

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 FOR THE SIX-MONTH)	CASE NO.
BILLING PERIODS ENDING JUNE 30, 2006 AND)	2007-00381
DECEMBER 31, 2006, AND FOR THE TWO-YEAR)	
BILLING PERIOD ENDING JUNE 30, 2007)	

SECOND DATA REQUEST OF COMMISSION STAFF TO
KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before November 21, 2007. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the Direct Testimony of Errol K. Wagner (“Wagner Testimony”), page 6. On line 13 is the statement, “Due to the fact that these adjustments tend to offset each other, the Company recommends that these adjustments be reflected in the same month on the customers’ monthly bill to lessen the impact on the ratepayers.” Since the fuel adjustment clause and the environmental surcharge are two separate and distinct mechanisms, would Kentucky Power agree that it may not be possible to include adjustments for both mechanisms on the same monthly bill?

2. Refer to the Wagner Testimony, pages 10 and 11. Concerning the proceeding before the West Virginia Commission (“WV Commission”) involving the Appalachian Power Company (“Appalachian”):

a. Briefly describe the nature of the proceeding. Include with the description when it is anticipated the proceeding will begin and approximately how long the proceeding could be expected to last.

b. If the WV Commission permits Appalachian to recover costs back to an earlier date in 2007, as noted in the Wagner Testimony, would the likely effect on

Kentucky Power's environmental surcharge be an additional over-recovery? Explain the response.

3. Refer to the response to the September 19, 2006 Order, Appendix B ("First Request"), Item 11. Kentucky Power has determined that its weighted average cost of capital as of April 30, 2007 is 7.67 percent. Using the approach described in Case No. 2005-00068,¹ determine the weighted average cost of capital reflecting the application of the income tax gross-up factor. Include all calculations and assumptions used in the determination.

4. Refer to the response to the First Request, Item 12(a). Explain why Kentucky Power believes no surcharge amounts need to be incorporated into its base rates in conjunction with the current 2-year surcharge review.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED November 7, 2007

cc: All Parties

¹ Case No. 2005-00068, Application of Kentucky Power Company for Approval of an Amended Compliance Plan for Purposes of Recovering Additional Costs of Pollution Control Facilities and to Amend Its Environmental Cost Recovery Surcharge Tariff, final Order dated September 7, 2005.