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July 27, 2009

HAND DELIVERED

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

RECEIVED

JUL 27 2009

PUBLIC SERVICE
COMMISSION

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

RE: P.S.C. Case No. 2009-00134

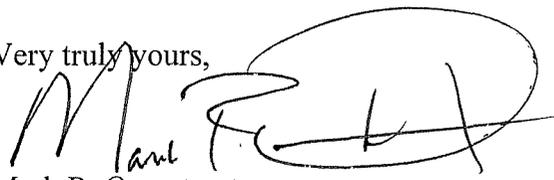
Dear Mr. Derouen:

Enclosed please find and accept for filing the original and four copies of the Joint Responses of Big Sandy Rural Electric Cooperative Corporation and Kentucky Power Company to the Commission's June 30, 2009 Order in the above matter.

The original of Mr. Sexton's verification will be filed later this week.

The parties appreciate Staff's assistance in arranging the informal conference to discuss the application and the data requests. If you have any questions, please do not hesitate to contact me.

Very truly yours,


Mark R. Overstreet

cc: Bobby Sexton
Rebecca Gohmann
Jill Webb

RECEIVED

JUL 27 2009

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF CZAR COAL CORPORATION)
FOR AUTHORIZATION TO RECEIVE SERVICE)
FROM KENTUCKY POWER COMPANY IN BIG) Case No. 2009-00134
SANDY RECC'S SERVICE TERRITORY)**

KENTUCKY POWER COMPANY

AND

BIG SANDY RECC

JOINT RESPONSES TO COMMISSION STAFF'S INITIAL DATA REQUESTS

July 27, 2009

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2009-00134
COUNTY OF FRANKLIN)

The undersigned, Errol K. Wagner, being duly sworn, states he is the Director of Regulatory Services for Kentucky Power Company, that he has personal knowledge of the matters set forth in the Data Responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Errol K Wagner
Errol K Wagner

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of July 2009.

Judy K Rozquist (SEAL)
Notary Public

My Commission Expires:

January 23, 2013

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2009-00134
 COUNTY OF FRANKLIN)

The undersigned, Bobby Sexton, being duly sworn, states he is the President and General Manager of Big Sandy Rural Electric Cooperative Corporation, that he has personal knowledge of the matters set forth in the Data Responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Bobby Sexton
 Bobby Sexton

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of July 2009.

Judy L. McClure (SEAL)
 Notary Public

My Commission Expires:
6-19-2010

**Kentucky Power Company
and
Big Sandy RECC**

REQUEST

Explain whether Kentucky Power and Big Sandy RECC have entered into a contract regarding the change in service territory Czar proposes in this proceeding.

RESPONSE

The agreement of Big Sandy Rural Electric Cooperative Corporation and Kentucky Power Company is evidenced by the letters from each, dated March 23, 2009 and March 25, 2009, respectively, attached to Czar Coal Corporation's application. Big Sandy and Kentucky Power have supplemented their earlier agreement with the agreement attached to this Response.

WITNESS: E.Wagner/B.Sexton



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

July 22, 2009

Bobby Sexton
President and General Manager
Big Sandy Rural Electric Cooperative Corporation
504 Eleventh Street
Paintsville, Kentucky 41240

Dear Mr. Sexton:

This is to memorialize the agreement between Big Sandy Rural Electric Cooperative Corporation and Kentucky Power Company regarding the Czar Coal Corporation facility to be located in Floyd and Martin counties, Kentucky. This agreement is made pursuant to KRS 278.018(6) and is expressly subject to the approval of the Kentucky Public Service Commission.

Big Sandy and Kentucky Power agree that Kentucky Power will provide service to the Czar coal mine that is described in Czar's application in P.S.C. Case No. 2009-00134, *In the Matter of: Application of Czar Coal Corporation for Authorization to Receive Service From Kentucky Power Company In Big Sandy RECC's Service Territory* for the life of the mine. The parties further agree that this agreement is limited solely to the provision of service by Kentucky Power to the Czar Coal facility that is the subject of the application, and nothing in this agreement shall be deemed as entitling Kentucky Power to provide service to any other facility located in whole or in part in Big Sandy's service territory. Big Sandy and Kentucky Power further agree that nothing in this agreement shall be deemed a change in the boundary line between the certified territories of Big Sandy and Kentucky Power.

In reaching this agreement, Big Sandy and Kentucky Power considered the following facts, which they believe would provide a sufficient basis, even in the absence of this agreement, for the Public Service Commission to approve Czar Coal's application pursuant to KRS 278.018(1) based upon the factors set out at KRS 278.017(3):

(1) The proposed mine constitutes a single new, electric-consuming facility located in the adjacent certified territories of Big Sandy and Kentucky Power. Czar Coal has informed Big Sandy and Kentucky Power that approximately 40% of the reserves expected to be mined are located in Kentucky Power's certified territory; the remaining 60% of reserves are located in Big Sandy's certified territory.

