

CASE

NUMBER:

99-271

INDEX FOR CASE: 99-271
AMERICAN ELECTRIC POWER
Tariffs

IN THE MATTER OF THE KENTUCKY POWER COMPANY D/B/A AMERICAN
ELECTRIC POWER FOR AUTHORITY TO IMPLEMENT TARIFF RIDERS FOR
EMERGENCY CURTAILABLE SERVICE (E.C.S.) AND PRICE CURTAILABLE
SERVICE (P.C.S.)

SEQ	ENTRY	
NBR	DATE	REMARKS
0001	06/29/99	FINAL ORDER; APPROVES TARIFF RIDERS E.C.S. & P.C.S.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-271
AMERICAN ELECTRIC POWER

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on June 29, 1999.

Parties of Record:

Errol K. Wagner
Director of Regulatory Affairs
American Electric Power
1701 Central Avenue
P. O. Box 1428
Ashland, KY. 41105 1428

Stephanie Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY POWER COMPANY D/B/A)	
AMERICAN ELECTRIC POWER FOR)	
AUTHORITY TO IMPLEMENT TARIFF)	
RIDERS FOR EMERGENCY)	CASE NO. 99-271
CURTAILABLE SERVICE (E.C.S.) AND)	
PRICE CURTAILABLE SERVICE)	
(P.C.S.))	

O R D E R

Kentucky Power Company, d/b/a American Electric Power ("Kentucky Power") filed its application requesting Commission approval of tariff riders for Emergency Curtailable Service ("E.C.S.") and Price Curtailable Service ("P.C.S.") on May 28, 1999. The proposed tariff riders, included in Appendix A to this Order, will provide for voluntary curtailments by customers taking service under Kentucky Power's Quantity Power and Commercial and Industrial Power – Time-of-Day tariffs. To be eligible, a customer must have an on-peak curtailable demand of not less than 3,000 kilowatts. Any customer that curtails service pursuant to either rider will receive a payment for the energy curtailed under the provisions of the applicable rider.

TARIFF PROVISIONS

E.C.S. Rider

This rider sets out two seasons: (1) the Winter Season, consisting of the months of December, January and February; and (2) the Summer Season, consisting of the months of June, July and August. A customer will not be subject to curtailment for more

than 50 hours during a season and will receive a curtailment credit based on a rate of \$.35 per kilowatt-hour ("KWH") if it agrees to a maximum curtailment of four hours, or \$.50 per KWH if it agrees to a maximum curtailment period of eight hours.

P.C.S. Rider

This rider includes four seasons: (1) the Winter Season, consisting of the months of December, January and February; (2) the Spring Season, consisting of the months of March, April and May; (3) the Summer Season, consisting of the months of June, July and August; and (4) the Fall Season, consisting of the months of September, October and November. A customer may select a maximum curtailment period of four, eight, or 16 hours and specify the maximum number of days during a given season that it may be requested to curtail.

The curtailment credit will be based on 80 percent of the "Into Cinergy On-Peak" price for the date of curtailment, as published in Power Market Week's Daily Price Report, but under any circumstances will not fall below the specified price per KWH that has been selected by the customer.

Request For Approval

Kentucky Power stated that it proposed these riders due to: (1) projections that generating capacity may be in very short supply for the Summer of 1999 in the Midwest Region of the United States; (2) the potential for short-term emergency operating conditions; and (3) a need to provide large industrial customers with additional curtailment options which include payment for their load actually curtailed.

Kentucky Power proposed to record the amount of any monthly credits paid to customers under either tariff rider in Account 555 – Purchased Power. It also requested

approval to include these customer payments in its Fuel Adjustment Clause ("FAC") calculations since the payment is for curtailed energy.

Discussion of Issues

The Commission recognizes the concerns expressed by Kentucky Power in its application and commends Kentucky Power for attempting to address these concerns through the proposed tariff riders. The Commission also recognizes Kentucky Power's concerns regarding its recovery of the costs of monthly credits incurred under the riders. Although it is appropriate for Kentucky Power to record the credits in Account 555 – Purchased Power, that does not mean that all such payments will be automatically eligible for recovery through the FAC.

