

July 2, 2014

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

HAND DELIVERED

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

RECEIVED

JUL 02 2014

PUBLIC SERVICE
COMMISSION

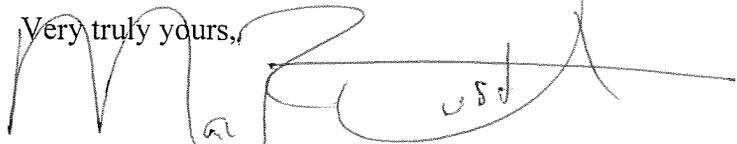
RE: Case No. 2013-00144

Dear Mr. Derouen:

Enclosed please find and accept for filing Kentucky Power Company's Second Status Report, which is being filed pursuant to Paragraph 12 of the Commission's October 10, 2013 Order in this case.

In accordance with Paragraph 13 of the Commission's Order, please place this status report in the Company's general correspondence file

Very truly yours,



Mark R. Overstreet

MRO

cc: Jennifer B. Hans
Michael L. Kurtz

RECEIVED

JUL 02 2014

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KENTUCKY
POWER COMPANY FOR: (1) THE
APPROVAL OF THE TERMS AND
CONDITIONS OF THE RENEWABLE
ENERGY PURCHASE AGREEMENT FOR
BIOMASS ENERGY RESOURCES
BETWEEN THE COMPANY AND
ECOPOWER GENERATION-HAZARD
LLC; (2) AUTHORIZATION TO ENTER
INTO THE AGREEMENT; (3) THE GRANT
OF CERTAIN DECLARATORY RELIEF;
AND (4) THE GRANT OF ALL OTHER
REQUIRED APPROVALS AND RELIEF

CASE NO. 2013-00144

July 2, 2014 Status Report

In conformity with paragraph 12 of the Commission's October 10, 2013 Order¹, Kentucky Power Company submits its second status report regarding ecoPower's construction of the Biomass Facility, subject to the terms and conditions of the Biomass REPA, as amended:

1. On June 26, 2014, ecoPower confirmed there has been no further work at the site since, as reported in the January 3, 2014 first report, site work was suspended on October 24, 2013. ecoPower indicated that it does not anticipate any further construction during the pendency of the appeal by Kentucky Industrial Utility Customers, Inc. of the Commission's October 10, 2013 Order. ecoPower further indicated that resumption of construction work by

¹ The October 10, 2013 Order currently is being appealed by the Kentucky Industrial Utility Customers, Inc. in Franklin Circuit Court Civil Action No. 13-CI-1372. The Biomass REPA, as amended, that is the subject of the Order and appeal remains, amongst other items, subject to the Conditions Precedent set forth in Article 6 of the REPA. The parties have briefed the appeal; the oral argument is scheduled for August 19, 2014 at 10:00 a.m.

ecoPower is conditioned upon, amongst other items, ecoPower's Financial Closing as set forth in the Biomass REPA.

2. The construction schedule and resulting commercial operation date are subject to the resolution of the current appeal of the REPA, the requisite conditions precedent of the Biomass REPA being met, and the ongoing negotiations between Kentucky Power and ecoPower.

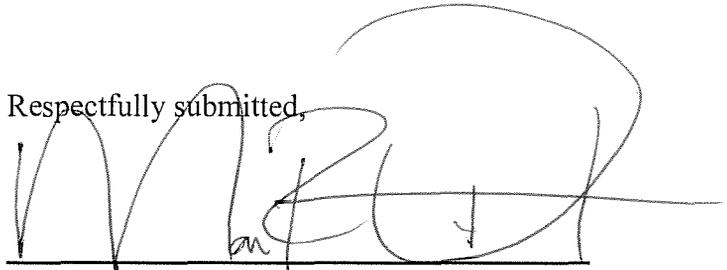
3. On June 26, 2014 ecoPower indicated that site grading, access roads, and foundation work will commence upon financial close of the project. ecoPower also reported that, subject to the conditions precedent of the REPA, a four to six month due diligence period will be required after a final order before financial close occurs. ecoPower stated that upon final notice to proceed to the Engineering, Procurement and Construction contractor, the work schedule calls for a thirty-two month construction and start-up period prior to commercial operation.

4. Representatives of ecoPower indicated that all construction permits necessary for the construction of the Biomass Facility are in place, and that the necessary operating permits, a Kentucky Pollutant Discharge Elimination System permit for industrial wastewater discharge and the renewal of the Title V Air Permit, will both be secured at a later date.

5. On July 2, 2014 ecoPower informed Kentucky Power that PJM and ecoPower met in January to discuss the status of the System Impact Study release. ecoPower stated that it requested that PJM "not expedite" the release of the study and provided background related to the appeal by Kentucky Industrial Utility Customers, Inc. of the October 10, 2013 Order. ecoPower also reported that after reviewing the impact of delay on others in the study

queue and determining that there would be little or no impact, PJM agreed to defer the release of the System Impact Study, with the understanding that PJM and ecoPower would meet by telephone in late July 2014 to determine the next steps in moving forward with the Interconnection Services Agreement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Overstreet', written over a horizontal line.

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

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

Hector Garcia
Senior Counsel – Regulatory Services
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
(614) 716-3410
hgarcia1@aep.com
(Admitted *Pro Hac Vice*)

COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by U.S. Mail, postage prepaid, upon the following parties of record, this 2nd day of July, 2014.

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

Jennifer Black Hans
Dennis G. Howard II
Lawrence W. Cook
Assistant Attorney General
Office for Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', written over a horizontal line. The signature is stylized and cursive.

Mark R. Overstreet