COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER COMPANY FOR APPROVAL OF AN AMENDED COMPLIANCE PLAN FOR PURPOSES OF RECOVERING ADDITIONAL COSTS OF POLLUTION CONTROL FACILITIES AND TO AMEND ITS ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF	)	CASE NO. 2006-00307

FIRST DATA REQUEST OF COMMISSION STAFF TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 8, 2006. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Direct Testimony of John M. McManus ("McManus Testimony"), page 3. Concerning the environmental projects related to compliance with the Clean Water Act ("CWA") and the Solid Waste Disposal Act ("SWDA"),

a. Provide copies of the applicable requirements of the CWA and SWDA referenced in the McManus Testimony.

b. Explain in detail how complying with the referenced requirements of the CWA and SWDA are applicable to coal combustion wastes and by-productions from facilities utilized for the production of energy from coal.

2. Refer to the McManus Testimony, pages 8 and 9.

a. Describe the development of the multi-emissions compliance optimization ("MECO") model. This discussion should include, but not be limited to, when the Electric Power Research Institute and Charles Rivers Associates began developing the model, when the model was made available to utilities for use, and how extensively the MECO model is used in the electric industry to model environmental compliance.

b. Describe in detail the adjustments or modifications made to the MECO model to reflect American Electric Power Company's ("AEP's") system characteristics and individual plant input characteristics.

c. Explain in detail why Kentucky Power did not include the results of the MECO modeling as part of its application in this proceeding.

3. Refer to the McManus Testimony, Exhibit JMM-1.

a. Indicate which of the 44 projects listed on Exhibit JMM-1 were included in the MECO model.

b. Concerning the 44 projects included in Exhibit JMM-1, indicate when the MECO modeling was performed and indicate if the modeling has been updated subsequent to the selection of the 44 projects.

c. Provide all inputs AEP included in the MECO model. Provide the requested information for the MECO modeling that supported the 44 projects included in Exhibit JMM-1 and for any updated modeling subsequent to the selection of the 44 projects.

d. Provide the least cost compliance plan, compliance costs, and projected emissions generated by the MECO model. Provide the requested information for the MECO modeling that supported the 44 projects included in Exhibit JMM-1 and for any updated modeling subsequent to the selection of the 44 projects.

4. In addition to the results from the MECO modeling, provide the following information for each of the 44 projects listed in Exhibit JMM-1:

a. A list of the options or alternative technologies that addressed the environmental problem which were available at the time the project was selected.

b. Copies of internal AEP capital improvement documentation or similar documentation prepared for the project.

c. An explanation of why the items requested in parts (a) and (b) above were not included with Kentucky Power's application in this proceeding.

d. If the project was not included in the MECO modeling and an internal AEP capital improvement document was not prepared for the project, explain in detail what analysis was performed for the project.

e. If the response to part (d) is no analysis was performed, explain in detail the reason(s) why no analysis was performed.

f. Copies of any regulatory commission approvals received for the project.

5. Refer to the McManus Testimony, page 10, lines 18 through 23.

a. Did Kentucky Power or AEP announce previously, in either 2005 or 2006, that a flue gas desulfurization ("FGD") system was going to be installed at Kentucky Power's Big Sandy generating station?

b. Explain why a FGD system for Kentucky Power's Big Sandy generating station was not referenced in Mr. McManus's testimony.

6. Refer to the McManus Testimony, pages 12, 13, 22, 23, 25, and 26. Under the provisions of KRS 278.183(1), a utility shall be entitled to the current recovery of its costs of complying with the Federal Clean Air Act as amended and those federal, state, or local environmental requirements which apply to coal combustion wastes and by-products resulting from the production of energy by the burning of coal. For each of the projects listed below, explain in detail how the project satisfies the requirements of KRS 278.183(1). Include in the response a discussion of how the project directly relates to the control of coal combustion wastes and by-products and a description of the features or characteristics of the project that qualifies it for inclusion in Kentucky Power's environmental compliance plan and eligible for recovery through the environmental surcharge.

a. Coal Blending projects at Amos Unit 3 and Mitchell Units 1 and 2.

b. Replacement of Transformer Rectifier Sets at Mitchell Units 1 and 2.

c. Limestone preparation, auxiliary pumping station, and river work grouped as a Plant Common Project at Amos Unit 3.

