

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER COMPANY)	
FOR APPROVAL OF THE TERMS AND CONDITIONS)	
OF THE RENEWABLE ENERGY PURCHASE AGREEMENT))	
FOR BIOMASS ENERGY RESOURCES BETWEEN)	CASE NO. 2013-00144
THE COMPANY AND ECOPOWER GENERATION-)	
HAZARD LLC; AUTHORIZATION TO ENTER INTO)	
THE AGREEMENT; GRANT OF CERTAIN)	
DECLARATORY RELIEF; AND GRANT OF ALL OTHER)	
REQUIRED APPROVALS AND RELIEF)	

ATTORNEY GENERAL'S POST-HEARING BRIEF

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and tenders his post-hearing brief in the above-styled matter. For the reasons set forth in this brief, the Attorney General states that the application does not meet the relevant standards required under KRS Chapter 278 and, therefore, should be denied.

STATEMENT OF THE CASE

On April 10, 2013, Kentucky Power Company ("KPCo" or "the Company"), a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"), filed with the Public Service Commission ("the Commission") an application seeking approval of a Renewable Energy Power Agreement ("REPA") between the Company and ecoPower Generation-Hazard, a Limited Liability Company (ecoPower) for the "entire capacity value" of a biomass facility with "a nominal 58.5 MW (net) electrical

output.”¹ In addition to other specified terms, KPCo set as a **condition precedent** to its commitment under the REPA the company’s successful transfer /purchase of an undivided fifty percent (50%) interest in the Mitchell Generating Station,² a coal-fired electric plant located in Moundsville, West Virginia, currently owned by another AEP-affiliate, Ohio Power Company (“OPCo”) -- a proposal which is currently under review by the Commission.³ This condition precedent requires that the Mitchell transfer occur on or before January 1, 2014, approximately seventeen (17) months prior to KPCo’s announced retirement of the Big Sandy Unit 2 coal facility in Louisa, Kentucky,⁴ and many years in advance of the anticipated delivery of power from the ecoPower biomass project in 2017.⁵

The REPA also provides a specific contract rate for the energy produced by the ecoPower facility, which the Company filed under a petition for confidential treatment.⁶ However, in response to post-hearing data requests by Vice-Chairman James Gardner, KPCo estimates that the REPA would cost an additional \$50 million a year (before

¹ See Application, Case No. 2013-00144 (April 10, 2013) at 4-5; see also Pauley Direct TE at 5:5-8, describing the project: “The ecoPower facility is a proposed nominal 58.5 MW (net) biomass power generating facility to be located in the Coal Fields Regional Industrial Park, a reclaimed surface coal mine, in northern Perry County, near Hazard, Kentucky.”

² See REPA (Exhibit JFG-1) §6.1(E), at 29-30.

³ See *Application of Kentucky Power Company for a CPCN Authorizing the Transfer of an Undivided Fifty Percent Interest in The Mitchell Generating Station and Associated Assets et al*, Case No. 2012-00578, Application (December 19, 2012).

⁴ See generally Case No. 2012-00578.

⁵ See Pauley Direct TE at 5.

⁶ By Order (August 27, 2013), the Commission denied the Company’s petition for confidential protection regarding the terms and conditions of the REPA. KPCo filed its Motion for Rehearing (September 17, 2013), and the matter is pending a Commission decision.

adjustments) for an estimated total cost over the 20 year term of over \$1 billion.⁷ Additionally, in pre-filed testimony in this matter as well as on cross-examination during hearing, KPCo acknowledges that the contract rate established by the REPA does not offer the least cost alternative to supply capacity and energy for its customers⁸ and will require *at least* an additional 7.02% increase in KPCo's cost of service or all-in rates.⁹ Moreover, KPCo seeks concurrent recovery of all costs associated with the REPA via a monthly surcharge on its customers' bills. The Company estimates for an average residential ratepayer using 1,374 kWh per month, the proposed surcharge will result in an increase of \$10.40 per month or \$124.80 annually, resulting in an 8.69% increase over 2011 charges.¹⁰ Further, this increase via surcharge would not in any way displace, delay or decrease an anticipated 31% rate increase sought by KPCo in anticipation of the Mitchell Transfer and other costs claimed by the Company.¹¹

In support of its application, KPCo argues the REPA is necessary to diversify the Company's energy portfolio. Further, KPCo advises that the ecoPower biomass project is consistent with the Governor's 2008 Energy Plan,¹² specifically strategies addressing

⁷ See KPCo's Response to Commission Staff's Post-Hearing Data Requests, Item No. 3, Attachment 1, Column 5, Line 1 (which was served on all parties with no petition for confidential treatment, and is available on the Commission's website).

