

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED**

DEC 20 2013

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, )  
TO ENTER INTO LOAN AGREEMENTS, AND FOR OTHER )  
AUTHORIZATIONS IN CONNECTION WITH THE REFUNDING )  
OF LIABILITIES ASSUMED BY THE COMPANY IN )  
CONNECTION WITH THE MITCHELL TRANSFER )

PUBLIC SERVICE  
COMMISSION

CASE NO:  
2013-00410

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and subject to the Public Service Commission's ["the Commission"] Scheduling Order dated December 16, 2013, submits these Initial Requests for Information to Kentucky Power Co. ["KPCo " or "the Company"] for response by the date set forth in the Appendix to said Order.

(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(es) 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 KPCo with an electronic version of these data requests, 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 any request appears confusing, please request clarification directly from 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 include all information regardless of the medium or media in which they are recorded (including electronic media and e-mail), in any written, graphic or other tangible form including, but not necessarily limited to: 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 / records, 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.

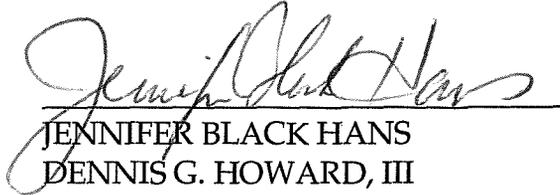
(12) In the event any document called for has been destroyed or transferred beyond the control of the company:

(a) please identify: (i) the person by whom it was destroyed and/or transferred; (ii) the transferee; and (iii) the person authorizing the destruction or transfer; and

(b) state: (i) the time, place, and method of destruction or transfer; and, (ii) 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:

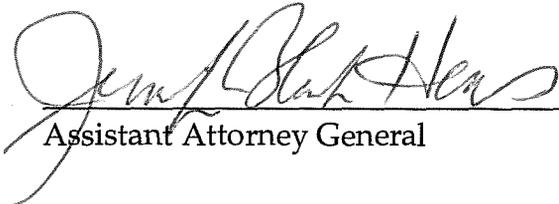
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this 20<sup>th</sup> day of December, 2013

  
Assistant Attorney General

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CASE No. 2013-00410

1. With reference to the proposed refunding of liabilities assumed in association with the Mitchell Transfer, please provide copies of any and all:
  - a. Presentations made by Kentucky Power Company to any financial institutions and/or investment firms and/or banks regarding the transaction; and
  - b. Presentations made by any financial institutions and/or investment firms and/or banks to Kentucky Power Company.
  
2. With reference to the proposed refunding of liabilities assumed in association with the Mitchell Transfer, please provide copies of the following:
  - a. Any and all presentations made to the Board of Directors of Kentucky Power Company regarding the refunding; and
  - b. The minutes of any and all meetings of the Board of Directors of Kentucky Power Company in which the refunding was discussed.
  
3. Reference paragraph 12 of the application. With reference to the statement wherein it states "restore its debt-capital ratio," please provide the following information:
  - a. Kentucky Power's pre-acquisition financing capitalization amounts, effective cost rates, ratios, and overall weighted cost of capital;
  - b. Kentucky Power's pro-forma post-acquisition financing capitalization amounts, effective cost rates, ratios, and overall weighted cost of capital; and
  - c. For both items (a) and (b) above, please list all debt issues, including issuance dates, coupon rates and effective cost rates. For the pro-forma capitalizations, please provide estimates cost rates, issuance costs, and effective cost rates.
  
4. Reference paragraph 12 of the application quoting the Transfer Application and describing "the West Virginia Economic Development Authority ("WVEDA") Pollution Control Revenue Bond ("PCRB") that partially financed the FGD units constructed at the Mitchell generating station."
  - a. Please provide the total sum financed to construct the FGD units at the Mitchell generating station.
  - b. Please provide copies of any and all other financing and/or loan agreements between Ohio Power Company or any AEP subsidiary company relating to the construction of the FGD units at the Mitchell generating station.

