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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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

KENTUCKY POWER COMPANY RESPONSES TO
COMMISSION STAFF'S SECOND SET OF DATA REQUESTS ITEM NO. 9

March 28, 2013

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 24. Provide a copy of the Request for Proposal after it is issued.

RESPONSE

The Request for Proposal has not been issued as of the date of this response. The Company will supplement this response once the RFP has been issued.

March 28, 2013 Supplemental Response

Please see Attachment 1 to this supplemental response to KPSC 2-9.

WITNESS: Ranie K. Wohnhas



2013 Kentucky Power Company 250 MW RFP

American Electric Power Service Corporation
as agent for
Kentucky Power Company

Request for Proposals

Up to 250 MW (nameplate) of
LONG-TERM CAPACITY and ENERGY
(PJM Resources only)

Capable of being on-line by June 1, 2015

Issued:
March 28, 2013

Web Address: <http://www.kentuckypower.com/go/rfp/>

Proposals Due:
June 11, 2013 (Columbus, OH)



2013 Kentucky Power Company 250 MW RFP

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2013 Kentucky Power Company 250 MW RFP

Background

Kentucky Power Company (Company) is undertaking a process to determine the least, reasonable cost solution to replacing the impending generation loss anticipated with the retirement of its Big Sandy Unit 1 generation unit. Big Sandy Unit 1 is a 260 MW coal fired generating unit that went into service in 1963 and is currently scheduled for retirement in 2015. Big Sandy Unit 1 is located near Louisa, Kentucky and is within the PJM regional transmission organization.

The options available to the Company for the replacement of the Big Sandy Unit 1 generation capacity as a coal fired generation resource include:

- BS1 Conversion: converting Big Sandy Unit 1 to a natural gas fired generation unit (BS1 Conversion). The projected cost to convert Big Sandy Unit 1 will be developed by American Electric Power Service Corporation's (AEPSC) Projects, Controls & Construction group. (AEPSC Projects Group).
- PJM Capacity Resource Request for Proposals (RFP): issue an RFP for 250 MW of PJM Generation Capacity Resources.

The Company will use the proposals (Proposals) received as a result of the 250 MW RFP along with the BS1 Conversion cost estimate to determine the least, reasonable cost solution to replacing the Big Sandy Unit 1 capacity as a coal fired generating unit.

The evaluation of the RFP and BS1 Conversion is not a commitment to convert (BS1 Conversion) or purchase (RFP) and shall not bind the Company or any affiliates of the Company in any manner. The Company in its sole discretion will determine which direction, if any, it wishes to take with respect to replacing the Big Sandy Unit 1 coal fired generation capacity, energy, and ancillary services.

The management and evaluation of this RFP will be directed by select AEPSC personnel that have been categorized into two groups – a Development Group and an Evaluation Group. The Development Group will be responsible for the design, development, and management of the overall RFP process, while the Evaluation Group will be responsible for evaluating the RFP Proposals and the BS1 Conversion cost as provided by the AEPSC Projects Group. Members of the Development and Evaluation Groups are separate groups from the AEPSC Projects Group or any Affiliate of the Company that may wish to participate in this RFP.

AEPSC and the Company will ensure that the bids received in response to this RFP along with the BS1 Conversion cost are evaluated in a consistent, transparent, and impartial manner.



2013 Kentucky Power Company 250 MW RFP

1. Company Information

- 1.1. American Electric Power (AEP) is one of the largest electric utilities in the United States, delivering electricity to more than 5.3 million customers in 11 states. AEP ranks among the nation's largest generators of electricity, owning nearly 38,000 megawatts of generating capacity in the U.S. AEP also owns the nation's largest electricity transmission system, a nearly 39,000-mile network that includes more 765 kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and Texas). AEP's headquarters are in Columbus, Ohio. More information about AEP can be accessed by visiting www.aep.com.
- 1.2. Kentucky Power Company provides service to approximately 173,000 customers in all or part of 20 eastern Kentucky counties and is headquartered in Frankfort, KY. The Company has approximately 1,233 miles of transmission lines and 11,242 miles of distribution lines. Its distribution operations are based in Ashland with service centers in Pikeville and Hazard. The Company also has area offices in Paintsville and Whitesburg. More information about the Company can be accessed by visiting www.kentuckypower.com.

2. Introduction

- 2.1. American Electric Power Service Corporation, a subsidiary of AEP is administering this Request for Proposals (RFP) on behalf of Kentucky Power Company (Company). AEPSC is requesting bids which will result in obtaining up to approximately 250 MW of PJM Generation Capacity Resources¹ (Resources).
- 2.2. Resources bid into this RFP must be capable of being on-line by June 1, 2015 and able to supply a "Bundled Product" that includes Capacity (MW), Energy (MWh), and Ancillary Services if available.
- 2.3. AEPSC is requesting Proposals from parties desiring to sell a Bundled Product through a Power Purchase Agreement (PPA), Tolling Agreement (TA), an Asset Purchase Agreement (APA), or Other Proposal (OTH) as further defined in this RFP.

In addition, AEPSC will be accepting Proposals from demand-side management (DSM) and cost-effective energy efficiency (EE) resources.

¹ PJM Generation Capacity Resource is a generation unit, or the right to capacity from a specified generation unit, that meets the requirements of Schedules 9 and 10 of the PJM Reliability Assurance Agreement. A Generation Resource may be an existing Generation Resource or a Planned Generation Resource.



