

RECEIVED
MAR 29 2013
PUBLIC SERVICE
COMMISSION

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Post Office Box 634
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March 28, 2013

HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Mark R. Overstreet
(502) 209-1219
(502) 223-4387 FAX
moverstreet@stites.com

RE: Case No. 2012-00578

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and eight copies of Kentucky Power Company's March 28, 2013 supplemental responses to the following data requests:

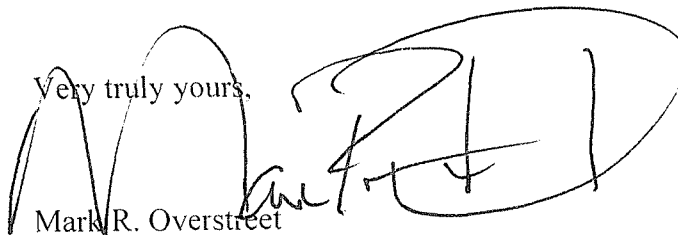
Commission Staff 2-9; and

KIUC 2-28; 2-36; 2-41; and 2-52.

Please note that documents AEP 48 and AEP 49 produced in response to KIUC 2-36 are not privileged despite the markings appearing on the documents.

A copy of this letter and the Company's responses are being served by overnight delivery on the individuals indicated below and their associated counsel. Further, in accordance with Mr. Nguyen's request, a copy of the responses also is being served by overnight delivery on Messrs. Drabinski, Boismenu, and Buechel.

Jeff R. Derouen
March 28, 2013
Page 2

Very truly yours,

Mark R. Overstreet

MRO

cc: Michael L. Kurtz
Jennifer Black Hans
Shannon Fisk
Joe F. Childers
Robb Kapla
Lane Kollen
Tim Woolf

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAR 29 2013
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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 ASSETS; (2) APPROVAL OF THE ASSUMPTION BY KENTUCKY POWER COMPANY OF CERTAIN LIABILITIES IN CONNECTION WITH THE TRANSFER OF THE MITCHELL GENERATING STATION; (3) DECLARATORY RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR ACT AND RELATED REQUIREMENTS; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF

CASE NO. 2012-00578

**MOTION OF KENTUCKY POWER COMPANY
FOR CONFIDENTIAL TREATMENT**

Kentucky Power Company ("Kentucky Power") moves the Commission pursuant to 807 KAR 5:001, Section 13(2), for an Order granting confidential treatment for portions of Kentucky Power's March 28, 2013 supplemental responses to data request KIUC 2-36. Kentucky Power is filing two compact discs containing the electronic files responsive to data request KIUC 2-36. One of the discs contains the non-confidential responses and the other contains the responses for which confidential treatment is sought. Because all of the responsive "documents" are in electronic format, no paper copies are being provided. Kentucky Power will notify the

Commission when it determines the information for which confidential treatment is sought is no longer confidential.

A. The Requests And The Statutory Standard.

Except as set forth below, Kentucky Power does not object to filing the identified information for which it is seeking confidential treatment, but requests that the identified portions of the responses be excluded from the public record and public disclosure.

KRS 61.878(1)(c)(1) excludes from the Open Records Act:

Upon and after July 15, 1992, records confidentially disclosed to an agency or required to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

This exception applies to the following information for which Kentucky Power is seeking confidential treatment:

(a) **KIUC 2-36**

Kentucky Power seeks confidential treatment for the identified documents provided in the Company's supplemental response to data request KIUC 2-36. These documents include the Company's, AEP's and its affiliates' view of the market for capacity and energy. Public disclosure of this information would affect the ability of the Company to conduct off-system sales. Additionally, these documents provide insight into the Company's, AEP's, and its affiliates' corporate decision making process, business plans and business strategy. If made available publicly, competitors would be able to use the information to speculate on how the Company will make future decisions. Knowledge of this information would give the Company's competitors a target for potential bids into the PJM market putting the Company, its parent and affiliates at a competitive disadvantage in the marketing, pricing, and selling of electricity and assets in Kentucky and other jurisdictions.

Kentucky Power seeks confidential treatment of the identified documents for a period of five years. After five years, developments within the power markets will render the information outdated and no longer useful in ascertaining the Company's strategies and plans.

B. The Identified Information is Generally Recognized As Confidential and Proprietary and Public Disclosure Of It Will Result In An Unfair Commercial Advantage for Kentucky Power's Competitors.

The identified information required to be disclosed by Kentucky Power in response to data request KIUC 2-36 issue is highly confidential. Dissemination of the information for which confidential treatment is being requested is restricted by Kentucky Power, its parent, AEP, and its affiliates. The Company, AEP, and its affiliates take all reasonable measures to prevent its disclosure to the public as well as persons within the Company who do not have a need for the information. The information is not disclosed to persons outside Kentucky Power, AEP, or its affiliates. Within those organizations, the information is available only upon a confidential need-to-know basis that does not extend beyond those employees with a legitimate business need to know and act upon the identified information.

