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February 21, 2014

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FEB 21 2014

**PUBLIC SERVICE
COMMISSION**

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

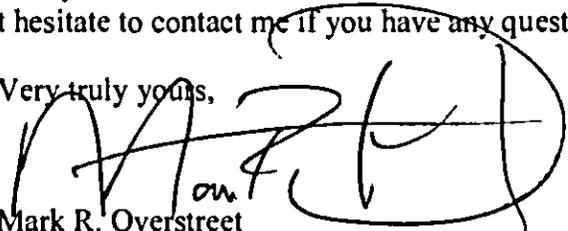
RE: Case No. 2013-00410

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's supplemental responses to numbers 2 and 9 of the Commission Staff's December 19, 2013 Data Requests.

Copies of the responses are being served by United States mail on counsel for the intervenors as indicated below. Please do not hesitate to contact me if you have any questions.

Very truly yours,


Mark R. Overstreet

MRO

cc: Michael L. Kurtz
Jennifer B. Hans

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FEB 21 2014

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

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) Case No. 2013-00410
LIABILITIES ASSUMED BY THE COMPANY IN)
CONNECTION WITH THE MITCHELL TRANSFER)

**KENTUCKY POWER COMPANY SUPPLEMENTAL RESPONSE TO
COMMISSION STAFF FIRST SET OF DATA REQUESTS
ITEM NO. 2 AND ITEM NO. 9**

February 21, 2014



Kentucky Power Company

REQUEST

Refer to pages 5-6 of the application.

- a. Provide the cost associated with the anticipated \$200 million intercompany note to Kentucky Power.
- b. Provide the accounting entries of the anticipated \$200 million intercompany note that will be reflected in Kentucky Power's accounting records.

RESPONSE

- a. The \$200M represents the assigned portion of the OPCo Corporate Separation Term Loan to Kentucky Power payable to third party banks as it relates to Kentucky Power's 50% undivided interest in the Mitchell plant. The cost to Kentucky Power until the term loan matures in May 2015 is LIBOR plus 1.25%.
- b. See the response to KPSC I-9.

February 21, 2014 Supplemental Response

- b. Please see the February 21, 2014 Supplemental Response to KPSC I-9.

WITNESS: Marc D. Reitter/Ranie K. Wohnhas



Kentucky Power Company

REQUEST

Provide the accounting entries that are necessary to complete the transfer the 50 percent interest in the Mitchell plant and the subsequent issuances of the private placement debt and the reissue of the WVEDA PCRBs. Also include an ending balance sheet that reflects the assets, liabilities and capital balances of Kentucky Power upon completion of all requested transactions in this application.

RESPONSE

The Company is currently in the process of the 2013 accounting close, which includes the accounting transactions necessary to complete the transfer of the 50 percent undivided interest in the Mitchell plant to Kentucky Power. The requested information thus is not currently available for response. Upon completion of closing the books, which is anticipated to be in mid-January 2014, the Company will update this response with the requested information. The information to be provided in mid-January 2014 will continue to be subject to audit and updates will be provided if necessary.

In regards to the subsequent issuances of the private placement debt and the reissue of the tax-exempt WVEDA PCRBs, the entry would be to record a debt obligation and receipt of cash as shown in KPSC 1-9 Attachment 1.

Please note that upon reissuance of the \$200 million and the \$65 million, the assigned portion of the OPCo Corporate Separation Term Loan to Kentucky Power payable to third-party banks and the WVEDA PCRBs held in trust will be eliminated, respectively.

February 21, 2014 Supplemental Response

Please see Attachments 1 (Journal Entries) & 2 (Balance Sheet) to this supplemental response for the accounting entries that are necessary to complete the transfer of the 50 percent undivided interest in the Mitchell plant. The information contained in the attachments is still subject to audit, and if any changes are made an update will be provided.

The requested information regarding the private placement debt and the WVEDA PCRBs previously was furnished as Attachment 1 to the Company's original response.

