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JUN 13 2014

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION

In the Matter Of:

**THE APPLICATION OF KENTUCKY POWER COMPANY
FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING KENTUCKY POWER TO)
CONVERT THE EXISTING BIG SANDY UNIT 1 TO BE)
EXCLUSIVELY FUELED BY NATURAL GAS (2) FOR)
DECLARATORY RULINGS; AND (3) FOR ALL OTHER)
REQUIRED APPROVALS AND RELIEF)**

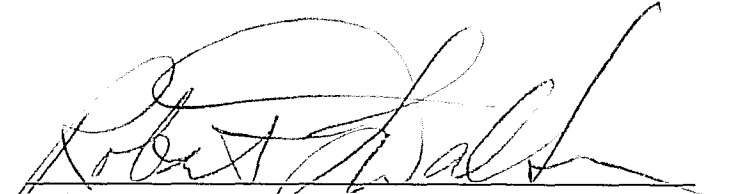
CASE NO. 2013- 00430

**KENTUCKY POWER COMPANY RESPONSES TO
COMMISSION STAFF'S JUNE 4, 2014
HEARING DATA REQUESTS**

June 13, 2014

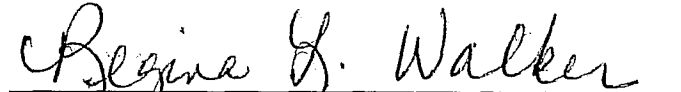
VERIFICATION

The undersigned, Robert L Walton being duly sworn, deposes and says he is Managing Director of Projects for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief


Robert L. Walton

STATE OF OHIO)
) CASE NO. 2013-00430
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Robert L. Walton, this the 9th day of June 2014.

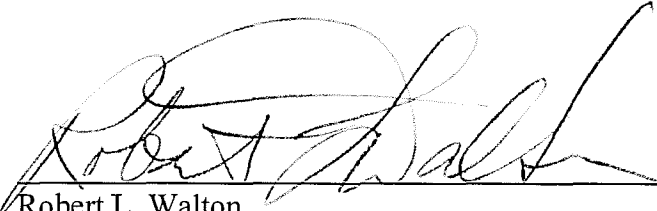

Notary Public

My Commission Expires: 03-18-2017

REGINAL WALKER
Notary Public, State of Ohio
My Commission Expires 03-18-2017

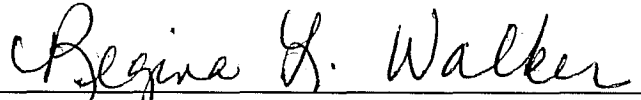
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The undersigned, Robert L Walton being duly sworn, deposes and says he is Managing Director of Projects for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief


Robert L. Walton

STATE OF OHIO)
) CASE NO. 2013-00430
COUNTY OF FRANKLIN)

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Notary Public

My Commission Expires: 03-18-2017

REGINAL WALKER
Notary Public, State of Ohio
My Commission Expires 03-18-2017

Kentucky Power Company

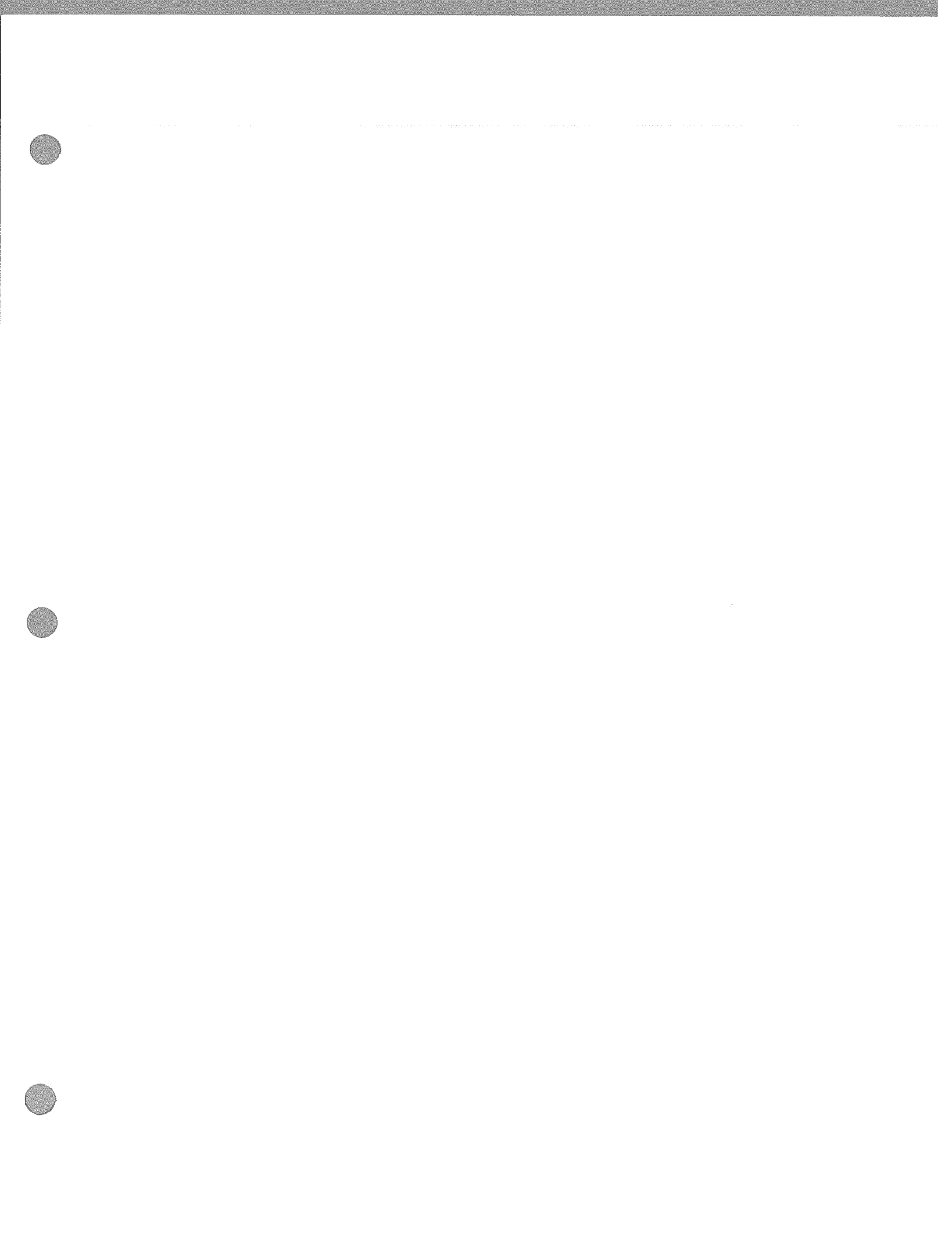
REQUEST

Provide an updated electronic version of SCW-1 incorporating the proposal received from Columbia Gas for the construction, operation, and maintenance of a natural gas pipeline lateral to provide natural gas to Big Sandy Unit 1 after the proposed conversion is complete.

RESPONSE

Please see the updated Exhibit SCW-1 on the enclosed CD.

WITNESS: Scott C Weaver



Kentucky Power Company

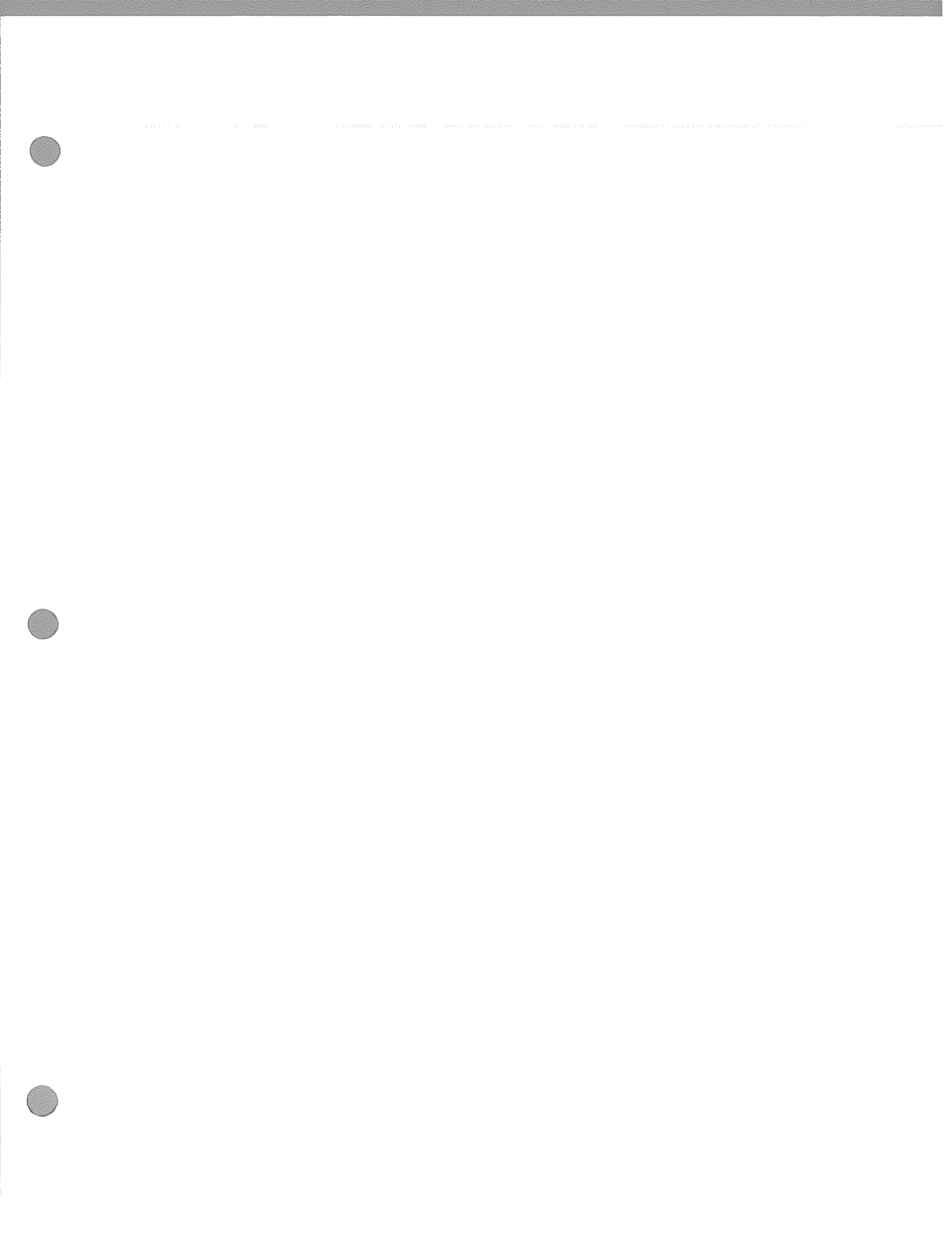
REQUEST

Provide an explanation, assuming Kentucky Power's application to convert Big Sandy Unit 1 is approved, whether the firm transportation pipeline capacity contracted to serve Big Sandy 1 can be sold to another entity during periods when Kentucky Power does not require the transmission capacity.

RESPONSE

The firm transportation capacity that Kentucky Power will have under the anticipated contract with Columbia Gas Transmission could be sold to another entity during periods when Kentucky Power does not require the transmission capacity for its own use. It is important to note, however, that it is difficult for Kentucky Power to predict with absolute certainty when capacity will not be needed because PJM will have the ability to call on the unit with little notice. Typically at least 24 hours notice is needed to recall the capacity if it has been sold to another party.

WITNESS: Ranie K Wohnhas



Kentucky Power Company

REQUEST

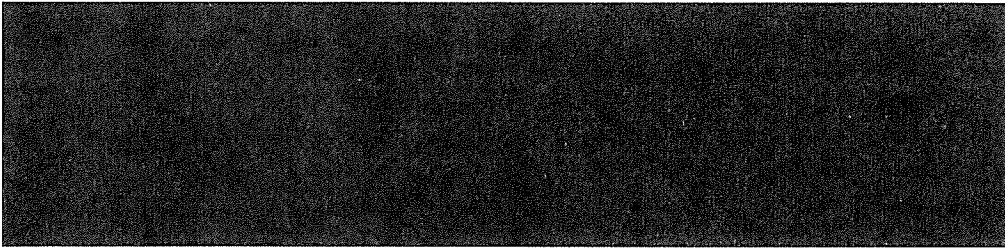
Provide a copy of the nine proposals submitted in response to the Company's RFP.

RESPONSE

Please refer to Confidential and Proprietary Attachments 1 through 7 for the nine proposals submitted by the seven bidders in response to the Company's RFP.

Confidential treatment is being sought for portions of Attachments 1 through 7.

WITNESS: Ranie K Wohnhas




March 21, 2014

American Electric Power Service Corporation
Attention: Amy Jeffries

– *Via Email* –

**RE: RFP Response Submittal
Big Sandy Power Plant
Natural Gas Refuel Project Pipeline Facilities**

Dear Ms. Jeffries:

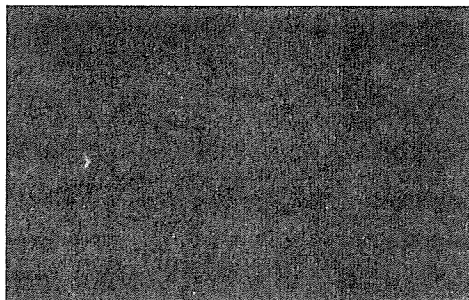

pleased to present this proposal to American Electric Power Service Company (“AEPSC”) to construct a natural gas pipeline for the benefit of its Kentucky Power Company’s (“KPCo”) Big Sandy plant. The proposal below includes a description of the proposed System and the technical specifications of the System, a discussion of the commercial terms, a list of assumptions and qualifiers to the proposal and finally a Project Schedule, setting out key milestones in a timeline for completion of the System in the manner prescribed.

Thank you for the opportunity to evaluate and present our proposal for this project. We would be happy to address any questions and/or provide clarification regarding our proposal.

Best Regards,









Big Sandy Natural Gas Refuel Project

Proposal prepared by:



March 21, 2014

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Executive Summary

[REDACTED]
proposing to build, own, operate and maintain a natural gas pipeline lateral and associated facilities for AEPSC and its KPCo Big Sandy Plant ("Plant"). The natural gas pipeline lateral and associated facilities ("System" or "Project") will be utilized to supply Big Sandy's Unit 1, which has an electricity generating capacity of 268 MW. The pipeline lateral will be designed according to the "Gas Pipeline RFP Specification" (Appendix A).

The proposed natural gas pipeline will be a [REDACTED] and approximately [REDACTED] in length. It will be designed to have an ultimate capacity of [REDACTED] DTH/Day at a minimum delivery pressure of [REDACTED] psig (velocity not to exceed [REDACTED] feet per second) to the Plant. [REDACTED]

[REDACTED] located approximately [REDACTED] miles [REDACTED]. In this contemplated approach, [REDACTED] intends to [REDACTED] to the KPCo Plant and then provide natural gas transportation service from [REDACTED]

[REDACTED] which could cause construction delays and increase costs associated with building an [REDACTED]

[REDACTED] properties for the [REDACTED] have already been identified and are highlighted in the maps provided within this submittal.

[REDACTED] based upon identified and potential environmental, socio-economic, technical and cost constraints. [REDACTED]

[REDACTED] will design, engineer, construct, operate and maintain the System and associated facilities to meet or exceed federal and state standards and safety requirements applicable to the proposed facilities. As required, [REDACTED] will coordinate with [REDACTED], which has been designated as the appropriate agency for the [REDACTED] to prescribe and enforce compliance with safety standards for pipeline facilities.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Project Technical Description

Natural Gas Pipeline Lateral “The System” Description: [REDACTED] proposes to construct a [REDACTED] (approximate) [REDACTED]h natural gas supply pipeline that will have an ultimate capacity of [REDACTED] DTH/Day and a minimum delivery pressure of [REDACTED] psig (velocity not to exceed [REDACTED] feet per second for a mass flow of [REDACTED] DTH/Day based upon an estimated

In addition to the aforementioned pipeline, [REDACTED] will construct the Big Sandy Plant interconnect / meter site (the "Point of Receipt") at an agreed upon location [REDACTED]. [REDACTED] will construct the Big Sandy [REDACTED] [REDACTED] [REDACTED] for the necessary modifications of the existing [REDACTED] design such that it will have sufficient capacity to meet the peak delivery point requirements of [REDACTED] the Big Sandy [REDACTED] assuming [REDACTED] operating pressure of [REDACTED] psig. From the Big Sandy interconnect point [REDACTED] will build the supply pipeline to the KPCo designated termination point, following the approved routing options for [REDACTED] [REDACTED].

Point of Delivery at Plant: At the designated termination location ("Point of Delivery") the pipeline [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED].

Operating Pressure & Gas Quality: From the [REDACTED] ("Point of Receipt") [REDACTED] will re-deliver gas to the Plant at the Point of Delivery at a [REDACTED] psig. This is assuming that the pipeline pressure at the Point of Receipt does not drop below [REDACTED] psig. The gas that is delivered by [REDACTED] will be pipeline quality gas per the [REDACTED] specifications.

Facilities: Near the [REDACTED] agrees to furnish, install and maintain such equipment at the Point(s) of Receipt and Delivery as may be necessary for the proper, safe and efficient operation and maintenance of the facilities to enable it to receive and re-deliver gas provided under the contemplated Agreement. Such equipment shall include [REDACTED] [REDACTED] to permit KPCo to make its connections to the System's facilities and to measure and regulate the deliveries according to the contracted requirements and specifications. [REDACTED].

Experience and References

As is true for all of its pipeline projects, [REDACTED]
[REDACTED] For
the Big Sandy Natural Gas Refuel Project [REDACTED]
[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] a list of its similar project
experience. Upon request, professional resumes [REDACTED], for
the Big Sandy project team can be provided.

[REDACTED]

Big Sandy Natural Gas Refuel Project |Pg 10

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

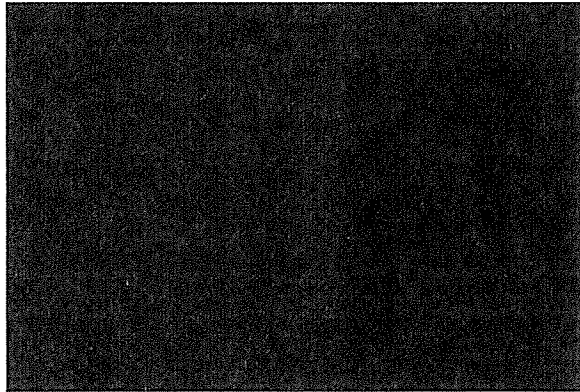


Figure 3 - [REDACTED]

In order to fully develop the opportunities presented [REDACTED]

Proposed Rate Structure

Term: As requested by AEPSC/KPCo the Primary Term of the contract will be for [REDACTED] from initial deliveries. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Purchase Option of System: After the initial [REDACTED] year term AEPSC/KPCo shall have the [REDACTED] after the initial [REDACTED] year term. If AEPSC/KPCo decides [REDACTED] System from [REDACTED], the [REDACTED]
[REDACTED]

Rate Structure

[REDACTED]
[REDACTED] Firm Volume Commitment [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Other Charges:

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- [REDACTED] has followed the assumptions/design parameters provided in the AEPSC/KPCo RFP Appendix A (Pipeline Specifications) unless otherwise specified.
- [REDACTED] is assuming at the [REDACTED] gas pressure of [REDACTED] psig for a minimum Point of Delivery pressure of [REDACTED] psig.
- The cost of the necessary modifications [REDACTED]
- Due to [REDACTED]
[REDACTED] The cost for [REDACTED] to build, own and operate [REDACTED] [REDACTED] included in the rate structure proposed in this submittal.
- For the Project [REDACTED] has assumed the applicable and most current [REDACTED] [REDACTED] for the [REDACTED]. The current [REDACTED] are included in the rate structure proposed in this submittal. In its monthly invoices to KPCo (or legal contracting entity), [REDACTED] will include (itemized) the [REDACTED] [REDACTED] unless AEPSC/KPCo submit a [REDACTED] [REDACTED] within 60 days prior to commercial operation (June 1, 2016). Any changes in [REDACTED] [REDACTED] will be a pass through to AEPSC/KPCo.
- [REDACTED] assumes it will [REDACTED] from AEPSC/KPCo for the Point of Delivery.
- [REDACTED] assumes it shall receive all environmental approvals for the pipeline route it has selected.
- [REDACTED] assumes [REDACTED] will be required since the natural gas supply will be pipeline grade quality.
- At Point of Delivery assumed maximum of [REDACTED]
- Assumed AEP [REDACTED] on AEP property.
- Construction cost estimates assume [REDACTED].

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- [REDACTED] may need to perform further diligence, including but not limited to a site inspection, environmental review and regulatory research which might affect [REDACTED] cost estimates.
- The Rate Structure offered in this submittal is contingent upon [REDACTED] [REDACTED] AEPSC/KPCo [REDACTED] [REDACTED]
- In the event AEPSC/KPCo cancels its plans to convert its Big Sandy Plant, Unit 1 steam boiler from coal to natural gas as the primary fuel source after the award, AEPSC/KPCO [REDACTED] [REDACTED]. These costs include but are not limited to the costs expended [REDACTED] [REDACTED]
- This proposal will be contingent upon [REDACTED] AEPSC/KPCo's management approval.
- The proposal is for a period of [REDACTED] years pursuant to the RFP. Should AEPSC/KPCo [REDACTED] [REDACTED] can propose a [REDACTED] [REDACTED], which would be subject to [REDACTED] and an [REDACTED] [REDACTED]

Project and Construction Schedule

The design and engineering of the proposed natural gas pipeline lateral and associated facilities will be completed in accordance with safe and proven engineering practices. All pipeline plans and specifications, alignment sheets, road profiles, cross sections, site-specific details and design drawings associated with the project will be available for review at [REDACTED] [REDACTED]

As set forth in the Experience and References Section of this submittal, [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] management are skilled at optimizing contracts with vendors and suppliers [REDACTED] to maximize quality, limit cost and control schedule.

Construction Planning

Prior to construction the [REDACTED] as well as other key environmental planning documents, will be prepared. Inspection staff will enforce [REDACTED] construction specifications, site-specific environmental mitigation measures contained in the EMP and any conditions imposed by regulatory authorities. Environmental Inspectors will be experienced in pipeline construction and hired to perform this task. The EMP will also include additional information on the Environmental Inspectors' roles and responsibilities. All landowner or industry issues and crossing agreements will be resolved prior to beginning the construct the pipeline.

Before the contractor's work force enters onto any private property, [REDACTED] or contracted representative will contact each landowner to discuss specific issues regarding the project. Appropriate mitigative measures to address landowner concerns may involve [REDACTED]

[REDACTED] Discussions with landowners will be recorded and a copy of [REDACTED] is left with the landowner and provided to the pipeline contractor. A card will be left with the landowner with telephone numbers of [REDACTED] personnel who can be reached during construction.

Project Schedule

Construction of the natural gas lateral to the tie-in location would be completed with sufficient time to provide intermittent start-up and fuel for testing beginning [REDACTED]. Construction of the pipeline lateral would be conducted [REDACTED]

[REDACTED] If awarded a letter of intent in [REDACTED] and a contract [REDACTED] believes it can obtain permitting, acquire right-of-ways and/or property to initiate construction [REDACTED]

[REDACTED] and is confident it is capable of providing test fuel capabilities to the Plant by [REDACTED]. A proposed Project Schedule is being provided including milestones Appendix Section. [REDACTED] will be used as the scheduling software

The pipeline lateral will be [REDACTED]

[REDACTED] The cleaning process will be performed in accordance with AEP's and Federal and State safety requirements. All appropriate pipeline safety requirements and AEP

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specified safety and environmental considerations shall be addressed in the construction, cleaning, commissioning, operation and maintenance of the proposed System.

The project and construction schedule with key milestones is located in the Appendix section.

Appendix

The following documents are included in the Appendix:

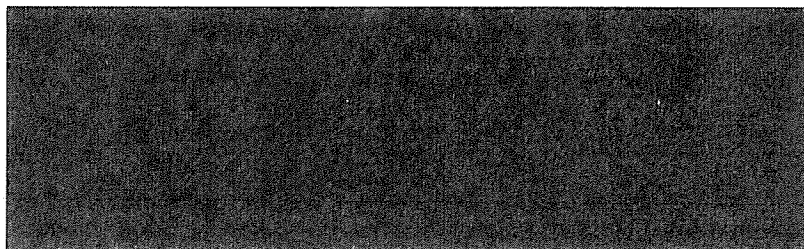
Quarterly Pre-Service Cost Estimates
Project and Construction Schedule
Route Maps

