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 RESPONSES TO

KIUC SUPPLEMENTAL SET OF DATA REQUESTS

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

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.

Notary Public

My Commission Expires: 2-27-14

VERIFICATION

The undersigned, Karl R. Bletzacker, being duly sworn, deposes and says he is Director, Fundamental Analysis for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing 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.

Karl R Bletzacker

Karl R. Bletzacker

STATE OF OHIO)
) CASE NO. 2012-00578
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Karl R. Bletzacker, this the 14 day of March 2013.

Holly M. Charles

Notary Public

NOTARY PUBLIC STATE OF OHIO

Holly M. Charles
Notary Public-State of Ohio
My Commission Expires
March 7, 2016

My Commission Expires: March 7, 2016

VERIFICATION

The undersigned, Jeffery D. LaFleur, being duly sworn, deposes and says he is Vice President Generating Assets APCO/KY, that he has personal knowledge of the matters set forth in the forgoing 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

JEFFERY D. LAFLEUR

STATE OF WEST VIRGINIA	)
	) Case No. 2012-00578
COUNTY OF KANAWHA	)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffery D. LaFleur, this the 12th day of March 2013.

Dorothy E. Philyaw
Notary Public

My Commission Expires: October 2, 2019

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
DOROTHY E. PHILYAW
APPALACHIAN POWER
PO BOX 1986
CHARLESTON, WV 25327-1986
My commission expires October 2, 2019

VERIFICATION

The undersigned, Karl A. McDermott, being duly sworn, deposes and says he is the Special Consultant with NERA that he has personal knowledge of the matters set forth in the forgoing 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

Karl A McDermott

Karl A. McDermott

STATE OF ILLINOIS)
) CASE NO. 2012-00578
COUNTY OF CHAMPAIGN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Karl A. McDermott, this the 14 day of March 2013.

"OFFICIAL SEAL"
JEANNE G. METZGER
Notary Public, State of Illinois
My commission expires 04/30/16

Notary Public

My Commission Expires: 4-30-2016

VERIFICATION

The undersigned, Gregory G. Pauley, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing 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

Gregory G. Pauley
Gregory G Pauley

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2012-00578
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Gregory G. Pauley, this the 13th day of March 2013.

Judy K Rosquist 481393
Notary Public

My Commission Expires: January 23, 2017

VERIFICATION

The undersigned, Scott C. Weaver, being duly sworn, deposes and says he is Managing Director Resource Planning and Operation Analysis for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing 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

Scott C. Weaver

STATE OF OHIO)
) CASE NO. 2012-00578
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Scott C. Weaver, this the 14th day of March 2013.

Ann Dawn Clark
Notary Public

NOTARY PUBLIC STATE OF OHIO

Ann Dawn Clark
Notary Public-State of Ohio
My Commission Expires
November 16, 2015

My Commission Expires November 16, 2015

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing 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

Ranie K. Wohnhas

Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2012-00578
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 13th day of March 2013.

Judy K Rosquist 481393

Notary Public

My Commission Expires: January 23, 2017

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-54d. The response states that it used the same commodity forecasts as in Virginia and West Virginia. It appears that is not the case as the Company's testimony in West Virginia indicates that the CO2 forecasts used in that case are the same for the Base, Low and High forecast.

a. What did the Company mean when it said they were the same, and why didn't it consider this to be a difference in forecasts?

b. Do the forecasts in West Virginia imply that in that proceeding the Company did not believe that CO2 prices would change when natural gas forecasts changed, but in the Kentucky proceeding it does? Please explain.

RESPONSE

To be clear, the defined term "Company" is Kentucky Power Company. This response is provided with the recognition that Kentucky Power Company did not file testimony in West Virginia or Virginia.

a. The effect of CSAPR is essentially immaterial after the April 15, 2015 effective date of the Mercury and Air Toxics Standards.

b. Any CO2 differences within the family of fundamentals forecasts are de minimis.

WITNESS: Karl R Bletzacker

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-55. The Bletzacker testimony at page 4, line 20, states that an analysis is performed producing a "price elasticity of supply over time." The Company's answer states that this work did not necessitate the creation of workpapers, yet there is a mathematical formula representing the correlation between increases and decreases in natural gas consumption and natural gas prices. The answer states that no workpapers had to be created, and refers to KPSC 1-31d. KPSC 1-31d provides no additional insight. Even if there are no workpapers there had to be a method used with inputs and outputs that led to the elasticity data as discussed in Mr. Bletzacker's testimony, "elasticity, when applied to AuroraXMP." The Company should provide the elasticity information that was created, and the analysis and workpapers created when the elasticity data was applied to the AuroraXMP natural gas burn that produced a corresponding change in gas prices.

RESPONSE

Please refer to SC 2-38.

WITNESS: Karl R Bletzacker

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-58. This response indicates that Mr. Bletzacker's chart on page 5 of his testimony includes more than 2 year old data, since the response indicates that the EIA data is from the AEO 2011, which normally has a first release in December of the prior year, in this case, December 2010.

a. Why didn't the Company show the latest forecast, AEO 2013, or at a minimum the AEO 2012 forecast?

b. Please provide an updated graph, electronically in spreadsheet format, as found on page 5, but with the AEO 2013 forecast.

c. If the Company has in its possession more up-to-date CERA, PIRA, and WoodMackenzie forecasts, please supply those forecasts electronically, spreadsheet format preferred, and also provide another graph with those updated forecasts, and the updated AEO forecast compared to the Company's forecasts.

RESPONSE

a. The AEO2013 Early Release Overview was not available for review until December 2012, leaving insufficient time for Company review. The 2012 EIA natural gas price forecast is not a direct comparison to the others represented on the chart at Bletzacker page 5 because the natural gas pricing forecasts from the EIA AEO were created under the assumption that current laws and regulations remain unchanged, which means that even reasonably known and emerging regulations are specifically excluded.

b. No natural gas price comparison chart has been created since the one shown in Bletzacker Direct at page 5.

c. No natural gas price comparison chart has been created since the one shown in Bletzacker Direct at page 5. Pursuant to licensing provisions, CERA, PIRA and WoodMackenzie and certain Trade Press information and forecasts cannot be distributed to non-licensees.

WITNESS: Karl R Bletzacker

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-60. This was responsive to a request for workpapers that derived the high and low gas forecasts (and other forecasts) from the base case. The Company responded that it did develop the high and low from the mean. The Company was asked to provide all analyses, yet only pasted in results were included in the supplied spreadsheet. The Company indicated that a statistical analysis was performed, though none was supplied. Please provide the detailed analyses as requested, electronically, in spreadsheet format with no values pasted in. Also, please supply a narrative description in detail that explains the process followed (step-by-step) to create the forecasts.

RESPONSE

The spreadsheets supplied in KIUC 1-60 are MSExcel files that gather salient output from the AuroraXMP Electric Market Model. No critical calculations are performed within the aforementioned spreadsheets; consequently the cell contents are values and not formulae. The Company is a subscriber of Logical Information Machines ("LIM") which is a provider of energy market data. Standard deviation and mean are automatically provided for all data results from LIM system queries. Because of this subscriptive service, no archive was maintained.

The Company's creation of high and low fuels cases begins with the statistically-generated fuel deviations. Significant changes in price will likely yield electric generation fuel burns that warrant subsequent fuel price adjustments that maintain a reasonable ratio of % change of consumption to % change of price. These "feedback loops" may also affect other generation options as they become more in- or out-of-the-money as a new-build option. Likewise, emissions values may be altered to realize intended emissions targets. Ultimately, the AuroraXMP Electric Market Model determines locational energy/capacity values along with the long-term generation resource mix.

WITNESS: Karl R Bletzacker

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-62. Please explain how market prices of capacity are derived in Aurora.

a. For instance, does Aurora develop a long term expansion plan for the entire PJM region based on certain reserve margin criteria?

b. If Aurora does develop a market price forecast based on a reserve margin criteria, would that imply that when Aurora added enough capacity to meet the reserve margin the market would then be in equilibrium and the market cost as reported in SCW-3 would just be equal to the cost of a new resource?

c. Then is it true that after it reached equilibrium, the cost would just escalate at inflation over time as Aurora would keep adding enough capacity as needed to meet reserve margin?

d. What does the market capacity value correspond to in the PJM construct?

e. Please supply the model used for developing the cost of that new resource. Please supply the workpapers for this electronically with all formulas intact.

RESPONSE

a. Yes. AuroraXMP develops long-term expansion plans for the entire Eastern Interconnect, ERCOT, and WECC, which are based upon reserve margin criteria.

b. No. Simplistically, the capacity value is equal to the non-energy value necessary to justify investment in the unit. In other words, the revenues from the sale(s) of energy plus the capacity revenues are necessary to keep the least-economic unit in the fleet available for dispatch. AuroraXMP's logic adds and retires generation resources based upon "knowledge" of future information such as fuel prices, transmission constraints, generation capital costs and operating expenses. This forward-looking information, in reality, is the obstacle to "equilibrium".

c. No. Please see (b.) above.

d. Please see (b.) above. The PJM RPM market values provided are for the 12-month period from June 1st through May 31st ("Planning Period"). These results must be modified to reflect the Company's calendar year reporting. The Company reflects PJM RPM market values through the 2014/2015 Planning Period. The AuroraXMP Energy Market Model is the source for capacity values where and when a formal capacity market does not exist. This would include SPP and post-2016 PJM

e. There is no model for the cost of new generation resources. Generally, the EIA's "Updated Capital Cost Estimates for Electricity Generation Plants" is sufficient. It can be found at http://www.eia.gov/oiaf/beck_plantcosts/index.html.

WITNESS: Karl R Bletzacker

Kentucky Power Company

REQUEST

Refer to the Capacity Value table in Exhibit SCW-3:

a. The table indicates a drop of market prices in half from 2012 to 2013. Please explain what caused that drop and supply the workpapers that contain the analysis/assumptions, etc that led to that drop. Please supply this electronically with all formulas intact.

b. The table indicates a rise to a peak by 2016, and then a drop once again. Please describe/characterize what happens by 2016 such that the market prices peak in that year, and explain why the market prices drop off for about 5 years before reaching the same point as 2016 once again. Please supply the workpapers that contain the analysis/assumptions, etc that develop the values indicating this behavior. Please supply this electronically with all formulas intact.

RESPONSE

a. The market forces of PJM's Reliability Pricing Model ("RPM") dictated the PJM capacity values provided by the Fundamentals Analysis Group for 2012 and 2013. The RPM is PJM's capacity market model, implemented in 2007 and based upon auction-based capacity commitments made three years ahead. It is PJM's design to create long-term price signals to attract needed investments in reliability in the PJM region. Please refer to "http://www.pjm.com/markets-and-operations/rpm.aspx" for further information. The capacity values are a discrete output of the AURORAxmp Energy Market Model where a formal capacity market does not exist. See also, the company's response to KIUC 2-5(d).

b. Generally, the increase in capacity values prior to 2016 and the decline of capacity values post-2016 is due to the retirement of inefficient coal-fired electric generation units and their subsequent replacement due to the Mercury and Air Toxics Standards rule. The capacity values are a discrete output of the AURORAxmp Energy Market Model where a formal capacity market does not exist. See also, the company's response to KIUC 2-5(d).

WITNESS: Karl Bletzacker/Scott Weaver

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-9. This question asked for the revenue requirement models for the 20 and 50 percent Mitchell acquisition configuration. The response indicated the information is located within Strategist. The information in Strategist appears to be Base Cost Without AFUDC ($/kW) and Levelized Charge Rate (%). Those essentially are the assumptions used in Strategist for producing capital revenue requirements but those values most likely were the result of other analyses. This is to request all analyses, workpapers, memos, and documentation of any kind that exists concerning the development of the Base Cost Without AFUDC ($/kW) and Levelized Charge Rate for each such inputs found in any of the Strategist databases, including the inputs associated with the Mitch

RESPONSE

See response to KIUC 1-31 file named ML12 Transfer STRAT INPUT DATA4.xls which provides the requested information.

WITNESS: Mark Becker/Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please supply all tools used to extract data from Strategist and then enter that data into the spreadsheet used to create net present value analyses. This could include templates, spreadsheets, programs, templates for the Strategist Report Agent. Please provide these tools electronically in native format.

RESPONSE

See the enclosed CD for the Strategist Report Agent template(.tpl) files used to extract the required data from Strategist and enter it into the spreadsheets(.xls), typically called "2-Pagers", used to create the net present value analyses. The 2-Pager spreadsheet used to create the net present value analyses for a particular Big Sandy Option is dependent on the level of Mitchell transfer (No Mitchell Transfer, 20% Mitchell Transfer, or 50% Mitchell Transfer) and the commodity price scenario (FT CSAPR (Base) Pricing, No Carbon Pricing, Early Carbon Pricing, High Band Pricing, or Low Band Pricing). The .SAV files (see attached ZIP file) are necessary to create the Base and Base2 tabs in the 2-Pager spreadsheets for each commodity price forecast.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

Please provide step by step instructions of the process used to extract the output from Strategist to input into the net present value spreadsheets. For example, is it necessary to extract results for Ohio Power or only KPCO? This should explain what spreadsheet, what tabs, what tools, and what cells need to be filled in once a Strategist run has been completed.

RESPONSE

Using the Strategist Report Agent files, 2-Pager Excel files, .SAV files found in response to KIUC 2-8 perform the following steps:

1. Open Strategist and load the 3 Report Agent templates .TPL files (East Change 4, East Change 3 and East Change 1) using the File Import Report(s) function under the Report Agent icon.

2.. Open the .SAV file in Strategist for the desired Big Sandy Option (1A,1B,2A,2B,3A,3B,4A,4B,5A,5B,6) under the desired Commodity Price Scenario (FT-CSAPR(Base), Low Band, High Band, No Carbon, Early Carbon).

3. Using the Report Agent icon, select Send Now for the 3 Report Agent templates loaded in Step 1.

4. Select the Generate Reports button.

5. From each NEO Pivot Cube, select File Send To

6. In the Send To box, Under File Name: select the Excel file for the desired Big Sandy Option and commodity price scenario. Under Sheet: use the following mapping for each .TPL file:
   For the 2012 KPCo Change 4.TPL the Sheet name is East Change4 Select OK
   For the 2012 KPCo Change 3.TPL the Sheet name is Change3A
   For the 2012 KPCo Change 1.TPL the Sheet name is Change1
   As each sheet is written out to the desired Excel file, Save the Excel file and return to Strategist and load another of the 3 sheets.

7. Once the Excel file has been loaded with these 3 sheets and Saved, open the Excel file and go to tab Change3A Column AA and change the value in AA5 to 8.6029. In cells AA6 to AA31 change the values to 8.591

   Now that the data for a selected Big Sandy option have been loaded into the 2-Pager Excel file, the next steps in the process load data from the 2 PAGER.SAV file into the Base and Base2 tabs of the 2-Pager Excel file.

8. In Strategist, open the appropriate 2 PAGER.SAV for the desired commodity price scenario.

9. Using steps similar to Step 3-6 above, data from Strategist will be loaded by Report Agent into the Base and Base2 tabs for the desired 2-Pager file. Under the Sheet : use the following mapping for the each .tpl file:
   For the 2012 KPCO Change 1.TPL the Sheet name is Base
   For the 2012 KPCO Change 4.TPL the Sheet name is Base2

10. Save the Excel file for further review.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

Consider the following Net Present Value spreadsheet, #5A BS1 Gas Convert + Retire BS2 + 50% ML under FT_CSAPR.xls. It is clear where Fuel Costs, Contract Revenue, Market Revenue/Cost, and Fuel & Transactions come from, as those values can be traced to Strategist outputs. However, for Carrying Charges, Incremental Fixed & Var Costs, do those values transfer from the same Strategist run? For example, Incremental Fixed & Var Costs in the tab KPCO sources to a tab identified as Base2 and there is no indication where that data might come from. Please provide a "road map" and a description that sources the origin of the data found in the WorkTab KPCO and the data in columns:

a. Carrying Charges,

b. Incremental Fixed & Var Costs

c. Post Process Adjustment (Carrying Chgs)

d. Base Case O&M 2011 -2040 (cell J45) and (cell r45) Include in the description the purpose of each component included in these values. Also provide a copy of all precursor source documents and electronic spreadsheets with formulas intact.

RESPONSE

The Carrying Charges and Incremental Fixed & Var Costs are produced by Strategist.

a. The Carrying Charges are produced by running Strategist from 2011-2040 with the PROVIEW Diagnostic Flag 5 = Y.

b. The Incremental Fixed & Var Costs are developed using Steps 8 and 9 of the process outlined in the response to KIUC 2-9.

c. See KIUC 2-10, Attachment 1 on enclosed CD for the derivation of the Post Process Adjustment (Carrying Chgs) for the 20% and 50% Mitchell Transfers.

d. The Base Case O&M 2011-2040 is the O&M cost for the existing KPCo system prior to adding any Big Sandy options. This value is calculated using the process outlined in the response to KIUC 2-9.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

In Strategist, the peak load input, installed capacity, % firm, capability adjustment, peak adjustment, and possibly other Strategist inputs, control the calculation of the reserve margin that is used to decide if capacity must be added in the given year.

a. Please reconcile the inputs in Strategist to the Internal Demand column in Table SCW-1. Include in this an explanation the purpose of the Strategist Peak Demand Adjustment input.

b. Please reconcile the Installed Capacity in Strategist to the Existing Capacity and Planned Changes column in Exhibit SCW-1. Include in this an explanation of the purpose of the Strategist Capability Adjustment input.

RESPONSE

a. The purpose of the Strategist Peak Demand Adjustment input is to adjust the peak demand input into Strategist to match the Total UCAP Obligation (Column 10) of Table 1-3 (or Table 1-4) of Exhibit SCW-1 with the impact of the Forecast Pool Req't (Column 7) of Table 1-3 of Exhibit SCW-1 removed from the Total UCAP Obligation. Please see the KIUC 2-11 on the enclosed CD for a reconciliation of the Internal Demand and the development of the Strategist Peak Demand Adjustment.

b. The purpose of the Strategist Capability Adjustment is to adjust the Installed Capacity in Strategist to match the Available UCAP capacity (Column 18) of the same tables within Exhibit SCW-1. Please see KIUC 2-11 on the enclosed CD for a reconciliation of the Installed Capacity and the development of the Strategist Capability Adjustment.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

In Strategist, under GAF.Parameter.Seasonal Profile Entry, what are the following inputs used for:

a. Tpool11 through Tpool40

b. Tdelv11 through Tdelv40

RESPONSE

a. Those profiles provide monthly scalers for the TCO_POOL(Fuel Index 71) annual fuel price.

b. Those profiles provide monthly scalers for the TCO_DELV (Fuel Index 73) annual fuel price.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

In response to KIUC 1-31, the Company supplied information that was used to create capital/revenue requirement inputs into Strategist. With regard to the file supplied concerning Mitchell:

a. Please provide a narrative explanation of the file explaining each of the worktabs and how the data entered into Strategist was created.

b. On the tab Combined, please provide a detailed explanation of the derivation of row 42, and supply all assumptions and calculations that led to the creation of the pasted in values.

c. Please state where the values that were entered into Strategist are and trace that to the inputs in Strategist.

RESPONSE

a. The Mitchell 1, Mitchell 2, Mitchell 1 (50%), and Mitchell 2 (50%) tabs summarize the data from all other tabs. In those tabs, column G row 7 through row 36 are the fixed costs used in the Strategist model for GAF thermal units 193-196.

   The Template Capital Input tab produces the levelized carrying charges for any ongoing capital and transfer costs.

   The Combined tab is the pasted source summary tab for Total O&M, Capital, and Major Environmental Capital.

   The KPCo + APCo Rates tab contains the source of the Company's Annual Investment Carrying Charges.

Kentucky Power Company

The Combined (UPDATE) tab is not used.

The Sheet1 tab contains the components for the Strategist GAF Unit Fuel Auxiliary Costs for GAF thermal units 193-196.

b. See KIUC 2-13b Attachment 1.xls on the enclosed CD.

c. See response to part a.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

In response to KIUC 1-33, the Company supplied commodity forecast information that was converted to be entered into Strategist.

a. The annual peak and average purchase running rate values are identical between the purchases and sales except some amount has been added to the purchase values. Please explain the reason for the difference and the derivation of the value added to the purchase values.

b. Please identify the specific Strategist inputs where the typical week running rate shape has been loaded into Strategist.

c. Please identify the specific Strategist inputs where the peak and average running rate monthly values have been loaded into Strategist.

RESPONSE

a. The purchase values include a $2.25/MWh adder. This adder represents the average difference between the generator HUB and the AD HUB.

b. The typical week running rate shapes from tab RLIB_S and RLIB_P have been loaded into Strategist under the indexes found in Input.GAF.Interchange.External Market Running Rate.

c. The peak and average running rate monthly values were not loaded into Strategist but are taken into account during the development of the RLIBs that are loaded into Strategist (See response to KIUC 2-14 b.).

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

In response to KIUC 1-33, the following file was supplied: 2011_09_23_Carbon_Adjusted 2011-2040 RLIB_RDAT Typ Week.xlsx. Please discuss the following:

a. In the origTypWk Worktab, how were the hourly typical week profiles (168 hourly values) derived for the period of Jan 2010 through Dec 2040? Was the data for the period going back to 2010 actual historic data, or was it a forecast from data prior to 2010? Please supply the workpapers used to create this data electronically, with all formulas intact.

b. In Tab, origTypWk, please explain what Thru 2010 ADHUB UnCorrelated Typ Week means, particularly explain what is meant by uncorrelated.

c. In Tab, origTypWk, please explain where the Target Fundamentals data comes from and the purpose of those values. Please provide all workpapers, in electronic spreadsheet format that was used to develop that data.

d. In Tab, origTypWk, please explain what Delta Ops-Fcst data is used for. Please provide all workpapers, in electronic spreadsheet format that used those values in any calculation of data that was turned into Strategist input.

e. It appears RLIB and RDAT information was created and loaded into the database in .GAF files. Please supply all .GAF and .LFA files for the 55 cases.

RESPONSE

a. The forecast period begins January 2012. Any data in the spreadsheet prior to 2012 is not actual; it is from prior forecasts and is not pertinent to this forecast.

The attached file "8760_hourly_Market_data.txt" contains the source forecasted hourly price file.

The attached file "8760 to 168 code.txt" contains the SAS code that was used to convert the hourly source file to typical week.

b. The values in the Uncorrelated Typ Week columns are the average of the hours for the indicated time periods. In this case, uncorrelated simply means the typical week hourly prices do not yet yield averages equal to the target values.

c. In Tab, origTypWk, the Target Fundamentals data comes from the Company's commodity price forecast as referenced in Company's response to KPSC 1-29, "Price_Forecast_Nominal_FTCA_CSAPR_2011_09_23.xlsx"; those values are used to develop a multiplier, calculated in the spreadsheet, to adjust the hourly values such that averages for the indicated time periods equal the fundamental forecast.

d. The Delta Ops-Fcst data is for information only. There are no workpapers that used those values in any calculation of data that was turned into Strategist input.

e. See files in zip folder KIUC 2-15e for all .GAF files that contain the RLIB data that was created and loaded into the 55 cases found in the .SAV files provided in response to KIUC 1-27 c. The RDAT information was not loaded into Strategist but was taken into account during the development of the RLIBs that were loaded into Strategist. The .LFA files are also contained in the .SAV files provided in response to KIUC 1-27 c.

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

KIUC 1-32 requested the information to create SCW-3. The response indicated that the answer would be found in the response to KPSC 1-29. In the file supplied in response to that DR, Price_Forecast_Nominal_FTCA_CSAPR_2011_09_23.xlsx, the worktab Annual Prices Nominal contained annual on and off peak nominal PJM-AEP Gen Hub energy prices that matched what was in SCW-3. However, the values were pasted in and this requests the analysis used to derive the annual values. Please supply this electronically in spreadsheet format.

RESPONSE

The file "Price_Forecast_Nominal_FTCA_CSAPR_2011_9? 23.xlsx" is the file that captures the salient outputs of the AuroraXMP Electric Market Model. There are no calculations/formulas being executed outside the AuroraXMP model for on- and off-peak energy values.

WITNESS: Karl Bletzacker/Scott C Weaver

Kentucky Power Company

REQUEST

In response to KIUC 1-33, the following file was supplied: Long-term fcst_July 2012(distributed 20121106).xls. Please discuss the following:

a. Explain what the purpose of this file is.

b. Explain why there appears to be a July 2012 forecast, when the Company has explained that its latest forecast was from 2011.

c. Please provide a narrative description of the process of converting information in this file to the fuel price inputs in Strategist. If this is not the file used to create fuel cost inputs to Strategist from Commodity forecasts from Mr. Bletzacker, please supply the files in electronic spreadsheet format and explain the process that was used to convert data to Strategist. Also, provide the specific inputs in Strategist where the data was loaded in.

RESPONSE

a. The file Long-term Fcst_July 2012 (distributed20121106) contains the 'as-delivered' solid fuel data used in the Strategist modeling.

b. The forecast labeled July 2012 is not a full commodity price forecast.. The Company's most recent long term solid fuel forecast was based on the 'FOB-Mine' (i.e., exclusive of pile-specific transportation costs) fundamental forecast established in Fall 2011. However, a nearer term forecast --which focuses more heavily on the current 'budget' year, plus the subsequent 2-3 year period-- may be updated more frequently based on known, pile-specific contractual information. The 'July 2012' solid-fuel delivery forecast reflects the combination of the two.

c. The Company used this file, specifically column E in tab "Based on July 2012 Forecast", to model the Company's coal generating unit fuel price. The prices are input in the model at Input.GAF.Fuel Type.Fuel Year.(Fuel 5,6,58,59).

WITNESS: Mark A Becker

Kentucky Power Company

REQUEST

If the information that was provided in response to KIUC 1-44 and 1-48 is available electronically in spreadsheet format, please provide in such format.

RESPONSE

Please see KIUC 2-18 Attachments 1-4 on the enclosed CD for the requested information. Confidential treatment is being sought for portions of Attachment 1.

WITNESS: Jeffrey LaFleur/Ranie Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-7a Attachment 1. The following table summarizes the monthly information provided in that Attachment 1.

