

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In The Matter Of:

DEC 06 2011

APPLICATION OF KENTUCKY POWER)
COMPANY FOR APPROVAL OF ITS 2011)
ENVIRONMENTAL COMPLIANCE PLAN,)
FOR APPROVAL OF ITS AMENDED)
ENVIRONMENTAL COST RECOVERY)
SURCHARGE TARIFF, AND FOR THE)
GRANT OF A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR THE)
CONSTRUCTION AND ACQUISITION OF)
RELATED FACILITIES)

PUBLIC SERVICE
COMMISSION

CASE NO. 2011-00401

**NOTICE OF RE-FILING OF
APPLICATION**

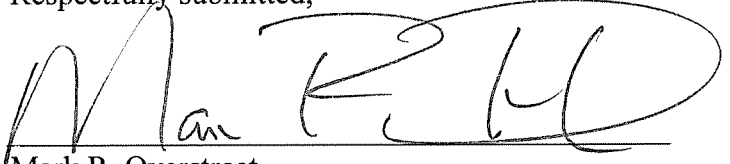
Kentucky Power Company files with the Commission the original and ten copies of its Application in this proceeding. Pages 12-16 of the Application were missing from the document filed and served on December 5, 2011.

Upon review of the supporting documentation filed on December 5, 2011 with the Application, it appears that only the five identified pages were missing from the filing made on December 5, 2011. Kentucky Power is thus only re-filing the 18 pages of the Application.

Kentucky Power apologizes for any confusion or inconvenience.

This 6th day of December, 2011.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark R. Overstreet". The signature is written in a cursive style with a large, sweeping flourish at the end.

Mark R. Overstreet
R. Benjamin Crittenden
Laura S. Crittenden
STITES & HARBISON, PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634
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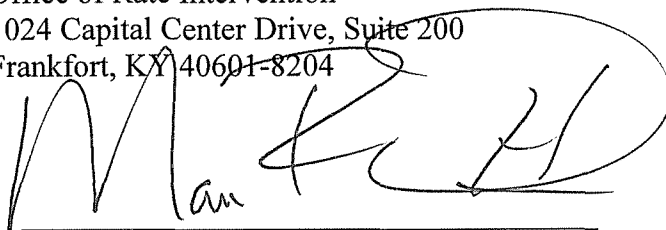
COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing, along with a complete copy of the Application, was served by first class mail, postage prepaid, upon the following persons this 6th day of December, 2011.

David F. Boehm
Michael L. Kurtz
Kurt J. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Jennifer Black Hans
Dennis G. Howard II
Lawrence W. Cook
Assistant Attorneys General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

A handwritten signature in black ink, appearing to read "Mark R. Overstreet", is written over a horizontal line. The signature is stylized and somewhat cursive.

Mark R. Overstreet

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APPLICATION

Kentucky Power Company (“Kentucky Power,” “Company,” or “KPCo”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.020(1), KRS 278.183, and 807 KAR 5:001, Sections 8, 9, and 11, and all other applicable provisions for an order: (a) approving its 2011 Environmental Compliance Plan; (b) approving its amended Environmental Surcharge Tariff (Tariff E.S.); and (c) granting it a Certificate of Public Convenience and Necessity for construction and acquisition of certain facilities associated with the 2011 Environmental Compliance Plan. Approval of the 2011 Environmental Compliance Plan, amended Tariff E.S., and the related Certificate of Public Convenience and Necessity will enable Kentucky Power to comply with environmental requirements for coal-fired electric generating facilities imposed by “the Clean Air Act, as amended, and those federal, state, or local environmental requirements which apply to coal combustion wastes and by-products from facilities utilized for production of energy from coal...” KRS 278.183(1) (“Environmental Requirements.”)

Kentucky Power states:

A. Applicant And Related Parties.

1. Kentucky Power is a public utility organized as a corporation under the laws of the Commonwealth of Kentucky in 1919 and engaged in the generation, purchase, transmission, distribution, and sale of electric power. Its post office address is: 101A Enterprise Drive, P.O. Box 5190, Frankfort, Kentucky 40602-5190. Kentucky Power serves approximately 173,400 customers in the following 20 Kentucky counties: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan. Kentucky Power also supplies electric power at wholesale to other utilities and municipalities in Kentucky for resale. Kentucky Power is a utility within the meaning of KRS 278.010(3).

