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 Responses

To Attorney General's Second Set of Data Requests

March 9, 2015

VERIFICATION

The undersigned, Gregory G. Pauley, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, 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

Gregory G. Pauley

Gregory G. Pauley

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 Gregory G. Pauley, this the 9th day of March, 2015.

Judy K Rosquist 481393

Notary Public

My Commission Expires: January 23, 2017

VERIFICATION

The undersigned, Andrew R. Carlin, being duly sworn, deposes and says he is the Director, Compensation and Executive Benefits 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.

Andrew R. Carlin

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Andrew R. Carlin, this the 3rd day of March, 2015

NOTARIAL SEAL STATE OF OHIO

Cheryl L. Strawser
Notary Public, State of Ohio
My Commission Expires 10-01-2016

Notary Public

My Commission Expires: October 1, 2016

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)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffrey B. Bartsch, this the 2nd day of March, 2015.

Notary Public

My Commission Expires: 12/14/15

VERIFICATION

The undersigned, David A. Davis, being duly sworn, deposes and says he is the Manager, Property Accounting Policy and Research that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness contained therein is true and correct to the best of his information, knowledge and belief.

David A Davis

David A. Davis

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by David A. Davis, this the 3rd day of March, 2015

Kathy L McGowen

Notary Public

My Commission Expires: August 18, 2017

VERIFICATION

The undersigned, Jeffery D. LaFleur, being duly sworn, deposes and says he is Vice President Generating Assets APCO/KY, 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

Jeffery D. LaFleur

JEFFERY D. LAFLEUR

STATE OF WEST VIRGINIA)
) Case No. 2014-00396
COUNTY OF KANAWHA)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffery D. LaFleur, this the 9th day of March, 2015.

Dorothy E. Philyaw

Notary Public

My Commission Expires: October 2, 2019

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
DOROTHY E. PHILYAW
APPALACHIAN POWER
PO BOX 1986
CHARLESTON, WV 25327-1986
My commission expires October 2, 2019

VERIFICATION

The undersigned, Shannon R. Listebarger, being duly sworn, deposes and says she is a Regulatory Consultant Sr. in Pricing and Analysis for American Electric Power Service Corporation and that she has personal knowledge of the set forth in the forgoing responses for which she is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.

Shannon R. Listebarger

STATE OF OHIO	)	
	)	Case No. 2014-00396
COUNTY OF FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Shannon R. Listebarger, this the 3rd day of March, 2015.

Notary Public

My Commission Expires: Never

VERIFICATION

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

Hugh E McCoy

Hugh E. McCoy

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Hugh E. McCoy, this the 4th day of March, 2015.

Kathy L Messer

Notary Public

My Commission Expires: August 18, 2017

VERIFICATION

The undersigned Everett G. Phillips, being duly sworn, deposes and says he is the Managing Director, Distribution Region Operations for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing data requests and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Everett G. Phillips

Everett G Phillips

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2014-00396
COUNTY OF BOYD)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Everett G. Phillips, this the 3rd day of March, 2015.

Notary Public

My Commission Expires: 4/5/2015

VERIFICATION

The undersigned, Marc D. Reitter, being duly sworn, deposes and says he is the Managing Director, Corporate Finance for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

Marc D. Reitter

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Marc D. Reitter, this the 2nd day of March, 2015.

NOTARIAL SEAL STATE OF OHIO

JOSEPHINE CONER
Notary Public, State of Ohio
My Commission Expires 09-20-16

Josephine Coner
Notary Public

My Commission Expires: 09-20-2016

VERIFICATION

The undersigned, John A. Rogness III, being duly sworn, deposes and says he is the Director Regulatory Services 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/her information, knowledge and belief.

John A. Rogness III

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 John A. Rogness III, this the 9th day of March, 2015.

Judy K Rosquist 481593
Notary Public

My Commission Expires: January 23, 2017

VERIFICATION

The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is the a Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing response and the information contained therein is true and correct to the best of his information, knowledge and belief.

Jason M. Stegall

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason M. Stegall, this the 24 day of March, 2015.

