

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:)
The Application for Approval of Renewable)
Energy Purchase Agreement for Wind Energy)
Resources Between Kentucky Power Company)
and FPL Illinois Wind, LLC.)

Case No. 2009-00545

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**KENTUCKY POWER COMPANY’S RESPONSE TO EXTRA-RECORD
INFORMATION AND ARGUMENT**

Kentucky Power states as follows for its Response to the extra-record information and argument contained in the Joint Brief of The Attorney General of Kentucky and Kentucky Industrial Customers, Inc:

Introduction

Although the thirteenth hour attempt by Kentucky Industrial Customers, Inc. and the Attorney General (collectively the “Intervenors”) to introduce new information into the record and to deny Kentucky Power the opportunity to be heard is inappropriate, the Intervenors extra-record information, coupled with evidence properly of record, actually supports the capacity factor assumed by Kentucky Power for the Lee-Dekalb REPA.

Argument

- A. The Intervenors Own Extra-Record Evidence, Combined With The Evidence Properly Of Record, Supports The Capacity Factor Calculation Utilized In The Company’s Application..

The Intervenors do not contend that the extra-record evidence irrefutably disproves the 39.3% capacity factor calculation used in the Company’s application. Instead, they simply argue that because only a small percentage of the available land in Illinois is capable of supporting capacity factors equal to or in excess of a **40% capacity factor** (not the 39.3% capacity factor

used in the Application) the Commission should reject the Company's calculation. Indeed, the Intervenor's admit that a 39.3% capacity factor is possible if the Lee-DeKalb facility were located "in the very best location in Illinois."¹ The intervenors do not contend that the Lee-DeKalb facility is not located "in the very best location in Illinois," and certainly do not introduce any evidence to suggest that it is not. As such, their argument proves nothing. More fundamentally, the Intervenor's argument is twice flawed.

First, the actual evidence of record, properly presented to the Commission in connection with the evidentiary proceeding, establishes that the Lee-Dekalb facility is in the best location for wind facilities in not only Illinois but also the 13 states and the District of Columbia that make up the PJM grid:

The wind resource does not appear to be an issue in relation to the LDWEC [Lee-Dekalb Wind Energy Center] project. The primary location of the project, northern Illinois, is generally acknowledged as having the best wind resources within the thirteen (13) states plus the District of Columbia which comprise the PJM Grid.²

Mr. Godfrey's statement is un rebutted and strongly underscores, using the Intervenor's own argument, that the Company's calculations for the Lee-DeKalb facility are reasonable.

Moreover, notwithstanding the Intervenor's characterizations to the contrary, 0.62% of Illinois, the area capable of supporting capacity factors of 40% or greater according to the Intervenor's extra-record information, is not an insubstantial area.³ Indeed, 0.62 % of Illinois equals 900.2 square kilometers or 347.48 square miles.⁴ It is thus no surprise that the winning bidder to an

¹ Joint Brief of The Attorney General of Kentucky and Kentucky Industrial Customers, Inc. at 8.

² Pre-filed Testimony of Jay F. Godfrey at 9.

³ Nor is there an insubstantial amount of wind potential available in Illinois at capacity factors of 40% or greater. Intervenor's Exhibit A shows that there is approximately 4501.2 MW of wind potential in Illinois with a potential annual wind generation of 15,942 GWh at or above a 40 percent capacity factor.

⁴ Exhibit A, Joint Brief of The Attorney General of Kentucky and Kentucky Industrial Customers, Inc. [900.2 x .386 square miles per square kilometer equals 347.8 square miles.]

RFP, which is also the largest wind developer in the nation,⁵ would choose to build on a site that possesses some of the best wind potential in the state.

Second, and more fundamentally, the Intervenors used the incorrect table from their extra-record filing. The Intervenors use values from the table for capacity factors of 40% or greater. The Company's application, on the other hand, used a 39.3% capacity factor for the Lee-DeKalb facility. The Intervenors' chosen 40% or greater capacity factor table is simply not applicable to prove that the lesser capacity factor (39.3%) used in the Application is unreasonable. Indeed, a clearer example of an apples and oranges argument is hard to imagine.

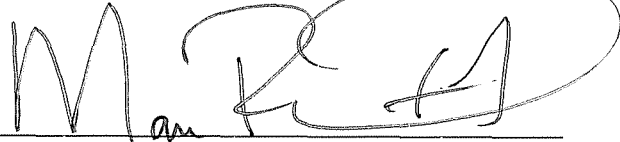
In sum, the capacity factor utilized by Kentucky Power in its Application is both reasonable and fully supported by the evidence of record.⁶

Wherefore, Kentucky Power Company respectfully requests that its application for approval of the Renewable Energy Purchase Agreement between Kentucky Power Company and FPL Illinois Wind, LLC be approved.

⁵ Pre-filed Testimony of Jay F. Godfrey at 12.

⁶ *See also* the discussion in Kentucky Power's Post-Hearing Brief supporting the assumed capacity factor and relating to the arguments presented by KIUC and the Attorney General. Kentucky Power Post-Hearing Brief at 11-12.

Respectfully submitted,

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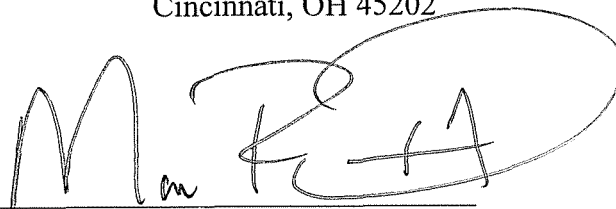
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon the following by first class mail, postage prepaid and e-mail transmission on the 9th day of June, 2010:

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