Kentucky Power Company - Capacity Equalization Payments

Jan-08	($3,714,122)		Jan-10	($5,970,139)		Jan-12	($2,633,449)	
Feb-08	($3,827,012)		Feb-10	($4,896,445)		Feb-12	($3,061,188)	
Mar-08	($3,915,346)		Mar-10	($5,173,477)		Mar-12	($1,462,620)	
Apr-08	($4,138,446)		Apr-10	($4,883,278)		Apr-12	($1,454,640)	
May-08	($4,194,177)		May-10	($4,942,396)		May-12	($1,463,760)	
Jun-08	($3,959,874)		Jun-10	($5,909,940)		Jun-12	($1,418,160)	
Jul-08	($4,157,357)		Jul-10	($5,344,809)		Jul-12	($1,467,180)	
Aug-08	($4,075,591)		Aug-10	($4,199,672)		Aug-12	($1,878,148)	
Sep-08	($4,865,078)		Sep-10	($4,216,537)		Sep-12	($1,840,098)	
Oct-08	($4,793,805)		Oct-10	($4,167,274)		Oct-12	($1,854,699)	
Nov-08	($4,751,761)		Nov-10	($4,202,670)		Nov-12	($1,888,117)	
Dec-08	($5,276,715)		Dec-10	($4,507,572)		Dec-12	($1,895,396)	
Total		($51,669,284)	Total		($58,414,209)	Total		($22,317,455)
Jan-09	($4,678,080)		Jan-11	($4,785,665)				
Feb-09	($4,265,617)		Feb-11	($4,716,261)				
Mar-09	($4,476,614)		Mar-11	($4,886,856)				
Apr-09	($4,478,997)		Apr-11	($4,914,969)				
May-09	($4,702,227)		May-11	($4,844,515)				
Jun-09	($4,480,173)		Jun-11	($4,786,681)				
Jul-09	($4,740,041)		Jul-11	($4,810,752)				
Aug-09	($4,917,888)		Aug-11	($3,861,944)				
Sep-09	($4,798,246)		Sep-11	($6,196,900)				
Oct-09	($5,010,477)		Oct-11	($3,574,142)				
Nov-09	($4,925,341)		Nov-11	($3,679,275)				
Dec-09	($5,787,837)		Dec-11	($3,464,791)				
Total		($57,261,538)	Total		($54,522,751)			

a. Please provide a detailed explanation for the reduction in capacity equalization payments from 2011 to 2012. To the extent possible, quantify each major reason for the reduction.

b. Please provide the capacity equalization amounts each month that were included in the Company's ECR surcharge net of any amounts rolled-in to base rates.

RESPONSE

a. Please see response to KPSC 2-3, part b.

b. The capacity equalization amounts for each month that is included in the Company's ECR surcharge, net of any amounts rolled in to base rates were supplied in KIUC 1-90. On March 11, 2013 a supplemental filing was made to provide an updated capacity equalization amount. The response to KIUC 1-90 will be updated periodically.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-10(a).

a. Please provide the projected consumables expense by unit for each of the years 2013, 2014, and 2015.

b. Please list and describe the components of the consumables expense.

c. Please provide the amount by FERC expense account for each component of the consumables expense identified in response to part (b) of this question for each year 2010, 2011, and 2012.

d. Refer to the list provided in response to part (b) of this question. Does the Company plan to seek recovery of any of the components of the consumables expense through the ECR? If so, please identify each component which the Company plans to recover through the ECR and provide a projection of the component expense and total aggregate consumables expense for each of the years 2013, 2014, and 2015.

e. Please list and describe the components of the environmental expense. Please explain why this expense in the aggregate is minimal and why there is no environmental expense included for the individual units.

RESPONSE

a. KIUC 2-20 Attachment 1 provides the projected consumables, or reagent, expense as requested. Confidential treatment is being sought for portions of Attachment 1.

b. Hydrated Lime: Reagent used to treat waterwaste from the FGD.
Limestone: Reagent used to remove SO2 in the FGD system.
Trona: Reagent used to mitigate SO3 created by the FGD process.
Urea: Reagent used in the SCR process to reduce NOx.

Kentucky Power Company

c. Provided below is a chart indicating amount by FERC expense for Consumables/Reagents for the years 2010, 2011, and 2012.

	Product	FERC Expense Acct	2010	2011	2012
Mitchell Total Plant	Hydrated Lime	5020007	$39,233	$28,452	$25,819
	Limestone	5020004	$6,716,785	$6,936,980	$6,145,546
	Trona	5020003	$1,161,605	$670,177*	$1,207,841
	Urea	5020002	$5,100,527	$5,722,660	$5,351,594

* 2011 Trona Expense was reduced due to a reversal of Liquidated Damages accrued in 2010 for expected shortfall penalty. Minimums were reduced to mitigate future Liquidated Damage liabilities.

d. Yes, KPCo plans to seek recovery of all the components of the consumables expense as listed in part (b) of this response through the ECR. KIUC 2-20 Attachment 2 provides the projected consumables expense as requested. Confidential treatment is being sought for portions of Attachment 2.

e. In KPSC 1-10a, the Company grouped expenses by accounting groups (operations, maintenance, A&G, etc.). Environmental expenditures were imbedded in those groupings without being specifically identified. Environmental expenses are charged to various operations and maintenance accounts, depending upon the type of work performed and what power plant system the work is being performed on. The amount shown for environmental expenditures under Mitchell Unit 0 represent only the FERC Accounts 5020025 (Steam Expense Environmental) and 5060025(Miscellaneous Steam Power Expense Environmental). See KIUC 2-20 Attachment 3 for the 2010-2012 O&M expenses associated with environmental projects for 100% of the Mitchell Plant.

WITNESS: Jeffery D LaFleur

Projected Consumables/Reagent Expense

	2013	2014	2015
Mitchell Unit 1	[redacted]		
Mitchell Unit 2			

Projected Consumables/Reagent Expense

	Product	2013	2014	2015
Mitchell Unit 1	Hydrated Lime	[redacted]		
	Limestone			
	Trona			
	Urea			
	Total			

	Product	2013	2014	2015
Mitchell Unit 2	Hydrated Lime	[redacted]		
	Limestone			
	Trona			
	Urea			
	Total			

**2010-2012 O&M Expenses
Associated with
Environmental Projects
Total Mitchell Plant**

Plant	Operating Company	Account	2010	2011	2012
Mitchell	OPCo	500 Operation Supervision	$ 296,024	$ 480,748	$ 83,386
Mitchell	OPCo	501 Fuel	$ 186,838	$ 398,460	$ 929,547
Mitchell	OPCo	502 Steam Exp-Steam Pwr Gen	$ 14,990,951	$ 15,756,791	$ 14,539,259
Mitchell	OPCo	506 Misc Steam Power Exp	$ 1,918,388	$ 2,080,863	$ 2,328,890
Mitchell	OPCo	509 Allowances-Consumption	$ 198,148	$ 468,328	$ 360,665
Mitchell	OPCo	511 Maint Of Struct-Steam Pwr	$ 267,585	$ 291,648	$ 222,938
Mitchell	OPCo	512 Maint Of Boiler Plant	$ 6,494,554	$ 7,943,540	$ 7,668,772
Mitchell	OPCo	513 Maint Of Elec Plt-Steam	$ 25,473	$ 12,602	$ 12,020
Mitchell	OPCo	514 Maintenance Of Misc	$ 290,301	$ 99,379	$ 140,062
Mitchell	OPCo	920 Admin & Gen Salaries	$ 416	$ 13,079	$ -
Mitchell	OPCo	921 Office Supplies & Expenses	$ -	$ 226	$ -
		Total	**$ 24,668,678**	**$ 27,545,662**	**$ 26,285,539**

Kentucky Power Company

REQUEST

Refer to the OSS tab on the spreadsheet provided as Attachment 1 to the Company's response to Staff 1-12, which provided the following support for the OSS margins reflected in the amounts on Exhibit Wohnhas-4.

See Chart below under Advanced - Attachments

a. Please describe the source of the financial margins under the current pool paradigm, including, but not limited to, the specific types of transactions that generate financial margins.

b. Please indicate whether the financial margins are arbitrage or brokered sales whereby AEP enters into multiple buy/sell transactions. If so, please describe these types of transactions and how the transactions resulting in financial margins are different than other OSS transactions that are subject to the SSC sharing provisions.

c. Please indicate if the financial margins are based on transactions entered into by AEP on behalf of all operating companies and are then allocated to the operating companies on MLR. Please describe this process.

d. Please explain why the financial margins were removed from the OSS margins under the current pool paradigm. Cite and/or provide a copy of each authority relied on for the exclusion of the financial margins from the sharing formula, including relevant portions of each Commission Order.

e. Please describe the Company's accounting for the financial margins. Provide the FERC account(s) in which such margins are recorded and provide a description of the amounts that are recorded in each account if multiple accounts are used.

f. Please explain why there are no financial margins reflected under the PCA with Asset transfers paradigm.

g. Does the Company anticipate that it still will earn financial margins under the PCA with Asset Transfers paradigm? If so, then please explain how it will continue to earn financial margins under this paradigm and describe any differences in the manner in which it will earn such margins under this paradigm compared to the current pool paradigm. If not, then please explain why it will not earn financial margins under this paradigm.

h. Indicate if the financial margins are included in the OSS margins under the PCA with Asset Transfers paradigm shown on the preceding table or if they will be in addition to these amounts.

i. Please provide a quantification of the financial margins the Company will earn under the PCA with Asset Transfers paradigm. Provide all assumptions, data, and calculations, including electronic spreadsheets with formulas intact used to provide the quantification in response to this question.

j. Please describe the derivation of the OSS margins under the PCA with Asset Transfers paradigm shown on the preceding table. For example, were the OSS margins quantified through a production cost model, such as PROMOD or Strategist, or were they developed using some other software, such as Excel? If the OSS margins were developed using Excel or some other spreadsheet-based software, then please provide a copy of the spreadsheet with all formulas intact. Regardless of the software used, provide all assumptions, including, but not limited to, hourly market prices and hourly costs to generate used to quantify the OSS margins under this paradigm.

k. Please separate the OSS margins under the PCA with Asset Transfers paradigm shown on the preceding table into three categories: i) Mitchell, ii) replacement of Current Pool paradigm with PCA, and iii) other. Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact, along with a copy of all precursor source documents and all precursor computations, including electronic spreadsheets with cell formulas intact.

l. Please confirm that the Company estimates that its retained share of OSS margins under the PCA with Asset Transfers paradigm will be $35.866 million (retail and wholesale) compared with $0.632 million under the current pool paradigm.

m. Does the Company agree that the Commission should revisit the SSC sharing provisions in order to mitigate the cost of the proposed Asset Transfers to retail customers? If so, please provide all reasons why the Commission should do so, along with a detailed explanation for each reason cited. If not, please provide all reasons why the Commission should not do so, along with a detailed explanation for each reason cited.

RESPONSE

a. The financial margins are assumed for purposes of this question to be off-system sales (OSS) other than those that are traditional OSS out of the surplus generation of the companies, and may include auction participation, time-spread trading, basis trading and position trading. Financial instruments used include futures contracts, option contracts, and swaps.

b. The Company does not engage in arbitrage trading. The Company executes its trading transactions through brokers, electronic exchanges, and directly with third parties. The financial margins are included in the off-system sales margins reported in the Company's SSC. Under the SSC sharing provisions there is no distinction that alters the treatment of various types of OSS margins.

c. The financial margins are based on transactions entered into by AEP's agent, AEPSC, on behalf of all East operating companies and are then allocated to the operating companies. Such transactions are recorded on the trading books of AEP and managed on a portfolio basis. The proceeds from such sales are allocated among the East Operating Companies on an MLR-basis.

d. The financial margins were removed from this analysis strictly for purposes of developing an "apples-to-apples" comparison between (1) the current pool and (2) the stand-alone case with the asset transfers and PCA. This removal is not intended to reflect either that such margin will not occur under the PCA or that such margins would not be allocated to the Companies under the PCA. In fact, PCA specifically provides for how these margins will be allocated.

   Further, the Company did not attempt to identify for the 2011 period the specific amount of financial margins under the PCA. Further, for the initial period under the Bridge Agreement, the legacy financial margin activity will continue using the same allocator, MLR, as used for current financial margins. It is for these reasons that the Company removed the financial transactions from the base case to get a valid comparison (i.e., excluding financial margins from both sides). Such treatment also helps to isolate the impacts of the proposed asset transfer.

e. Today, the financial margins earned by AEP are allocated to the AEP companies using an MLR allocation. These margins are accounted for in separate FERC accounts from physical margins. See KIUC 2-21 Attachment 1 for the specific accounts that include the various components of financial margins.

f. Please refer to the Company's response to part d.

g. It is anticipated that AEPSC will continue its past practice of engaging in financial trading activity, as agent, for the benefit of its utility operating companies and their customers once the Pool terminates. The main differences are expected to be (1) the potential volume of such activity will likely decrease somewhat given that it will be on behalf of only three companies, not four as is currently the case (Ohio Power will be excluded), and (2) the allocation among the companies, including Kentucky Power, will change for new transactions occurring as of January 1, 2014 from MLR to that prescribed under the PCA.

h. Financial margins were not included in the PCA with Asset Transfers case, and would be an addition to the amounts referenced.

i. No such calculation was performed. Please refer to the Company's response to part d.

j. The $96.75 million physical energy sales margin component of OSS margin was computed in Excel. The amount was calculated in a file provided in KPSC Staff 1-12 Attachment 2.zip entitled "2011 PCA Stand Alone Energy Transaction Model". The margin calculation is in column CJ of the Model worksheet. All of the hourly load, generation MWhs, and market prices used in that file are the actual values from calendar year 2011.

The cost assigned to OSS in the calculation of the OSS margins represents the average dispatch cost of all of the Company's generation resources including 50% of Mitchell during the hours in which they were designated to serve OSS during 2011. The dispatch cost included all variable costs including fuel, variable maintenance, chemicals, and emissions costs.

The OSS margins also include KPCo's $35.87 million share of PJM Capacity Auction revenues. The computation of that component of margins is shown in a file entitled "Cal 11 PJM Capacity Sale Allocation" that was also included in KPSC 1-12 Attachment 2.zip.

The calculation of the $28.84 million of PJM costs associated with off-system energy sales which was deducted from the OSS margin was provided in KPSC 1-12 Attachment 2.zip the file entitled "Cal 11 Stand Alone Summary Final". The amount is located on the PJM Bill Detail tab. The file in KPSC 1-12 Attachment 2.zip that contains the source for the amounts on the PJM Bill Detail tab is entitled "Cal 2011 PJM Bill Re-Settled Stand Alone".

k. The requested analysis has not been performed.

l. Based strictly on the 2011 calendar year period analyzed, including the performance of units during that historic period, the Company confirms the retained OSS margins from physical traditional OSS as stated. The 2011 analysis also indicates that customers would have been credited with $67.9 million of physical OSS margin under the PCA with Asset Transfer case instead of $16.0 million of physical margin under the AEP Pool case. Financial margins would be in addition to both the Company's and the customers' shares of physical margins as stated in the question and the Company's response.

These margins are not necessarily reflective of any given future period.

m. The Company objects to this data request on the ground it seeks information concerning matters outside this proceeding. The Company's system sales clause should be addressed, if at all, in the context of the Company's next base rate case.

WITNESS: Ranie K Wohnhas

Kentucky Power Financial/Trading Margins

4470006	Sales for Resale-Bookout Sales
4470010	Sales for Resale-Bookout Purch
4470081	Financial Spark Gas - Realized
4470082	Financial Electric Realized
4470109	PJM FTR Revenue-Spec
4470144	Realiz.Sharing - 06 SIA
4470156	OSS Optim. Margin Reclass
4470170	Non-ECR Auction Sales-OSS
4470180	Trading intra-book Reclass
4470181	Auction intra-book Reclass
4560050	Oth Elec Rev-Coal Trd Rlzd G-L
5550099	PJM Purchases-non-ECR-Auction
5550100	Capacity Purchases-Auction
5550107	Capacity purchases - Trading

Kentucky Power Company

REQUEST

Refer to the MI Retail Transfer tab on the spreadsheet provided as Attachment 1 to the Company's response to Staff 1-12, which provided the following support for the Mitchell rate base as of December 31, 2011.

a. Please explain why there is no ADIT related to the repair allowance.

b. Please provide confirm that there is an ADIT related to the repair allowance and provide the actual quantifications as of December 31, 2011 and December 31, 2012 and the projected quantification as of December 31, 2013 by FERC account.

RESPONSE

a. The Company does not understand what is meant by the term "repair allowance." There is no asset or liability called a repair allowance in the referenced file. If the question is referring to the asset called Allowances, then those are the emissions allowances accounted for in FERC Account 158. There is no ADIT related to this asset.

b. The Company cannot confirm the statement.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Inputs tab on the spreadsheet provided as Attachment 1 to the Company's response to Staff 1-12, which lists the sources for the quantifications.

a. Please provide a copy of each of these source documents and spreadsheets with all cell formulas intact and any precursor source documents and spreadsheets used for these sources.

b. The Staff request sought all "assumption(s) used in the analysis." KIUC 1-75 sought all support for RKW-Exhibit 4, including "all source documents relied on for the assumptions or other inputs to the calculations and workpapers." The Company's only response was to refer to its response to Staff 1-12, which did not include all source documents or other inputs. Please explain why the Company did not provide the information requested in response to Staff 1-12 or KIUC 1-75. Please provide the requested information.

RESPONSE

a & b. The Company provided the requested information provided in the 24 files included in KPSC 1-12 Attachment 2.zip. These include all of the relevant source documents referenced in Column K of the Inputs tab of KPSC 1-12 Attachment 1. The Inputs tab listed the file name and tab name that each number was referenced from. All of the cell formulas in these documents are intact, so amounts can be traced from summary worksheets to source worksheets.

In order to make it easier to navigate to the location in the source file in KPSC 1-12 Attachment 2.zip that the numbers on the Inputs tab come from, the Company has attached here as KIUC 2-23 Attachment 1 an updated copy of KPSC 1-12 Attachment 1 with the cell reference listed on the Inputs page.

In the file entitled "Cal 11 Pool Energy Summary" there are several tabs that use numbers directly off of the Interchange Power Statements (IPS). The page number of the IPS that the numbers come from is shown either at the bottom of these tabs or within the body of the tab, The 12 monthly IPS were included in the zip file in order to show the source of these numbers. The Pool Energy Summary tab in that file has a Source column which shows which tab within that file the numbers come from, which can also be determined by the cell reference.

As with the "Cal 11 Pool Energy Summary" file, the Source column (column I) of Cal 11 Stand Alone Summary Final shows the sources for the amounts in that file. Every tab in that file shows the source of the information on that tab. The "Energy Model Summary" tab in that file contains series of pivot tables which summarize the extremely voluminous hourly energy model calculations from the "2011 PCA Stand Alone Energy Transaction model" file, which was included in the zip file. That source is listed at the bottom of that tab.

During the preparation of this response an error was discovered on the Energy Model Summary tab of the Cal 11 Stand Alone Summary Final file. The labels for the KPCo and I&M OSS margins values were reversed. Cell D21 of that tab should be labeled KPCo, and Cell E21 should be labeled I&M. Column D contains the KPCo OSS margins. The correct KPCo OSS margin amount of $96,747,075 was included in the analysis, so the overall results of the 2011 analysis are not impacted by this labeling error. In addition, a sign was reversed in cell F25 of the Stand Alone Summary tab of the previously submitted version of this file. That error in OPCo's results summary did not impact the KPCo results. A file incorporating these corrections has been provided in a supplemental response to KPSC 1-12 as KPSC 1-12 Supplemental Attachment 1.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to RKW-Exhibit 4. Has the Company prepared a similar analysis and quantification for a no PCA with Asset Transfers paradigm? If so, please provide this analysis, along with a copy of all source documents, assumptions, data, and calculations, including electronic spreadsheets with cell formulas intact. This request extends to precursor source documents, analyses, and calculations, the results of which were used in the final calculations.

RESPONSE

No such analysis has been prepared.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-14(a).

a. Is the $65 million presently outstanding?

b. Is the $65 million included in the $275 million or not?

c. Is the total amount of debt $340 million ($65 million plus $275 million)?

RESPONSE

a. There are two $65 million Mitchell pollution control bonds, one of which is currently held in trust (ie OPCO is the issuer and the bondholder) and one that is outstanding. However, the outstanding note will be held in trust at the time of the asset transfer.

b. See the Company's response to AG 2-13.

c. See the Company's response to AG 2-13.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-15(a).

a. Please provide the projected capacity by unit (in mW), retail firm load (in mW, not mWh), retail interruptible load (in mW), and wholesale all requirements load and/or firm contract load (in mW), by month from January 2014 through December 2015.

b. Please provide the Company's calculation of its reserve margin on a mW and % basis by month from January 2014 through December 2015.

RESPONSE

Although the determination of "monthly" reserve margin obligation outside of the peak summer period is irrelevant to the criteria established by PJM, please refer to KIUC 2-26 Attachment 1.xls on the enclosed CD for a proxy of the requested information. Further, be advised that the determination of the Company's (summer) peak demand in PJM would be predicated upon PJM's own internal estimates of such coincident values. Therefore, given that PJM only establishes a single (summer) coincident demand projection for any planning year, the monthly "Forecasted Demand" values utilized in this response represent the Company's own forecast of its (monthly) peak demands.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-15(b).

a. Please explain the Company's response. Please respond to the question of whether Kentucky Power will have surplus generating capacity from January 2014 through May 2015 based on its capacity compared to its load in mW.

b. Please identify all "PJM capacity sales already committed during this period."

c. Please explain how PJM capacity sales committed during this period will be determined and sourced to the operating companies that own the capacity.

d. Please explain why the Company proposes that PJM capacity sales already committed during this period will be allocated among the operating companies based upon final MLR when the current pool agreement will not be effective during this period. In addition, please explain why the Company believes this proposal is equitable when there no longer are any capacity equalization payments and receipts among the AEP companies.

e. Please identify the specific provisions in all documents where the Company's proposal is set forth that PJM capacity sales already committed during this period will be allocated among the operating companies based upon final MLR.

RESPONSE

a. The Company's response to Staff 1-15(b) is self-explanatory. Please see the Company's response to Staff 1-15(a).

b. For the PJM planning year 2013/2014 AEPSC, on behalf of the east operating companies, sold [redacted] the PJM RPM auction. [redacted]

Kentucky Power Company

c. Such sales will be allocated on an MLR-basis during this period. No such sourcing has been determined since this is managed on a collective basis and the proceeds will be allocated on an MLR-basis. Please refer to the Company's response to Staff 1-15(b).

d. See the Company's response to Staff 2-5, part c.

e. This information can be found in the Bridge Agreement, section 5.3. A link to the agreement is provided in the Company's Application, page 13.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-24(b).

a. Please provide a copy of the RFP when it is issued.

b. Provide a copy of the self-bid/conversion option against which the bids will be evaluated.

RESPONSE

a. Please see the Company's response to KPSC 2-9.

b. The Company objects to the request on the grounds that neither the RFP nor the associated capacity is the subject of this proceeding. As a result, the information sought is irrelevant and not likely to lead to the discovery of admissible evidence. Notwithstanding this objection, the requested information is still being prepared and thus cannot be produced. Further, the release of the subject information, even if subject to confidential treatment, could jeopardize the integrity of the RFP process.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-37(b).

a. Please explain how and indicate when Dr. McDermott became aware that such assets exist and describe all investigations conducted by Dr. McDermott as to the availability of these assets to the Company and the costs to acquire, modify as necessary, and operate those units.

b. Please provide a copy of the most recent analyses conducted by and/or for AEP of the availability (for acquisition or contract), cost (of acquisition or contract purchases), and operation (physical characteristics and costs) of the Riverside Generating assets. If AEP has not investigated the Riverside Generating assets since it made an indicative bid and then withdrew it, please explain why it has not done so.

c. To AEP's best knowledge, are the Riverside Generating assets available for acquisition or an intermediate or long-term purchased power contract? Provide a description of all efforts by AEP to ascertain the status of those assets and all contacts that AEP has had with the owners and/or operators of those assets within the last three years.

d. Please provide a copy of all information that AEP has related to the Riverside Generating assets and provide the date at which it acquired this information.

e. Please provide a copy of the most recent analyses conducted by and/or for AEP of the availability (for acquisition or contract), cost (of acquisition or contract purchases), and operation (physical characteristics and costs) of generating assets not presently owned by any AEP operating company or affiliate. This request includes generating assets owned by other regulated utilities and merchants.

f. To AEP's best knowledge, are there other generating assets available for acquisition or an intermediate or long-term purchased power contract? Provide a description of all efforts by AEP to ascertain the status of those assets and all contacts that AEP has had with the owners and/or operators of those assets within the last three years.

Kentucky Power Company

RESPONSE

a. In preparing for this case, Dr. McDermott reviewed publicly available information regarding the inventory of generating stations located in Kentucky.

b. Kentucky Power has not further investigated the Riverside assets. At the time the indicative offer was withdrawn the Company determined that the assets were not suitable for its needs. Please see the Company's response to SC 1-8.

c. AEPSC was informed by a representative of LS Power in June 2012 that the assets were still available. Please also see the Company's response to SC 1-8.

d. Please see KIUC 2-29 on the accompanying CD. Most of this information was obtained during the spring of 2010. Confidential treatment is being sought for the entirety of the contents of this CD. For the redacted version, see KIUC 2-29 Attachment 3

e. For copies of the most recent analyses conducted by AEP of the availability of generating assets in PJM, please see KIUC 2-29e Attachment 1 and KIUC 2-29e Attachment 2. Confidential treatment is being sought for portions of Attachment 2.

f. Please see the Company's response to part e for generating assets available for acquisition. Owners and/or operators of those assets that AEP had contact with in the last three years include Tenaska and LS Power.