2. A certified copy of the Articles of Incorporation of Kentucky Power Company, and all amendments thereto, are on file with the Commission in Case No. 99-149 as Exhibit 1 to Kentucky Power's application, and are incorporated by reference pursuant to 807 KAR 5:001, Section 8(3).

3. Kentucky Power is a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"). AEP is a New York corporation having an address of 1 Riverside Plaza, Columbus, Ohio 43215. AEP is one of the largest investor-owned electric public utility holding companies in the United States. Its electric utility operating companies provide generation, transmission and distribution services to more than five million retail customers in Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia. AEP is not a utility within the meaning of KRS 278.010(3).

B. Kentucky Power Units And Applicable Agreements.

4. Kentucky Power is the owner of Big Sandy Unit 1 and Big Sandy Unit 2. Both units are located at 23000 Highway 23 North, Louisa, Lawrence County, Kentucky. Big Sandy Unit 1 is a 278 MW coal-fired steam electric generating unit completed in 1963. Big Sandy Unit 2 is an 800 MW coal-fired steam electric generating unit completed in 1969.

5. Kentucky Power is a party to an agreement dated July 6, 1951, as amended, by and between Appalachian Power Company (“APCo”), Kentucky Power, Columbus Southern Power Company (“CSPCo”), Indiana Michigan Power Company (“I&M”), and Ohio Power Company (“OPCo”) that defines the sharing of costs and benefits of their respective generating plants (“AEP Power Pool”). The AEP Power Pool “is a tariff that contains rates and terms of service for the wholesale sale of power and is subject to regulation by ... [the Federal Energy Regulatory Commission (“FERC”)]. The members of the AEP [Power] Pool share generating capacity and either make or receive capacity-related payments pursuant to FERC-approved rates.” Order, *In the Matter of: The Application of Kentucky Power Company for Approval of An Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities And To Amend Its Environmental Cost Recovery Surcharge Tariff*, Case No. 2006-00307 at 2-3 (Ky. P.S.C. January 24, 2007).

6. In December 2010, each member of the AEP Power Pool gave notice of its decision to terminate the Interconnection Agreement effective January 1, 2014, or such other date approved by the FERC, subject to state regulatory input. It is unknown at this time whether the AEP Power Pool will be replaced by a new agreement among some or all of the members, whether individual companies will enter into bilateral or multi-party contracts with each other for power sales and purchases or asset transfers, or if each company will operate independently. The

decision to terminate is subject to management's ongoing evaluation. The AEP Power Pool members may revoke their notices of termination.

7. Under a FERC-approved Unit Power Agreement with American Electric Generating Company ("AEGCo"), a wholly-owned subsidiary of AEP that is not a member of the AEP Power Pool, KPCo purchases 15% (or 393 MW) of the 2,620 MW Rockport Plant capacity ("Rockport Agreement"). The unit power agreement expires in December 2022. KPCo pays a demand charge for the right to receive the power.

8. Included within the charges paid by Kentucky Power under the Rockport Agreement and the AEP Power Pool are Kentucky Power's allocated portion of the costs of environmental projects and environmental charges at I&M (Rockport Agreement and AEP Power Pool) and OPCo (AEP Power Pool) facilities used for the production of energy from coal, including costs incurred to comply with the Environmental Requirements ("Environmental Compliance Costs.") Pursuant to KRS 278.183, Kentucky Power was authorized by prior orders of the Commission¹ to recover through its environmental surcharge Environmental Compliance Costs included within the charges paid by Kentucky Power under the Rockport Agreement and the AEP Power Pool.

