

Commonwealth of Kentucky

Before the Public Service Commission

In the Matter of:

APPLICATION OF KENTUCKY POWER	)	
COMPANY FOR (1) A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY	)	
AUTHORIZING THE TRANSFER TO THE	)	
COMPANY OF AN UNDIVIDED FIFTY	)	
PERCENT INTEREST IN THE MITCHELL	)	
GENERATING STATION AND ASSOCIATED	)	CASE NO.
ASSETS; (2) APPROVAL OF THE	)	2012-00578
ASSUMPTION BY KENTUCKY POWER	)	
COMPANY OF CERTAIN LIABILITIES IN	)	
CONNECTION WITH THE TRANSFER OF THE	)	
MITCHELL GENERATING STATION; (3)	)	
DECLARATORY RULINGS; (4) DEFERRAL OF	)	
COSTS INCURRED IN CONNECTION WITH	)	
THE COMPANY'S EFFORTS TO MEET	)	
FEDERAL CLEAN AIR ACT AND RELATED	)	
REQUIREMENTS; AND (5) ALL OTHER	)	
REQUIRED APPROVALS AND RELIEF	)	

ATTORNEY GENERAL'S SUPPLEMENTAL REQUESTS FOR INFORMATION  
TO KENTUCKY POWER COMPANY

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits his Supplemental Requests for Information to Kentucky Power Company.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Kentucky Power with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys,

studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

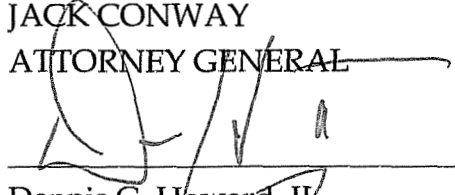
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

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Ranie Wohnhas  
Managing Director  
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Frankfort, KY 40602

this <sup>7<sup>th</sup></sup> day of March, 2013.



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Assistant Attorney General

1. Reference the applicants' response to AG 1-4. Why will the applicant not agree to have shareholders absorb any transaction costs since it is a transfer case, as noted in the company's response to AG 1-5?
2. Reference the applicant's response to AG 1-6 and 1-7. Please explain in detail the applicant's statement that existing "environmental permits and licenses for the Mitchell Plant...would need to be updated to indicate a transfer in ownership from Ohio Power."
  - a. See also the statement that "this process involves submitting a request for an administrative updated or a notification of a change of ownership to the applicable regulatory agency." Please explain this statement in detail.
3. Reference the applicant's response to AG 1-8. Please explain what actions Kentucky Power will undertake if the transfer is not approved.
4. Reference the applicant's response to AG 1-14. Will the "reasonable amount of capacity" mean excess capacity? If so, will the excess capacity translate to additional revenue?
5. Reference the applicant's response to AG 1-17 with regard to the applicant's confirmation that it included labor related costs, etc. related to the use of Strategist. The response refers to the company's response to PSC 1-66 for the identification of costs. The reference does not appear to list the details for the amount. Please provide it.
6. If the ratepayers are paying for the costs associated with the use of the Strategist model, why can the Attorney General, who represents the ratepayers, not have the model at no cost since the ratepayers will be requested to pay for it in a future proceeding?
7. Reference the applicant's response to AG 1-21. Please explain the results of the "North American load forecast" and how it affects load forecast and modeling.
8. Reference the applicant's response to AG 1-28. Is the witness **certain** that the MATS compliance will be met?