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- 2.4. Energy scheduled as a result of any PPA, TA, or OTH agreement shall be scheduled via a unilateral schedule in the PJM InSchedule system with a Sink at the Big Sandy Unit 1 Pnode as further described in Section 4.4.2 (*Note: this scheduling requirement will enable the Company to utilize any proposed Resource in a manner similar to a Product produced from the Company's Big Sandy Unit 1 resource. In addition, it will enable the Company to compare Proposals to the BS1 Conversion cost as referenced in the Background of this RFP*).
- 2.5. For each Proposal, a Seller shall offer only one Base Proposal. Sellers are encouraged to provide the Company with a Base Proposal that reflects what it believes is their best pricing Proposal. At no point in the evaluation process will a Seller have the opportunity to unilaterally change its Proposal.
- 2.6. For each Base Proposal, a Seller is allowed to submit up to three alternatives (each an "Alternative Proposal"). Alternative Proposals may be for different bid sizes, term of contract (15 years or greater), or alternate contract terms and conditions. Proposals based on a different site, technology, contract type, or fuel supply arrangement from the Base Proposal must be submitted as a separate Proposal.
- 2.7. The Company will allow affiliates (Affiliates) of the Company to participate in this RFP. Affiliates will be required to follow all of the requirements of this RFP including the process outlined in Section 3 regarding questions. If an Affiliate's Proposal is offered, its Proposal (i) shall be submitted in the same format and under the same rules and (ii) shall be evaluated in the same manner as other Proposals submitted into this RFP.
- 2.8. The Company has established a web page (www.kentuckypower.com/go/rfp) at its website for this RFP. AEPSC and Kentucky Power Company reserve the right to amend this RFP at any time and at its sole discretion. Any amendments to this RFP will be posted at the Company web page.
- 2.9. This RFP is not a commitment to purchase and shall not bind the Company or any affiliates of the Company in any manner. The Company in their sole discretion will determine which Seller(s), if any, it wishes to engage in negotiations that may lead to a binding contract.

3. RFP Questions

- 3.1. Throughout the RFP process, interested parties may submit questions regarding this RFP to AEPSC via:
 - instructions located at the Company's website established for this RFP (www.kentuckypower.com/go/rfp) or
 - by emailing 2013KentuckyPowerRFP@aep.com.



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3.2. Questions submitted as outlined in Section 3.1 above will be reviewed by AEPSC. Those questions (and answers) which AEPSC views in its sole discretion to be of benefit to other potential RFP participants will be posted on the Q&A portion of the website. Posted questions and answers will not identify the originator of the question.

4. **Scope**

The following sub-sections describe the scope of this RFP. All questions regarding the scope of this RFP should be submitted through the Company's website or RFP email address as outlined in Section 3.

4.1. **Product** – the Company is seeking a low cost Bundled Product from PJM Generation Capacity Resources that includes the following.

- 4.1.1. Capacity (MW)
- 4.1.2. Energy (MWh)
- 4.1.3. Ancillary Services (if available)
- 4.1.4. Environmental Attributes² (if available)

4.2. **Quantity** – the Company is seeking Proposals for up to 250 MW, however, may procure more or less than 250 MW, and may aggregate Bundled Products from multiple Sellers to meet its needs, or select no offers at all.

- 4.2.1. Proposals shall have a minimum nameplate capacity size of 50 MW, with the exception of DSM / EE Proposals.
- 4.2.2. DSM and EE Proposals shall have a minimum size of 1 MW.

4.3. **Delivery Period** – The delivery of Capacity and Energy should begin no earlier than June 1, 2015.

- 4.3.1. Delivery period start dates later than June 1, 2015 will be accepted, however, Seller will be required to supply to the Company the PJM Capacity value for the period between June 1, 2015 and the actual delivery start period.
- 4.3.2. All Base Proposals, with the exception of DSM/EE Proposals, shall have a term of 15 years. Base Proposals with terms other than 15 years will be considered non-conforming and rejected from the RFP process. Sellers may provide terms of greater than 15 years within their Alternative Proposals.
- 4.3.3. DSM / EE Proposals shall have a minimum term of 5 years.

4.4. **Energy Delivery (for PPA, TA, and OTH Proposals)**

- 4.4.1. The Company and the Seller(s) will bilaterally establish and confirm a contract in PJM's InSchedule system (Contract) related to any agreement between the Company and the Seller.
- 4.4.2. The Contract will have the following key attributes:

² Environmental Attributes include, but are not limited to any associated renewable energy credits (RECs) and any other current or future environmental attributes, including any greenhouse gas emission reductions associated with the quantity contracted from a facility.



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4.4.2.1. the "Schedule Confirmation Type" will be "Unilateral Buyer," such that the Company will have unilateral schedule confirmation rights for all schedules between the parties;

4.4.2.2. the "Sink" will be the Point of Delivery as defined in the table below;

Point of Delivery	
Pnode ID name	BIGSANDY
Pnode ID number	40243783
Location	Louisa, KY
County	Lawrence

4.4.2.3. the "Service Type" will be "Internal Bilateral Transaction".

4.5. Interconnection

4.5.1. The Point of Interconnection shall be the Facility's interconnection point with the PJM system.

4.5.2. All Proposals, at a minimum, must have completed the PJM Feasibility Study phase of the interconnection request process with PJM.

4.5.3. The Seller is responsible for all costs associated with transmission interconnections and system upgrades as required by PJM and the transmission operator.

4.5.4. The Seller is responsible for following the established PJM and transmission operator policies and procedures that are in effect regarding facility interconnection and operation associated with a utility's transmission system.

4.6. Proposal Types - the Company is interested in executing a contract ("Supply Agreement") from one or more of the following proposal types

4.6.1. Power Purchase Agreements ("PPA")

4.6.2. Tolling Agreements ("TA") - Seller pricing shall include the option of Seller providing the fuel, however, the Proposal shall also include an option where the Company will supply the fuel to the Resource.

