

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER COMPANY )  
FOR AUTHORITY PURSUANT TO KRS 278.300 TO ISSUE )  
AND SELL PROMISSORY NOTES OF ONE OR MORE )  
SERIES, AND FOR OTHER AUTHORIZATIONS )

CASE NO.  
2014-00210

ATTORNEY GENERAL'S  
MOTION FOR CONTINUANCE AND  
AGREED SCHEDULING ORDER

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and pursuant to KRS § 278.300(2), moves the Public Service Commission ("the Commission") to continue the proceeding in this matter for a longer term than sixty (60) days in order for the Attorney General to seek supplemental discovery in the form of data requests ("DR") to and responses from the applicant, Kentucky Power Company ("KPCo" or "the Company"). In support of his motion, the Attorney General states as follows:

(1) On June 23, 2014, KPCo filed an application seeking Commission approval and authorization for "the Company to issue and sell promissory notes of one or more series in the aggregate amount of \$200 million and for other related relief."<sup>1</sup>

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<sup>1</sup> See Application at p. 1.

(2) KRS § 278.300 provides that no utility shall issue or assume securities or evidences of indebtedness without authorization by the Commission. Further, KRS § 278.300(2) provides, in relevant part, as follows:

Every such application shall be placed at the head of the docket of the commission and disposed of promptly within sixty (60) days after it is filed with the commission, unless it is necessary for good cause to continue the application for longer time than sixty (60) days, in which case the order making the continuance shall state fully the facts that make it necessary.

(3) KPCo's financing proposal relates, in part, to a series of capital investment projects relating to the Mitchell generating station,<sup>2</sup> which are planned for calendar years 2014 to 2016.<sup>3</sup>

(4) Pursuant to KPCo and the findings of the Commission, both units comprising the Mitchell generating station were compliant with relevant decrees and environmental regulations imposed by the Environmental Protection Agency ("EPA").<sup>4</sup>

(5) Further, pursuant to the non-unanimous stipulation agreement approved by the Commission, KPCo and the stipulating parties, not including the Attorney General, agreed to "a 13.98 percent total rate increase associated with the Mitchell acquisition."<sup>5</sup>

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<sup>2</sup> See Application at p. 2, ¶ 6 referencing the Commission's October 7, 2013 Order in Case No. 2012-00578 (*case style omitted*), approving KPCo's acquisition of a fifty percent undivided interest in the Mitchell generating station, comprising 780 MW at a net book value of \$536 million. The Commission's Order is the subject of an appeal by the Attorney General in *Commonwealth ex. rel. Conway v. Public Service Comm'n of Ky., et. al.*, Franklin Circuit Court, Civil Action No. 13-CI-1398 (December 4, 2013).

<sup>3</sup> See KPCo Response to Commission Staff's DR 1-1, Attachment 1.

<sup>4</sup> See Case No. 2012-00578 October 7, 2013 Order at p. 9.

<sup>5</sup> *Id.* at p. 33, note 52.

(6) In this financing application, KPCo is now proposing a series of capital investments in calendar years 2014 to 2016, which, if approved, may alter the total rate increase for the Mitchell acquisition.

(7) Further, from the list of projects presented by KPCo, it appears that there are projects relating to environmental compliance generally and at least one project costing \$700,000, which specifically relates to compliance with the EPA's Mercury and Air Toxins Standards (MATS) for power plants.<sup>6</sup>

(8) Without re-litigating Case No. 2012-00578 before the Commission, ratepayers and this Commission are entitled to know whether this financing proposal, if approved, will alter the commitments made by KPCo to the Commission and upon which the Commission based its October 7, 2014 decision; and, if so, how much of an additional rate increase will ratepayers confront in 2015.

(9) Pursuant to KRS 367.150(8), the Attorney General has the right and obligation to represent the interests of KPCo's ratepayers, including seeking all relevant discovery in this proceeding regarding the anticipated rate impacts of KPCo's proposed capital investments in the Mitchell generating station.

(10) The Attorney General believes that one set of data requests supplemental to the Commission staff's initial data request, subject to satisfactory responses by KPCo, will be sufficient to allow the Attorney General and the public a meaningful review of this application.

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<sup>6</sup> See KPCo Response to Commission Staff's DR 1-1, Attachment 1, listing "Mitchell Hg Monitoring - MATS" and "0.7" dollars in millions anticipated for calendar year 2014.

(11) Further, the Attorney General seeks the opportunity to supply comments in advance of any final submission of the matter for the Commission's decision.

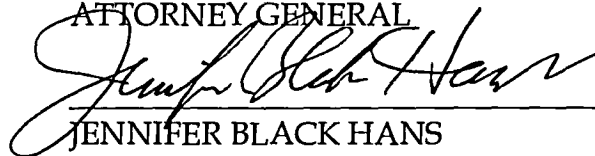
Based on the foregoing, good cause exists to continue this matter beyond sixty (60) days in order to pursue supplemental discovery on behalf of the ratepayers and consistent with the commitments KPCo has made to this Commission. Without conceding that good cause exists for a continuance and without waiving its opportunity to respond to this motion, KPCo, by and through counsel, has provided to the Attorney General a proposed schedule to which it would agree, if the Commission grants the Attorney General's motion for a continuance. The proposed and agreed schedule, subject to the above-referenced caveat, is attached herewith.

#### CONCLUSION

WHEREFORE, the Attorney General requests that, pursuant to its authority under KRS § 278.300(2), the Commission grant a continuance for longer time than sixty (60) days in which to consider this application and adopt the proposed and agreed schedule attached herewith.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL



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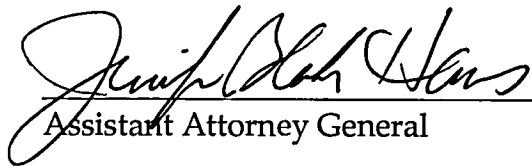
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*Certificate of Service and Filing*

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:

Honorable Mark R Overstreet  
Attorney at Law  
Stites & Harbison  
P. O. Box 634  
Frankfort, KY 40602-0634

11<sup>th</sup>  
this ~~8<sup>th</sup>~~ day of August, 2014

  
Assistant Attorney General