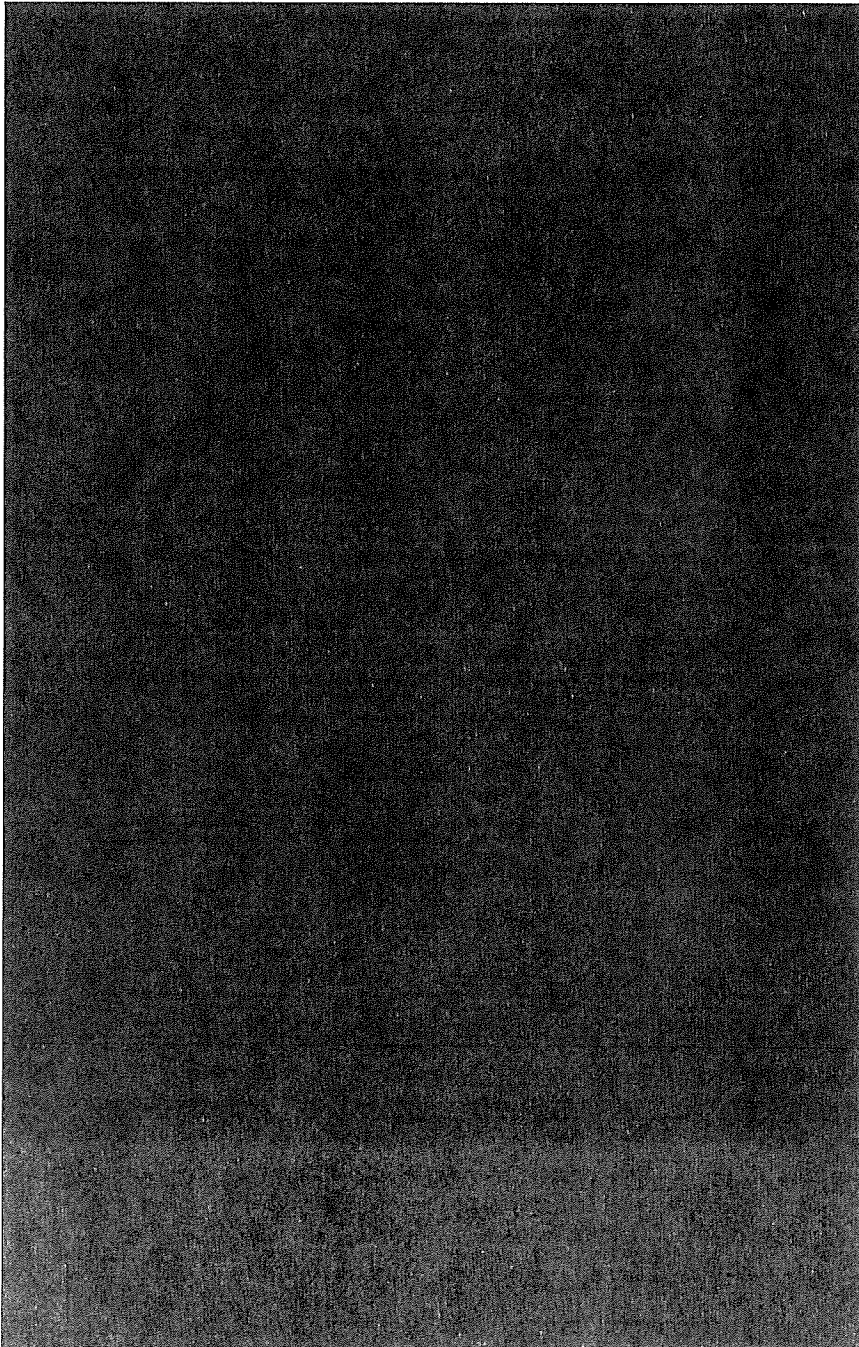


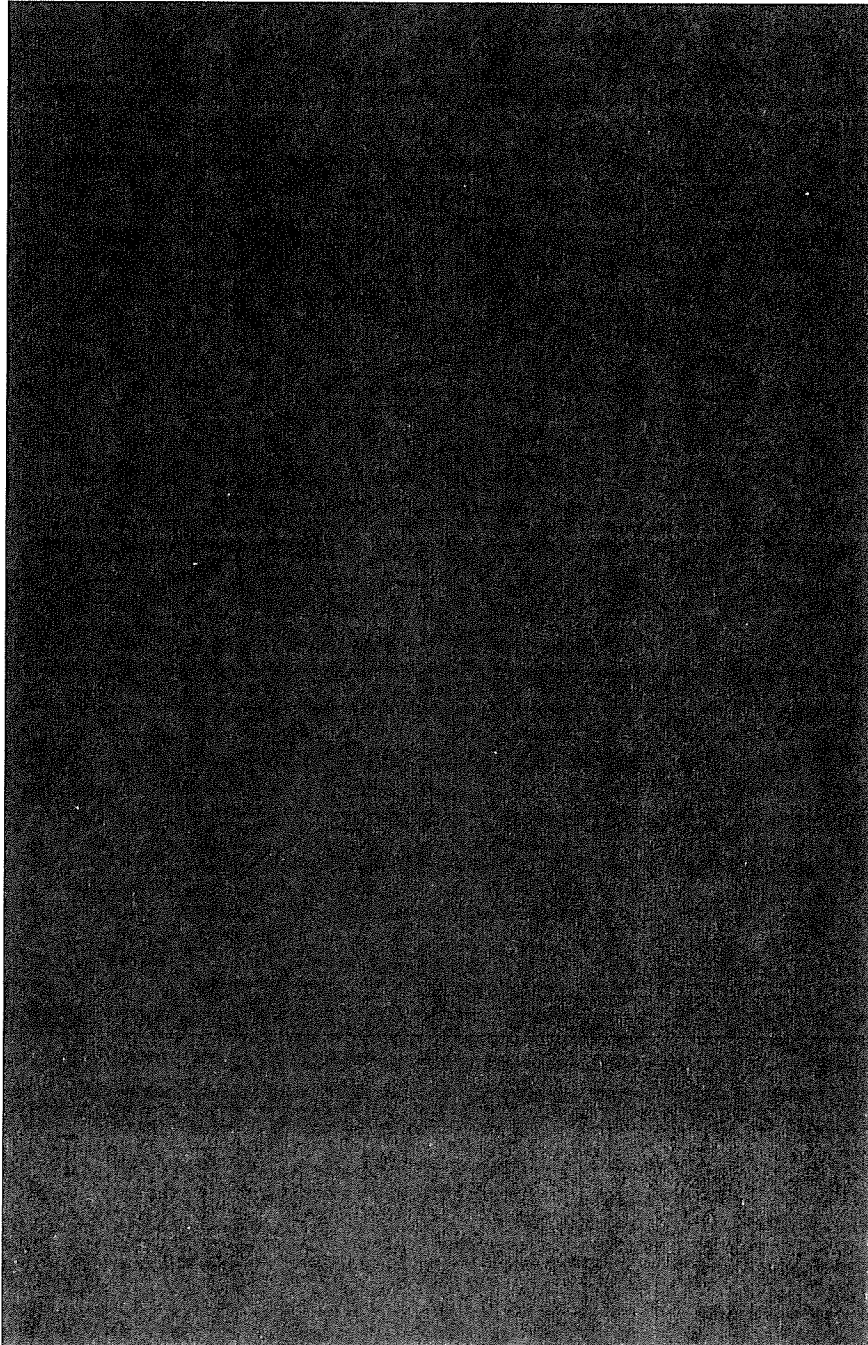
American Electric Power
 1 Riverside Plaza
 Columbus, OH 43215
 AEP.com

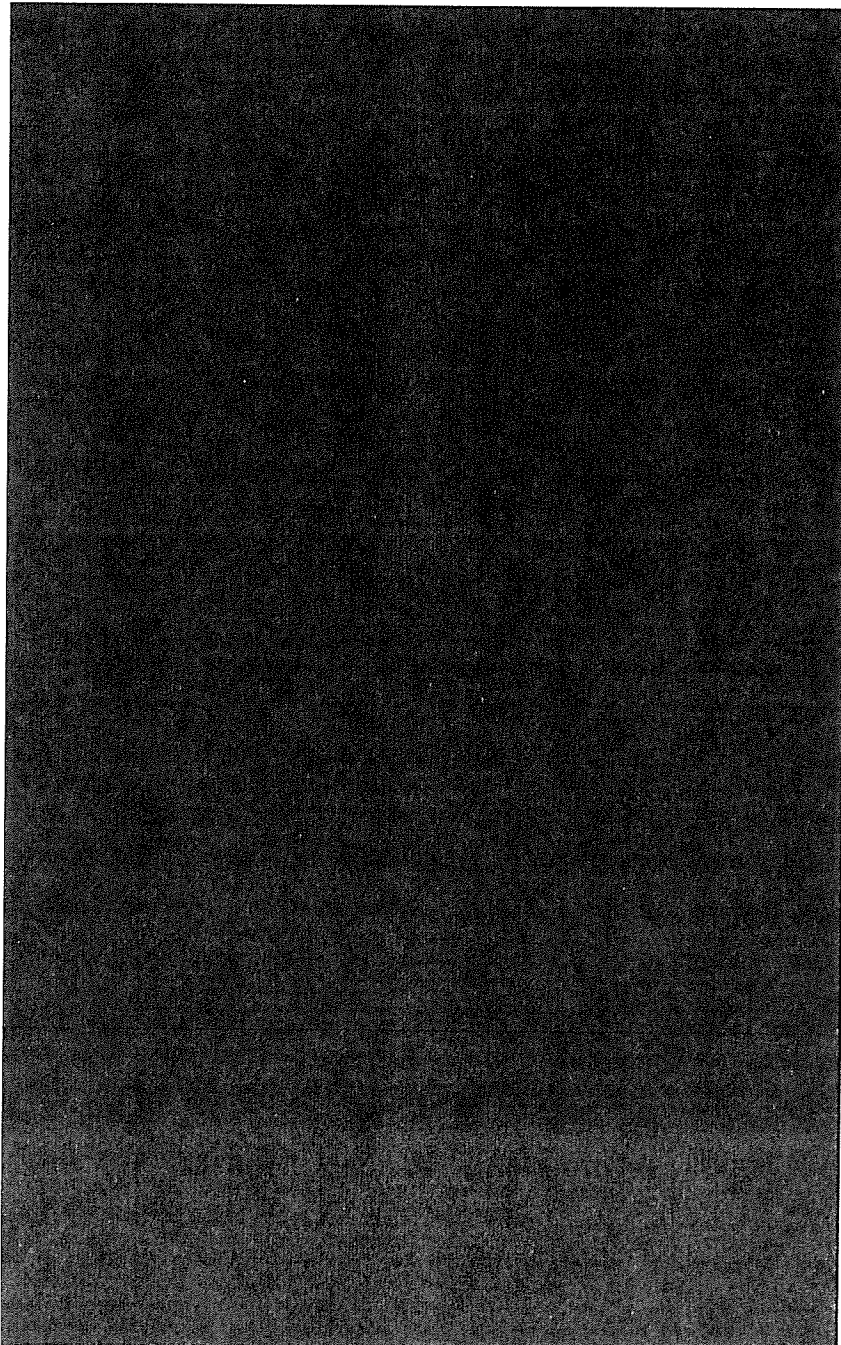
Appendix C: Quarterly Pre-Service Cost Estimates

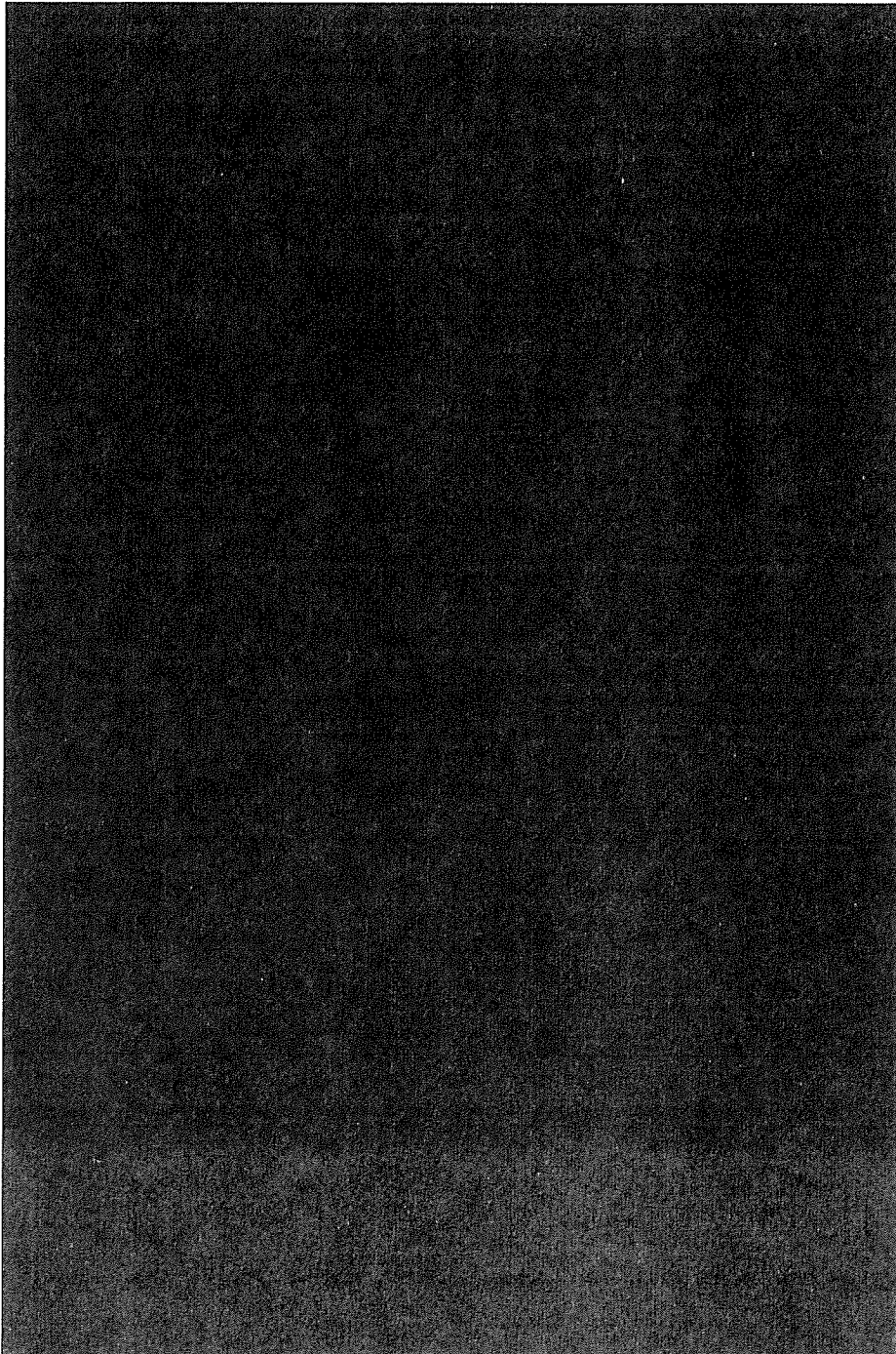
Bid Item	Description	Q2 2014	Q3 2014	Q4 2014	Q1 2015
1	Estimated cost of acquiring all required regulatory approvals and permits				
2	Estimated Cost of Engineering and Design				
3	Estimated Cost of Environmental Impact Study				
4	Estimated Cost of Identifying and Acquiring Right of Ways				
5	Estimated Material Costs				
6	Estimated Installation and Labor Costs				
7	Other Estimated Costs				

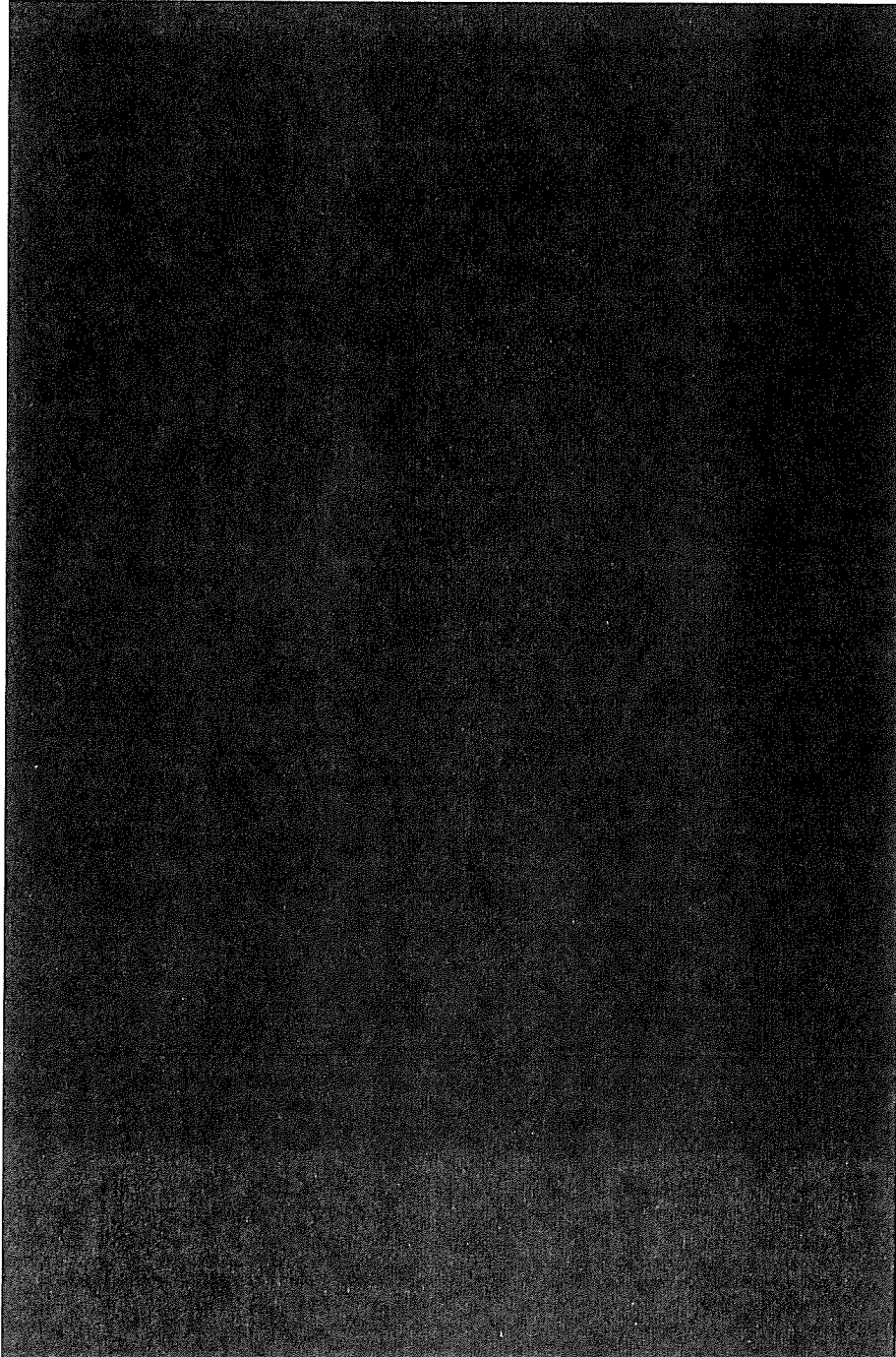


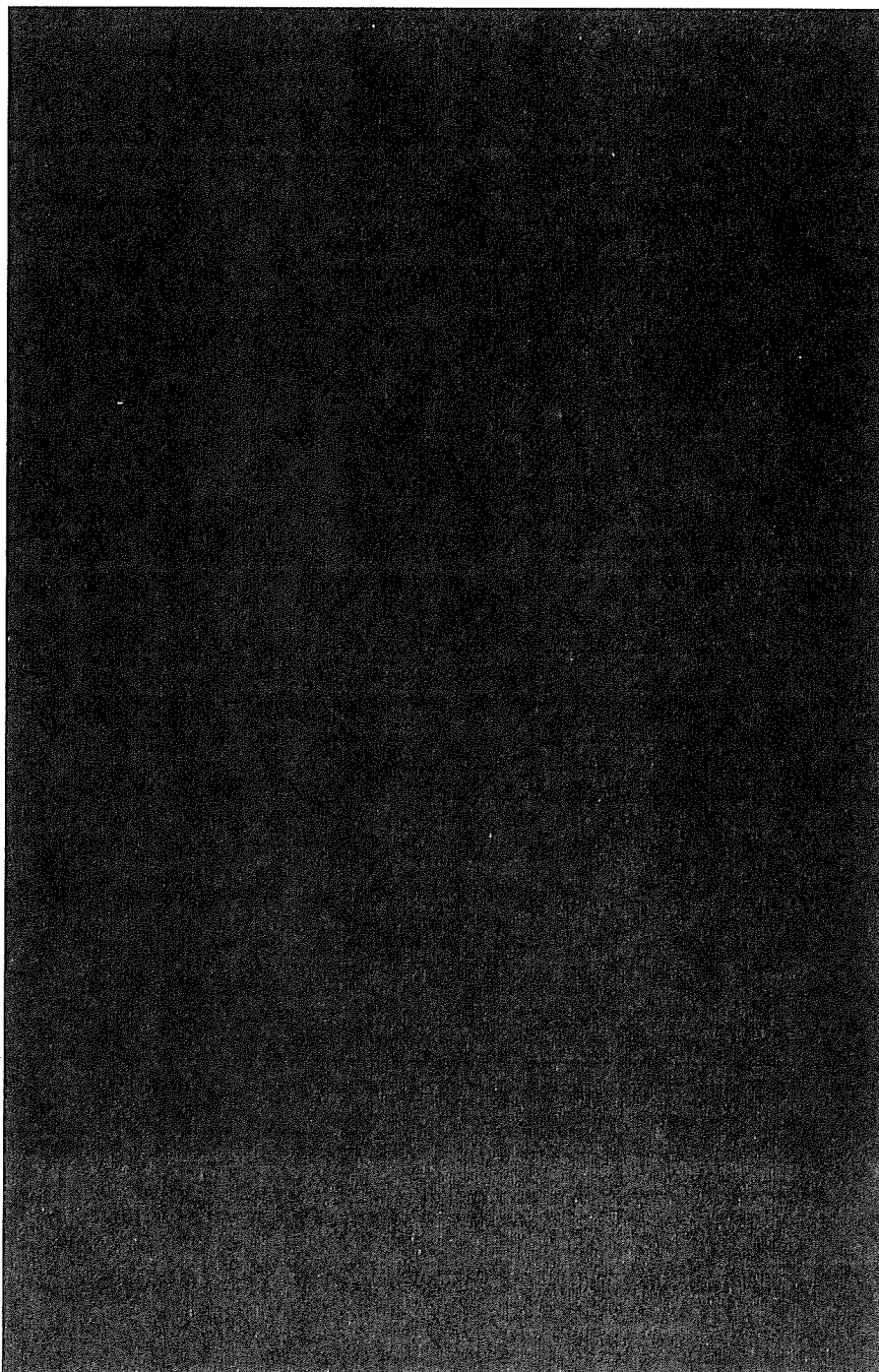


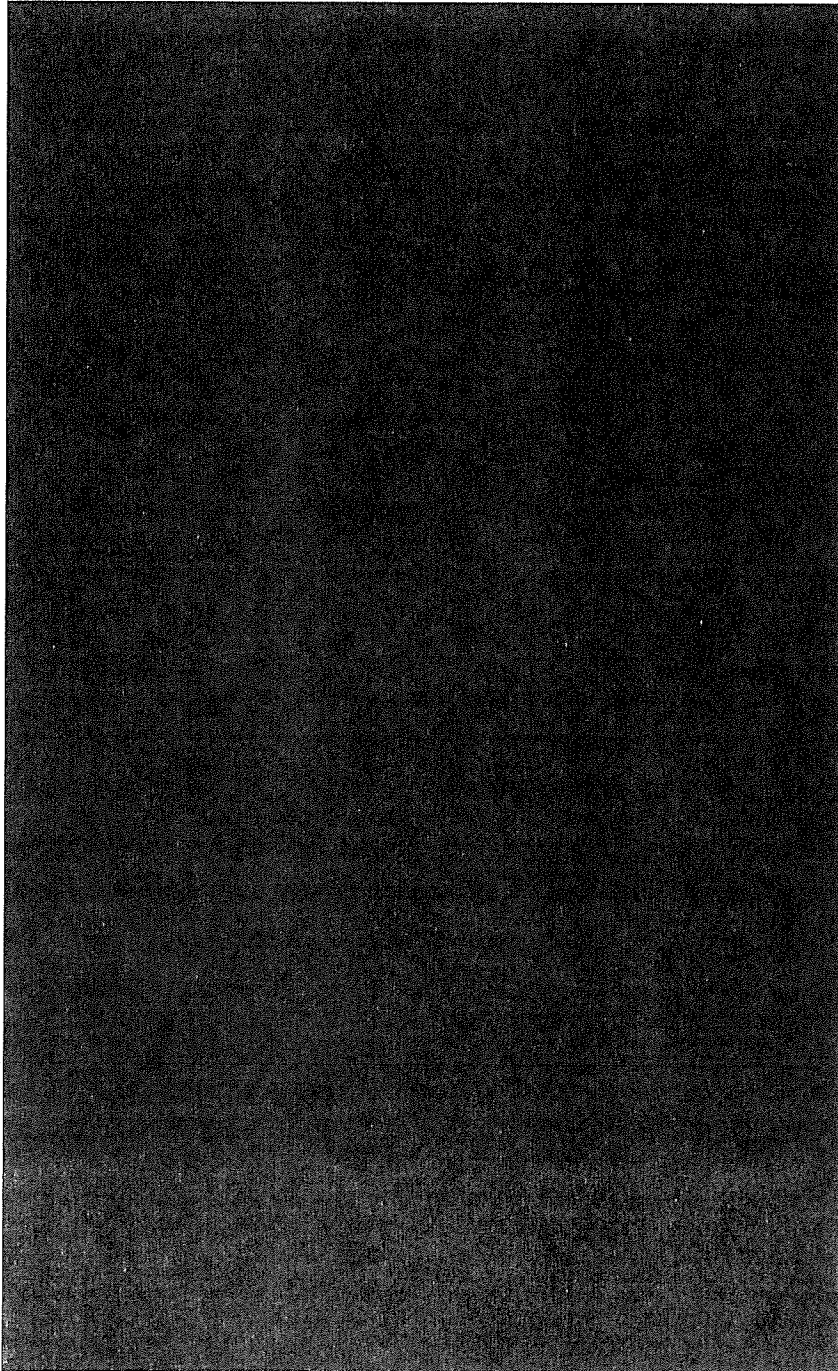


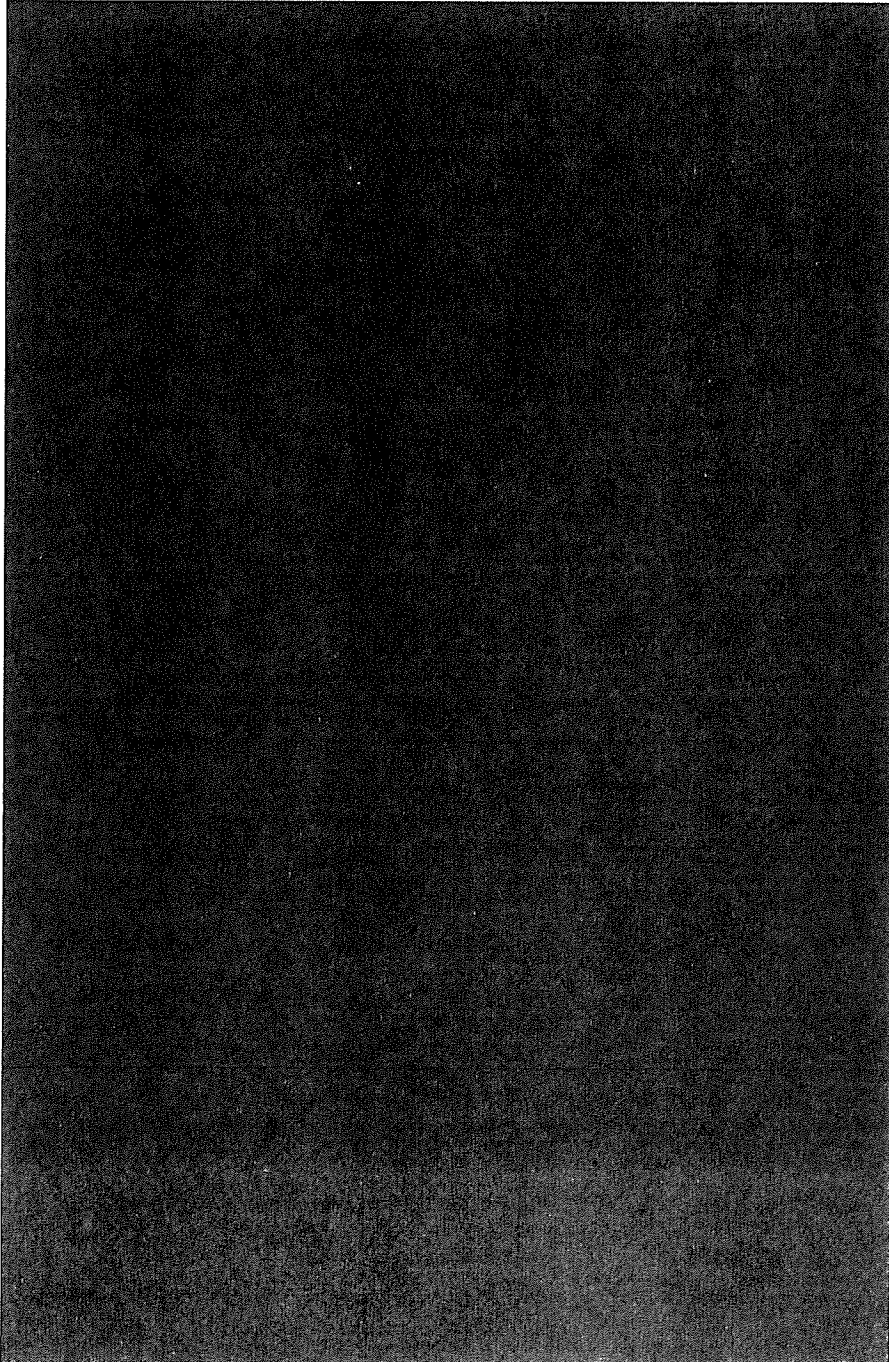


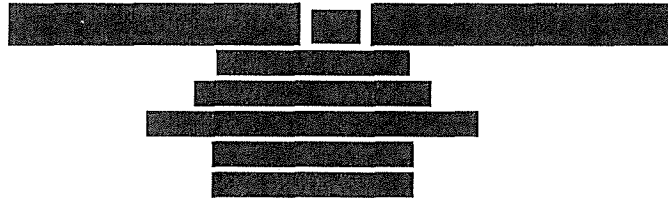












**BID PROPOSAL
FOR
THE BIG SANDY POWER PLANT REFUEL PROJECT
PIPELINE FACILITIES**

**PRESENTED TO:
AMY E. JEFFRIES, MANAGER – NATURAL GAS PROCUREMENT
AMERICAN ELECTRIC POWER SERVICE CORPORATION
1 RIVERSIDE PLAZA, 14TH FLOOR
COLUMBUS, OH 43215**

MARCH 21, 2014



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- **AEPSC/KPCo's** [REDACTED] 13

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- **Major milestones**
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED] 17

Commercial Operation Date (Appendix B)..... 18

- **Overview of design and pipeline route**
 - **Overview of design and pipeline route** 18
 - **Compliance with AEPSC RFP specifications (a1 - a15)**..... 25
 - [REDACTED]
- [REDACTED] 25

[REDACTED] (**Appendix C**)..... 26

- **Appendix C** [REDACTED] 26



CONFIDENTIALITY AND DISCLAIMER

The following bid proposal by [REDACTED] is in response to American Electric Power Service Corporation ("AEPSC"), as agent for Kentucky Power Company ("KPCo"), Request for Proposal ("RFP") issued on January 8, 2014, soliciting bids to construct, own, operate and maintain a natural gas pipeline lateral and associated facilities to serve Unit 1 of KPCo's Big Sandy Plant (the "Plant") located in Louisa, Kentucky. The proposal prepared by [REDACTED] in response to AEPSC's RFP is confidential in nature and should not be disclosed to any third party (except AEPSC or KPCo's respective legal counsel and financial advisors) without [REDACTED] prior written consent. This confidential and proprietary treatment also encompasses any future discussions or negotiations regarding the same. By submitting the proposal [REDACTED] is not granting any license or rights to any information or data contained therein.