Notary Public

My Commission Expires: 05/11/2016

NOTARIAL SEAL STATE OF OHIO

ELLEN A. MCANINCH
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Franklin County
My Comm. Exp. 5/11/16

VERIFICATION

The undersigned, H. Kevin Stogran, being duly sworn, deposes and says he is the Managing Director, Cyber Risk and Security Services for American Electric Power Service Corporation and that he has personal knowledge of the 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.

H. Kevin Stogran

H. Kevin Stogran

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by H. Kevin Stogran, this the 4th day of March, 2015.

Cheryl L. Strawser

Notary Public

NOTARIAL SEAL
STATE OF OHIO

Cheryl L. Strawser
Notary Public, State of Ohio
My Commission Expires 10-01-2016

My Commission Expires: October 1, 2016

VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Manager, Regulatory Pricing and Analysis that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.

____
Alex E. Vaughan

STATE OF OHIO	)	
	)	Case No. 2014-00396
COUNTY OF FRANKLIN	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Alex E. Vaughan, this the 4th day of March, 2015

Amanda E Owen
Notary Public

My Commission Expires: Never

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

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 9th day of March 2015.

Judy K Rosquist 481393

Notary Public

My Commission Expires: January 23, 2017

VERIFICATION

The undersigned, Jason M. Yoder, being duly sworn, deposes and says he is Staff Accountant Accounting Policy and Research for American Electric Power Service Corporation and that he has personal knowledge of the 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.

Jason M. Yoder

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason M. Yoder, this the 4th day of March, 2015.

Notary Public

My Commission Expires: May 11, 2016

NOTARIAL SEAL STATE OF OHIO

ELLEN A. MCANINCH
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Franklin County
My Comm. Exp. 5/11/16

Kentucky Power Company

REQUEST

Reference the response to AG 1-9. Please confirm the exact number of jobs created from the three (3) EAP funded projects listed.

RESPONSE

The current status is:

1. Tuition for Big Sandy Area Development District officials to attend the Economic Development Institute. This project is an educational project and is designed to enhance the skills of such officials to attract and retain businesses that in turn will provide jobs.

2. Grant to the City of Paintsville to expand parking for the Teays Branch economic development site. The city has not placed a tenant in the building. The expanded parking facilities are a necessary prerequisite to attracting a tenant.

3. The project funded by the grant to the Louisa Chapter of the Kentucky of the Southeast Kentucky Chamber of Commerce. This project is projected to create a total of 20 jobs in a metal roofing and metal building business. The business is projected to open soon.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Reference the response to AG 1-11. Please confirm that the proposed increase in the customer charge from $8 per month to $16 per month represents a 100% increase.

RESPONSE

Confirmed. Please see the Company's response to KPSC 2-65 for a discussion of the basis for the proposed customer charge and the relation of the proposed customer service charge to the $41 per month actual cost to connect residential customers to the Company's distribution system.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Reference the response to AG 1-18, Attachment 2. Please provide the minutes of all recent and future meetings of the Mitchell Plant Operating Committee and all successors and consider this a continuing request for information during the course of this matter.

a. Please advise who on the Mitchell Plant Operating Committee in 2014 through the present is a ratepayer of KPCo.

b. Reference Attachment 2, page 2 of 4, final paragraph. Please provide a copy of the Environmental Compliance Plan referenced therein or indicate where this plan has been produced in the record of this matter.

c. Reference Attachment 2, page 3 of 4. Please provide a copy of the Transition Plan referenced therein or indicate where this plan has been produced in the record of this matter.

RESPONSE

a. None of the members of the Mitchell Operating Committee in 2014 were customers of KPCo.

b. Please see AG_2_3_Confidential_Attachment1.pdf for the referenced document. Please note that the document was referred to as an Environmental Compliance Plan in the meeting minutes; however the document is instead an update of the environmental status of Mitchell Plant.

c. The Company objects to this request on the ground that the document requested is protected by the attorney-client privilege.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

Reference the response to AG 1-31.

a. Has KPCo, AEP, PJM or NERC identified any reliability or resource adequacy concerns as a consequence of the anticipated closing of the Big Sandy Unit 2? Please provide any and all documents, communications or data relevant to your answer.

b. Please detail any and all reasons other than "consistency with the PJM planning year", including but not limited to reliability and our resource adequacy, for keeping the Big Sandy Unit 2 active and in service between December 2015 and June 1, 2016.

c. If Big Sandy Unit 2 was identified as a generation unit necessary for reliability or resource adequacy, would PJM tariffs pending or approved at FERC offer compensation to keep Big Sandy Unit 2 in service beyond June 1, 2016? Please provide any and all documents, communications or data relevant to your answer.