The Commission's FAC regulation, 807 KAR 5:056, provides that amounts recorded in Account 555 – Purchased Power, are eligible for recovery through the FAC if the purchases can be justified on the basis of economic dispatch. Kentucky Power may include the costs of monthly credits incurred under the riders in its monthly FAC calculations, but those costs will be subject to review and possible disallowance in subsequent FAC proceedings in the same manner as any other purchased power transaction pursuant to the provisions of 807 KAR 5:056.

FINDINGS AND ORDERS

The Commission, based on the evidence of record and being sufficiently advised, hereby finds that:

1. The proposed E.C.S. and P.C.S. tariff riders are for a proper purpose and will not impair Kentucky Power's ability to provide service to its customers.

2. The proposal to record the costs incurred for the monthly credits paid under either of the proposed riders in Account 555 – Purchased Power is appropriate and consistent with the provisions of the Uniform System of Accounts adopted by this Commission for the electric utilities under its jurisdiction.

3. The costs of the monthly credits incurred under the proposed tariff riders are properly included in Kentucky Power's FAC calculations, but the appropriateness of recovering such costs through the FAC cannot be determined until such time as the costs have been reviewed pursuant to 807 KAR 5:056.

IT IS THEREFORE ORDERED that:

1. Tariff riders E.C.S. and P.C.S. are approved as filed and shall be effective on and after the date of this Order.

2. Any costs of monthly credits paid under the riders and included in Kentucky Power's FAC calculations shall be reviewed and determined appropriate for recovery in subsequent FAC proceedings.

3. Within 10 days from the date of this Order, Kentucky Power shall file its new E.C.S. and P.C.S. tariff riders which show the effective date specified herein.

Done at Frankfort, Kentucky, this 29th day of June, 1999.

By the Commission

ATTEST:


Executive Director

RIDER E.C.S.
(Emergency Curtailable Service Rider)

AVAILABILITY OF SERVICE.

Available for Emergency Curtailable Service (ECS) to customers normally taking firm service under Tariffs Q.P. and C.I.P.-T.O.D. for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 3 MW and will be compensated for KWH curtailed under the provisions of this Rider.

CONDITIONS OF SERVICE.

- 1. The Company reserves the right to curtail service to the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System.
2. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments.
3. In no event shall the customer be subject to curtailment under the provisions of this Rider for more than 50 hours during any season.

Winter December, January and February
Summer June, July and August

No curtailments under this Rider shall occur in the remaining months, with the exception of test curtailments as specified under Item 6 below.

- 4. The Company and the customer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider.
5. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
6. The Company reserves the right to test and verify the customer's ability to curtail.
7. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances twice during a 12-month period.
8. The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage.

(Continued on Sheet No. 26-2)

DATE OF ISSUE DATE EFFECTIVE
ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY
NAME TITLE ADDRESS
Issued by authority of an Order of the Public Service Commission in Case No. dated

RIDER E.C.S. (Cont'd)
(Emergency Curtailable Service Rider)

ECS CURTAILMENT OPTION.

The customer shall select one of the following ECS Curtailment Options under this Rider:

	<u>Credit</u>	<u>Maximum Duration</u>
Option A	35¢ per KWH	4 hours
Option B	50¢ per KWH	8 hours

The ECS Curtailment Option Credit shall be applicable to the kWh curtailed under this Rider. The Maximum Duration is the maximum number of hours per curtailment event for which load may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the customer shall receive a minimum of 2 hours credit per curtailment event.

ECS CONTRACT CAPACITY.

Each customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The customer shall specify the Non-ECS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-ECS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For the purpose of this Rider, the on-peak billing period is defined as 7:00 a.m. to 11:00 p.m., local time, for all weekdays, Monday through Friday.

The customer may modify the amount of ECS Contract Capacity and/or the choice of Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.

CURTAILED DEMAND.

For each curtailment period, Curtailed Demand shall be defined as the difference between the customer's typical on-peak demand and the maximum 15-minute integrated demand during that curtailment period.

ECS ENERGY.

Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. ECS Energy shall be equal to the sum of all Period ECS Energy for the calendar month.

MONTHLY CREDIT.

The Monthly Credit shall be equal to the product of the ECS Energy and the applicable Curtailment Option Credit less any charges computed for failure to curtail. The Monthly Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identify of this cost is preserved.

