

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)
COMPANY FOR APPROVAL OF RENEWABLE)
ENERGY PURCHASE AGREEMENT FOR WIND) CASE NO.
ENERGY RESOURCES BETWEEN KENTUCKY) 2009-00545
POWER COMPANY AND FPL ILLINOIS WIND, LLC)

FIRST DATA REQUEST OF COMMISSION STAFF
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC") pursuant to 807 KAR 5:001, is 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 no later than April 23, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KIUC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when

made, is now incorrect in any material respect. For any request to which KIUC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to page four of the Direct Testimony and Exhibits of Lane Kollen (“Kollen Testimony”), lines 14–16, and Kentucky Power Company’s (“Kentucky Power”) response to Item 1 of the Commission Staff’s Second Data Request. Identify and describe in detail all evidence relied upon by Mr. Kollen to support his statement, regarding renewable resources, that, “[t]here is significant uncertainty as to whether there ever will be a federal or Kentucky legislative mandate to acquire such resources and the company does not claim otherwise.” (Emphasis added).

2. Refer to page 5, line 15, continuing to page 6, line 2, of the Kollen Testimony.

a. While Kentucky Power has not yet filed its 2009 Annual Report (FERC Form 1) with the Commission, its 2006, 2007 and 2008 reports show that in each of those years only 50 to 60 percent of its off-system sales were sales to the American Electric Power Pool. Explain how Mr. Kollen determined that 100 percent of Kentucky Power’s off-system sales during the 12 months ended September 30, 2009, were sales to the AEP pool.

b. If the distribution of Kentucky Power's off-system sales during the 12 months ended September 30, 2009, was similar to the distribution in the three preceding calendar years, explain how that would affect Mr. Kollen's recommendation.

3. Refer to page 7 of the Kollen Testimony, lines 4–9. Identify the cases Mr. Kollen relied upon in making the statement regarding the demonstration by a utility that a proposed resource is the least-cost resource, that, "[t]his is the traditional standard applied by this Commission and other state commissions" (Emphasis added).

4. Refer to page 7, line 20, and page 9, line 22, of the Kollen Testimony. Confirm that the case number referenced in these lines of text should be to 2009-00459 rather than 2009-00549.

5. Refer to page 8, line 16, continuing to page 9, line 2, of the Kollen Testimony. Provide the evidence relied upon by Mr. Kollen when, referring to biomass co-firing, biomass injection, and purchasing renewable energy certificates, he makes the statement that, "[t]hese alternatives may represent lower cost options if indeed the federal government or the Commonwealth implements a renewable mandate."

6. Refer to page 11, lines 7 through 22, of the Kollen Testimony, regarding the impact of "the purchased power agreement debt equivalents" on Kentucky Power's capital structure and increased equity return.

a. Explain whether Mr. Kollen agrees that ratepayers would not see the impact of an increased equity return immediately upon approval of the proposed purchased power agreement and would see the impact only as part of a base rate case subsequent to such approval.

b. Explain whether Mr. Kollen believes there are measures that the Commission could take so that the greater equity return component of the costs associated with the purchased power agreement could be offset so that the impact on customers' bills would be neutral.

7. Refer to Kentucky Power's response to Item 29 of Commission Staff's Third Data Request in Case No. 2009-00459, the company's pending base rate case.¹

a. Explain whether Mr. Kollen believes it would be appropriate, if the purchased power agreement were to be approved, for the risks and costs associated therewith to be shared in some fashion by ratepayers and shareholders.

b. If the costs of the agreement, above some threshold amount, were to be deferred as a regulatory asset, and only amortized and borne by ratepayers upon the enactment of a renewable portfolio standard, explain how Mr. Kollen would view such an approach.



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DATED APR - 8 2010

cc: Parties of Record

¹ Case No. 2009-00459, Application of Kentucky Power Company for a General Adjustment of Electric Rates, filed January 15, 2010.

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