RESPONSE

a. PJM conducts an analysis in accordance with Part V, Section 113 of the PJM Tariff for a retiring generating unit within its RTO to determine any potential reliability impacts. The results of this analysis with respect to Big Sandy Unit 2 are provided in AG_2_4_Attachment1.pdf. The transmission enhancements identified by PJM to address these impacts are anticipated to be in-service by 2016.

b. See AG_2_4_Attachment1.pdf.

c. Not applicable. Big Sandy 2 is scheduled to be retired effective June 1, 2015.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-34.

a. Please provide information, including copies, of any public statements made, recognition granted or awards made by NERC, PJM, or any other related industry entity regarding AEPSC's cyber security plan and the systems developed in support thereof.

b. What steps is AEP taking to assure that the AEPSC cyber security plan is cost effective?

c. Identity all costs by account incurred by AEPSC (1) in total and (2) charged to KPCo, by month for cyber security from January 2011 through December 2014.

RESPONSE

a. Please see AG_2_5_Attachmen1.pdf through AG_2_5_Attachment3.pdf for this response. This includes program materials for PJM's GRID 20/20 event. AEP presented its "CSOC Threat and Information Sharing" program on November 12, 2013 at this event.

b. For more than a decade, AEP has worked continuously to strengthen its cybersecurity programs and to ensure that those programs evolve to meet new and emerging risks. AEP constantly scans the system for risks or threats and continuously assess its capacity, including cybersecurity knowledge, staffing, capabilities and the need for future investment. Cyber hackers have been able to breach other entity's very secure facilities including federal agencies, banks, retailers, health insurers, and social media sites. As these events become known, AEP assesses its cybersecurity tools and processes to determine if and where further enhancement is appropriate. When new investments are required, those project requests are processed through AEP's normal investment governance procedures.

c. See the Company's response to KPSC-2-7.

WITNESS: H Kevin Stogran

Kentucky Power Company

REQUEST

Reference the response to AG 1-30 (b).

a. If, as KPCo states, WPCo cannot recover 17.5% of the costs of its 50% ownership interest in the Mitchell plant, identify which entity is paying (or will pay) the 17.5% share of costs.

b. Are any costs related to the 17.5% of WPCo's 50% interest in the Mitchell plant being charged or allocated to KPCo? If so, please identify, quantify and explain the related KPCo amounts.

RESPONSE

a. For the 17.5% of the costs associated with the Mitchell Settlement Interest not currently being recovered in West Virginia retail rates, Wheeling Power Company will recover the associated costs through wholesale market sales.

b. No.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-39. Provide copies of any and all dismantling studies of the Mitchell plant performed by any and all "outside engineering professionals."

RESPONSE

The March 20, 2013, Mitchell Plant demolition cost estimate prepared by Sargent & Lundy, LLC was provided as EXHIBIT DAD-3 along with Company witness Davis' testimony in this proceeding. The only other Mitchell Plant demolition cost estimate that is currently available is from a March 1, 1994 cost estimate performed by Cleveland Wrecking Company. The Cleveland Wrecking Company estimate is provided along with the response to this question and labeled "AG_2-7_1994_Mitchell_DemoStudy_Attachment1.pdf".

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Reference the response to AG 1-44. Will the company submit a filing in which it seeks Commission approval of the pilot program for receiving alerts via text message or email about outages and restoration information?

RESPONSE

No. This will be an optional program for Kentucky Power customer's, who are looking for additional means of receiving updates on outages and restoration times.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Reference the responses to AG 1-45 (d) and 1-153 through 1-156. Was a Lead-Lag study performed on behalf of KPCo by any other entity, affiliate or consultant? If so:

a. Provide copies of all such studies, together with the information and in the format set forth in the original question; and

b. Revise the company responses to AG 1-153, AG 1-154, AG 1-155 and AG 1-156 accordingly.

