

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF KENTUCKY)	
POWER COMPANY D/B/A AMERICAN ELECTRIC)	CASE NO.
POWER FOR THE SIX-MONTH BILLING PERIODS)	2000-107
ENDING DECEMBER 31, 1998 AND)	
DECEMBER 31, 1999, AND FOR THE TWO-YEAR)	
BILLING PERIOD ENDING JUNE 30, 1999)	

FIRST DATA REQUEST OF COMMISSION STAFF
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before June 30, 2000. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Direct Testimony of Lane Kollen, page 6, lines 5 through 11.

a. Does Mr. Kollen agree the only time KRS 278.183 mentions the possibility of a base rate roll-in is during the two-year review?

b. Given the language contained in KRS 278.183, explain how the Kentucky Power Company (“Kentucky Power”) could have proposed a base rate roll-in in conjunction with any of its monthly environmental surcharge filings or during any prior six-month review proceedings.

c. Was Mr. Kollen aware that Kentucky Power did not file an application with the Commission for a two-year review, but that the Commission initiated the two-year review upon its own Order?

d. Explain why the arguments presented in lines 5 through 11 are relevant as to whether there should or should not be a base rate roll-in in this proceeding.

2. Refer to the Kollen Direct Testimony, page 6, lines 11 and 12. Mr. Kollen states that a base rate roll-in is unnecessary and there is no compelling argument to do so. Are these statements based solely on Mr. Kollen’s objection to the base rate roll-in as proposed by Kentucky Power? Explain the response.

3. Refer to the Kollen Direct Testimony, page 8, beginning with line 20.

a. Has Mr. Kollen concluded that Kentucky Power’s proposal utilizes projected costs because the amounts reported in the February 2000 environmental surcharge filing have been annualized? Explain the response.

b. Does Mr. Kollen believe that the amounts reported in the February 2000 environmental surcharge filing reflect actual or projected costs? Explain the response.

4. Refer to the Kollen Direct Testimony, page 12, lines 1 and 2. Provide the basis for Mr. Kollen's statement that Kentucky Power's 1990 base rate case demand and energy billing determinants were lower than current levels. Include all supporting workpapers, studies, analysis, or other documentation.

5. Refer to the Kollen Direct Testimony, page 13, lines 1 through 5. Explain what would happen to Kentucky Power's recovery of the base rate roll-in if the billing demand and energy decreases in future months.

6. Refer to the Kollen Direct Testimony, pages 13 and 14. Mr. Kollen is recommending that the actual base revenue recovery be used as the base period revenue requirement.

a. Is Mr. Kollen advocating that the actual base rate revenues associated with the rolled-in environmental surcharge be tracked separately each month and recognized as the base period revenue requirement in the appropriate monthly filing by Kentucky Power? Explain the response.

b. Referring to part (a) above, if this is an accurate description of Mr. Kollen's recommendation, has Mr. Kollen attempted to determine how difficult or burdensome this approach would be for Kentucky Power to implement, and how difficult it would be for the intervenors and the Commission to monitor? Explain the response.

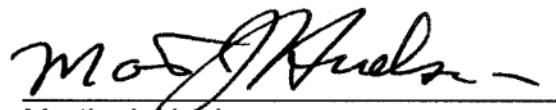
c. Explain how this approach compares with the roll-in approach used for Kentucky Power's fuel adjustment clause.

7. Refer to the Kollen Direct Testimony, pages 14 and 15.

a. Explain why Mr. Kollen did not provide a calculation of the base rate roll-in reflecting the approach he describes on pages 14 and 15.

b. Using the approach described in the Kollen Direct Testimony, pages 14 and 15, provide the base rate roll-in for Kentucky Power. Include all calculations, workpapers, assumptions, and other supporting documentation utilized in determining the amount of the base rate roll-in.

8. Kentucky Power has determined that it under-recovered \$63,605 in environmental costs during the periods under review. It also proposes to collect this amount from ratepayers over a three-month period. Does Mr. Kollen have any comments on Kentucky Power's determination of the under-recovery or the manner in which the under-recovery should be collected from ratepayers?



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DATED June 14, 2000

cc: All Parties