





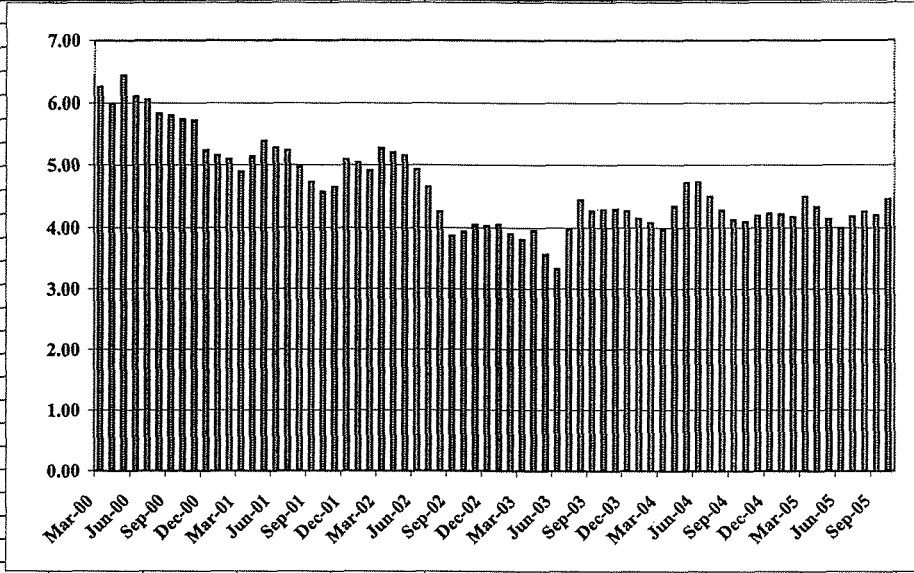








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2000-09-01	5.80
2000-10-01	5.74
2000-11-01	5.72
2000-12-01	5.24
2001-01-01	5.16
2001-02-01	5.10
2001-03-01	4.89
2001-04-01	5.14
2001-05-01	5.39
2001-06-01	5.28
2001-07-01	5.24
2001-08-01	4.97
2001-09-01	4.73
2001-10-01	4.57
2001-11-01	4.65
2001-12-01	5.09
2002-01-01	5.04
2002-02-01	4.91
2002-03-01	5.28
2002-04-01	5.21
2002-05-01	5.16
2002-06-01	4.93
2002-07-01	4.65
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2002-09-01	3.87
2002-10-01	3.94
2002-11-01	4.05
2002-12-01	4.03
2003-01-01	4.05
2003-02-01	3.90
2003-03-01	3.81
2003-04-01	3.96
2003-05-01	3.57
2003-06-01	3.33
2003-07-01	3.98
2003-08-01	4.45
2003-09-01	4.27
2003-10-01	4.29
2003-11-01	4.30
2003-12-01	4.27
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2004-02-01	4.08
2004-03-01	3.98
2004-04-01	4.35
2004-05-01	4.72
2004-06-01	4.73
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2004-08-01	4.28
2004-09-01	4.13
2004-10-01	4.10
2004-11-01	4.19
2004-12-01	4.23



2005-01-01	4.22														
2005-02-01	4.17														
2005-03-01	4.50														
2005-04-01	4.34														
2005-05-01	4.14														
2005-06-01	4.00														
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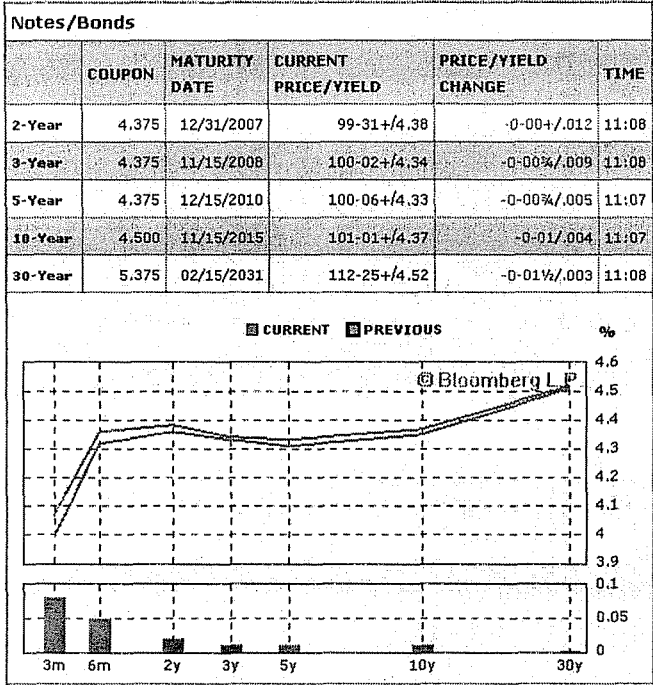
**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

57. Please reference Woolridge testimony, at page 29 line 11. Please provide the source documents for the yield curve that is shown.

**Response**

The source document is provided below.





**Response of the Attorney General to  
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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

58. Please reference Woolridge testimony, at page 32, line 11. Please provide a complete copy of the source document from the Journal of Portfolio Management (Winter 2003) noted in the source.

