

# Legal Department

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2009-00134

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*Stephanie H. Peniston*  
*Legal Assistant*

March 30, 2009

RECEIVED

MAR 31 2009

PUBLIC SERVICE  
COMMISSION

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

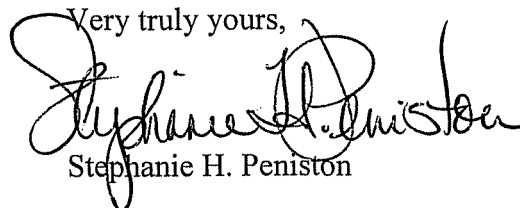
**Re: Application of Czar Coal Corporation**

Dear Mr. Derouen:

Pursuant to 807 KAR 5:001, please find enclosed the above-referenced Application of Czar Coal Corporation (the "Application"). As required under Section 8, one (1) original and ten (10) copies of the Application are being submitted for filing.

Thank you for your consideration in this matter. If you should have any questions regarding the enclosed Application, please feel free to contact Rebecca S. Gohmann, counsel for Czar Coal Corporation, at (859) 278-9903.

Very truly yours,



Stephanie H. Peniston

Enclosures:

Original and 10 copies of Application

cc: American Electric Power  
Big Sandy RECC  
Paul Horn

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF CZAR COAL CORPORATION )  
FOR AUTHORIZATION TO RECEIVE SERVICE )  
FROM KENTUCKY POWER IN BIG SANDY )  
RECC'S SERVICE TERRITORY )**

CASE NO. 2009- 00134  
**RECEIVED**  
MAR 31 2009  
PUBLIC SERVICE  
COMMISSION

**APPLICATION**

Czar Coal Corporation ("Applicant"), pursuant to KRS 278.018(6) and 807 KAR 5:001, and the other applicable provisions of the Kentucky Revised Statutes and Kentucky Administrative Regulations, hereby applies for authorization to receive electrical service from Kentucky Power Company ("KPC") in the territory serviced by Big Sandy RECC, as agreed to by KPC and Big Sandy RECC.

- (a) Applicant is engaged in the business of coal mining.
- (b) The post office address of the Applicant is P.O. Box 190, Lovely, Kentucky 41231.
- (c) Applicant is in the process of developing an underground mine (the "Mine") in Floyd and Martin Counties, Kentucky. The Mine entrance is located in Copperas Creek in Floyd County. A map of the proposed Mine entrance is attached hereto as Exhibit A.
- (d) The Mine is located within the service territory of Big Sandy RECC. In order to provide electrical service to the Mine, Big Sandy RECC would need to upgrade (re-conductor) approximately two (2) miles of existing line and Applicant would need to construct approximately 21,000 ft or 3.98 miles of line.

(e) Applicant has existing power infrastructure on its property. This infrastructure is served by KPC. Applicant could obtain electrical service for the Mine through KPC by constructing approximately 5,800 ft or 1.09 miles of power line from the existing infrastructure to the Mine entrance, at no cost to KPC.

(f) The Public Service Commission's grant of this Application would save Applicant approximately \$306,000 in line construction costs and Big Sandy RECC approximately \$400,000 in costs to re-conductor two (2) miles of existing line.

(g) Big Sandy RECC has consented to KPCO providing, and KPCO has agreed to provide, electrical service to the Mine which is located within Big Sandy RECC's service territory. Letters from Big Sandy RECC and KPCO are attached hereto as Exhibits B-1 and B-2, respectively.

(h) Granting the Application and authorizing KPC to provide the service will promote the purpose of KRS 278.016 by:

- i. Avoiding the unnecessary encumbering of the landscape in the Community;
- ii. Preventing the waste of materials; and
- iii. Providing for the orderly development of retail electric service.

(i) Granting the Application and authorizing KPC to provide the electric service will provide adequate, reasonable and timely service to all area customers affected.

WHEREFORE, Applicant respectfully requests that the Public Service Commission of the Commonwealth of Kentucky make its order authorizing KPCO to supply electrical service to the Mine which is located in Big Sandy RECC's service territory.