WITNESS: Karl McDermott/Gregory G Pauley

Natural Gas Combined Cycle Plants in PJM; Status = Non-Regulated; Capacity > 50 MW

	Note	Plant Name	Holding Company Name	Plant State	Net Summer Capacity MW	Commercial Online Date
1	1	AES Ironwood	PPL Corp	Pennsylvania	669	2001
2	-	Allegheny Energy Units 3 4 & 5	FirstEnergy Corp	Pennsylvania	509	2003
3	-	Bayonne Cogeneration Plant	Riverstone/Carlyle	New Jersey	158	1988
4	2	Bergen	Public Service Enterprise Group Inc	New Jersey	1,178	1995
5	-	Bethlehem Power Plant	Calpine Corp	Pennsylvania	1,130	2003
6	-	Brunot Island	GenOn Energy Inc.	Pennsylvania	245	2002
7	-	Calpine Parlin Inc.	General Electric Co	New Jersey	118	1991
8	3	Camden Cogeneration	Riverstone/Carlyle	New Jersey	145	1993
9	4	Cordova Energy Center	Berkshire Hathaway Inc / MidAmerican Energy Holdings Co	Illinois	521	2001
10	5	Doswell Combined Cycle Facility	LS Power Group	Virginia	665	1991
11	-	Eagle Point Cogeneration	Thunderbird Power Holdings LLC / Noble Americas Corp	New Jersey	195	1991
12	6	Elmwood Park	Riverstone/Carlyle	New Jersey	65	1989
13	-	Fairless Energy Center	Dominion Resources Inc.	Pennsylvania	1,209	2004
14	-	Fayette Energy Facility	Duke Energy Corp	Pennsylvania	601	2003
15	7	Gilbert	GenOn Energy Inc.	New Jersey	288	1977
16	-	Gordonsville Energy LP	Dominion Resources Inc.	Virginia	218	1994
17	8	Grays Ferry Cogeneration Partnership	Veolia Environment SA	Pennsylvania	150	1997
18	-	Hanging Rock Energy Facility	Duke Energy Corp	Ohio	1,288	2003
19	-	Hay Road	Calpine Corp	Delaware	1,130	1993
20	9	Hopewell Cogeneration	GDF Suez SA	Virginia	348	1990
21	-	Hunterstown	GenOn Energy Inc.	Pennsylvania	810	2003
22	10	Kendall County Generation	Dynegy Inc.	Illinois	1,140	2002
23	11	Lakewood Cogeneration LP	Industry Funds Mgmt. Ltd. / Osaka Gas Co. Ltd.	New Jersey	174	1994
24	12	Liberty Electric Power LLC	Energy Capital Partners	Pennsylvania	541	2002
25	-	Lower Mount Bethel Energy	PPL Corp	Pennsylvania	594	2004
26	-	Marcus Hook Refinery Cogeneration	NextEra Energy Inc.	Pennsylvania	718	2005
27	13	Morris Power Plant	Atlantic Power Corp	Illinois	176	2000
28	-	Newark Bay Cogeneration Project	Riverstone/Carlyle	New Jersey	120	1993
29	-	Ontelaunee Energy Center	Dynegy Inc.	Pennsylvania	516	2002
30	14	Panda Brandywine LP	Panda Energy International / Northland Power Income Func	Maryland	230	1996
31	15	Pedricktown Cogeneration Plant	Riverstone/Carlyle	New Jersey	111	1992
32	-	PSEG Linden Generating Station	Public Service Enterprise Group Inc.	New Jersey	1,230	2006
33	16	Red Oak	Energy Capital Partners	New Jersey	766	2002
34	17	Sayreville Cogeneration Facility	NextEra Energy Inc. / GDF Suez SA	New Jersey	271	1991
35	18	Tenaska Virginia Generating	Tenaska Inc / ITOCHU Corp / Chubu Electric Power Co. Inc.	Virginia	926	2004
36	-	Washington Energy Facility	Duke Energy Corp	Ohio	600	2002
37	19	York Energy Center	Calpine Corp	Pennsylvania	556	2011
		Total Net Summer Capacity			20,309	

Data Source: Ventyx, queried November 13, 2012 Natural Gas Combined Cycle; ISO = PJM; Non-regulated; >50MW capacity

Notes Source: SNL Financial, Power Plant Profile

Notes:

1/ Ironwood has a 771 MW (nameplate) power purchase agreement with PPL EnergyPlus, LLC (contract expiration date unavailable)

2/ Bergen has a 550 MW (nameplate) power purchase agreement with PSEG Energy Resources & Trade LLC (contract expiration date unavailable)

3/ Camden Cogeneration has a 155 MW (nameplate) power purchase agreement with Constellation Energy Group, Inc. (contract expiration date unavailable)

4/ Cordova Energy Center has a 537 MW (nameplate) power purchase agreement with Constellation Energy Commodities Group, Inc. through December 2019

5/ Doswell Combined Cycle Facility has a 752 MW (nameplate) power purchase agreement with Virginia Electric and Power Company through May 2017

6/ Elmwood Park recently had a power purchase agreement with Jersey Central Power & Light Company (unknown MW) expire in May 2012

7/ Gilbert CC has announced the retirement of one waste heat steam turbine in January 2015, resulting in a capacity reduction of -104 MW

8/ Grays Ferry Cogeneration Partnership has a 150 MW (nameplate) power purchase agreement with PECO Energy Company for 20 years through October 2017

9/ Hopewell Cogeneration has a 399 MW (nameplate) power purchase agreement with Virginia Electric and Power Company (contract expiration date unavailable)

10/ Kendall County Generation has 2 power purchase agreements: 85 MW (nameplate) with WPPI Energy through September 2017; 275 MW (nameplate) with Constellation Energy Commodities Group, Inc. through September 2017

11/ Lakewood Cogeneration LP has a 236 MW (nameplate) power purchase agreement with Jersey Central Power & Light Company for 20 years through April 2014

12/ Liberty Electric Power LLC has a 521 MW (nameplate) power purchase agreement with National Energy & Gas Transmission, Inc. (contract expiration date unavailable)

13/ Morris Power Plant has a 79 MW (nameplate) power purchase agreement with Equistar Chemicals LP (contract expiration date unavailable)

14/ Panda Brandywine has a 230 MW (nameplate) power purchase agreement with Sempra Energy Trading LLC (contract expiration date unavailable)

15/ Pedricktown Cogeneration Plant recently had a 115 MW (nameplate) power purchase agreement with Conectiv Energy Holding Company expire in June 2012

16/ Red Oak has a 823 MW (nameplate) power purchase agreement with Williams Energy Marketing through September 2022

17/ Sayreville Cogeneration Facility has a power purchase agreement with Jersey Central Power & Light Company (contract volume & expiration date unavailable)

18/ Tenaska Virginia Generating has a 942 MW (nameplate) power purchase agreement with Shell Energy North America (US), LP. through May 2024

19/ York Energy Center has a 565 MW (nameplate) power purchase agreement with Constellation Energy Commodities Group, Inc. for 6 years through June 2017

Owner Name	Owner ID	Holding Co	Holding Co	Plant Oper	Plant Oper	Regulated	Plant Name	Plant ID	Plant State	Unit	Unit ID	Percent Ov	Nameplate	Net Summ	Net Winte	Fully Load	Fully Load	Average H	Average H	Prime Mo	Primary Fu	Unit Statu	Commerci	Grid Conn	Wtd Ave F	Wtd Ave V	Wtd Ave F	Record Count
AEP Generating Co	1001	American	442978	AEP Gener	1001	Regulated	AEP Generating Co Lawrenceburg Plant	76418	Indiana	CC1	589641	100	616	540	540	6867	Manufactu	7002	CEMS Ave	CC	NG	Operating	########	Y	23.76	0.91	10.84	1
AEP Generating Co	1001	American	442978	AEP Gener	1001	Regulated	AEP Generating Co Lawrenceburg Plant	76418	Indiana	CC2	589643	100	616	540	540	7079	CEMS Cap	7253	CEMS Ave	CC	NG	Operating	########	Y	24.49	0.91	10.84	1
AES Red Oak LLC	408119	AES Corp I	582026	AES Red O	408119	Nonregula	Red Oak	76838	New Jersey	CC	584292	100	966	765.9	823.1	7306	CEMS Cap	8117	CEMS Ave	CC	NG	Operating	########	Y	28.06	0.54	11.79	1
Allegheny Energy Supply Co LLC	78459	FirstEnerg	442071	Allegheny	78459	Nonregula	Allegheny Energy Units 3 4 & 5	365508	Pennsylvania	CC	606506	100	556	509	550	6968	CEMS Cap	7946	CEMS Ave	CC	NG	Operating	########	Y	24.83	0.8	11.26	1
American Municipal Power Inc	60540	American	589787	American	60540	Regulated	Fremont Energy Center	74474	Ohio	CC	588726	100	703	544	703	7405	Manufactu	11761	CEMS Ave	CC	NG	Operating	########	Y	26.07	0.52	10.38	1
Appalachian Power Co	1006	American	442978	AEP Gener	1001	Regulated	Dresden Energy Facility	74076	Ohio	CC	587219	100	580	540	625	7031	CEMS Cap	9211	Ventyx Est	CC	NG	Operating	########	Y	29.59	0.71	12.24	1
Bayonne Plant Holding LLC	1144634	Morris Ene	657203	Bayonne P	1144634	Nonregula	Bayonne Cogeneration Plant	1980	New Jersey	CC	583699	100	191.6	158	174	9256	CEMS Cap	10134	CEMS Ave	CC	NG	Operating	########	Y	36.69	1.07	13.36	1
Bucknell University	407914	Bucknell U	610698	Bucknell U	407914	Nonregula	Bucknell Univ	73382	Pennsylvania	CC	593489	100	5.9	4.8	6.7	7800	Ventyx De	10575	Monthly P	CC	NG	Operating	########	Y	39	0.52	13.27	1
Calpine Bethlehem LLC	423630	Calpine Co	582861	Calpine Be	423630	Nonregula	Bethlehem Power Plant	73155	Pennsylvania	CC1	583705	100	650	565	540	7944	CEMS Cap	8463	CEMS Ave	CC	NG	Operating	########	Y	30.35	0.81	12.21	1
Calpine Bethlehem LLC	423630	Calpine Co	582861	Calpine Be	423630	Nonregula	Bethlehem Power Plant	73155	Pennsylvania	CC2	583706	100	650	565	540	8160	CEMS Cap	8471	CEMS Ave	CC	NG	Operating	########	Y	31.17	0.81	12.21	1
Calpine Mid Atlantic Generation LLC	407733	Calpine Co	582861	Calpine Mi	407733	Nonregula	Hay Road	1766	Delaware	CC1	442619	100	566	565	542	8116	CEMS Cap	9041	CEMS Ave	CC	NG	Operating	########	Y	30.92	0.87	12.41	1
Calpine Mid Atlantic Generation LLC	407733	Calpine Co	582861	Calpine Mi	407733	Nonregula	Hay Road	1766	Delaware	CC2	607060	100	627	565	540	7797	CEMS Cap	8569	CEMS Ave	CC	NG	Operating	########	Y	29.71	0.87	12.41	1
Calpine Mid Merit LLC	407732	Calpine Co	582861	Calpine Mi	407732	Nonregula	York Energy Center	73982	Pennsylvania	CC1	583689	100	556	556	556	7506	Manufactu	7651	CEMS Ave	CC	NG	Operating	########	Y	27.32	0.66	12.29	1
Camden Plant Holding LLC	407825	Morris Ene	657203	Camden P	407825	Nonregula	Camden Cogeneration	1929	New Jersey	CC	583728	100	157	145	144.7	8581	CEMS Cap	8826	CEMS Ave	CC	NG	Operating	########	Y	34.5	0.92	11.76	1
Cordova Energy Co LLC	407717	Berkshire I	584312	Cordova Er	407717	Nonregula	Cordova Energy Center	2160	Illinois	CC	583721	100	650.8	521.2	601.2	7220	CEMS Cap	7704	Monthly P	CC	NG	Operating	########	Y	41.52	1.05	11.32	1
Dominion Energy Services Co	78536	Dominion	445772	Fairless En	407461	Nonregula	Fairless Energy Center	74307	Pennsylvania	CC1	588930	100	669	595.2	637.7	7030	CEMS Cap	7105	CEMS Ave	CC	NG	Operating	########	Y	27.07	0.58	11.54	1
Dominion Energy Services Co	78536	Dominion	445772	Fairless En	407461	Nonregula	Fairless Energy Center	74307	Pennsylvania	CC2	589481	100	669	614	638.7	7084	CEMS Cap	7174	CEMS Ave	CC	NG	Operating	########	Y	27.27	0.58	11.54	1
Doswell LP	407621	LS Power (	600839	Doswell LF	407621	Nonregula	Doswell Combined Cycle Facility	2021	Virginia	CC1	584423	100	376	332.4	376	8288	CEMS Cap	8566	CEMS Ave	CC	NG	Operating	########	Y	31.33	0.72	12.17	1
Doswell LP	407621	LS Power (	600839	Doswell LF	407621	Nonregula	Doswell Combined Cycle Facility	2021	Virginia	CC2	584424	100	376	332.4	376	8243	CEMS Cap	8493	CEMS Ave	CC	NG	Operating	########	Y	31.16	0.72	12.17	1
Duke Energy Fayette II LLC	1456243	Duke Ener	386085	Duke Ener	1456243	Nonregula	Fayette Energy Facility	74339	Pennsylvania	CC1	583604	100	677	600.5	634.5	7543	CEMS Cap	7603	CEMS Ave	CC	NG	Operating	########	Y	28.51	0.54	10.08	1
Duke Energy Hanging Rock II LLC	1370954	Duke Ener	386085	Duke Ener	1370954	Nonregula	Hanging Rock Energy Facility	74800	Ohio	CC1	592973	100	661.1	644	644	7502	CEMS Cap	7532	CEMS Ave	CC	NG	Operating	########	Y	28.36	0.71	8.52	1
Duke Energy Hanging Rock II LLC	1370954	Duke Ener	386085	Duke Ener	1370954	Nonregula	Hanging Rock Energy Facility	74800	Ohio	CC2	592974	100	661.1	644	644	7550	CEMS Cap	7606	CEMS Ave	CC	NG	Operating	########	Y	28.54	0.71	8.52	1
Duke Energy Washington II LLC	1456173	Duke Ener	386085	Duke Ener	1456173	Nonregula	Washington Energy Facility	77269	Ohio	CC1	589659	100	600	600	700	7516	CEMS Cap	7615	CEMS Ave	CC	NG	Operating	########	Y	27.88	0.4	6.17	1
Dynegy Kendall Energy LLC	879447	Dynegy Inc	442856	Dynegy Ke	879447	Nonregula	Kendall County Generation	2139	Illinois	CC1	587212	100	314	285	315	7362	CEMS Cap	7663	CEMS Ave	CC	NG	Operating	########	Y	26.21	0.92	12.37	1
Dynegy Kendall Energy LLC	879447	Dynegy Inc	442856	Dynegy Ke	879447	Nonregula	Kendall County Generation	2139	Illinois	CC2	587213	100	314	285	315	7422	CEMS Cap	7737	CEMS Ave	CC	NG	Operating	########	Y	26.42	0.92	12.37	1
Dynegy Kendall Energy LLC	879447	Dynegy Inc	442856	Dynegy Ke	879447	Nonregula	Kendall County Generation	2139	Illinois	CC3	587214	100	314	285	315	7280	CEMS Cap	7668	CEMS Ave	CC	NG	Operating	########	Y	25.92	0.92	12.37	1
Dynegy Kendall Energy LLC	879447	Dynegy Inc	442856	Dynegy Ke	879447	Nonregula	Kendall County Generation	2139	Illinois	CC4	587215	100	314	285	315	7359	CEMS Cap	7640	CEMS Ave	CC	NG	Operating	########	Y	26.2	0.92	12.37	1
E F Kenilworth	407552	Atlantic Pc	821657	E F Kenilw	407552	Nonregula	Kenilworth Energy	75260	New Jersey	CC	593469	100	28.8	28.8	28.8	8290	CEMS Cap	8776	CEMS Ave	CC	NG	Operating	########	Y	33.91	0.56	12.06	1
Eagle Point Cogeneration Partnership	407551	Thunderbl	1681990	Eagle Poin	407551	Nonregula	Eagle Point Cogeneration	1985	New Jersey	CC	584452	100	225	155	217	7319	CEMS990	8442	CEMS Ave	CC	NG	Operating	########	Y	30.01	1.03	11.42	1
EFS Parlin Holdings LLC	1137165	General El	606752	EFS Parlin	1137165	Nonregula	Calpine Parlin Inc	2000	New Jersey	CC1	593202	100	69.4	59	65.5	8838	CEMS Cap	9303	CEMS Ave	CC	NG	Restarted	########	Y	36.06	1.02	11.77	1
EFS Parlin Holdings LLC	1137165	General El	606752	EFS Parlin	1137165	Nonregula	Calpine Parlin Inc	2000	New Jersey	CC2	593203	100	70.4	59	65.5	8774	CEMS Cap	8838	CEMS Ave	CC	NG	Restarted	########	Y	35.8	1.02	11.77	1
Elmwood Park Power LLC	1184621	Morris Ene	657203	Morris Ene	1515565	Nonregula	Elmwood Park	2007	New Jersey	CC	593177	100	83	64.9	72	9402	CEMS Cap	10030	CEMS Ave	CC	NG	Restarted	########	Y	37.51	0.77	14.19	1
ExxonMobil Oil Corp	407480	ExxonMob	582910	ExxonMob	407480	Nonregula	Joliet Refinery	75198	Illinois	CC	593470	100	39.6	39.7	39.7	8000	Ventyx Default			CC	OG	Operating	########	Y	27.68	0.87	13.81	1
FPL Energy Marcus Hook LP	407474	NextEra Er	386087	FPL Energ	407474	Nonregula	Marcus Hook Refinery Cogeneration	1546	Pennsylvania	CC	588796	100	836.1	717.5	808.4	7991	CEMS Cap	8579	CEMS Ave	CC	NG	Operating	########	Y	30.13	0.55	11.88	1
Gas Recovery Services IL Inc	407403	Clean Pow	607211	Gas Recov	407403	Nonregula	Mallard Lake Electric	75674	Illinois	CC	593487	100	25	19	21	7800	Ventyx De	11762	Monthly P	CC	LFG	Operating	########	Y	33.77	0.63	12.73	1
GenOn Power Midwest LP	406757	GenOn En	584593	GenOn Po	406757	Nonregula	Brunot Island	1523	Pennsylvania	CC	583710	100	339.9	245	245	8000	Ventyx En	13920	Monthly P	CC	NG	Operating	########	Y	35.12	0.97	8.31	1
GenOn Wholesale Generation LP	1127753	GenOn En	584593	GenOn Wi	1127753	Nonregula	Hunterstown	1526	Pennsylvania	CC1	614252	100	898	810	810	6731	Manufactu	7717	CEMS Ave	CC	NG	Operating	########	Y	26.39	0.7	11.79	1
Gordonsville Energy LP	407351	Edison Inte	442858	Virginia Ele	1186	Nonregula	Gordonsville Energy LP	2037	Virginia	CC1	584453	100	150.2	109	135	8208	CEMS Cap	8565	CEMS Ave	CC	NG	Operating	########	Y	28.4	1.31	13.42	1
Gordonsville Energy LP	407351	Edison Inte	442858	Virginia Ele	1186	Nonregula	Gordonsville Energy LP	2037	Virginia	CC2	584454	100	150.2	109	133	8110	CEMS Cap	9022	CEMS Ave	CC	NG	Operating	########	Y	28.06	1.31	13.42	1
Grays Ferry Cogeneration Partnership	407345	Veolia Env	629837	Grays Ferr	407345	Nonregula	Grays Ferry Cogeneration Partnership	2033	Pennsylvania	CC	593004	100	192.6	150	150	7800	Ventyx De	11066	CEMS Ave	CC	NG	Operating	########	Y	31.04	0.65	12.6	1
Harbert Power LLC	1148899	Harbert M	820287	Tenaska V	409291	Nonregula	Tenaska Virginia Generating	77670	Virginia	CC1	589600	0.1	0.946	0.927	0.948	7329	CEMS Cap	7404	CEMS Ave	CC	NG	Operating	########	Y	29.39	0.65	11.83	1
Hopewell Cogeneration Ltd	825279	Internatio	582930	Hopewell	825279	Nonregula	Hopewell Cogeneration	1911	Virginia	CC	583741	100	399	348.3	399	8369	CEMS Cap	9026	CEMS Ave	CC	NG	Operating	########	Y	31.63	0.54	12.86	1
Liberty Electric Power LLC	407082	LEP Holdin	734933	North Ame	617137	Nonregula	Liberty Electric Power LLC	2210	Pennsylvania	CC	606998	100	614	541	541	7522	CEMS Cap	8300	CEMS Ave	CC	NG	Operating	########	Y	28.88	1.73	24.5	1
Lower Mount Bethel Energy LLC	407049	PPL Corp	442973	Lower Mo	407049	Nonregula	Lower Mount Bethel Energy	75599	Pennsylvania	CC	605468	100	658	593.8	640.1	7089	CEMS Cap	7209	CEMS Ave	CC	NG	Operating	########	Y	27.58	0.59	11.49	1
M & M Mars Inc	407038	Mars Inc	607316	M & M Ma	407038	Nonregula	Masterfoods USA	75635	New Jersey	CC	593480	100	10.2	10.7	8.7	8000	Ventyx De	12025	Monthly P	CC	NG	Operating	########	Y	40.08	0.59	11.16	1
Middlesex Generating Co LLC	608014	Middlesex	628887	Middlesex	608014	Nonregula	Melrose Wastewater Plant	608012	New Jersey	CC1	608013	100	22.5	18.8	20.4	7100	Ventyx De	11350	Monthly P	CC	DEG	Operating	########	Y	30.74	0.59	12.76	1
Morris Cogeneration LLC	883072	Atlantic Pc	821657	Morris Cog	883072	Nonregula	Morris Power Plant	2169	Illinois	CC1	593906	100	179	176	179	7100	Ventyx De	10021	CEMS Ave	CC	NG	Operating	########	Y	26.91	1.08	14.39	1
NAEA Lakewood Cogeneration LP	1141654	Industry Fu	1123534	NAEA Ope	1515566	Nonregula	Lakewood Cogeneration LP	2076	New Jersey	CC	584321	80	190.8	174.48	188.8	9601	CEMS Cap	11309	CEMS Ave	CC	NG	Standby	########	Y	38.79	0.91	11.42	1
Newark Bay Cogeneration Partnership LP	423901	Morris Ene	657203	Newark Ba	423901	Nonregula	Newark Bay Cogeneration Project	1968	New Jersey	CC	593178	100	156	120.2	136.2	8599	CEMS Cap	8873	CEMS Ave	CC	NG	Operating	########	Y	31.21	0.72	11.84	1
North Jersey Energy Associates LP	406814	NextEra Er	386087	North Jers	406814	Nonregula	Sayreville Cogeneration Facility	1887	New Jersey	CC	584429	100	430.2	271	315	8063	CEMS Cap	8853	CEMS Ave	CC	NG	Operating	########	Y	30.32	0.61	11.6	1
Ohio Power Co	1127	American	442978	Ohio Powe	1127	Regulated	Waterford Energy Facility	76420	Ohio	CC1	589645	100	921.6	810	850	7081	CEMS Cap	7270	CEMS Ave	CC	NG	Operating	########	Y	24.5	1.32	10.67	1
Ondeo Nalco Co	406788	Nalco Co	617295	Ondeo Nal	406788	Nonregula	Ondeo Nalco	76271	Illinois	CC	849974	100	4.7	3.7	4.2	8000	Ventyx Default			CC	NG	Operating	########	Y	50.32	0.74	13.19	1
Ontelaunee Power Operating Co LLC	882643	Dynegy Inc	442856	Ontelaune	882643	Nonregula	Ontelaunee Energy Center	76329	Pennsylvania	CC	587216	100	728	516	602	6943	CEMS Cap	7053	CEMS Ave	CC	NG	Operating	########	Y	26.04	0.65	12.17	1
Osaka Gas Energy America Corp	1152276	Osaka Gas	875195	NAEA Ope	1515566	Nonregula	Lakewood Cogeneration LP	2076	New Jersey	CC	584321	20	47.7	43.62	47.2	9601	CEMS Cap	11309	CEMS Ave	CC	NG	Standby	########	Y	38.79	0.91	11.42	1
Panda Brandywine LP	406691	Northland	601193	Panda Bra	406691	Nonregula	Panda Brandywine LP	2086	Maryland	CC	584471	100	288.8	230	230	8032	CEMS Cap	8169	CEMS Ave	CC	NG	Operating	########	Y	29.42	0.91	13.33	1
Paulsboro Refining Co LLC	1480288	PBF Holdir	1480289	Paulsboro	1480288	Nonregula	Paulsboro Refinery	76495	New Jersey	CC	593293	100	57	43.6	47.5	8000	Ventyx De	13879	CEMS Ave	CC	NG	Operating	########	Y	29.92	0.46	11.84	1
Pedricktown Cogeneration Company LP	736808	Morris Ene	657203	Pedricktov	736808	Nonregula	Pedricktown Cogeneration Plant	1877	New Jersey	CC	584469	100	134.5	111.4	114.9	7804	CEMS Cap	8698	CEMS Ave	CC	NG	Operating	########	Y	32.15	0.93	11.18	1
PPL Ironwood LLC	423578	PPL Corp	442973	PPL Presc	403120	Nonregula	AES Ironwood	72748	Pennsylvania	CC	583690	100	777.6	669	771	7491	CEMS Cap	8027	CEMS Ave	CC	NG	Operating	########	Y	30.26	0.54	11.03	1
PSEG Fossil LLC	1270	Public Serv	446420	PSEG Foss	1270	Nonregula	Bergen	1428	New Jersey	CC1	438003	100	737.2	628	628	8000	Ventyx De	9105	CEMS Ave	CC	NG	Operating	########	Y	30.8	0.66	11.68	1
PSEG Fossil LLC	1270	Public Serv	446420	PSEG Foss	1270	Nonregula	Bergen	1428	New Jersey	CC2	587153	100	606.2	550	550	6895	Manufactu	7653	CEMS Ave	CC	NG	Operating	########	Y	26.55	0.66	11.68	1
PSEG Fossil LLC	1270	Public Serv	446420	PSEG Foss	1270	Nonregula	PSEG Linden Generating Station	1432	New Jersey	CC1	587148	100	593	615	615	7926	CEMS Cap	8466	CEMS Ave	CC	NG	Operating	########	Y	30.2	0.7	11.42	1
PSEG Fossil LLC	1270	Public Serv	446420	PSEG Foss	1270	Nonregula	PSEG Linden Generating Station	1432	New Jersey	CC2	587149	100	593	615	615	6895	Manufactu	7807	CEMS Ave	CC	NG	Operating	########	Y	26.27	0.7	11.42	1
RRI Energy New Jersey Holdings LLC	406570	GenOn En	584593	GenOn RE	423698	Nonregula	Gilbert	1427	New Jersey	CC	437781	100	351	288	302	9949	CEMS Cap	11304	Monthly P	CC	NG	Operating	########	Y	45.17	1.07	9.67	1
SUEZ DEGS Ashtabula LLC	594163	Internatio	582930	SUEZ DEGS	594163	Nonregula	Ashtabula (CINERGY/TRIGEN)	593927	Ohio	CC1	825511	100	21.2	19	23.2	7100	Ventyx Default			CC	NG	Operating	########	N	44.66	0.65	13.27	1
Tenaska V Inc	409291	Tenaska Ir	584734	Tenaska V	409291	Nonregula	Tenaska Virginia Generating	77670	Virginia	CC1	589600	0.9	8.515	8.341	8.533	7329	CEMS Cap	7404	CEMS Ave	CC	NG	Operating	########	Y	29.39	0.65	11.83	1
Tenaska Virginia Partners LP	409291	Tenaska Ir	584734	Tenaska V	409291	Nonregula	Tenaska Virginia Generating	77670	Virginia	CC1	589600	99	936.639	917.532	938.619	7329	CEMS Cap	7404	CEMS Ave	CC	NG	Operating	########	Y	29.39	0.65	11.83	1
Toledo (OH) (City of)	824919	Toledo (OI	875164	Toledo (OI	824919	Nonregula	Bay View Waste Water Treatment Plant	588207	Ohio	CC1	589370	100	11.2	11.2	11.2	7000	Ventyx Default			CC	LFG	Operating	########	Y	30.31	0.71	12.24	1
UGI Utilities Inc	63345	UGI Corp	582905	UGI Utilitie	63345	Regulated	Hunlock Power Station	75016	Pennsylvania	CC1	1195757	100	130	130	130	7000	Ventyx De	8246	CEMS Ave	CC	NG	Operating	########	Y	24.71	1.24	12.98	1
University of Cincinnati	623783	University	630036	University	623783	Nonregula	Univ of Cincinnati	605675	Ohio	CC1	603676	100	47	47	47	7100	Ventyx De	11694	Monthly P	CC	NG	Operating	########	Y	34.29	0.51	10.79	1
Virginia Electric & Power Co	1186	Dominion	445772	Virginia Ele	1186	Regulated	Bear Garden Generating Station	588110	Virginia	CC 2	1123049	100	580	590	613	6945	CEMS Cap	7051	CEMS Ave	CC	NG	Operating	########	Y	24.65	0.73	11.43	1
Virginia Electric & Power Co	1186	Dominion	445772	Virginia Ele	1186	Regulated	Bellmeade	1838	Virginia	CC	585078	100	330	267	267	6403	CEMS 990	9045	CEMS Ave	CC	NG	Operating	########	Y	30.44	1.65	21.91	1
Virginia Electric & Power Co	1186	Dominion	445772	Virginia Ele	1186	Regulated	Chesterfield	1653	Virginia	CC7	442421	100	219.4	197	226	7393	Manufactu	7457	CEMS Ave	CC	NG	Operating	########	Y	27.06	1.3	26.2	1
Virginia Electric & Power Co	1186	Dominion	445772	Virginia Ele	1186	Regulated	Chesterfield	1653	Virginia	CC8	442422	100	227.2	200	236	7470	CEMS Cap	7767	CEMS Ave	CC	NG	Operating	########	Y	27.34	1.3	26.2	1
Virginia Electric & Power Co	1186	Dominion	445772	Virginia Ele	1186	Regulated	Possum Point	1655	Virginia	CC	613049	100	613	559	615	7235	CEMS Cap	7297	CEMS Ave	CC	NG	Operating	########	Y	25.03	0.97	19.64	1
Virginia Electric & Power Co	1186	Dominion	445772	Virginia Ele	1186	Regulated	Rosemary Power Station	1983	North Carolina	CC	584478	100	180	165	186	8174	CEMS Cap	8937	CEMS Ave	CC	NG	Operating	########	Y	42.18	1.28	14.63	1
York Generation Co LLC	406492	Morris Ene	657203	York Gene	406492	Nonregula	York Cogeneration Facility	76997	Pennsylvania	CC	584310	100	26.1	22.5	26.1	8000	Ventyx De	10677	Monthly P	CC	NG	Operating	########	Y	40.56	1.05	10.37	1
York Generation Co LLC	406492	Morris Ene	657203	York Gene	406492	Nonregula	York Cogeneration Facility	76997	Pennsylvania	CC2	584311	100	26.1	22	26.5	8000	Ventyx De	10677	Monthly P	CC	NG	Operating	########	Y	40.56	1.05	10.37	1

