

RECEIVED

MAR 21 2013

PUBLIC SERVICE
COMMISSION

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

IN THE MATTER OF:

THE APPLICATION OF KENTUCKY POWER COMPANY FOR:)
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING THE TRANSFER TO THE COMPANY OF AN)
UNDIVIDED FIFTY PERCENT INTEREST IN THE MITCHELL)
GENERATING STATION AND ASSOCIATED ASSETS; (2) APPROVAL)
OF THE ASSUMPTION BY KENTUCKY POWER COMPANY OF)
CERTAIN LIABILITIES IN CONNECTION WITH THE TRANSFER OF)
THE MITCHELL GENERATING STATION; (3) DECLARATORY) CASE NO. 2012-00578
RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION)
WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR)
ACT AND RELATED REQUIREMENTS; 5) FOR ALL OTHER)
REQUIRED APPROVALS AND RELIEF)

**KENTUCKY POWER COMPANY SUPPLEMENTAL RESPONSE TO
ATTORNEY GENERAL'S FIRST SET OF DATA REQUESTS ITEM NO. 37**

March 21, 2013

Kentucky Power Company

REQUEST

Reference the testimony of Ranie Wohnhas at page 8 and Exhibit RKW-4. Please update the information to reflect the most current costs as well as the 2011 data as listed.

RESPONSE

KPCo is preparing an analysis based on calendar 2012 information that will compare the costs expected to have been incurred had the proposed asset transfers and the elimination of Interconnection Agreement occurred on January 1, 2012, with the level of costs and revenue associated with the Interconnection Agreement that were reflected in the Company's base rates during 2012.

This additional study should be complete on or about March 1, 2013 and will be provided as a supplemental discovery response.

March 21, 2013 Supplemental Response

Please see the Company's response to AG 2-12 for the 2012 analysis.

WITNESS: Ranie K Wohnhas

RECEIVED
MAR 21 2013
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KENTUCKY POWER COMPANY FOR:)
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING THE TRANSFER TO THE COMPANY OF AN)
UNDIVIDED FIFTY PERCENT INTEREST IN THE MITCHELL)
GENERATING STATION AND ASSOCIATED ASSETS; (2) APPROVAL)
OF THE ASSUMPTION BY KENTUCKY POWER COMPANY OF)
CERTAIN LIABILITIES IN CONNECTION WITH THE TRANSFER OF)
THE MITCHELL GENERATING STATION; (3) DECLARATORY) CASE NO. 2012-00578
RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION)
WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR)
ACT AND RELATED REQUIREMENTS; 5) FOR ALL OTHER)
REQUIRED APPROVALS AND RELIEF)

KENTUCKY POWER COMPANY SUPPLEMENTAL RESPONSE TO
KIUC FIRST SET OF DATA REQUESTS ITEM NO. 9

March 21, 2013

VERIFICATION

The undersigned, Mark A. Becker, being duly sworn, deposes and says he is the Manager, Resource Planning for American Electric Power Company that he has personal knowledge of the matters set forth in the foregoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

Mark A. Becker

Mark A. Becker

STATE OF OKLAHOMA

)

) CASE NO. 2012-00578

COUNTY OF TULSA

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Mark A. Becker, this the 19 day of March, 2013.

Angela Brown

Notary Public

My Commission Expires: 2-27-14

Kentucky Power Company

REQUEST

With regard to both the 20% and 50% acquisitions of Mitchell, provide the revenue requirement model with data assumptions including the yearly capital environmental upgrade investment and capital additions for each capital cost through the planning period. This should include all revenue requirements (capital, O&M, environmental, etc.) that were included in the economic evaluations. This information should be provided electronically with all formulas intact and no pasted in values.

RESPONSE

The Company utilized Strategist to determine the long-term costs for Option 1 which can be found in the Company's response to KPSC 1-1. See the Company's response to AG 1-12 for the Strategist modeling assumptions for Option 1.

March 21, 2013 Supplemental Response

In the KPCO Worktab, the Carrying Charges column is calculated using the information found on the KPCO New Additions Worktab, which uses outputs directly from Strategist. On the KPCO New Additions Worktab, the data found in cells B75 through O104 is output from Strategist and generated by setting PROVIEW Diagnostic 5 =Y (Levelized and Replacement Cost Tables) and running Strategist from 2011-2040.

Also in the KPCo New Additions Worktab, the data found in cells P75 through Q104 are the Carrying Charges for a 20% share of Mitchell 1 and Mitchell 2 added in 2014. Those values are calculated by taking the 2014 transfer price for a 20% share of Mitchell 1 or 2 of \$107,182,000 times KPCO's 25 year Levelized Carrying Charge Rate of 13.98% ($107,182,000 * .1398 = 14,984,000$). Also in the KPCO New Additions Worktab, the data found in cells R75 through S104 are the Carrying Charges for a 50% share of Mitchell 1 and Mitchell 2 added in 2014. Those values are calculated by taking the 2014 transfer price for a 50% share of Mitchell 1 or 2 of \$267,956,000 times KPCO's 25 year Levelized Carrying Charge Rate of 13.98% ($267,956,000 * .1398 = 37,460,000$).

KPSC Case No. 2012-00578
KIUC First Set of Data Requests
Dated February 6, 2013
Item No. 9
Page 2 of 2

Supplemental Response filed March 21, 2013

In the Strategist input modeling for the Mitchell transfer Options, the Carrying Charges for the Mitchell 1 & 2 transfers were included in the Fixed Cost (\$000/yr) modeling of those units. Those Fixed Costs were then output from the model and reported in the Incremental Fixed & Var Costs Column of the KPCO Worktab. For output reporting purposes (i.e. KPCO Worktab), the Carrying Charges for the Mitchell 1&2 transfers were captured in the Carrying Charges column of the KPCO Worktab, and therefore needed to be "backed out" of the Incremental Fixed & Var Costs to avoid double counting of those costs.

For all Options where Big Sandy units were retired, it was assumed that the Big Sandy ash ponds would need to be closed. On the KPCO New Additions Worktab in Col T Rows 75 to 104, those Pond Closure costs are calculated using KIUC 1-9 Supplemental Attachment 1 from the enclosed CD. The Company is also providing the source files for Attachment 1. These two source files are named (Options 1-3_5-6REV)_ML12Transfer_Strategist Input Cost Data_111312.xls and (Options 1-3_5-6-ORIG)_ML12Transfer_Strategist Input Cost Data_111312.xls and can also be found on the enclosed CD.

In the KPCO Worktab, the calculation of the Post-Process Adjustment (Carrying Chgs) column can be found in the response to KIUC 2-10 c.

WITNESS: Mark Becker