

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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SEP 19 2014

In the Matter of:

THE APPLICATION OF KENTUCKY POWER COMPANY)
FOR (1) THE GRANT OF A DEVIATION FROM THE)
ASYMMETRICAL PRICING REQUIREMENTS OF)
KRS 278.2207 IN CONNECTION WITH THE ASSIGNMENT)
TO APPALACHIAN POWER COMPANY BY KENTUCKY)
POWER COMPANY OF TWO CONTRACTS FOR DELIVERY)
OF COAL; AND (2) FOR ALL OTHER REQUIRED APPROVALS)
AND RELIEF)

PUBLIC SERVICE
COMMISSION

CASE NO.
2014-00264

ATTORNEY GENERAL'S INITIAL REQUESTS FOR INFORMATION
TO KENTUCKY POWER COMPANY

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits his Supplemental Requests for Information to Kentucky Power Company ("Kentucky Power" or "the company").

(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 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 Kentucky Power with an electronic version of these questions, 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 you believe any request appears confusing, please request clarification directly from Counsel for 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 shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, 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, 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.

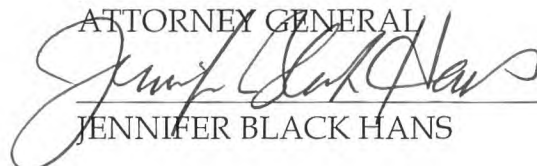
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, 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



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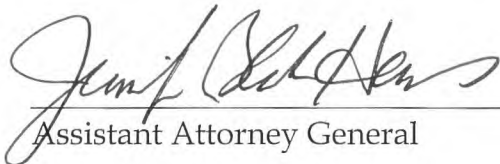
Certificate of Service and Filing

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 19th day of September, 2014.


Assistant Attorney General

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Attorney General's Initial Data Requests to
Kentucky Power

1. Reference Application at page 1, paragraph 1, and at page 4, paragraphs 11-13, which reference the sustained forced outage of the barge unloader at the Mitchell generating station, which "lasted approximately six weeks" and was the result of a broken head shaft. Please provide copies of the following:
 - a. Any and all reports regarding the incident on April 30, 2014, that resulted in the head shaft on the unloader breaking;
 - b. Any and all status reports issued during the following six-week period providing updates regarding the repair and/or replacement that corrected the forced outage; and
 - c. The final estimated cost of repair to the barge unloader and/or any related appurtenances or equipment.
2. Reference Application at page 4-5, paragraph 14. Please supply copies of the relevant agreements between Appalachian Power and relevant coal suppliers, including Trafigura and RWE Americas, and identify the specific terms in the agreements relating to Appalachian Power's satisfaction obligations and/or resulting demurrage charges.
3. Reference Application at page 4, paragraph 14. Explain why Kentucky Power was bound under Appalachian Power's coal contracts for supply to the Mitchell generating station, which is co-owned by Kentucky Power and AEP Generation Resources?
4. Reference Application at page 5, paragraphs 14 and 16. Explain why Kentucky Power and not AEP Generation Resources was the assignor in the affiliate transaction resulting coal contract delivery assignments assigned to Appalachian Power and listed in Exhibit 3 to the Application.
5. Reference Federal Energy Regulatory Commission ("FERC") Docket No. ER14-95-000, *In Re American Electric Power Service Corporation*, Order Conditionally Granting Request for Waiver of Affiliate Restrictions (Issued December 23, 2013). Please explain in detail whether the coal assignments made by Kentucky Power to Appalachian Power are governed by 18 C.F.R. § 39.9(c)(2)(1) or any other federal affiliate restrictions regarding fuel procurement.

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- a. If yes, has Kentucky Power and/or AEPSC filed a request with FERC for affiliate waiver restrictions between Kentucky Power and Appalachian Power. If not, why not.
 - b. If no, please explain Kentucky Power's distinction between its affiliation with AEP Generation Resources and its affiliation with Appalachian Power as it relates to shared fuel procurement. Please provide any relevant legal citations and FERC Orders upon which the answer relies.
 - c. *See* above referenced FERC Order, Docket No. ER14-95-000 (December 23, 2013) at page 18. If Kentucky Power has not sought FERC approval, please explain why it believes it is exempt pursuant to FERC's directive that any future plans regarding joint fuel procurement "would require a new waiver request."
 - d. *See* above referenced FERC Order, Docket No. ER14-95-000 (December 23, 2013) at page 19-20, paragraph 48, wherein it states: "As an additional condition of this waiver, Applicants will be required to maintain sufficient records to enable the Commission [FERC] to audit whether the representations and commitments made in their request for waiver remain true and accurate, including their commitment that captive customers will not be harmed." Please provide any and all relevant records regarding this transaction that in possession of Kentucky Power that ensures that this affiliate transaction will not harm Kentucky customers.
6. Presuming the Public Service Commission of Kentucky determines (a) that KRS 278.2207(1)(a) applies to the assignments from Kentucky Power to Appalachian Power and (b) that a deviation is warranted as "in the public interest" pursuant to KRS 278.2207(2), what guarantee(s) or commitments will Kentucky Power provide to ensure that such a waiver of affiliate restrictions to permit joint fuel procurement *in this instance* will not set a precedent for future joint fuel procurements that could result in detriments to Kentucky ratepayers in the future? Please explain your answer fully.