AEP AMERICAN ELECTRIC POWER

Generation Market Landscape

PJM and parts of MISO and Northeast

28 September 2012

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Select Recent Transactions in PJM and the Northeast

AMERICAN ELECTRIC POWER

Plant	Year	Buyer	Seller	Price ($MM)	Summer Capacity (MW)	$/kW	Fuel/Plant Type	Market	State
Brandon Shores[1, 2]	2012	Riverstone	Exelon	$400	1,273	$314	Coal	PJM	MD
H.A. Wagner	2012	Riverstone	Exelon	NA	977	NA	Coal and Oil	PJM	MD
C.P. Crane	2012	Riverstone	Exelon	NA	399	NA	Coal	PJM	MD
Ironwood	2012	PPL Generation	AES Corp	$299	705	$424	Nat Gas (CC)	PJM	PA
Red Oak	2012	Energy Capital Partners	AES Corp	$463	766	$604	Nat Gas (CC)	PJM	NJ
Rhode Island State Energy Center	2011	Entergy Corp	NextEra Energy Resources	$346	550	$629	Nat Gas (CC)	New England	RI
Doswell[3]	2011	LS Power	NextEra Energy Resources	NA	879	NA	Nat Gas (CC/CT)	PJM	VA
Liberty Electric Power	2011	Energy Capital Partners	Strategic Value Partners	NA	541	NA	Nat Gas (CC)	PJM	PA
Richland & Stryker	2011	Quintana	FirstEnergy	NA	386	NA	Nat Gas/Fuel Oil (CT)	PJM	OH
MEG Portfolio[4]	2011	Riverstone	Morris Energy Group	NA	817	NA	Nat Gas (CC)	PJM, NE	MA,NJ, NY
Fremont Energy Center	2011	American Municipal Power	FirstEnergy	$500	685	$730	Nat Gas (CC)	PJM, MISO	OH
					Mean	$569			
					Median	$617			

Notes:

1. A majority, if not all, of the value in the Exelon-Riverstone transaction should be attributed to the Brandon Shores facility. The facility, with its scrubbers and baghouse, is fully compliant with current environmental regulations and well positioned for pending air environmental regulations.
2. Per the FERC Order on the Exelon-Constellation merger; Exelon committed to not sell any of the units to be divested to any of eight specifically identified entities (or any affiliates thereof). The eight entities were AEP, FirstEnergy, GenOn, Edison International, Dominion Resources, PSEG, Calpine, and PPL
3. Doswell Energy Center sold as part of NextEra Energy Resources portfolio of plants to LS Power including 507 MW Blythe (CA), 668 MW Calhoun (AL), and the 98 MW Cherokee (SC). The 2,192 MW portfolio sold for $1.05 billion or $479/kW. The portfolio was mostly contracted. Doswell still had a 6-year PPA with Dominion-VEPCO.
4. Riverstone purchased a portfolio of 7 CCGTs from Morris Energy Group subsidiary MEG Holdings. Includes: the 172.8-MW Bayonne in Bayonne, N.J.; the 172.9-MW Camden in Camden, N.J.; the 74.1-MW Dartmouth Power Associates in Dartmouth, Mass.; the 65-MW Elmwood Park in Elmwood Park, N.J.; the 140-MW Newark Bay in Newark, N.J.; the 140.2-MW Pedricktown in Pedricktown, N.J.; and the 52.3-MW York in York, Pa.

Select Assets – Potentially and/or Partially Available for Sale

AMERICAN ELECTRIC POWER

Plant	Owner	Summer Capacity (MW)	Fuel/Plant Type	ISO	Regulatory Status	State
Brayton Point[1]	Dominion Resources, Inc.	1,536	3 Coal, 1 Nat Gas CT	NE	Merchant	MA
Elwood (50% share)[1]	Dominion Resources, Inc.	712	Nat Gas (CT)	PJM	Merchant	IL
Kindcaid[1]	Dominion Resources, Inc.	1,158	Coal	PJM	Merchant	IL
Fayette	Duke Energy (DENA)	614	Nat Gas (CC)	PJM	Merchant	PA
Hanging Rock	Duke Energy (DENA)	1,226	Nat Gas (CC)	PJM	Merchant	OH
Lee	Duke Energy (DENA)	568	Nat Gas (CT)	PJM	Merchant	IL
Washington	Duke Energy (DENA)	617	Nat Gas (CC)	PJM	Merchant	OH
Stuart	Duke Energy (Duke Ohio)	900	Coal	PJM	Corp-Sep	OH
Zimmer	Duke Energy (Duke Ohio)	605	Coal	PJM	Corp-Sep	OH
Beckjord 1-5	Duke Energy (Duke Ohio)	859	Coal	PJM	Corp-Sep	OH
Miami Fort 7-8	Duke Energy (Duke Ohio)	640	Coal	PJM	Corp-Sep	OH
Conesville 4	Duke Energy (Duke Ohio)	312	Coal	PJM	Corp-Sep	OH
Killen	Duke Energy (Duke Ohio)	198	Coal	PJM	Corp-Sep	OH
Dick's Creek	Duke Energy (Duke Ohio)	136	Nat Gas (CT)	PJM	Corp-Sep	OH
Longview	First Reserve	695	Coal	PJM	Merchant	WV
Bluegrass	LS Power	540	Nat Gas (CT)	MISO	Merchant	KY
Riverside	LS Power	900	Nat Gas (CT)	PJM	Merchant	KY
Rocky Road	LS Power	400	Nat Gas (CT)	PJM	Merchant	IL
University Park Energy	LS Power	300	Nat Gas (CT)	PJM	Merchant	IL
Richland & Stryker	Quintana	464	Nat Gas (CT)	PJM	Merchant	OH
Big Sandy	Tenaska	300	Nat Gas (CT)	PJM	Merchant	WV
New Covert	Tenaska	1,100	Nat Gas (CC)	MISO	Merchant	MI
Rolling Hills	Tenaska	815	Nat Gas (CT)	PJM	Merchant	OH
Wolf Hills	Tenaska	250	Nat Gas (CT)	PJM	Merchant	VA

Notes:

1. Excluding wind farms, post-sale Dominion would be left with the following merchant plants: the 2,035.7-MW Millstone nuclear plant (CT), the 574 MW Kewaunee nuclear plant (WI), the 510.2-MW Manchester combined-cycle plant (RI) and the 1,366.4-MW Fairless Works Energy Center (PA), also combined-cycle

Select Assets – Tenaska

AMERICAN ELECTRIC POWER

Asset	Location	Capacity	Heat Rate (Btu/kWh)	Technology	Tenaska Fund	Notes
Big Sandy Peaker	Kenova, West Virginia	300 MW Summer	10,525 Summer	Simple-cycle, 6 x Pratt & Whitney FT-8 Twinpac	Tenaska Power Fund, L.P.	[redacted]
New Covert	Covert, Michigan	1,040 MW Summer	7,035 Summer (w/o duct firing)	Combined-cycle, 3-1x1 MPS 501G	TPF II, L.P.	[redacted]
Rolling Hills	Wilkesville, Ohio	825 MW Summer	10,873 Summer	Simple-cycle, 5 Siemens 501FD2	TPF II, L.P.	~2% capacity factor
Rolling Hills (Conversion)[1]	Wilkesville, Ohio	1,414 MW	7,138 Summer (w/o duct firing)	Combined-cycle, 5 Siemens 501FD2, 2-2x1 CCGT, 1-CT	TPF II, L.P.	[redacted]
Wolf Hills	Bristol, Virginia	250 MW Summer	10,650 Summer	Simple-cycle, 5 x Pratt & Whitney FT-8 Twinpac	Tenaska Power Fund, L.P.	[redacted]

Notes:
1. [redacted]

Select Assets – LS Power

AEP AMERICAN ELECTRIC POWER

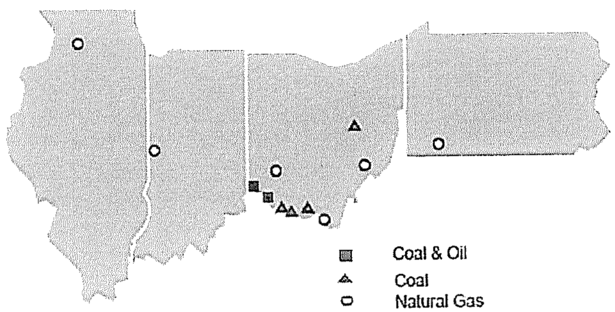
Asset	Location	Capacity	Heat Rate (Btu/kWh)	Technology	Notes
Bluegrass	Oldham, Kentucky	495 MW Summer	11,202	Simple-cycle, 3 Siemens W501FD2	LG&E, KU terminated plant acquisition deal ($110 million), triggered by FERC market power conditions
Doswell	Hanover, Virginia	820 MW Summer	8,574	Combined cycle, 2-2x1 Siemens V84.2 / 1 GE 7FA	Offtake agreement with VEPCO through 2017
Riverside	Lawrence, Kentucky	825 MW Summer	10,542	Simple-cycle, 5 Siemens W501F	Interconnected with Kentucky Power. Potential CC conversion
Rocky Road	Kane, Illinois	347 MW Summer	12,284	Simple-cycle, 3 Siemens W501D5A, 1 GE LM5000	
University Park	Will, Illinois	300 MW Summer	11,206	Simple-cycle, 6 Pratt & Whitney FT-8 Twinpac	Acquired from Tenaska in 2011
LSP University Park	Will, Illinois	504 MW	10,224	Simple-cycle, 12 x GE LM6000	Acquired from PPL in 2010 as part of deal that included Wallingford Plant and PPL's 33% stake in Safe Harbor hydro

Duke Energy Ohio portfolio

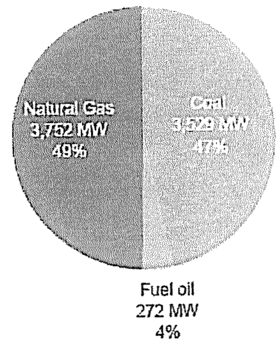
AMERICAN ELECTRIC POWER

- Duke's non-renewable wholesale power portfolio consists of 7,553 MW owned generation capacity in the Midwest, relatively evenly split between natural gas and coal-fired generation
  - Approximately 5.8GW of generation is based in Ohio, of which 3,529MW (61%) is coal-fired with an average in-service year of 1970
  - The portfolio's remaining 1,740MW consists of two simple cycle gas plants in Illinois and Indiana, and a 620MW combined cycle gas facility in Pennsylvania

Plant Location



Generation by Fuel Type (MW)



Plant Detail

Plant	Total MW Capacity	Owned MW Capacity	Ownership Interest (%)	Plant Type	Primary Fuel	Location	In-Service Year	Capacity Factor (%)	Environmental (Y/N) Scrubber	FGP	NOx Control	Mercury Control
J.M. Stuart[1]	2,340	912	39.0	Steam	Coal	OH	1971	68.0	Y	Y	Y	N
W.M. Zimmer[1]	1,300	605	46.5	Steam	Coal	OH	1991	59.3	Y	Y	Y	N
W.C. Beckjord[1]	1,124	862	76.7	Steam	Coal	OH	1952	37.1	N	Y	Y	N
Beckjord CT	212	212	100.0	Simple Cycle	Fuel oil	OH	1972	0.0	N	N	N	N
Miami Fort (Units 7 and 8)[1]	1,000	640	64.0	Steam	Coal	OH	1949	71.9	Y	Y	Y	Y
Miami Fort CT	60	60	100.0	Simple Cycle	Fuel oil	OH	1971	78.0	N	N	N	N
Conesville[1]	780	312	40.0	Steam	Coal	OH	1973	47.1	Y	Y	Y	N
Killen[1]	600	198	33.0	Steam	Coal	OH	1962	73.7	N	N	N	N
Dick's Creek	152	152	100.0	Simple Cycle	Natural gas	OH	1965	0.1	N	N	N	N
Hanging Rock	1,240	1,240	100.0	Combined Cycle	Natural gas	OH	2003	51.5	N	N	Y	N
Lee	640	640	100.0	Simple Cycle	Natural gas	IL	2001	0.5	N	N	Y	N
Vermillion[2]	640	400	62.5	Simple Cycle	Natural gas	IN	2000	1.0	N	N	Y	N
Fayette	620	620	100.0	Combined Cycle	Natural gas	PA	2003	59.8	N	N	Y	N
Washington	620	620	100.0	Combined Cycle	Natural gas	OH	2002	45.7	N	N	Y	N

1: Jointly Owned with AEP and / or Dayton Power and Light

2: Owned by Duke Energy Indiana.

Source: Duke Energy 2011 10-K & SNL

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Kentucky Power Company

REQUEST

Please provide a copy of the most recent depreciation study that addressed the service lives and probable retirement dates for each of the Mitchell units.

RESPONSE

The most recent Ohio Power Company (OPCo) depreciation study that addressed the service life and probable retirement date for the Mitchell plant is provided in KIUC 2-30 Attachments 1 through 4. OPCo does not maintain its property records by unit for the Mitchell plant; therefore, the information requested by unit is not available.

WITNESS: Ranie K Wohnhas

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
MITCHELL GENERATING STATION 311

VINTAGE YEAR	SURVIVING BALANCE	AGE (YEARS)	DOLLAR YEARS	AVERAGE AGE (YEARS)
1971	21,235,515.32	36.5	775,096,309	
1972	718,822.13	35.5	25,518,186	
1973	127,112.00	34.5	4,385,364	
1974	225,656.00	33.5	7,559,476	
1975	90,549.00	32.5	2,942,843	
1976	75,380.00	31.5	2,374,470	
1977	55,497.00	30.5	1,692,659	
1978	3,821,347.63	29.5	112,729,755	
1979	351,042.00	28.5	10,004,697	
1980	62,259.99	27.5	1,712,150	
1981	43,286.00	26.5	1,147,079	
1982	30,459.00	25.5	776,705	
1983	144,247.00	24.5	3,534,052	
1984	97,223.00	23.5	2,284,741	
1985	146,509.00	22.5	3,296,453	
1986	1,614,042.00	21.5	34,701,903	
1987	39,876.00	20.5	817,458	
1988	55,088.00	19.5	1,074,216	
1989	671,741.00	18.5	12,427,209	
1990	960,290.87	17.5	16,805,090	
1991	151,150.00	16.5	2,493,975	
1992	453,275.00	15.5	7,025,763	
1993	191,632.00	14.5	2,778,664	
1994	29,619.02	13.5	399,857	
1995	611,486.00	12.5	7,643,575	
1996	3,181.00	11.5	36,582	
1997	547,070.00	10.5	5,744,235	
1998	125,218.00	9.5	1,189,571	
1999	491,604.55	8.5	4,178,639	
2000	1,551,134.51	7.5	11,633,509	
2001	343,866.28	6.5	2,235,131	
2002	462,649.53	5.5	2,544,572	
2003	295,845.10	4.5	1,331,303	
2004	1,099,463.09	3.5	3,848,121	
2005	261,325.31	2.5	653,313	
2006	1,094,732.40	1.5	1,642,099	
2007	27,737,294.36	0.5	13,868,647	
TOTALS	66,016,489		1,090,128,366	16.51

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
MITCHELL GENERATING STATION 312

VINTAGE YEAR	SURVIVING BALANCE	AGE (YEARS)	DOLLAR YEARS	AVERAGE AGE (YEARS)
1971	70,306,147.26	36.5	2,566,174,375	
1972	8,100,744.94	35.5	287,576,445	
1973	816,979.42	34.5	28,185,790	
1974	557,038.00	33.5	18,660,773	
1975	1,959,741.45	32.5	63,691,597	
1976	10,273,004.04	31.5	323,599,627	
1977	14,780,505.30	30.5	450,805,412	
1978	66,573,333.55	29.5	1,963,913,340	
1979	2,069,845.80	28.5	58,990,605	
1980	2,201,727.29	27.5	60,547,500	
1981	2,121,634.00	26.5	56,223,301	
1982	2,379,109.46	25.5	60,667,291	
1983	1,529,930.00	24.5	37,483,285	
1984	2,584,556.85	23.5	60,737,086	
1985	646,875.47	22.5	14,554,698	
1986	546,226.93	21.5	11,743,879	
1987	4,933,362.19	20.5	101,133,925	
1988	4,924,152.77	19.5	96,020,979	
1989	3,693,584.38	18.5	68,331,311	
1990	61,990.68	17.5	1,084,837	
1991	3,590,395.60	16.5	59,241,527	
1992	2,041,537.55	15.5	31,643,832	
1993	6,564,543.27	14.5	95,185,877	
1994	25,241,020.66	13.5	340,753,779	
1995	1,247,262.37	12.5	15,590,780	
1996	1,136,063.74	11.5	13,064,733	
1997	3,855,668.87	10.5	40,484,523	
1998	1,041,657.12	9.5	9,895,743	
1999	489,543.26	8.5	4,161,118	
2000	10,833,274.19	7.5	81,249,556	
2001	14,031,737.20	6.5	91,206,292	
2002	6,291,174.16	5.5	34,601,458	
2003	5,041,567.62	4.5	22,687,054	
2004	4,960,849.32	3.5	17,362,973	
2005	40,782,779.01	2.5	101,956,948	
2006	33,366,119.11	1.5	50,049,179	
2007	1,022,048,637.74	0.5	511,024,319	
TOTALS	1,383,624,321		7,850,285,747	5.67

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
MITCHELL GENERATING STATION 314

VINTAGE YEAR	SURVIVING BALANCE	AGE (YEARS)	DOLLAR YEARS	AVERAGE AGE (YEARS)
1971	42,905,678.42	36.5	1,566,057,262	
1972	393,307.55	35.5	13,962,418	
1973	61,114.00	34.5	2,108,433	
1974	743,405.00	33.5	24,904,068	
1975	35,211.72	32.5	1,144,381	
1976	181,302.00	31.5	5,711,013	
1977	152,777.00	30.5	4,659,699	
1978	100,036.95	29.5	2,951,090	
1979	130,222.00	28.5	3,711,327	
1980	64,547.05	27.5	1,775,044	
1981	424,251.00	26.5	11,242,652	
1982	37,149.00	25.5	947,300	
1983	53,821.00	24.5	1,318,615	
1984	1,986,291.05	23.5	46,677,840	
1985	103,346.00	22.5	2,325,285	
1986	345,795.00	21.5	7,434,593	
1987	934,470.00	20.5	19,156,635	
1988	2,999,084.00	19.5	58,482,138	
1989	2,328,086.00	18.5	43,069,591	
1990	220,195.00	17.5	3,853,413	
1991	238,687.00	16.5	3,938,336	
1992	7,385,876.93	15.5	114,481,092	
1993	8,849,794.76	14.5	128,322,024	
1994	1,011,497.00	13.5	13,655,210	
1995	185,308.40	12.5	2,316,355	
1996	74,580.22	11.5	857,673	
1997	2,440,100.00	10.5	25,621,050	
1998	521,590.13	9.5	4,955,106	
1999	1,380,649.74	8.5	11,735,523	
2000	5,440,548.18	7.5	40,804,111	
2001	4,988,565.39	6.5	32,425,675	
2002	1,044,584.15	5.5	5,745,213	
2003	206,414.90	4.5	928,867	
2004	758,497.40	3.5	2,654,741	
2005	9,226,958.63	2.5	23,067,397	
2006	1,657,205.43	1.5	2,485,808	
2007	811,007.73	0.5	405,504	
TOTALS	100,421,956		2,235,892,477	22.26

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
MITCHELL GENERATING STATION 315

VINTAGE YEAR	SURVIVING BALANCE	AGE (YEARS)	DOLLAR YEARS	AVERAGE AGE (YEARS)
1971	12,280,863.78	36.5	448,251,528	
1972	706,736.54	35.5	25,089,147	
1973	0.00	34.5	0	
1974	8,796.57	33.5	294,685	
1975	0.00	32.5	0	
1976	5,062.00	31.5	159,453	
1977	62,279.00	30.5	1,899,510	
1978	8,464,073.97	29.5	249,690,182	
1979	48,059.00	28.5	1,369,682	
1980	88,575.79	27.5	2,435,834	
1981	2,302.00	26.5	61,003	
1982	20,700.00	25.5	527,850	
1983	1,471,609.00	24.5	36,054,421	
1984	360,467.00	23.5	8,470,975	
1985	135,439.00	22.5	3,047,378	
1986	290,792.00	21.5	6,252,028	
1987	97,119.00	20.5	1,990,940	
1988	21,955.53	19.5	428,133	
1989	467,621.00	18.5	8,650,989	
1990	63,476.66	17.5	1,110,842	
1991	410,750.77	16.5	6,777,388	
1992	94,424.00	15.5	1,463,572	
1993	102,964.86	14.5	1,492,990	
1994	142,344.02	13.5	1,921,644	
1995	13,545.00	12.5	169,313	
1996	19,415.00	11.5	223,273	
1997	18,232.00	10.5	191,436	
1998	89,947.00	9.5	854,497	
1999	0.00	8.5	0	
2000	78,684.51	7.5	590,134	
2001	512.48	6.5	3,331	
2002	64,175.63	5.5	352,966	
2003	408,433.50	4.5	1,837,951	
2004	150,856.27	3.5	527,997	
2005	1,102,624.96	2.5	2,756,562	
2006	379,459.86	1.5	569,190	
2007	499,878.00	0.5	249,939	
TOTALS	28,172,176		815,766,758	28.96

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE AGE OF SURVIVING PLANT
MITCHELL GENERATING STATION 316

VINTAGE YEAR	SURVIVING BALANCE	AGE (YEARS)	DOLLAR YEARS	AVERAGE AGE (YEARS)
1971	3,440,379.57	36.5	125,573,854	
1972	189,199.37	35.5	6,716,578	
1973	17,319.00	34.5	597,506	
1974	11,574.31	33.5	387,739	
1975	24,099.00	32.5	783,218	
1976	24,599.00	31.5	774,869	
1977	28,721.00	30.5	875,991	
1978	457,209.00	29.5	13,487,666	
1979	46,236.00	28.5	1,317,726	
1980	35,335.10	27.5	971,715	
1981	1,641.00	26.5	43,487	
1982	89,343.00	25.5	2,278,247	
1983	35,206.00	24.5	862,547	
1984	133,374.09	23.5	3,134,291	
1985	63,076.00	22.5	1,419,210	
1986	122,570.00	21.5	2,635,255	
1987	37,899.00	20.5	776,930	
1988	28,449.00	19.5	554,756	
1989	67,439.00	18.5	1,247,622	
1990	72,357.00	17.5	1,266,248	
1991	45,323.00	16.5	747,830	
1992	112,453.79	15.5	1,743,034	
1993	66,357.00	14.5	962,177	
1994	42,589.00	13.5	574,952	
1995	45,182.21	12.5	564,778	
1996	75,178.00	11.5	864,547	
1997	388,065.00	10.5	4,074,683	
1998	105,909.96	9.5	1,006,145	
1999	60,575.65	8.5	514,893	
2000	268,304.26	7.5	2,012,282	
2001	11,064.60	6.5	71,920	
2002	258,092.29	5.5	1,419,508	
2003	92,943.32	4.5	418,245	
2004	1,127,709.55	3.5	3,946,983	
2005	231,228.98	2.5	578,072	
2006	413,660.99	1.5	620,491	
2007	401,379.68	0.5	200,690	
TOTALS	8,672,043		186,026,678	21.45

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE REMAINING LIFE
MITCHELL ACCOUNT 311
RETIREMENT YEAR - 2031

ANNUAL INTERIM RETIREMENT RATE 0.0023

YEAR	AMOUNT RETIRED	REM. LIFE (YEARS)	DOLLAR YEARS	AVERAGE REM. LIFE
2008	151,838	0.5	75,919	
2009	151,838	1.5	227,757	
2010	151,838	2.5	379,595	
2011	151,838	3.5	531,433	
2012	151,838	4.5	683,271	
2013	151,838	5.5	835,109	
2014	151,838	6.5	986,947	
2015	151,838	7.5	1,138,784	
2016	151,838	8.5	1,290,622	
2017	151,838	9.5	1,442,460	
2018	151,838	10.5	1,594,298	
2019	151,838	11.5	1,746,136	
2020	151,838	12.5	1,897,974	
2021	151,838	13.5	2,049,812	
2022	151,838	14.5	2,201,650	
2023	151,838	15.5	2,353,488	
2024	151,838	16.5	2,505,326	
2025	151,838	17.5	2,657,164	
2026	151,838	18.5	2,809,002	
2027	151,838	19.5	2,960,840	
2028	151,838	20.5	3,112,677	
2029	151,838	21.5	3,264,515	
2030	151,838	22.5	3,416,353	
2031	62,524,217	23.5	1,469,319,093	
TOTALS	66,016,489		1,509,480,224	22.87