RESPONSE

a.-b. A Lead-Lag study was not performed by the Company, nor on behalf of the Company by another entity, affiliate or consultant.

WITNESS: Shannon R Listebarger

Kentucky Power Company

REQUEST

With regard to the response to AG 1-105, provide the complete style of each case, including but not limited to the case number, jurisdiction, and name of the court.

RESPONSE

Please see AG 2_10 Attachment1.pdf.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-123. Why has KPCo made it its practice to seek CWIP in its rate base "since at least the early 1980s," as the response indicates? Provide a justification.

RESPONSE

CWIP is a normal part of the Company's activities used to provide service to customers. It eliminates regulatory lag and reduces the overall amount needed to finance a project, thus reducing total project costs passed on to the consumer. There is a continual level of CWIP on the books of the Company that is then transferred to Electric Plant In Service and thus it is appropriate for CWIP to be a part of rate base. The Commission has approved CWIP as a rate base item for every base rate case since at least 1983.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-164. With regard to the aviation-related expense set forth in Attachment 1:

a. Please specify the nature of the use of the aircraft, including:

i. Was the aircraft used to carry passengers?

ii. Was the aircraft used for other purposes such as line-related inspections (if so, please specify)?

iii. Were any KPCo personnel transported, and if so, who (by job title and location)?

iv. Were AEPSC personnel working on KPCo's behalf transported, and if so, who (by job title and location) and for what specific purpose?

b. Please provide a breakdown of the usage by (1) helicopters or (2) fixed-wing aircraft.

c. For each aircraft please list the aircraft and specify whether each aircraft is (1) company-owned or (2) leased.

d. Please identify the cost to KPCo in the test year for all charges for AEP owned or leased aircraft that relate to having such aircraft available (i.e., that are not related to the direct use of the aircraft in flights between airports).

RESPONSE

a. (i)-(ii) Kentucky Power did not have any flights that were directly charged to the Company. All of the costs to Kentucky Power in AG 1-164 were allocated expenses. The aircraft was used to carry passengers, and was not used for other purposes.

(iii)-(iv) Please see AG_2_12_Attachment2.xls.

b. All of the Company's aircraft are fixed-wing.

c. All of the Company's aircraft are leased.

d. Please see AG_2_12_Attachment1.xls for the answer to this response. The costs associated with operating and maintaining the airplanes are divided into two categories: variable and fixed. Variable costs include fuel, crew expenses (food, hotel), landing fees, catering of in-flight meals, overnight hangar rent, and overnight security when the airplane is outside of the home hangar. Fixed costs include lease payments, maintenance, hangar rental, licenses, administration, etc.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-165.

a. Confirm that for 2014, 8 aircraft trips were made for "KYPCO Leadership Meeting and to Conduct a Crew Visit," but that none of these meetings occurred in Kentucky.

b. Regarding line items 1620-1625, please identify what "IRC" means.

c. Regarding line items 1796-1797, please confirm that airport code MKY stands for Mackay Airport, Queensland, Australia.

d. Under Column R, "Benefitting Location," identify which location(s) are in Kentucky, and which ones specifically benefit KPCo.

RESPONSE

a. The Company cannot confirm the statement. First, there were a total of four trips consisting of two separate aircraft round trips. The spreadsheet provided in AG 165 is a billing spreadsheet that lists variable and fixed expenses separately and thus seemingly indicates 8 aircraft trips, instead of the actual four aircraft trips. Second, the meeting was conducted in Louisa, Kentucky.

b. IRC stands for Investment Review Committee. These meetings are to review budgets and earnings for the upcoming year, as well as long range plans.

c. The Company confirms that MKY represents MacKay Airport, Queensland but notes that because of an error the code should have been listed as KMKY (Marco Island, FL). In preparing this response, the Company discovered the following additional erroneously recorded identifiers:

Original Designation	Proper Designation
KOSA (Osaka)	KOSA (Mt. Pleasant, TX)
TXKF (Fredrikstad, Norway)	TXKF (L.F. Wade International Airport, Bermuda)
KSDL (Sundsvall, Sweden	KSDL (Scottsdale, AZ)
EHAM (Hamburg, Federal Republic of Germany)	EHAM (Amsterdam Schiphol Airport)

d. The Benefitting Location column shows where charges will be billed, and does not indicate a specific location in Kentucky. None of the flights provided in the response to AG 1-165 showed Benefitting Locations that were specific to Kentucky only. All of the Benefitting locations billed to Kentucky are multi-benefitting locations allocated to all of American Electric Power's operating companies.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Reference the response to AG 1-206. The total annual maintenance expense for the accounts identified in Attachment 1 for the three-year period 2011-2013 is approximately \$48.81 million, whereas the total for 2014 is \$71.812 million, an increase over the three-year average of approximately 47.13%. Provide a complete explanation for this major increase.