C. Applicable Environmental Requirements.

9. Kentucky Power and the electric utility industry are facing new United States Environmental Protection Agency ("EPA") regulations arising under the federal Clean Air Act. These include the Cross-State Air Pollution Rule ("CSAPR") and the proposed Electric Generating Unit Maximum Achievable Control Technology Rule ("EGU MACT Rule"). In addition, Kentucky Power's Big Sandy Unit 1 and Big Sandy Unit 2 are subject to requirements

¹ See e.g. Order, *Application of Kentucky Power Company d/b/a American Electric Power To Assess A Surcharge Under KRS 278.183 to Recover Costs of Compliance with the Clean Air Act and Those Environmental Requirements Which Apply to Coal Combustion Waste and By-Products*, Case No. 96-00489 (Ky. P.S.C. May 27, 1997).

imposed by the Consent Decree entered by the United States District Court for the Southern District of New York in an action arising under the Federal Clean Air Act, *United States v. American Electric Power Service Corp.*, Civil Action C2-99-1250 (“Consent Decree”). (The CSAPR, EGU MACT Rule and Consent Decree are referred to collectively as the “Clean Air Act Requirements.”) The Clean Air Act Requirements are among the environmental requirements listed in KRS 278.183.

10. The CSAPR requires reductions in emissions of sulfur dioxide (SO₂) and nitrogen oxides (NO_x) from power plants in 28 eastern, southern, and mid-western states (including Kentucky) and the District of Columbia. It establishes state obligations to reduce emissions of NO_x and SO₂ that, according to EPA, significantly contribute to another state’s fine particulate and ozone nonattainment and maintenance areas. Each of the affected States and the District of Columbia is required to limit its emissions to a prescribed cap; each emission unit within these states is allotted a specific budget of NO_x and SO₂ allowances on an annual basis. The allowance allocations for Big Sandy Unit No. 1 and Big Sandy Unit No. 2 are described in more detail in the testimony of John McManus. The CSAPR has two compliance phases, the first beginning January 1, 2012, and the second beginning January 1, 2014.

11. The proposed EGU MACT Rule will impose stringent limits on the emissions of mercury and many other hazardous air pollutants (HAPS), including mercury, arsenic, lead, cadmium and selenium, various acid gases such as hydrochloric acid, and many organic HAPs, from coal-fired electric generating plants. The final version of the Rule is expected to be issued on or about December 16, 2011. Under the Clean Air Act, the final EGU MACT Rule will become effective three years following its publication, with a provision for a one-year extension upon the approval of the permitting authority. Under the proposed EGU MACT rule, KPCo

would be required to install environmental controls at the Big Sandy Unit 2 by the end of 2014 (or 2015 with the one-year extension), or the unit will be unable to operate.

12. As part of the Consent Decree, which covered all coal-fired units in the five eastern states of the AEP System, KPCo agreed in part to install flue gas desulfurization emissions control equipment on Big Sandy Unit 2 by December 31, 2015. The proposed compliance dates under the proposed EGU MACT rule and the final CSAPR rule will satisfy the compliance dates of the Consent Decree.

13. The CSAPR and the EGU MACT rule have short, strict compliance deadlines. Kentucky Power will violate the Clean Air Act Requirements if it operates Big Sandy Unit 1 and Big Sandy Unit 2 past the compliance dates without the installation of updated environmental technology.

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

A. The Environmental Projects.

14. To meet the Environmental Requirements, Kentucky Power proposes to retro-fit Big Sandy Unit 2 with a Dry Flue Gas Desulfurization System (“DFGD”). An illustration of the DFGD technology is filed with this application as EXHIBIT 1. The DFGD will include the installation or construction of the following equipment and facilities at or near Big Sandy Unit No. 2:

- Pebble lime truck unloading equipment and storage silos
- Reagent preparation system foundations, equipment, and building
- Absorber vessels or ductwork modules
- Induced draft fans and motors
- Tie-in ductwork

- Pulse jet fabric filter
- Ash recycle system foundations, equipment, and building
- Waste storage silo and truck loading equipment
- Equipment to supply electrical needs of new process equipment
- Balance of plant piping (fire protection, service water, sanitary, etc.)

