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October 16, 2009

**HAND DELIVERED**

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

Bruce F. Clark  
(502) 209-1214  
(502) 223-4386 FAX  
bclark@stites.com

RECEIVED

OCT 16 2009

PUBLIC SERVICE  
COMMISSION

Re: Case No. 2009-00285

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and five copies of Kentucky Power Company's Responses to Commission Staff's October 13, 2009 Hearing Data Requests in this matter.

By copy of this letter, the Responses are also being served on counsel for Kentucky Industrial Utility Customers, Inc. and the Office of the Attorney General .

Please do not hesitate to contact me if you have any questions.

Very truly yours,

STITES & HARBISON, PLLC



Bruce F. Clark

BFC:pjt

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

19085:1:FRANKFORT

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

**IN THE MATTER OF**

**RECEIVED**

**OCT 16 2009**

**PUBLIC SERVICE  
COMMISSION**

**AN EXAMINATION OF THE APPLICATION  
OF THE FUEL ADJUSTMENT CLAUSE OF  
KENTUCKY POWER COMPANY  
FROM NOVEMBER 1, 2008 THROUGH  
APRIL 30, 2009**

)  
)  
) **CASE NO. 2009-00285**  
)  
)

**KENTUCKY POWER COMPANY RESPONSES TO  
COMMISSION STAFF'S  
OCTOBER 13, 2009 HEARING DATA REQUESTS**

**October 16, 2009**

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) CASE NO. 2009-00285  
COUNTY OF FRANKLIN )

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 16<sup>th</sup> day of October 2009.

 (SEAL)  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
January 23, 2013

**Kentucky Power Company**

**REQUEST**

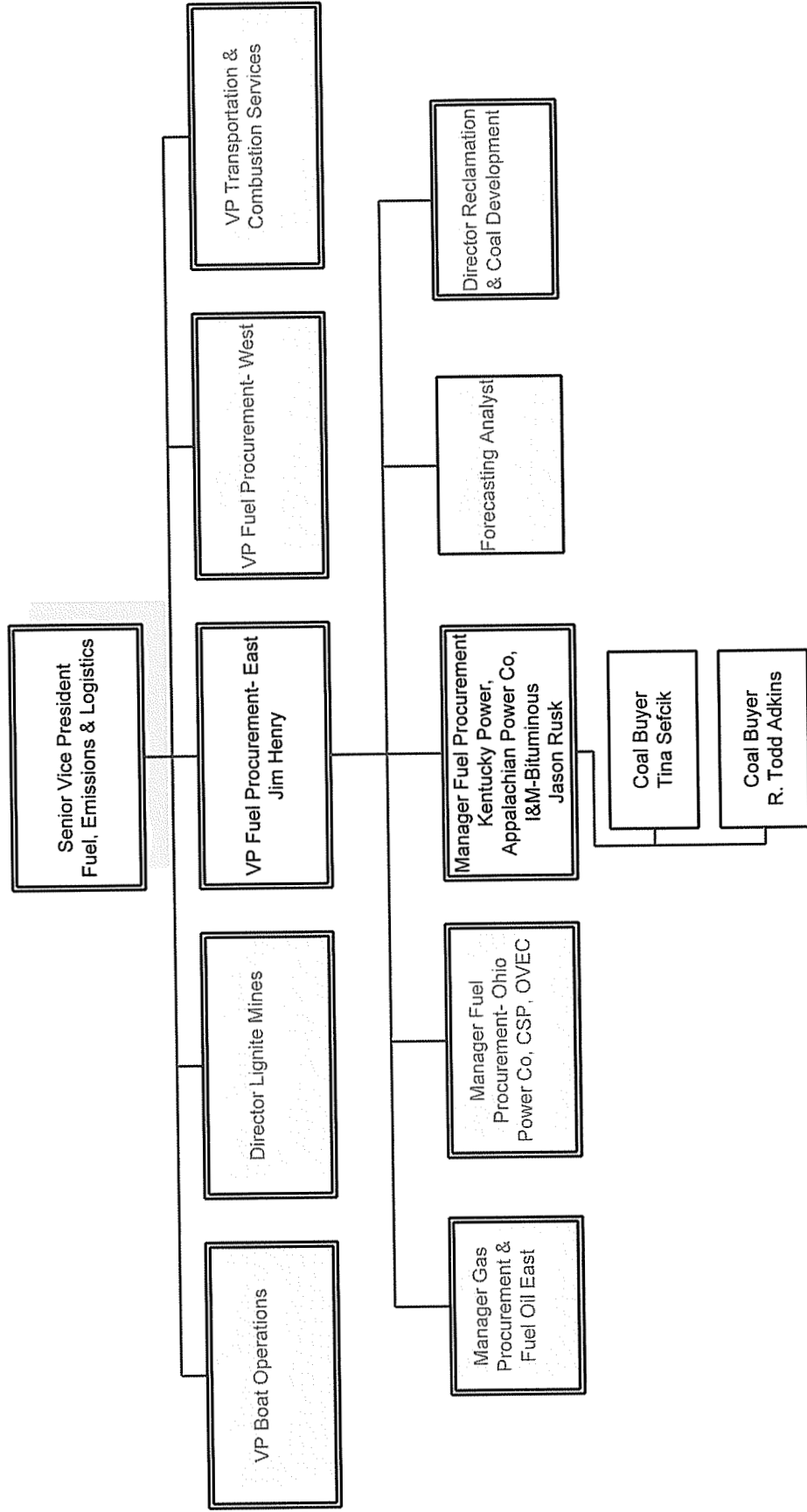
Please refer to Staff-1st Set of data requests dated August 20, 2009, Item No. 17. In the Company's response dated September 9, it states that during this review period there were some departmental re-organizations. Please provide an organization chart for the Fuel, Emissions, and Logistics Department for the period prior to when the re-organizations occurred as well as an organization chart currently in effect with the changes.

