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Via Courier

March 8th, 2013

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Docket Case No. 2012-00578 Supplemental Requests for Information

Dear Mr. Derouen:

Enclosed for the filing are an original and ten copies of the *Alexander Desha, Tom Vierheller, Beverly May, and Sierra Club's Supplemental Requests for Information from Kentucky Power Company* and a certificate of service in docket 2012-00578 before the Kentucky Public Service Commission. This filing contains no confidential information.

Sincerely,

Ruben Mojica
Sierra Club Environmental Law Program
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San Francisco CA, 94105
(415)977-5737

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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MAR 8 2013

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 Rulings; (4) Deferral of Costs Incurred In Connection With The Company's Efforts to Meet Federal Clean Air Act And Related Requirements; and (5) For All Other Required Approvals and Relief	)	**CASE NO. 2012-00578**

ALEXANDER DESHA, TOM VIERHELLER, BEVERLY MAY, AND SIERRA CLUB'S SUPPLEMENTAL REQUESTS FOR INFORMATION FROM KENTUCKY POWER COMPANY

Intervenors Alexander Desha, Tom Vierheller, Beverly May, and Sierra Club (collectively "Intervenors") pursuant to the Kentucky Public Service Commission's ("Commission") January 25, 2013 and March 4, 2013 Orders, propound the following supplemental requests for information on the Kentucky Power Company ("KPC") regarding KPC's application for a certificate of public convenience and necessity and other approvals regarding the proposed transfer to KPC of a 50% interest in the Mitchell Generating Station that is the subject of the above captioned proceeding.

KPC shall answer these requests for information in the manner set forth in the January 25 Order and by the March 21, 2013 deadline set forth in the March 4 Order. Please produce the requested documents in electronic format to:

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Wherever the response to a request consists of a statement that the requested information is already available to the Intervenors, provide a detailed citation to the document that contains the information. This citation shall include the title of the document, relevant page number(s), and to the extent possible paragraph number(s) and/or chart/table/figure number(s).

In the event that any document referred to in response to any request for information has been destroyed, specify the date and the manner of such destruction, the reason for such destruction, the person authorizing the destruction and the custodian of the document at the time of its destruction.

The Intervenors reserve the right to serve supplemental, revised, or additional discovery requests as permitted in this proceeding.

DEFINITIONS

Unless otherwise specified in each individual interrogatory or request, "you," "your," "Kentucky Power," "KPCo," or "Company" refers to Kentucky Power Company, and its affiliates, employees, and authorized agents.

"AEP" means American Electric Power and its affiliates, employees, and authorized agents.

"And" and "or" shall be construed either conjunctively or disjunctively as required by the context to bring within the scope of these interrogatories and requests for production of documents any information which might be deemed outside their scope by another construction.

"Any" means all or each and every example of the requested information.

"Communication" means any transmission or exchange of information between two or more persons, whether orally or in writing, and includes, without limitation, any conversation or discussion by means of letter, telephone, note, memorandum, telegraph, telex, telecopy, cable, email, or any other electronic or other medium.

"Document" refers to written matter of any kind, regardless of its form, and to information recorded in any storage medium, whether in electrical, optical or electromagnetic form, and capable of reduction to writing by the use of computer hardware and software, and includes all copies, drafts, proofs, both originals and copies either (1) in the possession, custody or control of the Companies regardless of where located, or (2) produced or generated by, known to or seen by the Companies, but now in their possession, custody or control, regardless of where located whether or still in existence.

Such "documents" shall include, but are not limited to, applications, permits, monitoring reports, computer printouts, contracts, leases, agreements, papers, photographs, tape recordings, transcripts, letters or other forms of correspondence, folders or similar containers, programs, telex, TWX and other teletype communications, memoranda, reports, studies, summaries, minutes, minute books, circulars, notes (whether typewritten, handwritten or otherwise), agenda, bulletins, notices, announcements, instructions, charts, tables, manuals, brochures, magazines, pamphlets, lists, logs, telegrams, drawings, sketches, plans, specifications, diagrams, drafts, books and records, formal records, notebooks, diaries, registers, analyses, projections, email correspondence or communications and other data compilations from which information can be obtained (including matter used in data processing) or translated, and any other printed, written, recorded, stenographic, computer-generated, computer-stored, or electronically stored matter, however and by whomever produced, prepared, reproduced, disseminated or made.