15. In addition to retro-fitting Big Sandy Unit 2 with the DFGD, the Company will construct certain DFGD Associated Projects, construct a DFGD landfill, and a DFGD ash haul road. (The DFGD retro-fit of Big Sandy Unit 2, the Big Sandy DFGD Associated Projects, the Big Sandy DFGD landfill, and the Big Sandy DFGD ash haul road are referred to collectively as the “Big Sandy Unit 2 DFGD Project.”) Kentucky Power currently anticipates retiring Big Sandy Unit 1 by January 1, 2015, and will make all requisite filings related to this retirement by separate application.

16. Kentucky Power’s Big Sandy Unit 2 DFGD Project is the least cost and most cost-effective means of complying with the Environmental Requirements, and is required by the public convenience and necessity.

17. Kentucky Power is executing the Big Sandy Unit 2 DFGD Project using the phased approach described in the direct testimony of Robert Walton. The project is currently in Phase 1, with initial planning and conceptual engineering completed. Kentucky Power proposes to commence site construction activities at the Big Sandy Generating Station on or about July 1, 2013. Kentucky Power requests that the Commission issue its Certificate of Public Convenience and Necessity by June 5, 2012.

B. Information Provided Pursuant To 807 KAR 5:001, Section 9.

18. There are no utilities, corporations, or persons with whom the proposed new construction is likely to compete.

19. Kentucky Power will submit requests to modify existing Title V operating permits to reflect all of the proposed Big Sandy construction. Kentucky Power will seasonably file applications for the needed Title V permit changes, and will file a copy of the applications with the Commission when they are available. Kentucky Power will also seek any applicable construction permits. Kentucky Power is not required to seek any franchises in connection with the Big Sandy Unit 2 DFGD Project.

20. The projected capital cost of the Big Sandy Unit 2 DFGD Project is \$940,300,067. The cost will be financed through short term debt, long-term debt, and equity. Separate application for approval of financing will be made as required by KRS 278.300.

21. The estimated annual cost of operation of the proposed Big Sandy Unit 2 DFGD Project after the proposed facilities are completed is \$46,067,000. The estimated annual maintenance expense associated with the Big Sandy Unit 2 DFGD Project after the proposed facilities are completed is \$2,600,000.

22. In conformity with 807 KAR 5:001, Section 9, three sets of maps to suitable scale showing the location of the proposed new construction and the location and identification of the ownership of any like facilities owned by others located within the map area are filed with this Application as EXHIBIT 2.

REQUEST FOR APPROVAL OF KENTUCKY POWER'S 2011 ENVIRONMENTAL COMPLIANCE PLAN FOR RECOVERY BY ENVIRONMENTAL SURCHARGE

23. Kentucky Power is entitled to the current recovery of its Environmental Compliance Costs, including a reasonable return on construction and other capital costs, in accordance with its Commission-approved plan for complying with Environmental Requirements (“Environmental Compliance Plan.”)

A. Kentucky Power’s Prior Environmental Compliance Plans.

24. KPCo’s Environmental Compliance Plan first was approved by the Commission by Order dated May 27, 1997, in Case No. 1996-00489² (“Original Environmental Compliance Plan”). The Company’s Original Environmental Compliance Plan included the following projects:

- (a) low NO_x burners at Big Sandy Unit 2;
- (b) low NO_x burners at Big Sandy Unit 1;
- (c) continuous emissions monitors at Big Sandy Plant;
- (d) scrubbers at Gavin Plant;
- (e) SO₂ allowances purchased;
- (f) Kentucky air emissions fee for Big Sandy Plant;
- (g) continuous emissions monitors at Rockport plant; and
- (h) Indiana air emission fees at the Rockport Plant.

Kentucky Power is responsible for its contractual share of the OPCo and I&M environmental costs under the FERC-approved AEP Power Pool and the FERC-approved Rockport Agreement.

The costs associated with Kentucky Power’s Original Environmental Compliance Plan are

² *In the Matter of: Application of Kentucky Power Company d/b/a American Electric Power to Assess A Surcharge Under KRS 278.183 to Recover Costs of Compliance With the Clean Air Act and Those Environmental Requirements Which Apply To Coal Combustion Wastes and By-Products,*

reasonable. The Original Environmental Compliance Plan, including each of its components, is a reasonable and cost-effective means for the Company to comply with the Environmental Requirements.

