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May 19, 2014

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Commissioner

The Honorable Mark R. Overstreet
Stites & Harbison, PLLC
421 West Main Street
Post Office Box 634
Frankfort, Kentucky 40602-3477

Re: Administrative Case No. 387

Dear Mr. Overstreet:

Pursuant to the Commission's Order of March 29, 2004, in Administrative Case No. 387,¹ each jurisdictional electric generating utility is required to file annual resource information with the Commission. Kentucky Power Company ("Kentucky Power") submitted this information on April 30, 2014.

Staff has reviewed the information and has several additional questions relating to the information submitted by Kentucky Power. Those questions are noted below:

1. Refer to Item 4 of the April 30, 2014 filing.
 - a. Provide the derivation of the 15.6 percent target reserve margin used for planning purposes. Include all necessary narrative descriptions of the steps in the derivation and the source of all data used in the calculation. Refer to Item 7 of Duke Energy Kentucky's March 31, 2014 filing for an example of the preferred format. The link to Duke Energy Kentucky's March 31, 2014 filing is:

http://psc.ky.gov/PSCSCF/Post%20Case%20Referenced%20Correspondence/2000%20cases/20000387/20140331_Duke%20Energy%20Kentucky_Annual%20Load%20Demand%20Forecast%20Report.pdf
 - b. Provide the derivation of the 37.4 percent reserve margin shown in attachment 1. Include all narrative descriptions of the steps in the derivation and the source of all data used in the calculation – specifically the reference in the line 22 denominator which includes "Question 5 attached Exhibit 5-2, column (6)." If applicable, refer to Item 7 of Duke

¹ Admin 387 A Review of the Adequacy of Kentucky's Generation and Transmission System, (Ky. PSC Jul 5, 2005).

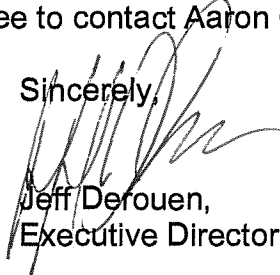
Energy Kentucky's March 31, 2014 filing for an example of the preferred format.

2. Refer to Item No. 5, Attachment 1, note (f). Provide the margin in MWs and percent of Demand relative to PJM requirements.
3. Refer to Item No. 5, Attachment 2, PJM/ICAP Position After Interruptible w/ New Capacity, Reserve % required by PJM. Explain the drivers that elevate Kentucky Power's PJM reserve margin to 37.4 percent for 2014 and for each successive year through 2018.

The responses to these two questions should be provided by Monday, June 2, 2014.

If you have any questions feel free to contact Aaron Greenwell at 502-782-2563.

Sincerely,



Jeff Derouen,
Executive Director