Without limitation, the term "control" as used in the preceding paragraphs means that a document is deemed to be in your control if you have the right to secure the document or a copy thereof from another person or public or private entity having actual possession thereof. If a document is responsive to a request, but is not in your possession or custody, identify the person with possession or custody. If any document was in your possession or subject to your control, and is no longer, state what disposition was made of it, by whom, the date on which such disposition was made, and why such disposition was made.

In the interest of efficiency during discovery and the hearing process, bates stamp all documents produced in response to these interrogatories and requests for production.

For purposes of the production of "documents," the term shall include copies of all documents being produced, to the extent the copies are not identical to the original, thus requiring the production of copies that contain any markings, additions or deletions that make them different in any way from the original

"DSM" means demand-side management programs including demand-response, interruptible load, and energy efficiency programs.

"Identify" means:

(a) With respect to a person, to state the person's name, address and business relationship (e.g., "employee") to Kentucky Power;
(b) With respect to a document, to state the nature of the document in sufficient detail for identification in a request for production, its date, its author, and to identify its

custodian. If the information or document identified is recorded in electrical, optical or electromagnetic form, identification includes a description of the computer hardware or software required to reduce it to readable form.

"Relating to" or "concerning" means and includes pertaining to, referring to, or having as a subject matter, directly or indirectly, expressly or implied, the subject matter of the specific request.

PRIVILEGE

If you claim a privilege including, but not limited to, the attorney-client privilege or the work product doctrine, as grounds for not fully and completely responding to any request for information, describe the basis for your claim of privilege in sufficient detail so as to permit the Commission to adjudicate the validity of the claim if called upon to do so.

TIME

Unless otherwise provided, the applicable time period for each of these requests for information is January 1, 2009 to the present.

REQUESTS FOR INFORMATION

1. Refer to p. 9 of the Application, citing Case No. 2008-00408.

    a. Explain how KPCo has adopted policies establishing cost-effective energy efficiency resources with equal priority as other resource options.
    b. Provide the policies establishing cost-effective energy efficiency resources with equal priority as other resource options.
    c. Explain how the proposal to transfer 50% ownership of Mitchell to KPCo places equal priority on energy efficiency resources as other resource options.

2. Refer to p. 27 of the testimony of Scott C. Weaver. Explain whether additional investment in DSM resources could defer investment in capacity resources or otherwise reduce investment in capacity resources over the long term.

    a. If so, explain what level of DSM resources would be required to alter the resources needed over the planned horizon, and explain whether that level of DSM resources could be achieved by KPCo.
    b. If not, explain why DSM resources cannot materially alter the resources needed over the planned horizon. Provide supporting documentation for the conclusion.

3. Refer to the Company's response to KPSC 1-8(c). Explain why costs associated with energy efficiency programs are considered sunk costs. Further, explain how STRATEGIST analyzes cost associated with incremental or new energy efficiency resources.

4. Refer to p. 3 of Exhibit SCW-1, and to the Company's response to KIUC 1-17. Explain how the Company's load forecast accounts for declining load since the 2006/2007 time period.

5. Refer to the Company's response to KPSC 1-8, and to the Company's response to Sierra Club 1-36. Confirm whether the Company expects to continue implementing the energy efficiency programs described in the Company's response to KPSC 1-8(a) through 2031.

6. Refer to p. 7 of Exhibit SCW-1.

   a. Identify and explain the bases for the projected year to year increase in both active and passive demand response savings on page 7 of Exhibit SCW-1.
   b. Explain how the Company intends to achieve the projected increase in both active and passive demand response savings each year.

7. Refer to p. 7 of Exhibit SCW-1.

   a. For passive demand response programs implemented each year within the past five years, provide the budget, energy savings, capacity savings and results of cost-effectiveness screenings for each program.
   b. For passive demand response programs planned for implementation each year through 2031, provide the budget, energy savings, capacity savings and results of cost-effectiveness screenings for each program, with the total program savings matching the projected passive demand response savings for each year on page 7 of Exhibit SCW-1.

8. Refer to p. 3 of Exhibit SCW-1.

   a. Provide the Company's retail sales for each year from the last five years.
   b. Confirm whether the Internal Load values provided on page 3 of Exhibit SCW-1 are the Company's retail sales planned for each year through 2031. If not, provide the Company's retail sales planned for each year through 2031.

9. Refer to p. 7 of Exhibit SCW-1, and to Attachment 1 to the Company's response to KPSC 1-8. Explain how the current energy efficiency program savings provided in Attachment 1 to the Company's response to KPSC 1-8 are incorporated into the current PJM-approved interruptible demand response peak reductions provided on page 7 of Exhibit SCW-1.

    a. If the savings from Attachment 1 to the Company's response to KSPC 1-8 are not incorporated into the current active and passive demand response activities provided on page 7 of Exhibit SCW-1, explain why they are not incorporated into the current active and passive demand response activities.