The attached proposal is preliminary, non-binding and for discussion purposes only and is [REDACTED]. Neither [REDACTED] nor AEPSC/KPCo are obligated to go forward with negotiations or the transactions described herein, and are not legally bound in any way by the proposal. Any such possible transactions are entirely subject to [REDACTED], each in their sole discretion.

The siting and construction of facilities, as well as related contracts, easements and rights-of-way, are subject to [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Should any questions or concerns arise, please contact [REDACTED]. [REDACTED] appreciates the opportunity to provide AEPSC and KPCo this proposal, and we look forward to partnering with AEPSC and KPCo in serving the natural gas needs of the Plant.



BIDDER'S INFORMATION

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
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[REDACTED]

EXPERIENCE AND REFERENCES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Figure 2 - [REDACTED]

	Year				
	2009	2010	2011	2012	2013
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

Distribution

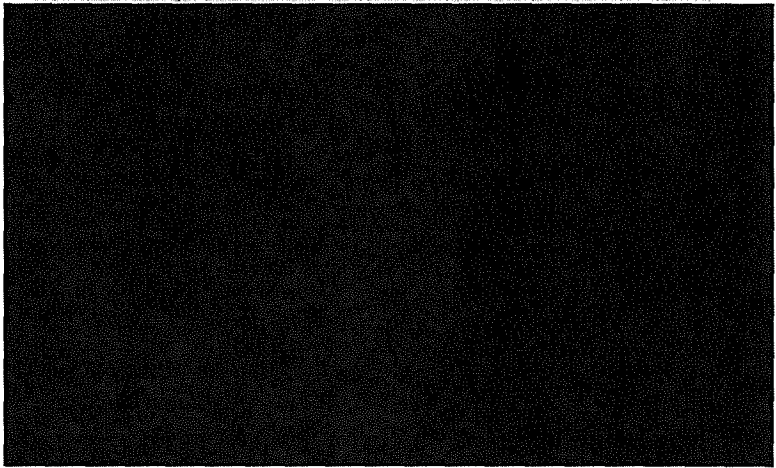
Our [REDACTED] operations serve more than [REDACTED] via approximately [REDACTED] of pipeline and related facilities in [REDACTED]

Figure 3 - [REDACTED]

[REDACTED]

[REDACTED]

Figure 4 - [REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

Figure 5 -



[REDACTED] and Safety Attributes

- [REDACTED] Company
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

Experience in Similar Projects

[REDACTED]

- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Safety Performance

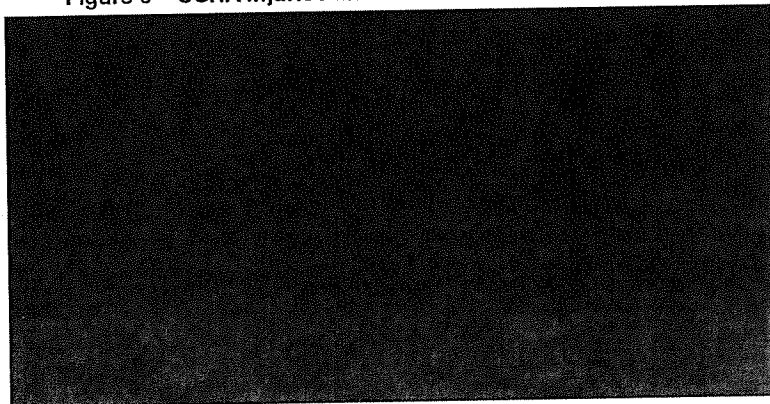
[REDACTED]

■ **Safety Statistics**

OSHA Incidence Rate

[REDACTED]

Figure 6 – OSHA Injuries and Rate

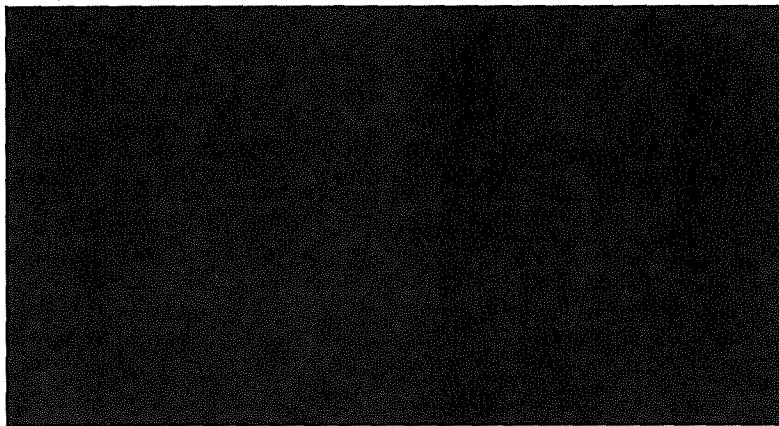


[REDACTED]

DART Rate (Days Away, Restricted or Transferred duties)

The figure [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Figure 7 – DART Injuries and Rate



[REDACTED]

[REDACTED] will have the ability to
In the event [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

6. To facilitate the [REDACTED]
[REDACTED] is necessary as [REDACTED]
[REDACTED] has
preliminarily estimated this [REDACTED] which is
[REDACTED] proposal [REDACTED]
[REDACTED] Please see Appendix – B1, Map of all Proposed
Facilities, which illustrates the [REDACTED].

7. [REDACTED]
[REDACTED] meet AEPSC's minimum required 165 PSIG
delivery pressure requirements. [REDACTED] bid
proposal. [REDACTED] can work with AEPSC and [REDACTED]
[REDACTED] other than the [REDACTED] mentioned in section 6 above.

**AEPSC/KPCo [REDACTED] [REDACTED] [REDACTED]
[REDACTED] AGREEMENT**

[REDACTED] would be willing to [REDACTED]
[REDACTED]
[REDACTED].



PROJECT AND CONSTRUCTION SCHEDULE (APPENDIX A)

Proposed Design Summary

[REDACTED] proposal is based on specifications provided by AEPSC that specifies [REDACTED] [REDACTED] psig for a [REDACTED] Dth per day to one 268 MW gas-fired boiler.

[REDACTED] proposed design includes [REDACTED] of the Plant at the [REDACTED] and [REDACTED] of the Plant at [REDACTED] pipeline that terminates at the KPCo Gas Measurement, Regulation, and Control Station ("GMB"), [REDACTED] at the KPCo GMB Station. The [REDACTED] were designed [REDACTED] to the [REDACTED], as well as for flow control functionality for [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

KPCo's meter revenue station will be designed with the following:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Please see the overview of the [REDACTED]

Receipt of regulatory approvals

[REDACTED] should receive regulatory approvals of the [REDACTED] subject to any appeals, [REDACTED] or other delays outside of [REDACTED] control.



[REDACTED]

[REDACTED] expects to complete the [REDACTED]

[REDACTED]

[REDACTED] expects to [REDACTED].

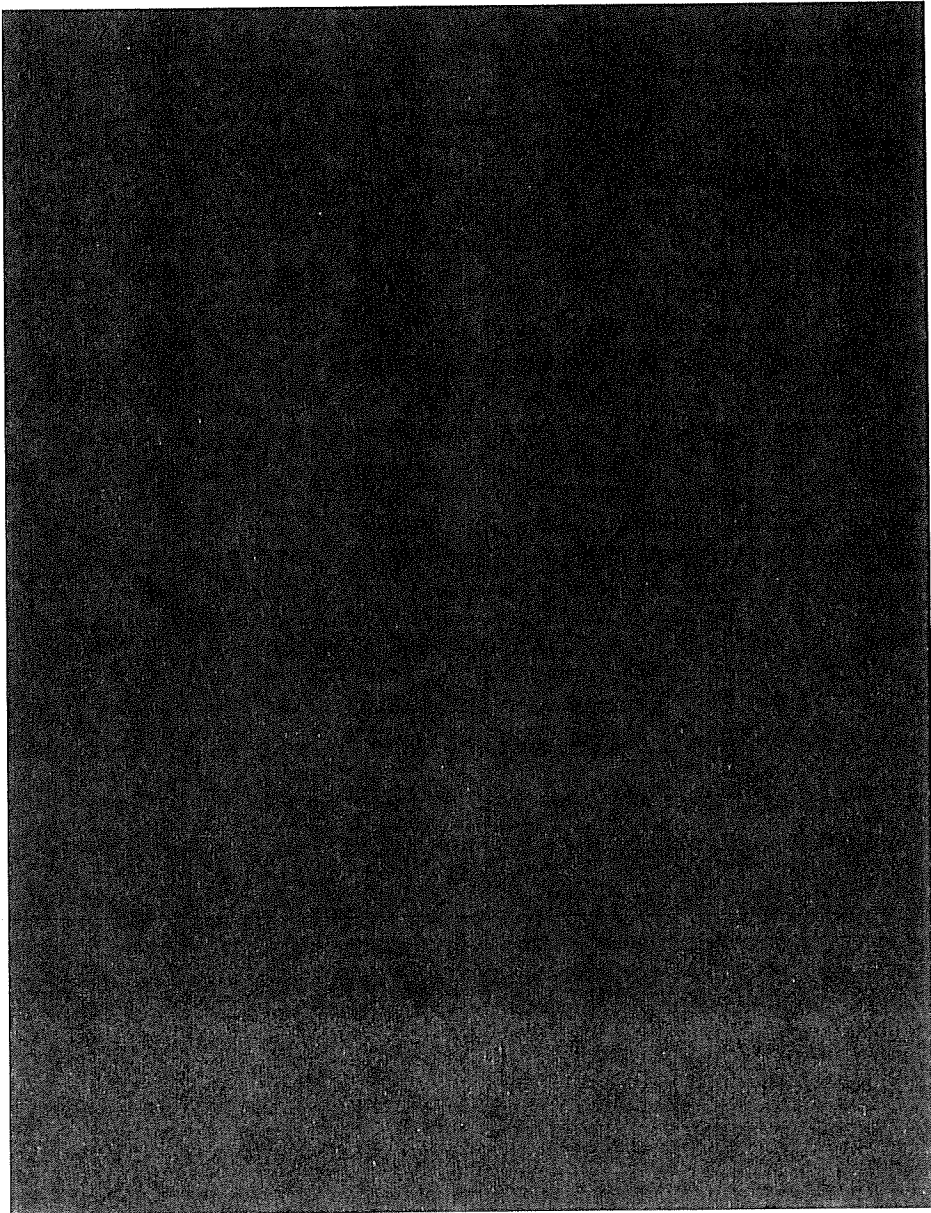
[REDACTED]

[REDACTED] expects to [REDACTED]
subject to the receipt of all final and non-appealable regulatory approvals, acceptable to
[REDACTED]

Please see below [REDACTED] timeline and key milestones chart.



Figure 8 - [REDACTED] Timeline and Key Milestones





Availability for testing (testing is scheduled to [REDACTED])

[REDACTED] expects the facilities to be ready for testing [REDACTED]
[REDACTED]
[REDACTED]

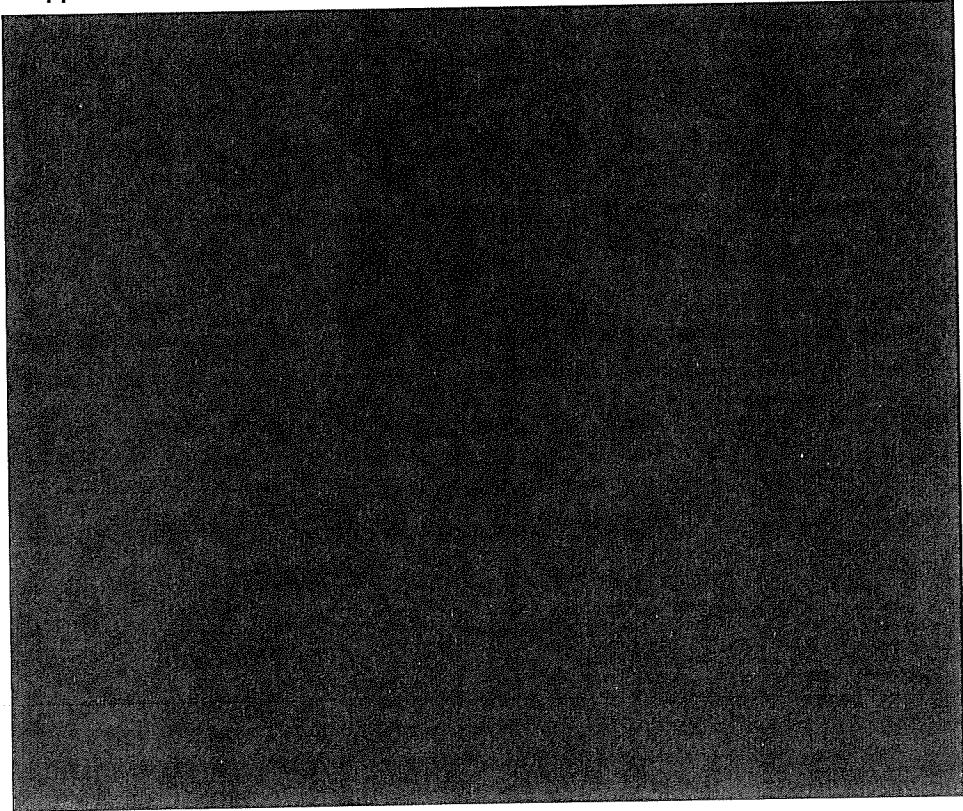


Commercial Operation Date (Appendix B)

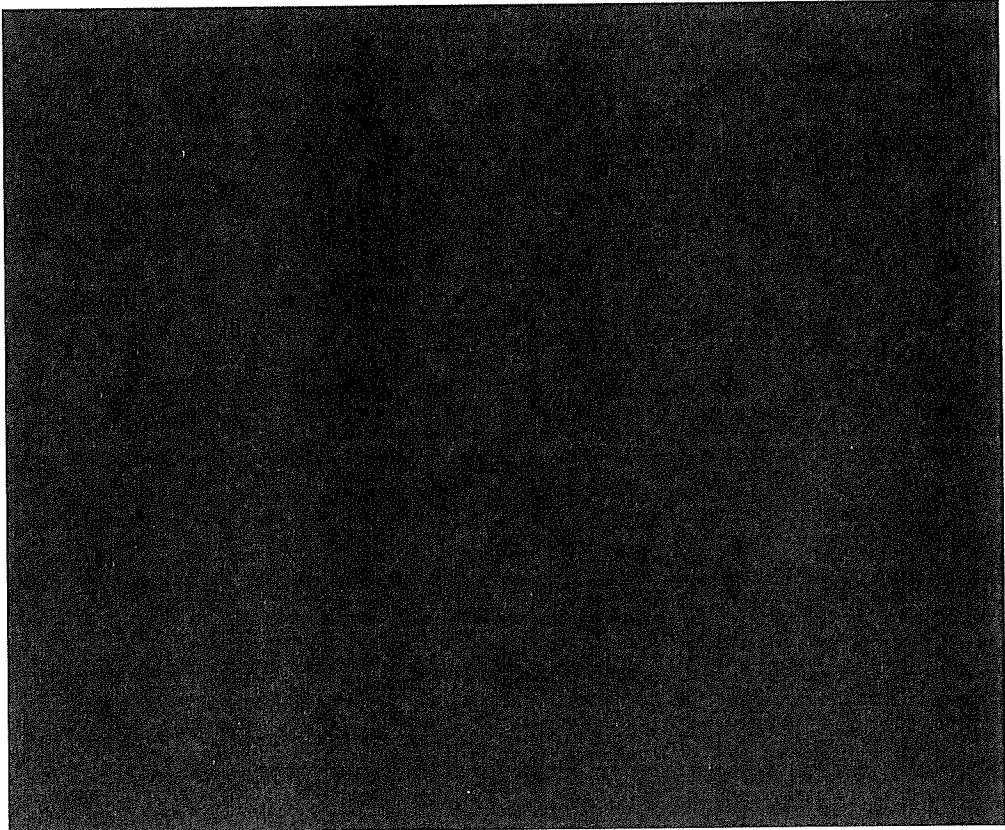
█ expects all facilities to be █ subject to the
█
█

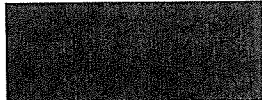
Overview of design and pipeline route

Appendix – B1: Overview of █

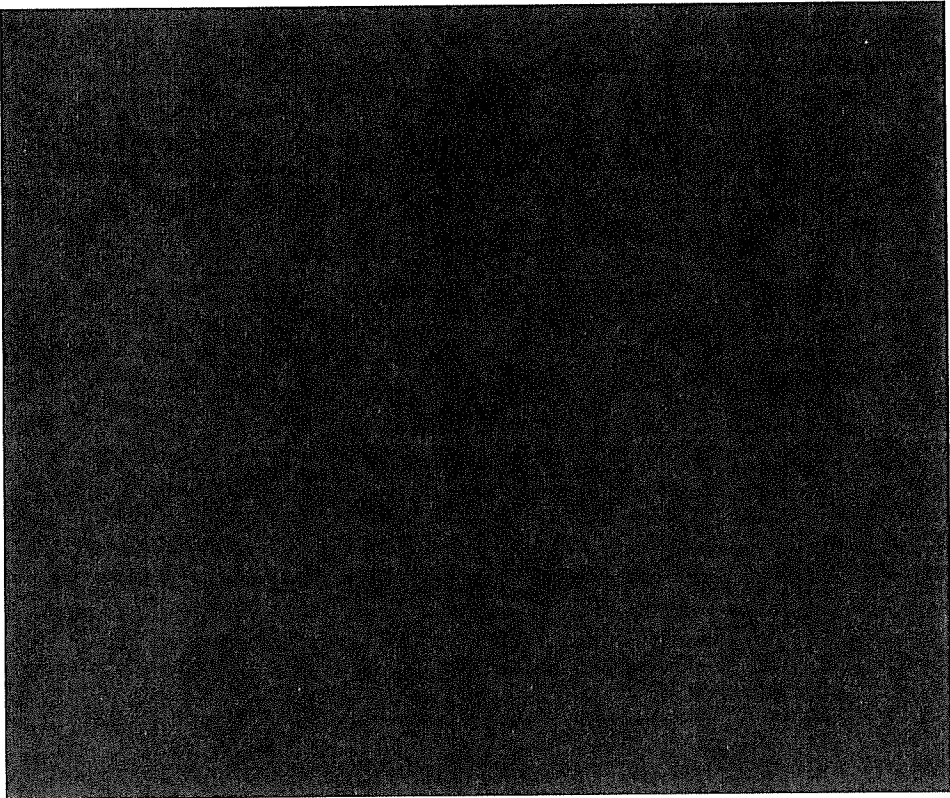


Appendix – B2: [REDACTED]

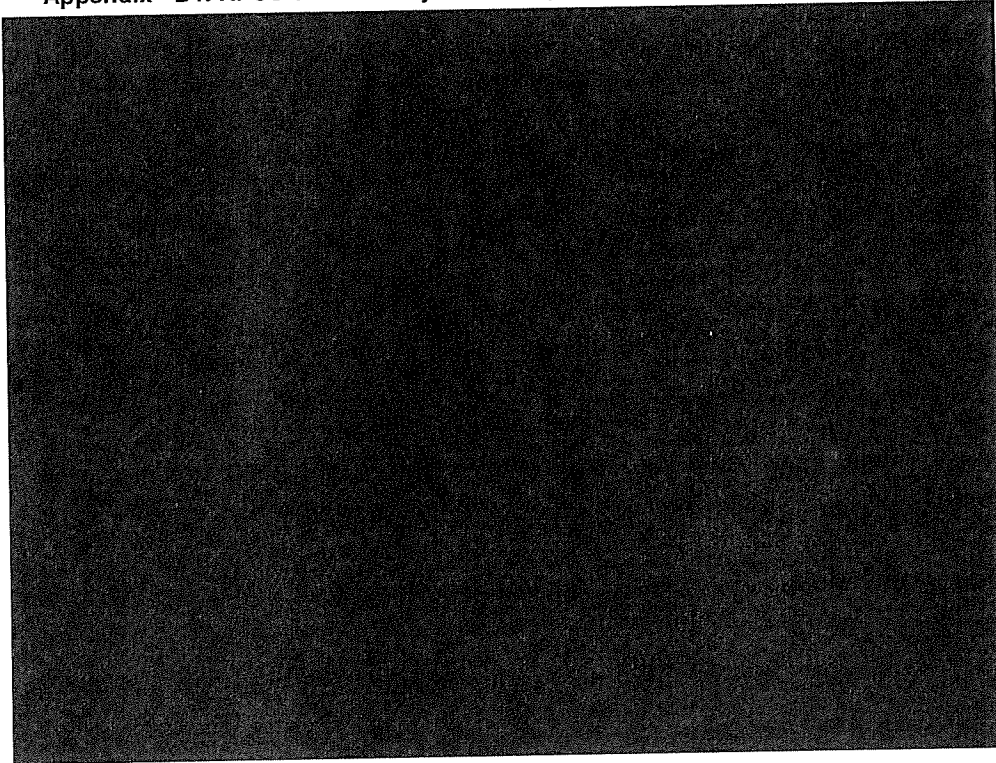




Appendix - B3: 



Appendix - B4: KPCo Gas Delivery Location (GMB)



KPCo GMB station's foot print is approximately [REDACTED].

[REDACTED]

[REDACTED]

Appendix – B5: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Appendix – B6:

[REDACTED]

[REDACTED]

[REDACTED]

Appendix – B7: KPCo_GMB Station

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] design is compliant with all AEPSC RFP specifications with the exception of [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

The requested information will be provided utilizing [REDACTED]
[REDACTED] equipment located at [REDACTED], and the KPSC
GMB station.

[REDACTED]

Several assumptions were used to develop the cost estimates. Some of these include, but are not limited to, the following:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

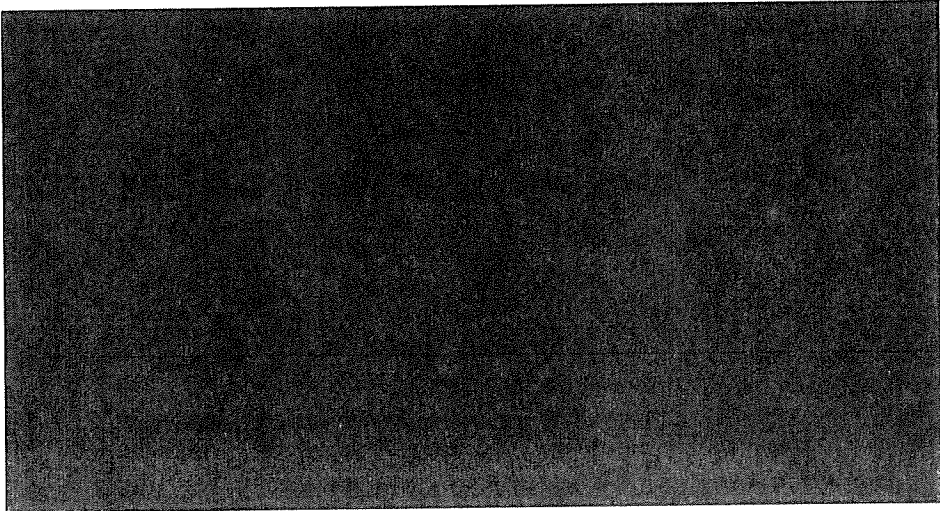
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



QUARTERLY PRE-SERVICE COST ESTIMATES

Appendix C: Quarterly Pre-Service Cost Estimates

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Estimated cost of acquiring all required regulatory approvals and permits							
Estimated Cost of Engineering and Design							
Estimated Cost of Environmental Impact Study							
Estimated Cost of Identifying and Acquiring Right of Ways							
Estimated Material Costs							
Estimated Installation and Labor Costs							
Other Estimated Costs							
Quarterly Estimate Totals							



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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Proposal
For American Electric Power Service Corporation, as agent for Kentucky Power Company ("AEP")
Big Sandy Power Plant Lateral, Lawrence County, Kentucky
As of
March 21st, 2014

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[REDACTED].....	11

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[REDACTED]

[REDACTED]

[REDACTED] Proposal
For American Electric Power Service Corporation, as agent for Kentucky Power Company ("AEP")
Big Sandy Power Plant Lateral, Lawrence County, Kentucky
As of
March 21st, 2014

[REDACTED] Proposal is in response to AEP's Request for Proposals entitled "Big Sandy Power Plant Natural Gas Refuel Project Pipeline Facilities," which was received via email from Amy E. Jeffries dated January 08, 2014, 3:48 PM, is for discussion purposes only, and is intended to reflect certain major commercial terms and conditions under which [REDACTED] and AEP would be willing to [REDACTED] with respect to [REDACTED] providing AEP with [REDACTED] related to [REDACTED] constructing and operating the "Project" (as defined below) as [REDACTED].

Shipper: AEP

Transporter: [REDACTED]

Executive Summary: This [REDACTED] Proposal describes [REDACTED] intent to design, construct, own and operate a gas supply lateral and associated equipment to satisfy the requirements of delivering gas supply to the Big Sandy Power Plant located along the Big Sandy River, near Louisa, Kentucky, as requested by AEP. [REDACTED]. The design base is for providing capacity sufficient to deliver fuel gas, at a [REDACTED] [REDACTED] MW gas-fired boiler. [REDACTED], will terminate at the AEP site location, [REDACTED] [REDACTED]

Bidder Information: [REDACTED]

[REDACTED] Representative: [REDACTED]

[REDACTED] Information: [REDACTED]

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[REDACTED]

[REDACTED]
Assets:

[REDACTED]

Project-Specific Experience:

[REDACTED]

Safety Record:

[REDACTED]

Estimated Capital Cost:

[REDACTED]

Initial Term:

[REDACTED] years commencing upon the Commercial Operation Date (the "Initial Term")

Rate:

[REDACTED] per MMcf (assumes [REDACTED] MMcf/d reservation fee)

Project:

[REDACTED] to construct, own operate, and maintain:

1. [REDACTED]
[REDACTED]
2. Big Sandy Power Plant Lateral and Facilities
 - a. [REDACTED] a design capacity of up to [REDACTED] beginning at the interconnect point with [REDACTED] and terminating into AEP's existing Big Sandy Power Plant in Lawrence County, Kentucky (the "Big Sandy Power Plant Lateral") at a [REDACTED]
 - b. [REDACTED]

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[REDACTED]

3. AEP Measurement Facilities

- a. Interconnecting facilities to deliver up to [REDACTED]
[REDACTED]
[REDACTED]

Commercial Operation Date: [REDACTED] assuming all conditions precedent have been satisfied.