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- c. Please confirm the date(s) when construction of the FGD units at the Mitchell generating station began and the date(s) when those units became fully operational.
5. Reference paragraphs 13 of the application, footnote 8, and paragraph 28-32 of the application. Please identify with specificity what law, regulation, legal authority or agreement that prevents the WVEDA Bonds, which were issued by WVEDA, from being directly transferred from Ohio Power (described as the "indirect issuer," holder" and entity with the obligations with respect to the bonds) to NEWCO Kentucky and then Kentucky Power.
6. Reference paragraph 18 of the application. As to the Credit Agreement, please answer the following questions:
  - a. Please identify the docket number under which the Federal Energy Regulatory Commission approved the Credit Agreement between Kentucky Power and its affiliates.
  - b. Under the Credit Agreement, if for any reason the transfer of a 50 percent interest in the Mitchell generating station is not transferred to Kentucky Power, will AEP Generation Resources retain a 100 percent interest in the facility?
7. Reference paragraph 19 of the application. Does Kentucky Power concede that order(s) by the Franklin Circuit Court in Civil Action No. 13-CI-1398 or by the Federal Energy Regulatory Commission in Docket Nos. ER14-86 and ER 14-95 may impact the timing of or even prevent the proposed Merger and transfer of assets to Kentucky Power?
8. Reference paragraph 21 of the application. Please provide the following in detail:
  - a. Kentucky Power's proposed process for selling the Notes in terms of preference for
    - (i) by competitive bidding;
    - (ii) through negotiation with underwriters or agents in private placement offerings; or
    - (iii) by direct placement with a commercial bank or other institutional investor; and
  - b. For each of the Company's debt issues, please indicate the process used in selling financing.

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9. Reference paragraph 23 of the application. Please provide additional details regarding the proposed note issues described as being "in connection with long-term borrowings by AEP." Please provide details of all previous Notes issued in this manner.
10. Reference paragraph 24 of the application, specifically the last sentence, which states: "In addition, Kentucky Power may permit the holder of the Notes to require the Company to prepay them after certain specified events, including an ownership change." Please describe what is meant by "an ownership change."
11. Reference paragraph 34 of the application, specifically the last sentence, which states: "The proceeds of the New Bonds may be used to refinance a portion of the Mitchell Debt at a lower cost than can be achieved through the issuance of the Notes described in paragraphs 20-26 of this Application, for general corporate purposes, and for working capital." As to this sentence, please provide the following information:
  - a. Please provide an estimate of the proceeds that Kentucky Power anticipates receiving through the sale of the New Bonds.
  - b. Please provide an estimate of the cost savings that Kentucky Power anticipates as a result of the transaction described.
  - c. Please explain what is meant by "for general corporate purposes, and for working capital."
  - d. Please state whether any of the benefits anticipated by this transaction would be used as an offset against any rate increase that Kentucky Power may seek to recoup its investment in the Mitchell generating units.
12. Reference paragraph 36 of the application, specifically wherein it states in a parenthetical clause: "in the event all or a portion of any series of New Bonds initially bear a variable rate of interest, the method for determining that interest rate". Explain why, when, and under what specific terms and conditions would Kentucky Power agree to a variable rate of interest for all or a portion of any series of the New Bonds.
13. Reference paragraph 42 of the application. Explain why Kentucky Power determined the terms (including the term of years to maturity and percentages) identified in subparts (i) through (iv) of the paragraph.
14. Reference paragraph 43 of the application. Please provide a list of Kentucky Power's "past experience with similar financings."

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- a. If by "the Company," Kentucky Power means its corporate parent, then please provide a list of similar financings conducted by AEP in the past 5 years, inclusive of the specific financings to which this paragraph refers.
  - b. If not by its corporate parent, please state whether it was Kentucky Power or another affiliate.
  - c. Regardless of the entity involved or associated with the "past experience with similar financings," provide all details including the related documents of those financings.
15. Reference paragraph 45 of the application. Please provide any supporting rationale, analysis(es), studies, reports or other materials supporting Kentucky Power's anticipated use of "deferred tax accounting for the premium expense."
  16. Reference paragraphs 48-53 of the application relating to "Treasury Hedge Agreements and Interest Rate Management Agreements." Please provide any and all of company's analysis(es), studies, reports or other materials that project or otherwise quantify the expected net effect on revenue requirements.
  17. Please reference the second amendment to the Renewable Energy Purchase Agreement between Kentucky Power Company and ecoPower Generation-Hazard LLC, filed on December 13, 2013, by Kentucky Power in Case No. 2013-00144 (Post-Case Referenced Correspondence File), paragraph 2(b), which extends the timing of various conditions precedent into early 2014. Please advise if Kentucky Power still contemplates closing the Merger and transfer of the Mitchell generating station by December 31, 2013. If not, why not.
  18. Please provide the names, titles, corporate addresses and relevant experience for any witnesses Kentucky Power intends to call at any hearing deemed warranted by the Commission.