Respectfully submitted:

By: Rebecca S. Gohmann /slp  
Rebecca S. Gohmann  
Counsel for Czar Coal Corporation  
107 Dennis Drive  
Lexington, KY 40503  
(859) 278-9903

#### CERTIFICATE OF SERVICE

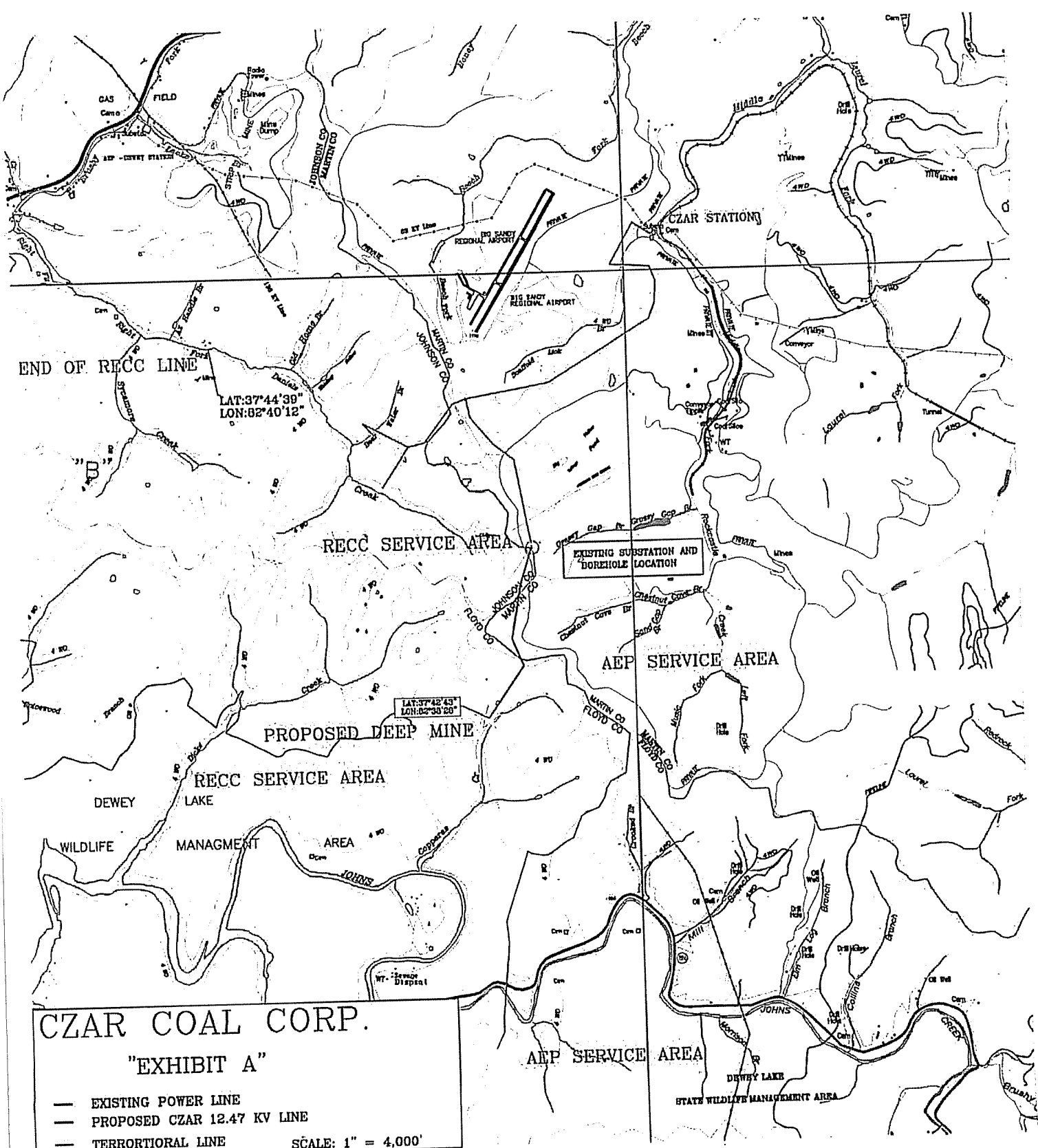
This certifies that a true and accurate copy of the foregoing Application has been sent by U.S. mail, postage prepaid this the 30<sup>th</sup> day of March, 2009 to:

American Electric Power  
Attn: Errol Wagner  
P.O. Box 5190  
Frankfort, KY 40602

and

Big Sandy RECC  
ATTN: Bob Sexton  
P.O. Box 1746  
Paintsville, KY 41240

Rebecca S. Gohmann /slp  
COUNSEL FOR CZAR COAL CORPORATION



# CZAR COAL CORP.

## "EXHIBIT A"

- EXISTING POWER LINE
- - - PROPOSED CZAR 12.47 KV LINE
- TERRITORIAL LINE

SCALE: 1" = 4,000'



## Big Sandy Rural Electric Cooperative Corporation

504 11th Street  
Paintsville, Kentucky 41240-1422  
(606) 789-4095 • Fax (606) 789-5454  
Toll Free (888) 789-RECC (7322)

## Exhibit B-1

### Branch Office:

204 Glyn View Plaza  
Prestonsburg, Kentucky 41653  
(606) 886-2987

March 23, 2009

### TO: THE PUBLIC SERVICE COMMISSION

**In the Matter of: Application of Czar Coal Corporation for authorization to receive service from Kentucky Power in Big Sandy R.E.C.C.'s service territory.**

A request for electrical services was made by Booth Energy for a coal mine to be located in the Copperas Creek area of Floyd County, which is in the service territory of Big Sandy RECC. After a study was done by Big Sandy RECC, it was determined that approximately two miles of existing line would need to be upgraded at a cost of approximately \$400,000 dollars, before service could be provided at this point. It was learned that Kentucky Power (AEP) has electrical service in the area and they could provide electric for this mine at no cost to them.

If agreeable to the commission, Big Sandy RECC agrees to let Kentucky Power (AEP) provide electrical services to this particular coal mine only, which is located in the Big Sandy RECC territory at Copperas Creek of Floyd County, Ky, shown on the map submitted by Czar Coal Corporation as Exhibit B.

A handwritten signature in cursive script, reading "Bobby Sexton", positioned above a horizontal line.

President & General Manger

Big Sandy RECC

504 11<sup>th</sup> Street

Paintsville, KY 41240

Telephone: 606-789-4095

Email: [bsexton@bigsandyrecc.com](mailto:bsexton@bigsandyrecc.com)



A unit of American Electric Power

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

DATE: March 25, 2009

TO: Kentucky Public Service Commission  
Attention: Mr. Jeff R. Derouen, Executive Director

RE: Application of Czar Coal Corporation for Authorization to receive service from Kentucky Power in Big Sandy RECC's service territory.

Czar Coal Corporation (Booth Energy) recently requested service for a deep mine located in Copperas Creek, Floyd County. The mine entrance location places the deep mine in Big Sandy RECC's service territory. Czar Coal Corporation has an existing service provided from Kentucky Power Company's (KPCo) Dewey-Inez 69 kV line via Pevler Mine metering station.

A study revealed a cost savings of approximately \$306,000 to Czar Coal Corporation and approximately \$400,000 to Big Sandy RECC if the mine is served from customer's existing service provided by Kentucky Power. No additional work or costs are required by Kentucky Power to serve this mine, which presents cost and time savings to the customer.

If the Commission approves, Kentucky Power is ready and willing to serve customer's new deep mine in Copperas Creek, Floyd County, as an addition to the existing service metered at Pevler Mine on our Dewey-Inez 69 kV line.

Sincerely,

A handwritten signature in black ink that reads 'T.C. Mosher'.

Timothy C. Mosher  
President and COO