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 Commission Staff's Third Set of Data Requests Item No. 50

VERIFICATION

The undersigned, Amy J. Elliott, being duly sworn, deposes and says she is a Regulatory Consultant Sr. in Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the forgoing responses for which she is the identified witness and that the information contained therein is true and correct to the best of her information, knowledge, and belief

	Any J. Elliott	
	Amy J. Elliott	
COMMONWEALTH OF KENTUCKY) Case No. 2014-00396	
COUNTY OF FRANKLIN	ý	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Amy J. Elliott, this 2015.

My Commission Expires: January 23, 2017

Judy & Resquist 481393 Notary Poblic

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

	Kanie K. Wohn
	Ranie K. Wohnhas
COMMONWEALTH OF KENTUCKY) Case No. 2014-00396
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 11th day of March 2015.

My Commission Expires: January 13, 3017

Hotary Public Konquist

KPSC Case No. 2014-00396 General Rate Adjustment Commission Staff's Third Set of Data Requests Dated February 24, 2015 Item No. 50 Page 1 of 1 Supplemental Response filed March 12, 2015

Kentucky Power Company

REQUEST

Refer to Items 28, 29, and 30 of KIUC's First Request and Item 171 of the AG's initial Request regarding the impact of the 50 percent bonus depreciation. Based on Kentucky Power's estimate of the bonus depreciation of \$23.6 million increase in deferred federal income taxes and an additional normalized MACRS Schedule M deduction of \$67,446,000, provide updated schedules for the Company's accumulated deferred income taxes, capitalization, the proposed adjustment 49 listed in Section V, Exhibit 2 of the Application, and any other schedules or exhibits affected by the 50 percent bonus depreciation.

RESPONSE

Please see KPSC_3_50_Attachment1.xlsx for the updated Tax Schedules related to the adjustment to the MACRS Normalized Schedule M deduction for 50 percent bonus depreciation. See KPSC_3_50_Attachment2.xlsx for the updated Accumulated Deferred Income Taxes as of September 30, 2014. There is no change to proposed Adjustment 49 as a result of the bonus depreciation.

There is no change in capitalization as a result of bonus depreciation. Capitalization provides the funds needed to maintain the Company's operations. It thus funds the test year and future operations as long as possible before additional debt or equity is needed to operate the Company. Bonus depreciation and ADIT allows the Company to use its capitalization to maintain its operations without having to issue additional debt or equity.

Please see KPSC_3_50_Attachment3.xls for the environmental cost calculations that are affected by bonus depreciation. A formulaic error within the deprecation calculation has also been corrected in this revision.

KPSC_3_50_Attachment4.xls provides a revised exhibit AJE-3 to reflect these revisions.

WITNESS: Jeffrey B Bartsch/Amy J Elliott/Ranie K Wohnhas