

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**Application Of Kentucky Power Company For)
A General Adjustment Of Its Rates For Electric)
Service; (2) An Order Approving Its 2014)
Environmental Compliance Plan; (3) An Order) Case No. 2014-00396
Approving Its Tariffs And Riders; And (4) An)
Order Granting All Other Required Approvals)
And Relief)**

**Kentucky Power Company Supplemental Response
To Attorney General's Supplemental Data Request Item No. 77**

March 12, 2015

VERIFICATION

The undersigned, Jeffrey B. Bartsch, being duly sworn, deposes and says he is the Director, Tax Accounting and Regulatory Services for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.



Jeffrey B. Bartsch

STATE OF OHIO

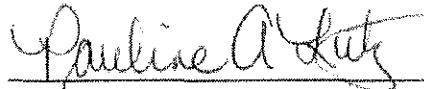
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) Case No. 2014-00396

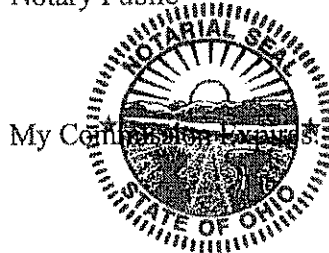
COUNTY OF FRANKLIN

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Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffrey B. Bartsch, this the 11th day of March, 2015.



Notary Public



PAULINE A LUTZ
NOTARY PUBLIC - OHIO
MY COMM. EXP. 9-12-16

Kentucky Power Company

REQUEST

Construction Work in Progress (CWIP). Refer to the response to AG 1-163.

- a. Please explain fully and in detail why only depreciation expense (and not accumulated depreciation) should be adjusted to account for any additional depreciation expense as a result of transferring CWIP to plant in service.
- b. Referring to KPCo's response to part "c" from AG 1-163, please quantify the ADIT as of September 30, 2014 that relates to CWIP and has been included in rate base and show how this amount was derived. Show detailed calculations.

RESPONSE

- a. Depreciation expense is annualized based on the test year end plant in service balances at September 30, 2014 to reflect an on-going expected future level of depreciation expense.

Kentucky Power's rate base in this case is as of September 30, 2014 and the Company did not make any adjustments to the rate base to reflect future capital spending after September 30, 2014. Therefore it would be inappropriate to make any adjustments to accumulated depreciation related to future depreciation expense beyond the end of the test year.

- b. This information is not readily available. ADIT related to CWIP Book / Tax Basis differences are not separately maintained in the Company's Tax Provision System. As indicated in the Response to AG 1-163, all regulated ADIT balances as of September 30, 2014 have been included in Rate Base, therefore, any ADIT that would be related to CWIP has also been included in Rate Base.

WITNESS: David A Davis/Jeffrey B Bartsch