AEP Conditions Precedent: [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Conditions Precedent: [REDACTED]

[REDACTED] and AEP [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

AEP certifies to [REDACTED] that AEP [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Purchase Option: [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] See attached Exhibit A

Project-Specific Experience Map: See attached Exhibit B

Project Map: See attached Exhibit C

Project Timeline: See attached Exhibit D

Quarterly Pre-Service Cost Estimates: See attached Exhibit E

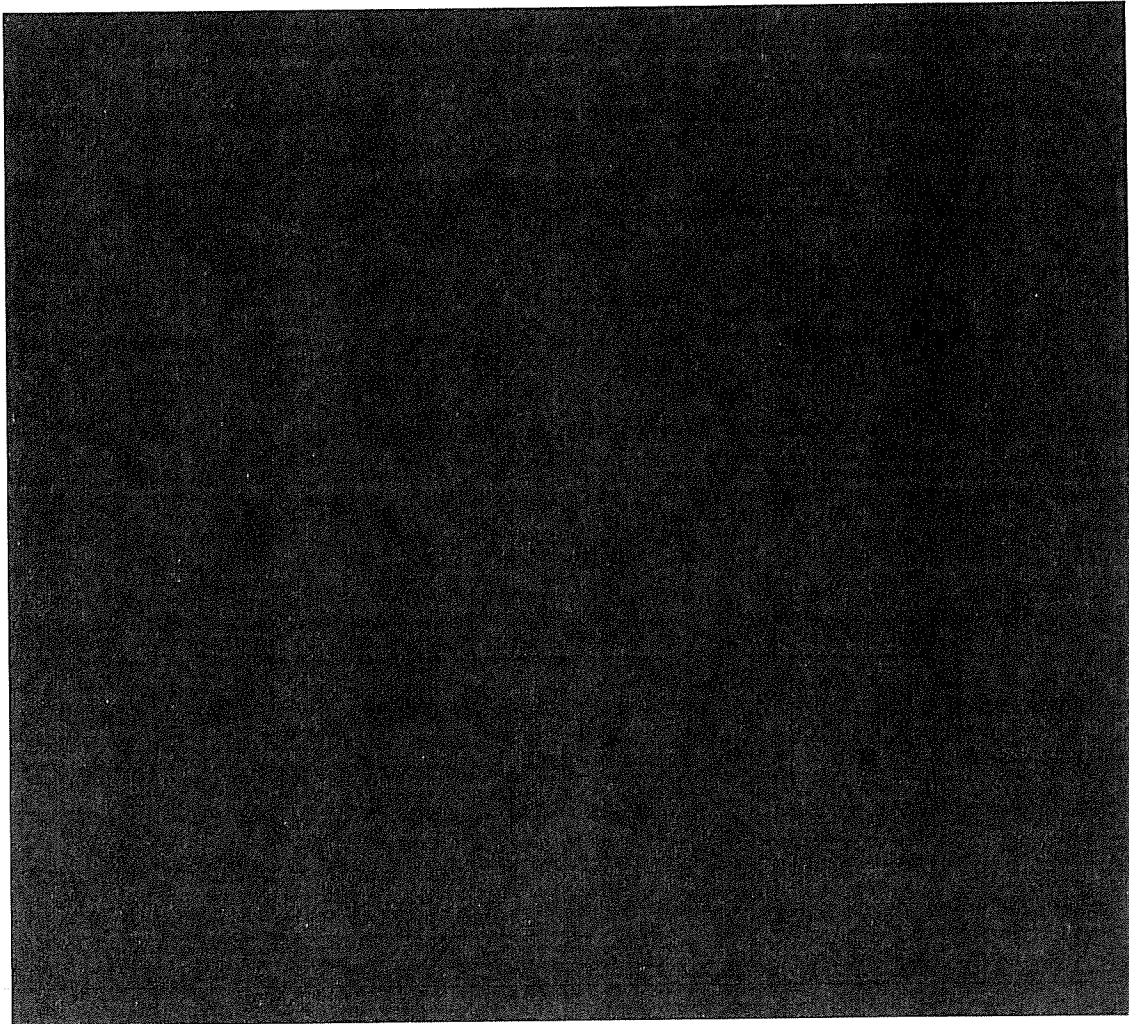
[REDACTED] Gas Analysis: See attached Exhibit F

[REDACTED]: See attached Exhibit G

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Exhibit A

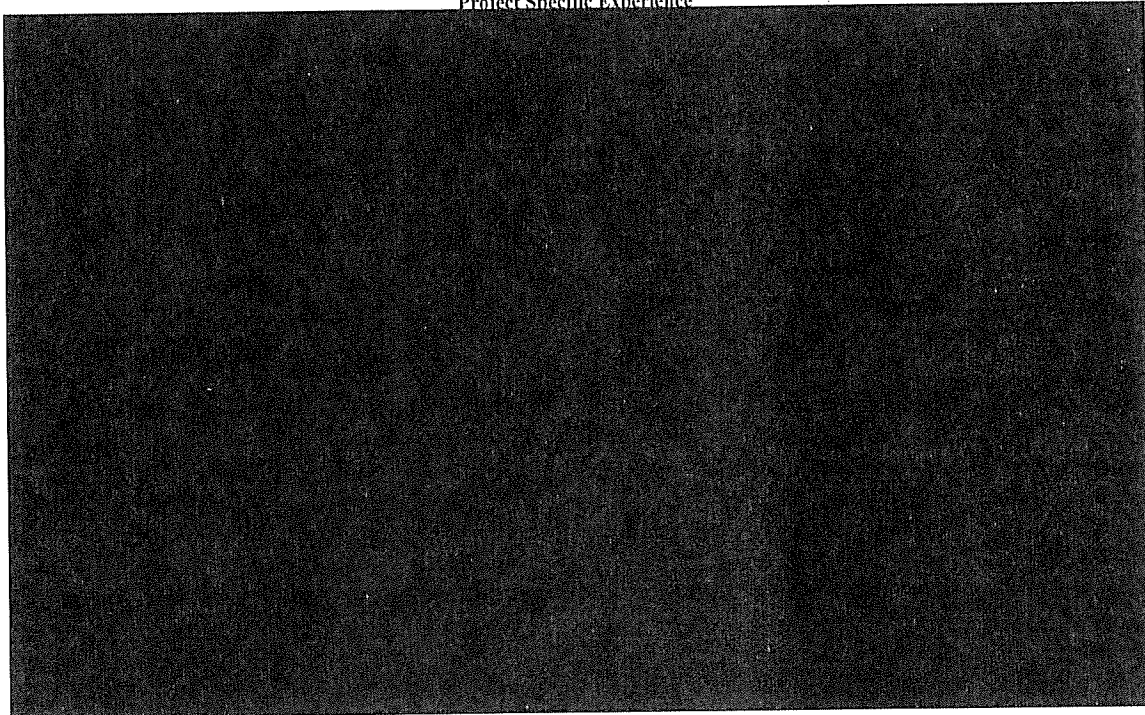


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Exhibit B

Project Specific Experience

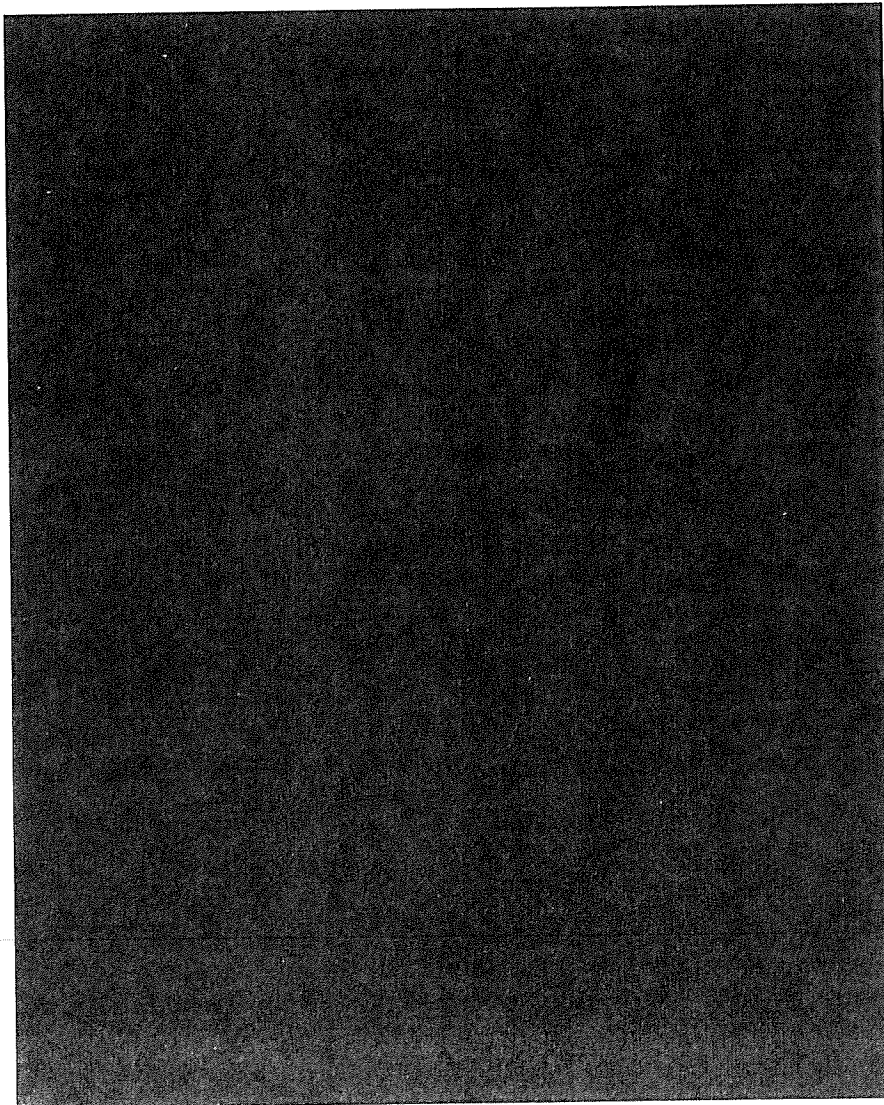


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Exhibit C

Project Map

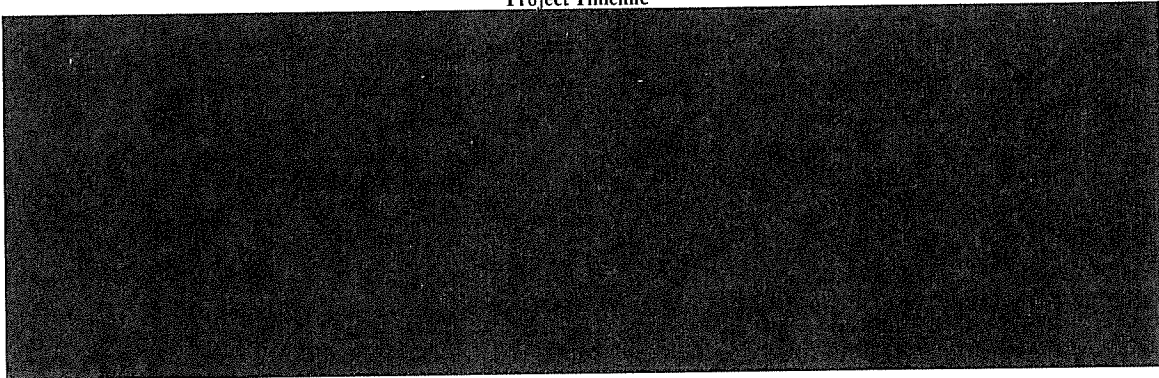


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Exhibit D

Project Timeline



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Exhibit E

Quarterly Pre-Service Cost Estimates

Note:



Description	
Design and Engineering	
Procurement	
Civil Survey	
Environmental Impact Study	
Permitting/Regulatory	
Acquire ROW	
Clear ROW	
Construction	
Other	
Total:	

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[REDACTED]

Exhibit F

[REDACTED]

[REDACTED]

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[REDACTED]

Exhibit G

[REDACTED]

See attached



[REDACTED]

March 21, 2014

American Electric Power Service Corporation, as agent for Kentucky Power Company
1 Riverside Plaza
Columbus, Ohio 43215

Attention: Amy Jeffries

Re: [REDACTED]

Dear Amy:

[REDACTED] and American Electric Power Service Corporation, as agent for Kentucky Power Company ("AEP") may be individually referred to as a "Party" and collectively as the "Parties". [REDACTED] has submitted to AEP certain document titled [REDACTED] Proposal For American Electric Power Service Corporation, as agent for Kentucky Power Company ("AEP") Big Sandy Power Plant Lateral, Lawrence County, Kentucky as of March 21st, 2014" (the "Proposal"). [REDACTED] and AEP [REDACTED]

[REDACTED] pursuant to which [REDACTED] will [REDACTED] (individually and collectively, the "Definitive Agreements"). AEP is [REDACTED]

[REDACTED]

[REDACTED] as detailed specifically on page 9 of the Proposal,

[REDACTED] This [REDACTED] and [REDACTED] for [REDACTED]

1. [REDACTED]
2. [REDACTED]

American Electric Power Service Corporation, as agent for Kentucky Power Company
Attention: Amy Jeffries
March 21, 2014
Page 2 of 2

[REDACTED]

3. [REDACTED]

4. [REDACTED]

5. [REDACTED]

6. [REDACTED]

[REDACTED]

[REDACTED] appreciates the opportunity to serve AEP's needs and looks forward to your response. If you have any questions, please do not hesitate to contact [REDACTED]

Sincerely,

ACCEPTED AND AGREED TO:

**AMERICAN ELECTRIC POWER SERVICE CORPORATION, as agent for
KENTUCKY POWER COMPANY**

By: _____
Name: _____
Title: _____
Date: _____

March 21, 2014

Amy Jeffries
American Electric Power Service Corporation
1 Riverside Plaza, 14th Floor
Columbus, OH 43215

Dear Ms. Jeffries:

[REDACTED] hereby submits a response to American Electric Power Service Corporation's ("AEPSC") Request for Proposal ("RFP") to develop, construct, own, operate and maintain a natural gas pipeline lateral and associated facilities to serve the Big Sandy plant ("Plant") in Louisa Kentucky.

[REDACTED] has met all the bidder's requirements as specified in Section 3 of the RFP.

[REDACTED] is offering the following bids for consideration:

- [REDACTED]
- [REDACTED]

All required information as proposed in Section 8 of the RFP are included in the response. In addition to the response there are [REDACTED]

[REDACTED] appreciates the opportunity to provide this response to AEPSC's Request for Proposal.

Please feel free to contact us if you have any questions or require additional information.

Sincerely,

2014 Response to AEPSC's RFP

Page 1

1. Executive Summary

[REDACTED]
[REDACTED]
[REDACTED] Section 4 of this response provides additional information on [REDACTED]

In response to American Electric Power Service Corporation ("AEPSC"), as agent for Kentucky Power Company's ("KPCo")(collectively, "Companies") Request for Proposal ("RFP"), [REDACTED] is proposing to develop, construct, own, and operate a natural gas pipeline lateral and associated facilities to serve the Big Sandy plant ("Plant") located in Louisa, Kentucky. The new pipeline would be owned by [REDACTED] and [REDACTED]

[REDACTED] response herein to develop, construct, own and operate an [REDACTED] natural gas pipeline that will interconnect with [REDACTED] and be routed to the Plant fully complies with the RFP.

[REDACTED] is also offering an [REDACTED]

Notwithstanding any other language contained herein, [REDACTED] and the Companies [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

A. Bidder's Information

2014 Response to AEPSC's RFP

Page 2

2. Proposal Overview

2.1 [REDACTED] - [REDACTED]

[REDACTED] will construct approximately [REDACTED] of new natural gas pipeline from [REDACTED] to the Plant to deliver natural gas at a [REDACTED]. The proposed route [REDACTED].

[REDACTED] will perform all necessary work including, but not limited to, [REDACTED]. All work will meet the requirements of B31.8 and 49 CFR Part 192 safety requirements, NFPA 54 and 56, and applicable AGA measurement standards.

2.2 [REDACTED]

[REDACTED], hereby submits an [REDACTED] response for [REDACTED]. See Attachment 1. [REDACTED] to AEPSC on a [REDACTED] the [REDACTED] with the Big Sandy Lateral, to be constructed as part of [REDACTED] RFP response. [REDACTED] the attached proposal contemplates a [REDACTED] on the [REDACTED] plus [REDACTED]. This proposal also provides for [REDACTED] on [REDACTED].

This proposal contemplates AEPSC [REDACTED] to the [REDACTED] Big Sandy lateral interconnection and to be constructed by [REDACTED].

2014 Response to AEPSC's RFP

[REDACTED]

Page 3

[REDACTED]

In addition, at any time during the term of a [REDACTED] Companies with [REDACTED] AEPSC [REDACTED] to [REDACTED] The Terms and Conditions of [REDACTED] AEPSC may also [REDACTED]

3. Proposed Rate Structure [REDACTED]

The base bid complies with the requirement in the RFP to recover the capital costs over a [REDACTED] Accordingly, [REDACTED] would be [REDACTED] at the completion of the [REDACTED] term.

[REDACTED] would [REDACTED] thus resulting in a [REDACTED] Accordingly, [REDACTED] would be [REDACTED] at the completion of the [REDACTED] term.

[REDACTED] would [REDACTED] and requires a [REDACTED] Accordingly, the [REDACTED] would be [REDACTED] at the completion of the [REDACTED] term.

[REDACTED], the [REDACTED] at the conclusion of the contract term and AEP will assume all [REDACTED] [REDACTED] [REDACTED]

[REDACTED] Charge Schedule				
	Rate/Dth	Contract Volume (Dth/d)	Contract Term	Purchase Price after [REDACTED]
Base Bid	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

2014 Response to AEPSC's RFP

[REDACTED]

Page 4

4. Experience and References

[REDACTED]

[REDACTED]

2014 Response to AEPSC's RFP

Page 6

5.2 [REDACTED]
[REDACTED] has identified [REDACTED] [REDACTED] is [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] or [REDACTED] will perform [REDACTED] [REDACTED] to
reduce the effects of impacts.

5.3 [REDACTED]

5.3.1 [REDACTED]
[REDACTED] include, but are not limited to, [REDACTED]
[REDACTED]
[REDACTED]

This project would be authorized by [REDACTED]
from the U.S. Army Corps of Engineers (USACE). [REDACTED]
[REDACTED]
If it does, [REDACTED]
[REDACTED]

5.3.2 [REDACTED]
In order to protect natural resources, [REDACTED]
[REDACTED]
[REDACTED] will [REDACTED] for the project
and [REDACTED]
[REDACTED]
[REDACTED] All staff involved in constructing the pipeline will be adequately
trained and will comply with these plans. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

5.4 [REDACTED]

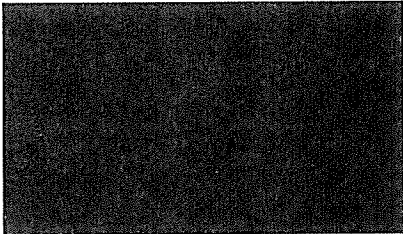
5.4.1 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] It is unlikely that any [REDACTED] however, in the
event this occurs, [REDACTED] adhering to applicable

2014 Response to AEPSC's RFP

Page 8

[REDACTED] has carefully considered [REDACTED]
[REDACTED] Provided that these
activities proceed without any unexpected issues as set forth in this response, [REDACTED]
[REDACTED] [REDACTED] [REDACTED]

ATTACHMENT 1



**American Electric / Kentucky Power
Big Sandy Natural Gas Peaking Facility**

[Redacted text block]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text block]

[Redacted text]

[Redacted text block]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

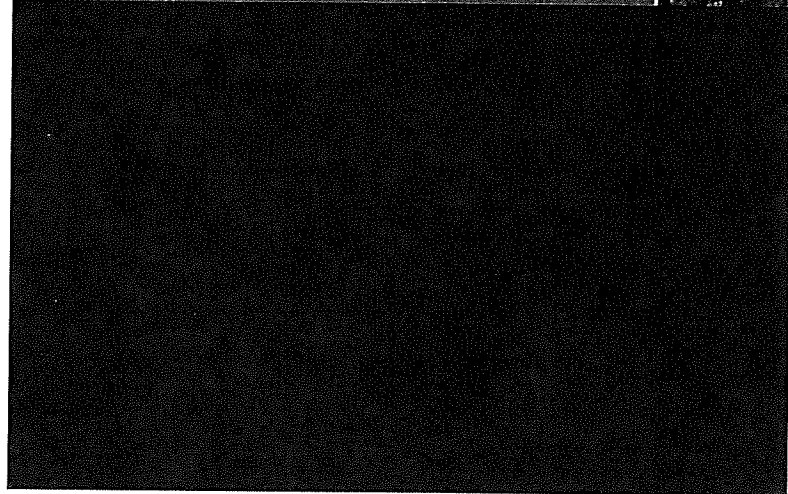
[REDACTED]

Attachment 2





**Proposed Pipeline Lateral
for AEPSC Big Sandy Plant**



This document and any and all attachments hereto: (i) are confidential except where disclosure is required by law; (ii) are intended for discussion purposes only; (iii) do not constitute an offer, an acceptance or establish a contract between the parties; (iv) do not obligate the parties to negotiate or enter into any possible transaction; and (v) do not obligate either party to proceed with or continue any such negotiations or transaction.

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[REDACTED]	21
[REDACTED]	22
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Executive Summary

██████████ would like to express its appreciation to American Electric Power Service Corporation ("AEPSC"), as agent for Kentucky Power Company ("KPCo"), for the opportunity to submit a proposal that responds to AEPSC's request for a natural gas pipeline lateral and associated facilities connecting ██████████ ██████████ to AEPSC's Big Sandy Plant (the "Big Sandy Plant") in Louisa, Kentucky. ██████████ AEPSC's objective to ensure a reliable supply of natural gas at a reasonable cost. Moreover, the facilities contemplated within this proposal will position AEPSC with tremendous flexibility to meet its longer term objectives.

Bidders Information

██████████
██████████
██████████
██████████
██████████

Lateral Requirements

██████████ proposes to construct, own, operate and maintain a natural gas pipeline lateral and associated facilities from ██████████ in order to provide transportation capacity of up to ██████████ ██████████ to AEPSC's Big Sandy Plant in Louisa, Kentucky. Based on environmental permitting requirements, ██████████ estimates that the lateral to the Big Sandy Plant will be operational for test gas by ██████████ The Project Development and Schedule section contains the Key Milestones chart which outlines the key activities and dates related to the expansion project. These facilities will be utilized to supply Unit 1 with natural gas as the primary fuel source following a conversion of the current coal fired steam boiler to natural gas fired facility ██████████ ██████████ ██████████ ██████████

Summary of [REDACTED] Proposal:

Proposal: [REDACTED]
[REDACTED]
[REDACTED]

Value Added Benefits of Service from [REDACTED] Lateral:

- [REDACTED] the Big Sandy Plant
- Includes the metering and regulating facilities at the Big Sandy Plant described in the RFP
- Incorporates additional gas quality measures through [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- Supported by a highly skilled and experienced team of field operations personnel [REDACTED] and on call to address maintenance and emergency response issues around the clock
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

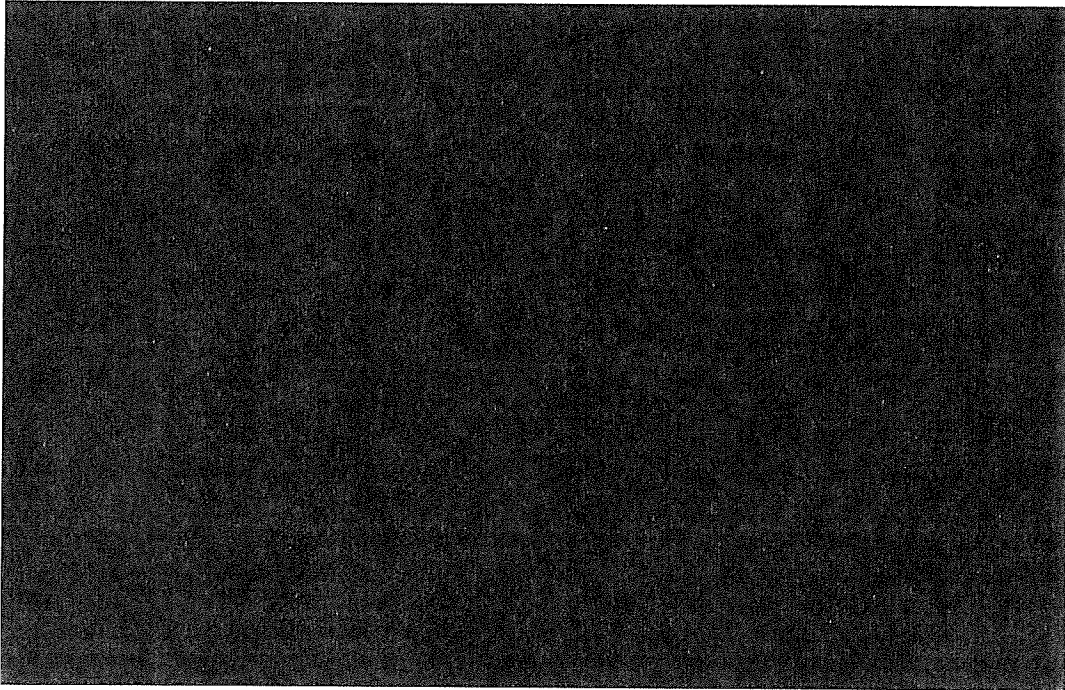
[REDACTED] **Proposal**

Project Scope

Proposal: [REDACTED] is proposing to build a lateral and related facilities off of [REDACTED] that will serve the Big Sandy Plant. The lateral will [REDACTED]

[REDACTED] The pipeline lateral will be designed to transport [REDACTED] Dth of natural gas per day. Normal operating pressures are expected to range from approximately [REDACTED] and will be integrated into the operation of the proposed lateral to meet AEPSC's pressure requirements for its gas fired boilers, thus providing AEPSC with the benefits of [REDACTED] In addition to the [REDACTED]

[REDACTED]



Commercial Terms

Tariff Options:

- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
- [REDACTED]

Commercial Terms [REDACTED]

Transportation Service	[REDACTED]
Volume	[REDACTED]
Commencement Date	[REDACTED]
Term	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Additional Commercial Terms:

- In addition to the rates above, AEPSC [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Conditions Precedent:

Service to be provided under this proposal is subject to the satisfaction of the following conditions:

- [REDACTED]
construct, own, operate and maintain the project facilities
- Receipt of all necessary governmental authorizations, approvals, and permits
- Procurement of all necessary rights-of-way and easements
- [REDACTED]
- Completion of construction of necessary facilities

[REDACTED]

[REDACTED]

Agreements to be Executed Following Bid Award:

To effect the services contemplated within this proposal, AEPSC [REDACTED] will negotiate, in good faith, the following agreements following the award of AEPSC's RFP:

- [REDACTED]
[REDACTED]
[REDACTED]
- 1. [REDACTED]
- 1. [REDACTED]
[REDACTED]
[REDACTED]
- 1. [REDACTED]
[REDACTED]
- 1. [REDACTED]
[REDACTED]
- 1. [REDACTED]
[REDACTED]

Proposed Facilities Include Proactive Measures for Gas Quality:

The proposed facilities for the project include [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Field Operations Team [REDACTED] the Big Sandy Plant:

[REDACTED] employs a highly skilled and experienced team [REDACTED]
[REDACTED]. These individuals have years of experience working [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED] have extensive experience in coordinating
[REDACTED] also provides excellent customer service and
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Provides Operational Flexibility through Its [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. Furthermore, [REDACTED]
[REDACTED] team is responsive to
shippers' needs, working to transport gas reliably while taking advantage of the available operational flexibility
for its customer's benefit.

[REDACTED] **All Other Considerations:**

[REDACTED]
[REDACTED]. Moreover, [REDACTED] reaches out beyond its internal focus and works closely with its contractors, regulators and customers to ensure a safe work environment at all levels and dimensions of its business. Further details on some of [REDACTED] specific safety initiatives and programs can be found on page 17 of this proposal.

