COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER COMPANY FOR A GENERAL ADJUSTMENT OF ELECTRIC RATES	)))	CASE NO. 2009-00459

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 no later than May 4, 2010. 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 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.

KIUC shall make timely amendment to any prior response 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 KIUC fails or refuses to furnish all or part of the requested information, it 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.

1. Refer to page 8 of the Direct Testimony and Exhibits of Lane Kollen ("Kollen Testimony"), lines 8-12. If the Commission were to consider Kentucky Power Company's ("Kentucky Power") proposed adjustments to reduce its off-system sales margins as "[k]nown and measurable," explain specifically how Mr. Kollen would also have the Commission quantify and reflect the increased off-system sales margins from the Big Sandy 1 turbine uprate and the wind power purchase power agreement.

2. Refer to pages 13-14 of the Kollen Testimony and Kentucky Power's response to Item 29 of Commission Staff's Third Data Request in this proceeding.

a. If the Commission were to approve the proposed wind power purchase power agreement, explain whether Mr. Kollen believes it would be appropriate for the costs and risks associated with the agreement to be shared in some fashion by shareholders and ratepayers.

b. If, above some threshold level, the costs of the agreement were to be deferred and recorded as a regulatory asset and amortized and borne by ratepayers only after the enactment of either a federal or state renewable portfolio standard, explain how Mr. Kollen would view such regulatory treatment.

3. Refer to pages 14-16 of the Kollen Testimony, specifically regarding the adjustment to reflect the termination of the capacity sale by Indiana & Michigan Power ("I&M") to Carolina Power and Light ("CP&L") as of January 1, 2010.

a. At lines 10-11 on page 15, Mr. Kollen states, "This adjustment is a selective post-test year adjustment and is not known and measurable." It appears that Mr. Kollen's last paragraph on this subject, on page 16, addresses why he considers this a "selective post-test year adjustment." Explain in detail why he believes it is "not known and measurable."

b. Hypothetically, had the I&M-to-CP&L capacity sale terminated September 1, 2009, with one month left in the test year, and Kentucky Power proposed an adjustment similar to the one it proposed based on the January 1, 2010 termination date, explain how Mr. Kollen's recommendation would differ, if at all.

4. Refer to the Kollen Testimony from page 23 at line 12 to page 24, line 2. Explain, from this discussion, whether Mr. Kollen believes that all planned expenditures for the stated purpose of improving reliability are inappropriate unless they will ultimately result in a net cost savings for customers.

5. Refer to the Kollen Testimony from page 24, line 16 to page 25, line 1. If it were to determine that "[a]dditional spending on vegetation management is appropriate," provide the amount of such spending Mr. Kollen would recommend the Commission include in determining Kentucky Power's revenue requirement.

6. Refer to pages 43-44 of the Kollen Testimony. Mr. Kollen has contested a number of Kentucky Power's adjustments, while advocating a strict test-year concept and arguing that the proposed adjustments are "selective post-test year" adjustments.

With that background, explain why his proposal to update the test-year short-term interest rates to reflect current short-term interest rates should not also be considered a "selective post-test year" adjustment.

7. Refer to page 57 of the Kollen Testimony where Mr. Kollen recommends that off-system sales margins be set at $15.29 million and that the present 70-percent sharing factor be maintained for margins above this level. Explain whether Mr. Kollen is also recommending that the present 60-percent sharing factor for margins in excess of $30 million be maintained.

8. Refer to page 26 of the Direct Testimony and Exhibits of Stephen J. Baron ("Baron Testimony"). Mr. Baron states that the proposed Transmission Adjustment mechanism "would lead to an incorrect accrual of over/under recoveries." Explain in greater detail why Mr. Baron believes this would occur and provide an example, with calculations, showing how this would occur.

9. Refer to the Baron Testimony, Exhibits SJB-2, SJB-3, and SJB-4. Provide these exhibits in electronic format with the formulas intact.

10. Refer to page 4 of the Direct Testimony and Exhibits of Richard A. Baudino ("Baudino Testimony"). Provide a copy of the article referenced in footnote 1.

11. Refer to page 5 of the Baudino Testimony. Provide the text of footnote 2, which does not appear at the bottom of the page.

12. Refer to page 7 of the Baudino Testimony. Provide a copy of the Standard and Poor's article referenced in lines 5-7.

13. Refer to page 15 of the Baudino Testimony. For the electric companies not selected for the proxy group, provide the reason each did not pass the screening process.

14. Refer to page 26 of the Baudino Testimony and page 2 of Exhibit RAB-5. Were the Earnings, Book Value, and Dividends growth rates calculated by Value Line? If not, provide the calculations and explain whether the methodology is similar to that used in the calculation of DCF growth rates provided on page 1 of Exhibit RAB-4.

15. Refer to page 28 of the Baudino Testimony.

a. Explain why it is appropriate to use five-year Treasury note yields in the CAPM analysis.

b. Explain why 30-year Treasury bond yields should not be considered in the CAPM analysis.

on behalf of

Jeff DeRouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Ky. 40602

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cc: Parties of Record

Paul D Adams
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KY 40602-0634

Joe F Childers
Getty & Childers
1900 Lexington Financial Center
250 West Main Street
Lexington, KY 40507

Stephen A Sanders
Appalachian Citizens Law Center, Inc
317 Main Street
Whitesburg, KY 41858

Sam R Collins
470 Main Street, 2nd Floor, Suite 1
Post Office Drawer 1179
Hazard, KY 41702

Matthew J Satterwhite
American Electric Power Service Corp
1 Riverside Plaza, Legal Dept 29th F
Columbus, OH 43215-2373

Richard Hopgood
Wyatt, Tarrant & Combs, LLP
250 West Main Street
Suite 1600
Lexington, KY 40507-1746

Holly Rachel Smith
Hitt Business Center
3803 Rectortown Road
Marshall, VA 20115

Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OH 45202

Errol K Wagner
Director of Regulatory Services
American Electric Power
101A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

Honorable Matthew R Malone
Attorney at Law
Hurt, Crosbie & May PLLC The Equus Building
127 West Main Street
Lexington, KY 40507

Steven T Nourse
American Electric Power Service Corp
1 Riverside Plaza, Legal Dept 29th F
Columbus, OH 43215-2373