RESPONSE

The difference between the 2014 total annual maintenance expense and the preceding average reflects the transfer of Mitchell Plant to Kentucky Power, an increase in non-major storm system restoration costs, and an increase in non-NERC forestry costs.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-251 (d), attachment 1. Identify the specific site location(s) and type of plant upon which the removal costs identified therein were spent.

RESPONSE

The Company does not maintain its accumulated depreciation reserve by specific site location. Therefore the detail by site location is not available. See "AG_2_15_Removal_Cost_Attachment1.xls" which provides removal cost by function by year.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Reference the response to AG 1- 308. Would KPCo agree that it could recover its costs by selling the property? Provide copies of any studies the company may have conducted concerning whether the company should sell the property.

RESPONSE

The Company has not conducted any studies regarding the feasibility of selling the subject tract and cannot make an informed determination of the price at which the tract could be sold. It thus cannot agree or disagree that it could sell the tract at a sufficient price to recover both the cost of the tract and the study-related expenses the Company is seeking to recover in this case.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to AG 1-400, Attachment 1 (p. 10) and Attachment 2 (p. 8).

a. Confirm that AEP estimated the impact of bonus depreciation to be, for 2013 [BEGIN CONFIDENTIAL] $792 million and $ 384 million [END CONFIDENTIAL] in 2014. Provide the estimated benefit of bonus depreciation to KPCo for 2013 and 2014.

b. What impact on ADIT for the test year did the 2013 bonus tax depreciation have? Include detailed calculations.

c. Was the impact of 2013 bonus tax depreciation on ADIT fully reflected in KPCo's filing?

d. If not, explain fully why not and show the amounts of ADIT impact that would need to be made in order to fully reflect the 2013 bonus tax depreciation. Include supporting calculations.

e. What impact on ADIT did the 2014 bonus tax depreciation have? Include detailed calculations.

f. Was the impact of 2014 bonus tax depreciation on ADIT fully reflected in KPCo's filing?

g. If not, explain fully why not and show the amounts of ADIT impact that would need to be made in order to fully reflect the 2014 bonus tax depreciation. Include supporting calculations

RESPONSE

a. The referenced amounts relate to the AEP System cash benefits to be realized in 2013 and 2014 associated with bonus depreciation. See AG_2_17_Attachment1.pdf for KPCo bonus depreciation in 2013 which totals $33,069,087 resulting in a cash benefit of $11,574,180. See the Response to AG 2-79 for estimated KPCo bonus depreciation in 2014.

b. See a. above.

c. Yes.

d. N/A.

e. See the Response to AG 2-79.

f. No.

g. See the Response to AG 2-79.

WITNESS: Jeffrey B Bartsch

Kentucky Power Company

REQUEST

Refer to the response to AG 1-175 (a).

a. Did KPCo receive any grants or reimbursement for R&D from any organization for the BS-2 DFGD? If so, please explain and identify the amounts.

b. How were the amounts paid by KPCo for "R&D" to a "consortium" regarding the BS-2 DFGD accounted for by KPCo? Show amounts by account.

RESPONSE

a. No.

b. There were no payments made to a consortium related to the BS-2 DFGD.

WITNESS: Jeffrey B Bartsch

Kentucky Power Company

REQUEST

Refer to the Company's February 18, 2015 supplemental response to Staff 2-40.

a. Identify and provide a complete copy of the KPCo audit completed on February 5, 2015 and accounting work finalized on February 10, 2015 of property accounting work orders since 2008 for the Mitchell Plant.

b. Include the workpapers and Excel files that were used in such audit.

c. What impact did this audit have on KPCO's request for Mitchell plant related costs in the current rate case? Identify, quantify and explain the impact.

d. Which of the attachments to Staff 2-40 contains the revised KPCo Adjustment AJE-3?

e. Please provide the revised KPCo Adjustment AJE-3, and reconcile it to the results shown in the attachments to Staff 2-40. Identify, quantify and explain each reconciling item.

