

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION PURSUANT TO 1994)
HOUSE BILL NO. 501 FOR THE APPROVAL OF)
AMERICAN ELECTRIC POWER / KENTUCKY POWER)
COMPANY COLLABORATIVE DEMAND-SIDE)
MANAGEMENT PROGRAMS, AND FOR AUTHORITY) Case No.
TO IMPLEMENT A TARIFF TO RECOVER COSTS,) 2007-00371
NET LOST REVENUES AND RECEIVE INCENTIVES)
ASSOCIATED WITH THE IMPLEMENTATION OF THE)
KENTUCKY POWER COMPANY COLLABORATIVE)
DEMAND-SIDE MANAGEMENT PROGRAMS)

FIRST DATA REQUEST OF COMMISSION STAFF TO
KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 6, 2007. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or 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 responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Kentucky Power fails or refuses 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.

Careful attention should be given to copied material to ensure that it is legible. 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. The application states that new lost revenue factors are being proposed due to a change in base rates approved by the Commission in Case No. 2005-00341.¹ The application also states this is the first time a change in these factors has been proposed since the inception of the Demand-Side Management ("DSM") Program and the factors were calculated by subtracting the base fuel rate of \$.01651 from the currently approved base rate. For each of the proposed lost revenue factors on page 2 of the application, provide workpapers showing the calculation of the factor.

¹ Case No. 2005-00341, General Adjustments in Electric Rates of Kentucky Power Company.

2. Kentucky Power's initial DSM filing in Case No. 1995-00427,² Tab No. 7, page 93, states as follows:

If, in fact, KPCo files a base rate case and begins collecting new base rates that recognize the revenues lost as a result of DSM programs, then the lost kWh associated with these DSM programs would theoretically be reflected in the billing determinants used to establish those new base rates. Under those circumstances, continued surcharge recovery of net lost revenues would result in double collection. Therefore, coincident with the implementation of new base rates, net lost revenues for the existing participants of KPCo's DSM programs will cease to be collected through the surcharge.

Given that the rates in Case No. 2005-00341 were approved as a settlement agreement, what is Kentucky Power's position on whether there continues to be "lost revenue" that needs to be recovered through the lost revenue factors or whether the continued usage of such factors would result in "double collection" for Kentucky Power?



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED August 30, 2007

cc: All Parties

² Case No. 1995-00427, Joint Application Pursuant to 1994 House Bill No. 501 for the Approval of the Kentucky Power Company ("KPCO") Collaborative Demand-Side Management Programs, and for Authority for KPCO to Implement a Tariff to Recover Costs, Net Lost Revenues, and Receive Incentives Associated with the Implementation of the KPCO Collaborative Demand-Side Management Programs.