Big Sandy RECC
July 22, 2009
p. 2

(2) Under the proposal contained in Czar's application, service will be provided by Kentucky Power through the existing Pevler substation located in Kentucky Power's certified territory. The Pevler substation is located on property owned by Czar. Kentucky Power has been providing service in the area since at least the early 1970s. The Pevler substation, which is now owned by Czar, was originally constructed and owned by Kentucky Power in the early 1970s. The substation was purchased from Kentucky Power in 1994 by Czar's predecessor-in-interest, Cumberland River Coal Company.

(3) Kentucky Power's existing Dewey-Inez 69 kV line is located immediately adjacent to the Pevler substation. Big Sandy's closest distribution facility is located approximately 3.98 miles from the Czar mine.

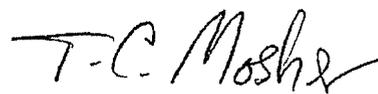
(4) Under the proposal described in the Czar application, neither Kentucky Power nor Big Sandy would be required to construct any facilities. Instead, Czar will construct approximately 5,800 feet of line from the existing Czar-owned electrical infrastructure located at Czar's Matrix mine to the proposed Czar mine. Service to this infrastructure and the Matrix mine is provided through the Pevler substation.

(5) If service were to be provided by Big Sandy, Big Sandy would be required to re-conductor approximately two miles of existing distribution facilities at a projected cost of approximately \$400,000. In addition, Czar would be required to construct approximately 3.98 miles of distribution line, compared to the 5,800 feet of distribution line Czar would require to construct to receive service from Kentucky Power. Czar estimates that the 3.98 miles of distribution line required to receive service from Big Sandy will exceed the cost of the additional 5,800 feet of distribution line required to receive service from Kentucky Power by approximately \$306,000.

(6) Czar has indicated that the 5,800 feet of distribution line to be constructed by Czar from the Matrix mine to the Czar mine will be constructed on property owned or leased by Czar, that it will be constructed in accordance with the National Electrical Safety Code, and will be removed when the mineable reserves are exhausted. Czar further has indicated that the distribution line will be subject to inspection by the federal Mine Safety and Health Administration.

If this accurately reflects our agreement, please sign where indicated below and return a copy to me. Please do not hesitate to contact me if you have any questions.

Sincerely yours,



Timothy C. Mosher
President/COO

Agreed to this 22nd day of July, 2009:

Big Sandy Rural Electric Cooperative Corporation

By: *Solly Sexton*

Its: *President / General Manager*

Albert A. Burchett
Attorney For Big Sandy RECC

Kentucky Power Company
and
Big Sandy RECC

REQUEST

If a contract has been entered, provide a copy of the contract.

RESPONSE

Please see the attachment to the Response by Big Sandy Rural Electric Cooperative Corporation and Kentucky Power Company to Data Request No. 1.

WITNESS: E. Wagner/B. Sexton

**Kentucky Power Company
and
Big Sandy RECC**

REQUEST

Explain whether any other Kentucky Power or Big Sandy RECC customer will be affected by Czar's proposal.

RESPONSE

The agreement between Big Sandy and Kentucky Power is limited solely to the provision of service by Kentucky Power to the Czar Coal facility that is the subject of the application, and nothing in that agreement is intended to entitle Kentucky Power to provide service to any other electric consuming facility located in whole or in part in Big Sandy's service territory. Big Sandy and Kentucky Power further agreed that nothing in their agreement would be deemed to change the boundary line between the certified territories of Big Sandy and Kentucky Power. As a result, no other customer of Big Sandy Rural Electric Cooperative Corporation or Kentucky Power Company will be affected by Czar's proposal.

WITNESS: E. Wagner/B. Sexton

**Kentucky Power Company
and
Big Sandy RECC**

REQUEST

Czar's proposal will require a change in the certified territory map that Kentucky Power or Big Sandy RECC has on file with the Commission; therefore, provide a map signed by both utilities that reflects the proposed changes.

RESPONSE

As set forth in their Response to Data Request No. 3, it was not the intention of Big Sandy Rural Electric Cooperative Corporation or Kentucky Power Company to affect the certified territory of Big Sandy Rural Electric Cooperative Corporation or Kentucky Power Company. Big Sandy and Kentucky Power believe Czar's application may be approved by the Commission as a contract allocating consumers pursuant to KRS 278.018(6), or as a new electric consuming facility located in two adjacent certified territories pursuant to KRS 278.018(1), based upon the factors set out at KRS 278.017(3), without a change in the certified territory maps of either company.

WITNESS: E. Wagner/ B. Sexton