

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER COMPANY)	
D/B/A AMERICAN ELECTRIC POWER FOR)	
APPROVAL, TO THE EXTENT NECESSARY, TO)	
TRANSFER FUNCTIONAL CONTROL OF)	
TRANSMISSION FACILITIES LOCATED IN)	CASE NO.
KENTUCKY TO PJM INTERCONNECTION, L.L.C.)	2002-00475
PURSUANT TO KRS 278.218)	

SUPPLEMENTAL DATA REQUEST OF COMMISSION STAFF
TO KENTUCKY POWER COMPANY

Kentucky Power Company d/b/a American Electric Power (KPCO), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due March 7, 2003. 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.

1. Refer to the response to Staff s initial request, Item 1, page 12, a June 11, 2002 memo authored by R. W. Bradish and C. E. Zebula.

a. For each of the authors, provide his job title, a brief description of his responsibilities, and explain whether his duties were performed for the regulated utility business or the unregulated energy marketing business.

b. Provide the name and job title of each individual who received a copy of the June 11, 2002 memo prior to the date that a decision was made to join PJM Interconnection, L.L.C. (PJM).

c. Provide the abbreviated study performed by A.T. Kearney, as referenced in the first sentence of the June 11, 2002 memo. If copies are unavailable, provide a detailed explanation of the reasons. If the unavailability is due to the study having been physically destroyed, provide all documents that discuss, recommend, or direct the destruction of the study and explain who directed the destruction, the reasons for the destruction, and the date of the destruction.

d. The June 11, 2002 memo concludes that there is an economic benefit to American Electric Power (AEP) of joining PJM relative to the Midwest Independent System Operator (MISO). One of the findings underlying this conclusion is that locational marginal prices in AEP are higher with all members of the proposed Alliance Regional Transmission Organization (RTO) joining PJM, rather than MISO. Provide a detailed explanation of why the locational marginal prices in AEP are higher as a member of PJM and how these higher prices benefit KPCO s retail ratepayers.

2. Refer to the response to Staff s initial request, Item 1, pages 9 and 10, which contains the statement, Impact on AEP Energy Marketing - Studies in Progress. Provide the studies and every document that refers thereto, to the extent the studies or documents have not already been filed in this record in response to a prior data request.

3. Refer to the response to Staff's initial request, Item 1, page 10. The Impact on Through and Out Revenues for the case of AEP Transmission Owner is shown as (20) to (82) for MISO, and (4) for PJM. Explain in detail the impact to KPCO's retail ratepayers from the decreased Through and Out Revenues for MISO versus PJM.

4. Refer to the response to the Staff's initial request, Item 5, page 2.

a. Provide copies of each of the Letter Orders referenced in Part (b)(3) of the response.

b. Part (b)(3) requested, Which regulatory agencies, if any, authorized the deferrals? The response refers to Letter Orders issued to other utilities by the Federal Energy Regulatory Commission's chief accountant and to statements by that chief accountant that utilities could defer RTO formation/integration costs, but does not refer to any specific request by AEP from any regulatory agency for authorization of the accounting deferrals. Has AEP requested authority from any regulatory agency to defer any RTO development costs on the books of AEP or any of its subsidiaries? If yes, provide copies of the requests for deferral and explain why the requests were not disclosed in the original response.

5. The response to Staff's initial request, Item 6(a), refers to the transmission rate zone within PJM.

a. Will KPCO's transmission system be a discrete rate zone within PJM? If no, identify the other transmission-owning members within KPCO's rate zone.

b. Explain in detail how KPCO's transmission rates compare to those in PJM.

c. Explain in detail how the AEP/PJM zonal rate will compare to KPCO's current transmission rate.

6. The response to Staff's initial request, Item 7, is not responsive to the request, except for the discussion of the PJM administrative charges per Schedule 9. Provide the information as originally requested in Item 7 of the Staff's initial request.

7. Assuming that the Commission approves KPCO's request to transfer control of its transmission assets to PJM, will those assets remain in KPCO's retail rate base for retail rate-making purposes? If no, explain in detail why the assets will be removed from KPCO's retail rate base.

8. At the February 25, 2003 informal conference, AEP stated that joining PJM would open up the eastern market for AEP's off-system sales. Describe the impact that factors such as transmission congestion, Congestion Revenue Rights, and NOx allowance limits will have on AEP's strategy to make off-system sales to the east.

9. If PJM required the Big Sandy generating units to be ramped up or down, describe the impact on KPCO's NOx emissions and its use of NOx allowances.

10. Refer to the response to Staff's initial request, Item 9(a), which indicates that KPCO's customers will benefit due to AEP having access to 153,000 MW of generation in the PJM region.

a. Provide a comparison of KPCO's and AEP's generation costs with those of utilities in the PJM region.

b. Is it AEP's position that benefits will accrue to KPCO customers because they will have access to less expensive power in the PJM region? Explain the response in detail.

11. The response to Staff's initial request, Item 12, refers to the potential for certain extreme conditions occurring on the AEP system in West Virginia and Virginia that could impact voltage on KPCO's system.

a. Describe the cost impacts to KPCO due to the potential for decreased service reliability as referred to in the response to Item 12.

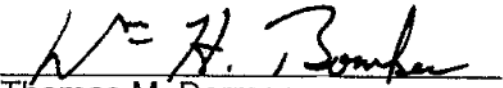
b. Explain whether there will be increased costs to KPCO due to congestion / Locational Marginal Pricing across the AEP system. If yes, quantify the increased costs to KPCO.

c. If increased costs occur across AEP's system, will they be allocated to KPCO based on its member load ratio? If no, describe the proposed allocation methodology.

12. The response to Staff's initial request, Item 14, refers to AEP having installed generation capacity of 29,000 MW. In February 2000, AEP filed a schedule with the Commission which showed AEP generating resources, including Buckeye Power, of 24,668 MW. Provide a description of the approximately 4,332 MW of generating capacity added to the AEP system since February 2000 (or not reflected on that schedule) and include the name and location of each generating unit, the name of the corporate owner, the net output of each generating unit, the type of fuel burned, and whether the unit is operated as a base, intermediate, or peaking unit.

13. Identify all current transmission-owning members of PJM and all utilities that have announced an intent to join PJM. For each entity so identified, list the state jurisdictions in which it operates and indicate whether the retail customers in those

jurisdictions either now have, or will by a date certain, have the right to choose their generation supplier.

for 
Thomas M. Dorman
Executive Director
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Post Office Box 615
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DATED: February 28, 2003

cc: All parties