4.6.3. Asset Purchase Agreements ("APA") - The Company will accept Proposals for assets that are currently in-service or will be in-service prior to June 1, 2015. The Company will not accept Proposals for partially built assets.

4.6.4. Other Proposals ("OTH") - Other Proposals are other power supplies or arrangements that do not fall into a PPA, TA, APA or DSM/EE category

4.6.5. Demand-side management ("DSM") or Cost-effective energy efficiency resources ("EE")

4.7. Pricing

4.7.1. Seller shall use Appendix A and any other attachments as needed to fully articulate the pricing of its Proposal.

4.7.2. Seller shall provide a summary of its essential terms and conditions associated with Seller's Proposal and pricing.

4.7.3. Prices must be firm, representing best and final data and quoted in U.S. dollars.



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- 4.7.4. If pricing involves escalation or indexing, the details of such pricing, including the specific indices or escalation rates, must be included for evaluation.
- 4.7.5. Pricing to include all Ancillary Service costs, taxes and other fees necessary for delivery of the Energy to the Point of Delivery as applicable.
- 4.7.6. All costs associated with interconnections and transmission, including any system upgrades, as required by PJM up to the Point of Delivery shall be included in the Seller's pricing where appropriate under current FERC orders and rulings.
- 4.7.7. DSM / EE Proposals: Seller shall fully describe in Appendix D or other attachment the pricing associated with its Proposal.

4.8. Ancillary Services

- 4.8.1. Under a Supply Agreement, the Company prefers to have the unrestricted right to utilize all Ancillary Services associated with generation being offered by the Seller. In addition, the Company desires to have the unrestricted rights to any future Ancillary Services defined by the industry and capable of being provided by the generation capacity being offered.
- 4.8.2. The Seller shall describe the Ancillary Service capability of the Facility (Regulation, Synchronized Reserve, Black Start Service, DA Scheduling Reserve, etc.)
- 4.8.3. All Ancillary Services must be provided in accordance with the requirements of PJM and the transmission operator.
- 4.8.4. The Ancillary Services that would be available to the Company should not be limited to those defined in this section.
- 4.8.5. In the case where the Company purchases only part of the generation capacity from a unit, system or facility, then the Company desires to have unrestricted rights to Ancillary Services on a prorated basis.

- 4.9. DSM / EE Proposals must be from resources located within the Company's service area.

5. RFP Schedule

- 5.1. The following schedule and deadlines apply to this RFP. AEPSC and the Company reserve the right to revise this schedule at any time and at its sole discretion. Any revisions to the schedule will be posted to the RFP website.
- 5.2. All Proposals must be complete in all material respects and be received no later than 4 p.m. EST on Tuesday, June 11th at the AEPSC Columbus, OH location as defined in Section 6 of this RFP.



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RFP Issued	Thursday, March 28, 2013
Confidentiality Agreements	Friday, May 24, 2013
Proposals Due Date	Tuesday, June 11, 2013
RFP Short-List Identified	Friday, July 12, 2013
Final Decision (Recommended)	tbd

6. Proposal Submittal

One hard copy and one electronic copy on CD of the Proposal(s) shall be submitted by the Proposal Due Date as outlined in Section 5 of this RFP to:

American Electric Power Service Corporation
Kentucky Power Company RFP Administrator
155 W. Nationwide Blvd
Columbus, OH 43215

7. Key Terms and Conditions

For a Supply Agreement, the Seller's Proposal should include, where applicable to the Seller's Proposal, the following terms and conditions, among other things:

- 7.1. Seller will guarantee all pricing and terms that affect pricing such as but not limited to heat rate, fuel cost, operations and maintenance costs, as applicable.
- 7.2. Pricing shall include all pricing and terms for Capacity, associated Energy, and Ancillary Services.
- 7.3. Seller will guarantee the annual and seasonal availability.
- 7.4. Seller will be responsible for any and all compliance related costs and fines (environmental, NERC, FERC, PJM, etc) incurred due to the non-compliance of the asset(s) designated to supply Capacity, Energy, and Ancillary Services to the Company.
- 7.5. Seller shall be responsible for ALL reporting requirements under NERC, PJM, etc.
- 7.6. Seller shall be responsible for offering Company's Capacity, Energy and Ancillary Services into the PJM market.
- 7.7. For the sale of generation capacity and energy to the Company under a Supply Agreement, the Seller would be responsible for obtaining all necessary permits and providing all credits and allowances needed to comply with the permit requirements for the life of the agreement, where permits, credits and allowances are applicable for the product being sold.



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7.8. Failure to obtain or comply with any environmental permit or governmental consent would not excuse nonperformance by Seller.

7.9. Financial Capability

7.9.1. Should the Company elect to enter into a Supply Agreement with a Seller who fails to meet its obligations at any point in time, the Company's customers may be exposed to the risk of higher costs. Therefore, Sellers will be required to demonstrate, in a manner acceptable to the Company, the Seller's ability to meet all financial obligations to the Company throughout the applicable development, construction and operations phases for the term of the Supply Agreement. Under no circumstances, should the Company's customers be exposed to increased costs relative to the cost defined in an agreement between the Seller and the Company.

7.9.2. Upon execution of a Supply Agreement, Seller will be required to provide Security in the form of an irrevocable standby letter of credit (LOC), cash, or a corporate guaranty from a credit worthy entity, to protect the Company's customers in the event of default by the Seller. The amount and terms of the Security will be subject to approval by the Company based upon the Company's standards.

8. Proposal Content

8.1. The Seller is encouraged to provide as much information as possible to aid in the evaluation of the offer. Seller shall use Appendix C as a reference of the material required to be submitted with Seller's Proposal.

