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John W. Clay  
Commissioner

Larry R. Bond  
Commissioner  
Department of Public Protection

June 9, 2008

Parties of Record

RE: Case No. 2008-00151  
Informal Conference  
June 4, 2008

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Mr. Jorge Valladares of the Commission Staff at 502-564-3940, Extension 424.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie Stumbo".

Stephanie Stumbo  
Executive Director

Attachments

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File No. 2008-00151

**FROM:** Jorge Valladares, Team Leader

**DATE:** June 9, 2008

**SUBJECT:** Application of Kentucky Power Company  
For Approval of its Green Pricing Option Rider ("Rider G.P.O.")

On May 23, 2008, Commission Staff issued a notice of informal conference to be held on June 4, 2008 at the Commission's offices. The purpose of the conference was to discuss all aspects of Kentucky Power's proposed Rider G.P.O., including the sources and pricing of Renewable Energy Certificates ("RECs"), the proposed tariff rate, and the request to establish a regulatory asset. A list of the conference attendees is attached hereto.

Staff inquired into the marketing strategies to be used for the Rider G.P.O. and Kentucky Power indicated that it would use bill inserts, but did not want to incur any significant additional advertising expenses. Staff suggested that Kentucky Power consider including references to its Rider G.P.O. in its ongoing advertisements of other subjects. Kentucky Power stated that it did not intend to take physical delivery of power generated by renewable resources but, rather, would be paying for such power and receiving RECs. Staff discussed the methodology that would be used to validate the source and vintage of the RECs, and whether they would be purchased directly from the generating source or from a broker.

The participants also discussed the issue of pricing, including the proposed rates set forth in the tariff, the price at which the RECs would be purchased, and the portion of the price that would be used to cover administrative expenses of either Kentucky Power or the broker of the RECs. The final issue discussed was the anticipated level of participants on the Rider G.P.O. and the basis for Kentucky Power's request to establish a regulatory asset in the event that a large number of RECs are purchased and placed in inventory in advance of being sold to customers. Kentucky Power indicated that it did not expect a high level of customer participation, but that if an advance purchase of 12 to 18 months' inventory of RECs could be acquired at a favorable price, it would do so and record the cost as a regulatory asset.

At the conclusion of the conference, Kentucky Power agreed to provide additional information in support of its application addressing the issues discussed during the conference. The additional information will take the form of either supplemental testimony or responses to data requests, but in any event, the supplemental information will be filed by June 27, 2008.

cc: Parties of Record

June 4, 2008 Informal Conference Regarding Issues of Case No. 2008-00151 held  
at the Offices of the Kentucky Public Service Commission

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Ron Nawelziah	PSC-FA	
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