C. The Identified Information Is Required To Be Disclosed To An Agency.

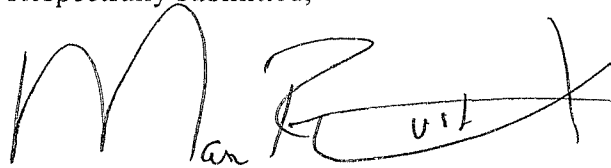
The identified information is by the terms of the Data Requests and Commission practice required to be disclosed to the Commission. The Commission is a "public agency" as that term is defined at KRS 61.870(1). Any filing should be subject to a confidentiality order and any party requesting such information should be required to enter into an appropriate confidentiality agreement.

Wherefore, Kentucky Power Company respectfully requests the Commission to enter an

Order:

1. According confidential status to and withholding from public inspection the identified information; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark R. Overstreet". The signature is written in a cursive style with a large "M" and "R". A horizontal line is drawn across the signature.

Mark R. Overstreet
R. Benjamin Crittenden
STITES & HARBISON PLLC
421 West Main Street
P. O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477

Kenneth J. Gish, Jr.
STITES & HARBISON PLLC
250 West Main Street, Suite 2300
Lexington, Kentucky 40507
Telephone: (859) 226-2300

COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first class mail, postage prepaid, upon the following parties of record, this 28th day of March, 2013.

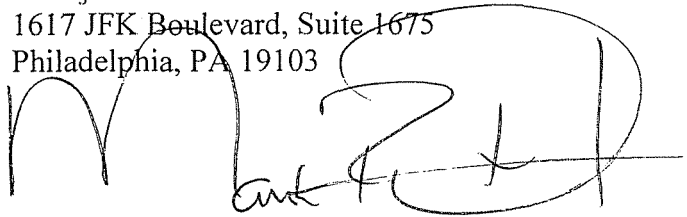
Michael L. Kurtz
Jody Kyler Cohn
Boehm, Kurtz & Lowry
Suite 1510
36 East Seventh Street
Cincinnati, OH 45202

Joe F. Childers
Joe F. Childers & Associates
300 The Lexington Building
201 West Short Street
Lexington, KY 40507

Jennifer Black Hans
Dennis G. Howard II
Lawrence W. Cook
Assistant Attorney General
Office for Rate Intervention
P.O. Box 2000
Frankfort, KY 40602-2000

Robb Kapla
Sierra Club
85 Second Street
San Francisco, CA 94105

Shannon Fisk
Earthjustice
1617 JFK Boulevard, Suite 1675
Philadelphia, PA 19103

A large, stylized handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over the printed name and address of the sender.

Mark R. Overstreet

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

FILED

MAR 29 2013

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

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

KENTUCKY POWER COMPANY RESPONSES TO
KIUC SUPPLEMENTAL SET OF DATA REQUESTS ITEM NO. 36 AND 52

March 28, 2013

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-52, which states there "has been no attempt to sell the Mitchell generating units or the entire plant to non-affiliated entities during the last three years." Please explain why not. In addition, please provide all documents that address the disposition of the Mitchell units prepared within the last three years, including, but not limited to, studies, analyses, and correspondence, including emails.

RESPONSE

The Company objects to this request to the extent it seeks communications and documents protected by the attorney-client privilege and/or the attorney work-product doctrine.

The Company further objects to this request to the extent it seeks all documents that address the disposition of the Mitchell Units prepared within the last three years, as such request is overly broad and unduly burdensome, as it purports to require a search of documents involving potentially thousands of employees and corporate records, and their review concerning confidentiality and privilege. On March 20, 2013, the Company received the documents identified in the key word scan for documents of the individuals listed in this response. Nearly 60,000 documents were identified as being potentially responsive to this request.

Without waiving its objections, the Company states as follows:

The Company is searching the electronic files of the following individuals for responsive documents:

Robert Powers - EVP and COO - AEPSC
Mark McCullough - EVP Generation - AEPSC
Richard Munczinski - SVP Regulatory Services - AEPSC
Philip Nelson - Managing Director, Regulatory Pricing & Analysis - AEPSC
Greg Pauley - President and COO - Kentucky Power Company
Ranie K. Wohnhas, Managing Director, Regulatory and Finance, Kentucky Power Company

In addition to the document produced with this response, KIUC 2-36 Attachment 1, Kentucky Power will produce non-privileged documents responsive to this request as soon as they are available, with confidential information protected pursuant to Commission rules.