8.2. The Company reserves the right to request additional information. Any failures to supply the information requested will be taken into consideration relative to the Company's internal evaluation of cost, risk, and value.

8.3. The Seller should also provide any additional information the Seller deems necessary or useful to the Company in making a definitive and final evaluation of the benefits of the Seller's Proposal without further interaction between the Company and the Seller.

9. Treatment of Proposals

9.1. The Company reserves the right, without qualification, to select or reject any or all Proposals and to waive any formality, technicality, requirement, or irregularity in the Proposals received.

9.2. The completed Appendices and any supplement information submitted by the Seller may be utilized in any filings with regulatory agencies related to this RFP.



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9.3. The Company reserves the right to solicit additional Proposals, to modify the RFP or request additional information, as necessary, to complete its evaluation of the Proposals received.

9.4. Sellers who submit Proposals do so without recourse against the Company for either rejection by the Company or failure to execute an agreement for purchase of Capacity and/or energy for any reason.

10. RFP Proposal Evaluation

10.1. Initial Review

Proposals will be thoroughly reviewed and assessed to ensure that each meets ALL applicable content requirements as described in Section 8 – Proposal Content. Proposals that meet all the requirements (as applicable) of the RFP shall be considered conforming. Proposals will be deemed non-conforming if they do not meet all the requirements specified in the RFP and will be rejected. During the initial screening process, the Company reserves the right, but is not obligated, to contact Seller(s) to clarify Proposal terms or to request additional information.

10.2. Evaluation

The Company will use a multi-stage evaluation process to review Proposals. The evaluation process followed will depend on the number and nature of the Proposals received. The evaluation process will consider all applicable factors including, but not limited to, the following to determine the reasonableness of the Proposal and the projected least, reasonable cost:

- Terms of the proposal
- Exceptions to the terms and conditions as outlined in this RFP
- Proposal Pricing
- Impact of Proposal to Company's balance sheet and credit rating
- Seller's creditworthiness and experience
- Proposed date of commercial operation (on-line)
- Status of interconnection process with PJM
- Project capacity
- Regulatory considerations
- Development status of Seller's generation facility including, but not limited to, site chosen, permitting, and transmission;

At the conclusion of the evaluation process, a Short-list of Proposals will be identified for further evaluation and comparison to the BS1 Conversion cost as referenced in the Background section (page 3) of this RFP. If the Company determines that a Proposal(s) is in the best interest of the Company and its customers, the Company will enter into negotiations which may lead to the execution of a definitive agreement(s). Sellers of Proposals that are not selected to



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the Short-list will be notified that their Proposals were not selected to the Short-list.

- 10.3. Seller agrees to cooperate, to the fullest extent necessary, to obtain any and all State, Federal, or other regulatory approvals required for the effectiveness of a transaction.
- 10.4. Execution of any agreement shall also be dependent upon AEPSC and Kentucky Power Company obtaining sufficient assurance that the product purchased pursuant to the any agreement will be recognized for full recovery in the rates charged to its jurisdictional customers. The determination of what constitutes "sufficient assurance" shall be at the sole discretion and judgment of AEPSC and Kentucky Power Company.

11. Confidentiality

- 11.1. Attached as Appendix F is the Company's Form Confidentiality Agreement (CA). If Seller elects, they may complete the CA and forward electronically to 2013KentuckyPowerRFP@aep.com for execution by the Company.
- 11.2. AEPSC will take reasonable precautions and use reasonable efforts to maintain the confidentiality of all bids submitted. Sellers should clearly identify each page of information considered to be confidential or proprietary. AEPSC reserves the right to release any Proposals to agents or consultants for purposes of Proposal evaluation. AEPSC's disclosure policies and standards will automatically bind such agents or consultants. Regardless of the confidentiality, all such information may be subject to review by the appropriate state authority, or any other governmental authority or judicial body with jurisdiction relating to these matters and may be subject to legal discovery. Under such circumstances, AEPSC will make all reasonable efforts to protect Seller's confidential information.

12. Seller's Responsibilities

- 12.1. Proposals and bid pricing must be valid for at least 120 days after the Proposal Due Date, upon which time Proposals shall expire unless the Seller has been notified and selected as a Short-listed Seller or as a final award recipient.
- 12.2. It is the Seller's responsibility to submit all requested material by the deadlines specified in this RFP. *The Seller should make its Proposal as comprehensive as possible so that the Company may make a definitive and final evaluation of the Proposal's benefits to its customers without further contact with the Seller.*
- 12.3. Sellers are responsible for the timely completion of the project and are required to submit proof of their financial and technical wherewithal to ensure the successful completion of the project.



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12.4. The Company shall not be liable for any expenses Sellers incur in connection with the preparation and submission of a Proposal and/or any subsequent negotiations. The Company will not reimburse Sellers for their expenses under any circumstances, regardless of whether the RFP process proceeds to a successful conclusion or is abandoned by the Company at its sole discretions.

13. Contacts

All correspondences and questions regarding this RFP must be:

1. directed to the "Questions" section of the website established for this RFP (www.kentuckypower.com/go/rfp) or
2. by emailing 2013KentuckyPowerRFP@aep.com.

NOTE: Sellers or parties interested in participating in this RFP shall not contact the Kentucky Power Company offices directly. ALL inquiries must be submitted via the two contact methods described above.





