

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KENTUCKY POWER)	
COMPANY D/B/A AMERICAN ELECTRIC)	
POWER, AMERICAN ELECTRIC POWER)	
COMPANY, INC. AND CENTRAL AND SOUTH)	
WEST CORPORATION FOR (1) APPROVAL OF THE)	
CHANGES TO THE SYSTEM SALES)	CASE NO.
CLAUSE TARIFF; (2) ENTRY OF CERTAIN)	2002-00039
FINDINGS PURSUANT TO 15 U.S.C. 97Z;)	
(3) ENTRY OF CERTAIN FINDINGS PURSUANT)	
TO 17 C.F.R. 200.53)	
(4) THE ENTRY OF AN ORDER)	
DECLARING THAT THE TRANSFER OF THE)	
STOCK OF KENTUCKY POWER COMPANY)	
FROM AMERICAN ELECTRIC POWER COMPANY,)	
INC. TO ITS WHOLLY OWNED SUBSIDIARY,)	
CENTRAL AND SOUTH WEST CORPORATION)	
MAY BE CONSUMMATED WITHOUT APPROVAL)	
BY THE COMMISSION; OR, ALTERNATIVELY,)	
APPROVING THE TRANSFER PURSUANT TO)	
KRS 278.020(4) AND KRS 278.020(5); AND (5))	
FOR RELATED RELIEF)	

FIRST DATA REQUEST OF COMMISSION STAFF

Kentucky Power Company, d/b/a American Electric Power Company, Inc. (AEP), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 13, 2002. 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 person 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 herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Refer to the Application, Exhibit 2, Changes to the (1) AEP-East Interconnection (2) System Integrative and (3) Interim Allowance Agreements, pages 7 and 8 of 8.

a. Briefly describe how the Interim Allowance Agreement (IAA) has operated since its inception in 1995. Include in this description how the IAA handled the following sulfur dioxide emission allowance (SO₂ allowance) transactions:

(1) The assignment or allocation to the AEP-East operating companies (AEP-East) of the SO₂ allowances awarded by the Environmental Protection Agency.

(2) The assignment to AEP-East of bonus SO₂ allowances related to the Ohio Power Company s Gavin Generating Units (Gavin).

(3) The determination and maintenance of the SO₂ allowance inventory levels for AEP-East.

b. Based on AEP s July 2001 application to the Federal Energy Regulatory Commission, explain how AEP envisioned SO₂ allowance transactions would be handled between Appalachian Power Company, Indiana Michigan Power Company, and Kentucky Power.

c. Based on the summary of changes described on pages 7 and 8 of 8, identify and describe any additional revisions made to the handling of SO₂ allowances resulting from the pending settlement agreements.

d. Explain in detail how the termination of the IAA will impact Kentucky Power's environmental surcharge mechanism. Specifically address the effects on the SO₂ allowance inventory related to economy energy purchases and off-system sales.

2. Explain in detail the impact the restructuring of AEP will have on Kentucky Power's environmental surcharge mechanism. Specifically address the effects on the components of the environmental surcharge mechanism associated with Gavin and the Rockport Generating Units.

3. Refer to the Direct Testimony of Errol K. Wagner, page 10. Explain why Mr. Wagner concludes that there will be an increase in SO₂ allowance costs due to the elimination of the IAA.

4. Provide a schedule that shows the following information for Kentucky Power on an annual basis from 2002 through 2011:

a. Forecast summer peak load.

b. Forecast winter peak load.

c. Capacity available from Big Sandy Generating Units and existing Rockport Purchase Power Contract.

d. Forecast reserve margins at time of summer and winter peaks expressed in MWs.

e. Reserve margin used for planning purposes expressed in both percent and MWs.

f. Difference between forecast reserve margins and planning reserve margins in percent and MWs.

5. Provide a schedule that shows the same information requested in Item 4, except that the available capacity should be revised to reflect the extension of the Rockport Purchase Power Contract.

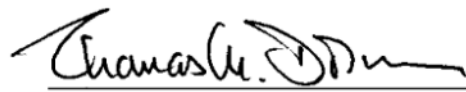
6. What is the reserve margin utilized for planning purposes by the other two members of the revised AEP power pool?

7. Refer to the direct testimony of Coulter R. Boyle III, pages 8-9. What reserve margins will be utilized by the power generation companies and the retail electric providers created by AEP to implement electric restructuring in other states?

8. How much capacity will be available to Kentucky Power under the revised AEP power pool and how will the price for that power be determined?

9. To what extent will the capacity available to Kentucky Power be used to support unregulated sales by affiliated companies?

10. Does Kentucky Power intend to transfer control of its transmission system to a Regional Transmission Organization? If yes, when and to which organization?



Thomas M. Dorman
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Public Service Commission
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DATED March 4, 2002

cc: All Parties