WITNESS: Ranie K Wohnhas

Journal Entry by FERC Account
 To transfer 50% Undivided Interest in Mitchell Plant

FERC Acct	Total (DR./CR.)
101 Electric Plant in Service	917,141,781.69
107 CWIP	75,252,819.09
108 Accum Prov for Depreciation and Depletion- Utility	(310,086,948.49)
124 Other Investments	2,633,823.11
129 Special Funds	12,742,889.29
151 Fuel Stock	32,979,440.47
152 Fuel Stock Expense Undistributed	1,040,932.76
154 Plant Materials and Operating Supplies	10,532,758.79
158.1 Allowances	3,158,670.23
182.3 Other Regulatory Assets	33,362,092.35
183 Preliminary Survey & Investigation Charges	1,587,319.54
186 Micellaneous Deferred Debits	4,474,549.22
190 ADIT	2,811,185.07
190.1 Accumulated Deferred FIT	10,106,140.00
190.2 Accumulated Deferred FIT-Other Income and Deductions	42,413.00
190.3 Accumulated Deffered FIT- SFAS 109 Flow thru	8,865,547.00
208 Donations Received from Stockholders	(375,898,267.92)
219 Other Comprehensive Income	5,220,772.29
224 Other Long Term Debt	(200,000,000.00)
228.2 Accum Provsion Injuries & Damages	(10,239.82)
228.3 Accum Provision for Penslon & Benefits	(882,413.88)
230 ARO	(18,421,465.44)
236 Taxes Accrued	(4,175,000.00)
237 Interest Accrued	(59,375.00)
242 Miscellaneous Current and Accrued Liabilities	(1,104,515.25)
253 Other Deferred Credits	(355,702.10)
281.1 Accum Deferred FIT STET	(61,534,011.00)
282.1 Accum Deferred FIT- Utility Property	(93,123,611.00)
283.1 Accum Deferred FIT- Other	(24,060,174.00)
283.2 Accum Deferred FIT- Other Income & Deductions	(45,728.00)
283.3 Accum Deferred FIT- SFAS 109 Flow Thru	(34,195,682.00)
Grand Total	0.00

**Kentucky Power Corp Consol
Comparative Balance Sheet (Assets & Other Debits)
December 31, 2013**

KPSC Case No 2013-00410
Commission Staff's First Set of Data Requests
Dated December 19, 2013
Item No. 9
February 21, 2014 Supplemental Response
Attachment 2
Month End Balances Page 1 of 4

CURRENT MONTH

1	UTILITY PLANT	
2	Utility Plant (101-106, 114)	2,727,442,055.30
3	Construction Work In Progress (107)	128,599,148.19
4	TOTAL Utility Plant (Enter Total of line 2 and 3)	2,856,041,203.49
5	(Less) Accum. Prov. For Depr. Amort. Depl. (108, 110, 111, 115)	961,039,344.37
6	Net Utility Plant (Enter Total of line 4 less 5)	1,895,001,859.12
7	Nuclear Fuel In Process of Ref., Conv., Enrich., and Fab. (120.1)	0.00
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)	0.00
9	Nuclear Fuel Assemblies In Reactor (120.3)	0.00
10	Spent Nuclear Fuel (120.4)	0.00
11	Nuclear Fuel Under Capital Leases (120.6)	0.00
12	(Less) Accum. Prov. For Amort. Of Nucl. Fuel Assemblies (120.5)	0.00
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)	0.00
14	Net Utility Plant (Enter Total of lines 6 and 13)	1,895,001,859.12
15	Utility Plant Adjustments (116)	0.00
16	Gas Stored Underground - Noncurrent (117)	0.00
17	OTHER PROPERTY AND INVESTMENTS	
18	Nonutility Property (121)	995,120.00
19	(Less) Accum. Prov. For Depr. And Amort. (122)	214,955.75
20	Investments in Associated Companies (123)	0.00
21	Investment in Subsidiary Companies (123.1)	0.00
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)	
23	Noncurrent Portion of Allowances	0.36
24	Other Investments (124)	4,777,439.65
25	Sinking Funds (125)	0.00
26	Depreciation Fund (126)	0.00
27	Amortization Fund - Federal (127)	0.00
28	Other Special Funds (128)	0.00
29	Special Funds (Non Major Only) (129)	11,446,241.63
30	Long-Term Portion of Derivative Assets (175)	3,483,625.01
31	Long-Term Portion of Derivative Assets - Hedges (176)	0.00
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)	20,487,470.90