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Appendix A

Company Information

Seller (Company):		
Contact Name:		
Contact Title:		
Address:		
City:	State:	Zip Code:
Work Phone:	Cell Phone:	
Email Address:		

General Project Information

Project Name / Description:				
Resource Type :				
<i>(e.g. NG Simple Cycle, Combined Cycle, Pulverized Coal, CFB, Wind, Hydro, DSM, EE, etc.):</i>				
Fuel Type (Primary / Secondary) :				
Project Location:				
Estimated On-line Date:			Expected Annual Production (MWh):	
Project Capacity Values, MW	Nameplate Rating	Winter Rating	Summer Rating	PJM Capacity Value
Is proposed MW the entire facility capacity (Y / N);				
If no, then how large is the entire facility (MW)?				

PJM Interconnection Summary

Feasibility Study Complete (Y/N):	PJM Queue #:
Interconnecting Utility / Location:	



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Substation:	Interconnection Voltage:
PJM Interconnection Status (describe):	

<i>Proposal Type (check one)</i>				
PPA	TA	OTH	DSM	EE

Pricing

Sellers shall provide a detailed written description of all pricing formulas including a detailed description of all sub-components. As noted in the RFP, the Company requires a Base Proposal, however the Company will allow Sellers to include up to three other Alternatives in their Proposal. If Seller elects to offer Alternatives, then Seller shall submit separate Proposal Pricing Sheets for each Alternative.

The following requirements for each of the Proposal Types shall be used as a guide. It is the Sellers responsibility to clearly articulate in this Appendix and any associated attachments the pricing component to the Seller's proposal.

PPA Proposals

Project Name: _____

Term: [_____] to [_____]

Contract Quantity: [_____] MW of Capacity and Energy

Capacity Charge: [_____] \$ / kw-month, define any annual price escalation

Heat Rate: [_____] Btu / kWh, provide heat rates at all dispatch points

Variable O&M: [_____] \$ / MWh, define any annual price escalation

Fuel Cost: (Fuel Cost Index Name) or [_____] \$ / MMBtu, provide a fuel price index and any adders, escalation or adjustments to the index to be used to price fuel delivered to the Facility, or provide the actual cost of fuel delivered to the facility.

Energy Payment: [_____] \$ / MWh, define any annual price escalation

Start-up Payment: [_____]: \$ / start

Other Operating Related Charges: [Define cost and parameters for charges]



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TA Proposals

Project Name: _____

Term: [_____] to [_____]

Contract Quantity: [_____] MW of Capacity and Energy

Capacity Charge: [_____] \$ / kw-month, define any annual price escalation

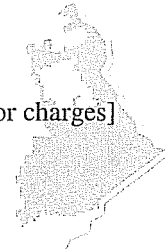
Heat Rate: [_____] Btu / kWh, provide heat rates at all dispatch points

Variable O&M: [_____] \$ / MWh, define any annual price escalation

Fuel Cost: (Fuel Index Name) or [_____] \$ / MMBtu, provide a fuel price index and any adders, escalation or adjustments to the index to be used to price fuel delivered to the Facility, or provide the actual cost of fuel delivered to the Facility. For Tolling Agreements, Kentucky Power Company reserves the right to purchase and supply the fuel to the Facility itself.

Start-up Payment: [_____]: \$ / start

Other Operating Related Charges: [Define cost and parameters for charges]



Asset Purchase Agreements

Project Name: _____

Nameplate Capacity: _____

Sale Price, \$M: [_____]

Proposed Asset Transfer Date: [_____]

Other Proposals

For "Pricing Terms" for all non-PPA proposals, Bidder shall provide these terms on a separate sheet providing a complete detail of such terms.



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Appendix B

Operating Characteristics

Heat Rate – Summer (Btu /kwh at all loading points allowed by the Proposal)	
Heat Rate – Winter (Btu /kwh at all loading points allowed by the Proposal)	
Summer Capacity – Max (MW)	
Summer Capacity – Min (MW) or at all loading points allowed by the Proposal	
Winter Capacity – Max (MW)	
Winter Capacity – Min (MW) or at all load points allowed by the Proposal	
Output (MW) in 10 minutes from Start	
Ramp Rate (MW / min) – Normal	
Ramp Rate (MW / min) – Maximum	
Start-up time (hot) to minimum capability	
Start-up time (hot) to maximum capability	
Start-up time (warm) to minimum capability	
Start-up time (warm) to maximum capability	
Start-up time (cold) to minimum capability	
Start-up time (cold) to maximum capability	
Auxiliary Load (at all loading points allowed by the Proposal)	
Minimum run time	
Minimum down time	
Forced Outage Rate	
Scheduled Outage Rate	
Annual Availability (%)	
Production Constraints:	
Ancillary Services (describe):	



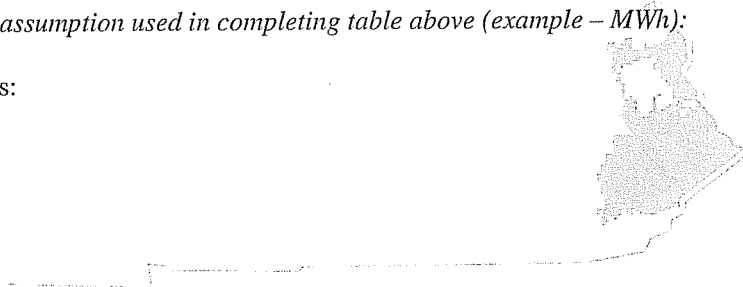
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Air Emissions

Emissions	Primary Fuel		Secondary Fuel	
	Lb / MWh	Tons / Year	Lb / MWh	Tons / Year
Sulfur Dioxide				
Nitrogen Oxide				
Carbon Monoxide				
Carbon Dioxide				
Mercury				
Particulates (PM / PM 10)				
Volatile Organic Compounds				

Please note assumption used in completing table above (example – MWh):

Assumptions:





