

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
[502] 223-3477
[502] 223-4124 Fax
www.stites.com

November 25, 2009

HAND DELIVERED

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

RECEIVED

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PUBLIC SERVICE
COMMISSION

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

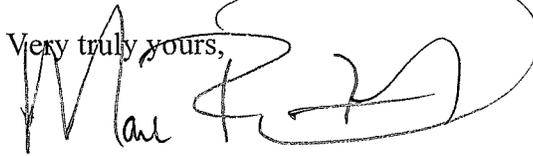
RE: P.S.C. Case No. 2009-00339

Dear Mr. Derouen

Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's Responses to Commission Staff's First Set of Data Requests.

By copy of this letter I am serving a copy of the Responses on counsel for Kentucky Industrial Utility Customers, Inc. and the Office of the Attorney General.

Very truly yours,



Mark R. Overstreet

cc: Dennis G. Howard, II
Michael L. Kurtz

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

2009 INTEGRATED RESOURCE PLAN OF) CASE NO.
KENTUCKY POWER COMPANY) 2009-00339

KENTUCKY POWER COMPANY

RESPONSES TO COMMISSION STAFF FIRST SET OF DATA REQUESTS

November 25, 2009

VERIFICATION

COMMONWEALTH OF KENTUCKY)
COUNTY OF FRANKLIN) CASE NO. 2009-00339

The undersigned, **Errol 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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24th day of November 2009.


Notary Public (SEAL)

My Commission Expires:

January 23, 2013

Kentucky Power Company

REQUEST

Refer to pages 1-3 and 1-10 of Kentucky Power's 2009 Integrated Resource Plan ("IRP"). The second paragraph on page 1-3 under the heading "COMPANY OPERATIONS AND INTERRELATIONSHIP WITH THE AEP SYSTEM (807 KAR 5:058, Sec. 5.1)" reflects that Kentucky Power has continued to be a winter peaking system, as it has been historically. The last paragraph on page 1-3 shows that, although the AEP-East Zone has traditionally achieved its highest peak demand in the summer, its all-time summer and winter peaks of 22,413 and 22,270 MW, respectively, differ by less than one percent. Table 5 on page 1-10 indicates that the estimated load impacts of expanded Demand-Side Management ("DSM") programs for both the AEP-East Zone and Kentucky Power throughout the forecast period are heavily weighted toward reducing summer peak demand compared to reducing winter peak demand.

- a. Given the immaterial difference between its all-time summer and winter peaks, explain why the estimated demand reductions for the AEP-East Zone's summer peak are roughly two and one-half times those of its winter peak.
- b. With its all-time winter peak demand nearly 25 percent greater than its all-time summer peak demand, explain why Kentucky Power should plan or expect to participate in DSM programs estimated to reduce its summer peak demand by three and one-half times the reduction in its winter peak demand (86 MW vs. 24 MW).

RESPONSE

a. PJM, the regional transmission operator, plans for a summer peak. As a PJM member, AEP is required to plan and meet summer peaking requirements. Because this IRP is predicated upon planning for the PJM (and AEP-East System) peak, demand reductions that result from demand response programs were only modeled in the summer months. This does not preclude any demand response program or tariff offering from also impacting winter peaks, should it be economical to do so. With Collaborate approval, Kentucky Power Company anticipates filing for demand response programs that affect both summer and winter peaks, including air conditioning and hot water heating direct load control programs in February of 2010.

b. The IRP includes Energy Efficiency programs that have a peak demand impact of 26MW in the summer and 24 MW in the winter. The remaining demand impacts in question are the 60MW of peak demand reduction that result from a (summer) demand response program. Participation in summer peak demand reduction programs lowers the over-all System need for supply-side capacity. KPCo, being in a deficit position in the AEP pool, would be expected to install new capacity when there is a System need. Delaying the System need for new capacity, by lowering summer peak demand, will delay this expectation for KPCo and thereby reduce KPCo costs in the long term.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to page 1-17 of the IRP, which indicates that Kentucky Power is expected to be a party to contracts for power from two 50-MW wind power projects within the next two years. Describe the extent to which Kentucky Power anticipates being involved in other non-utility generation projects during the same time period.

RESPONSE

Kentucky Power does not anticipate being involved in any other non-utility generation projects during the next two years.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to Section E.2. on pages 3-6 and 3-7 of the IRP. Provide the energy efficiency levels that have been mandated and are in place in Ohio and Michigan.

RESPONSE

The following mandates, subject to cost effectiveness criteria, are in place in Ohio and Michigan. In Ohio, the percentages refer to the average of the three previous years' consumption, while in Michigan they refer to the previous year's consumption. In Michigan, the targets may be revised in 2015. In both cases, the targets are for incremental annual reductions.

	Ohio Annual Reduction	Michigan Annual Reduction
2009	0.3%	0.3%
2010	0.5%	0.5%
2011	0.7%	0.75%
2012	0.8%	1.0%
2013	0.9%	1.0%
2014	1.0%	1.0%
2015	1.0%	1.0%
2016	1.0%	1.0%
2017	1.0%	1.0%
2018	1.0%	1.0%
2019	2.0%	1.0%
2020	2.0%	1.0%
2021	2.0%	1.0%
2022	2.0%	1.0%
2023	2.0%	1.0%
2024	2.0%	1.0%
2025	2.0%	1.0%

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Refer to page 3-8, specifically, the last paragraph in Section E.4. and Exhibit 3-3 of the IRP.

- a. Confirm whether the programs identified on the graph in the exhibit are the programs recommended in the Indiana Market Potential Study ("MPS").
- b. If the answer to part a. of this request is yes, provide the description from the Indiana MPS of each of the programs identified in the exhibit

RESPONSE

- a. Yes.
- b. Please see the attached Pages 2 through 46. Note: The Demonstrations and Renewables program (pages 10-11 of attachment) was not modeled because this program contains five program elements and each of these program elements are currently non-cost effective and together, the set is not cost-effective. The demand response programs (pages 4-9) were evaluated but are not depicted on Exhibit 3-3 of the IRP.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

The DSM sections of utility IRP filings typically include the results of both qualitative and quantitative screening of potential DSM measures, cost-benefit analyses based on the "California Tests," and an indication of the utility's plans for implementing any of the measures in the future. Explain why Kentucky Power did not include any such screening and analyses in this IRP.

RESPONSE

The Indiana Market Potential Study, which served as the basis for the construction of the "blocks" used for modeling developed its programs incorporating knowledge of consumer acceptance, program incentive levels, and measure costs. Those results were calculated for the Indiana utility, however, they are not strictly transferable to KPCo or other AEP-East System utilities. That said, there is a reasonable expectation that programs can be designed for KPCo that would have similar impacts, costs, and acceptance.

KPCo has in place a DSM Collaborative with a well-established process for evaluating programs and measures (see Chapter 3, Section D.2) using four of the "California Tests". It is within this process that detailed analysis of individual programs and measures has the most value as the Collaborative is in the best position to design a program that balances the tests.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Identify and describe the net metering equipment and systems installed on each system. Also provide a detailed discussion of the manner in which such resources were considered in the Kentucky Power resource plan.

RESPONSE

No Kentucky Power customers take service under the Net Metering tariff. Net metering systems were not included in Kentucky Power's resource plan due to the lack of adequate data and the likelihood of less than de minimis impact of such systems.

WITNESS: Errol K Wagner