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Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

June 7, 2006

PARTIES OF RECORD:

RE: Case No. 2006-00128

AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF KENTUCKY POWER COMPANY FOR THE SIX-MONTH BILLING PERIODS ENDING DECEMBER 31, 2002, DECEMBER 31, 2003, JUNE 30, 2004, DECEMBER 31, 2004, AND DECEMBER 31, 2005, AND FOR THE TWO-YEAR BILLING PERIODS ENDING JUNE 30, 2003 AND JUNE 30, 2005

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's content should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to Isaac Scott as (502) 564-3940, extension 444.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2006-00128
FROM: Isaac Scott, Team Leader *Isaac Scott*
DATE: June 7, 2006
SUBJECT: May 31, 2006 Informal Conference

Pursuant to the procedural schedule in the April 25, 2006 Order, an informal conference was held on May 31, 2006. Attached to this memorandum is a list of the participants. The purpose of the conference was to discuss the Kentucky Power Company ("Kentucky Power") environmental surcharge and its responses to the Staff's First Data Request.

The Staff asked Kentucky Power to discuss how it would propose to recover the net under-recovery of \$110,756. Kentucky Power indicated it would probably favor either recovering the amount over one or two billing months. Staff indicated that this question would be included in the supplemental data request due to be issued on June 14, 2006. There was also a brief discussion concerning how the accounting for property taxes had impacted the determination of the net under-recovery during the billing periods under review.

The Attorney General ("AG") had no issues to discuss. The Staff raised the idea that if the Intervenors were satisfied with the information in the record and Kentucky Power was agreeable, the Commission would probably be willing to entertain a motion to submit the case on the record and waive a public hearing. Kentucky Power and the AG indicated they would give this approach due consideration.

The counsel for the Kentucky Industrial Utility Customers, Inc. ("KIUC") was unable to attend the conference. Those present at the conference agreed Staff could send an e-mail to KIUC, with a copy to the other parties, briefly addressing the issues discussed at the conference. With nothing further to discuss, the conference was then adjourned. The e-mail to KIUC was sent during the afternoon of May 31, 2006.

Attachment

CASE NO. 2006-00128
KENTUCKY POWER COMPANY
INFORMAL CONFERENCE - May 31, 2006

NAME	WITH
Isaac Lead	PSC - Financial Analysis
Robert Cowan	PSC - GC
Bruce Clark	S+H / KyPower Co
Michele Whittington	S+H / Ky. Power
Errol Wagner	KPCO
Bob Russell	KPCO
Betsy Blackford	OAG
Daryl Nowley	PSC