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Appendix C

Proposal Requirements

1. An executive summary of the bid's characteristics and timeline, including any unique aspects and benefits.
2. Seller shall complete Appendix A as applicable.
3. Seller shall complete Appendix B as applicable.
4. Sellers with DSM/EE Proposals shall complete Appendix D. DSM/EE Proposal documents shall be limited to 30 pages. Additional information may be submitted electronically (eg. CD, memory stick).
5. Seller shall fully describe any exceptions it takes towards any terms and conditions as described in Section 7 or other parts of this RFP.
6. Experience and References
 - a. Provide a general description of the Seller's background and experience in utility scale power projects similar to its proposal, including any affiliated companies, holding companies, subsidiaries or predecessor companies presently or in the past engaged in developing energy power supply projects.
 - b. Provide three (3) or more references from projects where the bidder, or any of its affiliates, has completed the development and construction of a power project similar to the one proposed to the Companies. If the bidder has fewer than three projects, it shall provide as many references as possible.
7. Seller shall provide a comprehensive narrative of the development status of any new generation project intended to be used to meet Seller's obligations to the Company. Seller's narrative shall include the following.
 - a. Key project participants including owners, operators, engineer / contractors, fuel suppliers.
 - b. Status of engineering and design work.
 - c. A comprehensive development and construction schedule.
 - d. A listing of all required permits and governmental approvals and their status.
 - e. A listing of all required electric interconnection and or transmission agreements and their status.
 - f. A financing plan.
 - g. A summary of key contracts (fuel, construction, major equipment) to the extent that they exist.
8. Seller shall provide copies of all PJM Interconnection studies. In addition, Seller shall provide the following:



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- a. Impedance of the generator step-up transformer.
- b. Transient and sub-transient characteristics of the generator.

9. Project Site

- a. Seller shall provide proof or status of ownership or control of site.
- b. Seller shall provide a summary describing whether the site has been assessed for environmental contamination, has any known environmental issues, and if a Phase 1 environmental assessment has been completed.
- c. Has the site been assessed for environmental contamination? Describe any known environmental issues?
- d. Describe status of all required permits.
- e. If the plant site is subject to site approval by a governmental authority, provide a description of the approval status including a copy of the application. If approval has been granted, provide a copy of the approval.

10. Legal Proceedings

- a. List all lawsuits, regulatory proceedings, or arbitration in which the bidder or its affiliates or predecessors have been or are engaged that could affect bidder's performance of its bid.
- b. Identify the parties involved in such lawsuits, proceedings, or arbitration, and the final resolution or present status of such matters.

11. Technology / Equipment

- a. Technology employed (combined cycle, pulverized coal, CFB, etc.)
- b. Provide details regarding the technology selected, major equipment manufacturer identified, status of equipment purchases.

12. Existing Facilities (including **Asset Purchase Agreements**) - For existing facilities, at a minimum, provide the following information for each of the last 5 years of operating history;

- a. Energy generated
- b. Capacity factor
- c. Number of start-ups
- d. Average heat rate
- e. On-Peak availability
- f. Fixed O&M Costs
- g. Variable O&M Costs
- h. Capital expenditures



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13. Sellers of assets (Asset Purchase Agreements) shall provide a description of the facility's major equipment
14. Seller shall provide a copy of air permit or permit application(s) if available.
15. Seller shall provide a summary of the timing and status of all permit applications including water withdrawal, wastewater disposal, fuel byproducts handling and disposal, etc.
16. Seller shall provide its operations plan – describe the entity who will be performing operations and maintenance of the facility
17. Seller shall provide its fuel supply plan.
18. Subsidies – Bidders must indicate if their proposal is dependent upon any existing state or federal tax credit or grant program and expiration of said program.
19. Maintenance Outages
 - a. Seller shall describe the required annual (routine) maintenance outage schedule and associated tasks.
 - b. Seller shall describe major outages schedules, general scope and frequency





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Appendix D

DSM / EE - Proposal Requirements

Company Information

Seller (Company):		
Contact Name:		
Contact Title:		
Address:		
City:	State:	Zip Code:
Work Phone:	Cell Phone:	
Email Address:		

Seller's with DSM and EE Proposals shall fully describe below or on a separate attachment the resource being offered, size/quantity, term, pricing, and essential terms and conditions associated with their offering. DSM/EE Proposal documents shall be limited to 30 pages. Additional information may be submitted electronically (eg. CD, memory stick).

General Project Information

Project Name / Description:



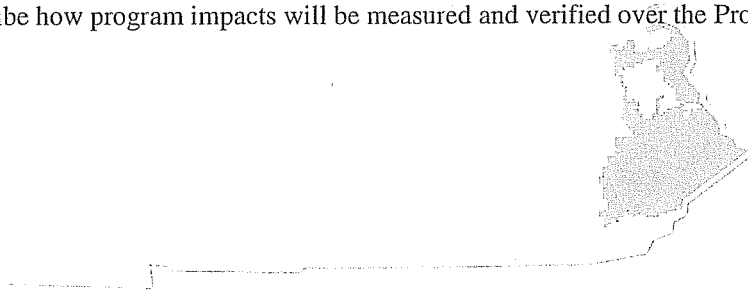
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Describe End-uses Impacts:

- Provide monthly projected peak and energy impacts over the Proposal Term
- Provide hourly reduction load shapes over the Proposal Term by end-use and aggregated for the Proposal
- Provide measure life and any degradation in peak and energy impacts over the Proposal Term

Measurement and Verification:

- Describe how program impacts will be measured and verified over the Proposal Term





