



Complainant is a Delaware corporation that owns and operates a steel mini-mill in Ashland, Kentucky. The production processes used at this steel mill require large amounts of electricity. Consequently, the cost of electricity comprises a significant portion of the steel mill's total operating costs. Kentucky Power is the retail electric supplier that serves the Complainant's steel mill.

Complainant alleges, inter alia, that Kentucky Power does not possess sufficient generating capacity of its own to satisfy its load and is dependent upon other members of the AEP System and power purchases to meet its power requirements. Complainant further alleges that AEP is suffering from a capacity shortage and will be required to purchase additional peaking capacity. As a result of these developments, Complainant contends Kentucky Power will likely incur higher fuel costs that will be passed on to Kentucky Power customers through its fuel adjustment clause and will be required to curtail or interrupt service to its interruptible service customers.

Complainant further alleges that the proposed merger of AEP with CSW and the integration of both holding companies' systems will cause approximately 250 MW of capacity to be transferred from the existing AEP System to the existing CSW System. This transfer, Complainant alleges, will affect the reliability of Kentucky Power's present service and may increase the cost of service that Kentucky Power presently provides.

Administrative Regulation 807 KAR 5:001, Section 12(4), requires the Commission to review each formal complaint upon its filing to determine whether the complaint establishes a prima facie case. A complaint establishes a prima facie case when, on its face, it sets forth sufficient allegations that if uncontradicted by other evidence would entitle the complainant to the requested relief. If a complaint fails to establish a prima

facie case, the Commission must notify the complainant and provide a reasonable opportunity to amend the complaint.

Having reviewed the allegations contained in the Complaint, the Commission finds that they establish a prima facie case. Taking administrative notice of the proceedings in Case No. 99-149, the Commission further finds that the allegations related to the proposed merger of AEP and CSW have been rendered moot. In Case No. 99-149, the Complainant intervened as a party and entered into a settlement agreement with Kentucky Power, AEP, and others in which it agreed to recommend that the Commission approve the proposed merger under certain conditions. These conditions included, inter alia, restrictions on AEP and Kentucky Power's passthrough of fuel costs and savings to Kentucky Power ratepayers and protections for Kentucky Power ratepayers from any additional fuel costs resulting from the integration of the AEP and CSW transmission and generation systems. The Commission has accepted and approved this agreement.<sup>2</sup>

Accordingly, the Commission, pursuant to 807 KAR 5:001, Section 12, HEREBY ORDERS that:

1. Kentucky Power is to satisfy the matters complained of regarding the sufficiency of Kentucky Power's present generating capacity and its ability to provide reasonable and reliable service or to file a written answer to the complaint within 10 days from the date of service of this Order.

2. Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

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<sup>2</sup> Order of June 14, 1999.

Done at Frankfort, Kentucky, this 2<sup>nd</sup> day of August, 1999.

By the Commission

ATTEST:

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Executive Director