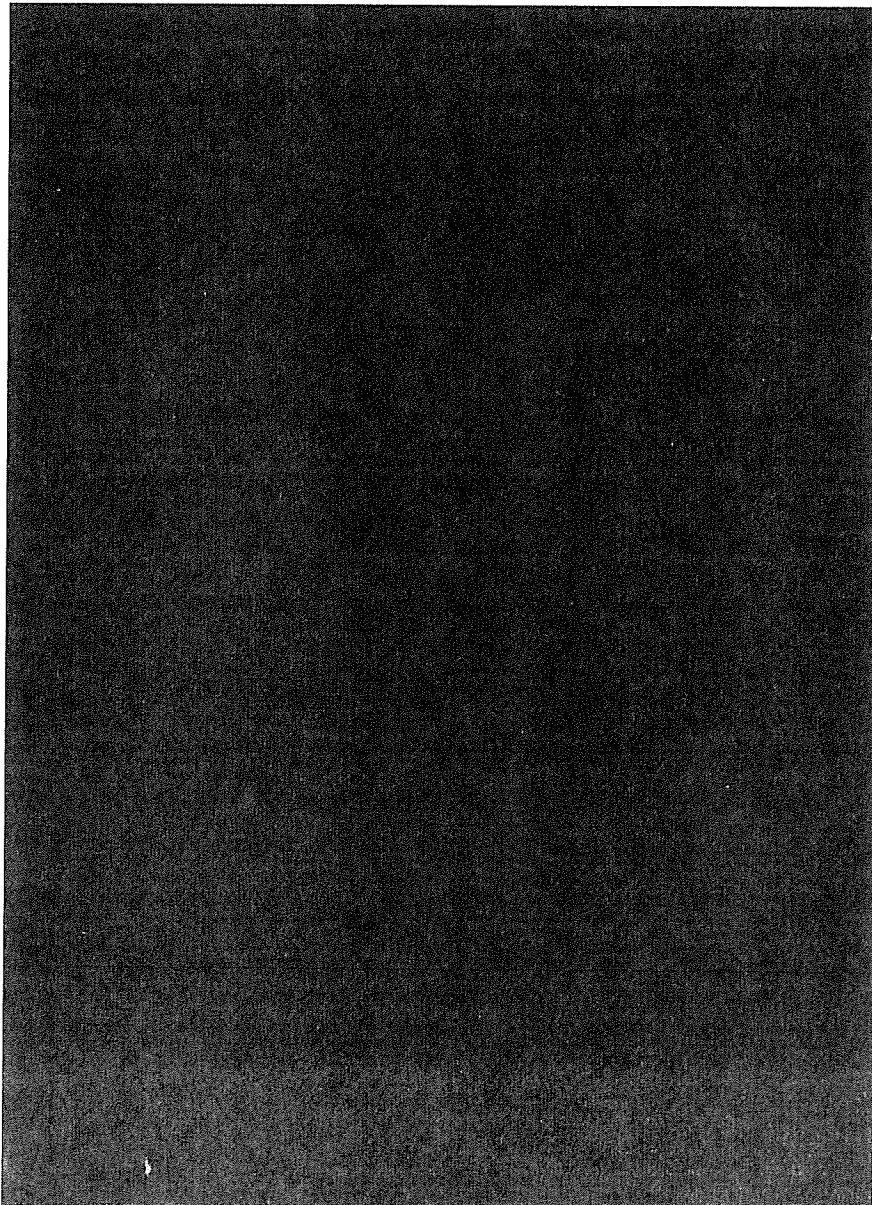
Project Development and Schedule

[REDACTED]
 [REDACTED]
 [REDACTED] On the following page is a schedule [REDACTED] which outlines the key activities related to the project. An overview of key milestones is shown below. [REDACTED] requests that AEPSC review the attached [REDACTED]'s project execution experience to gain the necessary confidence in [REDACTED]'s proven capability to execute this project in a timely and cost effective manner.

The Project Schedule Requirements contained in AEPSC's RFP appear to be specifications intended for contractors working under the direction of, or otherwise employed by AEPSC and/or KPCo to construct facilities that will ultimately be owned and operated by AEPSC and/or KPCo. Since [REDACTED] is proposing to provide a transportation service that utilizes facilities that will be designed, constructed, owned, and operated by those involved with [REDACTED] this proposal provides a [REDACTED] chart developed during [REDACTED] construction – a standard scheduling tool, [REDACTED]. If any additional scheduling information is required by AEPSC, [REDACTED] will be pleased to provide it.

[REDACTED]
 [REDACTED]
 [REDACTED] and transparency will offer additional benefits to AEPSC in the long term viability and reliability of the currently proposed service as well as position any future facilities to be integrated into the [REDACTED] general mainline system should AEPSC wish to acquire [REDACTED] from [REDACTED] at a later date.

Key Milestones	
Task	Completion Date
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]



Project Execution Experience

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

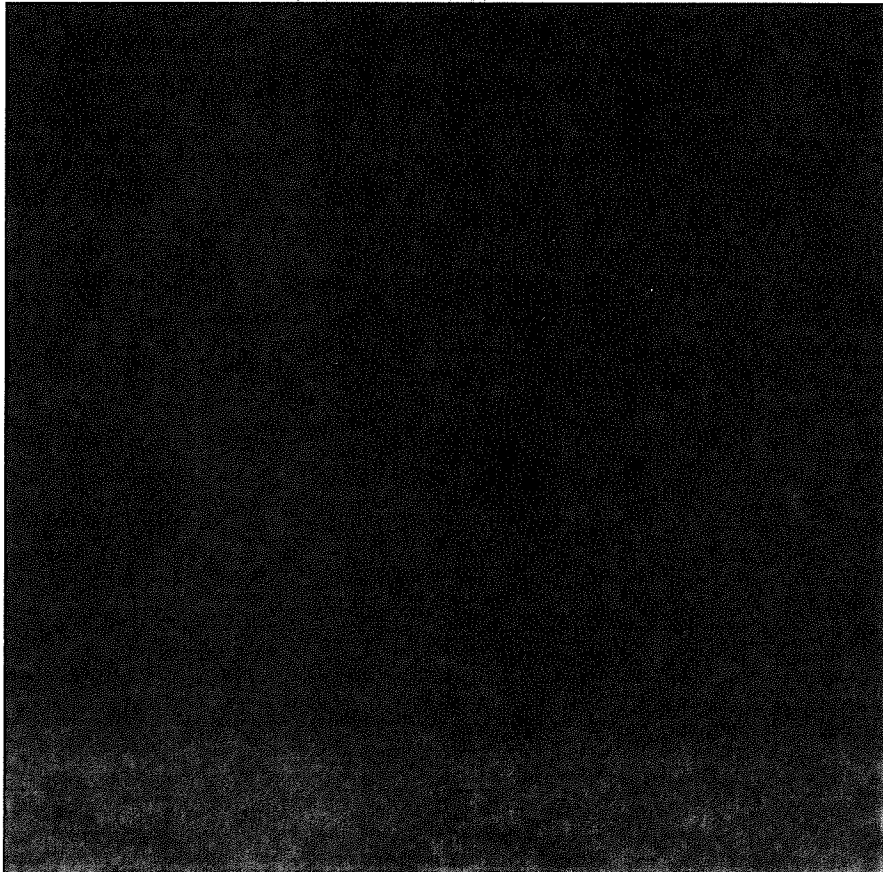
[REDACTED]

[REDACTED]

Recent Projects in Execution or Recently In Service

The following diagram provides a geographical perspective of the scope and scale of projects [REDACTED] has currently in execution. Of particular interest would be the [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]



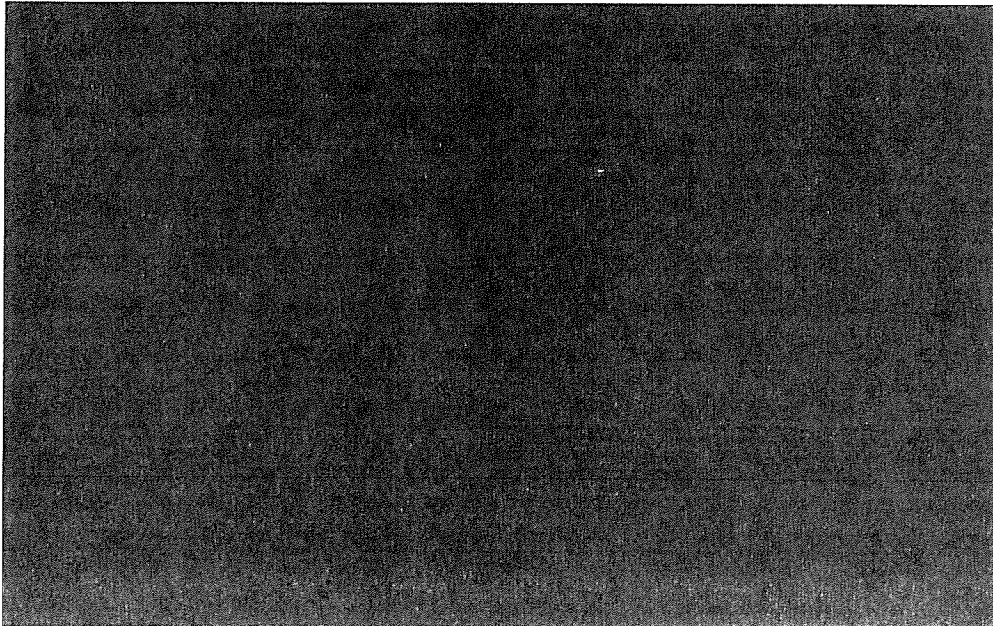
Appendix

 Overview









[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Environmental Stewardship

Description

Environmental stewardship refers to responsibility for environmental quality shared by those whose actions affect the environment during development of the natural gas pipeline lateral for AEPSC. Due diligence in identifying, mitigating and managing environmental impacts is important in order to ensure on-time and on-budget projects. This process also informs engagement strategies with regulatory agencies, land owners, communities and other key stakeholder groups.

Approach

Approach to managing environmental risks and impacts in construction for AEPSC's project will be consistent with its corporate approach across all its operations, as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] has committed to be responsible environmental stewards while striving to help meet North America's increasing demand for natural gas. This environmental commitment is central to decisions on how [REDACTED] builds and manages its operations, helps customers address environmental impacts, and advocates for responsible public policies.

Agency Outreach – Approach

[REDACTED] will create a [REDACTED] with jurisdiction over the general project area to define the resources, factors, and processes that could influence the successful permitting of a project of this magnitude. Items that would typically be addressed include the following:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

To ensure effective dialogue with its stakeholders, [REDACTED] relies on one-on-one discussions, face-to-face meetings, open houses, websites, legal notices, media outreach and individual letters sent via mail. Communications and materials are conducted in multiple languages, as needed.

The key criteria inherent in implementing a successful stakeholder consultation plan are the ability and knowledge to explain a project's benefits and its potential impacts; to respond to questions, concerns and issues; and, whenever possible, to mitigate potential impacts. In order to sustain a successful program, [REDACTED] seeks, involves, informs and responds to stakeholders by implementing the planning process early, with open and collaborative activities. The company executes its plans by engaging in and sustaining understandable, accurate and timely dialogue with its stakeholders. This process helps build and maintain win-win relationships.

[REDACTED] works closely with stakeholders in areas affected by its projects and strives to create mutually beneficial relationships with communities built on trust and respect. [REDACTED] also has a long history of working successfully with indigenous peoples across many of its operating areas.

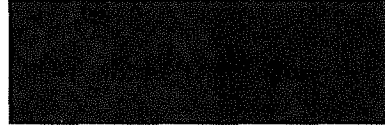
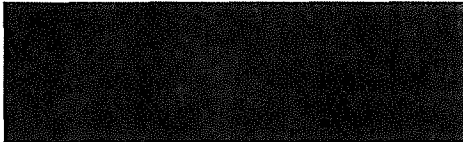


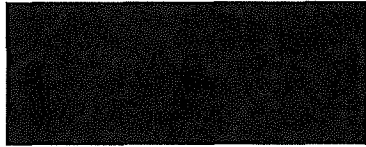
Table of Contents

- 1) Executive Summary
- 2) Proposal Letter
- 3) Experience and References
- 4) Exhibit "A" Proposed Pipeline Map
- 5) Project and Construction Schedule
- 6) Quarterly Pre-Service Cost Estimates



Executive Summary

[REDACTED] for the AEPSC Big Sandy Power plant. The proposal offers a [REDACTED]
[REDACTED] anticipates completion of Right of Way acquisition, environmental permits, and approval for construction by [REDACTED] All engineering, design, construction and commissioning activities shall be completed [REDACTED]
[REDACTED]



March 21, 2014

American Electric Power Service Corporation
1 Riverside Plaza, 14th Floor
Columbus, OH 43215

Attention: Amy Jeffries
Via email: aejeffries@aep.com

RE: RFP for natural gas pipeline to the Big Sandy plant
Lawrence and Boyd Counties, KY

Dear Amy:

[REDACTED] is pleased to present a proposal to American Electric Power Service Corporation ("AEPSC") to construct, own and operate for the purpose of transporting natural gas to AEPSC's Big Sandy plant ("Plant"), a natural gas pipeline [REDACTED]
[REDACTED]

This proposal is for discussion purposes only in order to facilitate discussions between the parties. It does not constitute and will not give rise to a legally binding agreement, obligation or duty of any kind or character.

System Description:

The System:

[REDACTED]

See Exhibit "A" map.

Commercial Terms of Proposal:

Purpose and Facilities: [REDACTED] pipeline quality natural gas from the Receipt Point and redeliver the thermally equivalent volume of gas, [REDACTED]
[REDACTED] to the Plant.

Term: The primary term of the proposed contract [REDACTED] and AEPSC under which [REDACTED]
[REDACTED]

Gas Quality: The gas shall meet the delivery quality of [REDACTED]
[REDACTED] will be required.

Receipt Point(s): The Receipt Point will be the [REDACTED]

Delivery Point: The Delivery Point will be the [REDACTED]

Service Fee for System: The fee for service will be calculated each month [REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

Purchase Option of System: After the expiration of the primary term [REDACTED]

Assumptions and Qualifiers to AEPSC RFP:

This proposal is based on the following assumptions and subject to the following qualifications:

- The transmission pipeline will be designed, built, and tested for [REDACTED]
- [REDACTED]

- This proposal (and any resulting contract) is contingent on both companies' management approval.
- This proposal is contingent on successful negotiation and execution of mutually agreeable transaction documents.
- Operations and maintenance are included in the transport rate.
- This proposal is contingent on [REDACTED]
- [REDACTED]
- To the extent deemed necessary or appropriate by [REDACTED] may assign to or carry out any of the services subject to this proposal [REDACTED]

We appreciate the opportunity to evaluate this project and look forward to continuing to work towards a mutually beneficial arrangement.

Very truly yours,

[REDACTED]

[REDACTED]

[REDACTED]

Experience and References:

[REDACTED]

- [REDACTED]

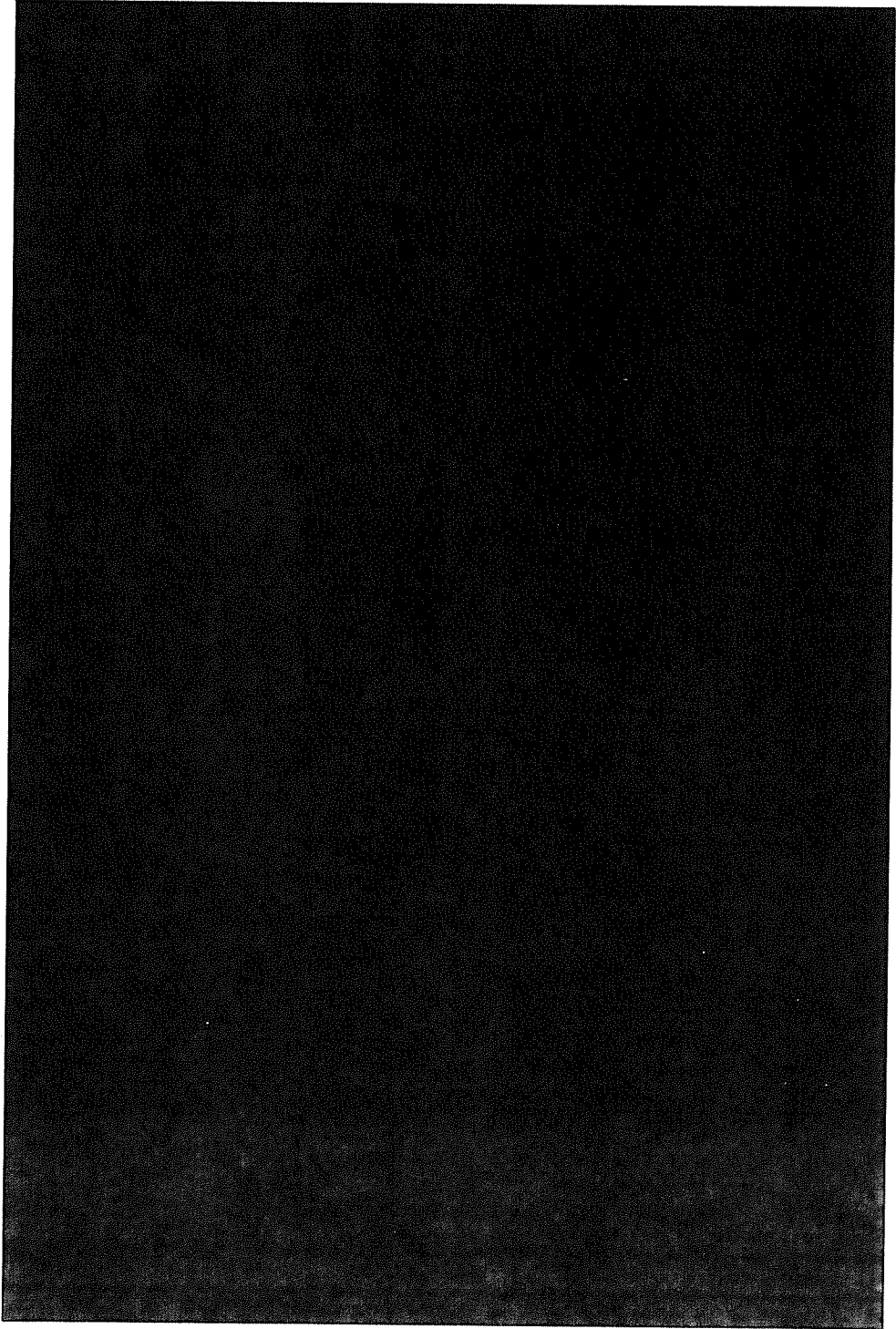
[REDACTED]

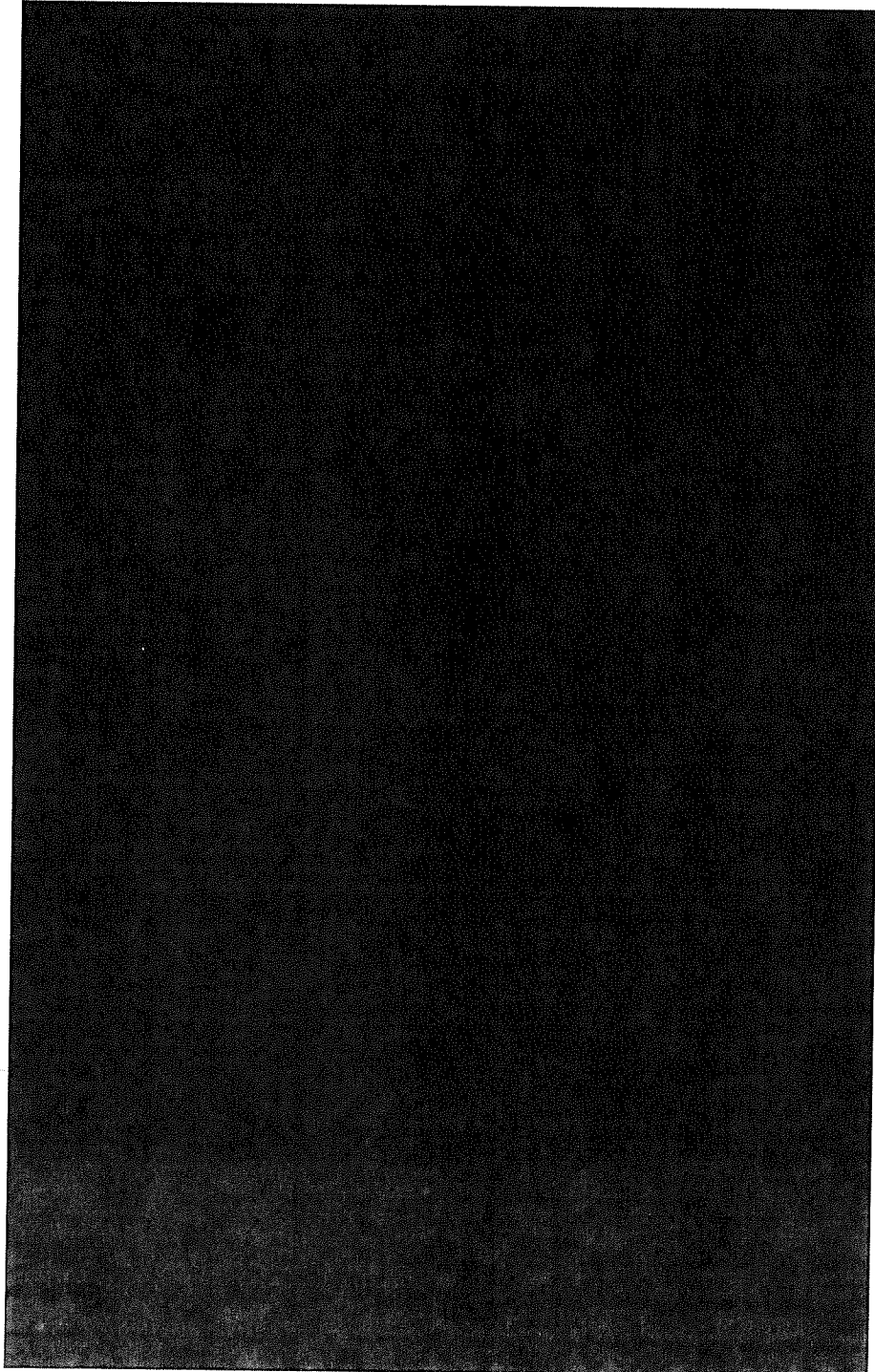
- [REDACTED]

[REDACTED]

- [REDACTED]

[REDACTED]





Appendix C: Quarterly Pre-Service Cost Estimates

Bid Item	Description	Total
1	Permits & Approvals	[REDACTED]
2	Engineering & Design	
3	Environmental Impact Study	
4	All ROW costs	
5	Materials	
6	Installation & Labor	
7	Other	

Bid Item	Description	Q2:2014	Q3:2014	Q4:2014	Q1:2015	Q2:2015	Q3:2015	Q4:2015	Q1:2016	Total
1	Estimated Cost of acquiring all required regulatory approvals and permits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	Estimated Cost of Engineering and Design									
3	Estimated Cost of Environmental Impact Study									
4	Estimated Cost of Identifying and Acquiring Right of Ways									
5	Estimated Cost of Materials									
6	Estimated Installation and Labor Costs									
7	Other Estimated Costs									



BIG SANDY POWER PLANT

Natural Gas Refuel Project Pipeline Facilities RFP Response

Submitted To:



[REDACTED]

Valued Partner;

[REDACTED] is pleased to provide American Electric Power Services Corporation ("AEPSC"), as agent for Kentucky Power Company ("KPCo"), with a proposal* in response to its request for proposals ("RFP") issued on January 8, 2014.

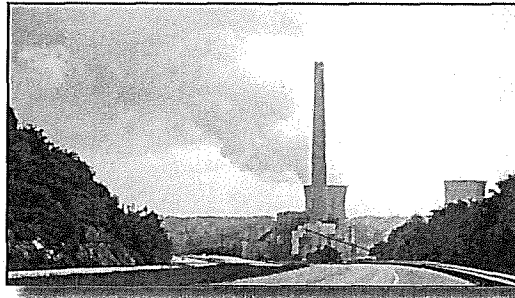
Specifically, the RFP seeks proposals to construct, own, operate and maintain a natural gas pipeline lateral and associated facilities to the Big Sandy plant ("Plant") located at 23000 Highway 23, Louisa, Kentucky 41230. The project facilities ("Project") would be utilized to supply Unit 1 with natural gas as the primary fuel source following conversion of the current coal fired steam boiler to a natural gas fired boiler.

[REDACTED] is confident that it has the capability, creativity, and willingness to work closely with AEPSC to efficiently and effectively construct pipeline facilities to serve the Plant. Our proposal has been thoughtfully prepared utilizing recent construction costs experienced by [REDACTED]

[REDACTED] looks forward to your review of our RFP response and is available to address any bid clarification questions from AEPSC.

Sincerely,

[REDACTED]



The information contained in this document

[REDACTED] and American Electric Power Service Corporation.

[REDACTED]

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BID CHARACTERISTICS

SERVICES:

GAS TRANSPORTATION AND STORAGE SERVICES:

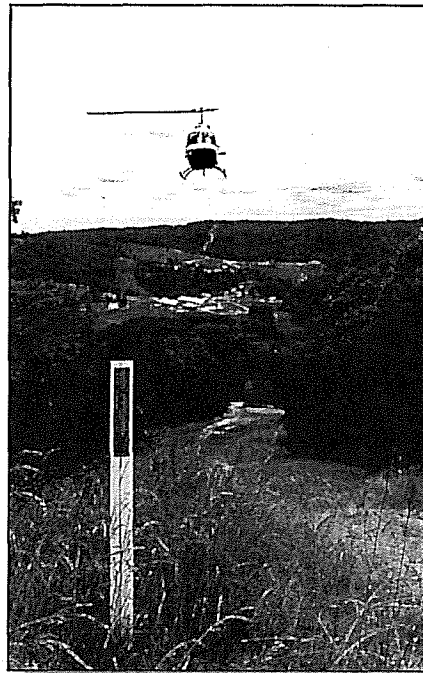
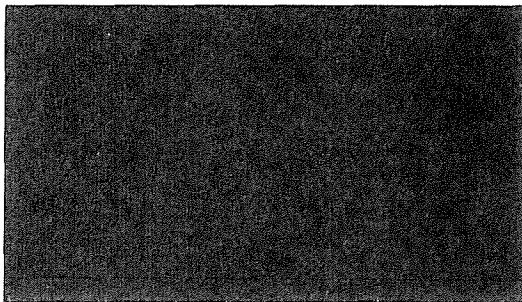
Across the [REDACTED] footprint, we've maintained reliable service commitments to existing customers, while developing and executing on a wide range of supply and market-driven growth opportunities for customers. [REDACTED]

SYSTEM DESIGN AND ENGINEERING:

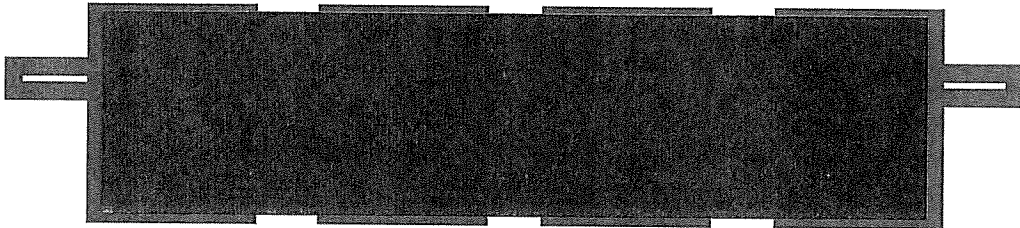
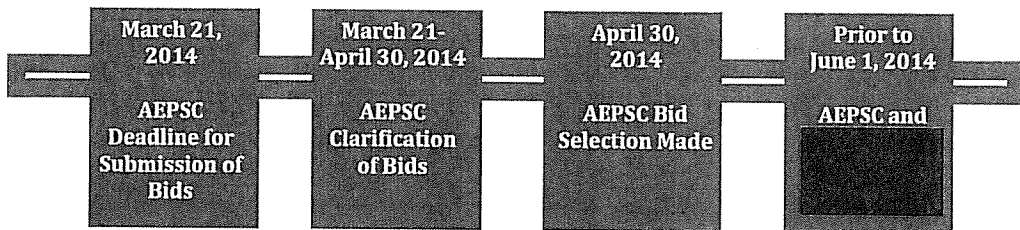
[REDACTED] has the necessary expertise in engineering, operations, and marketing to properly scope a project, evaluate existing system capabilities, pressure requirements, gas quality, and ultimately provide gas supply options that exceed competitor capabilities. [REDACTED] would design and build cost-effective and efficient facilities to accommodate the project scope.

OPERATING AND MAINTAINING SYSTEMS:

The [REDACTED] team is comprised of motivated, experienced, and professionally trained people, and AEPSC can count on [REDACTED] to safely and efficiently keep its gas flowing.