⁸ See Pauley Direct TE at 6-7, Pauley TE on Cross (August 28, 2013) Video Transcript of Evidence ("VTE") at approximately 10:23.

⁹ See Wohnhas Direct, RKW-1.

¹⁰ See KPCo Notice of Filing of Proof of Publication and KPCo Post-Hearing Data Response to the AG; see also Wohnhas TE on Cross & Redirect at 1:08-1:11 and 1:51-1:54 (respectively), distinguishing tariffed rate before cost adjustments anticipated and estimated by the company.

¹¹ See generally, Case No. 2013-00197; but see KPCo's Response to Commission Staff's Post-Hearing Data Requests, Item No. 3, Attachment 1, detailing KPCo's estimated adjustments and estimated percentage impacts based on accumulated rate increases.

¹² See Public Comment Letter, Secretary Leonard K. Peter, Energy & Environment Cabinet (August 27, 2013)

Kentucky's potential for producing energy from renewable resources such as woody biomass. Further, KPCo advocates as benefits the fact that the project is located directly within KPCo's service territory, and will "foster local economic development."¹³ Finally, in its application and amendment thereto, KPCo cites Senate Bill 46 (2013 RS SB 46), codified as KRS 278.271, which provides the Commission with discretionary authority "to allow the recovery of costs which are not recovered in the existing rates of the utility for the purchase of electric power from a biomass energy facility" provided that the costs of such an agreement over the full term are found by the Commission to be fair, just and reasonable.

The Attorney General representing ratepayers and the Kentucky Industrial Utility Customers ("KIUC") representing several large industrial customers, including Air Liquide Large Industries U.S. Limited Partnership, AK Steel Corporation, Air Product & Chemicals, Inc., EQT Corporation and Catlettsburg Refining Limited Liability Company, a subsidiary of Marathon Petroleum Limited Partnership, intervened as parties to this proceeding. EcoPower, as the counterparty to the REPA, did not participate as an intervening party, but did attend and observe through its representatives the public, evidentiary hearing on this matter, which the Commission conducted on August 28-29, 2013.

¹³ See Application at 2.

ARGUMENT

The Attorney General does not dispute, but in fact concurs, with the recommended vision expressed by the Governor's Energy Plan, "Intelligent Energy Choices for Kentucky's Future" (2008), which calls for an all-of-the-above energy portfolio for the Commonwealth. Moreover, the policy question of whether biomass represents Kentucky's preferred approach to renewable energy, is better left to the Governor and the Kentucky General Assembly, as reflected in both the 2008 Energy Plan and the recently enacted Senate Bill 46 (discussed *infra*.) However, the task of the Public Service Commission, even in the context of these energy policy initiatives, which still remain voluntary and unsubsidized by the Commonwealth, is to decide on a case-by-case basis whether proposals by regulated utilities, such as Kentucky Power, will result in fair, just and reasonable rates. In the instant case, the REPA proposed by KPCo (1) is unnecessary to meet the utility's energy and capacity needs, (2) is patently and admittedly not the least-cost solution for the ratepayers, and therefore, (3) will not lead to fair, just and reasonable rates. Based on the legal standard and analysis of the evidence discussed herein, the Attorney General cannot support KPCo's application.

A. STANDARD OF PROOF

1. KPCo Fails to Demonstrate a Need for the Proposed REPA

Kentucky Power Company acknowledges that no mandatory renewable energy portfolio exists for Kentucky jurisdictional utilities, just as it did in 2010 when it sought

approval for a REPA with an out-of-state wind energy producer.¹⁴ Further, proceeding as it did in the Wind Case, KPCo has tendered the ecoPower REPA for approval as evidence of indebtedness under KRS 278.300, which provides in pertinent part that:

The commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and the proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.¹⁵

The Commission in its prior investigation of REPAs, has stated that with respect to this statutory standard:

[W]e must consider that this wind power contract is intended to add supplemental generating capacity to Kentucky Power and, thus, we must analyze the need for this additional generating capacity under the Commission's existing statutory authority.¹⁶

Further, the Commission specifically addressed need by referencing the standard for new generation as provided under KRS 278.020(1), which requires a utility to first prove¹⁷ that the requested facility is required for public convenience and necessity, and

¹⁴ See generally, *In the Matter of: Application of Kentucky Power Company for Approval of Renewable Energy Purchase Agreement for Wind Energy Resources Between Kentucky Power Company And FPL Illinois Wind, LLC*, Case No. 2009-00545, Final Order (June 28, 2010) ("Wind Case").

