



Ernie Fletcher  
Governor

Teresa J. Hill, Secretary  
Environmental and Public  
Protection Cabinet

Christopher L. Lilly  
Commissioner  
Department of Public Protection

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Commissioner

October 17, 2006

**PARTIES OF RECORD:**

RE: Case No. 2006-00128

AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF KENTUCKY POWER COMPANY FOR THE SIX-MONTH BILLING PERIODS ENDING DECEMBER 31, 2002, DECEMBER 31, 2003, JUNE 30, 2004, DECEMBER 31, 2004, AND DECEMBER 31, 2005, AND FOR THE TWO-YEAR BILLING PERIODS ENDING JUNE 30, 2003 AND JUNE 30, 2005

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's content should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to Isaac Scott as (502) 564-3940, extension 444.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Main Case File - Case No. 2006-00128  
**FROM:** Isaac Scott, Team Leader   
**DATE:** October 17, 2006  
**SUBJECT:** October 5, 2006 Informal Conference

Pursuant to the Commission's September 22, 2006 Order, an informal conference was held on October 5, 2006. Attached to this memorandum is a list of the participants. The September 22, 2006 Order granted Kentucky Power's petition for rehearing of the Commission's August 16, 2006 Order that denied confidential treatment of the information provided in the responses to the Staff's First Data Request, Item 17(b). Item 17(b) requested information concerning emission allowances activity for Kentucky Power for the period 2006 through 2016. The purpose of the conference was to discuss the issues related to Kentucky Power's petition for confidentiality. Although the Attorney General and the Kentucky Industrial Utility Customers, Inc. are intervenors in this case, neither party attended the duly noticed informal conference.

The Staff stated that participation in the informal conference would in no way affect Kentucky Power's right to seek a hearing on the rehearing issue. Staff indicated that it wished to gain a better understanding of the situation and why the information warranted confidential treatment. Kentucky Power described the situation it, as well as American Electric Power Company ("AEP"), faces in the emission allowance market. Kentucky Power discussed briefly the nature of the emission allowance markets and how transactions undertaken by AEP in that market could be perceived. Kentucky Power stressed the negative impacts that could result if the information provided in the responses to Item 17(b) were made public.

After Kentucky Power's presentation, the Staff indicated that it better understood the situation faced by Kentucky Power and AEP and its request for confidentiality. The Staff requested that Kentucky Power file in the record information concerning the emission allowance market, which would further support Kentucky Power's request for confidentiality. Kentucky Power indicated it would file this information within two weeks.

With nothing further to discuss, the conference was then adjourned.

Attachment