RESPONSE

a-b. Please see tab "KPSC 2-40c" within KPSC_2_40_2_18_Attachment3 for the complete results of the internal audit conducted to review the Mitchell Plant work orders.

c. There was no impact to the requested amount of plant related costs in the current case. The only impact was to the identification of the amount of plant related costs that comprise the environmental surcharge monthly base revenue requirement.

d. Both the original AJE-3 and the revised exhibit were provided within KPSC_2_40_Revised_AJE_3.

e. Please see the response to subpart a above and the "Summary" tab within KPSC_2_40_2_19_Supplement_Attachment3. The monthly tabs within KPSC_2_40_2_18_Supplement_ Attachment3 did not include precipitator O & M costs which are added in the "Summary" tab.

WITNESS: Amy J Elliott

Kentucky Power Company

REQUEST

Cost of removal. Refer to the response to AG 1-251 (e).

a. Show in detail the amounts recorded for cost of removal by account for each the five years through 2014.

b. Does KPCo record cost of removal in the accumulated depreciation account? If not, explain how KPCo records cost of removal.

c. Does KPCo know how much cost of removal was recorded in its accumulated depreciation account as of any of the following dates:

   (i) The date when KPCo adopted FASB 143?
   (ii) At December 31, 2011?
   (iii) At December 31, 2012?
   (iv) At December 31, 2013?
   (v) At December 31, 2014?

d. If the response to any parts of part c is affirmative, please identify the respective amounts of cost of removal that KPCo had recorded in accumulated depreciation as of each of those dates.

e. If the response to any parts of part c is negative, explain fully why not.

f. How was the cost of removal reflected in the Company's current depreciation rates? Please show in detail.

RESPONSE

a. KPCo maintains its accumulated depreciation reserve by function and therefore the removal cost by account is not available. The cost of removal recorded for the five years ended 2014 by year follows:

Year	Amount (Credit)
2010	$(3,467,123)
2011	$ 289,363
2012	$ 5,542,891
2013	$ 1,301,852
2014	$ 1,929,257

b. Yes. The Company follows FERC's Electric Plant Accounting Instructions which require the cost of removal to be charged to accumulated depreciation account 108.

c. Yes. In 2003, in accordance with FERC Order No. 631, the Company was required to maintain a separate subsidiary record of the cost of removal for non-legal removal obligations included in accumulated depreciation account 108. Since the amount of non-legal removal cost included in account 108 was not tracked separately prior to the implementation of SFAS 143, the balance of removal cost included in accumulated depreciation in 2003 was estimated.

d. (i) At December 31, 2003 ($26,140,023)
(ii) At December 31, 2011 ($29,722,360)
(iii) At December 31, 2012 ($24,179,469)
(iv) At December 31, 2013 ($22,877,617)
(v) At December 31, 2014 ($20,948,360)

e. Not applicable.

f. The accumulated depreciation amounts shown on Company witness Davis' EXHIBIT DAD-2, pages 20-21, Column VII provide a detail of total accumulated depreciation by plant account at December 31, 2013. The total accumulated depreciation by plant account includes the reserve balance in account 108 which is made up of the removal reserve and the non-removal reserve recorded in account 108. Since the Company maintains its accumulated depreciation reserve by functional class, the reserve balances were allocated in the depreciation study and further detail regarding the cost of removal is not available.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Cash working capital and pension cost. Refer to the response to AG 1-260 (e).

a. Please confirm that the Company has not conducted any working capital study in the past 30 years.

b. Please confirm that the Company cannot locate the last working capital study.

c. In what case was the last working capital study presented?

d. In the case identified in response to part c and in each case subsequent to the case identified in response to part c, answer the following and provide the documents relied upon:

e. What amount of working capital did the Company include in rate base?

f. How much of that working capital amount was for pensions?

g. What amount of pension cost did the Company include in operating expenses?

h. What amount of pension cost was allowed?