The Company further states that the Mitchell generating units are currently used by the east operating companies under the Interconnection Agreement. The Mitchell units are base load, environmentally controlled units. Kentucky Power and Appalachian Power Company (APCo) are in need of capacity and base load energy. Therefore, no attempt was made to sell the Mitchell generating units to non-affiliated entities. As discussed in the testimony of Company witnesses Pauley and Weaver, the transfer of 50% of the Mitchell units is the least cost option for meeting the Company's long-term capacity and energy requirements. See also the FERC filing made on behalf of Kentucky Power and other AEP Companies (Application, page 8, footnote 7).

See the Company's responses to PSC 1-21, SC 1-4, and KIUC 1-102.

March 28, 2013 Supplemental Response

The Company reiterates its objections above. Please see the enclosed CDs of all responsive, non-privileged documents responsive to this request that were identified as of 1:00 p.m., March 28, 2013. Kentucky Power continues its review of the electronic records of the individuals identified above, and will produce all remaining non-privileged documents responsive to this request as soon as they are available.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to Sierra Club 1-4(a). Please identify and provide a copy of all studies, memoranda, emails, or other writings (including notes) reviewed, relied upon, and/or prepared by the listed members of AEP Management (Charles Patton, Robert Power, Mark McCullough, Richard Munczinski, and Philip Nelson) related to the decision to acquire 50% of the Mitchell units.

RESPONSE

The Company objects to this request to the extent it calls for documents and communications protected by the attorney-client privilege and/or the attorney work-product doctrine. The Company further objects to this request to the extent it is overly broad and unduly burdensome.

Without waiving its objections, the Company states as follows:

Please see the Company's response to KIUC 2-36.

March 28, 2013 Supplemental Response

The company reiterates its objections above. Without waiving its objections, please see the Company's March 28, 2013 supplemental response to KIUC 2-36.

WITNESS: Gregory G Pauley

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

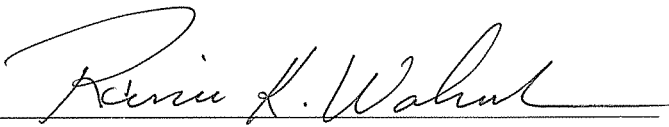
THE APPLICATION OF KENTUCKY POWER COMPANY FOR:)
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY)
AUTHORIZING THE TRANSFER TO THE COMPANY OF AN)
UNDIVIDED FIFTY PERCENT INTEREST IN THE MITCHELL)
GENERATING STATION AND ASSOCIATED ASSETS; (2) APPROVAL)
OF THE ASSUMPTION BY KENTUCKY POWER COMPANY OF)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

KENTUCKY POWER COMPANY RESPONSES TO
KIUC SUPPLEMENTAL SET OF DATA REQUESTS ITEM NO. 28 AND 41

March 28, 2013

VERIFICATION

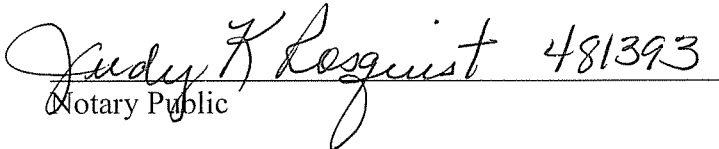
The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief



Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2012-00578
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 18th day of March 2013.



Notary Public 481393

My Commission Expires: January 23, 2017

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-24(b).

- a. Please provide a copy of the RFP when it is issued.
- b. Provide a copy of the self-bid/conversion option against which the bids will be evaluated.

RESPONSE

- a. Please see the Company's response to KPSC 2-9.
- b. The Company objects to the request on the grounds that neither the RFP nor the associated capacity is the subject of this proceeding. As a result, the information sought is irrelevant and not likely to lead to the discovery of admissible evidence. Notwithstanding this objection, the requested information is still being prepared and thus cannot be produced. Further, the release of the subject information, even if subject to confidential treatment, could jeopardize the integrity of the RFP process.

March 28, 2013 Supplemental Response

Please see the March 28, 2013 supplemental response to KPSC 2-9.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-77 and the request to provide a version of RKW-Exhibit 4 using 2012 information.