¹⁵ KRS 278.300(3) (emphasis supplied.)

¹⁶ KPCo Wind Case, Case No. 2009-00545, Final Order (June 28, 2010) at 3.

¹⁷ "The burden of demonstrating the reasonableness of a proposed rule or condition of service is upon the utility." *In the Matter of Hardin County Water District No. 1*, Case No. 2009-00113, 2010 WL 4250014 (Ky.P.S.C.), citing *Energy Regulatory Commission v. Kentucky Power Company*, 605 S.W.2d 46,50 (Ky. App. 1980)(applicants before an administrative agency have the burden of proof). Further, administrative findings must be based on substantial evidence. *Kentucky Board of Nursing v. Ward*, 890 S.W.2d 641, 642 (Ky. App. 1994).

“the utility must demonstrate a need for such facilities and an absence of wasteful duplication.”¹⁸

In this case, KPCo has failed to meet its burden of proof to demonstrate a need for the REPA. Specifically, in support of the Company’s application, Chief Operating Officer, Greg Pauley, testified that the Company had not conducted or performed any studies or analyses to determine the need for the facility.¹⁹ Rather, Mr. Pauley characterized the REPA as nothing more than a “cushion”²⁰ of nominal energy output that the Company determined on its own – without the benefit of any study or analysis – it desired to purchase.

2. KPCo Admits That the REPA Does Not Meet Kentucky’s Historical Least Cost Standard

In addition to failing to conduct a study, analysis or issue a request for proposal or quote regarding the cost of purchasing renewable energy, Kentucky Power Company has merely acknowledged that the terms of the REPA do not comply with Kentucky’s least-cost standard.²¹ While KPCo adopts a laissez-faire approach to the question of cost – stating merely that “Renewable is more expensive”²² – it fails to meet both the burden of Kentucky’s historical least cost standard as well as the reasonableness standard established by the 2013 General Assembly in its passage of Senate Bill 46.

¹⁸ See *In Re: The Application of Kentucky-American Water Company for a Certificate of Public Convenience and Necessity Authorizing the Construction of Kentucky River Station II, Associated Facilities and Transmission Main*; Case No. 2007-00134, (Ky. PSC Apr. 25, 2008) at 29 (citing *Kentucky Utilities Co. v. Public Serv. Comm’n*, 252 S.W.2d 885 (Ky. 1952)).

¹⁹ See KPCo Response to KIUC 1-19 and Pauley TE on Cross (August 28, 2013) VTE at 10:19:00 – 10:24:30; see also Kollen Direct TE at 7-9.

²⁰ Pauley TE on Cross (August 28, 2013) VTE at approximately 10:23:45 – 10:24:25.

²¹ Pauley Direct TE at 6-7; Pauley TE on Cross (August 28, 2013) VTE at approximately 10:20:00; see also KPCo response to KIUC 1-12 and 1-13 and Kollen Direct TE at 9-10.

²² Pauley TE on Cross (August 28, 2013) VTE at 10:27.

In reaching its decision to deny KPCo's Wind Power REPA in 2010, the Commission specifically requested a legal analysis of Kentucky's historical least-cost standard. The Attorney General provided the analysis in its consolidated brief in Case No. 2009-00545, and incorporated key portions of that analysis for the Commission's consideration of this matter.