25. KPCo's First Amended Environmental Compliance Plan ("2003 Environmental Compliance Plan") consisted of the items contained in the Original Environmental Compliance Plan (filed in Case No. 96-489), plus the following additional components:

- (a) over-fire air with water injection and boiler tube overlays at Big Sandy Unit 1;
- (b) precipitator improvements at Big Sandy Unit 2;
- (c) selective catalytic reduction (SCR) at Big Sandy Unit 2; and
- (d) NO_x allowances purchased.

The 2003 Environmental Compliance Plan was approved by the Commission by Order dated March 31, 2003, in Case No. 2002-00169.³ The costs associated with Kentucky Power's 2003 Environmental Compliance Plan are reasonable. The 2003 Environmental Compliance Plan, including each of its components, is a reasonable and cost-effective means for the Company to comply with the Environmental Requirements.

26. KPCo's Second Amended Environmental Compliance Plan ("2005 Environmental Compliance Plan"), consisted of the items contained in the Original Environmental Compliance Plan (filed in Case No. 96-489), the items contained in the 2003 Compliance Plan (filed in Case No. 2002-00169), plus certain environmental costs associated with 53 environmental projects at OPCo and I&M generating plants. Kentucky Power is responsible for its contractual share of the OPCo and I&M environmental costs under the FERC-approved AEP Power Pool and the FERC-approved Rockport Agreement. The Commission

³ *In the Matter of: The Application of Kentucky Power Company d/b/a American Electric Power for Approval of an Amended Compliance Plan for Purposes of Recovering the Costs of New and Additional Pollution Control Facilities and to Amend Its Cost Recovery Surcharge Tariff.*

approved Kentucky Power's 2005 Environmental Compliance Plan (except for certain costs related to four SO₃ mitigation projects) by Orders dated September 7, 2005, and October 17, 2005, in Case No. 2005-00068.⁴ The costs associated with the 2005 Environmental Compliance Plan are reasonable. The 2005 Environmental Compliance Plan, including each of its components, is a reasonable and cost-effective means for the Company to comply with the Environmental Requirements.

27. KPCo's Third Amended Environmental Compliance Plan, ("2007 Environmental Compliance Plan"), consisted of the items contained in the Original Environmental Compliance Plan (filed in Case No. 96-489), the items contained in the 2003 Compliance Plan (filed in Case No. 2002-00169), the items contained in the 2005 Environmental Compliance Plan (filed in Case No. 2005-00068), plus the expense associated with 44 environmental projects at OPCo and I&M generating plants. Kentucky Power is responsible for its contractual share of the OPCo and I&M environmental costs under the FERC-approved AEP Power Pool and the FERC-approved Rockport Agreement. The 2007 Environmental Compliance Plan was approved by the Commission in an order dated January 24, 2007, in Case No. 2006-00307.⁵ The costs associated with Kentucky Power's 2007 Environmental Compliance Plan are reasonable. The 2007 Environmental Compliance Plan, including each of its components, is a reasonable and cost-effective means for the Company to comply with the Environmental Requirements.

B. Kentucky Power's 2011 Environmental Compliance Plan.

28. KPCo's Fourth Amended Environmental Compliance Plan, ("2011 Environmental

⁴ *In the Matter of: Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge.*

⁵ *The Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff.*

Compliance Plan”), consists of the items contained in the Original Environmental Compliance Plan (filed in Case No. 96-489), the items contained in the 2003 Compliance Plan (filed in Case No. 2002-00169), the items contained in the 2005 Environmental Compliance Plan (filed in Case No. 2005-00068), and the items contained in the 2007 Environmental Compliance Plan (filed in Case No. 2006-00307), plus the following environmental projects:

- (a) installation of the DFGD System on Big Sandy Unit 2;
- (b) installation of Big Sandy Unit 2 DFGD System Associated Projects;
- (c) installation of Big Sandy Unit 2 DFGD System Landfill;
- (d) installation of Big Sandy Unit 2 DFGD Ash Haul Road;
- (e) installation of an Ash Pond Discharge Diffuser (Common System) at the Amos Plant;
- (f) installation of a FGD Mercury Water Treatment (Common System) at the Amos Plant;
- (g) installation of a Mercury In-Pond Chemical Treatment (Common System) at the Amos Plant;
- (h) installation of a Dry Fly Ash Disposal Conversion System on Amos Unit 3;
- (i) installation of an Activated Carbon Injection System at Rockport Units 1 and 2;
- (j) installation of a Selective Non-Catalytic Reduction System at Tanners Creek Units 1-3.

