order. Explain AEP's plans for replacing the coal tonnage shipments lost due to expiration of the Argus Energy contracts in December 2006.

**RESPONSE**

The Company is currently in the final stages of concluding four long-term agreements that will replace the Argus contracts. The new agreements are a result of the responses to the June 2006 solicitation.

For specific information regarding this solicitation, please refer to the response to Item 24 of the Commission's December 18, 2006 order.

**WITNESS:** James D Henry



## **Kentucky Power Company**

### **REQUEST**

Refer to AEP's response to Item 17 of the Commission's December 18, 2006 Order. Provide the underlying calculation of the monthly charge for each rate shown for Tariff OL and Tariff SL. If a light is not separately metered, include the calculation for the energy portion of the charge for each light.

### **RESPONSE**

Page two of the company's response demonstrates the calculations used in determining the change in the per lamp rate for the OL (Outdoor Lighting) and SL (Street Lighting) Tariffs.

The Company first used the annual total kWh for each lamp size as shown on sheet 2 of each the OL and SL tariff. The Company then divided that total to arrive at a monthly average kWh consumed for each lamp size. The Company utilized the average monthly kWh consumed for each lamp size times the Company's proposed change in base fuel. That result was added to the existing lamp rate, for each lamp size, as shown on the Company's existing tariffs which resulted in the proposed lamp rate shown in the Company's response to the Commission's First Set of Data Requests, Item No. 17.

**WITNESS:** Errol K. Wagner

Kentucky Power Company  
Two Year Fuel Review  
Case No. 2006-0507  
OL and SL Rate Calculation

PSC Case No. 2006-00507  
Order Dated Feb. 8, 2007  
Item No. 4  
Page 2 of 2

Base Fuel	Increase	\$0.004730
Current Base	Fuel	\$0.016510
New Base	Fuel	\$0.021240

Ln. No. (1)	Tariff Code (2)	Tariff Name (3)	Annual kWh * (4)	Average Monthly kWh (5=4/12)	Change in Base Fuel (6)	Existing Lamp Rate (7)	New Lamp Rate (8=5X6+7)
1	94	100 watt HPS	484	40.333333	\$0.004730	\$6.70	\$6.89
2	113	150 watt HPS	704	58.666667	\$0.004730	\$7.50	\$7.78
3	97	200 watt HPS	1012	84.333333	\$0.004730	\$9.05	\$9.45
4	98	400 watt HPS	2000	166.666667	\$0.004730	\$14.35	\$15.14
5	93	175 watt MV	864	72	\$0.004730	\$6.95	\$7.29
6	95	400 watt MV	1896	158	\$0.004730	\$11.60	\$12.35
7	111	100 watt HPS	484	40.333333	\$0.004730	\$10.05	\$10.24
8	112	150 watt HPS	704	58.666667	\$0.004730	\$16.45	\$16.73
9	99	175 watt MV	864	72	\$0.004730	\$8.10	\$8.44
10	107	200 watt HPS	1012	84.333333	\$0.004730	\$10.30	\$10.70
11	109	400 watt HPS	2000	166.666667	\$0.004730	\$14.10	\$14.89
12	110	250 watt MH	1204	100.333333	\$0.004730	\$16.15	\$16.62
13	116	400 watt MH	1896	158	\$0.004730	\$21.05	\$21.80
14	131	1000 watt MH	4540	378.333333	\$0.004730	\$45.20	\$46.99
15	528	100 watt HPS	484	40.333333	\$0.004730	\$5.45	\$5.64
16		150 watt HPS	704	58.666667	\$0.004730	\$6.15	\$6.43
17		200 watt HPS	1012	84.333333	\$0.004730	\$7.65	\$8.05
18		400 watt HPS	2000	166.666667	\$0.004730	\$10.90	\$11.69
19		100 watt HPS	484	40.333333	\$0.004730	\$8.75	\$8.94
20		150 watt HPS	704	58.666667	\$0.004730	\$9.50	\$9.78
21		200 watt HPS	1012	84.333333	\$0.004730	\$10.90	\$11.30
22		400 watt HPS	2000	166.666667	\$0.004730	\$14.15	\$14.94
23		100 watt HPS	484	40.333333	\$0.004730	\$14.65	\$14.84
24		150 watt HPS	704	58.666667	\$0.004730	\$15.20	\$15.48
25		200 watt HPS	1012	84.333333	\$0.004730	\$19.20	\$19.60
26		400 watt HPS	2000	166.666667	\$0.004730	\$20.00	\$20.79

