



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

April 19, 2011

PARTIES OF RECORD

RE: Kentucky Power Company
Case No. 2011-00031 Informal Conference

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Rick Bertelson, Staff Attorney, at 502-564-3940, Extension 260.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

RB/kar
Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2011-00031

FROM: Rick Bertelson, Staff Attorney

DATE: April 19, 2011

SUBJECT: Kentucky Power Company
Informal Conference

Pursuant to the procedural schedule appended to the Commission's February 28, 2011 Order, an informal conference ("IC") was held on April 18, 2011 at the Commission's Frankfort, Kentucky offices. In attendance were Commission Staff and representatives of Kentucky Power Company ("Kentucky Power"). A sign-in sheet with the names of the attendees is attached hereto.

The purpose of the informal conference was for Commission Staff to ask clarifying questions regarding Kentucky Power's March 25, 2011 responses to Commission Staff's First Data Request. Kentucky Power agreed to file its responses to Staff's questions in writing on or before May 6, 2011.

With regard to Kentucky Power's response to Item 1 of Commission Staff's First Data Request, Commission Staff asked Kentucky Power to explain whether some of the items for which they are seeking recovery (specifically polymer, lime hydrate and steam expense) may already be recovered by Kentucky Power through the AEP Pool Capacity Charges approved in their 2009 rate case. Commission Staff provided Workpaper S-4, from Volume 2, Section V of Kentucky Power's application in Case No. 2009-00459 for reference.¹ Kentucky Power did not know but will consult with their centralized accounting group in Columbus, Ohio. Commission Staff also asked Kentucky Power to provide a brief narrative explaining how polymer is used in their emissions controls.

In Kentucky Power's response to Item 4 of Commission Staff's First Data Request, Staff Noted that there is an additional charge for October 2010, which includes a relatively large expense for emissions testing-maintenance. Commission Staff asked Kentucky Power to explain in detail why the testing expense was so large, and Kentucky Power agreed to do so.

Regarding its response to Item 7 of Commission Staff's First Data Request, and in response to Commission Staff's question, Kentucky Power said that the company from which it obtains its supplies of Trona is still Solvay Chemicals ("Solvay").

¹ Case No. 2009-00459, Application of Kentucky Power Company for a General Adjustment of Electric Rates (Ky. PSC, June 28, 2010).

Commission Staff asked Kentucky Power to provide the contract period of its contract with Solvay, and Kentucky Power agreed to provide that information in its written response.

With regard to Kentucky Power's response to Item 8 of Commission Staff's First Data Request, Commission Staff asked whether Kentucky Power has traditionally obtained its supplies of limestone from Wyoming or if it has switched suppliers for economic or other reasons. Kentucky Power agreed to provide a written response.

Regarding Kentucky Power's response to Item 16 of Commission Staff's First Data Request at page 18 of 19, it was noted that the percentage indicated for Uncollectible Account Expenses should be .22, and not 0.0022. Kentucky Power agreed to re-file its response to Item 16 to provide the corrected figures.

There being no further questions, the meeting was adjourned.

Attachments: Sign-in sheet
 Workpaper S-4

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL) CASE NO.
SURCHARGE MECHANISM OF KENTUCKY) 2011-00031
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIOD ENDING DECEMBER 31,)
2010)

April 18, 2011

Please sign in:

NAME	REPRESENTING
<u>Rick Bertelson</u>	<u>PSC - Legal</u>
<u>Shannon Listebarger</u>	<u>KPCo</u>
<u>Lila Munsey</u>	<u>KPCo</u>
<u>MARK R. OVERSTREET</u>	<u>STITES & HARRISON For KPCo.</u>
<u>Vicky Townes</u>	<u>PSC - FA</u>
<u>Ron Handziak</u>	<u>" "</u>
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Kentucky Power Company
AEP Pool Capacity Payments
Test Year Twelve Months Ended 9/30/2009

Section V
Workpaper S-4
Page 9

Ln No (1)	Month (2)	Year (3)	Actual AEP Pool Capacity Payments (4)	Effect of Change in Sept. 2009 MLR ^{1/} (5)	Effect of the return of CPL 250 MW ^{2/} (6)	Adjustment to Reflect the Sept. 30 ,2009 Surplus Cos Invest. ^{3/} (7)	AEP Pool Capacity Costs Test Year Adjusted (Col 8 = Cols 4,5, 6, 7)
1	October	2008	\$4,793,805	\$42,683	\$266,065	\$604,083	\$5,706,636
2	November	2008	\$4,751,761	\$42,683	\$266,065	\$604,083	\$5,664,592
3	December	2008	\$5,276,715	\$42,683	\$266,065	\$604,083	\$6,189,546
4	January	2009	\$5,164,497	\$42,683	\$266,065	\$385,637	\$5,858,882
5	February	2009	\$4,496,431	\$42,683	\$266,065	\$385,637	\$5,190,816
6	March	2009	\$4,476,614	\$42,683	\$266,065	\$385,637	\$5,170,999
7	April	2009	\$4,478,997	\$42,683	\$266,065	\$385,637	\$5,173,382
8	May	2009	\$4,702,227	\$42,683	\$266,065	\$385,637	\$5,396,612
9	June	2009	\$4,480,173	\$42,683	\$266,065	\$385,637	\$5,174,558
10	July	2009	\$4,740,041	\$42,683	\$266,065	\$385,637	\$5,434,426
11	August	2009	\$4,917,888	\$42,683	\$266,065	\$385,637	\$5,612,273
12	September	2009	\$4,798,246	\$42,683	\$266,065	\$385,637	\$5,492,631
13	Sub-total		<u>\$57,077,395</u>	<u>\$512,196</u>	<u>\$3,192,780</u>	<u>\$5,282,982</u>	\$66,065,353
14	Test Year Actual Pool Capacity Payments						<u>\$57,077,395</u>
15	Test Year Adjustment						\$8,987,958
16	Allocation Factor - GP-TOT						<u>0.991</u>
17	KPSC Jurisdiction Amount						<u>\$8,907,066</u>

Source:

- ^{1/} Exhibit EKW - 13
- ^{2/} Exhibit EKW - 14
- ^{3/} Exhibits EKW - 15 & 16

Witness: E. K. Wagner