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MAY 10 2013

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER	)	
COMPANY FOR APPROVALS RELATED TO	)	CASE NO. 2013-00144
RENEWABLE ENERGY PURCHASE AGREEMENT	)	

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Kentucky Power Co. ["KPCo"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following instructions:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness(es) who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for KPCo with an electronic version of these data requests, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms include all information regardless of the medium or media in which they are recorded

(including electronic media and e-mail), in any written, graphic or other tangible form including, but not necessarily limited to: all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards / records, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video

recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

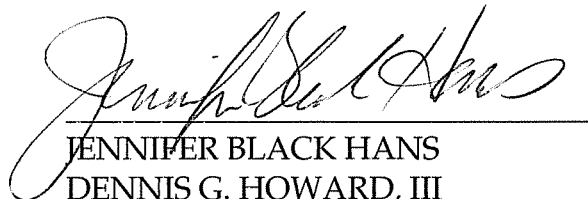
(12) In the event any document called for has been destroyed or transferred beyond the control of the company:

(a) please identify: (i) the person by whom it was destroyed and/or transferred; (ii) the transferee; and (iii) the person authorizing the destruction or transfer; and

(b) state: (i) the time, place, and method of destruction or transfer; and, (ii) the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,  
JACK CONWAY  
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Jennifer Black Hans", written over a horizontal line.

JENNIFER BLACK HANS  
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LAWRENCE W. COOK

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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

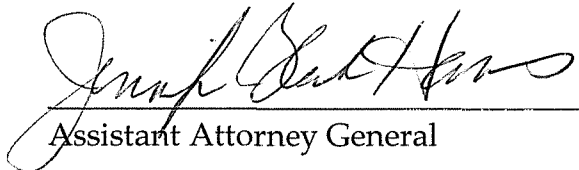
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this 10th day of May, 2013

  
Assistant Attorney General

Application of KPCompany for Approvals  
Related to Renewable Energy Purchase Agreement  
KPCoCase No. 2013-00144  
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1. Reference the Application at pages 4—5. Is the ecoPower facility, as described, included in either the active merchant transmission queue or active generation interconnection queue for the PJM Interconnection, LLC (“PJM”)?
  - (a) If yes, please provide all relevant information regarding the anticipation of this facility, including but not limited to, queue number, the queue date, status information and any feasibility information.
  - (b) If no, why is KPCo. seeking additional capacity from this merchant generator at this time?
  - (c) If no, why is KPCo. requesting Commission approval of this Renewable Energy Purchase Agreement (“the Purchase Agreement”) on or before September 9, 2013?
  
2. Will or could the PJM economic dispatch rules take precedence over the terms of the Purchase Agreement?
  - (a) Could any other PJM rules supersede the terms of the Purchase Agreement? If so, please explain in detail.
  
3. State whether FERC will have to approve any portion(s) of the proposed contract.
  - (a) If so, what could their decision(s) entail, and how long will those decisions take?
  - (b) Will there be any future financial ramifications if this Purchase Agreements is subject to FERC jurisdiction?
  
4. Please reference the Application, Testimony of Jay Godfrey, Exhibit JFG-1 the Purchase Agreement. If the PSC does not grant approval of the Purchase Agreement, or if either or both of the contracting parties decide to not pursue the Purchase Agreement, subject to its terms, does the Purchase Agreement contain any clause or provision requiring KPCo. to pay any sums to the owners of ecoPower and/or the transmission regulators / PJM?
  - (a) If so, identify the specific contract language, and please provide any and all applicable amount(s).
  - (b) If so, identify whether the company will pass those costs to its shareholders, or its ratepayers.

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5. Reference the Application, Testimony of Greg Pauley at page 5, lines 14-20 in which the witness confirms that the ecoPower facility is not currently operational and describes its status. Please provide the basis upon which Mr. Pauley relies for this statement, including all relevant communications with ecoPower.
  - (a) Based on the information providing a basis for Mr. Pauley's description of the ecoPower facility, would KPCo characterize the facility as shovel-ready? Please explain in detail.
  - (b) If not, why not?
  - (c) If not, why is KPCo seeking additional capacity from this merchant generator at this time?
  - (d) If not, why is KPCo requesting Commission approval of the Purchase Agreement on or before September 9, 2013?
  
6. Confirm that KPCo has issued a request for proposals ("RFP") regarding the replacement or repowering/refueling of the Big Sandy Unit 1 with a possible conversion to natural gas.
  - (a) Is there anything contained in the RFP that would prevent a merchant generator from tendering a proposal in response to the RFP?
  - (b) Is there anything contained in the RFP that would prevent a responding bidder from tendering a proposal for a partial replacement of the capacity of the Big Sandy Unit 1?
  - (c) Is there anything contained in the RFP that would prevent a responding bidder from tendering a proposal that includes renewable energy resources?
  
7. Reference Pauley at page 6. Given that KPCo has conceded that the proposed Purchase Agreement *is not the least cost alternative* to supply capacity and energy (emphasis supplied), does KPCo believe that it is not required to identify the least cost alternative for its energy capacity? Explain in detail with references to any Commission precedent for support of any assertion/answer if it is in the affirmative.
  