RESPONSE

a-h. The Company confirms that it cannot locate any working capital study. Based on the Company's internal records review, the Company believes that it has not conducted a cash working capital study in the past 30 years.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Interest savings. Refer to the response to AG 1-291 (a).

a. Please answer "yes" or "no" to the following: Was the $1.9 million of long-term interest expense savings reflected in KPCo's filing?

b. If the response to part a is "yes" identify exactly where in KPCo's filing this interest savings is reflected.

c. If the response to part a is "no" explain why this interest savings was omitted from, or not fully reflected in, KPCo's filing.

RESPONSE

a. No. The $1.9 million was a one-time interest savings and not reflected in Section V, Schedule 3, Page 1 of 4.

b. Not applicable.

c. On December 31, 2013, Kentucky Power assumed $200 million of intermediate term loan debt at 1.44% associated with the Company's Asset Transfer and Assumption Transaction. As stated in the application for Case 2012-00578, Kentucky Power committed to refinancing the Mitchell Debt obligations within six months of the transfer date.

In June 2014, the Company issued $200 million permanent senior notes to refinance the assumed $200 million Mitchell obligation. The senior notes were issued in two tranches of $120 million (Series A) and $80 million (Series B). The $120 million Series A notes were issued with a coupon of 4.18% and structured to fund on September 30, 2014. By delaying the funding of the $120 million Series A, the Company continued to pay and accrue interest on $120 million of 1.44% intermediate term loan debt rather than 4.18% from June until the Series A funding date September 30th creating a one-time interest savings of approximately $800,000.

The $80 million Series B notes were issued with a coupon of 4.33% and structured to fund on December 30, 2014. By delaying the funding of the $80 million Series B, the Company continued to pay and accrue interest on $80 million of 1.44% intermediate term loan debt rather than 4.33% from June until the Series B funding date, December 30th creating a one-time interest savings of $1.1 million.

Kentucky Power executed the financing plan set forth in the Asset Transfer and Assumption application by permanently refinancing the $200 million intermediate term loan debt associated with the Mitchell Plant transfer. In addition, these financing transactions were part of the Commission's Financing Authority, Case No. 2013-00410.

Because these were one-time transactions related to the once in a generation transfer of the Mitchell generating station they were not included.

WITNESS: Marc D Reitter

Kentucky Power Company

REQUEST

Pension asset. Refer to the response to AG 1-293 (a), (b), (c) and (d).

a. Will KPCo be filing an amended application to attempt to include a pension asset in rate base?

b. If not, explain fully why not.

c. If so, identify when KPCo intends to amend its application for this item.

d. Identify the test year cash contribution for pensions, and for each amount identify the date and amount paid as well as the payee.

e. Referring to the amounts listed in response to part b, identify which of those amounts were "additional".

f. In the Company's filing has capitalization been reconciled to rate base?

g. Identify each item in the Company's adjusted capitalization that is represented by the prepaid pension asset.

h. Has the Company ever included a prepaid pension asset in rate base in any other rate cases before the Kentucky Public Service Commission?

i. If not, explain fully why not.

j. If so, identify each such case, and provide the specific pages from KPCo's filing which show the Company's proposed inclusion of a pension asset in rate base.

k. The response to AG 1-293(d) references the periods going back to 2000. Identify each KPCo rate case from 2000 through 2014.

l. For each rate case identified in response to part g, provide the specific pages from KPCo's filing showing (1) the amount of pension cost requested by the Company and (2) the amount of pension asset in rate base requested by the Company.

Kentucky Power Company

RESPONSE

a. No.

b. The Company is unaware of any legal requirement that it amend its application. The Commission will establish rates based upon the evidence before it.

c. N/A

d. The Company's pension cash contribution during the test year ended September 30, 2014 was $1,923,000. It was made on June 26, 2014 and paid to the AEP Retirement Plan trust fund.

e. The entirety of the $53,709,968 prepaid pension asset represents additional pension contributions. It is which is equal to the cumulative amount of cash pension contributions beyond the cumulative amount of FAS 87 pension cost. This is illustrated in the first three columns of Exhibit HEM-3.

f. Please see the Company's supplemental response to AG 1-285.