UNAUDITED

CURRENT AND ACCRUED ASSETS		
33	Cash and Working Funds (Non-major Only) (130)	
34	Cash (131)	742,781.88
35	Special Deposits (132-134)	1,045,958.70
36	Working Funds (135)	0.00
37	Temporary Cash Investments (136)	0.00
38	Notes Receivable (141)	0.00
39	Customer Accounts Receivable (142)	15,011,625.94
40	Other Accounts Receivable (143)	75,379.25
41	(Less) Accum. Prov. For Uncollectible Acct.-Credit (144)	77,561.68
42	Notes Receivable from Associated Companies (145)	0.00
43	Accounts Receivable from Assoc. Companies (146)	8,914,645.28
44	Fuel Stock (151)	88,640,523.02
45	Fuel Stock Expenses Undistributed (152)	3,672,773.97
46	Residuals (Elec) and Extracted Products (153)	0.00
47	Plant Materials and Operating Supplies (154)	23,174,328.82
48	Merchandise (155)	0.00
49	Other Materials and Supplies (156)	0.00
50	Nuclear Materials Held for Sale (157)	0.00
51	Allowances (158.1 and 158.2)	20,766,021.80
52	(Less) Noncurrent Portion of Allowances	0.36
53	Stores Expense Undistributed (163)	0.00
54	Gas Stored Underground - Current (164.1)	
55	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	
56	Prepayments (165)	1,406,808.56
57	Advances for Gas (166-167)	
58	Interest and Dividends Receivable (171)	1,026.00
59	Rents Receivable (172)	2,876,922.92
60	Accrued Utility Revenues (173)	856,775.63
61	Miscellaneous Current and Accrued Assets (174)	0.00
62	Derivative Instrument Assets (175)	7,760,914.48
63	(Less) Long-Term Portion of Derivative Instrument Assets (175)	3,483,625.01
64	Derivative Instrument Assets - Hedges (176)	79,097.00
65	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)	0.00
66	Total Current and Accrued Assets (Lines 34 through 66)	171,464,396.20
67	DEFERRED DEBITS	
68	Unamortized Debt Expenses (181)	1,900,818.24
69	Extraordinary Property Losses (182.1)	0.00
70	Unrecovered Plant and Regulatory Study Costs (182.2)	0.00
71	Other Regulatory Assets (182.3)	216,720,707.70
72	Prelim. Survey and Investigation Charges (Electric) (183)	2,184,854.29
73	Preliminary Natural Gas Survey and Investigation Charges (183.1)	0.00
74	Other Preliminary Survey and Investigation Charges (183.2)	0.00
75	Clearing Accounts (184)	0.00
76	Temporary Facilities (185)	0.00
77	Miscellaneous Deferred Debits (186)	17,572,962.89
78	Def. Losses from Disposition of Utility Plt. (187)	0.00
79	Research, Devel. And Demonstration Expend. (188)	0.00
80	Unamortized Loss on Reacquired Debt (189)	636,518.81
81	Accumulated Deferred Income Tax (190)	56,347,536.01
82	Unrecovered Purchased Gas Costs (191)	0.00
83	Total Deferred Debits (lines 69 through 83)	295,363,397.94
84	TOTAL ASSETS (lines 14-16, 32, 67, and 84)	2,382,317,124.16

Kentucky Power Corp Consol
 Comparative Balance Sheet (Liabilities & Other Credits)
 December 31, 2013