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE REMAINING LIFE
MITCHELL ACCOUNT 312
RETIREMENT YEAR - 2031

ANNUAL INTERIM RETIREMENT RATE 0.0092

YEAR	AMOUNT RETIRED	REM. LIFE (YEARS)	DOLLAR YEARS	AVERAGE REM. LIFE
2008	12,729,344	0.5	6,364,672	
2009	12,729,344	1.5	19,094,016	
2010	12,729,344	2.5	31,823,359	
2011	12,729,344	3.5	44,552,703	
2012	12,729,344	4.5	57,282,047	
2013	12,729,344	5.5	70,011,391	
2014	12,729,344	6.5	82,740,734	
2015	12,729,344	7.5	95,470,078	
2016	12,729,344	8.5	108,199,422	
2017	12,729,344	9.5	120,928,766	
2018	12,729,344	10.5	133,658,109	
2019	12,729,344	11.5	146,387,453	
2020	12,729,344	12.5	159,116,797	
2021	12,729,344	13.5	171,846,141	
2022	12,729,344	14.5	184,575,484	
2023	12,729,344	15.5	197,304,828	
2024	12,729,344	16.5	210,034,172	
2025	12,729,344	17.5	222,763,516	
2026	12,729,344	18.5	235,492,859	
2027	12,729,344	19.5	248,222,203	
2028	12,729,344	20.5	260,951,547	
2029	12,729,344	21.5	273,680,891	
2030	12,729,344	22.5	286,410,234	
2031	1,090,849,415	23.5	25,634,961,245	
TOTALS	1,383,624,321		29,001,872,668	20.96

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE REMAINING LIFE
MITCHELL ACCOUNT 314
RETIREMENT YEAR - 2031

ANNUAL INTERIM RETIREMENT RATE 0.0145

YEAR	AMOUNT RETIRED	REM. LIFE (YEARS)	DOLLAR YEARS	AVERAGE REM. LIFE
2008	1,456,118	0.5	728,059	
2009	1,456,118	1.5	2,184,178	
2010	1,456,118	2.5	3,640,296	
2011	1,456,118	3.5	5,096,414	
2012	1,456,118	4.5	6,552,533	
2013	1,456,118	5.5	8,008,651	
2014	1,456,118	6.5	9,464,769	
2015	1,456,118	7.5	10,920,888	
2016	1,456,118	8.5	12,377,006	
2017	1,456,118	9.5	13,833,124	
2018	1,456,118	10.5	15,289,243	
2019	1,456,118	11.5	16,745,361	
2020	1,456,118	12.5	18,201,480	
2021	1,456,118	13.5	19,657,598	
2022	1,456,118	14.5	21,113,716	
2023	1,456,118	15.5	22,569,835	
2024	1,456,118	16.5	24,025,953	
2025	1,456,118	17.5	25,482,071	
2026	1,456,118	18.5	26,938,190	
2027	1,456,118	19.5	28,394,308	
2028	1,456,118	20.5	29,850,426	
2029	1,456,118	21.5	31,306,545	
2030	1,456,118	22.5	32,762,663	
2031	66,931,234	23.5	1,572,883,991	
TOTALS	100,421,956		1,958,027,298	19.50

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE REMAINING LIFE
MITCHELL ACCOUNT 315
RETIREMENT YEAR - 2031

ANNUAL INTERIM RETIREMENT RATE 0.0032

YEAR	AMOUNT RETIRED	REM. LIFE (YEARS)	DOLLAR YEARS	AVERAGE REM. LIFE
2008	90,151	0.5	45,075	
2009	90,151	1.5	135,226	
2010	90,151	2.5	225,377	
2011	90,151	3.5	315,528	
2012	90,151	4.5	405,679	
2013	90,151	5.5	495,830	
2014	90,151	6.5	585,981	
2015	90,151	7.5	676,132	
2016	90,151	8.5	766,283	
2017	90,151	9.5	856,434	
2018	90,151	10.5	946,585	
2019	90,151	11.5	1,036,736	
2020	90,151	12.5	1,126,887	
2021	90,151	13.5	1,217,038	
2022	90,151	14.5	1,307,189	
2023	90,151	15.5	1,397,340	
2024	90,151	16.5	1,487,491	
2025	90,151	17.5	1,577,642	
2026	90,151	18.5	1,667,793	
2027	90,151	19.5	1,757,944	
2028	90,151	20.5	1,848,095	
2029	90,151	21.5	1,938,246	
2030	90,151	22.5	2,028,397	
2031	26,098,704	23.5	613,319,540	
TOTALS	28,172,176		637,164,470	22.62

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATION OF AVERAGE REMAINING LIFE
MITCHELL ACCOUNT 316
RETIREMENT YEAR - 2031

ANNUAL INTERIM RETIREMENT RATE 0.0089

YEAR	AMOUNT RETIRED	REM. LIFE (YEARS)	DOLLAR YEARS	AVERAGE REM. LIFE
2008	77,181	0.5	38,591	
2009	77,181	1.5	115,772	
2010	77,181	2.5	192,953	
2011	77,181	3.5	270,134	
2012	77,181	4.5	347,315	
2013	77,181	5.5	424,497	
2014	77,181	6.5	501,678	
2015	77,181	7.5	578,859	
2016	77,181	8.5	656,040	
2017	77,181	9.5	733,221	
2018	77,181	10.5	810,402	
2019	77,181	11.5	887,584	
2020	77,181	12.5	964,765	
2021	77,181	13.5	1,041,946	
2022	77,181	14.5	1,119,127	
2023	77,181	15.5	1,196,308	
2024	77,181	16.5	1,273,490	
2025	77,181	17.5	1,350,671	
2026	77,181	18.5	1,427,852	
2027	77,181	19.5	1,505,033	
2028	77,181	20.5	1,582,214	
2029	77,181	21.5	1,659,395	
2030	77,181	22.5	1,736,577	
2031	6,896,876	23.5	162,076,581	
TOTALS	8,672,043		182,491,004	21.04

OHIO POWER COMPANY
DEPRECIATION STUDY AS OF DECEMBER 31, 2007
CALCULATED DEPRECIATION RESERVE
STEAM PRODUCTION PLANT

ACCOUNT	PLANT BALANCE AT 12-31-05	AVERAGE AGE	AVERAGE REM. LIFE	AVERAGE LIFE	NET SALVAGE	% REM. LIFE TO AVG. LIFE	CALCULATED RESERVE %	CALCULATED RESERVE W/O NET SALVAGE	CALCULATED RESERVE WITH NET SALVAGE
MITCHELL									
311	66,016,489	16.51	22.87	39.38	0.0%	58.08%	41.92%	27,677,304	27,677,304
312	1,383,624,321	5.67	20.96	26.63	1.0%	78.71%	21.29%	294,598,194	291,652,212
314	100,421,956	22.26	19.50	41.76	1.0%	46.70%	53.30%	53,529,520	52,994,224
315	28,172,176	28.96	22.62	51.58	0.0%	43.85%	56.15%	15,817,492	15,817,492
316	8,672,043	21.45	21.04	42.49	0.0%	49.52%	50.48%	4,377,861	4,377,861
TOTAL	1,586,906,985							396,000,370	392,519,093

OHIO POWER COMPANY
CALCULATION OF DEPRECIATION RATES BY THE REMAINNG LIFE METHOD
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2007
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

ACCOUNT NO. (I)	TITLE (II)	ORIGINAL COST AT 12/31/07 (III)	AVERAGE LIFE & CURVE TYPE (IV)	TERMINAL RETIREMENT DATE (V)	NET SALVAGE RATIO (VI)	TOTAL TO BE RECOVERED (VII)	CALCULATED DEPRECIATION REQUIREMENT (VIII)	ALLOCATED ACCUMULATED DEPRECIATION (IX)	REMAINING TO BE RECOVERED (X)	AVERAGE REMAINING LIFE (XI)	RECOMMENDED ANNUAL ACCRUAL AMOUNT (XII)	PERCENT (XIII)
	STEAM PRODUCTION PLANT											
	MITCHELL			2031								
311.0	Structures & Improvements	66,016,489	FCST.		1.00	66,016,489	27,677,304	22,643,930	43,372,559	22.87	1,896,483	2.87%
312.0	Boiler Plant Equipment	1,383,624,321	FCST.		0.99	1,369,788,078	291,652,212	238,612,555	1,131,175,523	20.96	53,968,298	3.90%
314.0	Turbogenerator Units	100,421,956	FCST.		0.99	99,417,736	52,994,224	43,356,733	56,061,003	19.50	2,874,923	2.86%
315.0	Accessory Electrical Equipment	28,172,176	FCST.		1.00	28,172,176	15,817,492	12,940,935	15,231,241	22.62	673,353	2.39%
316.0	Misc. Power Plant Equip.	8,672,043	FCST.		1.00	8,672,043	4,377,861	3,581,706	5,090,337	21.04	241,936	2.79%
	Total	1,586,906,985				1,572,066,522	392,519,093	321,135,859	1,250,930,663		59,654,993	3.76%

Kentucky Power Company

REQUEST

Please provide the present depreciation rates by jurisdiction for each of the Mitchell units by FERC plant account. Provide a copy of the relevant sections of each rate order that approved these present depreciation rates and a copy of the study used to derive those approved depreciation rates.

RESPONSE

The present Ohio (the only jurisdiction) depreciation rates used for Mitchell Plant are listed below by FERC Plant account. These rates were first applied in January 2009 based on a December 2007 depreciation study. Ohio Power Company's (OPCo) generation assets are deregulated in Ohio, and due to its deregulated status OPCo did not request approval from the Ohio Commission for a change in generation depreciation rates following its latest depreciation study. Therefore, there is no order available which approves these depreciation rates.

In addition, OPCo does not maintain its property records by unit for the Mitchell plant and therefore the information requested by unit is not available.

Description	Depreciation Rate
OPCo 101/6 311 Mitchell Plant	2.87%
OPCo 101/6 312 Mitchell Plant	3.90%
OPCo 101/6 312 Mitchell SCR Catalyst	10.00%
OPCo 101/6 314 Mitchell Plant	2.86%
OPCo 101/6 315 Mitchell Plant	2.39%
OPCo 101/6 316 Mitchell Plant	2.79%

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please provide the Company's estimate of the remaining service lives of each of the Mitchell units as of December 31, 2013. Provide all support relied on for your response, including any studies and/or workpapers.

RESPONSE

As of December 31, 2013, the Company estimates that the Mitchell plant will have a remaining life of approximately 27 years.

The planning retirement dates for Mitchell 1 and 2 were determined based on the experience of the AEP Service Corporation Fossil and Hydro organization, which has been involved in operating and maintaining one of the largest coal fired generating fleets in the country, not any specific studies. Planning retirement dates do not necessarily match depreciation retirement dates. The Company is aware of other super-critical coal fired plants with planned service lives approaching those planned for the generating assets, as shown on the table below.

Please also refer to the testimony of Company witness LaFleur, pages 6 and 7.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

If the Commission does not approve the acquisition of 50% of each of the Mitchell units, then what will Ohio Power or AEP Generation Resources do with this capacity? List each option available and how Ohio Power or AEP Generation Resources will proceed.

RESPONSE

Kentucky Power cannot speculate as to what actions AEP Generation Resources might take in response to this hypothetical question. Ohio Power is not relevant to the question as it will not own the Mitchell units after January 1, 2014.

See also the Company's response to KPSC 1-21.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

If Ohio Power or AEP Generation Resources does not sell the 50% of each Mitchell unit to another entity and does not enter into a unit power sale or another form of bilateral sales agreement, then what will it do with the capacity and energy? Is this the default option? If not, then please identify the default option and provide all reasons why Ohio Power or AEP Generation Resources plans to proceed with a non-default option.

RESPONSE

See the Company's response to KIUC 2-33.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-50(a) and the statement that there "are no 'categories' of off-system sales and refer to the Company's response to KIUC 1-50(c), which states OSS margins include "margins from financial products." Please reconcile the statements in response to KIUC 1-50(a) and (c) with the removal of "financial margins" from the OSS margins sharing calculations shown on the OSS tab of the electronic spreadsheet provided in response to Staff 1-12.

RESPONSE

OSS Margins include both physical and financial margins. The Company's SSC sharing provision does not subdivide off-system sales margins by various types of OSS activity into defined 'categories'. In reference to the OSS margins sharing calculations shown on the OSS tab of the electronic spreadsheets provided in the Company's response to KPSC 1-12, the financial margins were removed strictly for purposes of developing an "apples-to-apples" comparison between (1) the current pool and (2) the stand-alone case with the asset transfers and PCA. This removal is not intended to reflect that such margins will not occur under the PCA. Please refer to the Company's response to KIUC 2-21 parts a through d for additional details regarding "financial margins."

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-52, which states there "has been no attempt to sell the Mitchell generating units or the entire plant to non-affiliated entities during the last three years." Please explain why not. In addition, please provide all documents that address the disposition of the Mitchell units prepared within the last three years, including, but not limited to, studies, analyses, and correspondence, including emails.

RESPONSE

The Company objects to this request to the extent it seeks communications and documents protected by the attorney-client privilege and/or the attorney work-product doctrine.

The Company further objects to this request to the extent it seeks all documents that address the disposition of the Mitchell Units prepared within the last three years, as such request is overly broad and unduly burdensome, as it purports to require a search of documents involving potentially thousands of employees and corporate records, and their review concerning confidentiality and privilege. On March 20, 2013, the Company received the documents identified in the key word scan for documents of the individuals listed in this response. Nearly 60,000 documents were identified as being potentially responsive to this request.

Without waiving its objections, the Company states as follows:

The Company is searching the electronic files of the following individuals for responsive documents:

Robert Powers - EVP and COO - AEPSC
Mark McCullough - EVP Generation - AEPSC
Richard Munczinski - SVP Regulatory Services - AEPSC
Philip Nelson - Managing Director, Regulatory Pricing & Analysis - AEPSC
Greg Pauley - President and COO - Kentucky Power Company
Ranie K. Wohnhas, Managing Director, Regulatory and Finance, Kentucky Power Company

In addition to the document produced with this response, KIUC 2-36 Attachment 1, Kentucky Power will produce non-privileged documents responsive to this request as soon as they are available, with confidential information protected pursuant to Commission rules.

The Company further states that the Mitchell generating units are currently used by the east operating companies under the Interconnection Agreement. The Mitchell units are base load, environmentally controlled units. Kentucky Power and Appalachian Power Company (APCo) are in need of capacity and base load energy. Therefore, no attempt was made to sell the Mitchell generating units to non-affiliated entities. As discussed in the testimony of Company witnesses Pauley and Weaver, the transfer of 50% of the Mitchell units is the least cost option for meeting the Company's long-term capacity and energy requirements. See also the FERC filing made on behalf of Kentucky Power and other AEP Companies (Application, page 8, footnote 7).

See the Company's responses to PSC 1-21, SC 1-4, and KIUC 1-102.

WITNESS: Ranie K Wohnhas

----- Forwarded by Kelly D Pearce/OR3/AEPIN on 11/09/2012 07:24 AM -----

Richard E Munczinski/OR3/AEPIN
Sent by: Susan C Wilson

10/26/2012 02:21 PM

To: Charles R Patton/AEPIN@AEPIN, Gregory G Pauley/OR3/AEPIN@AEPIN, Paul Chodak/OR2/AEPIN@AEPIN, Pablo A

cc:

Subject: Pool Operating Committee Recommendation

Below is a recommendation being made to the Pool Operating Committee in connection with the upcoming FERC filings related to the Pool's termination and Corporate Separation:

Recommendation:

It is recommended that the Pool Members proceed with a filing to notify FERC of the Member's desire to terminate the Pool on January 1, 2014. It is also recommended that a "Bridge" agreement accompany that notification to provide for the proper allocation of Pool legacy OSS transactions and address the treatment of capacity associated with the FRR commitment of the Members through the 2014/2015 PJM planning year.

Furthermore, it is recommended that APCo, I&M, and KPCo enter into an agreement which continues to permit these companies to participate collectively in an FRR election in PJM for the 2015/2016 and subsequent planning years and facilitates collective participation in specific off-system sales.

In addition, it is recommended that on January 1, 2014, upon termination of the Pool, OPCo's current two-thirds ownership of Amos Unit 3 be transferred to APCo and it's ownership in the Mitchell plant be transferred to APCo and KPCo to provide APCo and KPCo sufficient capacity and energy to meet their load requirements in PJM.

Please respond to this email indicating whether or not you agree with the recommendation.

If you would like a conference call to discuss please let me know.

Rich Munczinski
Pool Manager

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-68 in which Dr. McDermott states that "The opportunity cost is either the cost to build and operate a new plant or the price that can be obtained in the market place (whichever is larger)."

a. Please explain why Dr. McDermott believes this statement is true and why it should not be "whichever is smaller."

b. Provide all reasons why the citied statement is economically rational and provide a copy of all authorities relied on for the cited statement.

RESPONSE

a. Dr. McDermott's statement in KIUC 1-68 is premised upon his opinion that sellers would be unwilling to sell below their opportunity cost. Opportunity cost is the benefit of the next best alternative and is a well-known concept in economics. If, for example, the market price of capacity is $10/kW-yr and the seller's cost is $20/kW-yr the opportunity cost of selling at the market price is the benefit the seller would receive from redeploying that $20/kW-yr in some other alternative. Similarly, if, the market price of capacity is $20/kW-yr and the seller's cost is $10/kW-yr the opportunity cost of <u>not</u> selling is the benefit the seller would receive from selling into the market at $20/kW-yr. In either case the opportunity cost is the larger of either the cost of the build or the market price. Even when other opportunities may be available to an investor that could complicate the analysis in competitive markets the prices should reflect opportunity cost.

b. From the logic of (a) Dr. McDermott reasons that we would not expect the seller to sell at below its opportunity cost as it could always do better by redeploying its assets in another manner. This is basic economics. One can look to any textbook for the principle that people respond to incentives and the proper measure of costs is the opportunity cost. For example, *see e.g.,* P. Krugman, *et al. Essentials of Economics,* 2nd edition, Worth: New York, 2011; N. G. Mankiw, *Essentials of Economics*, 5th edition, South-Western: Mason, OH, 2009.

WITNESS: Karl McDermott

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-69. Please describe the present status of the engagement letter and why this response has not yet been supplemented.

RESPONSE

See the Company's response to AG 2-29.

WITNESS: Karl McDermott

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-72(b), which states that the question misstates Dr. McDermott's testimony. Please explain why Dr. McDermott believes that the question misstates his testimony.

RESPONSE

Dr. McDermott did not testify that he is "certain" that the Company's evaluation approximates the bid price.

WITNESS: Karl McDermott

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-76.

a. Please confirm that the amounts shown in the "current" column of RKW- Exhibit 4 represent actual amounts taken from the Company's accounting books and records.

b. Please describe any "analysis" or calculations that was performed on the actual data taken from the Company's accounting books and records in order to populate the "current" column of RKW-Exhibit 4 for 2011.

c. Please provide the information that was requested for the years 2007 through 2010.

RESPONSE

a. The amounts in the "current" column of RKW - Exhibit 4 represent amounts actually recorded on the Company's books.

b. No analysis or calculations were performed on the actual amounts in the "current" column.

c. The Company objects to this request as being unduly burdensome and overly broad, irrelevant and not likely to lead to the discovery of admissible evidence. Notwithstanding this objection, the Company states it has not prepared the requested analysis.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-77 and the request to provide a version of RKW-Exhibit 4 using 2012 information.

a. Please provide the underlying electronic spreadsheet with all formulas intact for the 2012 analysis that has been or will be provided in response to AG 1-37 along with a copy of all precursor source documents and calculations, including electronic spreadsheets in sufficient detail to review all assumptions, data, and calculations that were performed for each line item.

b. Please provide a quantification of the financial margins the Company will earn under the PCA with Asset Transfers paradigm. Provide all assumptions, data, and calculations, including electronic spreadsheets with formulas intact used to provide the quantification in response to this question.

c. Please describe the derivation of the OSS margins under the PCA with Asset Transfers paradigm shown on the OSS tab of the spreadsheet provided in response to part (a) of this question. For example, were the OSS margins quantified through a production cost model, such as PROMOD or Strategist, or were they developed using some other software, such as Excel? If the OSS margins were developed using Excel or some other spreadsheet-based software, then please provide a copy of the spreadsheet with all formulas intact. Regardless of the software used, provide all assumptions, including, but not limited to, hourly market prices and hourly costs to generate used to quantify the OSS margins under this paradigm.

d. Please separate the OSS margins under the PCA with Asset Transfers paradigm shown on the OSS tab into three categories: i) Mitchell, ii) replacement of Current Pool paradigm with PCA, and iii) other. Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact, along with a copy of all precursor source documents and all precursor computations, including electronic spreadsheets with cell formulas intact.

RESPONSE

a. See the response to AG 2-12 for the requested 2012 information.

b. The actual financial margins earned by KPCo in 2012 and included in both the 2012 Actual System Sales Clause (SSC) values and the PCA with Asset Transfers values in AG 2-12 Attachment 1 were $4,236,840. This amount is shown on the OSS tab of that file. The inclusion of financial margins in the 2012 analysis reflects that they would have been included in the SSC under the PCA with Assets Transfers paradigm during that period.

c. The $34.22 million physical energy sales margin component of OSS margin was computed in Excel. The OSS margins are calculated in Excel on the Model tab of the file entitled "2012 KPCo Stand Alone Energy Transaction Model" included in AG 2-12 Attachment 2. All of the load, generation in MWh, and market prices used in that file are the actual hourly values from calendar year 2012. The generation included 50% of the Mitchell units.

The cost assigned to OSS in the calculation of the OSS margins represents the average dispatch cost of all of the Company's generation resources including 50% of Mitchell during the hours in which they were designated to serve OSS during 2012. The dispatch cost included all variable costs including fuel, variable maintenance, chemicals, and emissions costs.

The $4.24 million of financial margins represents the actual amount earned by the Company in 2012.

The OSS margins also include KPCo's share of PJM Capacity Auction revenues. The computation of that component of margins is shown in a file entitled "Cal 12 PJM Capacity Sale Allocation" that was included in AG 2-12 Attachment 2.

The calculation of the $8.95 million of PJM cost associated with off-system energy sales which was deducted from the OSS margin is shown on the "PJM Bill" tab of AG 2-12 Attachment 1. The file in AG 2-12 Attachment 2 that contains the source the amounts on the PJM Bill tab is entitled "2012 PJM Bill Stand Alone Resettlement.xlsx".

d. The requested analysis has not been performed.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-78. Please provide all source documents and electronic spreadsheets used to make each calculation described in this response for 2011 and in response to AG1-37 for 2012.

RESPONSE

Please see the files provided in KPSC 1-12, KPSC 1-12 Supplemental and AG 2-12 for the requested information.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-84.

a. Please confirm that the Company can provide the requested information. If it cannot, then please explain why it cannot provide the information or make the requested calculations.

b. Please confirm that no party other than the Company can provide the requested information or make the requested calculation without the requested information.

c. Please provide the requested information for 2011 and for 2012. Provide all assumptions, data, and calculations, including electronic spreadsheets with formulas intact.

RESPONSE

a. The requested information could possibly be provided by the Company, but not without a detailed study which would constitute a new work product.

b. Confirmed.

c. For 2011 refer to the Company's response to a. above. For 2012 please see the Company's response to AG 2-12.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-85. Please provide the information requested at the most detailed level available. Please note that the request was for the Company's 2013 and 2014 operating budgets and/or forecasts and was not limited to O&M expense or O&M expense by function.

RESPONSE

Please see KIUC 2-44 Attachment 1 on the enclosed CD. The 2013 forecast is reflective of the Company's final control budget for the year. The 2014 forecast is based on values and assumptions known at the time of the submission of this response; this is not the final 2014 control budget.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please provide a copy of the Interchange Power Statements for each month January 2008 through December 2010.

RESPONSE

Please see KIUC 2-45, Attachment 1 on the enclosed CD.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-97.

a. Please confirm that the Company has the information necessary to respond to this request.

b. Please confirm that no other party other than the Company has the information necessary to respond to this request. If this is not correct, then identify each party who has this information and the source of this information. Please provide a copy of this information if it is in the Company's possession.

RESPONSE

a. The Company objects to this data request as seeking information that is irrelevant to lead to the discovery of admissible evidence is this proceeding. Notwithstanding the objection, the Company has the information.

b. Each of the RTP customers has the information necessary to respond to the request. The source of the information is contained in the customer's monthly bills and the Company's tariffs.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-98 and KIUC 1-99. KIUC did not specifically identify the "transferor." Based on the Company's response to KIUC 1-98, the Company does not believe that AEP Generation Resources, Inc. and NEWCO Kentucky are anything other than temporary intermediaries. The Mitchell units are presently owned by Ohio Power Company. Thus, KIUC will accept the proposition that Ohio Power Company is the "transferor" for purposes of the following questions and that AEP is the parent company and sole shareholder of Ohio Power Company.

a. Does AEP and/or Ohio Power Company plan to indemnify the Company against liability for Ohio Power Company's acts and omissions related to the Mitchell Plant that originated prior to the proposed transfer to the Company? If not, then please explain why not. If so, then please identify the specific provision of each draft agreement wherein such indemnification is addressed.

b. Is it the intent of AEP and/or Ohio Power Company that the Company assume the liability for Ohio Power Company's acts and omissions related to the Mitchell Plant that originated prior to the transfer? If so, what is the basis for this proposition? Please identify the specific provisions of each draft agreement wherein the assumption of liability is addressed. If none, then please so state.

RESPONSE

a. Neither AEP nor Ohio Power Company plan to indemnify the Company against liability for Ohio Power Company acts and omissions related to the Mitchell Plant that originated prior to the transfer. The Company is acquiring its ownership interest in the Mitchell Plant at net book value which reflects the liabilities relating to the Mitchell Plant that are carried on the books of Ohio Power Company at the time of transfer.

b. The Company will assume the liabilities relating to the Mitchell Plant that originate prior to the transfer. The Company is acquiring its ownership interest in the Mitchell Plant at net book value which reflects the liabilities relating to the Mitchell Plant that are carried on the books of Ohio Power Company at the time of transfer.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please provide a copy of each of the most recent draft agreements necessary to effectuate the transfer of the 50% of each of the Mitchell Plant units 1 and 2 from Ohio Power Company to Kentucky Power Company.

RESPONSE

See the Company's application, Exhibits 1 and 2. KIUC 2-48 Attachment 1 provides the Form of Asset Contribution Agreement between Ohio Power Company and AEP Generation Resources Inc.

WITNESS: Gregory G Pauley

ASSET CONTRIBUTION AGREEMENT

BETWEEN

OHIO POWER COMPANY

AND

AEP GENERATION RESOURCES INC.

Dated as of ____________, 201_

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ASSET CONTRIBUTION AGREEMENT

This **Asset Contribution Agreement** (this "Agreement"), dated as of ________ 201_, is between **Ohio Power Company**, an Ohio corporation ("Transferor"), and **AEP Generation Resources Inc.**, a Delaware corporation ("Transferee"). Collectively, Transferee and Transferor may be referred to herein as the "Parties" and each, individually, as a "Party."

