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James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

July 29, 2013

PARTIES OF RECORD

Re: Case No. 2013-00144
Case No. 2012-00578

Attached is a copy of the memorandum which is being filed in the record of the above-referenced cases. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at 502-782-2586.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

QN/kar

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Quang D. Nguyen, Staff Attorney

DATE: July 29, 2013

RE: Case No. 2013-00144

APPLICATION OF KENTUCKY POWER COMPANY FOR APPROVAL OF THE TERMS AND CONDITIONS OF THE RENEWABLE ENERGY PURCHASE AGREEMENT FOR BIOMASS ENERGY RESOURCES BETWEEN THE COMPANY AND ECOPOWER GENERATION-HAZARD LLC; AUTHORIZATION TO ENTER INTO THE AGREEMENT; GRANT OF CERTAIN DECLARATORY RELIEF; AND GRANT OF ALL OTHER REQUIRED APPROVALS AND RELIEF

Case No. 2012-00578

APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE TRANSFER 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 RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR ACT AND RELATED REQUIREMENTS; AND (4) ALL OTHER REQUIRED APPROVALS AND RELIEF

Pursuant to a Commission Staff notice, an informal conference was held at the Commission's offices on June 27, 2013 for Case Nos. 2012-00578 and 2013-00144. The purpose of the conference was to discuss the timing of the final orders to be issued in these two cases. A list of the attendees is attached hereto.

With respect to Case No. 2013-00144, Commission Staff began by discussing Article 6.1 of the Renewable Energy Purchase Agreement ("REPA") which required the issuance of a final and non-appealable order by the Commission by October 15, 2013. In light of Commission Staff's case load and the timing of the formal hearing in this matter, Commission Staff advised Kentucky Power Company ("Kentucky Power") and the parties it would be unlikely that a final and non-appealable order could be issued by October 15, 2013. In response to Commission Staff's inquiry concerning the impact of

Article 6.1 of the REPA, Kentucky Power noted that although the deadline would create a contractual right for Kentucky Power to terminate the contract, the deadline was mainly established to provide EcoPower Generation-Hazard LLC ("EcoPower") with sufficient time to obtain the necessary financing to begin construction on its biomass generation facility. Kentucky Power advised that it would have to seek EcoPower's approval to amend the deadline established by Article 6.1 of the REPA.

In response to another Commission Staff inquiry regarding the REPA provision requiring as a condition precedent the approval of Kentucky Power's request to acquire 50 percent of the Mitchell Generating Station in Case No. 2012-00578, Kentucky Power informed that this provision does not require that the Commission render a decision in Case No. 2012-00578 prior to the Commission's decision in Case No. 2013-00144.

Kentucky Power also informed that it would need a decision in Case No. 2012-00578, the Mitchell transfer matter, ideally by August 30, 2013 in order to have other necessary approvals obtained to close the transfer by the end of this year.

There being no further discussions, the informal conference adjourned.

Attachment

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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 RULINGS; (4))
DEFERRAL OF COSTS INCURRED IN)
CONNECTION WITH THE COMPANY'S)
EFFORTS TO MEET FEDERAL CLEAN AIR)
ACT AND RELATED REQUIREMENTS; AND)
(5) ALL OTHER REQUIRED APPROVALS)
AND RELIEF)

CASE NO.
2012-00578

June 27, 2013

Please sign in:

NAME

REPRESENTING

Orang D. Ungler

PSC

RICHARD RAPP

PSC-LEGAL

[Signature]

PSC

Mark R. Overstreet

STILES' Management Re Ky. Power Co.

Kenie Wolkas

KPCo.

Erol Woyan

PSC-FA

NAME

REPRESENTING

<u>Annun Ann Cole</u>	<u>PSC</u>
<u>Bob Russell</u>	<u>PSC</u>
<u>Fereydoon Gorjian</u>	<u>PSC/Engineering</u>
<u>Eric Bowman</u>	<u>PSC/Eng.</u>

Participating via teleconference:

<u>Dennis Howard</u>	<u>AG</u>
<u>Mike Durborow</u>	<u>AG</u>
<u>Shannon Fisk</u>	<u>Sierra Club</u>
<u>Mike Kintz</u>	<u>KIUC</u>

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER
COMPANY FOR APPROVAL OF THE
TERMS AND CONDITIONS OF THE
RENEWABLE ENERGY PURCHASE
AGREEMENT FOR BIOMASS ENERGY
RESOURCES BETWEEN THE COMPANY
AND ECOPOWER GENERATION-HAZARD
LLC; AUTHORIZATION TO ENTER INTO
THE AGREEMENT; GRANT OF CERTAIN
DECLARATORY RELIEF; AND GRANT OF
ALL OTHER REQUIRED APPROVALS AND
RELIEF

CASE NO.
2013-00144

June 27, 2013

Please sign in:

NAME	REPRESENTING
<u>Don D Nguy</u>	<u>PSC</u>
<u>RICHARD BARR</u>	<u>PSC-LEGAL</u>
<u>Mark R Overstreet</u>	<u>PSC</u>
<u>Ronie Wukhaas</u>	<u>Ky. Power Co.</u>
<u>JEFF SHAW</u>	<u>KPCo.</u>
<u>Ernie Woyew</u>	<u>PSC-FA</u>
<u>Chris Whelan</u>	<u>PSC-FA</u>

NAME

REPRESENTING

Fereydoon Gorjian

PSC/Engineering

Eric Bowman

PSC/Eng.

Bob Russell

PSC

~~Participating via teleconference:~~

Dennis Howard

AG

Mike Durbin

AG

Shannon Fisk

Sierra Club

Mike Kurtz

KUUC