- a. Please provide the underlying electronic spreadsheet with all formulas intact for the 2012 analysis that has been or will be provided in response to AG 1-37 along with a copy of all precursor source documents and calculations, including electronic spreadsheets in sufficient detail to review all assumptions, data, and calculations that were performed for each line item.
- b. Please provide a quantification of the financial margins the Company will earn under the PCA with Asset Transfers paradigm. Provide all assumptions, data, and calculations, including electronic spreadsheets with formulas intact used to provide the quantification in response to this question.
- c. Please describe the derivation of the OSS margins under the PCA with Asset Transfers paradigm shown on the OSS tab of the spreadsheet provided in response to part (a) of this question. For example, were the OSS margins quantified through a production cost model, such as PROMOD or Strategist, or were they developed using some other software, such as Excel? If the OSS margins were developed using Excel or some other spreadsheet-based software, then please provide a copy of the spreadsheet with all formulas intact. Regardless of the software used, provide all assumptions, including, but not limited to, hourly market prices and hourly costs to generate used to quantify the OSS margins under this paradigm.
- d. Please separate the OSS margins under the PCA with Asset Transfers paradigm shown on the OSS tab into three categories: i) Mitchell, ii) replacement of Current Pool paradigm with PCA, and iii) other. Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact, along with a copy of all precursor source documents and all precursor computations, including electronic spreadsheets with cell formulas intact.

RESPONSE

- a. See the response to AG 2-12 for the requested 2012 information.
- b. The actual financial margins earned by KPCo in 2012 and included in both the 2012 Actual System Sales Clause (SSC) values and the PCA with Asset Transfers values in AG 2-12 Attachment 1 were \$4,236,840. This amount is shown on the OSS tab of that file. The inclusion of financial margins in the 2012 analysis reflects that they would have been included in the SSC under the PCA with Assets Transfers paradigm during that period.
- c. The \$34.22 million physical energy sales margin component of OSS margin was computed in Excel. The OSS margins are calculated in Excel on the Model tab of the file entitled "2012 KPCo Stand Alone Energy Transaction Model" included in AG 2-12 Attachment 2. All of the load, generation in MWh, and market prices used in that file are the actual hourly values from calendar year 2012. The generation included 50% of the Mitchell units.

The cost assigned to OSS in the calculation of the OSS margins represents the average dispatch cost of all of the Company's generation resources including 50% of Mitchell during the hours in which they were designated to serve OSS during 2012. The dispatch cost included all variable costs including fuel, variable maintenance, chemicals, and emissions costs.

The \$4.24 million of financial margins represents the actual amount earned by the Company in 2012.

The OSS margins also include KPCo's share of PJM Capacity Auction revenues. The computation of that component of margins is shown in a file entitled "Cal 12 PJM Capacity Sale Allocation" that was included in AG 2-12 Attachment 2.

The calculation of the \$8.95 million of PJM cost associated with off-system energy sales which was deducted from the OSS margin is shown on the "PJM Bill" tab of AG 2-12 Attachment 1. The file in AG 2-12 Attachment 2 that contains the source the amounts on the PJM Bill tab is entitled "2012 PJM Bill Stand Alone Resettlement.xlsx".

- d. The requested analysis has not been performed.

March 28, 2013 Supplemental Response

Please see the **bold** portions of the response below for KPCo's supplement to its March 20, 2013 response:

- a. See the response to AG 2-12 for the requested 2012 information.
- b. The actual financial margins earned by KPCo in 2012 and included in both the 2012 Actual System Sales Clause (SSC) values and the PCA with Asset Transfers values in AG 2-12 Attachment 1 were \$4,236,840. This amount is shown on the OSS tab of that file. The inclusion of financial margins in the 2012 analysis reflects that they would have been included in the SSC under the PCA with Assets Transfers paradigm during that period.
- c. The \$34.22 million physical energy sales margin component of OSS margin was computed in Excel. The OSS margins are calculated in Excel on the Model tab of the file entitled "2012 KPCo Stand Alone Energy Transaction Model" included in AG 2-12 Attachment 2. All of the load, generation in MWh, and market prices used in that file are the actual hourly values from calendar year 2012. The generation included 50% of the Mitchell units.

The cost assigned to OSS in the calculation of the OSS margins represents the average dispatch cost of all of the Company's generation resources including 50% of Mitchell during the hours in which they were designated to serve OSS during 2012. The dispatch cost included all variable costs including fuel, variable maintenance, chemicals, and emissions costs.

The \$4.24 million of financial margins represents the actual amount earned by the Company in 2012. **The file in AG 2-12 Attachment 2 that contains the source of this amount is entitled "2012 AEP East System OSS Margins.xls".**

The OSS margins also include KPCo's share of PJM Capacity Auction revenues. The computation of that component of margins is shown in a file entitled "**2012 PJM Capacity Allocation.xlsx**" that was included in AG 2-12 Attachment 2.

The calculation of the \$8.95 million of PJM cost associated with off-system energy sales which was deducted from the OSS margin is shown on the "PJM Bill" tab of AG 2-12 Attachment 1. The file in AG 2-12 Attachment 2 that contains the source the amounts on the PJM Bill tab is entitled "2012 PJM Bill Stand Alone Resettlement.xlsx".

- d. The requested analysis has not been performed.

WITNESS: Ranie K Wohnhas