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JUN 20 2007

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KENTUCKY)
POWER COMPANY FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) Case No. 2007-00155
CONSTRUCT A 138 KV TRANSMISSION LINE)
IN FLOYD COUNTY, KENTUCKY)

Kentucky Power Company Responses to Staff
Data Requests In Connection June 20, 2007 Informal Conference

**Kentucky Power Company
Case No. 2007-00155
Staff Informal Data Requests
Dated June 20, 2007**

Request No. 1

Under what rate schedule will KPCo provide service to Kentucky Hydro Carbon's new load?

Response:

Rate Schedule C.I.P.-T.O.D.

Witness: Errol K. Wagner

**Kentucky Power Company
Case No. 2007-00155
Staff Informal Data Requests
Dated June 20, 2007**

Question No.1 a.

Based on the expected load and the rate schedule, what annual revenues does KPCo expect to realize from sales to the pipeline?

Response:

The estimated annual revenue is \$6.9 Million.

Witness: Errol K. Wagner

**Kentucky Power Company
Case No. 2007-00155
Staff Informal Data Requests
Dated June 20, 2007**

Question No. 2

Would any part of this project be planned at present absent the Equitable Resources pipeline and related gas system construction?

Response

No. Absent the Equitable Resources project, the proposed new facilities would not be constructed at this time.

Witness: Errol K. Wagner

**Kentucky Power Company
Case No. 2007-00155
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Question No. 3

To what extent has KPCo considered requiring a contribution-in-aid of construction from Equitable to fund some, or all, of the construction costs?

Response

In conformity with the Company's Terms and Conditions, Sheet No. 2-6, paragraph 9, the Company compared the annual estimated revenues of \$6.9 Million with the annual cost to serve the Customer of \$6.7 Million. No contribution-in-aid of construction is required under the Company's tariff because the annual estimated revenue are greater than the annual cost of service.

The Company nevertheless entered into a ten year contract with the customer. Under the contract the customer is obligated to pay the contract minimum of 24,000 KW for 120 months even if the project is not constructed and no electricity is consumed. The total minimum payment by the customer under the contract is \$17.8 Million (24,000 KW X .60 X \$10.32 per KW X 120 months) over the ten years. This exceeds the \$15.4 Million estimated cost of the facilities.

Witness: Errol K. Wagner

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response to Informal Conference Data Requests was served by United States First Class Mail, postage prepaid, on this 20th day of June, 2007 upon:

Robert M. Watt, III
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Mark R. Overstreet

KE057:KE192:15719:1:FRANKFORT

Witness: Errol K. Wagner