TIMELINE:



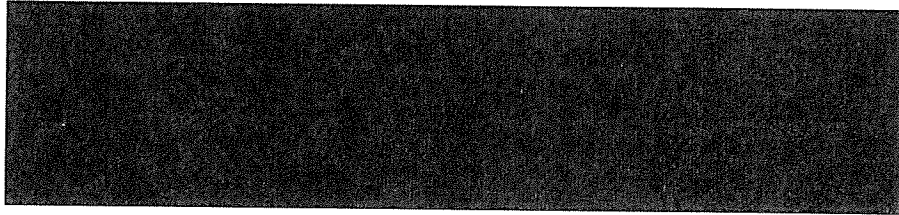
STRATEGIC BENEFITS:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

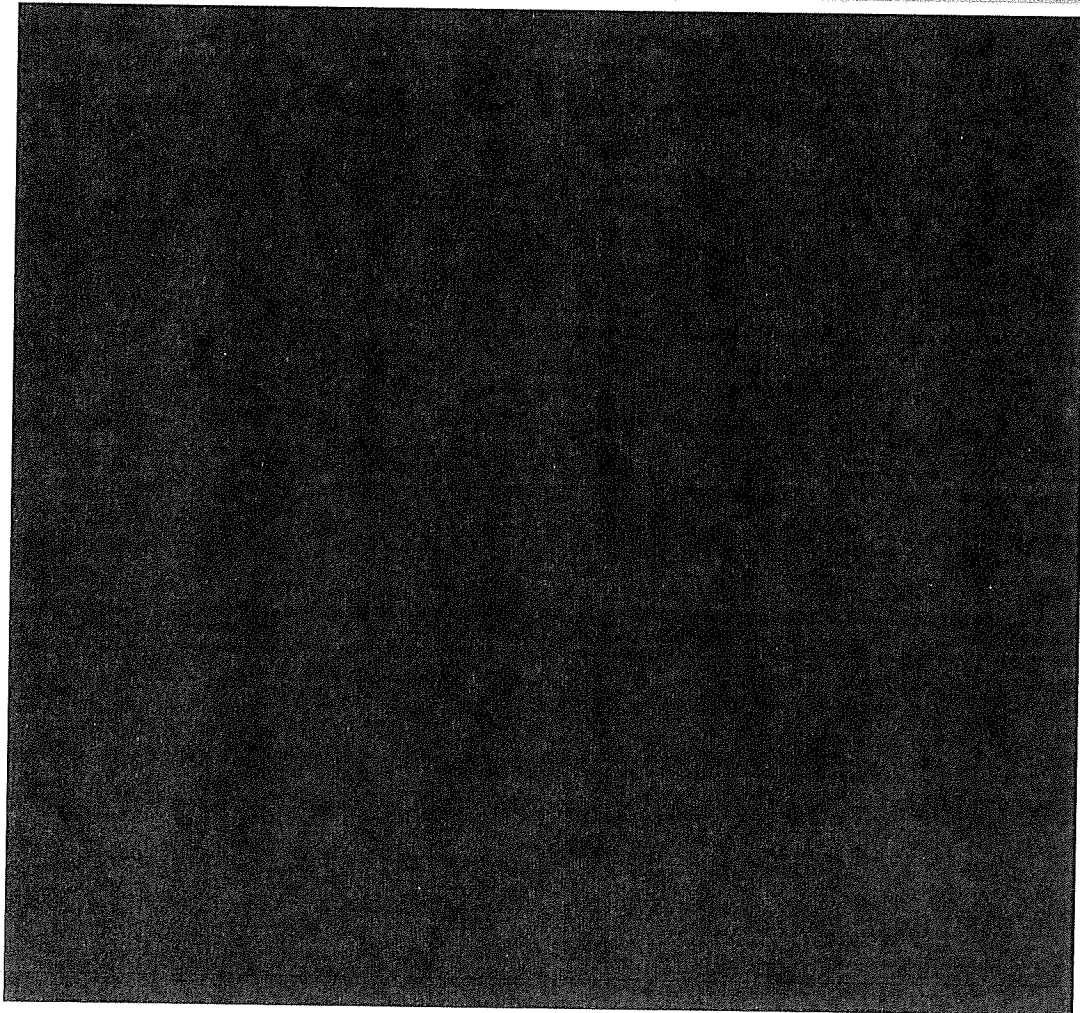


BIDDERS INFORMATION

If during your review of this material any questions or clarifications are needed, please contact either of the following individuals:

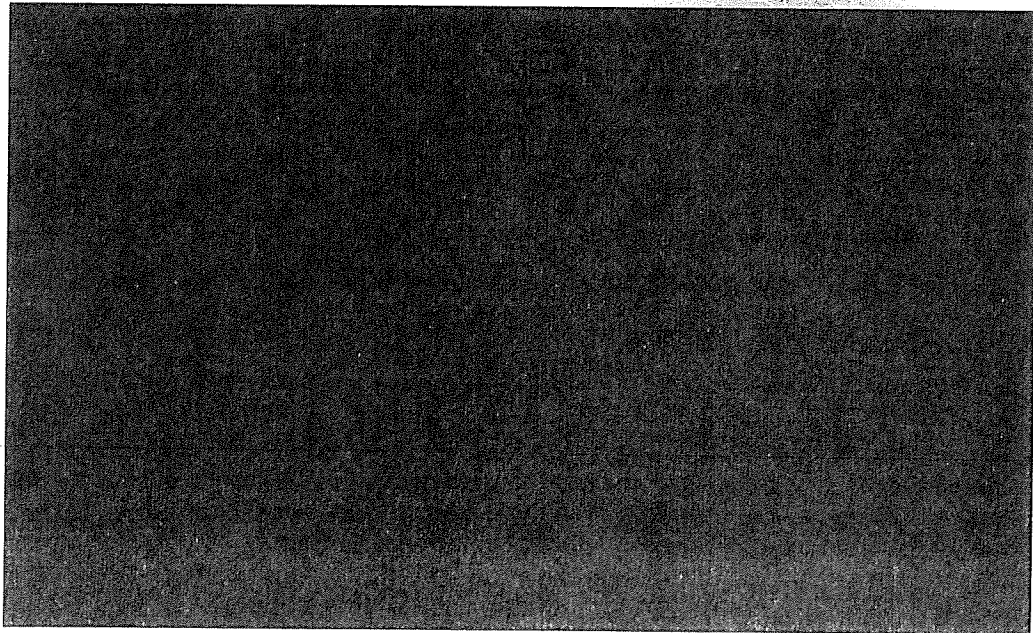
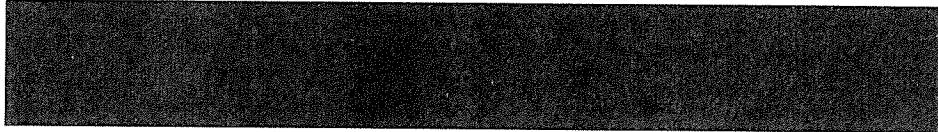


EXPERIENCE

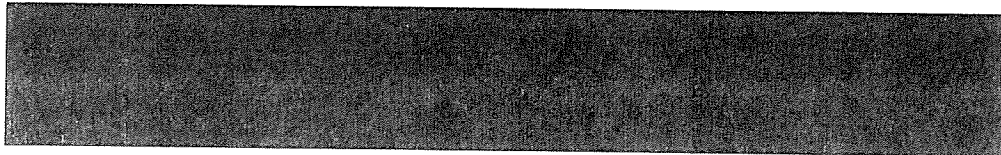
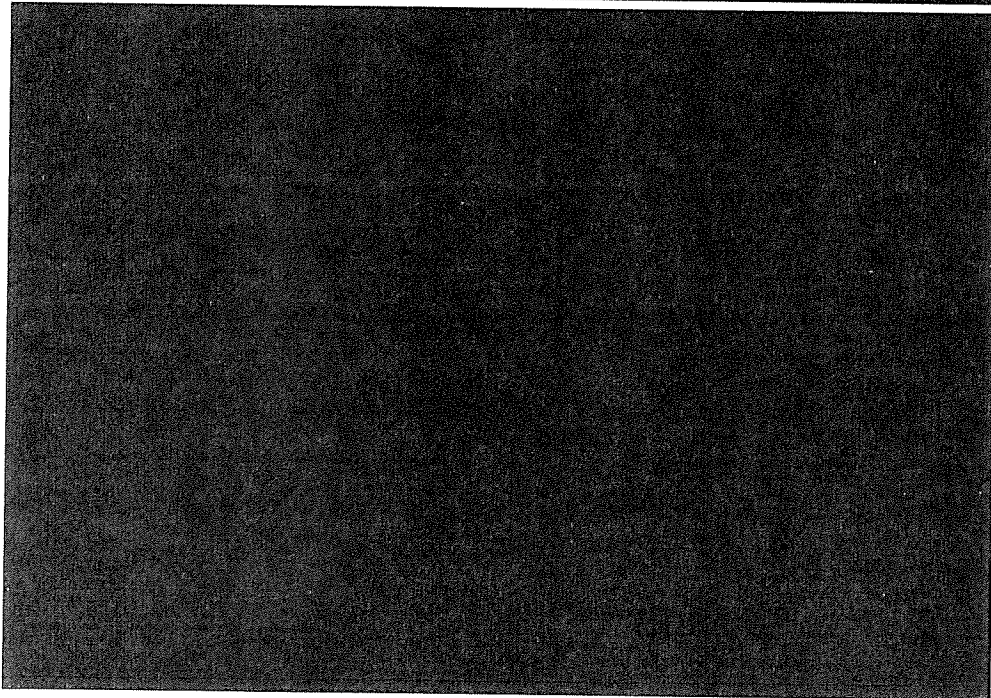
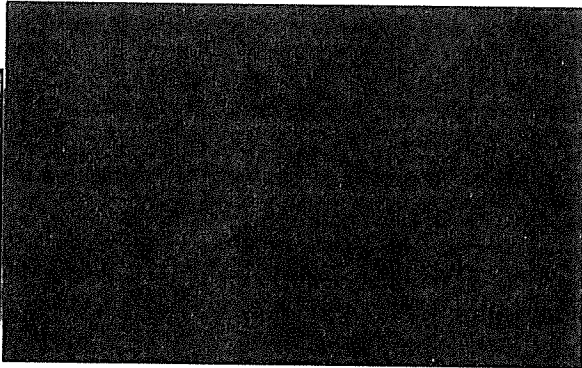
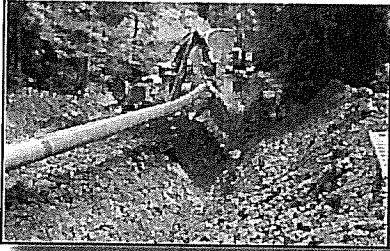


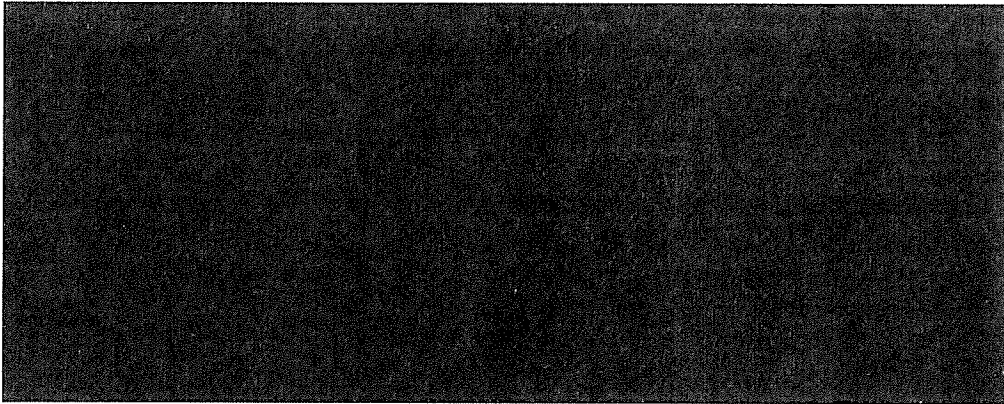
**INDUSTRY EXPERIENCE AND
PROJECTS IN EXECUTION:**

The [REDACTED] team has extensive experience in all aspects of the growth project business, from concept to in-service. We have proven commercial, technical and project management expertise to successfully design, install, operate, and manage the proposed facilities [REDACTED]
[REDACTED]

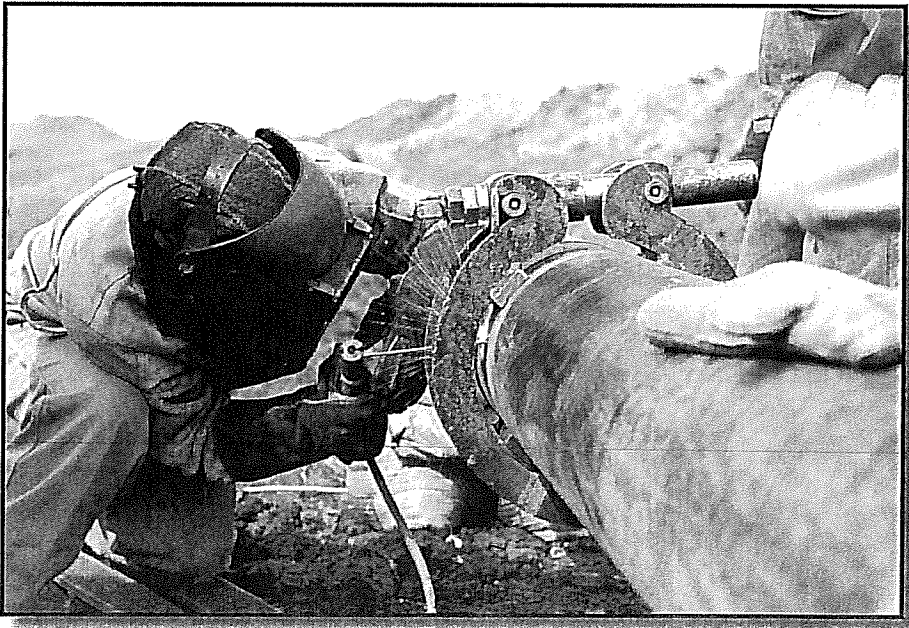


OPERATIONAL EXCELLENCE:

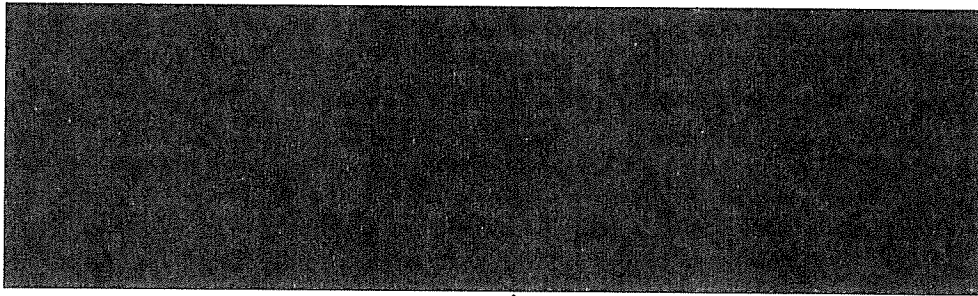




 can be a long-term partner.



REFERENCES



If AEPSC would like to speak with representatives of any of these companies, [REDACTED] will coordinate a contact with the appropriate person(s).



SAFETY PERFORMANCE RECORD



TOTAL RECORDABLE INCIDENT RATE		DAYS AWAY RESTRICTED OR TRANSFER	
Year		Year	
2013		2013	
2012		2012	
2011		2011	

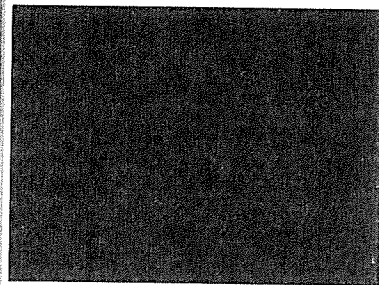
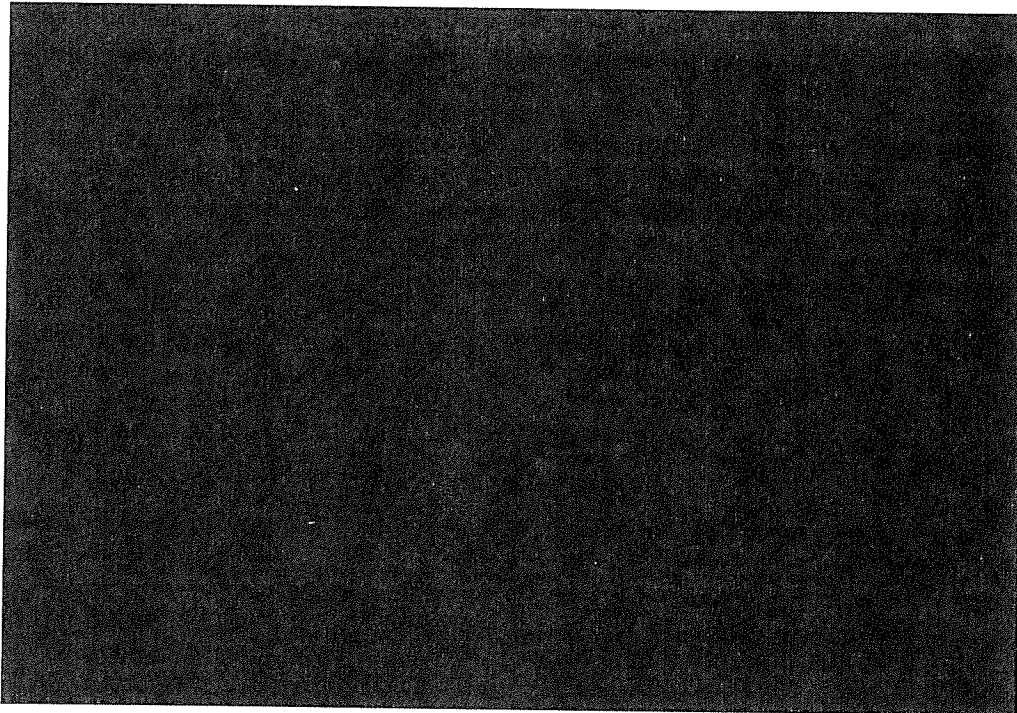
[Redacted] Company
employees continuously follow strict company standards that meet or exceed [Redacted]
[Redacted]

Employees take numerous steps to design, construct, operate and monitor systems to ensure that each is operating safely and at optimal conditions including:



Employees currently participate in [Redacted]
[Redacted]





PROJECT DESIGN OVERVIEW

SUMMARY:

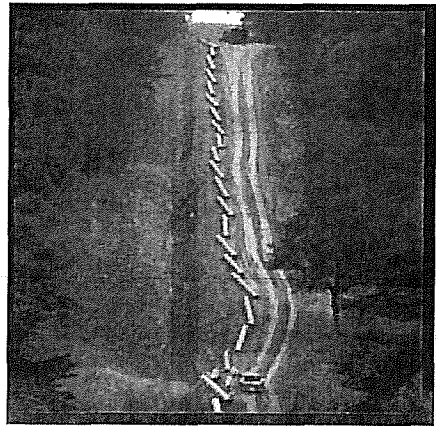
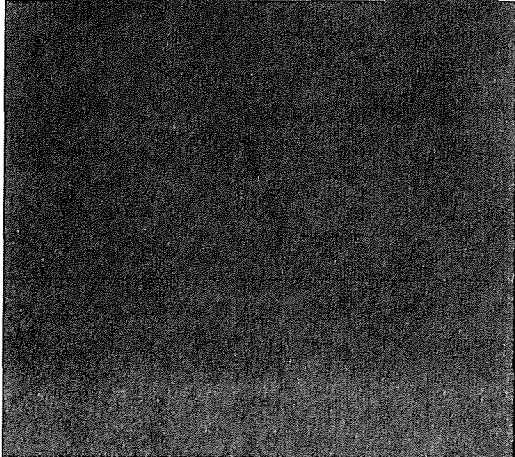
AEP has requested bidder's response to its Scope of Work, under the following design scenario:

- Delivery Point Requirement [REDACTED] Dth/day
- Delivery Point Requirement: [REDACTED] Dth/day
- Hourly Delivery Point Requirement [REDACTED] Dth/hour
- [REDACTED] psig
- Delivery Point Location: Plant, located along the Big Sandy River; near Louisa, in Lawrence County, Kentucky

AEPSC has requested an approximate April 1, 2016 in-service date which is sufficient to provide intermittent startup and fuel for testing prior to the Plant Commercial Operation Date estimated to be June 1, 2016.

[REDACTED]

Project scope would involve the construction of [REDACTED] miles [REDACTED] pipeline from [REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]
Cost estimates and schedules are based upon recent and current construction
experience primarily related to the [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

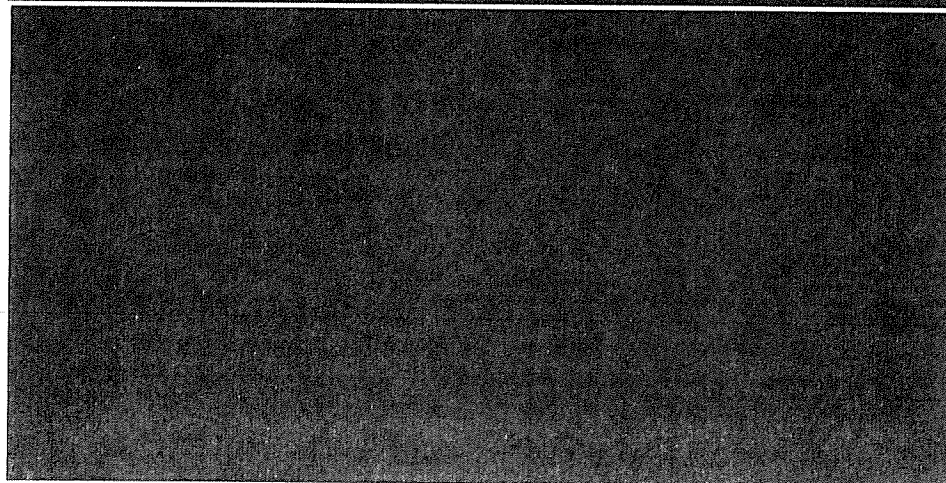
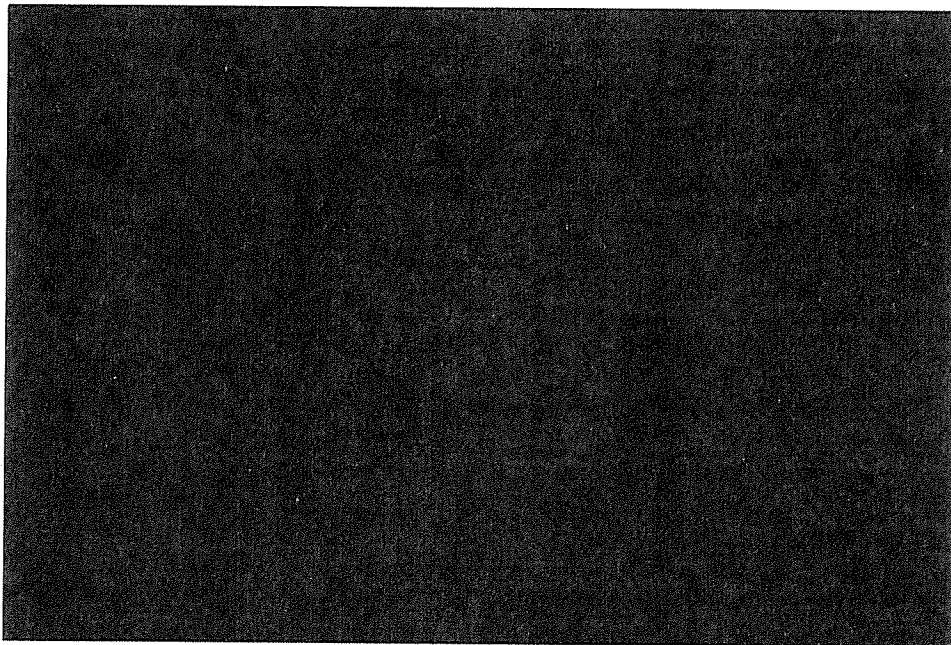
EXCEPTIONS

AEPSC has asked bidders to clearly identify areas within their RFP response that may deviate from AEPSC's project Scope of Work. Exceptions are as follows:

[REDACTED]

[REDACTED]

EXCEPTIONS (Continued)



PROJECT SCHEDULE REQUIREMENTS

PROPOSED SCHEDULE REQUIREMENTS:

1. Introduction:

1.1. The Project Schedule, as defined in the RFP, shall be a logic driven schedule utilizing the [REDACTED]. The end product would consist of a time scaled network that could be printed in a bar chart format [REDACTED].

1.2 [REDACTED] would be utilized on the Project. The following information would be furnished:

[REDACTED]

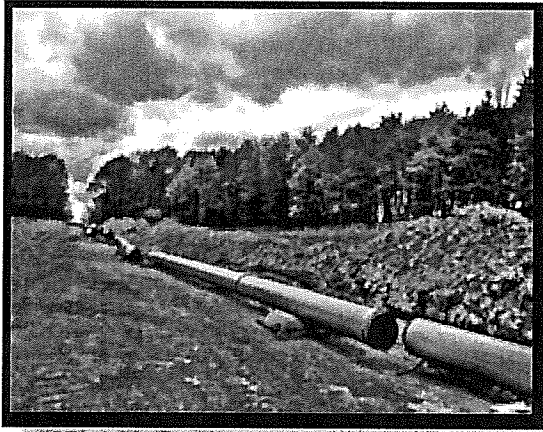
1.3 The [REDACTED] would be developed to [REDACTED]

[REDACTED]

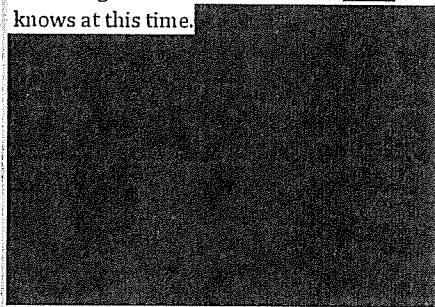
[REDACTED]

[REDACTED]

PRELIMINARY PROJECT SCHEDULE (APPENDIX B):

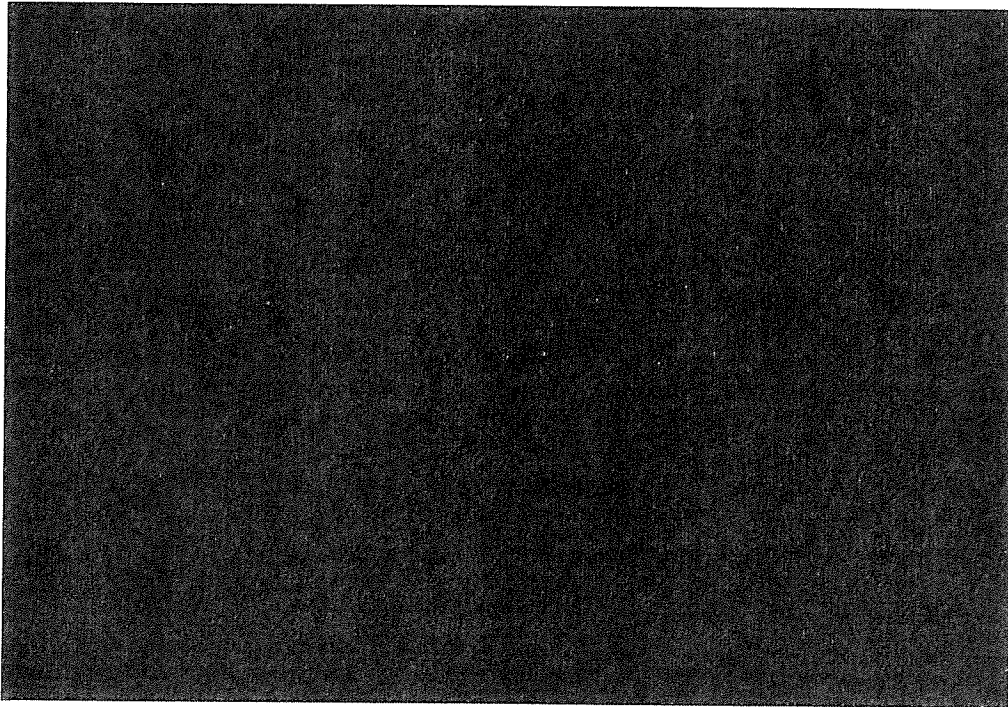


The preliminary Project schedule provided to AEP reflects the Project timeline given the information that [REDACTED] knows at this time.



RATE STRUCTURE

The table content is redacted with black bars.



