

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF	)	
KENTUCKY POWER COMPANY FOR	)	
AUTHORITY PURSUANT TO KRS 278.300 TO	)	CASE NO.
ISSUE AND SELL PROMISSORY NOTES OF	)	2016-00345
ONE OR MORE SERIES AND FOR OTHER	)	
AUTHORIZATIONS	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO  
KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission an original with six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before December 5, 2016. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, 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.

Kentucky Power shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a document containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, page 3, paragraph 7. State whether Kentucky Power expects to realize savings from the refinancing of the \$325,000,000 6.0 percent Senior Note, Series E ("Series E Note"), and provide an estimate of the expected interest rate and associated change in interest expense as a result of the note's refinancing.

2. Refer to the Application, page 6, paragraph 16. Provide a breakdown of the estimated \$3 million in issuance costs.

3. Refer to the Application, page 10, paragraph 33, and page 12, paragraph 35. Given that the earliest due date of the debt proposed to be refinanced is June 1,

2017, explain why Kentucky Power is requesting a final Order in this case no later than December 31, 2016.

4. Refer to the Application, page 10, paragraph 33.

a. Confirm that the total issuance expenses associated with the Series E Note, the \$75,000,000 Variable Rate Local Bank Facility Program (“Local Bank Facility”), and the \$65,000,000 WVEDA, Series 2014A Variable Rate Demand Note Pollution Control Bond (“Tax Exempt Bond”) was \$5,129,908.

b. In paragraph 16 of the Application, Kentucky Power estimates issuance costs for the proposed unsecured promissory notes will total approximately \$3 million.

(1). Confirm that this \$3 million estimate is for the refinancing of the Series E Note, the Local Bank Facility, and the Tax Exempt Bond and the financing of \$85 million for general corporate purposes and capital requirements.

(2). If confirmed, explain why these costs are over \$2 million less than the costs associated with the original issuance of the debt being refinanced.

5. Refer to the Application, Exhibit D, page 4 of 4.

a. Provide an explanation of each estimated capital requirements function for 2016 through 2018, along with support for the amount shown.

b. Confirm that the \$319 million in projected capital spending for the projects listed constitutes Kentucky Power’s allocated costs and sole responsibility, and does not include any allocation as to the Mitchell Generating Station that may be shared with any other American Electric Power Company, Inc. affiliated company.

c. Given that Kentucky Power is asking to borrow \$85 million for projected capital spending, explain how the balance of the \$319 million is to be financed.



Talina R. Mathews  
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DATED NOV 18 2016

cc: Parties of Record

Case No. 2016-00345

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