8. Reference Pauley at page 6-8. Does KPCo and its parent company, AEP, support Governor Beshear's 2008 Energy Plan referenced by Mr. Pauley?
  - (a) Does KPCo, and its parent company, AEP, support economic development and job creation in Kentucky?
  - (b) Does KPCo, and its parent company, AEP, support the potential for biomass as a renewable energy resource?

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- (c) What amount of shareholder funding is KPCo, and its parent company, AEP, willing to provide to subsidize the additional costs of renewable energy diversification in Kentucky?
9. Assuming KPCo receives regulatory approval, and assuming it proceeds with the Purchase Agreement, please state whether the company will incur any additional maintenance costs to its generating fleet when bio-mass-generated power flows into its transmission system/distribution grid.
- (a) Using the same assumptions, what additional costs will the company incur in order to ensure reliability for its customers?
10. Reference the Application generally, and provide specific references thereto if responses to the following are already contained in the Application. Assuming KPCo receives regulatory approval and proceeds with the proposed Purchase Agreement:
- (a) What type and amount of start-up costs will KPCo incur?
- (b) How and when does KPCo intend to pass these costs on to its customers?
11. If KPCo proceeds with the Purchase Agreement, will it incur any costs for locational marginal pricing ("LMP") associated with PJM transmission costs?
- (a) If yes, provide the best estimates for each year of the proposed contract.
- (b) If the company will not incur any LMP costs, state in detail why not.
12. Assuming the PSC grants approval for the Purchase Agreement, and that KPCo and ecoPower proceed with its terms, for each year of the contract period what percentage of the KPCo's combined total electric service costs will be attributed to biomass-generated power?
13. Assuming the PSC grants approval for the Purchase Agreement, and that KPCo and ecoPower proceed with its terms, will the biomass-generated power be used to serve peak, intermediate, or base loads or any combination of thereof?
14. Provide the current differential for prices KPCo charges for on-system sales as opposed to amounts it receives for off-system sales.
15. Confirm that in the event the PSC grants approval for the Purchase Agreement, and assuming KPCo and ecoPower proceed with its terms, when the biomass-generated power enters the company's transmission system/distribution grids,



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the power being generated by KPCo's own generation fleet in excess of its customers' needs will be sold in off-system sales.

16. What is the actual, average residential monthly use by customer for KPCo's customers for the past five years?
- (a) If the Application is approved and KPCo and ecoPower proceed with the terms of the Purchase Agreement, how much will the average residential customer's bill increase by amount and percentage?
  - (b) Using the same assumptions, what is the estimated cumulative rate impact for residential customers regarding the resource capacity planning contemplated by KPCo, including but not limited to (i) the Mitchell transfer matter, Case No. 2012-00578, (ii) the Purchase Agreement detailed in this proceeding, and (iii) the replacement /refueling/repowering of the Big Sandy Unit 1 contemplated by the RFP described *infra*.
17. What is the actual, average commercial monthly use by customer for KPCo's customers for the past five years?
- (a) How much will the average commercial customer's bill increase by amount and percentage?
  - (b) What is the estimated cumulative impact (*see* 14(b)) for commercial customers?
18. What is the actual, average industrial monthly use by customer for KPCo's customers for the past five years?
- (a) How much will the average industrial customer's bill increase by amount and percentage?
  - (b) What is the estimated cumulative impact (*see* 14(b)) for industrial customers?
19. Does KPCo support a renewable portfolio standard for regulated utilities in Kentucky? Explain in detail and provide the basis for the answer, including any studies, analyses, etc.

Does KPCo believe that the actions which electric generating utilities will need to initiate in order to achieve compliance with increasing policy pressure and statutory and regulatory mandates, including multi-state and federal laws and regulations for renewable energy, will or may threaten the reliability of the U.S.

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electric grid? Explain in detail and provide the basis for the answer, including any studies, analyses, etc.

20. Confirm that on or about 28 June 2012, KPCo requested authorization to delay the filing of its Integrated Resource Plan ("IRP") until the completion of its re-evaluation of alternative environmental compliance options.
21. Confirm that on or about 30 July 2012, the Commission entered an order in Case No. 2012-00334 to extend KPCo's filing of an IRP until its resolution of its environmental compliance application but in no event later than 31 December 2013.
22. Confirm that KPCo's attempt to resolve its environmental compliance plan is being addressed in Case No. 2012-00578.
23. Confirm that in the instant matter, KPCo has represented as follows in the pre-filed testimony of Jay F. Godfrey at page 12:

Q. WHAT CONDITIONS PRECEDENT ARE INCLUDED IN THE CONTRACT?

A. The REPA contains certain conditions to the effectiveness of the REPA (Section 6) and contains termination rights whereby the Company may terminate the REPA in the event those conditions are not met. For the Purchaser, provisions in Section 6.1 require pre-approval from the Commission of the REPA and approvals by the Commission and FERC of the Mitchell Unit transfer transaction KPSC Case No. 2012-00578 and FERC Docket No. EC13-28-000. Effectiveness of the REPA is further contingent on the Mitchell transaction actually being consummated....

25. Has the Commission completed its review of Case No. 2012-00578?