Month End Balances

CURRENT MONTH

1	PROPRIETARY CAPITAL	
2	Common Stock Issued (201)	50,450,000.00
3	Preferred Stock Issued (204)	0.00
4	Capital Stock Subscribed (202, 205)	0.00
5	Stock Liability for Conversion (203, 206)	0.00
6	Premium on Capital Stock (207)	0.00
7	Other Paid-In Capital (208-211)	614,648,267.92
8	Installments Received on Capital Stock (212)	0.00
9	(Less) Discount on Capital Stock (213)	0.00
10	(Less) Capital Stock Expense (214)	0.00
11	Retained Earnings (215, 215.1, 216)	179,690,924.00
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	0.00
13	(Less) Recacquired Capital Stock (217)	0.00
14	Noncorporate Proprietorship (Nonmajor Only) (218)	
15	Accumulated Other Comprehensive Income (219)	(5,419,702.20)
16	Total Proprietary Capital (lines 2 through 16)	839,369,489.72
17	LONG-TERM DEBT	
18	Bonds (221)	0.00
19	(Less) Recacquired Bonds (222)	0.00
20	Advances from Associated Companies (223)	20,000,000.00
21	Other Long-Term Debt (224)	730,000,000.00
22	Unamortized Premium on Long-Term Debt (225)	0.00
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	611,325.00
24	Total Long-Term Debt (lines 18 through 23)	749,388,675.00
25	OTHER NONCURRENT LIABILITIES	
26	Obligations Under Capital Leases - Noncurrent (227)	3,420,143.10
27	Accumulated Provision for Property Insurance (228.1)	0.00
28	Accumulated Provision for Injuries and Damages (228.2)	129,397.86
29	Accumulated Provision for Pensions and Benefits (228.3)	4,706,910.28
30	Accumulated Miscellaneous Operating Provisions (228.4)	932,000.00
31	Accumulated Provision for Rate Refunds (229)	0.00
32	Long-Term Portion of Derivative Instrument Liabilities	2,104,997.85
33	Long-Term Portion of Derivative Instrument Liabilities-Hedges	0.00
34	Asset Retirement Obligations (230)	20,526,045.02
35	Total Other Noncurrent Liabilities (lines 26 through 34)	31,819,494.11

CURRENT AND ACCRUED LIABILITIES		
36	Notes Payable (231)	0.00
37	Accounts Payable (232)	21,618,568.93
38	Notes Payable to Associated Companies (233)	8,564,457.32
39	Accounts Payable to Associated Companies (234)	39,258,714.45
40	Customer Deposits (235)	25,211,285.42
41	Taxes Accrued (236)	15,459,432.64
42	Interest Accrued (237)	6,741,844.33
43	Dividends Declared (238)	0.00
44	Matured Long-Term Debt (239)	0.00
45	Matured Interest (240)	0.00
46	Tax Collections Payable (241)	2,193,333.54
47	Miscellaneous Current and Accrued Liabilities (242)	15,134,241.67
48	Obligations Under Capital Leases-Current (243)	989,538.98
49	Derivative Instrument Liabilities (244)	3,873,702.57
50	(Less) Long-Term Portion of Derivative Instrument Liabilities	2,104,997.85
51	Derivative Instrument Liabilities-Hedges (245)	58,923.00
52	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges	0.00
53	Total Current and Accrued Liabilities (lines 37 through 53)	136,999,045.00
54	DEFERRED CREDITS	
55	Customer Advances for Construction (252)	112,133.07
56	Accumulated Deferred Investment Tax Credits (255)	125,747.20
57	Deferred Gains from Disposition of Utility Plant (266)	0.00
58	Other Deferred Credits (253)	3,959,204.64
59	Other Regulatory Liabilities (254)	7,417,397.11
60	Unamortized Gain on Reacquired Debt (257)	0.00
61	Accum. Deferred Income Taxes-Accel. Amort. (281)	86,593,719.10
62	Accum. Deferred income Taxes-Other Property (282)	364,219,668.52
63	Accum. Deferred Income Taxes-Other (283)	162,312,550.70
64	Total Deferred Credits (lines 56 through 64)	624,740,420.34
65	Total Liabilities And Stockholder Equity (Lines 16, 24, 35, 54 And 65)	2,382,317,124.17
66		

UNAPPORTIONED