Kentucky Power’s 2011 Environmental Compliance Plan is filed with this Application as **EXHIBIT 3**. Kentucky Power is responsible for its contractual share of the OPCo and I&M Environmental Compliance Costs under the FERC-approved AEP Power Pool and the FERC-approved Rockport Agreement. The costs associated with the 2011 Environmental Compliance Plan are reasonable. The 2011 Environmental Compliance Plan, including each of its

components, is a reasonable and a cost-effective means for the Company to comply with the Environmental Requirements.

C. Rate of Return.

29. In the “Unanimous Settlement Agreement”⁶ resolving Kentucky Power’s most recent rate case, *In the Matter of: The Application of Kentucky Power Company For A General Adjustment of Electric Rates*, Case No. 2009-00459, approved by the Commission by Order dated June 28, 2010, parties to the agreement, including the Attorney General and Kentucky Utility Customers, Inc., agreed that “[f]or purposes of the Tariff E.S., and for accounting for allowance for funds used during construction (AFUDC), Kentucky Power shall be entitled to use a 10.5% rate of return on equity.” Ten and one-half percent is a reasonable rate of return on equity for the compliance-related capital expenditures in the 2011 Environmental Compliance Plan.

D. Testimony.

30. The direct testimony and exhibits of Kentucky Power’s witnesses set forth a detailed statement of the compliance requirements, how Kentucky Power’s 2011 Environmental Compliance Plan is a reasonable and cost-effective means of meeting those requirements, the facts supporting the determination that Kentucky Power’s Big Sandy Unit 2 DFGD Project is required by the public convenience and necessity, the recommended rate of return on equity for the compliance-related capital expenditures in the 2011 Environmental Compliance Plan, and other facts supporting this application. Specifically, the testimony and exhibits of the following

⁶ Pike County Senior Citizens Programs, Inc., which was a limited intervenor, did not agree to the Unanimous Settlement Agreement.

witnesses accompany this application and are incorporated herein by reference:

- (a) John M. McManus, Vice President-Environmental Services, American Electric Power Service Corporation.
 - (b) Robert L. Walton, Managing Director of Projects and Controls, American Electric Power Service Corporation.
 - (c) Scott C. Weaver, Managing Director-Resource Planning and Operational Analysis, American Electric Power Service Corporation.
 - (d) Lila P. Munsey, Manager of Regulatory Services, Kentucky Power Company.
 - (e) Ranie K. Wohnhas, Managing Director, Regulatory and Finance, Kentucky Power Company.
- D. Amended Tariff E.S. (Environmental Surcharge).

31. The proposed Tariff E.S. (Environmental Surcharge) is filed with this Application as EXHIBIT 4. It provides for the recovery of the Environmental Compliance Costs in accordance with Kentucky Power's 2011 Environmental Compliance Plan. Kentucky Power seeks to incorporate the costs of the AEP Pool projects currently in service (Project Nos. 5, 8, 9, and 10) into the monthly Environmental Surcharge Report effective the month following the Commission's order in this proceeding. With respect to the proposed pollution control facilities in the 2011 Compliance Plan that are not yet in service, Kentucky Power requests to incorporate their costs into the monthly Environmental Surcharge Reports two months following their in-service dates, when the operation and maintenance costs begin to be recorded in Kentucky Power's books.

E. Costs And Rate Effect.

32. Kentucky Power's total additional environmental cost for the projects at the AEP System plants in the 2011 Environmental Compliance Plan is approximately \$1.07 billion. The projected annual revenue requirement for the new projects is \$178,844,850, which represents an

increase of 31.40% for Kentucky retail customers.

