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Commonwealth of Kentucky
Public Service Commission
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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

December 21, 2011

PARTIES OF RECORD

RE: Informal Conferences of November 21, 2011 and December 12, 2011
for Case No. 2011-00031

Enclosed please find two memorandums that have been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandums should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding these memorandums should be directed to Ron Handziak of the Commission Staff at 502-564-3940, extension 230.

Sincerely,

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


Jeff Derouen
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2011-00031

FROM: Ron Handziak 

DATE: December 21, 2011

SUBJECT: Kentucky Power Company
Informal Conference

Pursuant to Commission Staff's request, an informal conference ("IC") was held on November 21, 2011 at the Commission's offices in Frankfort, Kentucky. In attendance were Commission Staff ("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 IC was for Staff to present its position and concerns regarding certain additional environmental compliance expenses described in Kentucky Power's application that it proposes to recover through the environmental surcharge. At issue is the question as to whether environmental compliance expenses for lime hydrate, polymer, and steam expense at multiple Ohio Power Company units are also being recovered via Kentucky Power's base rates while at the same time being recovered in the monthly environmental surcharge. Kentucky Power agreed to review its records to determine whether it agrees with Staff's position, or whether it felt that the environmental expenses in question were properly recoverable through the environmental surcharge without being reflected in the base level used for environmental surcharge purposes. Kentucky Power stated it would contact the Commission when their review was complete.

There being no further questions, the meeting was adjourned.

Attachment: Sign-in sheet

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)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO.
POWER COMPANY FOR THE SIX-MONTH) 2011-00031
BILLING PERIOD ENDING DECEMBER 31,)
2010)

November 21, 2011


Please sign in:

NAME	REPRESENTING
<u>Quay D. Upton</u>	<u>PSC</u>
<u>Ron Handzic</u>	<u>PSC</u>
<u>Earl K. Wogner</u>	<u>PSC</u>
<u>Bob Russell</u>	<u>PSC</u>
<u>Shannon Listebarger</u>	<u>KYP.</u>
<u>LIA MUNSEY</u>	<u>KPCo.</u>
<u>Mark R. Overstreet</u>	<u>STITES & MARSHALL P.C.</u>
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INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2011-00031

FROM: Ron Handziak 

DATE: December 21, 2011

SUBJECT: Kentucky Power Company
Informal Conference

Pursuant to a Commission Staff's Notice of December 9, 2011, an informal conference ("IC") was held on December 12, 2011 at the Commission's offices in Frankfort, Kentucky. In attendance were Commission Staff ("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 IC was for Kentucky Power to present the results of its review of Staff's concerns as to whether it was recovering environmental compliance expenses for lime hydrate, polymer, and steam expense at multiple Ohio Power Company units through the environmental surcharge as well as base rates. Kentucky Power agreed with Staff's position and stated that it would be withdrawing its request to include those particular environmental expenses in the monthly environmental surcharge filing. In addition, Kentucky Power stated it has discovered that it had failed to adjust the monthly pool capacity factor beginning with the August 2010 expense month environmental surcharge filing. As a result Kentucky Power has experienced an over recovery of environmental costs since the August 2010 expense month.

Kentucky Power provided documentation that reflected the exclusion of the environmental compliance expenses for lime hydrate, polymer, and steam expense at the affected plants from its environmental surcharge filing, and the impact of failing to adjust the capacity factor, both of which contributed to the over recovery of environmental costs. Discussions on how best to proceed then followed. There being no further questions, the meeting was adjourned.

Attachment: Sign-in sheet

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)

December 12, 2011

Please sign in:

NAME	REPRESENTING
<u>Quang D. Nguyen</u>	<u>PSC</u>
<u>Ron Nardziak</u>	<u>PSC-FA</u>
<u>Eric K. Wagner</u>	<u>PSC-FA</u>
<u>Bob Russell</u>	<u>PSC-FA</u>
<u>Shannon Listebarger</u>	<u>KPCO</u>
<u>LILA MUNSEY</u>	<u>KPCo</u>
<u>MARK R. Overstreet</u>	<u>STILES MARSHALL & KPCO</u>
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