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Appendix E

Bidder's Credit-Related Information

Full Legal Name of the Bidder:
Type of Organization (Corporation, Partnership, etc.):
Bidder's % Ownership in Proposed Project:
Full Legal Name(s) of Parent Corporation: 1. 2. 3.
Entity Providing Credit Support on Behalf of Bidder (if applicable): Name: Address: City: Zip Code:
Type of Relationship:
Current Senior Unsecured Debt Rating: 1. S&P: 2. Moodys:
Bank References & Name of Institution:
Bank Contact: Name: Title: Address: City: Zip Code: Phone Number:
Legal Proceedings: As a separate attachment, please list all lawsuits, regulatory proceedings, or arbitration in which the Bidder or its affiliates or predecessors have been or are engaged that could affect the Bidder's performance of its bid. Identify the parties involved in such lawsuits, proceedings, or arbitration, and the final resolution or present status of such matters.
Financial Statements: Please provide copies of the Annual Reports for the three most recent fiscal years and quarterly reports for the most recent quarter ended, if available. If available electronically, please provide link:



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Appendix F

Mutual Confidentiality Agreement

Email to: 2013KentuckyPowerRFP@aep.com
American Electric Power Service Corporation
155 West Nationwide Boulevard
Suite 500
Columbus, OH 43215
Fax: (614) 583-1611

Due: Friday, May 24, 2013

This Mutual Confidentiality Agreement ("Agreement") dated as of _____, 2013 ("Effective Date") is made and entered into by and between American Electric Power Service Corporation ("AEPSC"), as agent for Kentucky Power Company, and *insert full legal name, a(n) insert state of formation insert type of company* ("Bidder").

Recitals:

I. Bidder is or is considering submitting a proposal (the "Proposal") in response to a Request for Proposals (the "RFP") issued by AEPSC for energy, capacity, and ancillary services as described in the RFP. If submitted, the Proposal will become the property of AEPSC and shall be held confidential under terms of the RFP.

II. It may become desirable that AEPSC and Bidder exchange other confidential information pursuant to questions, responses or other communications that are not contained in the Proposal and which the parties desire to protect as confidential.

III. In addition, if the Proposal, if submitted, is selected by AEPSC, then Bidder and AEPSC will negotiate about a proposed agreement between AEPSC and Bidder to implement the Proposal (the "Proposed Agreement"). Bidder and AEPSC want to keep all negotiations concerning the Proposed Agreement, including the Proposed Agreement itself and all drafts of the Proposed Agreement, confidential.

IV. The parties are willing to exchange such confidential information pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:



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Section 1. Definitions.

1.1. (a) "Confidential Information" means any information that is disclosed by the Disclosing Party to the Receiving Party or its Representatives in connection with the RFP or any Proposed Agreement (collectively, the "Transaction"), whether before or after the date hereof and irrespective of the format in which the information is provided. For avoidance of doubt, "Confidential Information" includes:

- (i) Written information or machine-readable data, including questions, responses or communications in connection with AEPSC's RFP or any Proposed Agreement, notes, reports, assessments, specifications, drawings, financial statements and projections, software and databases, customer information, sales and marketing strategies, and any other written information or machine-readable data;
- (ii) Orally conveyed information, including but not limited to demonstrations that are directly related to written or other tangible Confidential Information;
- (iii) Any hardware, including but not limited to samples, devices and any other physical embodiments delivered to the Receiving Party;
- (iv) Any Evaluation Material; or
- (v) The existence of this Agreement, the terms of this Agreement and any Proposed Agreement, including all drafts of the Proposed Agreement and all negotiations concerning the Proposed Agreement, that may arise stemming from the Bidder's Proposal.

(b) "Confidential Information" does not include information which:

- (i) is, or subsequent to disclosure becomes, part of the public domain through no fault of the Receiving Party;
- (ii) is lawfully disclosed to the Receiving Party by a third party which, to the knowledge of the Receiving Party, does not have a confidentiality obligation to the Disclosing Party;
- (iii) was lawfully in the possession of the Receiving Party prior to disclosure by the Disclosing Party; or
- (iv) is lawfully and independently developed by the Receiving Party without use of the Confidential Information disclosed by the Disclosing Party.

1.2. "Disclosing Party" means the party disclosing Confidential Information.



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- 1.3. "Evaluation Material" means notes, reports or other documents which reflect, interpret, evaluate, include or are derived from the Confidential Information.
- 1.4. "Receiving Party" means the party receiving Confidential Information.
- 1.5. "Representatives" means a party's employees, officers, directors, attorneys, accountants, consultants, advisors and agents (including potential lenders, equity partners, underwriters, or other parties involved in the Transaction for the party), and the party's affiliates and the employees, officers, directors, attorneys, accountants, consultants, advisors and agents thereof.

Section 2. Confidentiality. Except as provided in Section 5, the parties hereby agree that the Confidential Information will be kept confidential during the term of this Agreement. The parties also agree that without the prior written consent of the Disclosing Party, the Confidential Information will not be disclosed by the Receiving Party, in whole or in part, to any other person except as provided herein. Each party shall use the same care in protecting the other's Confidential Information as it uses to protect its own confidential information, provided that neither party shall use less than reasonable efforts to protect the other's Confidential Information. Notwithstanding the foregoing, the Receiving Party may (a) disclose Confidential Information to its Representatives whose access is necessary to conduct the evaluations and negotiations in connection with the Transaction, or for supervisory, regulatory or similar purposes, and who have been informed of and have agreed to abide by the confidentiality restrictions contained in this Agreement and (b) make a limited number of copies of the Confidential Information in order for the Receiving Party to adequately use the Confidential Information subject to the terms and conditions of this Agreement. Each party agrees to be responsible for the actions, uses and disclosures of any of its Representatives in accordance with the terms and restrictions of this Agreement.