F. Notices.

33. On September 30, 2011, Kentucky Power filed its Notice of Intent to File Application For Approval of 2011 Environmental Compliance Plan and Environmental Surcharge Recovery and Related Relief. Kentucky Power subsequently filed amended notices on October 28, 2011 and November 18, 2011.

34. The proposed Amended Environmental Cost Recovery Surcharge Tariff, the 2011 Environmental Compliance Plan, and a complete copy of this Application along with its supporting testimony and exhibits, are available for public inspection at Kentucky Power's Frankfort, Ashland, Hazard, and Pikeville offices.

35. Kentucky Power is providing notice to the public of the proposed environmental surcharge by newspaper publication. The notice will be published once a week for three consecutive weeks in newspapers of general circulation in Kentucky Power Company's service territory. The first publication was made the week of November 28, 2011, with subsequent publications in each newspaper the weeks of December 5, 2011 and December 12, 2011. A Certificate of Publication and Public Notice is filed with this application as EXHIBIT 5. Proof of Publication will be seasonably filed with the Commission upon the completion of publication.

COMMUNICATIONS

36. Kentucky Power respectfully requests that all communications involving this proceeding be directed to:

Mark R. Overstreet
R. Benjamin Crittenden
Laura S. Crittenden
Stites & Harbison, PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634

Ranie K. Wohnhas
Kentucky Power Company
P.O. Box 5190
Frankfort, Kentucky 40602-5190

On Behalf of Kentucky Power Company

OTHER

37. Kentucky Power respectfully requests that the Commission enter its final order in this matter granting the relief requested no later than June 5, 2012.

Wherefore, Kentucky Power respectfully requests that the Commission issue an Order:

1. Granting Kentucky Power's Application for a Certificate of Public Convenience and Necessity to retrofit Big Sandy Unit 2 with the DFGD System; to install the Big Sandy Unit 2 DFGD System Associated Projects; to install Big Sandy Unit 2 DFGD System Landfill; and to install Big Sandy Unit 2 DFGD Ash Haul Road;

2. Approving Kentucky Power's 2011 Environmental Compliance Plan for purposes of recovering the costs of the projects through the environmental surcharge mechanism;

3. Approving the proposed environmental surcharge tariff for the recovery of the costs of the 2011 Environmental Compliance Plan;

4. Approving the proposed environmental surcharge monthly filing forms;

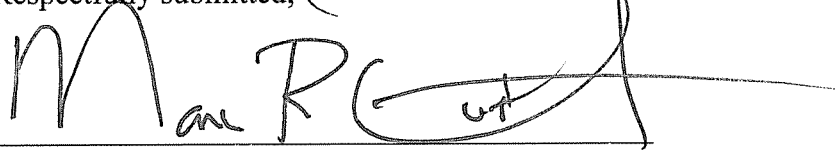
5. Approving the recovery of the overall rate of return requested herein, including the requested return on equity;

6. Scheduling an informal conference at the Commission's earliest convenience to establish a procedure schedule and to discuss alternative rate design and other aspects of the application; and

7. Granting Kentucky Power such further relief as may be appropriate.

This 5th day of December, 2011.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark R. Overstreet". The signature is written in a cursive style with a large, sweeping "M" and "R".

Mark R. Overstreet
R. Benjamin Crittenden
Laura S. Crittenden
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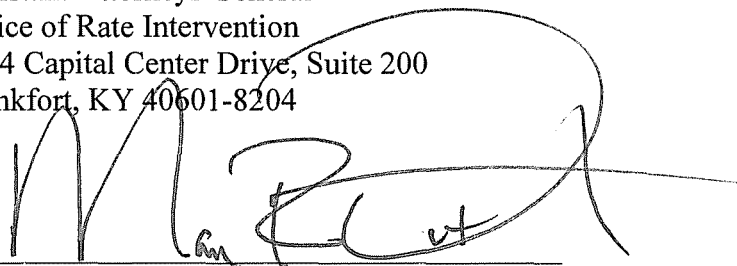
COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first class mail, postage prepaid, upon the following persons this 5th day of December, 2011.

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