10. Refer to p. 27 of the testimony of Scott C. Weaver. Provide a detailed description of each active demand response program implemented by the Company, including the prices offered, the technology used and the customers targeted for each program.

11. Refer to p. 7 of Exhibit SCW-1.

    a. For active demand response programs implemented each year within the past five years, provide the budget, capacity savings and results of cost-effectiveness screenings for each program.
    b. For active demand response programs planned for implementation each year through 2031, provide the budget, capacity savings and results of cost-effectiveness screenings for each program, with the total program savings matching the projected savings for each year on page 7 of Exhibit SCW-1.

12. Refer to p. 7 of Exhibit SCW-1. Provide the cost recovery rates that the Company expects will be required through 2031 to implement the programs that will achieve the savings on page 7 of Exhibit SCW-1.

13. Refer to p. 7 of Exhibit SCW-1, and to the Company's response to Sierra Club 1-34(f). Explain how the impacts of both active and passive demand response projected on page 7 of Exhibit SCW-1 are explicitly accounted for in the Company's analysis to replace Big Sandy capacity.

14. Refer to p. 7 of Exhibit SCW-1, and to the Company's response to Sierra Club 1-39(a).

    a. List any and all active and/or passive demand response potential studies considered by the Company in determining both the projected active and passive demand response savings on page 7 of Exhibit SCW-1.
    b. Explain why KPCo chose the 2009 EPRI potential study as the basis for its active and passive demand response projections.

15. Refer to the Company's response to Sierra Club 1-39(d). Describe how the Company used the 2009 EPRI potential study to determine both the active and passive demand response savings projected on page 7 of Exhibit SCW-1. Provide all supporting documentation and workpapers in electronic format with formulas intact.

16. Refer to the Company's response to Sierra Club 1-39(h).

    a. Provide a list of all the industrial customers that have opted out of the Company's energy efficiency programs over the past five years.
    b. Provide your best estimate of the number of industrial customers (and their energy and capacity demands) that the Company projects will opt out of its energy efficiency programs in each year through 2031.
    c. Identify all demand side management programs that KPCo has offered to its industrial customers over the past five years.
    d. Identify all demand side management programs that KPCo plans to offer to its industrial customers in each year through 2031.
    e. Identify all demand side management programs individual KPCo industrial customers have implemented in lieu of participating in KPCo's demand side management programs over the past five years.
    f. Identify all demand side management programs that KPCo expects its individual industrial customers to implement in lieu of participating in KPCo's demand side management programs in each year through 2031.

17. Refer to the Company's response to KPSC 1-5. Explain whether the Company conducted a benefit-cost test to support the statement that the transfer of 50 percent of the Mitchell facility is the most cost-effective means for the Company to comply with known and emerging environmental requirements.

    a. If yes, provide all documentation and workpapers in electronic format with formulas intact.
    b. If no, explain how the Company determined that the proposal is the most cost-effective means.

18. For each of AEP's operating companies, provide:

    a. Documentation of the most recent active and passive demand response program plan approved or under investigation by the relevant state PUC;
    b. Energy and capacity savings from both active and passive demand response programs implemented over the past five years, and planned through 2031.
    c. The most recent DSM potential study carried out by or for the company.
    d. Retail sales from the past five years and planned through 2031.

19. Explain whether KPCo consider renewable resources as part of the alternative resource options analysis.

    a. If no, explain why the Company did not consider renewable resources an alternative resource when determining how to replace Big Sandy capacity.
    b. If yes, explain how renewables were considered and provide all supporting documentation.

20. In the period between 2011 and 2024, explain whether KPCo forced STRATEGIST to meet any demand shortfall with market purchases.

21. Explain whether STRATEGIST was allowed to select the optimal resource plan from a variety of options. State whether the variety of options included:

    a. construction of natural-gas fired generation
    b. construction of coal fired generation
    c. purchase of existing natural gas fired generation
    d. a purchase-power agreement for energy and capacity
    e. energy efficiency
    f. demand response
    g. renewable generating resources.

22. Explain whether the STRATEGIST model was constrained in any way such that the model does not add additional capacity resources beyond what KPCo has pre-determined in any given year.