**RESPONSE**

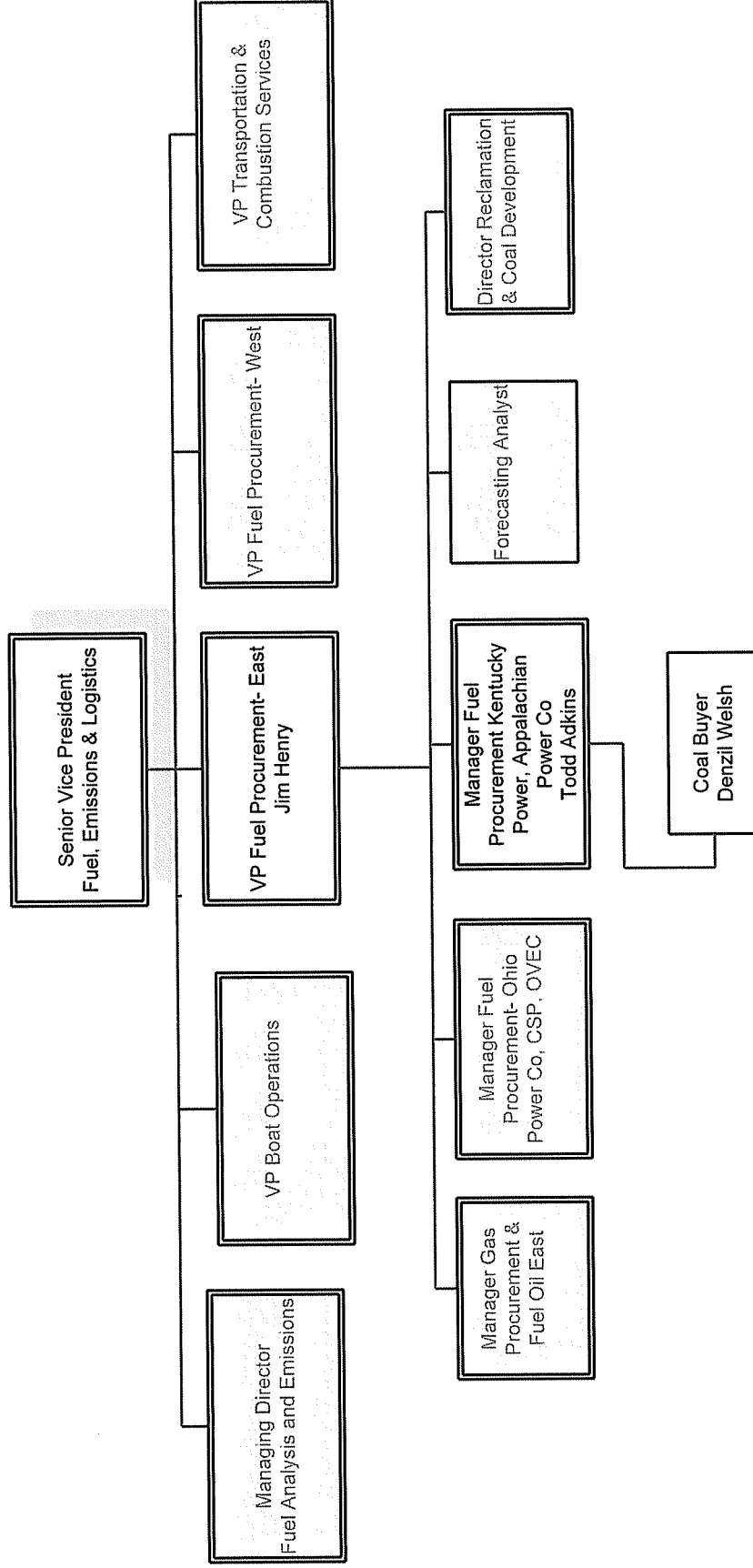
Please refer to the attached organizational charts.

**WITNESS:** Errol K. Wagner

# Fuel, Emission and Logistics Organization as of 3/1/2009



# Fuel, Emission and Logistics Organization as of 4/1/2009



## Kentucky Power Company

### REQUEST

Please refer to the Company's backup information submitted on August 13, 2009. According to a memo sent to ICG, LLC on July 31, 2009, AEP, on behalf of Kentucky Power, agreed to a \$0.75 per ton increase in the contract price retroactive to January 1, 2008. The retroactive price increase was to be paid as a lump sum of \$264,998.49. Please update the Commission on the status of when this payment was reflected in the FAC calculations.

### RESPONSE

As per the terms of the contract, Article VI, section 6.2, the \$0.75 per ton increase is due to costs associated to The MINER Act enacted in June of 2006. It is a qualifying Change in Law event under the Agreement.

The MINER Act Accrual was initially set up in 2007. The accrual amount was updated quarterly, both increasing and decreasing based on estimated tonnage, and by August of 2009 there was an uninvoiced accrual of \$297,209. This uninvoiced accrual was reversed in August of 2009 and the \$264,998 was paid to ICG as stated in the backup information referred to by the Commission.

These accrual amounts were recorded in Account 151. Because coal is consumed at the weighted average cost of coal in inventory, these accrual amounts did increase the weighted average cost of coal consumed during the time period when the accruals were established. In August 2009, because the uninvoiced amount was \$297,209 and the payment to ICG was \$264,998, a credit amount of \$32,211.00 was recorded in Account 151 which had the effect of reducing the weighted average cost of coal consumed during August 2009.

**WITNESS:** Errol K Wagner