9. Reference the applicant's response to AG 1-33 with regard to the applicant's confirmation that it included labor related costs, etc. related to the use of Aurora®. The response refers to the applicant's response to PSC 1-66 for the identification of costs. The reference does not appear to list the details for the amount. Please provide it.
10. If the ratepayers are paying for the costs associated with the use of the Aurora model, why can the Attorney General, who represents the ratepayers, not have the model at no cost since the ratepayers will be requested to pay for it in a future proceeding?
11. Reference the applicant's response to AG 1-36. Does the company not agree that direct or indirect impact, such as loss of jobs, etc. have an impact on ratepayers? If not, why not?
12. Reference the applicant's response to AG 1-37. Please update the information.
13. Reference the applicant's response to PSC 1-14a. State whether the \$65 million WVEDA bond is included in the anticipated debt \$275 million associated with the Transfer.
14. Reference the applicant's response to PSC 1-15 in general. Please provide the estimated revenue from the surplus energy sales.
15. Reference the applicant's response to PSC 1-18 in general. When Mr. Pauley states that he works "collaboratively with AEP executive management," what assurances does the PSC have that Kentucky Power is completely and unequivocally operating independently with regard to its operations insofar as generation planning?
16. Reference the applicant's response to PSC 1-21. If AEP Generation Resources, Inc. has no obligation to transfer the Mitchell units under the terms, conditions and time frame proposed and could later enter an agreement with another entity or even Kentucky Power under different terms and conditions, is this in effect telling the PSC and the parties that the offered transfer is a take it or leave scenario?



17. Reference the applicant's response to PSC 1-28. Provide Kentucky Power's weighted cost of capital as of December 31, 2012.
18. Reference the applicant's response to PSC 1-28. Please explain in detail the change in the cost percent rate for Accounts Receivable from 2011 and 2010.
  - a. What is the cost percent rate for Accounts Receivable for 2012?
19. Reference the applicant's response to PSC 1-32. Please answer the question as it relates to how the domestic natural gas infrastructure is sufficiently robust to overcome any potential constraints due to increased demand.
20. Reference the applicant's response to PSC 1-39. In its generation planning, has the company ever considered purchase power agreements outside of PJM?
21. Reference the applicant's response to PSC 1-39b. How can the company definitively state that the results of an RFP solicitation would not have been less costly than that which the company proposes?
22. Reference the applicant's response to PSC 1-43. Are the costs for Mitchell's compliance with the pending EPA Clean Water Act 316b included in the transfer costs?
23. Reference the applicant's response to PSC 1-49. Did the company consider in its modeling an FGD technology that would have meant the applicable EPA rules rather than the "optimum FGD technology?"
24. Reference the applicant's response to PSC 1-59. Provide in dollars what the applicant generates from an ROE of 1) 10.50% and 2) and ROE of 10.85%.
25. Reference the applicant's response to KIUC 1-2(c). Please explain why Kentucky Power and the applicants elected to conduct no analysis of other options for delaying capacity until it is anticipated to be needed to replace the BS2?

26. Reference the applicant's response to KIUC 1-18 where the following language is found: "Currently and through PY 14/15 the East operating companies provide capacity as a collective group to satisfy their aggregate capacity and reserve requirements to PJM under the FRR alternative." Does the applicant have the independent decision as to whether it will proceed as described (as in a collective group) or is the decision made by another company, agent, etc.? Explain the answer in detail.
27. Reference the applicant's response to KIUC 1-22. Were the cost and performance values used in the modeling by independent sources? If so, by whom? If not, why not?
28. Reference the applicant's response to KIUC 1-34. How frequently does the company review, analyze and forecast the price for its fuel for procurement purchases?
29. Reference the applicant's response to KIUC 1-69. Please provide a copy of the engagement letter noted in response to a. if it has been obtained. If a letter has yet to be signed, please explain why not. Moreover, if a letter has not been signed, please explain the terms of the agreement as understood between counsel and the witness.
30. Reference the applicant's response to KIUC 1-98. Please explain why the ultimate transferor, whatever the company's name might be, is not indemnifying Kentucky Power.
  - a. If any liabilities are ultimately incurred, will AEP Generation Resources agree to accept financial responsibility for those costs?
31. Please advise if Kentucky Power has updated responses to requests for information or other amendments to testimony or information contained in the application in light of commitments made by AEP Service Corp. in *United States v. AEP*, Civil Action No. 2:99-CV-01182 *et seq.*, Third Joint Motion to Consent Decree with Order Modifying Consent Decree, which was filed on February 22, 2013, and is pending before the U.S. District Court for the S.D. of Ohio, Eastern Division.

- a. Please describe in detail what impacts the commitments made by AEP Service Corp. in the above referenced matter have on Kentucky ratepayers, if any.