

**KPSC Case No. 2014-00396 General Rate Adjustment
Attorney General's Supplemental Confidential Data Requests
Dated February 27, 2015
Item No. 9
March 25, 2015 Supplemental Response
Page 1 of 3**

Kentucky Power Company

REQUEST

[REDACTED]

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**KPSC Case No. 2014-00396 General Rate Adjustment
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Page 2 of 3**

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RESPONSE

- a. The over accrual for the 2012 Incentive Compensation true-up in 2013 was \$618,763. See AG_2_9CS_Attachment1.xlsx. The difference between the \$649,733 and the \$618,763 reflects the difference between the external auditor's estimate and the actual payout and the portion of the true-up related to FICA tax and 401k savings match on ICP which is not included in the \$618,763.
- b. See AG_9CS_Attachment2.xlsx for 2013 Incentive Compensation true-up in 2014. See part d for 2014.
- c. For this filing, the test year per books 12 months ended September 30, 2014 includes the true-up for the 2013 incentive compensation recorded in 2014. For Distribution and Transmission, Kentucky Power adjusted test year per books ICP expense to the 2014 expected ICP at level of 1.

**KPSC Case No. 2014-00396 General Rate Adjustment
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Item No. 9
March 25, 2015 Supplemental Response
Page 3 of 3**

Big Sandy expenses (including ICP) were removed from base rates and an estimated level of Big Sandy Unit 1 operating costs were included in the Big Sandy Unit 1 Operational Rider. The Company also made an adjustment to annualize per books Mitchell Plant expenses (including ICP) and those costs were reviewed by Company witness LaFluer.

The actual level included in the revenue requirement in the test year is not identifiable because the adjustments to remove Big Sandy costs and to annualize Mitchell costs were prepared at the account number level and not by the cost components within each account. Further discussion regarding the Big Sandy and Mitchell Plant adjustments are included in the Company's response to AG 2-72.

In summary, the total ICP true-up for Kentucky Power Company employees and AEPSC employess shown in AG_9CS_Attachment2.xls of \$47,136 (additional expense in the cost of service) does not have a significant impact on the adjustments made for Big Sandy or the Mitchell Plant costs.

d. 2014 final payout information is expected to be available within seven days. The Company will supplement this response.

e. See c. above.

i. See d. above.

Supplemental Response March 25, 2015

d. See AG_2_9CS_SupplAttachment1.xls. See also the Company's response to KIUC 1-31, specifically KIUC_1_31_Attachment2.pdf.

WITNESS: Jason Yoder