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April 13, 2011

**HAND DELIVERED**

Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

**APR 13 2011**

**PUBLIC SERVICE  
COMMISSION**

Mark R. Overstreet  
(502) 209-1219  
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moverstreet@stites.com

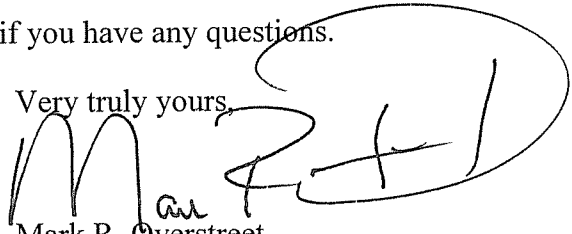
**RE: Case No. 2010-00490**

Dear Mr. Derouen:

Enclosed is the original and ten copies of Kentucky Power Company's response to the Commission Staff's Third Data Request in the above matter.

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

Very truly yours,

  
Mark R. Overstreet

MRO

cc: Dennis G. Howard II (with enclosure)  
Michael L. Kurtz (with enclosure)

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APR 13 2011

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

AN EXAMINATION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF )  
KENTUCKY POWER COMPANY ) CASE NO. 2010-00490  
FROM NOVEMBER 1, 2008 THRU OCTOBER 31, )  
2010 )

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KENTUCKY POWER COMPANY RESPONSES TO COMMISSION STAFF'S  
THIRD SET OF DATA REQUESTS

April 13, 2011

**AFFIDAVIT**

Lila P. Munsey, upon being first duly sworn, hereby makes oath that if the foregoing questions were propounded to her at a hearing before the Public Service Commission of Kentucky, she would give the answers recorded following each of said questions and that said answers are true.

*Lila P. Munsey*  
\_\_\_\_\_  
Lila P. Munsey

Commonwealth of Kentucky

)

) Case No. 2010-00490

County of Franklin

)

13<sup>th</sup> Sworn before me and subscribed in my presence by Lila P. Munsey, this the  
day of April, 2011.

*Judith K. Rosquist*  
\_\_\_\_\_  
Notary Public

My Commission Expires: January 13, 2013





## Kentucky Power Company

### REQUEST

Refer to the supplemental response filed by Lila P. Munsey on April 1, 2011. Ms. Munsey states that, “[w]henver a member company’s generating capability is insufficient to supply its demand, it draws upon the resources of the other AEP-East Zone companies in accordance with the provisions of the Interconnection Agreement.”

- a. State whether Kentucky Power or any other American Electric Power Company affiliate intends to terminate the Interconnection Agreement (“Agreement”) referenced in Ms. Munsey’s supplemental response. If yes, provide details of the termination plan and the effective date of the termination.
- b. If the Agreement is to be terminated, explain whether Kentucky Power intends to replace the resources of the other AEP-East Zone companies by constructing new generation, entering into long-term bilateral purchase contracts, or relying on the purchase of market power. Provide an analysis of the projected capacity and energy costs of each of these three options and the impact each option will have on Kentucky Power’s monthly fuel costs.

### RESPONSE

- a. On December 17, 2010, Kentucky Power Company gave notice by letter to the other Members and the Agent to terminate the East Pool Agreement effective January 1, 2014 or as of such other date that cancellation of the East Pool Agreement is accepted by the Federal Energy Regulatory Commission and becomes effective. As discussed below, the Company is reviewing its options.
- b. The Company intends to look at all available options to replace the resources of the other AEP-East Zone companies. The Company also intends to include the Kentucky Public Service Commission and its staff in discussions concerning the options. At this time the Company has not completed the analyses on the options mentioned in this data request or other possible options and thus can not provide the additional requested information.

**WITNESS:** Lila P Munsey