(Cont'd on Sheet No. 26-3)

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY E. K. Wagner DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY

NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. _____ dated _____

RIDER E.C.S. (Cont'd)
(Emergency Curtailable Service Rider)

FAILURE TO CURTAIL.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Demand shall be the difference between the maximum 15-minute integrated demand during the curtailment period and the Non-ECS Demand. Noncompliance Energy shall be the Noncompliance Demand multiplied by the number of hours for the curtailment period. Noncompliance Energy shall be billed at a rate equal to 50% of the customer's selected ECS Curtailment Option Credit.

TERM.

Contracts under this Rider shall be made for an initial period of 1 season and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next season of its intention to discontinue service under the terms of this Rider.

SPECIAL TERMS AND CONDITIONS.

Individual customer information, including, but not limited to, ECS Contract Capacity and ECS Curtailment Option, shall remain confidential.

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY *E. K. Wagner* _____
 NAME TITLE ADDRESS

E. K. WAGNER DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY

Issued by authority of an Order of the Public Service Commission in Case No. _____ dated _____

RIDER P.C.S. (Price Curtailable Service Rider)

AVAILABILITY OF SERVICE.

Available for Price Curtailable Service (PCS) to customers normally taking firm service under Tariffs Q.P. and C.I.P.-T.O.D. for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 3 MW and will be compensated for KWH curtailed under the provisions of this Rider.

CONDITIONS OF SERVICE.

- 1. The Company reserves the right to curtail service to the customer's PCS load at the Company's sole discretion.
2. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's PCS load shall be curtailed within 1 hour if so requested.
3. For purposes of this Rider, seasons are defined as follows:
Winter December, January and February
Spring March, April and May
Summer June, July and August
Fall September, October and November
4. The Company and the customer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the customer's representatives to receive said notification. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
5. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
6. The Company reserves the right to test and verify the customer's ability to curtail. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charge for failure to curtail during a test.
7. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.

(Continued on Sheet No. 27-2)

DATE OF ISSUE DATE EFFECTIVE
ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY
NAME TITLE ADDRESS
Issued by authority of an Order of the Public Service Commission in Case No. dated

RIDER P.C.S. (Cont'd)
(Price Curtailable Service Rider)

PCS CURTAILMENT OPTIONS.

The customer shall select one of the following Maximum Duration Options under this Rider:

	<u>Maximum Duration</u>
Option A	4 hours
Option B	8 hours
Option C	16 hours

The Maximum Duration is the maximum number of hours per curtailment event for which load may be curtailed under the provisions of this Rider. The customer shall receive a minimum of 2 hours credit per curtailment event.

The customer shall specify the Maximum Number of Days during the season that the customer may be requested to curtail. The customer shall also specify the Minimum Price at which the customer would be willing to curtail. The Company, at its sole discretion, will determine whether the customer shall be curtailed given the customer's specified PCS curtailment options.

PCS CONTRACT CAPACITY.

Each customer shall have a PCS Contract Capacity to be considered as price curtailable capacity under this Rider. The customer shall specify the Non-PCS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The PCS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-PCS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For the purpose of this Rider, the on-peak billing period is defined as 7:00 a.m. to 11:00 p.m., local time, for all weekdays, Monday through Friday.

The customer may modify the amount of PCS Contract Capacity and/or the PCS Curtailment Options no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.

CURTAILED DEMAND.

For each curtailment period, Curtailed Demand shall be defined as the difference between the customer's typical on-peak demand and the maximum 15-minute integrated demand during that curtailment period.

CURTAILMENT CREDIT.

Period PCS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. The Curtailment Credit shall be equal to the product of the Period PCS Energy and the greater of the following: (a) 80% of the daily price index for Into Cinergy On-Peak for the date of curtailment as stated in Power Markets Week's Daily Price Report, (b) the Minimum Price as specified by the customer or (c) 3.5¢ per KWH.

MONTHLY CREDIT.

The Monthly Credit shall be equal to the sum of the Curtailment Credits for the calendar month, less any charges computed for failure to curtail. The Monthly Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identify of this cost is preserved.