The Commission's regulation governing how electric utilities develop their mandatory integrated resource plan ("IRP"), 807 KAR 5:058 § 8, specifically requires an assessment of that regulated utilities have analyzed resources to supply adequate and reliable energy at the least possible cost. In pertinent part, the regulation states:

- (1) The plan shall include the utility's resource assessment and acquisition plan for providing an adequate and reliable supply of electricity to meet forecasted electricity requirements **at the lowest possible cost**. The plan shall consider the potential impacts of selected, key uncertainties and shall include assessment of potentially **cost-effective** resource options available to the utility. . . . (4) The utility shall describe and discuss its resource assessment and acquisition plan which shall consist of resource options which produce adequate and reliable means to meet annual and seasonal peak demands and total energy requirements identified in the base load forecast **at the lowest possible cost**.²³

Moreover, the Commission's clear precedent, including its Order in KPCo's Wind Case,²⁴ has adopted this least-cost approach.

In matters addressed by the Commission on its own motion via administrative authority, the Commission has adopted the least-cost standard. For example, in Administrative Case No. 360 to determine which model to adopt for universal service

²³ *Id.*

²⁴ KPCo Wind Case, Case No. 2009-00545, Final Order (June 28, 2010)

telecommunications costs, the Commission stated that the least cost was the first criterion: "The technology assumed in the cost study or model must be the least-cost, most-efficient, and reasonable technology for providing the supported services that is currently being deployed."²⁵ Similarly, in its study of the Energy Policy Act of 1992,²⁶ the Commission opined:

The Commission finds that the market will operate to assign prices based on overall risk, not simply the risk associated with a highly leveraged capital structure. A utility can purchase power if that is the **least cost** option. On the other hand, a utility can build for its own use if that is the **least cost** option. Moreover, a utility holding company is not restricted from building an EWG for nonaffiliated sales incorporating the maximum degree of leverage the market will bear.²⁷

Similarly, in specific cases addressing both new generation and rate setting, the Commission has held firm to the least-cost standard. In a CPCN matter involving Louisville Gas & Electric/Kentucky Utility's proposal for a 152 MW resource to meet environmental compatibility goals, the Commission stated:

LG&E's and KU's analysis supports the construction of the two CTs as the **least cost** option for meeting loads in 2002 and 2003 compared to relying on purchase power peaking alternatives . . . Based on the evidence of record, the Commission finds that the acquisition of the two CTs is the **least cost** option to reliably serve LG&E's and KU's customer loads, is reasonable, and should be approved.²⁸

²⁵ *In the Matter of: An Inquiry into Universal Service and Funding Issues* Administrative Case No. 360, Order (May 22, 1998) at 4.

²⁶ *In Re Energy Policy Act of 1992*, Administrative Case No. 350, Order (Oct. 25, 1993).

²⁷ *Id.* at 3

²⁸ *See In the matter of, Petition of LG&E Co. and Ky. Util. Co. for a Certificate of Public Convenience and Necessity and a Certificate of Environmental Compatibility for the Acquisition of Two 152 Megawatt ('MW') Combustion Turbines*, Case No. 2002-00029, 2002 WL 31458833, Final Order (June 11, 2002) at 3.

In a 1983 matter involving Kentucky Utilities,²⁹ the Commission discussed the fact that KU was bringing new generation on line when it was not needed. The Commission noted:

The commission is concerned about KU's load forecasting, and about such related issues as the benefits to be realized by cost-effective conservation programming, pursuing the development of small power production and cogeneration, and the extent to which it would be economically beneficial for KU to purchase power from and/or sell power to neighboring utilities. *These concerns are the heart of the commission's belief that it has an obligation to pursue, for Kentuckians, an energy strategy that represents least cost consistent with appropriate reliability,* and the further belief that the **least cost** system does not exist. ³⁰[emphasis added]

Further, in cases dating back to this period and through the Commission's 2010 decision in the KPCo Wind case, the Commission's consistent least-cost standard has remained unaffected.³¹ Moreover, since the Commission's decisions in 2010 regarding wind power purchase agreements, neither subsequent administrative cases nor any statutory changes have occurred to displace Kentucky's least-cost standard.

Driven by federal energy policy as well as recent innovation, renewable energy resources are beginning to become more competitive with more conventional energy resources, both regionally and at a national level.³² While a true all-of-the-above energy policy -- with a mix of conventional (coal & natural gas) and renewable resources -- should be favored and promoted by all policy makers at both the state and federal level,

²⁹ See *In the Matter of Application of Kentucky Utilities for an Adjustment of Rates*, Case No. 8624, 52 P.U.R. 4th 408, Order (March 18, 1983)..

³⁰ *Id.* at 21 (emphasis supplied).