W I T N E S S E T H

WHEREAS, Transferor owns or holds interests in certain electric generating plants and related facilities in the state of Ohio; leases for barges and towboats utilized in connection with the delivery of coal and other products to Transferor's generating plants; the Cook Coal Terminal (as hereinafter defined); and certain other assets, improvements, equipment, properties (both tangible, including real and personal property, and intangible), and rights associated therewith or ancillary thereto, all as more specifically described herein.

WHEREAS, Transferor desires to transfer and assign to Transferee, and Transferee desires to acquire and assume from Transferor, the Transferred Assets (as hereinafter defined) and certain liabilities, upon the terms and conditions hereinafter set forth;

WHEREAS, concurrently with, and as a condition to, the execution and delivery of this Agreement, Transferor and Transferee are executing and delivering an Assumption Agreement, pursuant to which, and subject to the terms and conditions thereof, Transferor has agreed to assign and Transferee has agreed to assume, concurrently with the closing of the transactions contemplated herein, certain liabilities of Transferor as described therein;

WHEREAS, Transferor and Transferee intend that the transfer of the Transferred Assets contemplated herein qualify as contributions to capital under Section 351 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Transferor directly owns all of the outstanding capital stock of Transferee.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements, representations and warranties hereinafter set forth, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

(a) As used in this Agreement, the following terms have the following meanings:

"Affiliate" means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Ancillary Agreements" means the Assumption Agreement, the Asset Transfer Agreement, the Deeds, the Assignment of Easements and Rights of Way, the Assignment of Real Property Leases, the Assignment of Contracts and any other agreements or instruments entered into between the Parties with respect to the transactions contemplated by this Agreement.

"Asset Transfer Agreement" means the Asset Transfer Agreement to be executed and delivered at Closing by Transferor to Transferee in substantially the form attached hereto as Exhibit E.

"Assignment of Contracts" means the Assignment of Contracts agreement to be entered into between Transferor and Transferee at Closing in substantially the form attached hereto as Exhibit A.

"Assignment of Easements and Rights of Way" means the Assignments of Easements and Rights of Way agreements to be entered into between Transferor and Transferee at Closing in substantially the form attached hereto as Exhibit B.

"Assignment of Real Property Leases" means the Assignment of Real Property Leases agreements to be entered into by and between Transferor and Transferee at Closing in substantially the form attached hereto as Exhibit C.

"Assumed Liabilities" has the meaning set forth in Section 2.03.

"Assumed Payables" means a certain amount of those payables owed by Transferor with respect to the Transferred Assets, as set forth in Schedule 1.01.

"Assumption Agreement" means the Assumption Agreement to be entered into between Transferor and Transferee at Closing in substantially the form attached hereto as Exhibit D.

"Business Day" means a day other than a Saturday, Sunday or day on which banks are permitted or required to remain closed in the state of Ohio.

"Cardinal Stock" means fifty percent of the outstanding capital stock of the Cardinal Operating Company owned by Transferor.

"Central Coal Stock" means fifty percent of the outstanding capital stock of the Central Coal Company owned by Transferor.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time.

"Closing" has the meaning set forth in Section 3.03.

"Closing Date" has the meaning set forth in Section 3.03.

"Conesville Stock" means the outstanding capital stock of the Conesville Coal Preparation Company, a wholly owned subsidiary of Transferor.

"Contracts" has the meaning set forth in Section 4.01(i).

"Cook Coal Terminal" means the rail to river coal transfer facility more specifically described in Schedule 1.02.

"CWIP" has the meaning set forth in the definition of "Improvements".

"Debt" means the long-term and short-term debt owed by Transferor as described in Schedule 1.03.

"Deeds" means those certain deeds to be executed and delivered at Closing by Transferor to Transferee.

"Deferred Tax Assets" means the Transferor's deferred tax assets relating to the Transferred Assets or any assumed Liability that is carried on its books.

"Deferred Tax Liability" means the Transferor's deferred tax liability relating to the Transferred Assets or any assumed Liability that is carried on its books.

"Easements and Rights of Way" means the easements and rights of way as described in Schedule 1.04.

"Effective Time" has the meaning set forth in Section 3.03.

"Emissions Allowances" means all authorizations issued to Transferor by a Governmental Authority pursuant to a statutory or regulatory program promulgated by a Governmental Authority pursuant to which air emissions sources subject to the program are authorized to emit a prescribed quantity of air emissions.

"Encumbrance" means any security interest, pledge, mortgage, lien, charge, option to purchase, lease, claim, restriction, covenant, title defect, hypothecation, assignment, deposit arrangement or other encumbrance of any kind or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or title retention agreement).

"Environment" means soil, land surface, or subsurface strata, surface waters (including navigable waters, streams, ponds, drainage basins, reservoirs and wetlands), ground waters, stream sediments, ambient air, plant and animal life, and any other environmental medium or natural resource.

"Environmental Condition" means the presence or Release to the Environment, whether at the Real Property, the Leased Real Property or real property covered by the Easements and Rights of Way or otherwise, of Hazardous Substances, including any migration of Hazardous Substances through air, soil or groundwater at, to or from the Real Property, the Leased Real Property or the real property covered by the Easements and Rights of Way or at, to or from any Off-Site Location, regardless of when such presence or Release occurred or is discovered.

"Environmental Laws" means all (i) Laws relating to pollution or protection of the environment, natural resources or human health and safety, including Laws relating to Releases or threatened Releases of Hazardous Substances or otherwise relating to the manufacture, formulation, generation, processing, distribution, use, treatment, storage, Release, transport, remediation, abatement, cleanup or handling of Hazardous Substances; (iii) Laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Substances; and (iii) Laws relating to the management or use of natural resources.

"Environmental Permits" has the meaning set forth in Section 4.01(g).

"Excluded Assets" has the meaning set forth in Section 2.02.

"Excluded Liabilities" has the meaning set forth in Section 2.04.

"FERC" means the Federal Energy Regulatory Commission.

"Franklin Real Property" means that certain real property held by Franklin Real Estate Company, a wholly owned subsidiary of the Parent, as agent for and for the benefit of Transferor's electric generation assets as more specifically described in Schedule 1.05.

"Generating Plants" means the electric generating plants and related equipment and facilities described in Schedule 1.06 that is owned by Transferor or in which Transfer holds a direct or indirect ownership interest.

"Generation Transmission Assets" has the meaning set forth in Section 2.01(t).

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.

"Governmental Authority" means any: (i) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign, or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (iv) multi-national organization or body; or (v) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Hazardous Substances" means (i) any petrochemical or petroleum products, oil or coal ash, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid which may contain levels of polychlorinated biphenyls; (ii) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "contaminants," "pollutants," "toxic pollutants," or words of similar meaning and regulatory effect under any applicable Environmental Law; and (iii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

"Improvements" means all buildings, structures, machinery and equipment (including all fuel handling and storage facilities), fixtures, construction work in progress ("CWIP"), and other improvements, including all piping, cables and similar equipment forming part of the mechanical, electrical, plumbing or HVAC infrastructure of any building, structure or equipment, located on and affixed to the Real Property, the Leased Real Property and the Easements and Rights of Way.

"Intellectual Property" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, (i) all software necessary to operate or maintain the Transferred Assets, (ii) confidential information, formulas, designs, devices, technology, know-how, research and development, inventions, methods, processes, compositions and other trade secrets, whether or not patentable and (iii) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

"Inventories" means (i) all inventories of fuels and consumables owned by Transferor for use at the Generating Plants, whether located on Real Property, Leased Real Property or the Easements and Rights of Way associated with the Generating Plants or in transit thereto or stored offsite and (ii) all materials and supplies, including without limitation, spare parts, owned by Transferor for use at or in connection with the Generating Plants, the Cook Coal Terminal, the Rail Transportation Assets and the River Transportation Assets.

"Knowledge" means the actual and current knowledge of the corporate officer or officers of the specified Person charged with responsibility for the particular function as of the date of this Agreement, or, with respect to any certificate delivered pursuant to this Agreement, the date of delivery of the certificate, without any implication of verification or investigation concerning such knowledge.

"Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country and any domestic or foreign state, county, city or other political subdivision or of any Governmental Authority.

"Leased Real Property" has the meaning set forth in Section 4.01(e)(i).

"Liability" means any liability or obligation, whether known or unknown, whether asserted or not asserted, whether absolute or contingent, whether accrued or not accrued, whether liquidated or not liquidated, whether incurred or consequential, and whether due or to become due.

"Material Adverse Effect" means (i) any event, circumstance or condition materially impairing the ability of Transferor to perform its obligations under this Agreement or any Ancillary Agreement or (ii) any change in or effect on the Transferred Assets that is materially adverse to the Transferred Assets, other than (a) any change resulting from changes in the international, national, regional or local wholesale or retail markets for electricity, (b) any change resulting from changes in the international, national, regional or local markets for fuel or consumables used at the Generating Plants, (c) any change resulting from changes in the North American, national, regional or local electric transmission system, and (d) any change in Law generally applicable to similarly situated Persons.

"Net Book Value" means an amount in dollars, as reflected in the corresponding line item or items of the balance sheet of Transferor as of the applicable date for all Transferred Assets and all Assumed Liabilities. With respect to the Transferred Assets, Net Book Value is equal to total Transferred Assets net of accumulated depreciation or amortization as appropriate.

"Off-Site Location" means any real property other than the Real Property, the Leased Real Property or real property covered by the Easements and Rights of Way.

"Organizational Documents" means (i) the articles or certificate of incorporation and the bylaws of a corporation; (ii) the limited liability company or operating agreement and certificate of formation of a limited liability company; (iii) the partnership agreement and any statement of partnership of a general partnership; (iv) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (v) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person, and (vi) any amendment to any of the foregoing.

"Parent" means American Electric Power Company, Inc.

"Party" has the meaning set forth in the first paragraph of this Agreement.

"PCRB Support Notes" has the meaning set forth in Section 2.03(e).

"Permits" has the meaning set forth in Section 4.01(k).

"Permitted Encumbrances" means: (i) mechanics', carriers', workmen's, repairmen's or other like Encumbrances arising or incurred in the ordinary course of business that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (ii) Encumbrances for Taxes not yet due or which are being contested in good faith by appropriate proceedings and that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (iii) imperfections of title or encumbrances, if any, that, individually or in the aggregate, do not materially impair, and would not reasonably be expected to have a Material Adverse Effect; (iv) leases, subleases and similar agreements, and liens of any landlord or other third party on property over which Sellers have easement rights or on any Leased Real Property and subordination or similar agreements relating thereto; (v) leases, mineral reservations and conveyances, easements, covenants, rights-of-way and other similar restrictions of record; (vi) any conditions that may be shown by a current, accurate survey or physical inspection of the Real Property or the Leased Real Property made prior to the Closing; (vii) zoning, planning, conservation restriction and other land use and environmental regulations by Governmental Authorities; (viii) the respective rights and obligations of the Parties under this Agreement and the Ancillary Agreements; (ix) Encumbrances resulting from legal proceedings being contested in good faith by appropriate proceedings that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (x) other Encumbrances that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

"Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

"Pollution Control Revenue Bonds" means the pollution control bonds held by the public and identified in Schedule 1.07.

"Rail Transportation Assets" means the railcar leases and associated rail equipment and facilities described in Schedule 1.08.

"Real Property" has the meaning set forth in Section 2.01(c).

"Real Property Leases" has the meaning set forth in Section 4.01(e)(i).

"Release" means any release, spill, leak, discharge, disposal of, pumping, pouring, emitting, emptying, injecting, leaching, dumping or allowing to escape into or through the environment.

"River Transportation Assets" means the barges and towboats leases and associated equipment and facilities described in Schedule 1.09.

"Tax" means all federal, state, local and foreign taxes, charges, fees, levies, imposts, duties or other assessments, including, without limitation, income, gross receipts, excise, employment, sales, use, transfer, license, payroll, franchise, severance, stamp, occupation, windfall profits, environmental (including taxes under Code Section 59A), premium, federal highway use, commercial rent, customs duties, capital stock, paid up capital, profits, withholding, social security, single business and unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax or governmental fee of any kind whatsoever, imposed or required to be withheld by any Governmental Authority, including any interest, penalties or additions thereto, whether disputed or not.

"Transferee" has the meaning set in the first paragraph of this Agreement.

"Transferor" has the meaning set forth in the first paragraph of this Agreement.

"Transferor Held Stock" means, collectively, the Cardinal Stock, the Central Coal Stock and the Conesville Stock.

"Transferor's Retained Real Property" has the meaning set forth in Section 2.02(a).

"Transferred Assets" has the meaning set forth in Section 2.01.

(b) Interpretation. In this Agreement, unless otherwise specified or where the context otherwise requires:

(i) a reference, without more, to a recital is to the relevant recital to this Agreement, to an Article or Section is to the relevant Article or Section of this Agreement, and to a Schedule or Exhibit is to the relevant Schedule or Exhibit to this Agreement;

(ii) words importing any gender shall include other genders;

(iii) words importing the singular only shall include the plural and vice versa;

(iv) the words "include," "includes" or "including" shall be deemed to be followed by the words "without limitation;"

(v) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;

(vi) reference to any applicable Law means, if applicable, such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder;

(vii) "or" is used in the inclusive sense of "and/or;"

(viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto;

(ix) the words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; and

(x) references to any party hereto or any other agreement or document shall include such party's successors and permitted assigns, but, if applicable, only if such successors and assigns are not prohibited by this Agreement.

ARTICLE II
TRANSFER OF ASSETS

Section 2.01 Transfer of Assets. Upon the terms and conditions set forth in this Agreement, at the Closing but effective as of the Effective Time, Transferor shall transfer, convey, assign and deliver to Transferee as a contribution to capital, and Transferee shall acquire and assume from Transferor as a contribution to capital, free and clear of all Encumbrances other than Permitted Encumbrances, all of Transferor's right, title and interest to the following described assets (the "Transferred Assets"):

(a) the Generating Plants;

(b) the Cook Coal Terminal;

(c) the real property (including the Improvements) described in Schedule 2.10(c) (and together with the Franklin Real Property, the "Real Property");

(d) the Real Property Leases (including the Improvements);

(e) the Easements and Rights of Way (including the Improvements);

(f) the River Transportation Assets;

(g) the Rail Transportation Assets;

(h) all Inventories;

(i) the Contracts;

(j) the Permits;

(k) the Environmental Permits;

(l) the Intellectual Property;

(m) the Emissions Allowances;

(n) the Deferred Tax Assets;

(o) the Transferor Held Stock;

(p) all vehicles, equipment, machinery, furniture and other tangible personal property located on or at the Real Property, the Leased Real Property and the Easements and Rights of Way, a partial list of which is described on Schedule 2.01(p);

(q) the other assets described in Schedule 2.01(q);

(r) all unexpired, transferable warranties and guarantees from manufacturers, vendors and other third parties with respect to any Improvement or item of real or tangible personal property constituting part of the Transferred Assets;

(s) all books, purchase orders, operating records, operating, safety and maintenance manuals, engineering design plans, blueprints and as-built plans, specifications, procedures, studies, reports, equipment repair, safety, maintenance or service records, and similar items (subject to the right of Transferor to retain copies of same for its use), other than such items that are proprietary to third parties and accounting records (to the extent that any of the foregoing is contained in an electronic format, Transferor shall reasonably cooperate with Transferee to transfer such items to Transferee in a format that is reasonably acceptable to Transferee);

(t) the electrical transmission facilities associated with the Generating Plants located at or forming part of the Generating Plants, including all energized switchyard facilities on the generation asset side of the appropriate interconnection points and real property directly associated therewith, all substation facilities and support equipment, as well as all permits, contracts and warranties related thereto, including those certain assets and facilities specifically identified on Schedule 2.01(t) (the "Generation Transmission Assets");

(u) without limitation of any of the foregoing, Transferor is transferring to Transferee all of Transferor's right, title and interest in and to all power generation function equipment including, but not limited to, generation step-up transformers, turbine-generators, plant power distribution equipment such unit auxiliary transformers, forced draft fans, coal handling facilities, precipitator facilities, and protection and control equipment and systems that are associated with the Generating Plants;

(v) the rights of Transferor in and to any causes of action against third parties relating to the Transferred Assets or any part thereof, including any claim for refunds (but excluding any refund, credit, penalty, payment, adjustment or reconciliation related to Taxes paid or due for periods ending prior to the Effective Time in respect of the Transferred Assets, whether such refund, credit, penalty, payment, adjustment or reconciliation is received as a payment or, subject to Section 3.02, as a credit against future Taxes payable), prepayments, offsets, recoupment, insurance proceeds, condemnation awards, judgments and the like, whether received as a payment or credit against future liabilities, relating specifically to Transferred Assets and relating to any period ending prior to, on or after the Effective Time;

(w) the rights of Transferor in, to and under all contracts, agreements, arrangements, permits or licenses of any nature and related to the Transferred Assets, which are not expressly excluded pursuant to Section 2.02 and of which the obligations of Transferor thereunder are not expressly excluded by Transferee pursuant to Section 2.04; and

(x) to the extent not otherwise described in this Section 2.01, all other assets and property, whether real or personal, tangible or intangible, that are associated with or used in connection with ownership and operation of the Generating Assets, the Cook Coal Terminal, the Rail Transportation Assets and the River Transportation Assets.

Section 2.02 Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.01 or elsewhere in this Agreement, nothing in this Agreement shall constitute or be construed as conferring on Transferee, and Transferee is not acquiring, any right, title or interest in and to (i) any properties, assets, business, operation, or division of Transferor or any of its Affiliates (other than Transferee) not expressly set forth in Section 2.01 or (ii) the following specific assets of Transferor that may be associated with the Transferred Assets, but which are specifically excluded from the transfer contemplated hereunder. Such assets, properties and rights are excluded from the Transferred Assets and shall remain the property of Transferor after the Closing (collectively, the "Excluded Assets"):

(a) the Transferor's real property and interests in real property, other than the portion thereof comprised of the Real Property, the Leased Real Property and the Easements and Rights of Way to be conveyed by the Deeds, the Assignment of Leased Real Property and the Assignments of Easements and Rights of Way (the "Transferor's Retained Real Property");

(b) all cash, cash equivalents, bank deposits, deferred fuel, deferred capacity, Ohio compliance renewable energy credits, unamortized credit line fees, and any receivables related to income Taxes attributable to the income of Transferor but only to the extent any such receivables are not a Deferred Tax Asset;

(c) all minute books, stock transfer books, corporate seals and other corporate records;

(d) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness (excluding the Debt);

(e) except to the extent otherwise described in the Transferred Assets, all tariffs, agreements and arrangements to which Transferor is a party for the purchase or sale of electric capacity and/or energy or for the purchase or sale of transmission or ancillary services involving the Transferred Assets or otherwise;

(f) all other assets and properties owned by Transferor or any of its Affiliates (other than Transferee) that do not constitute, are not used in connection with or are not ancillary to the ownership or operation of the Transferred Assets;

(g) all transmission facilities included in Transferor's FERC-jurisdictional rate base;

(h) all of Transferor's electric distribution assets; and

(i) the rights of Transferor under this Agreement and the Ancillary Agreements.

Section 2.03 Assumed Liabilities. On the Closing Date, Transferee shall execute and deliver the Assumption Agreement, pursuant to which, among other things, Transferee shall assume all Liabilities described therein and, in addition, Transferee shall assume the following Liabilities (collectively, the "Assumed Liabilities"):

(a) on the terms and subject to the conditions set forth in this Agreement, at the Closing, Transferee shall assume and become responsible for, and shall thereafter pay, perform and discharge as and when due the Liabilities arising under or related to the Transferred Assets whether arising from, or relating to, periods prior to, on or after the Effective Time;

(b) all Liability of Transferor with respect to the Assumed Payables;

(c) all Liability of Transferor with respect to the Debt to the extent relating to periods of time after the Effective Time;

(d) all Liability of Transferor with respect to the Deferred Tax Liability;

(e) all Liability of the Transferor with respect to its payment obligations under the Pollution Control Revenue Bonds which shall be accomplished through promissory notes from Transferee in favor of Transferor (the "PCRB Support Notes") pursuant to which Transferee shall provide funds to Transferor in amounts sufficient for Transferor to satisfy its principal and interest obligations under the Pollution Control Revenue Bonds when due; and

(f) all Liability of the Transferor with respect to the property Taxes related to the Transferred Assets.

2.04 Excluded Liabilities. Notwithstanding the foregoing provisions of Section 2.03, Transferee shall not assume by virtue of this Agreement, the Assumption Agreement or any other Ancillary Agreement, or the transactions contemplated hereby or thereby, or otherwise, and shall have no liability for any of the following Liabilities or any Liability of Transferor that is not related to the Transferred Assets (the "Excluded Liabilities"):

(a) any Liabilities of Transferor in respect of any Excluded Assets or other assets of Transferor that are not Transferred Assets;

(b) any Liabilities in respect of Transferor's current income Taxes and any other Taxes not otherwise assumed pursuant to Section 2.03(d) and (e);

(c) any fines and penalties imposed by any Governmental Authority resulting from any act or omission by Transferor and not related to the Transferred Assets; and

(d) any Liability of Transferor arising as a result of its execution and delivery of this Agreement or any Ancillary Agreement, the performance of its obligations hereunder or thereunder, or the consummation by Transferor of the transactions contemplated hereby or thereby.

ARTICLE III
ASSET TRANSFER; CLOSING

Section 3.01 Asset Transfer. Transferor shall transfer to Transferee the Transferred Assets and the Assumed Liabilities at Net Book Value as of the Effective Time. In the event that final amounts for the Net Book Value of the Transferred Assets or the Assumed Liabilities are not available on the Closing Date, the final Net Book Value of the Transferred Assets or the Assumed Liabilities, as applicable, shall be determined and agreed to by Transferee and Transferor within ninety (90) days after the Closing Date. Transferor and Transferee agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm the final Net Book Value of the Transferred Assets and the Assumed Liabilities.

Section 3.02 Proration.

(a) Transferee and Transferor agree that all of the items normally prorated, including those listed below, relating to the business and operation of the Transferred Assets shall be prorated as of the Effective Time, with Transferor liable to the extent such items relate to any time period through the Effective Time, and Transferee liable to the extent such items relate to periods subsequent to the Effective Time:

(i) personal property, real estate, occupancy and any other Taxes, assessments and other charges, if any, on or with respect to the business and operation of the Transferred Assets. Provided, however, that the Parties shall not prorate any Taxes, assessments or charges relating to the Transferred Assets that are to be assumed by Transferee pursuant to Section 2.03;

(ii) rent, Taxes and other items payable by or to Transferor under any of the Contracts to be assigned to and assumed by the Transferee hereunder; and

(iii) sewer rents and charges for water, telephone, electricity and other utilities.

(b) In connection with such proration, in the event that actual figures are not available at the Closing Date, the proration shall be based upon the actual amount of such Taxes or fees for the preceding year (or appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be re-prorated upon request of either the Transferor or the Transferee made within ninety (90) days after the date that the actual amounts become available. Transferor and Transferee agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.02.

Section 3.03 Closing. The transfer, assignment, conveyance and delivery of the Transferred Assets, and the consummation of the other transactions contemplated by this Agreement, shall take place at a closing (the "Closing") to be held at the offices of American Electric Power, 1 Riverside Plaza, Columbus, Ohio 43204 at a time mutually acceptable to the Parties on the date of the execution and delivery of this Agreement by each of the Parties (the "Closing Date"). The Closing shall be effective for all purposes as of [______________] (the "Effective Time").

Section 3.04 Closing Deliveries.

(a) At the Closing, Transferor will deliver, or cause to be delivered, to Transferee the following items:

(i) possession of the Transferred Assets;

(ii) an original of each of the Deeds, duly executed and acknowledged by Transferor;

(iii) an original of the Asset Transfer Agreement duly executed by Transferor;

(iv) an original of the Assumption Agreement duly executed by Transferor;

(v) an original of each Assignment of Easements and Rights of Way duly executed by Transferor;

(vi) an original of each Assignment of Real Property Leases duly executed by Transferor;

(vii) an original of the Assignment of Contracts and Leases duly executed by Transferor;

(viii) the PCRB Support Notes duly executed by Transferor; and

(ix) such other documents as are contemplated by this Agreement or as the Transferee may reasonably request to carry out the purposes of this Agreement.

(b) At the Closing, Transferee will deliver, or cause to be delivered, to Transferor the following items:

(i) an original of the Asset Transfer Agreement duly executed by Transferee;

(ii) an original of the Assumption Agreement duly executed by Transferee;

(iii) an original of each Assignment of Easements and Rights of Way duly executed by Transferee;

(iv) an original of each Assignment of Real Property Leases duly executed by Transferee;

(v) an original of the Assignment of Contracts duly executed by Transferee; and

(vi) such other documents as are contemplated by this Agreement or as the Transferor may reasonably request, including vehicle titles, to consummate the transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of Transferor. Transferor represents and warrants to Transferee as follows:

(a) Organization and Good Standing; Qualification. Transferor is a corporation duly formed, validly existing and in good standing under the laws of the state of Ohio. Transferor has all requisite power and authority to own, lease or operate the Transferred Assets and to carry on its business as it is now being conducted.

(b) Authority and Enforceability. Transferor has full power and authority to execute and deliver, and carry out its obligations under, this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Transferor of this Agreement and each Ancillary Agreement to which it is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of Transferor. Assuming the due authorization, execution and delivery of this Agreement and each Ancillary Agreement to which it is a party by Transferee, this Agreement and each such Ancillary Agreement constitutes a legal, valid and binding obligation of Transferor, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting the rights and remedies of creditors generally and by general principles of equity.

(c) No Violation; Consents and Approvals.

(i) neither the execution, delivery and performance by Transferor of this Agreement and each Ancillary Agreement to which it is a party, nor the consummation by Transferor of the transactions contemplated hereby and thereby, will (i) conflict with or result in any breach of any provision of the Organizational Documents of Transferor; (ii) result in a default (or give rise to any right of termination, cancellation or acceleration), or require a consent, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Transferor is a party or by which it or any of the Transferred Assets may be bound, except for any such defaults or consents (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; or (iii) constitute a violation of any law, regulation, order, judgment or decree applicable to Transferor, except for any such violations as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) Transferor has obtained all consents and approvals from each Governmental Authority necessary for the execution, delivery and performance of this Agreement by Transferor or of any Ancillary Agreement to which Transferor is a party, or the consummation by Transferor of the transactions contemplated hereby and thereby, other than such consents and approvals which, if not obtained or made, would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Insurance. All material policies of property, liability, workers' compensation and other forms of insurance owned or held by, or on behalf of, Transferor and insuring the Transferred Assets are in full force and effect, all premiums with respect thereto covering all periods up to and including the date hereof have been paid (other than retroactive premiums), and no notice of cancellation or termination has been received with respect to any such policy which was not replaced on substantially similar terms prior to the date of such cancellation.

(e) Leased Real Property.