**Response**

The document is provided on CD under Attachments as KPC-I-58A – Illamen.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

59. Please reference Woolridge testimony, at page 33 and footnote 9. Please provide a copy of the source document from Journal of Monetary Economic (1985).

**Response**

The document is provided on CD under Attachments as KPC-I-59A – Mehra.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

60. Please reference Woolridge testimony, at page 33 and footnote 10. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-60A – Fama.





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Respondent: OAG Witness Dr. J. Randall Woolridge

61. Please reference Woolridge testimony, at page 35, lines 13-14. Please provide the workpapers for the updated study results performed by Dr. Woolridge. Those workpapers should be in hard copy form and electronic form in their native format with all formulas intact.

**Response**

**Response**

Dr. Woolridge did not perform any study to update the results. He simply employed the updated results of the studies which had been updated by the authors. The updated studies and results are listed below:

Study	Original Risk Premium Result	Updated Risk Premium Result
Ibbotson	8.4%  (risk premium over T-Bills)	Arithmetic – 6.6%  Geometric – 5.0%  (risk premium over T-Bonds)
Dimson, Marsh, & Stanton	5.4%	4.35%
Welch	7%	5.5%



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62. Please reference Woolridge testimony, at page 35 and footnote 11. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-62A – Claus and Thomas.



**Response of the Attorney General to  
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Respondent: OAG Witness Dr. J. Randall Woolridge

63. Please reference Woolridge testimony, at page 35 and footnote 12. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-63A – Derrig and Orr.



**Response of the Attorney General to  
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Respondent: OAG Witness Dr. J. Randall Woolridge

64. Please reference Woolridge testimony, at page 36 and footnote 13. Please provide a complete copy of the source document.

**Response**

The document is attached as KPC-I-64A – Ibbotson and Chen.





**Response of the Attorney General to  
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Respondent: OAG Witness Dr. J. Randall Woolridge

65. Please reference Woolridge testimony, at page 36 and footnote 14. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments in response to KPC-I-58 as KPC-I - 58A-Illamen.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

66. Please reference Woolridge testimony, at page 38, line 10. Please provide a complete copy of the University of Michigan Consumer Research.

**Response**

There is no document to provide. The data comes from the FRED data base of the St. Louis Federal Reserve Bank and can be accessed at:

(Data Source: <http://research.stlouisfed.org/fred2/series/MICH/98>)



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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

67. Please reference Woolridge testimony, at page 40 and footnote 16. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-67A – Goedhart.



**Response of the Attorney General to  
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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

68. Please reference Woolridge testimony, at page 44 lines 8-9. Please provide a complete copy of the risk premium studies commissioned by the Social Security Administration.

**Response**

The document is provided on CD under Attachments as KPC-I-68A – SSA.





**Response of the Attorney General to  
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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

69. Please reference Woolridge testimony, at page 44 and footnote 17. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-69A – Einhorn.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

70. Please reference Woolridge testimony, at page 44 and page 3 of Exhibit JRW-8. Please provide a copy of each of the source documents listed on page 3 of this Exhibit.

**Response**

The documents include the following attachments provided on CD as: KPC-I-70A - Arnott, KPC-I-70B – Dimson, and KPC-I-70C – Philly. The other documents are provided as attachments to the following data requests: KPC-I-41A-Siegel, KPC-I-60A-Fama, KPC-I-62A-Claus and Thomas, KPC-I-63A-Derrig-Orr, KPC-I-64A-Ibbotson and Chen, KPC-I-67a-Goedhart, KPC-I-68A-SSA, KPC-I-72A-Graham.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
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Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

71. Please reference Woolridge testimony, at page 45 and footnote 18. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-71A – Bull.



**Response of the Attorney General to  
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Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

72. Please reference Woolridge testimony, at page 45 and footnote 19. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-72A – Graham.





**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

73. Please reference Woolridge testimony, at page 46 and footnote 20. Please provide a complete copy of the source document.

**Response**

The document was provided in response to KPC-I-67.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

74. Please reference Woolridge testimony, at page 48 lines 8-9. Please provide the long-term public utility bonds yields, and the associated source documents, that indicate a 5.5 percent range.

**Response**

The data is provided in spreadsheet Data3.xls.



**Response of the Attorney General to  
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Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

75. Please reference Woolridge testimony, at page 49 lines 3-4 and Exhibit JRW-3. Please provide the comparable data for the Group B companies, individually.

**Response**

The figures are provided on page 1 of Exhibit JRW-3 and page 4 of Exhibit JRW-7.



**Response of the Attorney General to  
Initial Data Request of Kentucky Power Company to the Attorney General  
Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

76. Please reference Woolridge testimony, at page 53 and footnote 21. Please provide a complete copy of the source document.

**Response**

The document is provided on CD under Attachments as KPC-I-76A – Bower.





**Response of the Attorney General to  
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Kentucky Power Company  
Case No. 2005-00341**

Respondent: OAG Witness Dr. J. Randall Woolridge

77. Please reference Woolridge testimony, at page 56, lines 15-17. Does Dr. Woolridge dispute that the research by Miller/Modigliani established a relationship between capital structure and the cost of capital. Please provide support for the response.

**Response**

The proposition highlighted by Miller and Modigliani established is that a firm's cost of capital is independent of its capital structure.