(Cont'd on Sheet No. 27-3)

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY E. K. Wagner DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY

NAME E. K. WAGNER TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. _____ dated _____

RIDER P.C.S. (Cont'd)
(Price Curtailable Service Rider)

FAILURE TO CURTAIL.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Demand shall be the difference between the maximum 15-minute integrated demand during the curtailment period and the Non-PCS Demand. Noncompliance Energy shall be the Noncompliance Demand multiplied by the number of hours for the curtailment period. Noncompliance Energy shall be billed at a rate equal to the applicable Curtailment Credit for the curtailment period during which the customer failed to fully comply.

TERM.

Contracts under this Rider may be made for an initial period of 1 season and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next season of its intention to discontinue service under the terms of this Rider.

SPECIAL TERMS AND CONDITIONS.

Individual customer information, including, but not limited to, PCS Contract Capacity and PCS Curtailment Options, shall remain confidential.

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. _____ dated _____

T60-595

STITES & HARBISON

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May 28, 1999

RECEIVED

MAY 28 1999

PUBLIC SERVICE
COMMISSION

BY HAND DELIVERY

Ms. Helen Helton
Executive Director
Public Service Commission of Kentucky
P.O. Box 615
Frankfort, KY 40602-0615

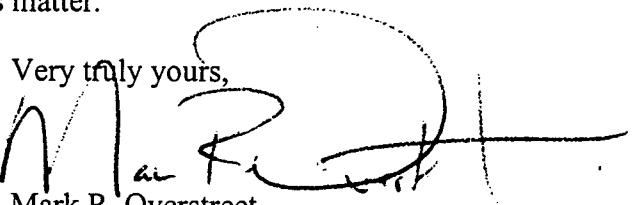
Case No. 99-271

RE: Tariff Filings

Dear Ms. Helton:

Please accept for filing by Kentucky Power Company d/b/a American Electric Power the original and three copies of its Tariff Riders for Emergency Curtailable Service and Price Curtailable Service.

Thank you for your assistance in this matter.

Very truly yours,

Mark R. Overstreet

KE057:00KE4:2244:FRANKFORT

RECEIVED

MAY 28 1999

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF KENTUCKY POWER COMPANY)
D/B/A AMERICAN ELECTRIC POWER FOR AUTHORITY)
TO IMPLEMENT TARIFF RIDERS FOR EMERGENCY)
CURTAILABLE SERVICE (E.C.S.) AND PRICE)
CURTAILABLE SERVICE (P.C.S.))

CASE NO. 99-_____

Application to Implement Tariff Rider

Kentucky Power Company, d/b/a American Electric Power (herein called "Company") hereby seeks approval to implement Tariff Riders for Emergency Curtailable Service (E.C.S.) and Price Curtailable Service (P.C.S.). These Tariff Riders will provide for voluntary curtailments by customers who normally take service under Tariffs Q.P. and C.I.P.-T.O.D. To be eligible, the customer must have an on-peak curtailable demand not less than 3,000 kW, and the curtailing customer will receive a payment applicable to the kWh curtailed under the provisions of these Tariff Riders.

E.C.S. Tariff Rider

The E.C.S. Tariff Rider will permit the Company to implement an additional step in its existing AEP System Emergency Operating Plan in an attempt to maintain service to its other firm service customers during temporary emergency operating conditions. The E.C.S. Tariff Rider provides that the customer will not be subject to more than fifty (50) hours of curtailment during

any season. For the purpose of the E.C.S. Tariff Rider, there are only two seasons: the winter season, which includes the months of December, January and February and the summer season, which includes the months June, July and August. The E.C.S. Tariff Rider provides for two price options which are dependent on the maximum number of hours the customer is willing to be curtailed per event.

P.C.S. Tariff Rider

The P.C.S. Tariff Rider is an option that allows the customer to determine the parameters under which they are willing to curtail. Under this Rider there are four seasons: winter (December, January and February); spring (March, April and May); summer (June, July and August), and fall (September, October and November). The customer specifies a maximum number of days per season they are willing to curtail, and may choose from three options as to the maximum number of hours per curtailment. Under the P.C.S. Tariff Rider, customers will be paid 80% of the daily price index for Into Cinergy On-Peak for the date of the curtailment, but no less than the customer's specified minimum price per kWh. The price index is published in Power Markets Week's Daily Price Report. The customer may change the choice of curtailment price and hours prior to the beginning of each season.