(i) Schedule 4.01(e) sets forth a description of each lease of real property held by Transferor (the "Real Property Leases") and the real property covered thereby (the "Leased Real Property") that is to be transferred as contemplated herein by Transferor to Transferee (but specifically excluding the Transferor's Retained Real Property).

(ii) Each Real Property Lease (a) constitutes a legal, valid and binding obligation of Transferor and, to Transferor's Knowledge, constitutes a valid and binding obligation of the other parties thereto and (b) is in full force and effect and Transferor has not delivered or received any written notice of termination thereunder.

(iii) There is not under any Real Property Lease any default or event which, with notice or lapse of time or both, (a) would constitute a default by Transferor or, to Transferor's Knowledge, any other party thereto, (b) would constitute a default by Transferor or, to Transferor's Knowledge, any other party thereto which would give rise to an automatic termination, or the right of discretionary termination, thereof, or (c) would cause the acceleration of any of Transferor's obligations thereunder or result in the creation of any Encumbrance (other than any Permitted Encumbrance) on any of the Transferred Assets. There are no claims, actions, proceedings or investigations pending or, to the Knowledge of Transferor, threatened against Transferor or any other party to any Real Property Lease before any Governmental Authority or body acting in an adjudicative capacity relating in any way to any Real Property Lease or the subject matter thereof. Transferor has no Knowledge of any defense, offset or counterclaim arising under any Real Property Lease.

(f) Title; Condition of Assets.

(i) Subject to Permitted Encumbrances, Transferor holds title to the Real Property and the Easements and Rights of Way and has good and valid title thereto and to the other Transferred Assets that it purports to own or in which it has an interest, free and clear of all Encumbrances.

(ii) The tangible assets (real and personal) at, related to, or used in connection with Generating Plants, the Transmission Assets and the Cook Coal Terminal, taken as a whole, (a) are in good operating and usable condition and repair, free from any defects (except for ordinary wear and tear, in light of their respective ages and historical usages, and except for such defects as do not materially interfere with the use thereof in the conduct of the normal operation and maintenance of the Transferred Assets taken as a whole) and (b) have been maintained consistent with Good Utility Practice.

(iii) Transferor owns and possesses all right, title and interest in and to the Subsidiary Stock free and clear of all Encumbrances.

(g) Environmental Matters. Section I of Schedule 4.01(g) lists all material Environmental Permits. Except as disclosed in Schedule 4.01(g):

(i) Transferor holds, and is in compliance with, all permits, certificates, certifications, licenses and other authorizations issued by Governmental Authorities under Environmental Laws that are required for Transferor to conduct the business and operations of the Transferred Assets (collectively, "Environmental Permits"), and Transferor is otherwise in compliance with all applicable Environmental Laws with respect to the business and operations of the Transferred Assets, except for any such failures to hold or comply with required Environmental Permits, or such failures to be in compliance with applicable Environmental Laws, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ii) Transferor has not received any written request for information, or been notified of any violation, or that it is a potentially responsible party, under CERCLA or any other Environmental Law for contamination or air emissions at the Generating Plants, the Real Property, the Leased Real Property, the real property covered by the Easements and Rights of Way or the Cook Coal Terminal except for any such requests or notices that would result in liabilities under such laws as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and there are no claims, actions, proceedings or investigations pending or, to the Knowledge of Transferor, threatened against Transferor before any Governmental Authority or body acting in an adjudicative capacity relating in any way to any Environmental Laws or against Transferor or Parent concerning contamination or air emissions at the Generating Plants, the Real Property, the Leased Real Property, the real property covered by the Easements and Rights of Way or the Cook Coal Terminal;

(iii) no Environmental Condition exists that is reasonably expected to have a Material Adverse Effect; and

(iv) there are no outstanding judgments, decrees or judicial orders relating to the Transferred Assets regarding compliance with any Environmental Law or to the investigation or cleanup of Hazardous Substances under any Environmental Law relating to the Transferred Assets, except for such outstanding judgments, decrees or judicial orders as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

The representations and warranties made in this Section 4.01(g) are the exclusive representations and warranties of Transferor relating to environmental matters.

(h) Condemnation. There are no pending or, to the Knowledge of Transferor, threatened proceedings or governmental actions to condemn or take by power of eminent domain all or any part of the Transferred Assets.

(i) Contracts.

(i) Schedule 4.01(i) lists all written contracts, agreements, licenses (other than Environmental Permits, Permits or Intellectual Property) or personal property and non-real property leases (including (a) the barge and boat leases comprising a part of the River Transportation Assets and (b) the facilities lease for the Cook Coal Terminal) of Transferor that are material to the business or operations of the Transferred Assets (the "Contracts").

(ii) Each Contract (a) constitutes a legal, valid and binding obligation of Transferor and, to Transferor's Knowledge, constitutes a valid and binding obligation of the other parties thereto and (b) is in full force and effect and Transferor has not delivered or received any written notice of termination thereunder.

(iii) There is not under any Contract and Lease any default or event which, with notice or lapse of time or both, (a) would constitute a default by Transferor or, to Transferor's Knowledge, any other party thereto, (b) would constitute a default by Transferor or, to Transferor's Knowledge, any other party thereto which would give rise to an automatic termination, or the right of discretionary termination, thereof, or (c) would cause the acceleration of any of Transferor's obligations thereunder or result in the creation of any Encumbrance (other than any Permitted Encumbrance) on any of the Transferred Assets. There are no claims, actions, proceedings or investigations pending or, to the Knowledge of Transferor, threatened against Transferor or any other party to any Contract before any Governmental Authority or body acting in an adjudicative capacity relating in any way to any Contract or the subject matter thereof. Transferor has no Knowledge of any defense, offset or counterclaim arising under any Contract.

(j) Legal Proceedings. Except as set forth on Schedule 4.01(j) there are no actions or proceedings pending or, to the Knowledge of Transferor, threatened against Transferor before any court, arbitrator or Governmental Authority, which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. Transferor is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court, arbitrator or Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(k) Permits.

(i) Transferor has all permits, licenses, franchises and other governmental authorizations, consents and approvals (other than Environmental Permits, which are addressed in Section 4.0l(k)) necessary to own and operate the Transferred Assets (collectively, "Permits"), except where any failures to have such Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Transferor has not received any written notification that Transferor is in violation, nor does Transferor have Knowledge of any violations, of any such Permits, or any Law or judgment of any Government Authority applicable to Transferor with respect to the Transferred Assets, except for violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) Section II of Schedule 4.01(k) lists all material Permits (other than Environmental Permits).

(l) Taxes. To the Knowledge of Transferor, Transferor has filed all Tax Returns that are required to be filed by it with respect to any Tax relating to the Transferred Assets, and Transferor has paid all Taxes that have become due as indicated thereon, except where such Tax is being contested in good faith by appropriate proceedings, or where any failures to so file or pay would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There are no Encumbrances for Taxes on the Transferred Assets that are not Permitted Encumbrances.

(m) Intellectual Property. Transferor has such ownership of or such rights by license or other agreement to use all Intellectual Property necessary to permit Transferor to conduct its business with respect to the Transferred Assets as currently conducted, except where any failures to have such ownership, license or right to use would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Transferor is not, nor has Transferor received any notice that Transferor is, in default (or with the giving of notice or lapse of time or both, would be in default) under any contract to use such Intellectual Property, and there are no material restrictions on the transfer of any material contract, or any interest therein, held by Transferor in respect of such Intellectual Property. Transferor has not received notice that it is infringing any Intellectual Property of any other Person in connection with the operation or business of the Transferred Assets.

(n) Compliance with Laws. Transferor is in compliance with all applicable Laws with respect to the ownership or operation of the Transferred Assets, except where any such failures to be in compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) Limitation of Representations and Warranties. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT AND IN ANY ANCILLARY AGREEMENT, TRANSFEROR IS NOT MAKING, AND HEREBY DISCLAIMS, ANY OTHER REPRESENTATIONS AND WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING TRANSFEROR OR THE TRANSFERRED ASSETS OR ANY PART THEREOF.

Section 4.02 Representations and Warranties of Transferee. Transferee represents and warrants to Transferor as follows:

(a) Organization and Good Standing. Transferee is a corporation duly formed, validly existing and in good standing under the laws of the state of Delaware and has all requisite power and authority to own, lease or operate its properties and to carry on its business as it is now being conducted.

(b) Authority and Enforceability. Transferee has full power and authority to execute and deliver and carry out its obligations under this Agreement and each Ancillary Agreement to which it is a party, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Transferee of this Agreement and each such Ancillary Agreement, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action by Transferee.

Assuming the due authorization, execution and delivery of this Agreement and each such Ancillary Agreement by the other party or parties thereto, this Agreement and each such Ancillary Agreement constitutes a legal, valid and binding obligation of Transferee, enforceable against Transferee in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting the rights and remedies of creditors generally and by general principles of equity.

(c) No Violation; Consents and Approvals.

(i) Neither the execution, delivery and performance by Transferee of this Agreement and each Ancillary Agreement to which Transferee is a party, nor the consummation by Transferee of the transactions contemplated hereby and thereby, will (a) conflict with or result in any breach of any provision of the Organizational Documents of Transferee; (b) result in a default (or give rise to any right of termination, cancellation or acceleration), or require a consent, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Transferee is a party or by which any of their respective material properties or assets may be bound, except for any such defaults or consents (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements; or (c) constitute a violation of any law, regulation, order, judgment or decree applicable to Transferee, except for any such violations as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements.

(ii) Transferee has obtained all consents and approvals from each Governmental Authority or other Person necessary for the execution and delivery of this Agreement or any Ancillary Agreement by Transferee, or the consummation by Transferee of the transactions contemplated hereby and thereby, except for any such consents and approvals which, if not obtained or made, would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of

Transferee to perform its obligations under this Agreement and the Ancillary Agreements.

(d) Legal Proceedings. There are no actions or proceedings pending or, to the Knowledge of Transferee, threatened against Transferee before any court, arbitrator or Governmental Authority, which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements. Transferee is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court, arbitrator or Governmental Authority which, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the ability of Transferee to perform its obligations under this Agreement and the Ancillary Agreements.

ARTICLE V

CERTAIN COVENANTS AND AGREEMENTS

Section 5.01 Transfer Tax; Recording Costs. All transfer, use, stamp, sales and similar Taxes and recording costs incurred in connection with this Agreement and the transactions contemplated hereby shall be the sole responsibility of Transferee.

Section 5.02 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, Transferor and Transferee shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the transfer of the Transferred Assets pursuant to this Agreement and the assumption of the Assumed Liabilities, including using commercially reasonable efforts with a view to obtaining all necessary consents, approvals and authorizations of, and making all required notices or filings with, third parties required to be obtained or made in order to consummate the transactions hereunder, including the transfer of the Environmental Permits and the Permits to Transferee. Neither Transferor, on the one hand, nor Transferee, on the other hand, shall, without prior written consent of the other, take or fail to take any action which might reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by this Agreement.

(b) In the event that any portion of the Transferred Assets shall not have been conveyed to Transferee at the Closing, Transferor shall, subject to paragraphs (c) and (d) immediately below, convey such asset to Transferee as promptly as practicable after the Closing.

(c) To the extent, if any, that Transferor's rights under any Contract, Real Property Leases or Easements and Rights of Way may not be assigned without the consent of any other party thereto, which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful. Transferor and Transferee agree that if any consent to an assignment of any Contract, Real Property Lease or Easement and Right of Way has not been obtained at the Closing Date, or if any attempted assignment would be ineffective or would impair Transferee's rights and obligations under the Contract, Real Property Lease or Easement and Right of Way in question, so that Transferee would not in effect acquire the benefit of all such rights and obligations, Transferor, at its option and to the maximum extent permitted by law and such Contract, Real Property Lease or Easement and Right of Way, shall, after the Closing Date, (i) appoint Transferee to be Transferor's agent with respect to such Contract, Real Property Lease or Easement and Right of Way or (ii) to the maximum extent permitted by law and such Contract, Real Property Lease or Easement and Right of Way, enter into such reasonable arrangements with Transferee or take such other commercially reasonable actions to provide Transferee with the same or substantially similar rights and obligations of such Contract, Real Property Lease or Easement and Right of Way. From and after the Closing Date, Transferor and Transferee shall cooperate and use commercially reasonable efforts to obtain an assignment to Transferee of any such Contract, Real Property Lease or Easement and Right of Way.

(d) To the extent that Transferor's rights under any warranty or guaranty described in Section 2.01(r) may not be assigned without the consent of another Person, which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same, if an attempted assignment would constitute a breach thereof or be unlawful. The Parties agree that if any consent to an assignment of any such warranty or guaranty has not been obtained or if any attempted assignment would be ineffective or would impair Transferee's rights and obligations under the warranty or guaranty in question, so that Transferee would not in effect acquire the benefit of all such rights and obligations, Transferor shall use commercially reasonable efforts to the extent permitted by law and such warranty or guaranty, to enforce such warranty or guaranty for the benefit of Transferee to the maximum extent possible so as to provide Transferee with the benefits and obligations of such warranty or guaranty. Notwithstanding the foregoing, Transferor shall not be obligated to bring or file suit against any third party, provided that if Transferor determines not to bring or file suit after being requested by Transferee to do so, Transferor shall assign, to the extent permitted by law or any applicable agreement, its rights in respect of the claims so that Transferee may bring or file such suit.

Section 5.03 Survival. The representations and warranties of the Parties contained herein shall survive for a period of three years from the Closing Date and thereafter shall be of no further force and effect.

Section 5.04 Indemnification by Transferor. Subject to the limitation forth in Section 5.03, Transferor hereby agrees to indemnify, defend and hold harmless Transferee and its respective shareholders, directors, officers and employees from and against any damages suffered or incurred by them arising out of (i) any breach of any representation or warranty made by Transferor, (ii) any breach by Transferor of any covenant or obligation of Transferor in this Agreement and (iii) the Excluded Liabilities.

Section 5.05 Indemnification by Transferee. Subject to the limitation forth in Section 5.03, Transferee hereby agrees to indemnify, defend and hold harmless Transferor and its respective shareholders, directors, officers and employees from and against any damages suffered or incurred by them arising out of (i) any breach of any representation or warranty made by Transferee, (ii) any breach by Transferee of any covenant or obligation of Transferee in this Agreement and (iii) the Assumed Liabilities.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (i) on the day when delivered personally or by e-mail (with confirmation) or facsimile transmission (with confirmation), (ii) on the next Business Day when delivered to a nationally recognized overnight delivery service, or (iii) five (5) Business Days after deposited as registered or certified mail (return receipt requested), in each case, postage prepaid, addressed to the recipient Party at its address set forth below (or to such other addresses and e-mail and facsimile numbers for a Party as shall be specified by like notice; provided, however, that any notice of a change of address or e-mail or facsimile number shall be effective only upon receipt thereof):

If to Transferor, to:

Ohio Power Company

____

____

Attn:
Facsimile No.:
Email:

If to Transferee, to:

AEP Generation Resources Inc.

____

____

Attn:
Facsimile No.:
Email:

Section 6.02 Waiver. The rights and remedies of the Parties are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by each other Party; (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Section 6.03 Entire Agreement; Amendment; Etc.

(a) This Agreement and the Ancillary Agreements, including the Schedules, Exhibits, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior or contemporaneous agreements, understandings or statements or agreements between the Parties, whether written or oral, with respect to the transactions contemplated hereby. Each Party acknowledges and agrees that no employee, officer, agent or representative of the other Party has the authority to make any representations, statements or promises in addition to or in any way different than those contained in this Agreement and the Ancillary Agreements, and that it is not entering into this Agreement or the Ancillary Agreements in reliance upon any reliance upon an representation, statement or promise of the other Party except as expressly stated herein or therein.

(b) This Agreement may not be amended, supplemented, terminated or otherwise modified except by a written agreement executed by Transferor and Transferee.

(c) This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 6.04 Assignment. This Agreement and all the of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by, on the one hand, Transferor, and on the other hand, Transferee, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other Party, and any attempt to make any such assignment without such consent will be null and void. Notwithstanding the foregoing, Transferor or Transferee may assign or otherwise transfer its rights hereunder and under any Ancillary Agreement to any bank, financial institution or other lender providing financing to Transferor or Transferee, as applicable, as collateral security for such financing; provided, however, that no such assignment shall (i) impair or materially delay the consummation of the transactions contemplated hereby or (ii) relieve or discharge Transferor or Transferee, as the case may be, from any of its obligations hereunder and thereunder.

Section 6.05 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 6.06 Governing Law. This Agreement, the construction of this Agreement, all rights and obligations between the Parties to this Agreement, and any and all claims arising out of or relating to the subject matter of this Agreement (including all tort and contract claims) will be governed by and construed in accordance with the laws of the state of Ohio, without giving effect to choice of law principles thereof.

Section 6.07 Counterparts: Facsimile Execution. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the Parties and delivered to each other Party, it being understood that the Parties need not sign the same counterpart. This Agreement may be executed by facsimile signature(s) or signatures in portable document format.

Section 6.08 Schedules. The Schedules to this Agreement are intended to be and hereby are specifically made a part of this Agreement.

Section 6.09 Specific Performance. The Parties hereto agree that irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof and that the Parties will be entitled to specific performance of the terms hereof in addition to any other remedies at law or in equity.

Signatures appear on following page

IN WITNESS WHEREOF, each of the Parties has caused this Asset Contribution Agreement to be executed on its behalf by its respective officer thereunto duly authorized, all as of the day and year first above written.

OHIO POWER COMPANY

By: ______________________________
Name: ______________________________
Title: ______________________________

AEP GENERATION RESOURCES INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-100. Please respond to the question that was asked, i.e., please provide all reasons why the Company considers the deferral and creation of a regulatory asset for the Phase I investigation expenditures to be in the best interest of the Company's customers, according to the cited portion of Mr. Pauley's Direct Testimony.

RESPONSE

The Company fully answered KIUC 1-100. Nevertheless, the Company expands on that answer as follows:

The costs incurred by the Company in connection with its investigation of the retrofit of Big Sandy Unit 2 were both prudently incurred. The investigation was undertaken as part of Kentucky Power's effort to provide the least cost alternative to evolving regulatory and legal obligations and economic conditions. To deny the Company the ability to recover such costs because of changing conditions, or because lesser cost alternatives become available, will inhibit the ability of the Company to determine the least cost-alternative, or to switch to a lesser cost alternative that becomes subsequently available. In either case, the exaction of a financial penalty for prudent action is likely to lead ultimately to higher costs for customers. See also the Company response to KPSC 2-6.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please refer to the Company's response to KIUC 1-101(b). Please provide a copy of the referenced "press release" and highlight where it states that it "was not necessarily the final plan."

RESPONSE

Please see KIUC 2-50 Attachment 1.

WITNESS: Ranie K Wohnhas

AEP
AMERICAN ELECTRIC POWER

NEWS from AEP

MEDIA CONTACT:
Melissa McHenry
Sr. Manager, Media Relations
614/716-1120

ANALYSTS CONTACT:
Bette Jo Rozsa
Managing Director, Investor Relations
614/716-2840

FOR IMMEDIATE RELEASE

AEP SHARES PLAN FOR COMPLIANCE WITH PROPOSED EPA REGULATIONS

Company advocates for more time and flexibility to reduce the negative impact of the proposed EPA rules on customers, jobs and the economy

COLUMBUS, Ohio, June 9, 2011 – American Electric Power (NYSE: AEP) today announced the company's plan for complying with a series of regulations proposed by the U.S. Environmental Protection Agency (EPA) that would impact coal-fueled power plants. Based on the regulations as proposed, AEP's compliance plan would retire nearly 6,000 megawatts (MW) of coal-fueled power generation; upgrade or install new advanced emissions reduction equipment on another 10,100 MW; refuel 1,070 MW of coal generation as 932 MW of natural gas capacity; and build 1,220 MW of natural gas-fueled generation. The cost of AEP's compliance plan could range from $6 billion to $8 billion in capital investment through the end of the decade. High demand for labor and materials due to a constrained compliance time frame could drive actual costs higher than these estimates. The plan, including retirements, could change significantly depending on the final form of the EPA regulations and regulatory approvals from state commissions.

The retirements and retrofits in the plan are in addition to more than $7.2 billion that AEP has invested since 1990 to reduce emissions from its coal-fueled generation fleet. Annual emissions of nitrogen oxides from AEP plants are 80 percent lower today than in 1990. Sulfur dioxide emissions from AEP plants are 73 percent lower than in 1990. The company currently owns nearly 25,000 MW of coal-fueled generation, approximately 65 percent of its total generating capacity. Coal would fuel approximately 57 percent of AEP's total generating capacity by the end of the decade.

"We support regulations that achieve long-term environmental benefits while protecting customers, the economy and the reliability of the electric grid, but the cumulative impacts of the EPA's current regulatory path have been vastly underestimated, particularly in Midwest states dependent on coal to fuel their economies. We have worked for months to develop a compliance plan that will mitigate the impact of these rules for our customers and preserve jobs, but because of the unrealistic compliance timelines in the EPA proposals, we will have to prematurely shut down nearly 25 percent of our current coal-fueled generating capacity, cut hundreds of good power plant jobs, and invest billions of dollars in capital to retire, retrofit and replace coal-fueled power plants. The sudden increase in electricity rates and impacts on state economies will be significant at a time when people and states are still struggling," said Michael G. Morris, AEP chairman and chief executive officer.

Although some jobs would be created from the installation of emissions reduction equipment, AEP expects a net loss of approximately 600 power plant jobs with annual wages totaling approximately $40 million as a result of compliance with the proposed EPA rules.

"We are deeply concerned about the impact of the proposed regulations on our customers and local economies. Communities that have depended on these plants to provide good jobs and support local services will face significant reductions in payroll and property taxes in a very short period of time. The economic impact will extend far beyond direct employment at power plants as thousands of ancillary jobs are supported by every coal-fueled generating unit. Businesses that have benefited from reasonably priced coal-fueled power will face the impact of electricity price increases ranging from 10 percent to more than 35 percent just for compliance with these environmental rules at a time when they are still trying to recover from the economic downturn," Morris said.

"Although discounted by some, the potential impacts on the reliability of the transmission system, particularly in the Midwest, are significant. The proposed timelines for compliance aren't adequate for construction of significant retrofits or replacement generation, so many coal-fueled plants would be prematurely retired or idled in just a few years. AEP's compliance plan alone would abruptly cut generation capacity in the Midwest by more than 5,400 MW. Depending on the year, another 1,500 MW to 5,200 MW of AEP generation would be idled or curtailed for extended periods as pollution control equipment is installed," Morris said.

AEP has shared its compliance plan with PJM Interconnection, Southwest Power Pool and North American Electric Reliability Corp. for use in their evaluation of the impacts of EPA's proposed rules.

"We will continue to work through the EPA process with the hope that the agency will recognize the cumulative impact of the proposed rules and develop a more reasonable compliance schedule. We also will continue talking with lawmakers in Washington about a legislative approach that would achieve the same long-term environmental goals with less negative impact on jobs and the U.S. economy," Morris said. "With more time and flexibility, we will get to the same level of emission reductions, but it will cost our customers less and will prevent premature job losses, extend the construction job benefits, and ensure the ongoing reliability of the electric system."

AEP's current plan for compliance with the rules as proposed includes permanently retiring the following coal-fueled power plants:

- Glen Lyn Plant, Glen Lyn, Va. – 335 MW (retired by Dec. 31, 2014);
- Kammer Plant, Moundsville, W.Va. – 630 MW (retired by Dec. 31, 2014);
- Kanawha River Plant, Glasgow, W.Va. – 400 MW (retired by Dec. 31, 2014);
- Phillip Sporn Plant, New Haven, W.Va. – 1,050 MW (450 MW expected to retire in 2011, 600 MW retired by Dec. 31, 2014); and
- Picway Plant, Lockbourne, Ohio – 100 MW (retired by Dec. 31, 2014).

AEP would retire generating units at the following locations but continue operating some generation at the sites:

- Big Sandy Plant, Louisa, Ky. – Units 1 and 2 (1,078 MW) retired by Dec. 31, 2014; Big Sandy Unit 1 would be rebuilt as a 640-MW natural gas plant by Dec. 31, 2015;
- Clinch River Plant, Cleveland, Va. – Unit 3 (235 MW) retired by Dec. 31, 2014; Units 1 and 2 (470 MW total) would be refueled with natural gas with a capacity of 422 MW by Dec. 31, 2014;
- Conesville Plant, Conesville, Ohio – Unit 3 (165 MW) retired by Dec. 31, 2012; Units 5 and 6 (800 MW total) would continue operating with retrofits;
- Muskingum River Plant, Beverly, Ohio – Units 1-4 (840 MW) retired by Dec. 31, 2014; Muskingum River Unit 5 (600 MW) may be refueled with natural gas with a capacity of 510 MW by Dec. 31, 2014, depending on regulatory treatment in Ohio;
- Tanners Creek Plant, Lawrenceburg, Ind. – Units 1, 2 and 3 (495 MW) retired by Dec. 31, 2014; Unit 4 (500 MW) would continue to operate with retrofits; and
- Welsh Plant, Pittsburg, Texas – Unit 2 (528 MW) retired by Dec. 31, 2014; Units 1 and 3 (1,056 MW) would continue to operate with retrofits.

The two coal-fueled generating units at Northeastern Plant (935 MW) in Oolagah, Okla., would be idled for a year or more while emission reduction equipment is installed. Both units would be idled beginning Jan. 1, 2016. One unit would return to service by Dec. 31, 2016. The other unit would return to service by Dec. 31, 2017.

AEP will complete construction of the Dresden Plant (580 MW natural gas) in Dresden, Ohio, in 2012.

In addition to the retrofits above, AEP would install or upgrade emissions reduction equipment at seven other coal-fueled power plants in Arkansas, Indiana, Louisiana, Ohio and Texas.

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-102. Please confirm that there were no other documents relied on by Mr. Pauley to make the decision and/or communicate the decision to acquire 50% of the Mitchell units. Please supplement this response if there are additional documents, such as emails or correspondence between Mr. Pauley and Mr. Patton. If none, then please so state.

RESPONSE

There were no other documents.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Refer to the Company's response to Sierra Club 1-4(a). Please identify and provide a copy of all studies, memoranda, emails, or other writings (including notes) reviewed, relied upon, and/or prepared by the listed members of AEP Management (Charles Patton, Robert Power, Mark McCullough, Richard Munczinkski, and Philip Nelson) related to the decision to acquire 50% of the Mitchell units.

RESPONSE

The Company objects to this request to the extent it calls for documents and communications protected by the attorney-client privilege and/or the attorney work-product doctrine. The Company further objects to this request to the extent it is overly broad and unduly burdensome.
Without waiving its objections, the Company states as follows:

Please see the Company's response to KIUC 2-36.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-21. Would Kentucky Power be willing to negotiate with AEP Generation Resources, Inc. to acquire the Mitchell units at a later date?

RESPONSE

The Company objects to this data request. The Company's position in negotiations, including whether it would be willing to enter into such negotiation, is confidential and the request does not seek information that is properly discoverable through data requests. Please see the Company's response to KPSC 1-21.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please identify where the coal supplied to the Mitchell units is purchased from. Please identify the portion of coal supplied to the Mitchell units that comes from Kentucky and the portion that comes from any other state(s).