\* Source : Tariff Sheet Nos 14-2 and 15-2



## **Kentucky Power Company**

### **REQUEST**

Refer to AEP's response to Item 18 of the Commission's December 18, 2006 Order. Provide the costs on a cent per MMBtu basis for AEP and each of the four utilities included in AEP's comparison for the period from May 2006 through October 2006, or through the most recent month available.

### **RESPONSE**

Please refer to Attachment Item Nos. 5a and 5b. These printouts were produced using the Platt's COALdat service that utilizes FERC Form 423 filings. Attachment Item No. 5a provides a comparison of all pertinent information, including the average costs for coal delivered on a cents per million Btu basis, for the months of May 2006 through September 2006. Due to the lag in regulatory reporting, October 2006 data was not available at the time of the original filing.

Attachment Item No. 5b provides the requested information for the review period of May 2006 through October 2006. Kentucky Power's costs for tons purchased on a cents per million Btu basis remains the second lowest of the four reporting utilities.

**WITNESS:** James D Henry

# Coal Transactions Analyzer:2 - Views Page

01/08/2007 10:55:58

Comments : Plant Operator = East Kentucky Power Coop, Inc., Kentucky Power Co., Kentucky Utilities Co., Louisville Gas & Electric Co.  
 (Date Range: 2006-05 to 2006-09)

KPSC Case No. 2006-00507  
 Order Dated February 8, 2007  
 Attachment Item 5a

Plant Operator	Total Tons (000s)	Tons w/Del.	Price (000s)	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Del \$/Ton	Del \$/mmBtu	Btu/Lb	LbsO2/mmBtu	% Sulf	% Ash
East Kentucky Power Coop.	1,860.40	1,860.40	46.48	4.67	0.02	51.16	216.27	11,028	2.36	1.40	13.16	
Kentucky Power Co.	1,015.50	1,015.50	43.81	3.07	0.00	46.88	192.25	12,193	1.42	0.87	10.94	
Kentucky Utilities Co.	3,091.75	3,091.75	41.51	9.02	0.00	50.52	215.69	11,712	2.27	1.33	10.71	
Louisville Gas & Electric	2,549.04	2,549.04	30.34	4.91	0.00	35.25	151.85	11,608	5.03	3.27	10.94	

# Coal Transactions Analyzer:1 - Views Page

02/08/2007 - 17:07:05

Comments : Plant Operator = East Kentucky Power Coop, Inc., Kentucky Power Co., Kentucky Utilities Co., Louisville Gas & Electric Co.

KPSC CASE NO. 2006-00507  
 ORDER DATED February 8, 2007  
 Attachment Item No. 5b

Shipment Date = Between 2006-05, 2006-10  
 (Date Range: 2006-05 to 2006-10)

Plant Operator	Total Tons (000s)	Tons w/Del. Price (000s)	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Del \$/Ton	Del \$/mmBtu	Btu/Lb	LbsO2/mmBtu	% Sulf	% Ash
East Kentucky Power Coop,	2,315.40	2,315.40	45.87	4.78	0.02	50.67	214.61	11,805	2.46	1.45	13.27
Kentucky Power Co.	1,361.40	1,361.40	44.16	2.95	0.00	47.11	183.08	12,200	1.41	0.86	10.83
Kentucky Utilities Co.	3,754.00	3,754.00	40.53	9.65	0.00	50.37	215.19	11,704	2.31	1.35	10.66
Louisville Gas & Electric	2,985.93	2,985.93	30.20	4.92	0.00	35.12	151.45	11,596	5.62	3.26	10.93