

August 5, 2005

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Beth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Kentucky Power Company
PSC Case No. 2005-00068

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COMMISSION

Dear Ms. O'Donnell:

At the formal hearing in this case, held on July 28, 2005, the Hearing Officer directed Kentucky Power Company to make an additional search for any written evaluation or analysis of the AEP System's NO_x control selection process. The Company has conducted this search and has been able to find two additional written analyses which it hereby submits. One is a written document prepared for the System's Ohio-based companies. It refers to "Unregulated Generation." This document was prepared for the AEP companies located in Ohio during the period when the System was considering corporate separation. Thus, the references to "unregulated generation" refer only to the fact that for purposes of Ohio utility regulation, generation facilities are not regulated; it does not mean that the generation facilities owned by these Ohio companies are deregulated in the sense that they are not part of the interstate pool that is governed by the FERC-approved Interconnection Agreement.

It is important to note that both documents are "snapshot" views of the compliance plan on the date of the document. The final combination of NO_x projects that comprises the compliance plan for the AEP System is one that has developed over time and was continually influenced by new knowledge as it became available.

The Company further wishes to make clear that it has previously provided the written analyses for the generation facilities at issue herein by means of the Capital Improvement Requests ("CIs") which were provided in their entirety by disc. As explained in the testimony and data responses, AEP uses an optimization model which allows it to rank possible NO_x reduction options at a given point in time according to NO_x reduction level and cost-effectiveness. The results from the runs of this model are written up in the form of a CI that is presented to the AEP Board for approval. The modeling process is explained in detail in the Certificate of Need case for the Big Sandy SCR. (Please note that the written analysis now being

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provided specifically references the filing in that case for information on the modeling process.) The modeling results for the generating facilities at issue in this case are set forth in the CIs. Thus the written analyses and evaluations that the Commission seeks have already been provided in the form of the CIs.

Please advise us if the Commission needs any further information, or if the Company has misunderstood the Hearing Officer's directive.

Sincerely,

STITES & HARBISON, PLLC



Judith A. Villines

JAV:las

cc: Michael L. Kurtz
Elizabeth E. Blackford
Richard G. Raff