RESPONSE

In 2013, coal is supplied to the Mitchell units from multiple sources and regions. Currently, the portion of coal supplied from the state of Kentucky is approximately 38%. The remaining portion of coal is supplied by West Virginia and Virginia, at approximately 58% and 4%, respectively. The stated percentages are anticipated to change on a monthly basis as the sources of coal vary throughout the year.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please provide any impairment analyses the Company has conducted regarding the Mitchell units.

RESPONSE

See KIUC 2-55 Attachments 1 and 2. Confidential treatment is being sought for portions of both of these attachments.

WITNESS: Ranie K Wohnhas

Date: February 22, 2013

To: File

From: Michael Baird and Paul Pennino

Subject: East Generating Units: Recoverability Test / Impairment Test 4th Quarter 2012

I. Background

On October 17, 2012 the PUCO issued the attached order (Attachment 1) approving corporate separation effective January 1, 2014.

On October 31, 2012, AEP filed the attached (Attachment 2) with the FERC to terminate the AEP East Pool Agreement as of December 31, 2013. We evaluated the likelihood that FERC would approve the request to terminate the pool agreement and, in consultation with in-house counsel, concluded that [redacted]. As a result of this impairment trigger and change in asset grouping, on November 20, 2012, management concluded that AEP had a material impairment of certain OPCo generating assets resulting in a pre-tax impairment charge in the fourth quarter of 2012 which was estimated in the range of $235 million to $290 million. As a result, an 8K was filed with the SEC to disclose an impairment charge related to the Ohio Power Company's (OPCo) generation assets. The attached (Attachment 3) AEP legal letter dated November 20, 2012 represents that [redacted]

In March of 2012, the Ohio generating units elected RPM pricing for PJM effective June 1, 2015 which detaches the Ohio generating units from the Ohio retail load. This election releases the Ohio generating units from direct responsibility for the Ohio retail load from a PJM perspective.

II. Conclusion

In December 2012, based on the attached ASC 360 analysis as of November 30, 2012 we recorded a $287 million impairment charge related to certain Ohio generation assets including a $ 12.7 million M&S inventory write-off related to these units.

The following journal entries were recorded in December 2012:

Journal Entry - to move balances at Nov. 30, 2012 to SEC contra accounts

Journal Entry 1	Debit	4265002	968,983,025	
	Credit	1080015		(968,983,025)
	To set up separate account for Investment in EPIS for Impaired Ohio Plants for SEC reporting For SEC reporting, 1080015 will be mapped to 1010001 to reverse investment in impaired plant.			
Journal Entry 2	Debit	1080016	696,815,174	
	Credit	4265002		(696,815,174)
	To set up separate account for Accumulated Provision for Depreciation for Impaired Ohio Plants. For SEC reporting, 1080016 will be mapped to 1080001 to reverse provision related to impaired plants.			
Journal Entry 3	Debit	1110005	538,912	
	Credit	4265002		(538,912)
	To set up separate account for Accumulated Provision for Amortization for Impaired Ohio Plants. For SEC reporting, 1110005 will be mapped to 1110001 to reverse amortization related to impaired plants.			
Journal Entry 4	Debit	4265002	2,718,119	
	Credit	1070001		(2,718,119)
	Debit	1080005	19,954	
	Credit	4265002		(19,954)
	To clear CWIP & RIWP balances at Nov. 30, 2012 to 4265002 account. Above entry will be made at the detail work order level to clear each work order balance to zero.			
Journal Entry 5	Debit	4265002	12,700,000	
	Credit	1540026		12,700,000
	To reverse M&S inventory unique to impaired plants - only stocked at the plant locations.			

III. ASC 360 – Property, Plant and Equipment

A. When to Test a Long-Lived Asset for Recoverability – Triggering Event

ASC 360-10-35-21 states that a long-lived asset (asset group) shall be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. We believe the PUCO order combined with the filing with the FERC to terminate the East Pool Agreement are events or changes in circumstance that indicate the carrying amount may not be recoverable similar to the events described in ASC paragraphs 360-10-35-21 a., b., and c. below. The East Pool termination is a significant fundamental change in the manner of operating all East generation assets. It also represents a change in the way generation sales are settled. This change affected all East generating assets.

The following is the list of examples of potential triggers as discussed in ASC 360-10-35-21:

- a. A significant decrease in the market price of a long-lived asset (asset group)
    - ***With the anticipated East Pool Agreement termination and the PUCO moving towards market rates through PJM for the Ohio units beginning in June 2015, a decrease in market value of certain Ohio plants is likely.***

- b. A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition
  - ***All AEP East Pool assets will be impacted by the East Pool Agreement termination, which is an "adverse change in the extent or manner in which the assets are used" because APCo, I&M and KPCo will be required to purchase generation assets, or enter into power purchase agreements in order to meet their requirements and Ohio units will be subject to market pricing.***
- c. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator
  - ***Legal factors/business climate changes include the planned corporate separation of the Ohio generating assets which will transition to market pricing risks as opposed to prior ESP or RSP rate plans ordered by the PUCO.***
- d. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group)
  - *N/A*
- e. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group)
  - *N/A*
- f. A current expectation that, more likely than not, a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term *more likely than not* refers to a level of likelihood that is more than 50 percent.
  - *N/A*

B. Recoverability Test

With a trigger established for all AEP East generation assets, a recoverability test must be performed on all AEP East generation assets. The applicable Accounting Standard follows:

> **360-10-35-17** An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment shall be based on the carrying amount of the asset (asset group) at the date it is tested for recoverability. .....An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value.

In performing this test, we must first determine the appropriate grouping of AEP East generation assets in accordance with the following accounting standard:

> 360-10-35-23 For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets shall be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. .....

Historically, for purposes of performing recoverability tests under ASC 360, AEP had grouped all AEP East generation assets together due to the fact that cash flows generated from these assets had been interdependent under the East Pool Agreement. AEP east operating companies received cash flows based on their respective load requirements vs. their capacity available to the East Pool. Our conclusions were that the East Pool generation assets as a group were "the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities." Given [redacted] based on the attached AEP legal letter, we re-evaluated whether this historical view of grouping of the East generation assets was still applicable.

D&T 360-10-35 (Q/A 10) gives guidance as to the application of ASC 360-10-35-23 regarding grouping of assets and states:

> "A company performing an impairment analysis should begin at the lowest level of cash flows determinable within the organization; for example, an individual production line, real estate asset, plant, or retail store. Cash flows may be grouped at a higher level only if the higher level is more appropriate.....Factors to consider include ....the interdependence of assets and the extent to which such assets are expected or required to be operated or disposed of together...."

Other significant considerations include:

1. The ability to identify cash flows by individual operating unit of each generating station.
2. Whether the cash flows associated with an asset or asset group are largely independent of cash flows of other assets or asset groups.
3. Effective January 2014, the creation of a new Power Coordination Agreement (New Pool) which will include APCo, KYPCo and I&M.
4. The Pool termination is part of a strategy to move the Ohio generating units to a separate legal entity owned by AEP (Ohio GenCo) due to PUCO's desire for competition in the generation market.
5. A bridge agreement subsequent to the termination of the East Pool Agreement will be in effect to handle allocation of capacity sales and purchases to/from unaffiliated third parties through June 1, 2015. These transactions will be allocated based on a legacy average MLR in 2013. We expect these amounts to be immaterial.
6. A bridge agreement will also handle allocation of legacy trading and hedging contracts that will run-off subsequent to pool termination and will also be allocated on a legacy average MLR in 2013. We also expect these amounts to be immaterial.
7. Post corporate separation effective January 1, 2014, Ohio Distribution Co. will purchase energy under an interim sales agreement from Ohio GenCo at fuel cost plus the regulated ESP "G" rate determined by the PUCO until the energy and capacity auctions begin.
    - In analyzing the future cash flows over the remaining life of the East generating units, a very significant portion of the cash flows will occur during periods subsequent to the termination of the East Pool Agreement. However, expected retirement dates for certain Ohio fully exposed units:

GENERATING PLANT	Unit Designation	Expected Retirement Date
OPCo		
Beckjord Generating Plant		6/1/2015
Conesville Generating Plant	3	12/31/2012
Picway Generating Plant	5	6/1/2015
Kammer Generating Plant	1 - 3	6/1/2015
Muskingum Generating Plant	1 & 3	6/1/2015
Muskingum Generating Plant	2 & 4	6/1/2015
Philip Sporn Generating Plant	2 & 4	6/1/2015

Determination of Asset Grouping

- Non-Ohio generation assets
  - Due to the continued cost-based regulated rates of APCo, KYPCo and I&M and the formation of the New Pool effective January 1, 2014, these generating units should not be grouped within the entire East Pool of generating units for the remaining period of the Pool's existence. Given the legal separation and the distinct cost-based regulated rates for each company, the lowest level of identifiable cash flows that are independent of other assets would be the generation assets within each legal entity.
  - Grouping these assets as one group under the New Pool agreement, which relates to sharing of resources on an emergency-only basis, is not appropriate as the cash flow dependency of each company on the other members is not nearly as significant as the old East Pool Agreement since the companies are expected to be balanced from a capacity perspective and only minor capacity or energy payments/revenues will be settled among the three members.
  - Also, the generating units should not be analyzed at the unit level since all revenues from the generation assets as a group are subject to cost-based rate regulation as a legal entity.
  - Furthermore, grouping the generation assets separate from transmission and distribution assets is consistent with our prior practice and is supported given the distinction of these assets from a regulated-rate perspective in many jurisdictions.

- Ohio Long-Lived Generating Assets not fully exposed to environmental rules
  - For Ohio generating units expected to operate over the next twenty to thirty years, a very significant portion of the total cash flows over their remaining lives will occur during periods subsequent to the termination of the East Pool Agreement. These units are not bound together as FRR status within PJM or from a PUCO rate perspective and will operate as merchant plants. Therefore, these units will be evaluated based on each stand-alone generating unit and should not be grouped within the entire East Pool of generating units for the remaining period of the Pool's existence.

- Ohio Generating Assets fully exposed to environmental rules
  - Continuing to group these fully exposed plants with any other long-lived Ohio generating units or other East Operating Companies generation assets would not be appropriate because:
    1. The other partial and least exposed long-lived Ohio generating units' future cash flows are not dependent on other assets, including the Ohio fully exposed units,
    2. Ohio fully exposed units will not be members of the New Pool with APCo, KYPCo and I&M,

3. Subsequent to East Pool termination the cash flows for all of the East plants are not dependent on any other East plant or any AEP affiliated assets , and
4. Cash flows for the Ohio fully exposed units subsequent to pool termination are more than a minor portion of the cash flows of these units over their remaining lives.

- Therefore, these fully exposed Ohio units are the only remaining generation units grouped together under the East Pool Agreement which is set to expire December 31, 2013. As discussed above, the cash flows for the non-Ohio assets are separated by the New Pool agreement and their respective rate jurisdictions. Furthermore, the cash flows from the other longer-lived Ohio assets will result from their operation on a standalone basis as merchant plants for a significant portion of their remaining lives. Therefore, given the termination of the East Pool Agreement, there are no other assets with which to group the fully exposed Ohio units necessitating the evaluation of these units on a stand-alone generating unit-level.

- **Summary of Asset Groups**
  - Non-Ohio generating assets - the generating assets within each legal entity.
  - Ohio Long-Lived Generating Assets not fully exposed to environmental rules – individual stand-alone generating unit.
  - Ohio Generating Assets fully exposed to environmental rules - individual stand-alone generating unit.

Method of Recoverability Test
As cost-based rate regulated entities, APCo, KYPCo and I&M file rate cases to recover their incurred costs and as such any net cash flow projections presume it is probable that costs will be fully recovered over the life of the assets. These cost-based regulated units will be included in the asset groups determined above and any potential impairment for the APCo, KYPCo or I&M units will be evaluated if and when there is notification of potential disallowance by state regulators as provided under ASC 980 - Regulated Operations.

Since the Ohio companies generation assets are not cost-based rate regulated and do not fall under ASC 980 Regulated Operations, a recoverability test for each generating unit was performed to determine if gross cash flows per unit are sufficient to recover the book value of each unit as required under ASC 360. An impairment measurement is necessary only if the gross cash flows from each unit fail to recover the book value of each unit.

IV. ASC 360 Recoverability and Impairment Tests
We performed recoverability and any related impairment tests. Refer to Attachment 4 for detailed documentation related to the tests and related control testing. The Spread Option Model (Model) was prepared by the Generation Business Planning and Analysis department. Since the Model depicts market transactions, adjustments were made to the Model for periods 2013 through May 2015 to reflect the anticipated Pool termination and the transition of the Ohio generation assets to competition.

For each Ohio generating unit, the schedule below shows the November 2012 net book value versus the gross cash flows per the recoverability tests which determined if the impairment measurement was necessary.

AEP OHIO Plants
Nov-12

GENERATING PLANT	Unit	NBV November 2012	NBV Adjustment	Estimated ARO Dec Adj	CWIP November 2012	Adjusted NBV November 2012	Gross Cash Flows	Excess Cash Flow over NBV	Impairment
					($ millions)				
Fully Exposed Units									
Beckjord	6	8.4			0.1	8.5	[redacted]	[redacted]	8.5
Conesville	3	1.1				1.1	[redacted]	[redacted]	1.1
Kammer	1	32.4	(0.8)		0.4	32.0	[redacted]	[redacted]	32.0
Kammer	2	32.4	(0.8)		0.3	31.9	[redacted]	[redacted]	31.9
Kammer	3	32.5	(0.7)		0.3	32.1	[redacted]	[redacted]	32.1
Muskingum	1	23.8	(0.5)		0.3	23.6	[redacted]	[redacted]	23.6
Muskingum	2	23.8	(0.4)		0.2	23.6	[redacted]	[redacted]	23.6
Muskingum	3	23.8	(0.4)		0.2	23.6	[redacted]	[redacted]	23.6
Muskingum	4	23.8	(0.5)		0.3	23.6	[redacted]	[redacted]	23.6
Philip Sporn	2	32.3		(0.6)	0.3	32.0	[redacted]	[redacted]	32.0
Philip Sporn	4	32.3		(0.6)	0.3	32.0	[redacted]	[redacted]	32.0
Picway	5	10.3				10.3	[redacted]	[redacted]	10.3
		276.9	(4.1)	(1.2)	2.7	274.3	[redacted]	[redacted]	274.3
Other Units									
Amos	3	786.3			11.8	798.1	[redacted]	[redacted]	
Cardinal	1	521.7			7.5	529.2	[redacted]	[redacted]	
Darby	1	15.2			-	15.2	[redacted]	[redacted]	
Darby	2	15.2			-	15.2	[redacted]	[redacted]	
Darby	3	15.2			-	15.2	[redacted]	[redacted]	
Darby	4	15.2			-	15.2	[redacted]	[redacted]	
Darby	5	15.2			-	15.2	[redacted]	[redacted]	
Darby	6	15.2			-	15.2	[redacted]	[redacted]	
Gavin	1	475.7			22.0	497.7	[redacted]	[redacted]	
Gavin	2	475.7			22.0	497.7	[redacted]	[redacted]	
Mitchell	1	604.9	1.1		37.6	643.6	[redacted]	[redacted]	
Mitchell	2	604.9	1.2		35.1	641.2	[redacted]	[redacted]	
Muskingum	5	173.6	1.8		-	175.4	[redacted]	[redacted]	
Waterford	1	177.3			3.0	180.3	[redacted]	[redacted]	
Stuart	1	90.2			0.9	91.1	[redacted]	[redacted]	
Stuart	2	90.2			0.9	91.1	[redacted]	[redacted]	
Stuart	3	90.2			0.9	91.1	[redacted]	[redacted]	
Stuart	4	90.2			0.9	91.1	[redacted]	[redacted]	
Zimmer	1	415.3			1.9	417.2	[redacted]	[redacted]	
Conesville	4	257.2			24.9	282.1	[redacted]	[redacted]	
Conesville	5	217.5			8.8	226.3	[redacted]	[redacted]	
Conesville	6	217.5			8.8	226.3	[redacted]	[redacted]	
Racine		36.6			-	36.6	[redacted]	[redacted]	
		5,416.0	4.1	-	186.9	5,607.0	[redacted]	[redacted]	
		5,692.9	-	(1.2)	189.6	5,881.3	18,025.2	12,143.9	274.3

V. **Materials and Supplies Inventory (M&S)**
In Attachment 5, Supply Chain Operations (Generation) provides the M&S balances at the Ohio units that are impaired. We determined that a reserve should be established to reduce the M&S inventory to its net realizable value. As such, a reserve for $12.7 million was recorded utilizing the unique inventory balance as an estimate for an appropriate inventory reserve for the fully exposed Ohio units as shown in the journal entry above in section II.

VI. **Disclosure**
Refer to Attachment 6 for disclosures made in the 2012 10K.

VII. **Cash Flow Statement**
The impairment amount is included in the income statement among other impairment amounts in the line "Asset Impairment and Other Related Charges." This line item is shown as a non-cash add back to net income in the cash flows from operating activities section. All other balance sheet change impacts should be removed from the cash flow statement.

cc:

J.M. Buonaiuto	J.R. Huneck	B.X. Tierney	O. J. Sever
A.B. Reis	F.S. Travis	D.L. Campbell	T. H. Ross
T.E. Mitchell	R.A. Mueller	K.D. Fairchild	J.R. Brooks
J.E. Swanger	K.M. Tamms	W.J. Pascarella	L.L. Dieck
M.A. Pyle	D.G. Hummel	K.R. Bletzacker	D.L. Weaver
Nick Roger (Deloitte)	Jen Miller (Deloitte)	Chad Palmer (Deloitte)	

KPSC Case No. 2012-00578
KIUC's Second Set of Data Requests
Dated March 8, 2012
Item No. 55

REDACTED

Mitchell 1
Summary Financial Statement
Spread Option Model Only

Power Curve: AEP-CARBON
Market Date: Price_Forecast_Nominal_FTCA_CSAPR2_2011_11_22.xls

($Millions)	2013	2014	01-05/31 2015	06-12 2015	2016	2017	2018	2019	2020	2021
Capacity (Mw)	[redacted]									
Minimum Turn Down (Mw)										
Capacity Factor										
Net Generation (Gwh)										
OSS Generation (Gwh)										
Internal Generation Excluding Pool (Gwh)										
Fuel Input (000 MMBtu)										
Fuel Input (Nox Seasonal) (000 MMBtu)										
Heat Rate -- Avg. (Btu/Kwh)										
CO2 Emissions (ktons)										
CO2 Emission Rate (lbs/MMBtu)										
Mercury Emissions (lbs)										
Mercury Emission Rate (lbs/TBtu)										
SO2 Emissions (ktons)										
SO2 Emission Rate (lbs/MMBtu)										
NOx (Seasonal) Emissions (ktons)										
NOx (Seasonal) Emission Rate (lbs/MMBtu)										
Revenues										
OSS Revenues										
Internal Revenues Excluding Pool										
Intrinsic Value										
Extrinsic Value										
Fuel + VOM										
Average Price (Generation-Wtd.) ($/Mwh)										
Internal Generation $/Mwh										
Memo: Fwd Power Strips (Avg. ALL Hrs.)										
- Cost of Sales										
($/Mwh)										
Fuel + VOM										
GROSS MARGIN - Energy										
($/Mwh)										
($/Kw-Yr.)										
Other Incremental Margin:										
($/Kw-Yr.)										
UCAP Market Value										
AEP Pool Capacity										
CRES Capacity										
G-Rate Non FAC										
SO2 Allowance Credits (@ Market)										
NOx Allowance Credits (@ Market)										
GROSS MARGIN - Total										
($/Kw-Yr.)										
($/Kw-Mo.)										
- Fixed Operating Expenses										
($/Kw-Yr.)										
($/Mwh)										
BCO										
NOMI										
Schedule Outage										
Leases										
Removal										
G&A										
Less: Chemicals & Other VOM Already In FOM										
Property Taxes (Nominal $)										
Insurance (Nominal $)										
B&O Tax if WVa.										
Memo: Corporate G&A Alloc.										
EBITDA										
Capital Expenditures										
FREE CASH FLOW										
Cash Flow										
Gross Cash Flow										

Mitchell 1

Summary Financial Statement

Spread Option Model Only

Power Curve:	AEP-CARBON
Market Date:	Price_Forecast_Nominal_FTCA_CSAPR2_2011_11_22.xls

($Millions)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capacity (Mw)	[redacted]									
Minimum Turn Down (Mw)										
Capacity Factor										
Net Generation (Gwh)										
OSS Generation (Gwh)										
Internal Generation Excluding Pool (Gwh)										
Fuel Input (000 MMBtu)										
Fuel Input (Nox Seasonal) (000 MMBtu)										
Heat Rate -- Avg. (Btu/Kwh)										
CO2 Emissions (ktons)										
CO2 Emission Rate (lbs/MMBtu)										
Mercury Emissions (lbs)										
Mercury Emission Rate (lbs/TBtu)										
SO2 Emissions (ktons)										
SO2 Emission Rate (lbs/MMBtu)										
NOx (Seasonal) Emissions (ktons)										
NOx (Seasonal) Emission Rate (lbs/MMBtu)										
Revenues										
OSS Revenues										
Internal Revenues Excluding Pool										
Intrinsic Value										
Extrinsic Value										
Fuel + VOM										
Average Price (Generation-Wtd.) ($/Mwh)										
Internal Generation $/Mwh										
Memo: Fwd Power Strips (Avg. ALL Hrs.)										
- Cost of Sales										
($/Mwh)										
Fuel + VOM										
GROSS MARGIN - Energy										
($/Mwh)										
($/Kw-Yr.)										
Other Incremental Margin:										
($/Kw-Yr.)										
UCAP Market Value										
AEP Pool Capacity										
CRES Capacity										
G-Rate Non FAC										
SO2 Allowance Credits (@ Market)										
NOx Allowance Credits (@ Market)										
GROSS MARGIN - Total										
($/Kw-Yr.)										
($/Kw-Mo.)										
- Fixed Operating Expenses										
($/Kw-Yr.)										
($/Mwh)										
BCO										
NOMI										
Schedule Outage										
Leases										
Removal										
G&A										
Less: Chemicals & Other VOM Already In FOM										
Property Taxes (Nominal $)										
Insurance (Nominal $)										
B&O Tax if WVa.										
Memo: Corporate G&A Alloc.										
EBITDA										
Capital Expenditures										
FREE CASH FLOW										
Cash Flow										
Gross Cash Flow										

Mitchell 2

Summary Financial Statement

Spread Option Model Only

Power Curve: AEP-CARBON
Market Date: Price_Forecast_Nominal_FTCA_CSAPR2_2011_11_22.xls

($Millions)	2013	2014	1-05/31 2015	06-12 2015	2016	2017	2018	2019	2020	2021
Capacity (Mw)	[redacted]									
Minimum Turn Down (Mw)										
Capacity Factor										
Net Generation (Gwh)										
OSS Generation (Gwh)										
Internal Generation Excluding Pool (Gwh)										
Fuel Input (000 MMBtu)										
Fuel Input (Nox Seasonal) (000 MMBtu)										
Heat Rate -- Avg. (Btu/Kwh)										
CO2 Emissions (ktons)										
CO2 Emission Rate (lbs/MMBtu)										
Mercury Emissions (lbs)										
Mercury Emission Rate (lbs/TBtu)										
SO2 Emissions (ktons)										
SO2 Emission Rate (lbs/MMBtu)										
NOx (Seasonal) Emissions (ktons)										
NOx (Seasonal) Emission Rate (lbs/MMBtu)										
Revenues										
OSS Revenues										
Internal Revenues Excluding Pool										
Intrinsic Value										
Extrinsic Value										
Fuel + VOM										
Average Price (Generation-Wtd.) ($/Mwh)										
Internal Generation $/Mwh										
Memo: Fwd Power Strips (Avg. ALL Hrs.)										
- Cost of Sales										
($/Mwh)										
Fuel + VOM										
GROSS MARGIN - Energy										
($/Mwh)										
($/Kw-Yr.)										
Other Incremental Margin:										
($/Kw-Yr.)										
UCAP Market Value										
AEP Pool Capacity										
CRES Capacity										
G-Rate Non FAC										
SO2 Allowance Credits (@ Market)										
NOx Allowance Credits (@ Market)										
GROSS MARGIN - Total										
($/Kw-Yr.)										
($/Kw-Mo.)										
- Fixed Operating Expenses										
($/Kw-Yr.)										
($/Mwh)										
BCO										
NOMI										
Schedule Outage										
Leases										
Removal										
G&A										
Less: Chemicals & Other VOM Already In FOM										
Property Taxes (Nominal $)										
Insurance (Nominal $)										
B&O Tax if WVa.										
Memo: Corporate G&A Alloc.										
EBITDA										
Capital Expenditures										
FREE CASH FLOW										
Cash Flow										
Gross Cash Flow										

Mitchell 2

Summary Financial Statement

Spread Option Model Only

Power Curve AEP-CARBON
Market Date: Price_Forecast_Nominal_FTCA_CSAPR2_2011_11_22.xls

($Millions)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
city (Mw)	[redacted]									
ıum Turn Down (Mw)										
city Factor										
ieneration (Gwh)										
OSS Generation (Gwh)										
Internal Generation Excluding Pool (Gwh)										
nput (000 MMBtu)										
nput (Nox Seasonal) (000 MMBtu)										
ɜat Rate -- Avg. (Btu/Kwh)										
Emissions (ktons)										
O2 Emission Rate (lbs/MMBtu)										
ury Emissions (lbs)										
ercury Emission Rate (lbs/TBtu)										
Emissions (ktons)										
O2 Emission Rate (lbs/MMBtu)										
Seasonal) Emissions (ktons)										
Ox (Seasonal) Emission Rate (lbs/MMBtu)										
nues										
OSS Revenues										
Internal Revenues Excluding Pool										
Intrinsic Value										
Extrinsic Value										
Fuel + VOM										
Average Price (Generation-Wtd.) ($/Mwh)										
Internal Generation $/Mwh										
Memo: Fwd Power Strips (Avg. ALL Hrs.)										
of Sales										
($/Mwh)										
Fuel + VOM										
GROSS MARGIN - Energy										
($/Mwh)										
($/Kw-Yr.)										
Other Incremental Margin:										
($/Kw-Yr.)										
UCAP Market Value										
AEP Pool Capacity										
CRES Capacity										
G-Rate Non FAC										
SO2 Allowance Credits (@ Market)										
NOx Allowance Credits (@ Market)										
GROSS MARGIN - Total										
($/Kw-Yr.)										
($/Kw-Mo.)										
I Operating Expenses										
($/Kw-Yr.)										
($/Mwh)										
BCO										
NOMI										
Schedule Outage										
Leases										
Removal										
G&A										
Less: Chemicals & Other VOM Already In FOM										
Property Taxes (Nominal $)										
Insurance (Nominal $)										
B&O Tax if WVa.										
Memo: Corporate G&A Alloc.										
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Cash Flow										
Gross Cash Flow										