

August 5, 2013

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

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AUG 05 2013

PUBLIC SERVICE
COMMISSION

RE: Case No. 2012-00578

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and eight copies of Kentucky Power Company's Supplemental Response to Hearing Data Request 1.

A copy of this letter and the Company's responses is being served by overnight delivery on the individuals indicated below and their associated counsel. Further, in accordance with Mr. Nguyen's request, a copy of the responses also is being served by overnight delivery on Messrs. Drabinski, Boismenu, and Buechel.

Very truly yours,



Mark R. Overstreet

MRO

cc: Michael L. Kurtz
Jennifer Black Hans
Shannon Fisk
Joe F. Childers
Lane Kollen
Rob Kapla
Tim Woolf

COMMONWEALTH OF KENTUCKY
BEFORE THE 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) CASE NO. 2012-00578
RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION)
WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR)
ACT AND RELATED REQUIREMENTS; 5) FOR ALL OTHER)
REQUIRED APPROVALS AND RELIEF)

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PUBLIC SERVICE
COMMISSION

KENTUCKY POWER COMPANY SUPPLEMENTAL RESPONSETO

COMMISSION STAFF JULY 10-12, 2013 POST HEARING DATA REQUEST ITEM NO. 1

August 5, 2013

Kentucky Power Company

REQUEST

Does the Mitchell Operating Agreement address a scenario where APCO obtains less than a 50% interest in the Mitchell Generating Station? If so, please identify how the Operating Agreement would address that scenario. If not, please identify how the Company would proceed.

RESPONSE

No, the Mitchell Operating agreement does not address a scenario where APCo obtains less than a 50% undivided interest in the Mitchell Units. While the transfers in each jurisdiction are independent of one other, anything less than the proposed 50% undivided interest in ownership would necessitate an amended Operating Agreement to be filed with the FERC. How the Operating Agreement may be revised would depend on the specifics of APCo's ownership interest.

Supplemental Response August 5, 2013

On July 31, 2013 the Virginia Corporation Commission entered its Order in Case No. PUE-2012-00141 denying the transfer of a fifty percent undivided interest in the Mitchell generation station to Appalachian Power Company. Kentucky Power Company's application to this Commission seeking authorization for the transfer of the remaining fifty percent undivided interest in the Mitchell generating station is independent of any action by either the Virginia or West Virginia commissions. Kentucky Power continues to require both the capacity and energy available to it through the Mitchell transfer, and the transfer, particularly under the terms of the Stipulation and Settlement Agreement, continues to represent the least cost alternative to address the Company's needs.

KPSC Case No. 2012-00578
Commission Staff's Post Hearing Data Requests
Dated July 10th – July 12th, 2013
Item No. 1
Page 2 of 2
Supplemental Response filed August 5, 2013

If the other fifty percent undivided interest in the Mitchell generating station is not transferred to Appalachian Power Company, Kentucky Power anticipates that interest will remain with AEP Generation Resources Inc. Under those circumstances, a revised Mitchell Operating Agreement will be filed with the Federal Energy Regulatory Commission providing that the Kentucky Power Company will operate the Mitchell generating station on behalf of itself and AEP Generation Resources Inc. The revised operating agreement will continue to reflect the costs attendant to the Company's ownership and operation of the fifty percent undivided interest in the Mitchell generating station. Similarly, the Virginia Corporation Commission decision will not affect the amount or nature of the liabilities to be assumed by Kentucky Power. The Company will assume the same liabilities as it would have assumed if the other fifty percent undivided interest in the Mitchell generating station had been transferred to Appalachian Power Company.

WITNESS: Gregory G Pauley