

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE 2002 INTEGRATED RESOURCE PLANNING)	
REPORT OF KENTUCKY POWER COMPANY)	CASE NO.
D/B/A AMERICAN ELECTRIC POWER TO THE)	2002-00377
KENTUCKY PUBLIC SERVICE COMMISSION)	

O R D E R

On December 20, 2002, the Commonwealth of Kentucky's Natural Resources and Environmental Protection Cabinet, through its Division of Energy (KDOE) filed a motion requesting that the Commission reject the Integrated Resource Planning Report (IRP) of Kentucky Power Company d/b/a American Electric Power (KPCO) filed with the Commission on November 15, 2002. The motion claims that KPCO has failed to comply with the filing requirements contained in 807 KAR 5:058 by not including in its IRP detailed analyses of supply-side resource options, demand-side resource options, and purchased power options, or an analysis that combines the least cost of these options into an integrated plan that minimizes the costs to customers in KPCO's service area. KDOE asks that the Commission reject the IRP and direct KPCO, within a reasonable period of time, to develop and submit an IRP that includes such analyses.

On January 13, 2003, KPCO filed a response in opposition to the motion. KPCO states that the motion is not well based in fact or in law and does not take into account events that have transpired since its last IRP proceeding. KPCO also states that KDOE ignores the procedural requirements established by 807 KAR 5:058 which provide an adequate mechanism for any legitimate objection that KDOE may have to the IRP.

Based on a review of the motion and the response of KPCO, and being otherwise sufficiently advised, the Commission finds that:

1. KDOE's critique of KPCO's November 15, 2002 IRP as to the analyses required in 807 KAR 5:058 and lack of response to recommendations included in the June 2002 Commission Staff's report on KPCO's 1999 IRP, as contained in its motion, overstates the requirements contained in the regulation.

2. Since the time of KPCO's 1999 IRP and the Commission Staff's report thereon, KPCO's current plans for addressing its resource needs have been made public via its filings with the Commission in Administrative Case No. 387.¹ A Review of the Adequacy of Kentucky's Generation and Transmission System.

3. In the resolution of Federal Energy Regulatory Commission (FERC) Dockets EC01-130-000 and ER01-2668-000, KPCO's affiliate power supplier agreed to extend two wholesale power contracts whereby KPCO purchases the output of 390 megawatts (MW) of capacity from a coal-fired plant in Rockport, Indiana. Whereas both contracts were due to expire December 31, 2004, one contract for 195 MW is extended through 2009 and the other contract for 195 MW, through December 7, 2022.

4. In the resolution of the above-referenced FERC cases, KPCO also agreed to file a formal IRP with the Commission no later than June 30, 2006, which will be subject to a review and decision by the Commission rather than an informal review and report by the Commission Staff.

5. KPCO sought and recently received Commission approval to extend its existing demand-side management programs for three years, through the end of 2005.

¹ Administrative Case No. 387, A Review of the Adequacy of Kentucky's Generation and Transmission System.

6. In light of the events set out in Finding Nos. 2 through 5, the fact that KPCO's 2002 IRP may not include all of the components that KDOE believes should be included does not preclude KDOE from addressing those shortcomings and should not impede the review of the IRP by KDOE, other intervenors, or the Commission Staff.

7. KDOE's motion to reject KPCO's 2002 IRP should be denied and the review of the IRP should continue pursuant to the procedural schedule established in the Commission's Order of December 13, 2002.

IT IS THEREFORE ORDERED that KDOE's motion to reject KPCO's November 15, 2002 IRP is denied.

Done at Frankfort, Kentucky, this 17th day of January, 2003.

By the Commission

ATTEST:


Executive Director