23. With regard to Witness McDermott testimony, page 11, line 6, please explain whether Ohio Power Company is selling the 50% share of the Mitchell generating station at less than the value of its output in the PJM market.

    a. If the answer is yes, please explain why, and please explain why this would make sense to Ohio Power Company and its customers.
    b. If the answer is no, please explain why the Company's purchase of 50% of the Mitchell station is preferable to purchasing power from other sources, including the PJM markets.

24. With regard to Witness McDermott testimony, page 11, line 9, does the Company's contract to buy 50% of the Mitchell generating station include any risk premiums? If so, please describe them qualitatively, and present them qualitatively. Please include all documentation and workpapers in electronic format with formulas intact.

25. Refer to p. 11 of the testimony of Karl A. McDermott. Identify all of the benchmarks that Witness Weaver employs that would be used by potential bidders in a large base load RFP.

26. Refer to p. 11 of the testimony of Karl A. McDermott. Explain how the proposal to transfer 50 percent of the Mitchell facility at net book value is the lower bound of the necessary bid prices that would potentially have been submitted as part of an RFP.

27. Refer to Exhibit SCW-1, page 9, Table 1-3. For the 'Existing and Planned Capacity" values in 2012, 2013, and 2014, please list all the generation resources that are included. Please specify by plant name and unit number, by capacity, by technology type and by fuel type.

28. With regard to the Company's response to KPSC 1-37, did Witness McDermott or Witness Weaver analyze the option of buying power from the Riverside Generating assets? If not, why not? If yes, what was the conclusion of the analysis? Please provide all documentation and workpapers in electronic format with formulas intact.

29. With regard to the Company's response to KPSC 1-39(b), is it true that offers in response to an RFP would approach a projected PJM price under the conditions when the PJM energy and capacity markets are "long" on energy and capacity?

30. With regard to the Company's response to Sierra Club 1-44(f), please describe all analyses that the Company conducted to determine that it needs only baseload energy. Please provide all documentation and workpapers in electronic format with formulas intact.

31. With regard to the Company's response to Sierra Club 1-5(a), please explain the basis for your contention that "net book value is a standard transfer price used between wholly owned affiliates," and provide all supporting documents, citations, or analyses.

32. With regard to the Company's response to Sierra Club 1-5(b), did the Company estimate the market value of 50% of the Mitchell Generation station based on its forecast of PJM market prices? If not, why not? If so, please provide any and all results of the analysis, including workpapers in electronic format with formulas intact.

33. Refer to page 9 of Attachment 1 to your response to Sierra Club 1-3. Explain why the amount of KPCo capacity compared to the PJM Minimum Reserve Margin drops from plus 40MW in 2024/25 to negative 212MW in 2025/26.

34. Refer to page 10 of Attachment 1 to your response to Sierra Club 1-3. Identify and explain each of the "multiple criteria" upon which the "Mitchell Plant's transfers were selected," and identify who made such selection.

35. Refer to your responses to Sierra Club 1-6b & c and 1-7b & c.

   a. Explain how "all of the assets of Ohio Power Company . . . were qualitatively screened to determine the generating units to be analyzed" for KPCo.
   b. Identify each factor evaluated in such qualitative screening.
   c. Explain how such qualitative screening led to the selection of the transfer of a 50% interest in the Mitchell Generating Station as an option for replacing Big Sandy Unit 2.
   d. Explain how such qualitative screening led to the exclusion of the Waterford and Lawrenceburg generating assets as options for replacing all or some of the capacity and energy from the retiring Big Sandy Unit 2.
   e. Identify each individual involved in such qualitative screening.
   f. Produce any reports, workpapers, or other documents reflecting or regarding the qualitative screening.

36. Refer to page 6 of Attachment 1 to your response to Sierra Club 1-9b.

   a. Identify the basis for the "AEP GEN HUB Hub Cap." projected capacity prices identified therein.
   b. Explain why the projected "AEP GEN HUB Hub Cap." capacity price more than doubles from 2014 to 2015 and thereafter.
   c. Identify the basis for the "SPP Cap." projected capacity prices identified therein.
   d. Explain why the projected "AEP GEN HUB Hub Cap." capacity prices are more than eight times as high as the SPP Cap. projected capacity prices for the years 2015, 2016, and 2017.
   e. Explain why the projected "SPP Cap." capacity prices increase more than fourteen-fold from 2017 to 2018 and beyond.
   f. Identify and produce any reports, studies, or other documents supporting the projected capacity prices identified therein.