Section 3. Ownership and Use of Confidential Information. All Confidential Information (except Evaluation Material) shall remain the property of the Disclosing Party. No license or other rights under any patents, trademarks, copyrights or other proprietary rights is granted or implied by the disclosure of the Confidential Information. Neither party shall use the Confidential Information for any purpose other than for evaluation of and negotiations relating to the Transaction.

Section 4. Disposition of Confidential Information. The Receiving Party, upon written request from the Disclosing Party, shall promptly return or destroy all Confidential Information in its possession; provided, however, with respect to Evaluation Materials, the Receiving Party may at its discretion destroy such Evaluation Material. If requested by the Disclosing Party, the Receiving Party shall provide the Disclosing Party with a certification that all Confidential Information and Evaluation Material has either been returned or destroyed, as appropriate. Notwithstanding the foregoing, the Receiving Party may retain one copy of the Confidential Information solely for archival purposes and for the purpose of demonstrating compliance with this Agreement. The return or destruction of the



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Confidential Information shall not extinguish any rights or obligations under this Agreement with respect to the Confidential Information.

Section 5. Legally Required Disclosures. If the Receiving Party or its Representatives become subject to a bona fide requirement or request by any regulatory, governmental, judicial or supervisory authority (by subpoena, oral deposition, interrogatories, request for production of documents, civil investigative demand, administrative order or otherwise), to disclose any of the Confidential Information, or if such disclosure is necessary in order to obtain or maintain regulatory or governmental approvals, applications or exemptions, the Receiving Party will provide the Disclosing Party with as much advance notice as and to the extent as permitted and practicable to afford the opportunity to seek an appropriate protective order or other appropriate remedy to prevent the disclosure. The Receiving Party or any of its Representatives being compelled to disclose such Confidential Information will reasonably cooperate with the Disclosing Party, at its expense, to enable the Disclosing Party to obtain a protective order or other reliable assurance that confidential treatment will be accorded the same (e.g. confidentiality agreement). If such protective order or other appropriate remedy (e.g. confidentiality agreement) is not obtained, the Receiving Party or any of its Representatives being compelled to disclose such Confidential Information may disclose the information without liability hereunder provided that the party may only furnish that portion of the Confidential Information which is legally required or necessary.

Section 6. Term. If the Bidder's Proposal and/or related negotiations do not result in a final agreement, then this Agreement is effective for two (2) years from the Effective Date stated above. If the negotiations result in a final agreement, then this Agreement is effective until two (2) years after the termination of the final agreement.

Section 7. No Warranties. The Disclosing Party makes no representations or warranties as to the reliability, accuracy or completeness of the Confidential Information. The Disclosing Party shall not be subject to any liability to the Receiving Party based on the Receiving Party's use of the Confidential Information.

Section 8. Remedies. The parties acknowledge that improper or unauthorized use or disclosure of Confidential Information could cause irreparable harm to the Disclosing Party and that monetary damages would not be an adequate remedy for a breach of this Agreement. In the event of any breach or threatened breach of this Agreement, the non-breaching party shall be entitled to pursue injunctive and other equitable relief, and the breaching party agrees to waive any requirement for the posting of a bond in connection with such remedy. Such injunctive and equitable relief shall not be deemed to be the exclusive remedy for a breach of this Agreement, but shall be in addition to all other available remedies. In no event shall either party be liable to the other for any incidental, indirect, special, punitive or consequential damages (including without limitation damages for lost profits).



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Section 9. Relationship of Parties. Neither party shall have any obligation to commence or continue discussions or negotiations, to exchange any Confidential Information, to reach or execute any agreement with the other party, to refrain from engaging at any time in any business whatsoever, or to refrain from entering into or continuing any discussions, negotiations or agreements at any time with any third party, until each party executes a definitive agreement. Until such definitive agreement is executed, neither party shall have any liability to the other party with respect to the Transaction except as set forth in this Agreement. Neither party shall have any liability to the other party in the event that, for any reason whatsoever, no such definitive agreement is executed.

Section 10. General.

- 10.1 Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Kentucky.
- 10.2 Entire Agreement.** This Agreement constitutes the entire Agreement between the parties, supersedes any prior understandings or representations relating to the confidential treatment of the Confidential Information, and shall not be modified except by a written agreement signed by both parties.
- 10.3 Assignability.** This Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, that AEPSC may assign this Agreement to one or more of its affiliated companies.
- 10.4 Severability.** All provisions of this Agreement are severable, and the unenforceability of any of the provisions of this Agreement shall not affect the validity or enforceability of the remaining provisions of this Agreement.
- 10.5 No Waiver.** Failure of either party to insist upon strict performance of any of the terms and conditions shall not be deemed to be a waiver of those terms and conditions.
- 10.6 Counterparts and Faxed Signatures.** This Agreement may be executed in counterparts, and in the absence of an original signature, faxed signatures will be considered the equivalent of an original signature.
- 10.7 Notices.** Notices shall be in writing and shall be sent to the addresses listed below, either by personal delivery, by the U.S. Mail, overnight mail, fax or other similar means. All notices shall be effective upon receipt.



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The parties have signed this Agreement effective as of the later signature date set forth below.

SIGNATURES ON FOLLOWING PAGE





2013 Kentucky Power Company 250 MW RFP

The parties have signed this Agreement effective as of the later signature date set forth below.

American Electric Power Service Corporation, as agent for Kentucky Power Company

[BIDDER: insert full legal name]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Bidder Address:

Attn: _____



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
COMMISSION STAFF'S SECOND SET OF DATA REQUESTS ITEM NO. 9

March 28, 2013