³¹ See e.g., *In Re: Small Power Producers and Cogenerators*, Case No. 8566 Order, 60 P.U.R.4th 574 (June 28, 1984) at 4; and *In Re: Application of East KY Power Coop. Inc., for a CPCN and Site Compatibility Certificate*, Case No. 2005-00053, 2006 WL 2595353, Order (August 29, 2006) at 2, 4 (Commission exercised exhaustive analysis of why EKPC's self-construct bids were, in fact, the least-cost option).

³² See Taylor Direct TE at 6, 10.

ratepayers have the right to the least and best cost access to energy. However, KPCo's application specifically acknowledges that the REPA proposed, even presuming the need for the supplemental energy, does not represent the least-cost option for that energy nor to serve its customers.

3. Senate Bill 46 Does Not Alter the Requirement that Purchase Power Agreements Result in Fair, Just and Reasonable Rates for Consumers

In support of the REPA, Kentucky Power Company cites the Kentucky General Assembly's passage of Senate Bill 46 (2013 RS SB 46), codified at KRS 278.271, which states:

Notwithstanding any provision of law to the contrary, upon application by a regulated utility, the commission may allow recovery of costs which are not recovered in the existing rates of the utility for the purchase of electric power from a biomass energy facility that has received a certificate from the Kentucky State Board on Electric Generation and Transmission Siting pursuant to KRS 278.700 to 278.716. No recovery shall be allowed unless the full costs of the purchase power agreement over the full term of the agreement, which shall be included as part of the application, have been found by the commission to be fair, just, and reasonable. In determining whether the agreement is fair, just, and reasonable, the commission may consider the policy set forth by the General Assembly in KRS 154.27-020(2). The commission's approval of cost recovery under this section shall be valid for the entire initial term of the agreement.

The clear intent of Senate Bill 46, as stated in its emergency clause, is "to incent businesses to advance the goals of energy independence and creating new jobs." However, the Commission need look no further than the four corners of the statute to glean the standard it should adopt in making a determination as to whether such an incentive should be afforded by way of a rate increase on customers' electric bills.

Specifically, “the full costs of the purchase power agreement over the full term of the agreement, which shall be included as part of the application, [must be] found by the commission to be fair, just and reasonable.” Consistent with setting any tariff or rate, the reasonableness standard applies.

KPCo has failed to demonstrate that the REPA’s costs, which are to be passed on to ratepayers concurrent with the project and prior to any cost-benefit analysis or study, are fundamentally reasonable. Rather, KPCo has sought a petition for confidential treatment of the exact costs of the REPA, conceding only in public, post-hearing data responses that the gross sum of the additional costs will be \$50 million per year or a total of over \$1 billion over the full term of the 20 year agreement.³³

B. ECONOMIC CONSIDERATIONS & COST-BENEFIT ANALYSIS

1. New Generation Must Be Economically Feasible

In *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885 (Ky. 1952), Kentucky’s then-highest Court noted that a utility must be able to prove the need for facilities which are the subject of the proposed CPCN, which requires:

. . . a showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it **economically feasible** for the new system or facility to be constructed and operated.³⁴

The PSC in its 2008 decision regarding Kentucky-American Water’s central Kentucky transmission project, also discussed the application of *Kentucky Utilities, supra*, and held that:

³³ See KPCo’s Response to Commission Staff’s Post-Hearing Data Requests, Item No. 3, Attachment 1, detailing KPCo’s estimated adjustments and estimated percentage impacts based on accumulated rate increases.

³⁴ *Id.* at 890 [emphasis added].

To demonstrate that a proposed facility does not result in wasteful duplication, we have held that the applicant must demonstrate that **a thorough review of all alternatives** has been performed. . . .

With regard to the issue of economic feasibility, we are of the opinion that the record **must contain evidence supporting the economic feasibility of the proposed facilities.** The evidence must address the effect on the demand for utility service from the rates necessary to recover the cost of the proposed facilities and provide a reasonable rate of return on them. If the resulting rates would significantly reduce demand for utility services so as to negate or significantly reduce the need for the proposed facilities, then the facilities are not economically feasible and a Certificate should not be granted.³⁵

The evidence presented in this matter and at hearing confirmed that KPCo conducted absolutely no studies or analysis regarding either the need for the facility or the cost versus the benefits of the facility for its ratepayers. Certainly no evidence has been produced to support the economic feasibility of the proposed REPA.

