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PUBLIC SERVICE
COMMISSION

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January 9, 2008

HAND DELIVERED

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Public Service Commission of Kentucky
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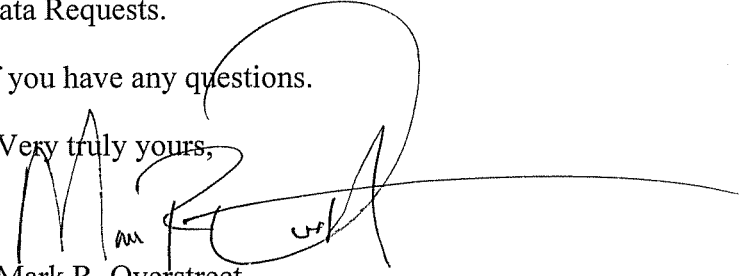
RE: P.S.C. Case No. 2007-00430

Dear Bob:

Enclosed please find and accept for filing the original and five copies of Kentucky Power's responses to Staff's Second Set of Data Requests.

Please do not hesitate to contact me if you have any questions.

Very truly yours,


Mark R. Overstreet

cc: Michael L. Kurtz
Dennis G. Howard II

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

**AN APPLICATION OF KENTUCKY POWER)
COMPANY FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
CONSTRUCT A 138 KV TRANSMISSION LINE) CASE NO. 2007-00430
AND ASSOCIATED FACILITIES IN KNOTT,)
COUNTY, KENTUCKY (SOFT SHELL))**

KENTUCKY POWER COMPANY

RESPONSE TO COMMISSION STAFF'S SECOND SET OF DATA REQUESTS

January 9, 2008

Kentucky Power Company

REQUEST

Refer to paragraph 16(a) on page 6 of the application. This paragraph indicates that the earliest time period in which Kentucky Power expects loading problems is in the winter of 2010-2011 due to expanded coal-mining activity. From beginning to end, how much time will be required to complete the proposed construction project?

RESPONSE

The estimated time to complete construction is 10 to 12 months, assuming approval is received by March 1, 2008. Included within this period is the time required for right-of-way clearing and construction of the transmission, distribution and substation facilities. Right-of-way clearing is expected to require at least 30 days.

If Commission approval is not received by March 1, 2008, further Indiana Bat testing will be required by the United States Fish & Wildlife Service ("USF&WS"). That testing (and receipt of necessary USF&WS clearances) can not begin until at least May 15, 2008 and will require 2-3 months. As a result, delay of Commission approval beyond March 1, 2008 will push the earliest completion date to at least May 15, 2009 (May 15, 2008 start date for Indiana Bat testing plus two months for testing and USF&WS clearances plus ten months for clearing the right-of-way and construction) as opposed to the current scheduled completion date of December, 2008. Because of the limited time available to the Commission to render a decision in this case, Kentucky Power will make its representatives available by telephone or informal conference to address any additional questions. Any information provided by the Company can subsequently be reduced to paper and filed with the Commission.

The proposed line and related facilities are required now as they are intended to address problems other than those projected for the winter of 2010-2011. As described in more detail in paragraph 17 of the application, in the event of the loss of the Beckham only 6.0 MVA of load can be transferred from that station to the adjacent Vicco Station (Red Fox circuit). As a result, the remaining 31.6 MVA of load, representing 4,508 customers, are at risk of loss of service in the event of an outage at the Beckham Station. Because this size of load is beyond that which can be handled by a single mobile transformer, service restoration is likely to be delayed in the event of a failure of the Beckham Station's transformer. A second mobile transformer is not readily available and site considerations may hinder or prevent the installation of a second mobile transformer at the site. The Soft Shell Station will immediately improve reliability to customers presently fed out of the Beckham Station and will minimize problems with restoring service in the event of the loss of a transformer at the Beckham Station.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to paragraph 18 on pages 6-7 of the application, which describes an alternative to the proposed transmission line and Soft Shell Station. Describe how the cost of the alternative compares to the cost of the proposed project.

RESPONSE

The current estimate of the cost of the alternative described in paragraph 18 is \$5.6 million. This estimate was made without the benefit of field engineering and thus may underestimate the costs as determined following field engineering and employing more accurate and complete cost information.

As described in the application, the alternative described in paragraph 18 was rejected for the reasons set out in subparagraphs 18(a)-18(c). In addition, a mobile transformer likely will be required in the event of the loss of a single transformer even if a second transformer is installed at the Beckham Station. The Soft Shell line and related facilities allow Kentucky Power to separate customers and circuits currently fed exclusively through the Beckham Station. The Soft Shell Station will be able to pick up many of the Beckham Station customers in the event of a transformer loss thereby reducing both the number of customers experiencing an outage and the likely duration of any outage. In addition, because less line miles will be constructed in connection with the Soft Shell project there will be less line exposure further reducing the likelihood of an outage. Finally, the Soft Shell station allows Kentucky Power to avoid hanging three circuits on a single pole, thereby reducing the magnitude of disruption of service likely to result for the loss of a pole.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to paragraph 22 on page 8 of the application, which describes the three alternative transmission right-of-way line paths considered by Kentucky Power. Alternative B is the route for the proposed project, which is estimated to have a total cost of \$6.87 million. Provide the estimated costs for the project if either of the other alternative line paths, Alternative A or Alternative C, is substituted for Alternative. B.

RESPONSE

The most recently estimated costs for each of the three alternatives are:

Alternative	Total Transmission Line Costs (Millions of Dollars)	Total Distribution Line Costs (Millions of Dollars)	Total Soft Shell Station Costs Soft Shell Station (\$4.106); Beaver Creek Station (\$0.496); Retire Yellow Mountain Switch (\$0.069). (Millions of Dollars)	Total Cost (Millions of Dollars)
A	\$4.1	\$1.5	\$4.67	\$14.37
B	\$3.84	\$1.5	\$4.67	\$10.01
C	\$5.0	\$1.5	\$4.67	\$11.17

These are detailed estimates based on field engineering that include field engineering costs as well as up-dated material, labor and right-of-way costs. Prior cost estimates were "functional" estimates used in considering alternatives.

WITNESS: Errol K Wagner