

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC)
SERVICE COMMISSION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE OF) CASE NO. 96-520
AMERICAN ELECTRIC POWER COMPANY)
FROM NOVEMBER 1, 1994 TO OCTOBER 31,)
1996)

O R D E R

IT IS ORDERED that Kentucky Power Company d/b/a American Electric Power Company ("AEP") shall file, within 20 days of the date of this Order, the original and 5 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a response requires multiple pages, each page should be indexed appropriately, for example, Item 1(a), page 2 of 4. With each response, include the name of the witness who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original data request, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. a. Does the Open Access Transmission Tariff which AEP filed with the Federal Energy Regulatory Commission on July 8, 1996 cover AEP's provision of transmission services?

b. (1) Have any changes been made to Open Access Transmission Tariff filed on July 8, 1996?

(2) If yes, identify these changes.

2. Provide a monthly billing summary for sales to all electric utilities for the period November 1, 1994 through October 31, 1996. This summary shall list for each transaction the name of the electric utility, the type of transaction (e.g., non-displacement, economy, transfer, etc.), Kwh sold, total amount billed, and individual billing components (e.g., demand charge, fuel charge, other, etc.). "Sales to electric utilities" includes sales to other American Power System operating companies under the American Power Company interconnection agreement.

3. a. (1) For each sales transaction listed in Item 2, state the portion of the billed charges attributable to line loss.

(2) Describe how this amount was determined. Show all calculations and state all assumptions used to make this determination.

b. (1) For each sales transaction listed in Item 2, state the line loss associated with that transaction.

(2) If AEP is unable to determine the line loss for each transaction listed above,

(a) State the average line loss which AEP incurs when making an intersystem sale.

(b) How was this average determined? Show all calculations and state all assumptions used to make this determination.

4. How does AEP determine the fuel cost component of each intersystem sale?

5. To determine monthly fuel costs (F)(m), Administrative Regulation 807 KAR 5:056, Section 1(3)(d), requires AEP to subtract from its cost of fossil fuel the "cost of fossil fuel recovered through intersystem sales."

a. Does AEP's determination of the "cost of fossil fuel recovered through intersystem sales" include the cost of fossil fuel related to intersystem sales' line loss?

b. (1) If yes, how is this cost included?

(2) If no, why is this cost not included?

6. For each statement below, state whether AEP agrees. If AEP does not agree, explain why.

a. Kentucky ratepayers should not pay through a fuel adjustment charge for any fuel costs directly related to intersystem sales.

b. To sell another electric utility 100 Kw of electric energy, an electric utility is required to produce more than 100 kw of electric energy. The difference between the amount of energy sold to the purchaser and that produced for the sale usually represents line loss (i.e., the cost of transmitting the energy from the point of generation to the point of sale).

c. Allocation of fuel costs associated with intersystem sale line losses requires Kentucky retail ratepayers to subsidize an electric utility's intersystem sales.

d. Administrative Regulation 807 KAR 5:056 requires AEP to include fuel costs associated with intersystem sale line losses in the calculation of fuel costs related to intersystem sales which are deducted from AEP's total fuel costs. Any failure to make this inclusion would result in an understatement of AEP's intersystem fuel costs and an overstatement of the fuel costs recoverable through AEP's fuel adjustment clause.

Done at Frankfort, Kentucky, this 28th day of May, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director