

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

SECOND DATA REQUEST OF COMMISSION STAFF TO
KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due on June 28, 2007. Each copy of the data requested should be placed in a bound volume with each item tabbed. Responses to requests for information shall be appropriately indexed, for example, Item 1(a), Sheet 2 of 6, and shall include the name of the witness responsible for responding to the questions related to the information provided. Careful attention shall be given to copied material to ensure its legibility.

Each response shall be under oath or, for representatives of a public or private corporation, a partnership, an association or a governmental agency, be accompanied by a signed certification of the preparer or 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.

Kentucky Power shall make timely amendment to any prior response if it obtains information upon the basis of which it knows that the response was incorrect when

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

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 Kentucky Power's response to Item 1(a) of the Commission Staff's First Request for Information dated May 21, 2007 ("Staff's First Data Request"). Kentucky Power states that, "[c]ustomers can change the designated KW amount once a year to be effective June 1." If an extraordinary event occurs, such as new added production capacity at a manufacturing facility, would Kentucky Power revisit the designated kW amount prior to the June 1 date?

2. Refer to Kentucky Power's response to Item 1(c) of Staff's First Data Request which is a billing example. Provide a detailed explanation of the derivation of each calculation on pages 2 through 4 of 4.

3. Refer to Kentucky Power's response to Item 4 of the Staff's First Data Request. Kentucky Power states that "[e]xisting customers must re-enroll in the program by May 15 to continue in the program."

a. Explain why Kentucky Power proposes to have customers re-enroll annually rather than contacting the customer annually to discuss the level of load to be billed under existing and real-time rates.

b. Explain whether customers are to be notified that they will be dropped from the program beginning June 1 and, if so, how and when the customer will be notified.

4. Refer to Kentucky Power's response to Item 5 of Staff's First Data Request regarding the proposed \$150.00 per month program charge.

a. Kentucky Power states that the proposed charge was "based upon a review of the program charges for other companies' RTP programs." Identify the companies reviewed and the associated program charge of each company.

b. Other than this review, is there any other basis for Kentucky Power's determination that its proposed program charge was reasonable and should not inhibit participation?

c. In the testimony of Sydney L. "Butch" Cockerill, in Case No. 2007-00161,¹ Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") explain the derivation of their proposed \$140.00 per month program charge. Also in response to Item 4 of Staff's First Data Request, East Kentucky Power Cooperative, Inc. explained the derivation of its proposed \$150.00 per month program charge.² Explain why Kentucky Power did not attempt to develop an estimate of its program costs and program charge.

¹ Case No. 2007-00161, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for an Order Approving a Large Commercial and Industrial Real-Time Pricing Pilot Program.

² Case No. 2007-00165, Application of East Kentucky Power Cooperative, Inc. for an Order Approving a Pilot Real-Time Pricing Program for Large Commercial and Industrial Customers.

d. Refer to Kentucky Power's proposal set forth in response to "compare the recoveries received from customers to the actual incremental cost incurred to implement the program and feed back to customers any over- or under-recoveries pursuant to a future order of the Commission."

(1) Identify where this proposal is set forth in the Direct Testimony of Larry C. Foust.

(2) Does that mean that Kentucky Power is seeking the Commission's authority to set up a deferred account to record these costs for future recovery? Explain your response.

(3) How does Kentucky Power plan to isolate and track cost srelated to the pilot program?

(4) Does Kentucky Power propose to seek recovery from all ratepayers, or from just the effected classes?

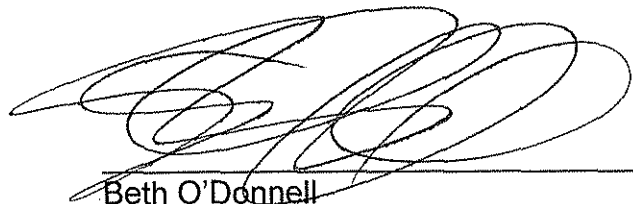
5. Refer to Kentucky Power's response to Item 8 of the Staff's First Data Request. KU and LG&E state that their program was designed to be bill neutral. Explain whether or not Kentucky Power believes that the absence of revenue neutrality in its program is a disincentive to participate in the program.

6. Refer to Kentucky Power's response to Item 5(c) of the Attorney General's May 18, 2007 Request for Information. The response states, "[t]he settled LMP will be used to calculate the real-time price used for billing."

a. Does this response indicate that the real-time pricing ("RTP") rate posted to the customer shortly after 4 p.m. each day will not be the rate used to bill the customer?

b. If Kentucky Power's response to Item 6(a) is yes, explain the necessity of the settlement and provide the maximum potential difference between the rate posted and the rate billed to the customer.

c. If Kentucky Power cannot provide the maximum settlement amount, state why customers would be willing to participate in the RTP pilot with this uncertainty in the final rate to be charged.



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DATED June 15, 2007

cc: All Parties