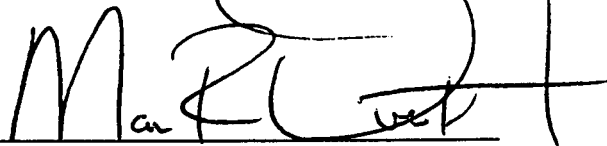
Need For Approval

For a variety of reasons, including the generating capacity conditions which exist for the summer of 1999 in the Midwest region of the United States, the potential for short-term emergency operating conditions, and to provide additional options for customers, the Company is proposing to

add these two Tariff Riders which will provide larger usage customers the ability to receive payment for their actual curtailment. The E.C.S. Tariff Rider provides an additional means to curtail demand on the AEP System during temporary emergency operating conditions, and, therefore frees up generating capacity over what would otherwise be available. The P.C.S. Tariff Rider provides an additional means to curtail customers on an economic basis which may also produce curtailment during temporary emergency operating conditions.

Further, the Applicant is requesting approval to include the payments provided to customers under both the E.C.S. Tariff Rider and the P.C.S. Tariff Rider in the Company's Fuel Adjustment Clause calculations because the Company is paying for curtailed energy.

Respectfully submitted,
KENTUCKY POWER COMPANY
d/b/a AMERICAN ELECTRIC POWER



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Stites & Harbison
421 W. Main St.
P.O. Box 634
Frankfort, KY 40602-0634
Phone 502/223-3477
COUNSEL FOR KENTUCKY POWER COMPANY

RIDER E.C.S.
(Emergency Curtailable Service Rider)

AVAILABILITY OF SERVICE.

Available for Emergency Curtailable Service (ECS) to customers normally taking firm service under Tariffs Q.P. and C.I.P.-T.O.D. for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 3 MW and will be compensated for KWH curtailed under the provisions of this Rider.

CONDITIONS OF SERVICE.

1. The Company reserves the right to curtail service to the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan for generation capacity deficiencies.
2. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within 30 minutes if so requested.
3. In no event shall the customer be subject to curtailment under the provisions of this Rider for more than 50 hours during any season. For purposes of this Rider, seasons are defined as follows:

Winter	December, January and February
Summer	June, July and August

No curtailments under this Rider shall occur in the remaining months, with the exception of test curtailments as specified under item 6 below.

4. The Company and the customer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the customer's representatives to receive said notification. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
5. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
6. The Company reserves the right to test and verify the customer's ability to curtail. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charge for failure to curtail during a test.
7. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.

(Continued on Sheet No. 26-2)

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY
 NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. _____ dated _____

RIDER E.C.S. (Cont'd)
(Emergency Curtailable Service Rider)

ECS CURTAILMENT OPTION.

The customer shall select one of the following ECS Curtailment Options under this Rider:

	<u>Credit</u>	<u>Maximum Duration</u>
Option A	35¢ per KWH	4 hours
Option B	50¢ per KWH	8 hours

The ECS Curtailment Option Credit shall be applicable to the kWh curtailed under this Rider. The Maximum Duration is the maximum number of hours per curtailment event for which load may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the customer shall receive a minimum of 2 hours credit per curtailment event.

ECS CONTRACT CAPACITY.

Each customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The customer shall specify the Non-ECS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-ECS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For the purpose of this Rider, the on-peak billing period is defined as 7:00 a.m. to 11:00 p.m., local time, for all weekdays, Monday through Friday.

The customer may modify the amount of ECS Contract Capacity and/or the choice of Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.

CURTAILED DEMAND.

For each curtailment period, Curtailed Demand shall be defined as the difference between the customer's typical on-peak demand and the maximum 15-minute integrated demand during that curtailment period.

ECS ENERGY.

Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. ECS Energy shall be equal to the sum of all Period ECS Energy for the calendar month.

MONTHLY CREDIT.

The Monthly Credit shall be equal to the product of the ECS Energy and the applicable Curtailment Option Credit less any charges computed for failure to curtail. The Monthly Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identify of this cost is preserved.

(Cont'd on Sheet No. 26-3)

DATE OF ISSUE _____ DATE EFFECTIVE _____

ISSUED BY E. K. Wagner DIRECTOR OF REGULATORY AFFAIRS ASHLAND, KENTUCKY

NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. _____ dated _____

RIDER E.C.S. (Cont'd)
(Emergency Curtailable Service Rider)

FAILURE TO CURTAIL.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Demand shall be the difference between the maximum 15-minute integrated demand during the curtailment period and the Non-ECS Demand. Noncompliance Energy shall be the Noncompliance Demand multiplied by the number of hours for the curtailment period. Noncompliance Energy shall be billed at a rate equal to 50% of the customer's selected ECS Curtailment Option Credit.