37. Refer to page 5 of Attachment 2 to your response to Sierra Club 1-10. State whether, if the questions posed in Request 35 above were posed with regards to the capacity prices identified therein, your answers would be the same. If not, provide such different answer.

38. Refer to your response to Sierra Club 1-11b. Explain the basis for your contention that a 10% increase in gas consumption could reasonably be expected to result in a 12% to 17% increase in price. Identify and produce any studies, reports, analyses, or other documents supporting that contention.

39. Refer to Attachment 1 to your response to Sierra Club 1-15f.

   a. State whether the projected annual CO2 emissions identified therein are reported in thousands so that, for example, the 2014 CO2 emissions from Mitchell 1 in the Option 6 base case is 1,913,000 tons.
   b. State whether the projected annual CO2 emissions identified therein are for all of Mitchell 1 and 2, or only for the 50% ownership interest that KPCo would be acquiring.
      i. If the projected annual CO2 emissions identified therein are for all of Mitchell 1 and 2, explain why the total CO2 emissions are significantly lower than they were in 2008 – 2012.

40. Refer to your response to Sierra Club 1-29f.
   a. For each of Options 1 through 6, identify:
      i. The years in which you project actual OSS margins will fall below base level
      ii. The years in which you project that the "adjusted KPCo OSS margin level" will exceed the base level
      iii. The actual OSS margins and the "adjusted KPCo OSS margin levels" for each year of 2014 through 2040.
      iv. For each year from 2014 through 2040 in which "adjusted KPCo OSS margin levels" are projected to exceed the base level, the amount of KPCo OSS revenues that is projected to accrue to customers and the amount that is projected to accrue to shareholders
      v. For each year from 2014 through 2040 in which actual OSS margins are projected to fall below base level, the amount that customers are projected to incur in incremental charges.
   b. Confirm whether in each year that the "adjusted KPCo OSS margin level" exceeds the base level, 60% of the amount by which the adjusted KPCo OSS margin level exceeds the base level would accrue to customers while 40% would accrue to shareholders.
      i. If not, then explain how the amount by which the adjusted KPCo OSS

margin level exceeds the base level would accrue to customers versus the amount that would accrue to shareholders would be determined.

41. Refer to your response to Sierra Club 1-39k. Identify what level of KPCo's load is mining operations.

42. Refer to your response to Sierra Club 1-46.

   a. Identify any generating assets that may be available for sale that Strategic Initiatives notified KPCo about.
   b. Produce any notification, report, or other document regarding generating assets that may be available for sale that Strategic Initiatives has provided to KPCo since 2008.

43. Refer to your response to KIUC 1-58.

   a. State whether you have received or reviewed any natural gas price forecasts from CERA, PIRA, or any other consultant that were developed since May 2011.
      i. If so, identify the date of each such forecast and the projected natural gas price for each year of 2013 through 2040 in each such forecast.
   b. If not, state whether you requested a more recent natural gas price forecast from either CERA or PIRA.
   c. Explain why the graph on page 5 of Mr. Bletzacker's testimony used the Energy Information Administration ("EIA") base case natural gas price forecast from May 2011, rather than the base case natural gas price forecast from 2012 Annual Energy Outlook issued in June 2012, available at http://www.eia.gov/forecasts/archive/aeo12/index.cfm
   d. Explain why the graph on page 5 of Mr. Bletzacker's testimony used the EIA base case natural gas price forecast from May 2011, rather than the natural gas price forecast from the 2013 Early Release Annual Energy Outlook issued on December 5, 2012. available at http://www.eia.gov/forecasts/aeo/er/index.cfm

44. Refer to your response to KIUC 1-72c.
   a. State whether Dr. McDermott "critically review[ed] the Company's data and analysis to be sure that it was including the appropriate costs in its estimates."
      i. If so, identify each step that Dr. McDermott took to carry out such review, and any documents he relied on in such review.
      ii. If not, explain why not.

45. Refer to your response to KPSC 1-27b.
    a. Explain why "neither the Dresden nor Waterford plants were options made available to Kentucky Power."
    b. Identify who made the decision to not make the Dresden or Waterford plants available to Kentucky Power.
    c. Produce any notes, reports, or other documents regarding the decision to not make the Dresden or Waterford plants available to Kentucky Power.

Respectfully submitted,

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Dated: March 8, 2013

CERTIFICATE OF SERVICE

I certify that I mailed a copy of Alexander Desha, Tom Vierheller, Beverly May, and Sierra Club's Supplemental Requests for Information by first class mail on March 8, 2013 to the following:

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