APPENDIX A

**BIG SANDY
PIPELINE ROUTE MAP**

APPENDIX A



APPENDIX B

**BIG SANDY
BID SCHEDULE ROLL UP**

APPENDIX B



APPENDIX B



APPENDIX C

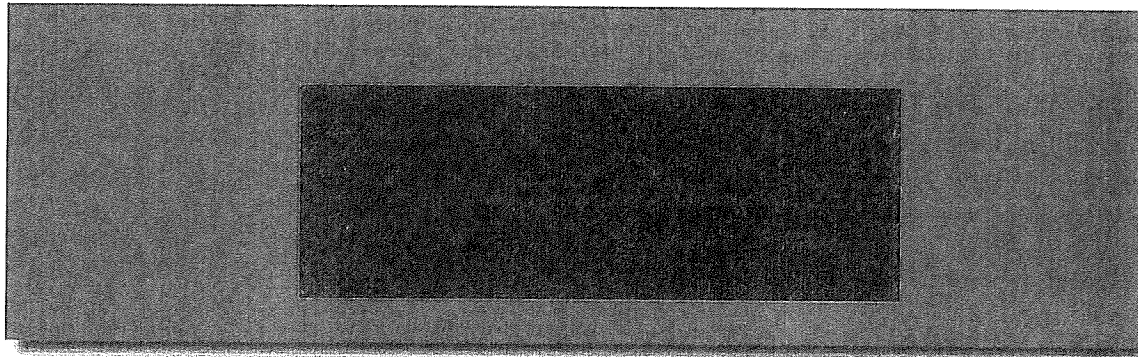
**BIG SANDY QUARTERLY
PRE-SERVICE COST ESTIMATES**

APPENDIX C

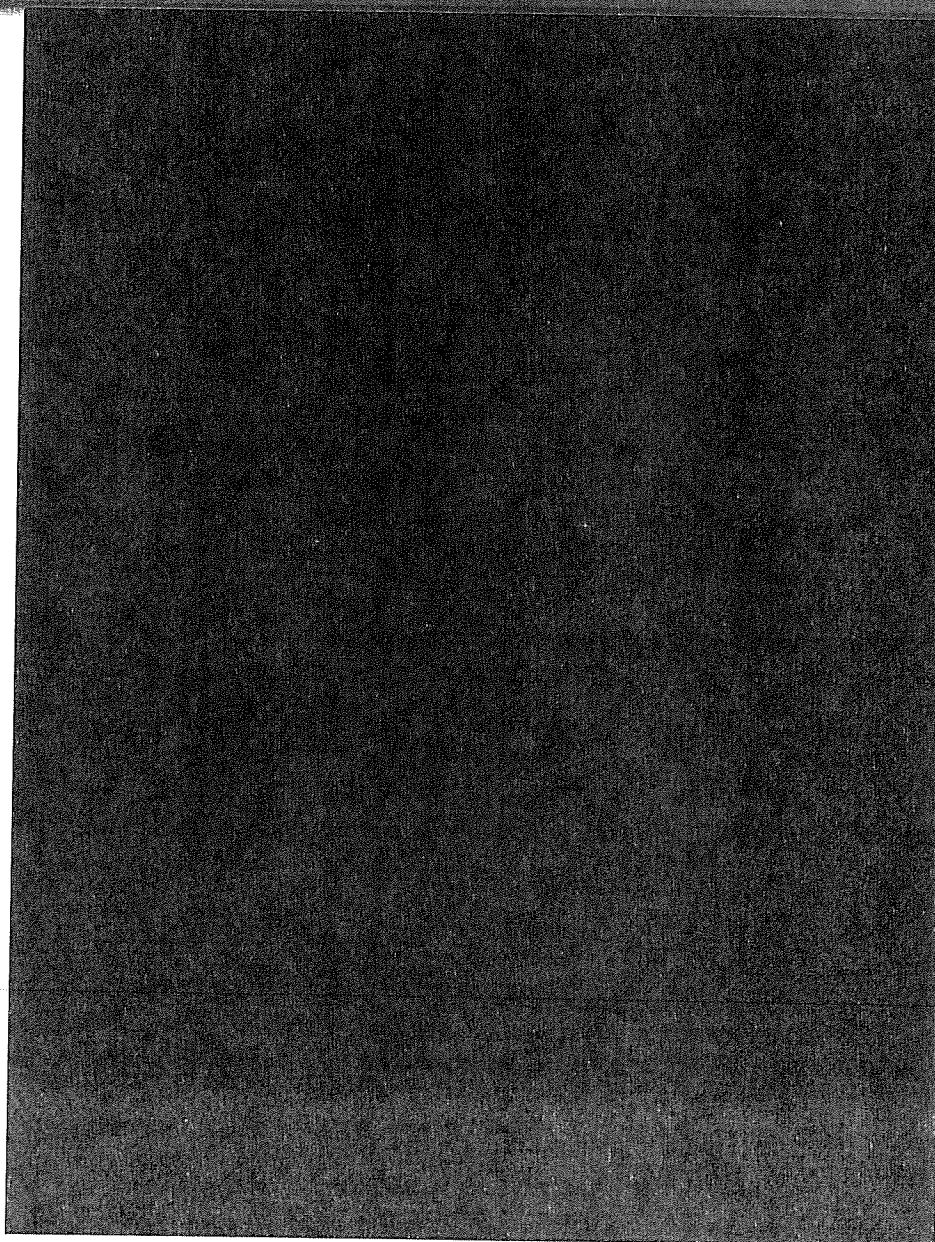
AEP Big Sandy Cash Flow		
Cost Item		Total
Material		100%
Internal Labor		100%
Engineering		100%
Construction		100%
Other Contract Services		100%
Land		100%
Subtotal		100%
Contingency		100%

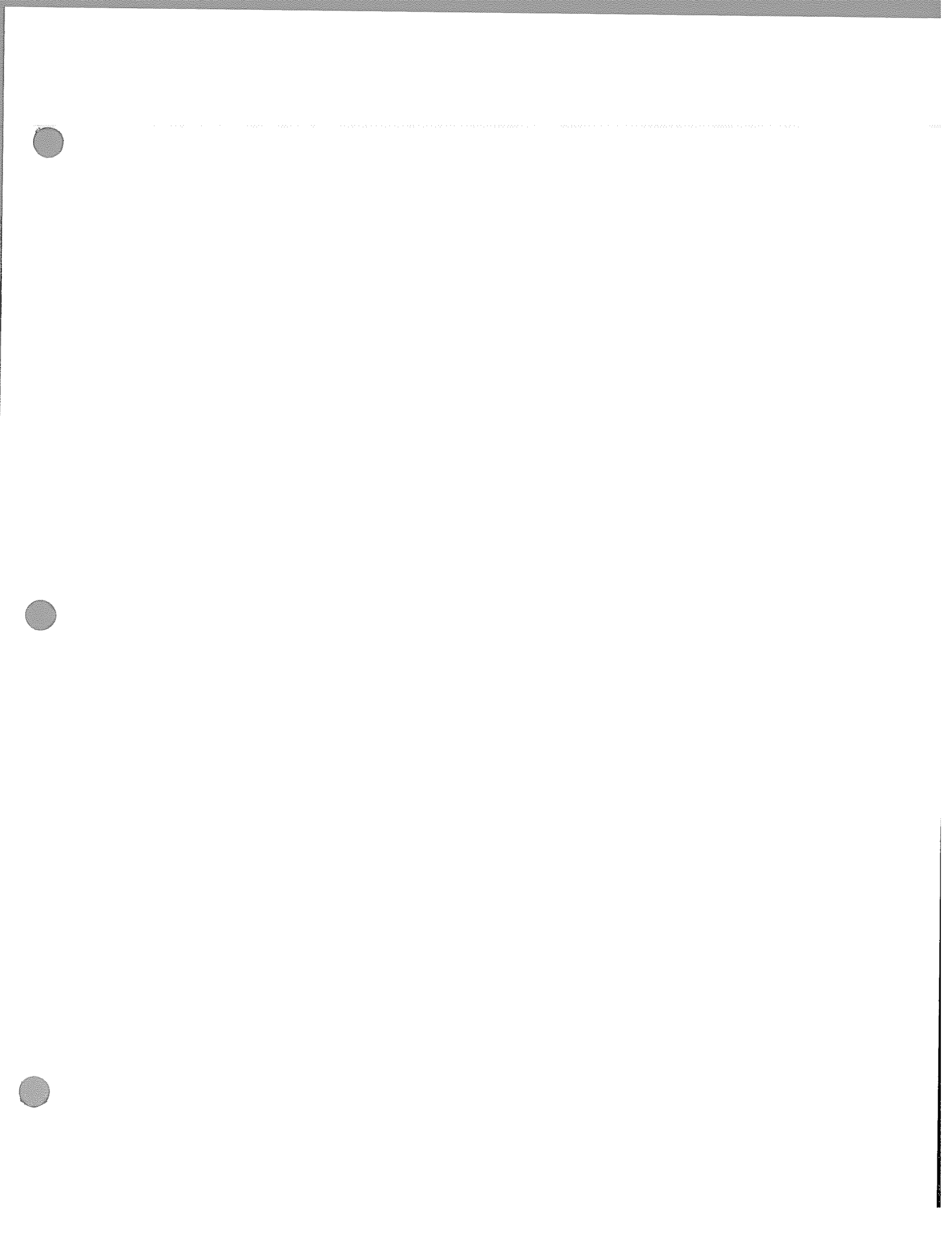
Project costs are estimated to

APPENDIX D



APPENDIX D





Kentucky Power Company

REQUEST

Provide a copy of the NPV analysis and supporting workpapers used to evaluate the nine pipeline transmission proposals for the construction, operation, and maintenance of a natural gas pipeline lateral to provide natural gas to Big Sandy Unit 1 after the proposed conversion is complete.

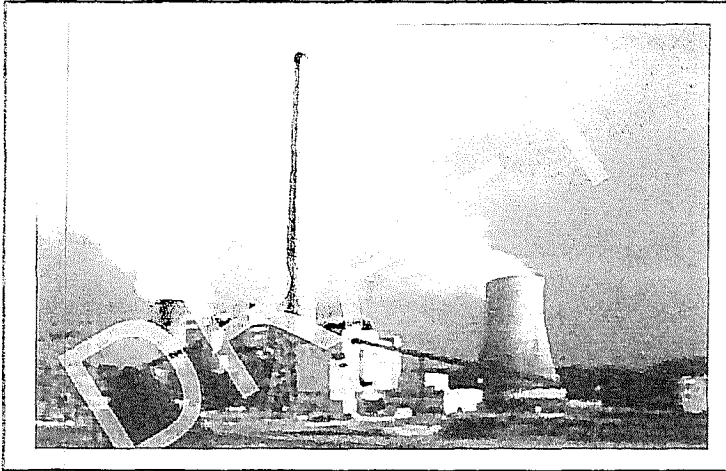
RESPONSE

In response to the Company's RFP, nine proposals were submitted by seven different bidders. One bidder incorporated three separate alternatives within one proposal, which gave the Company a total of nine different options to evaluate. Of the three separate alternatives submitted to the Company within one proposal, two were non-conforming. In addition, one other bidder submitted a non-conforming proposal, for a total of three non-conforming proposals.

Please refer to KPSC 3-4 Attachments 1 through 8 for the analysis and workpapers used to evaluate the conforming pipeline transmission proposals. Confidential treatment is being sought for portions of Attachments 1, 2A, 2B and 4 through 8. Confidential treatment is being sought for Attachments 3A through 3D in entirety.

WITNESS: Ranie K Wohnhas

Big Sandy 1 Refuel – Pipeline RFP



SUBJECT TO MANAGEMENT REVIEW & APPROVAL

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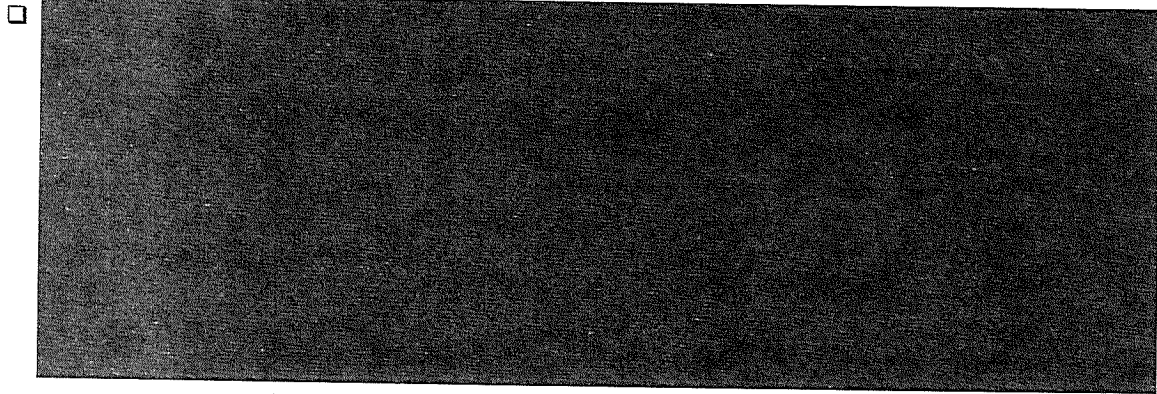
1

Big Sandy 1 Refuel – Pipeline RFP

Project description

- Big Sandy Unit 1 will be a 268 MW natural gas refuel
- Lateral must be designed to deliver 72,000 mmbtu/day of natural gas to Big Sandy Unit 1
- Lateral must be in service on or before April 1, 2016 to meet the anticipated commercial operation date of June 1, 2016
- All costs and fees must be borne by the bidder and recovered over a 15 year term
- CPCN approval is currently expected to be received by July 2014.
- MATS extension to be filed after CPCN approval is received

**9 proposals received from 7 bidders.
Of the bids received, 3 were non-conforming and 4 were short-listed.**



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Scenario 1: Summary of Short List Proposals (Interruptible Transportation, 9% annual capacity factor)

Contracting Party	
Contract Term	
Interconnect Pipeline	
Rec. Pt.	
Approx. Length of Pipeline Lateral (PL)	
PL Diameter	
PL Pressure	
Est. Completion Date	
Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost @ approximately 9% Annual CF (\$MM)	
Forecasted Basis Differential @ approximately 9% Annual CF (\$MM)	
Total Estimated Cost to KYPCo (incl of estimated basis differential) (\$MM)	
Estimated NPV:(\$MM)	

Grey boxes indicate variable charges based on gas flows to BS1

Scenario 1: Summary of Short List Proposals (Firm Transportation, 9% annual capacity factor)

Contracting Party	[REDACTED]
Contract Term	
Interconnect Pipeline	
Rec. Pt.	
Approx. Length of Pipeline Lateral (PL)	
PL Diameter	
PL Pressure	
Est. Completion Date	
Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost @ approximately 9% Annual CF (\$MM)	
Forecasted Basis Differential @ approximately 9% Annual CF (\$MM)	
Total Estimated Cost to KYPCo (incl. of estimated basis differential) (\$MM)	
Estimated NPV (\$MM)	

Grey boxes indicate variable charges based on gas flows to BS1

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Scenario 2: Summary of Short List Proposals (Firm Transportation, 15% annual capacity factor)

Contracting Party	[REDACTED]
Contract Term	
Interconnect Pipeline	
Rec. Pt.	
Approx. Length of Pipeline Lateral (PL)	
PL Diameter	
PL Pressure	
Est. Completion Date	
Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost @ approx. 15% Annual CF (\$MM)	
Forecasted Basis Differential @ approx. 15% Annual CF (\$MM)	
Total Estimated Cost to KYPCo (Incl. of estimated basis differential) (\$MM)	
Estimated NPV (\$MM)	

Grey boxes indicate variable charges based on gas flows to BS1

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Scenario 2: Summary of Short List Proposals (Interruptible Transportation, 15% annual capacity factor)

Contracting Party	
Contract Term	
Interconnect Pipeline	
Rec. Pt.	
Approx. Length of Pipeline Lateral (PL)	
PL Diameter	
PL Pressure	
Est. Completion Date	
Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost @ approx. 15% Annual CF (\$MM)	
Forecasted Basis Differential @ approx. 15% Annual CF (\$MM)	
Total Estimated Cost to KYPCo (inc of estimated basis differential) (\$MM)	
Estimated NPV (\$MM)	

Grey boxes indicate variable charges based on gas flows to BS1

Risk Matrix

Base Case: Risk Matrix

Category	% Weight	Risk Factor	Company/Interconnecting Pipeline
[REDACTED]	[REDACTED]	Total Cost of Lateral	[REDACTED]
		Non-Price Risk Factors	
Upstream Pipeline	[REDACTED]	Total Cost of Mainline Transport	
		Non-Price Risk Factors	
Supply	[REDACTED]	Total Cost of Basis Differential	
		Non-Price Risk Factors	
GRAND TOTAL*			

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Scenario 1 Analysis: 9% annual capacity factor

Base Case Scenario NPV (\$MM)	
Alt. #1 NPV (\$MM)	
Alt. #2 NPV (\$MM)	
Alt. #3 NPV (\$MM)	
Alt. #4 NPV (\$MM)	

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Scenario 2 Analysis: 15% annual capacity factor

Scenario	NPV (\$MM)
Base Case Scenario	
Alt. #1 NPV	
Alt. #2 NPV	
Alt. #3 NPV	
Alt. #4 NPV	

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Recommendation & Next Steps

RECOMMENDATION

Columbia Gas Transmission, LLC

NEXT STEPS

May 9
Recommend a company with which to pursue negotiations.

May 9
Notify selected bidder and notify remaining bidders that a decision has been made.

Mid-May
Meet with selected bidder to discuss terms and conditions of a Precedent Agreement and execute a Letter of Intent.



Appendix

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Lateral Proposals: Non-Price Benefits/Risks

Company	
Development Risk (Distance, ROWs, Experience, Environmental, Regulatory, Schedule)	
Pre-CPCN Cost Exposure Through Q3 '14	
Credit Ranking (see Appendix)	
Over-Run Exposure	

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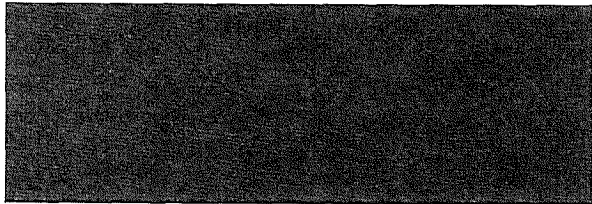
Upstream Pipeline & Supply

Transportation Benefits/Risks	
Supply Options	

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Capacity Value Analysis



Fuel Oil Alternative to Firm Transportation

- Future installation of fuel oil at Big Sandy 1 is possible; however, it could become subject to MATS rules for oil-fired generation.
 - Potentially limiting operations
 - Requiring additional monitoring, testing and reporting



Firm v. Interruptible Transport

Firm versus Interruptible Transportation

- Firm Transport fees are calculated based on a Maximum Daily Quantity while Interruptible costs are incurred only on the volume transported to the plant.
- Firm Transportation has a lower risk of transportation curtailment during high demand periods
- Firm Transportation has a lower risk of transportation curtailment when scheduling gas after the timely nomination cycle deadline has expired
- Firm Transportation allows AEP to have more certainty when dispatching a unit into PJM, especially during high demand periods
- Many suppliers prefer to sell firm supply as opposed to interruptible supply

Fuel Oil Alternative to Firm Transportation

- Future installation of fuel oil at Big Sandy 1 is possible; however, it could become subject to MATS rules for oil-fired generation, potentially limiting operations
- [REDACTED]
 - Additional infrastructure would need to be installed at the Plant
 - Adequate fuel oil inventory would need to be maintained at the Plant to minimize the impact of potential natural gas transportation disruptions



Credit Risk Assessment of Short List Proposals

Rank	
1	
2	
3	
4	

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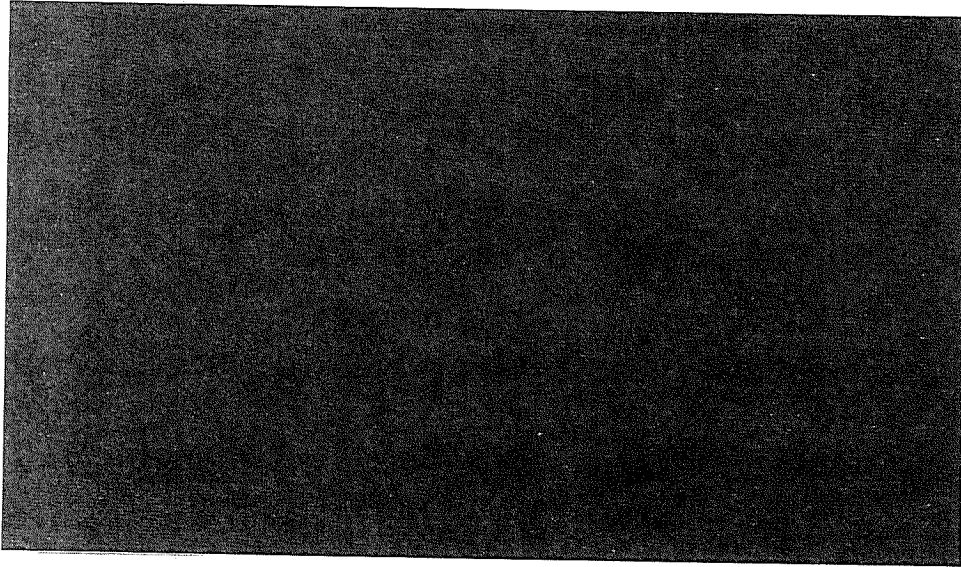
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End of Term Options



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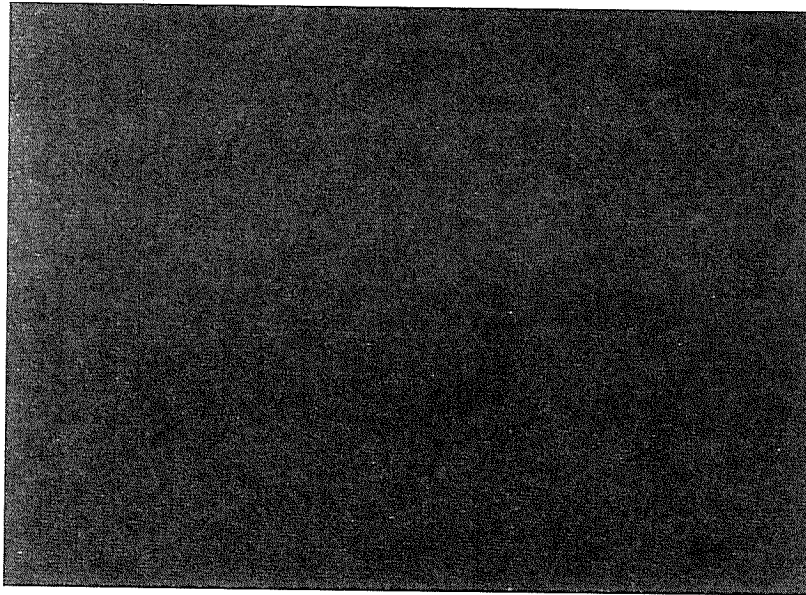
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Basis Differential Analysis



**Basis differentials provided by AEP Fundamentals*
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Demand Rates based on 72,000/mcf per day

Contracting Party	
Contract Term	
Interconnect Pipeline	
Rec. Pt.	
Approx. Length of Pipeline Lateral (PL)	
PL Diameter	
PL Pressure	
Est. Completion Date	
Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost (\$MM)	
Forecasted Basis Differential (\$MM)	
Total Estimated Cost to KYPCo (incl. of estimated basis differential) (\$MM)	
Estimated NPV (\$MM)	

Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost (\$MM)	
Forecasted Basis Differential (\$MM)	
Total Estimated Cost to KYPCo (incl. of estimated basis differential) (\$MM)	
Estimated NPV (\$MM)	

Demand Rates based on 72,000/mcf per day



Contracting Party
Contract Term
Interconnect Pipeline
Rec. Pl.
Approx. Length of Pipeline Lateral (PL)
PL Diameter
PL Pressure
Est. Completion Date

Estimated Modernization Charge (\$MM)	
Estimated Demand Surcharge Cost (\$MM)	
Est. Mainline Variable Cost (\$MM)	
Forecasted Basis Differential (\$MM)	
Total Estimated Cost to KYPCo (incl. of estimated basis differential) (\$MM)	
Estimated NBV (\$MM)	

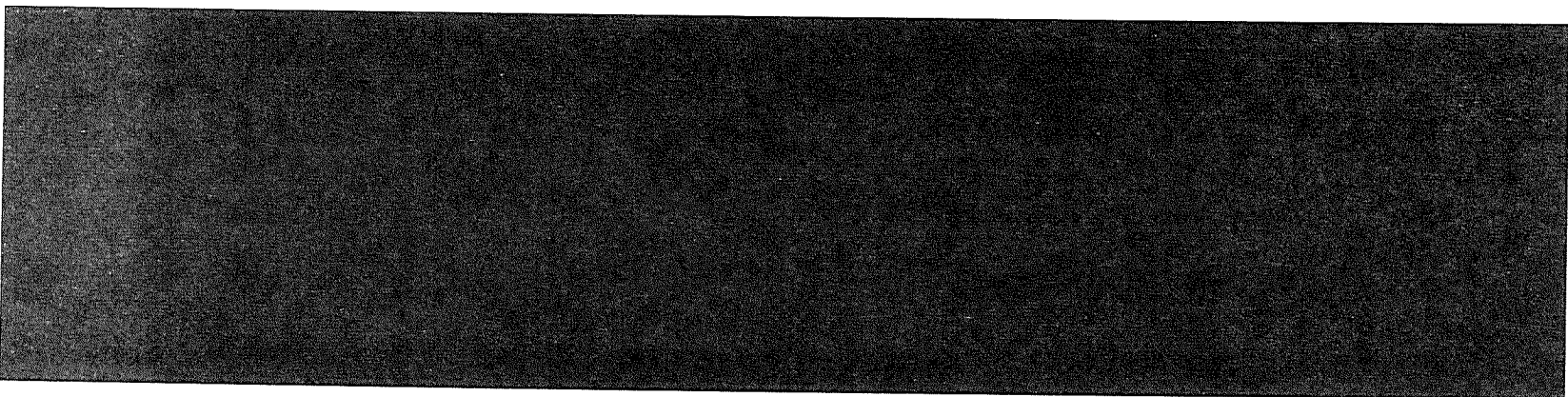
Estimated Modernization Charge (\$MM)
Estimated Demand Surcharge Cost (\$MM)
Est. Mainline Variable Cost (\$MM)
Forecasted Basis Differential (\$MM)
Total Estimated Cost to KYPCo (incl. of estimated basis differential) (\$MM)
Estimated NBV (\$MM)

Attachments 3a – 3d

Are Redacted in Entirety

Evaulation Assumptions:

72,000 dth/day at 100% Capacity Factor



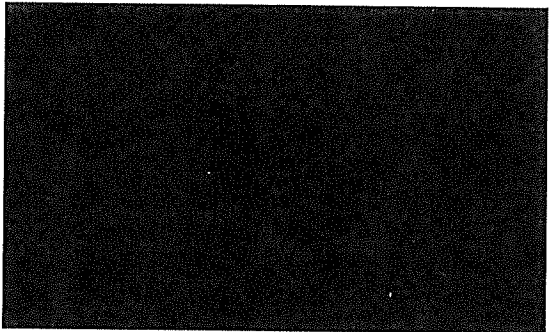
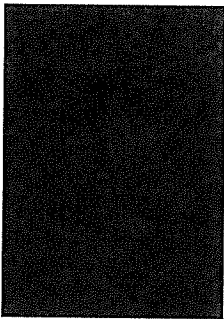
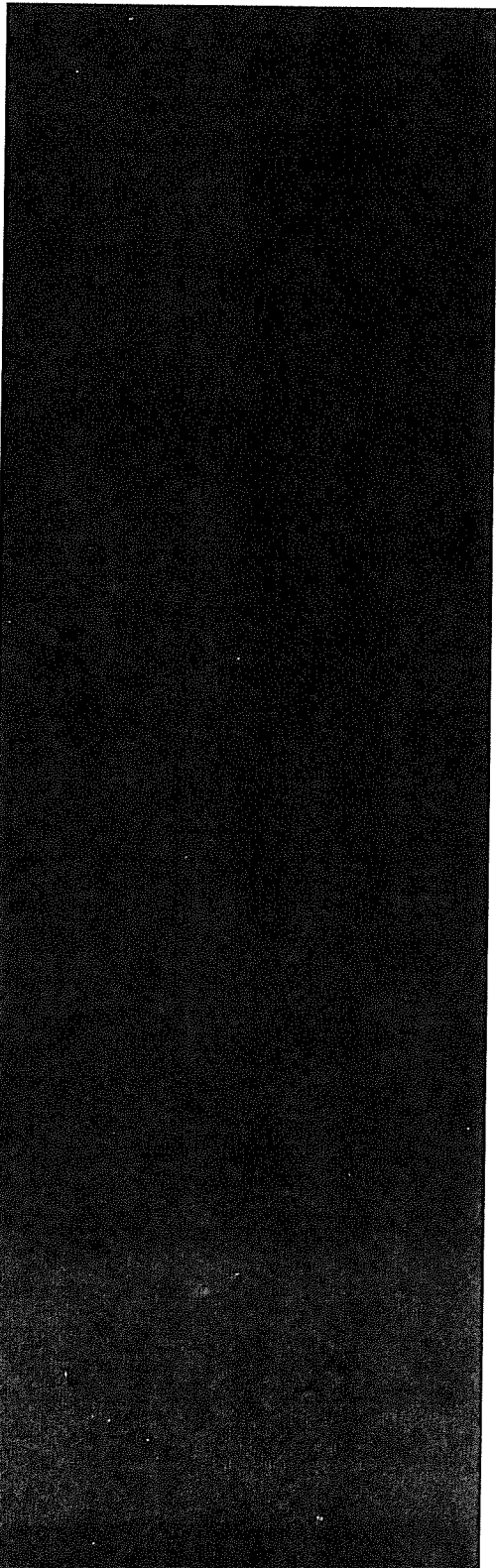
INPUTS

Contract Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Demand Fee																
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Demand Fee																
Commodity Charge																

**Description: CPI: Urban Consumer - All Items, (Index 1982-84=100, SA)
 Source: U.S. Bureau of Labor Statistics (BLS); Moody's Analytics (ECCA) Forecast

r 16 - May 17

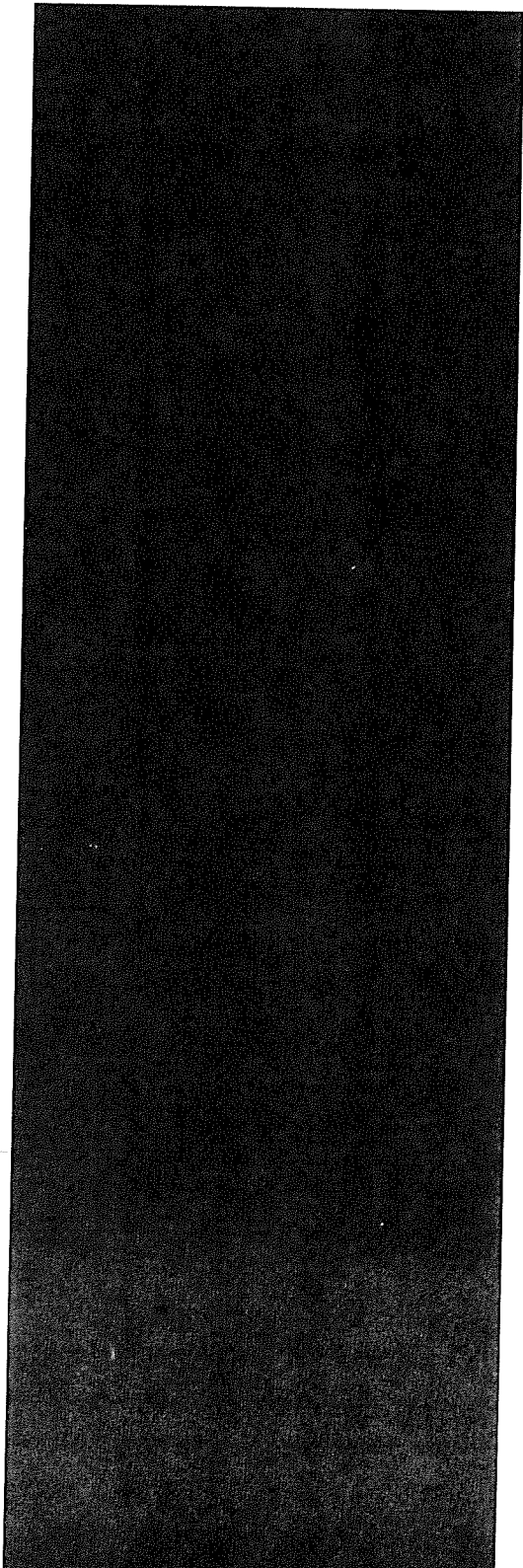
CME DATA as of May 2, 2014 Settlement



6 - May 17

CME DATA as of May 2, 2014 Settlement

Avg Annual



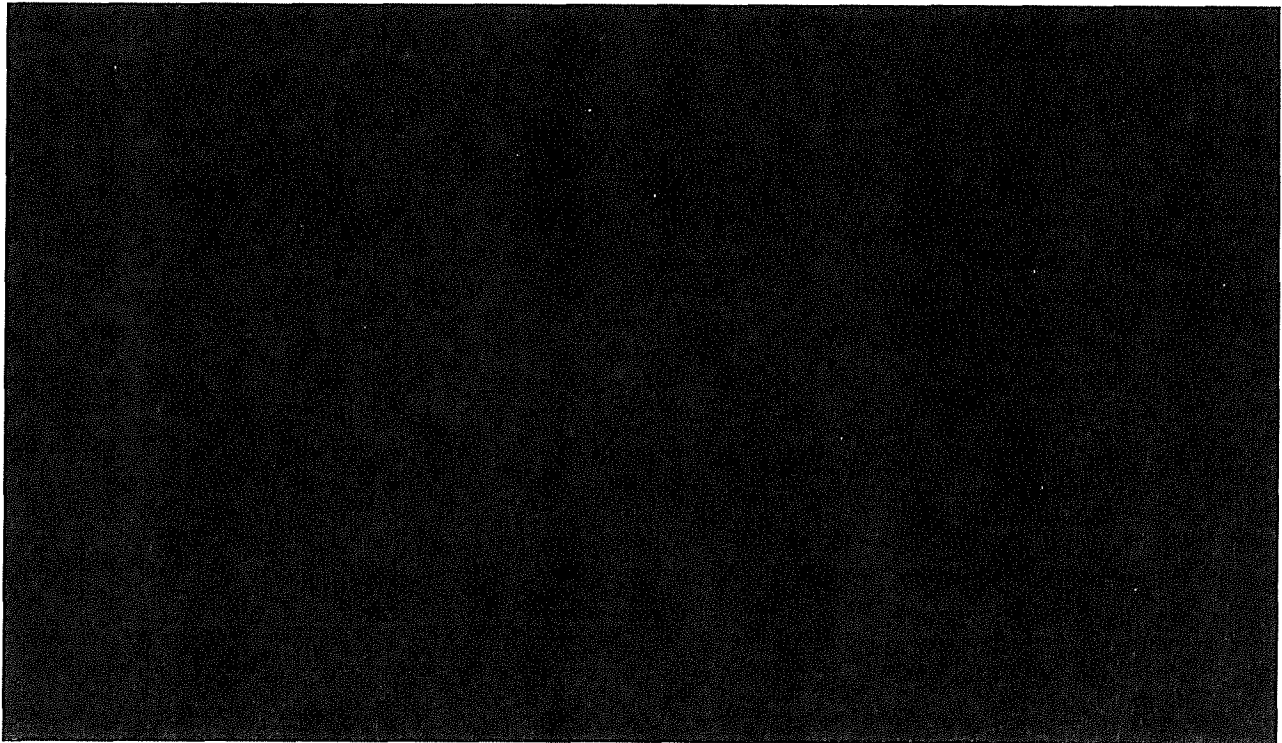
BASIS DIFFERENTIAL - AEP Fundamentals Data with Exception of CME Actuals Apr 16 - May 17

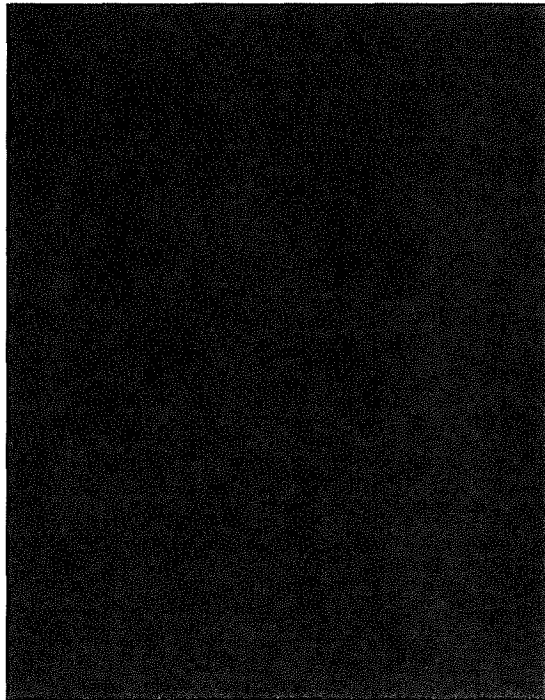
CME DATA as of May 2, 2014 Settlement

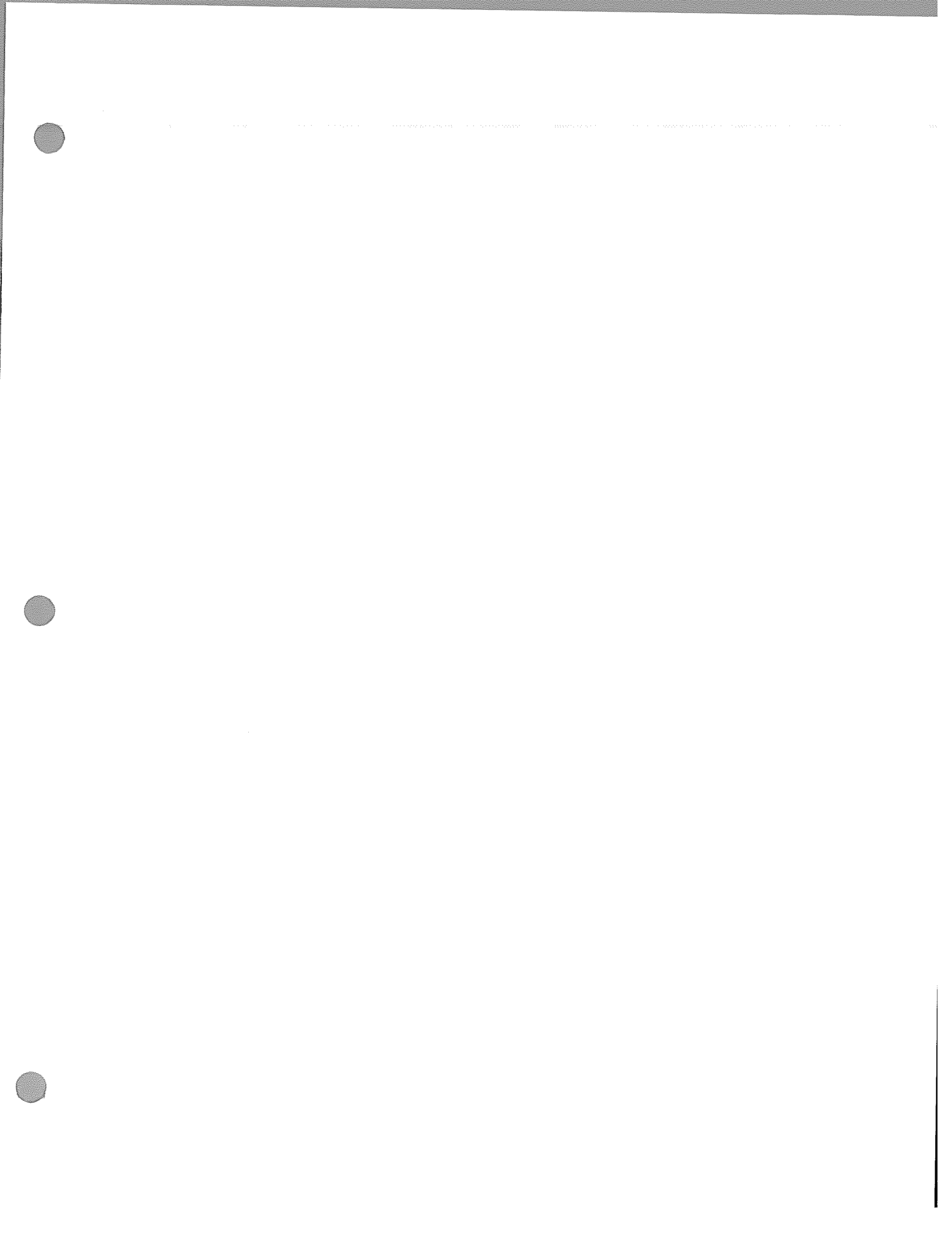
Avg Annual

[REDACTED]

[REDACTED]







Kentucky Power Company

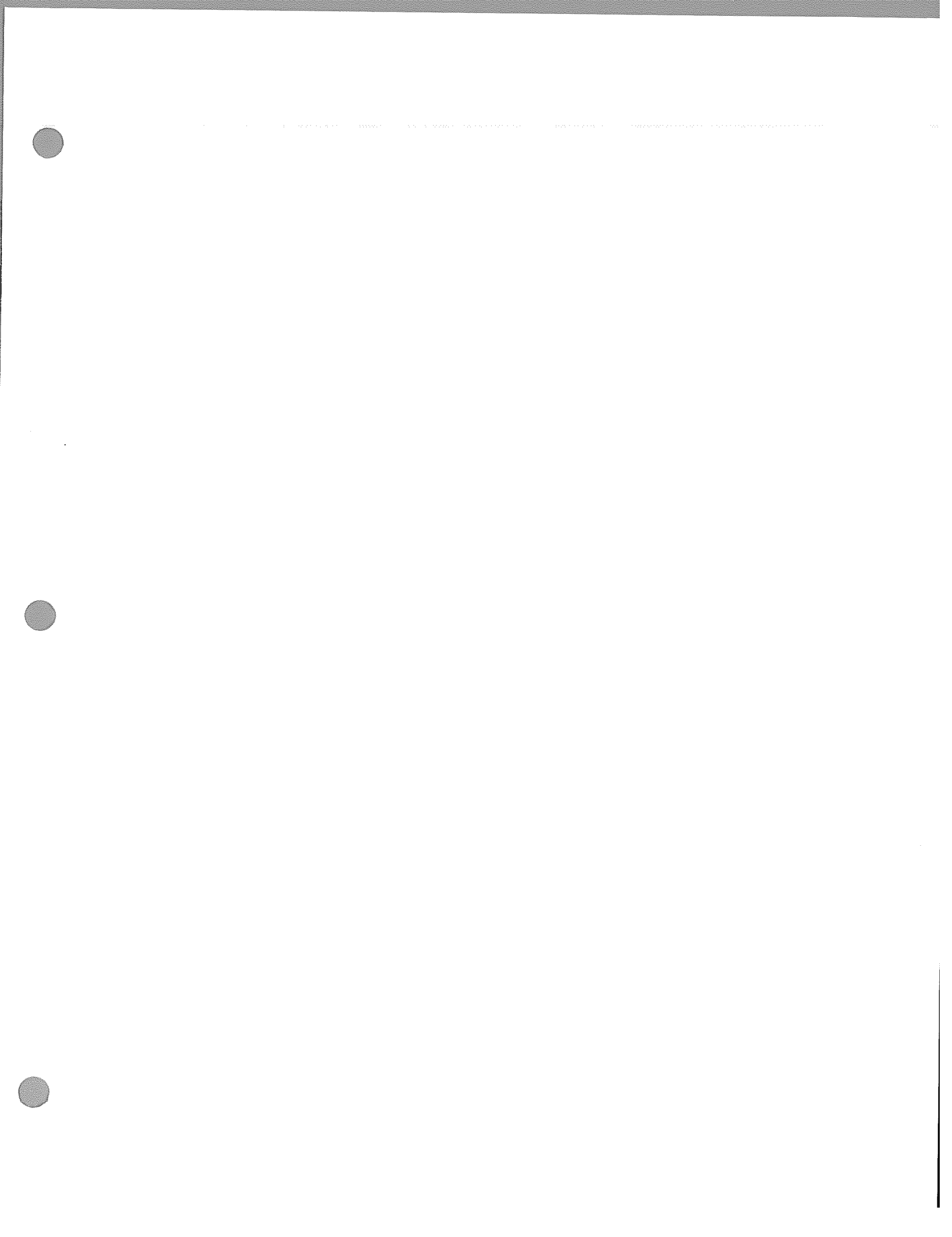
REQUEST

Upon conversion to natural gas will Big Sandy Unit 1 be subject to the greenhouse gas performance standards included in EPA's September 2013 proposed Carbon Pollution Standards for New Power plants issued under Section 111(b) of the Clean Air Act?

RESPONSE

EPA's January 8, 2014 proposed Standards of Performance for Greenhouse Gas Emissions From New Stationary Sources: Electric Utility Generating Units under Section 111(b) of the Clean Air Act apply only to newly constructed power plants. As such, the proposed 111(b) requirements contained in EPA's January 8 proposal will not apply to the gas-converted Big Sandy Unit 1. On June 2, 2014, in addition to the proposed Clean Power Plan under Section 111(d) of the Clean Air Act for existing power plants, EPA issued proposed greenhouse pollution standards for modified and reconstructed power plants. Under this proposed rule, power plants that are modified or reconstructed such that (1) the maximum achievable hourly rate of greenhouse gas emission is increased or (2) the capital costs of the new components installed during the modification exceed 50% of the capital costs of an entirely new comparable facility, will be subject to greenhouse gas emission standards under Section 111(b) of the Clean Air Act. Neither of the conditions for coverage under the modified or reconstructed power plant standards are met with the Big Sandy Unit 1 conversion, and, accordingly it will not be subject to those performance standards. As an emitter of greenhouse gases (albeit at a lower rate that if it remained a coal-fired unit), the converted Big Sandy Unit 1 will be subject to regulation under the Clean Power Plan proposed under Section 111(d) of the Clean Air Act.

WITNESS: Ranie K Wohnhas



Kentucky Power Company

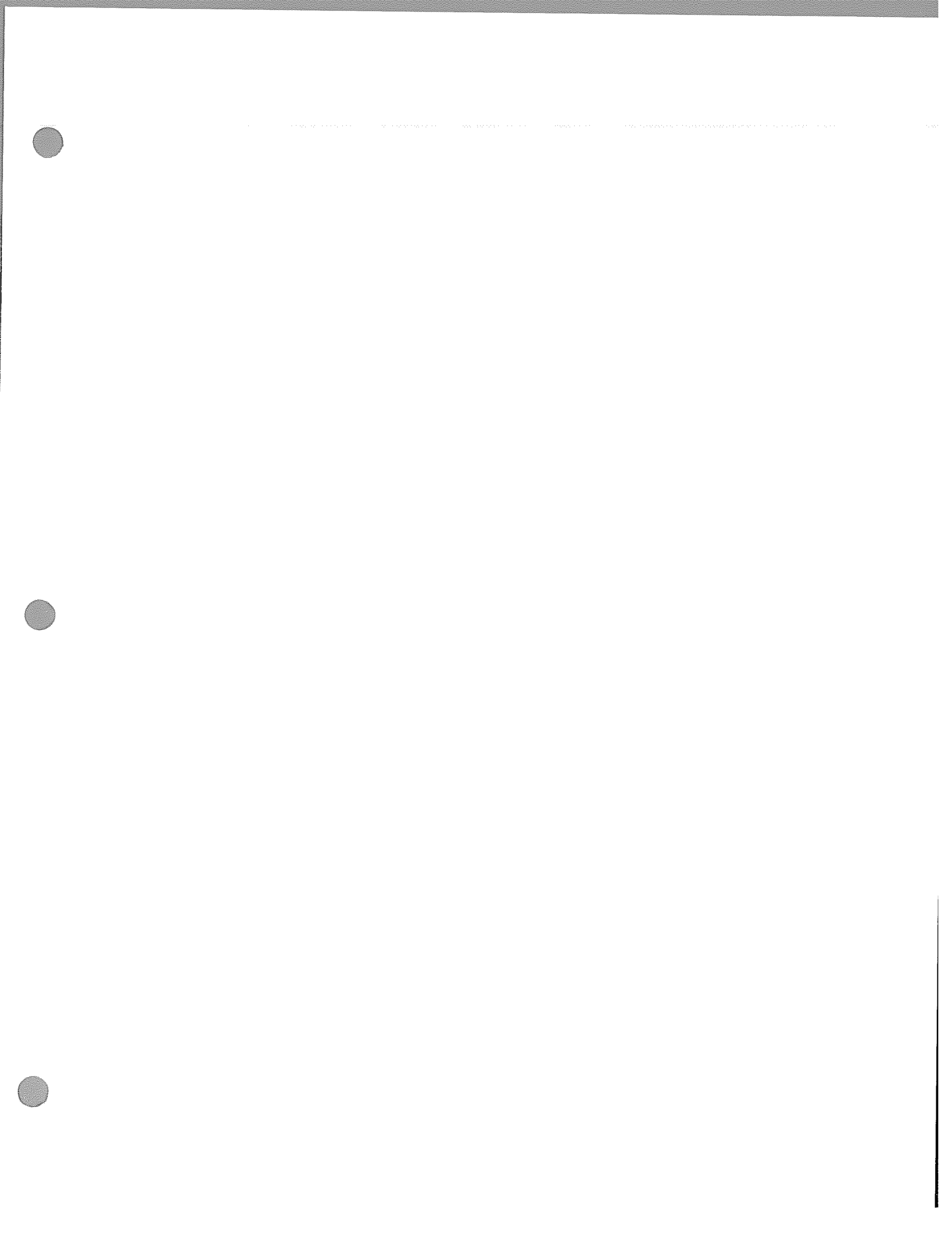
REQUEST

If the converted Big Sandy Unit 1 is subject to the Carbon Pollution Standards for New Power Plants issued under Section 111(b) of the Clean Air Act, please describe those standards and if and how they will affect its operation.

RESPONSE

Not applicable.

WITNESS: Ranie K Wohnhas



Kentucky Power Company

REQUEST

Provide an estimate of the number of construction jobs that will be created by the conversion of Big Sandy Unit 1 to burn natural gas.

RESPONSE

For the conversion of Big Sandy Unit 1, Kentucky Power will utilize an average of approximately 80 craft workers during the construction period, with an estimated peak workforce of approximately 175 craft workers during the Unit 1 tie-in outage. In addition, the construction for the pipeline lateral is expected to create approximately 100-120 temporary jobs with the majority of the work taking place in West Virginia.

WITNESS: Robert L Walton



Kentucky Power Company

REQUEST

Provide the estimated net book value of Big Sandy Unit 1 following its conversion.

RESPONSE

Please see attachment 1.

WITNESS: Ranie K Wohnhas

Big Sandy Unit 1	
Estimated 5/31/15 NBV	60,500,000
Estimated Conversion (1)	50,200,000
Estimated NBV after Conversion	110,700,000

(1) Includes Overheads but excludes AFUDC. Also excludes the pipeline lateral cost to be recovered through a demand charge.



Kentucky Power Company

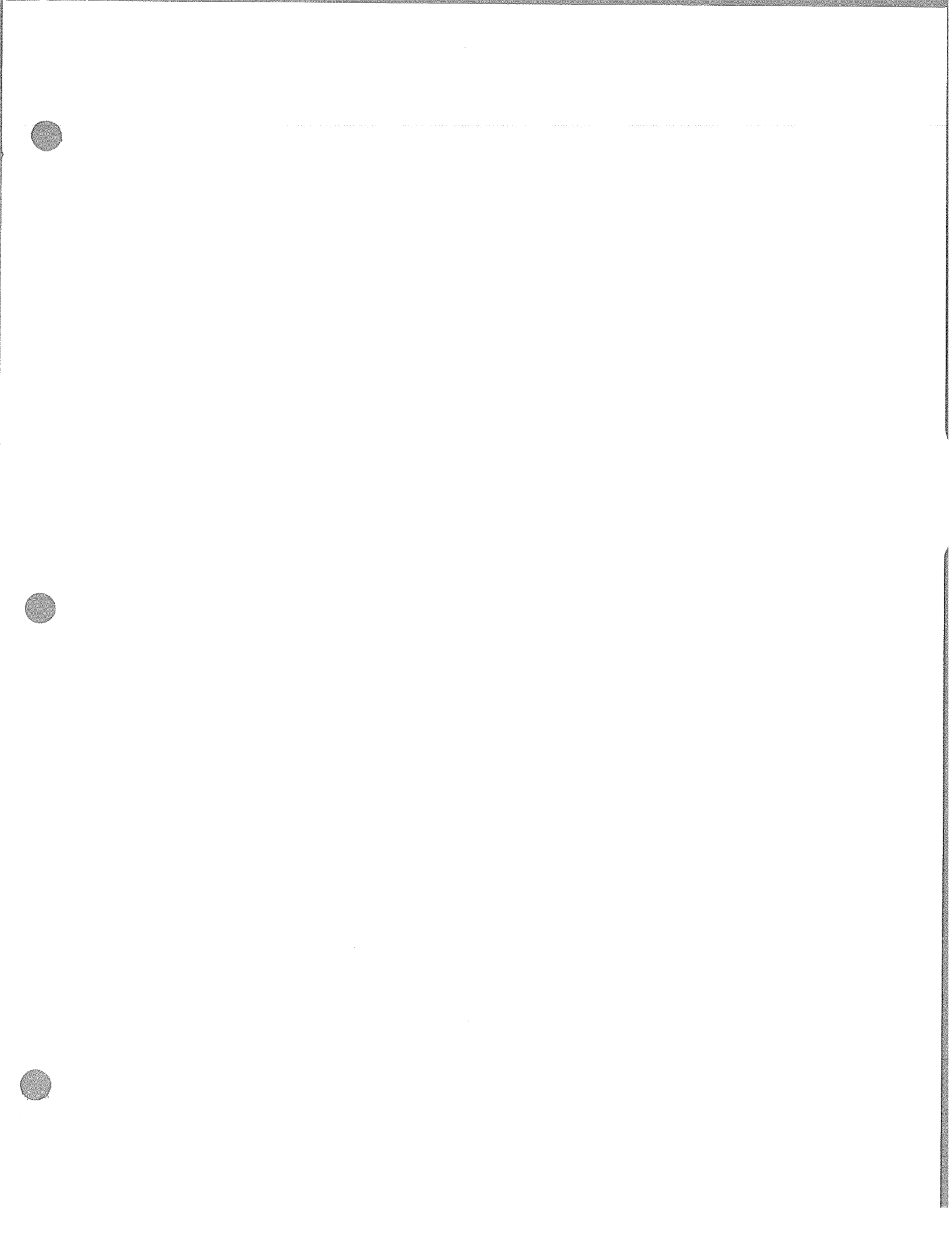
REQUEST

Is the converted Big Sandy Unit expected to provide ancillary services?

RESPONSE

Yes. It is anticipated that the unit will be available to provide certain transmission-related ancillary services, such as synchronized reserves, day-ahead reserves, and voltage support, to transmission providers.

WITNESS: Ranie K Wohnhas



Kentucky Power Company

REQUEST

May natural gas be purchased for physical delivery on the day of the purchase?

RESPONSE

Yes. Through the same day spot market, natural gas can be purchased for physical delivery on the day of purchase.

Natural gas may be required to be purchased in the same day spot market when PJM dispatches Kentucky Power's unit in either the Day Ahead or Real Time Power Markets. Because the Plant cannot store natural gas on-site, having the ability to purchase gas in the same day spot market is a necessity in order for Kentucky Power to be able to provide power to the grid upon PJM's request. Unlike an Interruptible Transportation Agreement, Kentucky Power's contemplated Firm Transportation Agreement provides assurances that when natural gas is purchased in the same day spot market, the transmission capacity to transport the fuel to the Plant will be available.

WITNESS: Ranie K Wohnhas