TERM.

Contracts under this Rider shall be made for an initial period of 1 season and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next season of its intention to discontinue service under the terms of this Rider.

SPECIAL TERMS AND CONDITIONS.

Individual customer information, including, but not limited to, ECS Contract Capacity and ECS Curtailment Option, shall remain confidential.

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RIDER P.C.S.
(Price Curtailable Service Rider)

AVAILABILITY OF SERVICE.

Available for Price Curtailable Service (PCS) to customers normally taking firm service under Tariffs Q.P. and C.I.P.-T.O.D. for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 3 MW and will be compensated for KWH curtailed under the provisions of this Rider.

CONDITIONS OF SERVICE.

1. The Company reserves the right to curtail service to the customer's PCS load at the Company's sole discretion.
2. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's PCS load shall be curtailed within 1 hour if so requested.
3. For purposes of this Rider, seasons are defined as follows:

Winter	December, January and February
Spring	March, April and May
Summer	June, July and August
Fall	September, October and November
4. The Company and the customer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the customer's representatives to receive said notification. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
5. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
6. The Company reserves the right to test and verify the customer's ability to curtail. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charge for failure to curtail during a test.
7. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.

(Continued on Sheet No. 27-2)

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RIDER P.C.S. (Cont'd)
(Price Curtailable Service Rider)

PCS CURTAILMENT OPTIONS.

The customer shall select one of the following Maximum Duration Options under this Rider:

Maximum Duration

Option A	4 hours
Option B	8 hours
Option C	16 hours

The Maximum Duration is the maximum number of hours per curtailment event for which load may be curtailed under the provisions of this Rider. The customer shall receive a minimum of 2 hours credit per curtailment event.

The customer shall specify the Maximum Number of Days during the season that the customer may be requested to curtail. The customer shall also specify the Minimum Price at which the customer would be willing to curtail. The Company, at its sole discretion, will determine whether the customer shall be curtailed given the customer's specified PCS curtailment options.

PCS CONTRACT CAPACITY.

Each customer shall have a PCS Contract Capacity to be considered as price curtailable capacity under this Rider. The customer shall specify the Non-PCS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The PCS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-PCS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For the purpose of this Rider, the on-peak billing period is defined as 7:00 a.m. to 11:00 p.m., local time, for all weekdays, Monday through Friday.

The customer may modify the amount of PCS Contract Capacity and/or the PCS Curtailment Options no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.

CURTAILED DEMAND.

For each curtailment period, Curtailed Demand shall be defined as the difference between the customer's typical on-peak demand and the maximum 15-minute integrated demand during that curtailment period.

CURTAINMENT CREDIT.

Period PCS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. The Curtailment Credit shall be equal to the product of the Period PCS Energy and the greater of the following: (a) 80% of the daily price index for Into Cinergy On-Peak for the date of curtailment as stated in Power Markets Week's Daily Price Report, (b) the Minimum Price as specified by the customer or (c) 3.5¢ per KWH.

MONTHLY CREDIT.

The Monthly Credit shall be equal to the sum of the Curtailment Credits for the calendar month, less any charges computed for failure to curtail. The Monthly Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identify of this cost is preserved.

(Cont'd on Sheet No. 27-3)

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RIDER P.C.S. (Cont'd)
(Price Curtailable Service Rider)

FAILURE TO CURTAIL.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Demand shall be the difference between the maximum 15-minute integrated demand during the curtailment period and the Non-PCS Demand. Noncompliance Energy shall be the Noncompliance Demand multiplied by the number of hours for the curtailment period. Noncompliance Energy shall be billed at a rate equal to the applicable Curtailment Credit for the curtailment period during which the customer failed to fully comply.

TERM.

Contracts under this Rider may be made for an initial period of 1 season and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next season of its intention to discontinue service under the terms of this Rider.

SPECIAL TERMS AND CONDITIONS.

Individual customer information, including, but not limited to, PCS Contract Capacity and PCS Curtailment Options, shall remain confidential.

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