Notwithstanding this utter failure by the company to meet its burden, certain points should be emphasized to highlight the gravity of the consequences if the application were to be approved. Specifically, it is beyond dispute that KPCo's series of rate cases filed over the course of the past year alone have the potential to be one of the most major rate increases which KPCo customers have faced in the past several decades. The potential ramifications are so great, in fact, that they would likely carry a significant impact on the viability of the economy of the counties comprising KPCo's dedicated service territory.

³⁵ *In Re: The Application of Kentucky American Water Company, supra* at 30 (citing Case No. 2005-00142, *The Joint Application of Louisville Gas & Electric Co. and Kentucky Utilities Co. for the Construction of Transmission Facilities In Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky*, Final Order (Sept. 8, 2005) (emphasis supplied).

It is likewise beyond dispute that the counties comprising KPCo's certified service territory are among the most economically deprived regions of the Commonwealth, and are on average 28% below the federal poverty line.³⁶ KPCo's customers can thus ill-afford, if at all, an additional \$1 billion bill required under the proposed REPA.

KPCo has clearly failed to meet its burden to prove that the rate increase that would result from the REPA is economically feasible; accordingly, the application should be denied.

2. The Job Benefits Promised Cannot Counterbalance the Costs Ratepayers Would Have to Bear

While KPCo touts the job creations that the REPA could afford,³⁷ evidence presented by the testimony of Paul Coomes, Ph.D., consulting economist to the University of Louisville, demonstrates that a closer analysis reveals a *net economic loss to the region*.³⁸ According to Dr. Coomes, even the potential benefits of the biomass-related jobs (accepting KPCo's numbers at face value), would not reasonably balance the company's estimated \$35 million net costs (after adjustments) per year that would be passed along to ratepayers.³⁹ Moreover, aside from just the direct impact of \$125 additionally per year in rates before estimated adjustments, Dr. Coomes confirmed the

³⁶ See generally, Map of counties depicting poverty level in KPCo's service territory; data source: Kentucky Data Center.

³⁷ The job benefits of the ecoPower facility or any biomass project in Eastern Kentucky would certainly be welcomed by a region that has lost coal jobs in recent years. However, even the most laudable of projects, if paid for exclusively by ratepayers, must be analyzed by comparing the cost burden to ratepayers against the benefits anticipated.

³⁸ Coomes Direct TE, Attachment Analysis (June 28, 2013).

³⁹ Coomes TE on Cross-Examination (August 29, 2013) VTE at 11:20:35-11:20:39.

other impacts that higher electricity rates would have on residential consumers:

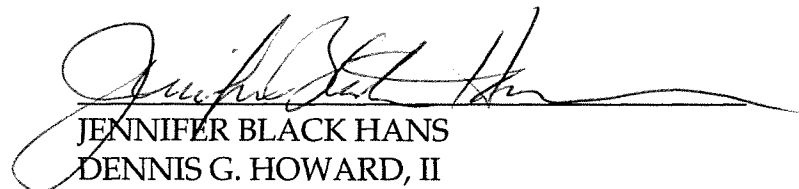
For residential customers, the impact is primarily due to their reduced discretionary spending in the region due to the higher household energy bills. Commercial electricity customers – like restaurants, dentists, hardware stores, and banks – would attempt to pass their higher electricity costs on to their customers in the form of higher retail prices for goods and services. The result would be a higher cost of living in the area, further reducing the discretionary income of residents.⁴⁰

CONCLUSION

WHEREFORE, Kentucky Power Co. having failed to meet its burden of proof as required under relevant law that (1) the REPA is necessary to meet the company's energy and capacity needs, (2) is the least-cost solution for ratepayers, and (3) will result in fair, just and reasonable rates. Therefore, the application should be denied.

Respectfully submitted,

JACK CONWAY
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⁴⁰ Coomes Direct TE, Attachment at 3.

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:

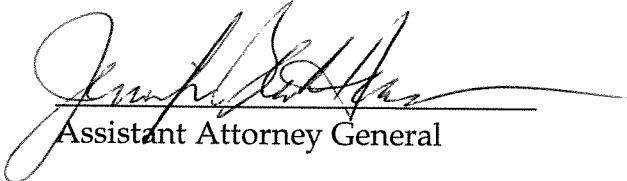
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