

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

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PUBLIC SERVICE
COMMISSION

In the Matter of:

**APPLICATION OF KENTUCKY POWER)
COMPANY FOR AN ORDER APPROVING)
A PILOT REAL-TIME PRICING PROGRAM) CASE NO. 2007-00166
FOR LARGE COMMERCIAL AND INDUSTRIAL)
CUSTOMERS)**

**SUPPLEMENTAL REQUEST FOR INFORMATION
POSED BY THE ATTORNEY GENERAL**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Supplemental Request for Information to Kentucky Power Company, to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (4) If any request appears confusing, please request clarification directly from the Office of Attorney General.
- (5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar

document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL OF KENTUCKY




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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 15th day of June, 2007, I have filed the original and ten copies of the foregoing Attorney General's Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

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Assistant Attorney General

REQUEST FOR INFORMATION
Case No. 2007-00166

1. Please reference the Foust testimony, at page 5, at line 8.
 - A. Please provide a detailed explanation, including all relevant determinants or decision making reasons, for basing real-time rates under this pilot using PJM RTO market prices.
 - B. Other than the fact that such prices are “readily available,” are there any other reasons the company chose to use the PJM RTO prices for the proposed tariff rather than prices based upon the company’s actual cost of generation?

2. Please reference the Company’s Response to the Attorney General’s First Set of Data Requests, item 3.
 - A. As the company acknowledges that the PJM RTO prices are “much higher” than Kentucky’s tariff prices over 90% of the time, and under the proposed pilot the participant would voluntarily designate what portion of their load is subject to these higher prices, does the company realistically expect any customer to participate in the program given that, under the pilot as proposed by the company, it seems that the customer would be merely volunteering to pay higher tariff prices with little or no corresponding benefit?
 - B. Please provide a detailed explanation of how the company believes a participant would benefit under the pilot program as proposed by the company.
 - C. Please provide a detailed explanation, including specific examples, of how the company believes the customer baseline approach is subject to manipulation and by whom?

D. Given the company's statement that PJM RTO prices are "much higher" than Kentucky's tariff prices over 90% of the time, does the company expect to over-recover from program participants based upon its actual costs of generation? If so, how does the company propose to allocate such over-recovered funds?

3. Please state whether any AEP affiliate company offers a Real-Time pricing tariff or pilot program utilizing the Customer Baseline (CBL) approach and for any programs listed, provide:

A. A summary of each program or pilot, which should include the design of same and how long such program or pilot has been implemented;

B. The name of the jurisdiction approving such program, along with a copy of the Order (or equivalent document) approving such program;

C. A detailed explanation as to why the CBL approach was not proposed for Kentucky.

4. Please reference the Company's Response to the Attorney General's First Set of Data Requests, item 6.

A. Does the company feel it is reasonable for a pilot program to be approved by the commission even though the company has not prepared any estimates of the anticipated program administrative costs? If so, why?

B. Since the company proposes to limit the number of participants to only ten (10), is it possible to estimate the pilot program costs based upon that number of participants? If so, why was such an estimate not prepared and submitted with the application?

C. Since the company has stated that it has certain costs associated with the program that are independent of the number of participants, why were those costs not submitted as part of the application?

5. In its response to the Commission Staff's First Set of Data Requests, item 5, the company stated that the proposed administration fee "was set based upon a review of the program charges for other companies' RTP programs." Further, in its response to the Attorney General's First Set of Data Requests, item 6, the company states that "[t]he proposed administration fee was not set to recover any certain costs." Given the foregoing statements, is it the company's position that the proposed program charge is reasonable? If so, why?

6. Please reference the Company's Response to the Attorney General's First Set of Data Requests, item 6(E).

A. Please provide a detailed explanation of the company's assertion that over-recovery from participants will not occur given that the proposed tariffs are not based upon the company's cost of generation but rather the PJM RTO tariffs, which the company acknowledges are "much higher" than Kentucky's tariff prices "over 90% of the time".

B. Please provide a detailed explanation of exactly what costs the company will incur by utilizing the PJM RTO rates rather than its own costs of generation.

7. Please reference the Company's Response to the Attorney General's First Set of Data Requests, item 5. Please define the term "shortly after" in the context of exactly when the

company proposes provide day-ahead pricing to participants since such data will be received by the company at 4 pm.

8. Is the proposed program designed to be revenue neutral to the company? If so, exactly how is such revenue neutrality achieved? If not, please provide a detailed estimate of the amount of over or under recovery the company expects to receive.

9. Is the proposed program designed to be cost neutral to participants whose consumption patterns (load profile) do not change but designate a portion of load subject to the tariff? If so, please provide a detailed example of exactly how, including the portion of load designated by the hypothetical participant. In addition, please describe the corresponding benefit to the participant in the example.