

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY POWER COMPANY, D/B/A )  
AMERICAN ELECTRIC POWER )  
COMPANY'S, FILING OF A SPECIAL ) CASE NO. 97-215  
CONTRACT WITH INCO ALLOYS )  
INTERNATIONAL, INC. FOR )  
FURNISHING ELECTRIC ENERGY )

ORDER

On March 26, 1997, Kentucky Power Company, d/b/a American Electric Power, ("Kentucky Power") filed a proposed special contract with INCO Alloys International, Inc. ("INCO") to furnish electric energy delivered at alternating current at approximately 69kV, 3 wire, three phase. The Commission suspended the contract for five months on April 25, 1997 in order to allow more time to determine its reasonableness. An informal conference was held on July 8, 1997.

INCO is served under Kentucky Power's Commercial and Industrial Power - Time-of-Day ("CIP-TOD") tariff. The tariff identifies charges based on on-peak and off-peak periods. The off-peak billing period is defined as 10:00 p.m to 7:00 a.m. INCO requested that its off-peak billing period be extended by one hour to include 9:00 p.m. to 7:00 a.m. and reached the agreement to do so as set forth in the proposed contract.

On August 25, 1997, Kentucky Power filed revised tariffs to extend the off-peak billing period by one hour in all of its time-of-day tariffs, thus obviating the need for the special contract with INCO.

Kentucky Power has more than 350 customers receiving service under time-of-day rates. The revised tariffs would offer a slight reduction to all but two of their customers.

LEECO Inc. and Martiki Coal Company have been identified as the two customers who would receive slight increases due to the extended off-peak period. Kentucky Power proposes that these two customers be given the option to maintain the existing off-peak hours until Kentucky Power's next rate case. The total revenue impact of extending the off-peak billing period to all time-of-day customers is a reduction of approximately \$41,667 per year to Kentucky Power.

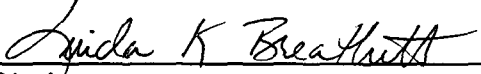
The Commission finds that Kentucky Power should be allowed to extend the off-peak billing period in all of its time-of-day tariffs by one hour. This modification will bring Kentucky Power in line with the majority of the American Electric Power operating companies and will offer an additional benefit to most customers.

IT IS THEREFORE ORDERED that:

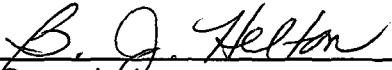
1. The defined off-peak billing period in Kentucky Power's time-of-day rates shall be extended to include 9:00 p.m. to 7:00 a.m. LEECO Inc. and Martiki Coal Company shall have the option of retaining an off-peak period defined as 10:00 p.m. to 7:00 a.m. until Kentucky Power's next general rate case.
2. Kentucky Power's revised rates shall be effective with bills rendered on and after September 29, 1997.
3. Within 30 days of the date of this Order, Kentucky Power shall file its revised tariffs with the Commission.
4. The proposed special contract with INCO is denied, having been rendered moot by Kentucky Power's revised tariffs.

Done at Frankfort, Kentucky, this 22nd day of September, 1997.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director