



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

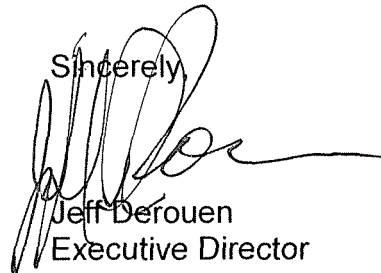
March 11, 2013

TO: DIVISION OF FILINGS

RE: Case No. 2012-00578

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 rulings; (4) deferral of costs incurred in connection with the company's efforts to meet Federal Clean Air Act and related requirements; and (5) all other required approvals and relief.

Please file the original fully executed Letter of Agreement in the administrative record of the above-referenced case.

Sincerely,  
  
Jeff Derouen  
Executive Director

QDN/kar  
Enclosure

RECEIVED

MAR 1 2013

PUBLIC SERVICE  
COMMISSION

## LETTER OF AGREEMENT

This Letter of Agreement ("Agreement") is entered into by and between the Public Service Commission, Commonwealth of Kentucky ("Commission"), Kentucky Power Company ("Company"), and Vantage Energy Consulting, LLC ("Vantage") (collectively, the "Parties").

WHEREAS, the Commission has determined that hiring a consultant will be useful and beneficial; and

WHEREAS, the Commission previously requested and received proposals for a focused review of the Kentucky jurisdictional electric utilities' plans for environmental compliance; and

WHEREAS, the Commission previously determined that the proposal submitted by Vantage should be accepted;

NOW, THEREFORE, the Parties hereto (Commission, Company, and Vantage) agree as follows:

1. This Agreement fully incorporates the provisions and requirements of the Commission's Request for Proposal ("RFP") under letter of June 8, 2011.
2. Vantage will perform a focused review of the Company's ongoing efforts to meet the Federal Clean Act and other environmental requirements with respect to Big Sandy Unit 2, as set forth in Case No. 2012-00578, in accordance with the provisions of the RFP, Vantage's June 17, 2011 Proposal ("Proposal"), and the terms of this Agreement.
3. Vantage will prepare a final work plan setting forth the task and hours it will devote to this project. Prior to the submission of a final work plan, Vantage will meet with the Commission Staff to discuss the work plan and any concerns regarding the allocation of hours devoted to its review. Vantage will make any changes in the allocation of hours as

deemed appropriate. Requests for any other deviation from the final work plan must be approved in advance in writing by the Commission or its designated Staff Project Officer.

4. Time is of the essence in the performance and completion of this assignment. Vantage shall begin the assignment on or about February 1, 2013, and will complete the project tasks as directed by the Commission or the Staff Project Officer and in accordance with the procedural schedule as set forth by Order in Case No. 2012-00578. The project itself shall be completed no later than June 30, 2013 unless otherwise directed by the Commission or the Staff Project Officer. The beginning and completion dates stated herein are subject to change.

5. The total authorized reimbursable cost of the audit, including all fees, travel expenses, and any and all other reasonable costs will be paid by the Company. The recovery of any such payments by the Company shall be deferred until the Company's next base rate case or environmental surcharge proceeding.

6. Once Vantage has reached the proposed project cost of \$67,840, Vantage shall be required to receive the authorization of the Commission or the Staff Project Officer to expend additional funds.

7. Vantage shall submit itemized monthly invoices to the Commission, for services performed, not later than the 10<sup>th</sup> of each month. The invoice will be promptly evaluated and reviewed by the Commission and, once approved, forwarded to the Company for payment. The Company shall make payment to Vantage within 20 days of receipt of the statement from the Commission.

8. Testimony, if required, under the terms of this agreement shall be provided in accordance with the RFP at the hourly compensation rates included in Vantage's proposal.

9. This Agreement is effective as of the date that it is executed by all of the Parties.

10. The terms of this Agreement shall be construed in accordance with Kentucky law.

AGREED TO BY:

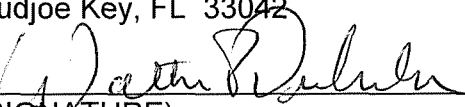
KENTUCKY PUBLIC SERVICE COMMISSION  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky, 40601

  
\_\_\_\_\_  
(SIGNATURE)

*Executive Director*  
\_\_\_\_\_  
(TITLE)

*3-5-13*  
\_\_\_\_\_  
(DATE)

VANTAGE ENERGY CONSULTING, LLC  
21460 Overseas Highway  
Cudjoe Key, FL 33042

  
\_\_\_\_\_  
(SIGNATURE)

*President*  
\_\_\_\_\_  
(TITLE)

*3/27/13*  
\_\_\_\_\_  
(DATE)

KENTUCKY POWER COMPANY  
101A Enterprise Drive  
Frankfort, KY 40602

  
\_\_\_\_\_  
(SIGNATURE)

*President & COO*  
\_\_\_\_\_  
(TITLE)

*2/20/13*  
\_\_\_\_\_  
(DATE)