7. Refer to the McManus Testimony, pages 17 and 18, and Exhibit JMM-1. Concerning the fuel switching project at Tanners Creek Unit 4:

a. Was a cost/benefit analysis performed concerning the fuel switching option? Explain the response.

b. If a cost/benefit analysis was not performed, explain in detail why such an analysis was not performed.

c. If a cost/benefit analysis was performed, explain how the cost of transportation for additional quantities of Powder River Basin coal was factored into the analysis.

d. If transportation costs were not included in a cost/benefit analysis, explain in detail why this factor was excluded.

8. On pages 17 and 18 of the McManus Testimony is a discussion of a fuel switching project at Tanners Creek Unit 4 and a statement concerning reductions in sulfur dioxide and nitrogen oxide ("NOx") emissions at that generating station. Exhibit JMM-1 does not include a listing for a fuel switching project at Tanners Creek Unit 4, but instead lists a coal blending project at Tanners Creek Common that was done in order to comply with the NOx State Implementation Plan Call. In addition, Exhibit 1 to the Application does not reference a fuel switching project at Tanners Creek Unit 4, but instead lists the coal blending project.

a. Resolve this apparent conflict between Mr. McManus's testimony and his Exhibit JMM-1 and Application Exhibit 1.

b. If the project to be included in Kentucky Power's environmental compliance plan is for Tanners Creek Common and a coal blending project, provide a discussion of this project.

9. Refer to the McManus Testimony, pages 19 through 21.

a. Has a federal, state, or local agency established emission limits or emission levels for sulfur trioxides ("SO_3")?

b. If yes to part (a), provide the emission limit or emission level, identify the agency establishing the emission limit or emission level, and provide copies of the applicable statute, regulation, or rule.

c. Has a federal, state, or local agency established emission limits or emission levels for sulfuric acid ("H_2SO_4")?

d. If yes to part (c), provide the emission limit or emission level, identify the agency establishing the emission limit or emission level, and provide copies of the applicable statute, regulation, or rule.

e. Provide the following information for Amos Unit 3, Cardinal Unit 1, Mitchell Unit 1, Mitchell Unit 2, and Gavin:

(1) The SO_3 emission level immediately prior to the installation of selective catalytic reduction ("SCR") equipment and FGD systems.

(2) The current SO_3 emission level at each listed plant.

(3) The anticipated SO_3 emission level at each plant after the installation of the SO_3 mitigation system.

(4) The H_2SO_4 emission level immediately prior to the installation of SCR equipment and FGD systems.

(5) The current H_2SO_4 emission level at each listed plant.

(6) The anticipated H_2SO_4 emission level at each plant after the installation of the SO_3 mitigation system.

f. Quantify what would constitute a "significant" increase in the H_2SO_4 emission levels that would require additional permits and control equipment under the New Source Review Programs in Title I of the Clean Air Act as amended. Include in the response an explanation of how the "significant" increase is determined.

10. Refer to Exhibit 3 of the Application. In Kentucky Power's two previous environmental compliance plan amendment and surcharge modification proceedings, Case Nos. 2002-00169[1] and 2005-00068,[2] the Commission approved an Environmental Surcharge ("ES") Tariff for service rendered on and after a specific date. In light of those previous Commission decisions, explain why Kentucky Power proposes that the changes to its ES Tariff should become effective with bills rendered on and after a specific date.

11. Refer to the Direct Testimony of Errol K. Wagner ("Wagner Testimony"), page 12, and Exhibit EKW-1. In discussing the impact of the proposed amendment to the environmental compliance plan and amendment to the environmental surcharge, Mr. Wagner notes that retirements associated with some of the projects have not been

[1] Case No. 2002-00169, The Application of Kentucky Power Company d/b/a American Electric Power for Approval of an Amended Compliance Plan for Purposes of Recovering the Costs of New and Additional Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff, final Order dated March 31, 2003.

[2] Case No. 2005-00068, Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff, final Order dated September 7, 2005.

included in the calculations due to the fact Kentucky Power has not estimated or forecasted the associated retirements.

a. Using a copy of Exhibit EKW-1, indicate the projects that are expected or can be reasonably expected to have retirements associated with the project.

b. When would Kentucky Power or AEP be estimating or forecasting the costs of any existing plant retired as a result of the proposed projects? Explain the response.

12. Refer to the Wagner Testimony, Exhibit EKW-1. For each project listed on this exhibit, provide documentation supporting the amounts reported as the "Cost of Environmental Facilities"

13. Assume for purposes of this question that the Commission approves Kentucky Power's amendment to its environmental compliance plan and modification to the surcharge mechanism as proposed. Indicate what schedules Kentucky Power would propose to include with the monthly environmental surcharge filing to document the additional environmental costs it was permitted to recover from ratepayers.

Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED August 24, 2006

cc: All Parties