g. The Company has made no adjustment to Capitalization for the prepaid pension asset.

h. Yes.

i. Not applicable.

j. In Case No. 2013-00197, Witness McCoy in his direct testimony requested the prepaid pension asset in rate base on pages 17 through 21 and pension cost on pages 8 through 9. In Case No. 2009-00459, Witness McCoy in his direct testimony requested the prepaid pension asset in rate base on pages 18 through 22 and pension cost on page 10. In Case No. 2005-00341, Witness Wagner in his direct testimony requested the prepaid pension asset in rate base on page 41 and on Section V, Workpaper S-4, Page 40 and pension cost on Section V, Workpaper S-4, Page 4.

k. Please see the Company's response to part j. above.

l. Please see the Company's response to part j. above.

WITNESS: Ranie K Wohnhas and Hugh E McCoy

Kentucky Power Company

REQUEST

Transmission revenue requirement. Refer to the response to AG 1-335.

a. Identify, quantify and explain the "true cost of transmission service" as the term is used in the response.

b. Have KPCo's rates in any year prior to 2015 ever reflected the "true cost of transmission service"?

c. If not, explain fully why not.

d. If so, identify each year in which KPCo's reflected the "true cost of transmission service".

e. If the transmission revenue requirement is kept in KPCo's base rates, would that be consistent with historical ratemaking for KPCo in all years through 2014?

f. If the transmission revenue requirement is kept in KPCo's base rates, would the transmission revenue requirement be reviewed in KPCo's next base rate case, along with KPCo's costs for generation and distribution?

g. If not, explain fully why not.

h. What rate of return and cost of equity did KPCo apply to derive the OATT revenue requirement on Exhibit JMS-3, column 10? Explain and show calculations.

i. How much is KPCo's transmission revenue requirement anticipated to change in each year:
   (i) 2015
   (ii) 2016
   (iii) 2017
   (iv) 2018
   (v) 2019
   (vi) 2020

RESPONSE

a. The Company's proposed adjusted Kentucky Retail Jurisdictional cost of transmission service is $53,779,456 as can be seen on line 32-OATT Subtotal, column E of Company Exhibit AEV-5. This jurisdictional cost of service amount represents the true cost of PJM transmission service provided to customers.

b. No.

c. For two reasons:

   1. The Company's jurisdictional cost of PJM transmission service has not been fully reflected in its rates since November 2010 when the modified Transmission Agreement became effective.

   2. Due to the existence of inter-class subsidies, Customers' rates have not reflected the true cost of PJM transmission service.

d. See part b.

e. It would be, but circumstances have changed. Kentucky Power Company has only been an RTO member since October of 2004 and has only been under the modified Transmission Agreement since November of 2010.

f. Yes. Regardless of whether the Company's proposal is approved, the Transmission cost of service would be presented for review by the Commission in KPCo's next base rate case along with KPCo's cost of generation and distribution just as it has been in this proceeding.

g. See part f.

h. Column 10 of Company Exhibit JMS-3 is not the OATT revenue requirement. It is the net effect on customer classes that results from the Company's proposed treatment of Transmission as discuss by Company Witness Vaughan beginning on page 20 of his direct testimony.

i. See AG_2_24_Attachment1.xls for the Company's available forecast estimate.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Refer to the response to AG 1-339.

a. Does KPCo pay transmission rates to AEP under the AEP OATT?

b. Does KPCo receive transmission revenues?

c. Is there any different between the amounts identified in response to parts a and b?

d. If so, identify the amounts and differences in each year, 2009-2013, and as estimated forecast for each year 2014-2020.

e. When did all load service entities in the AEP Transmission Zone begin paying the same rate for transmission service per the AEP OATT?

f. How many rate cases has KPCo had since the date identified in response to part d?

RESPONSE

a. KPCo and the other AEP East Operating Companies pay the AEP Transmission Zone rates to PJM. Such PJM charges have been assigned to KPCo and each AEP East Operating Company pursuant to the modified Transmission Agreement since November 2010. PJM pays the appropriate transmission owners whose transmission revenue requirements make up the rate for the AEP Transmission Zone. Among those owners in the AEP Transmission zone are KPCo and KPCo affiliates.

b. Yes.

c. Yes.

d. See AG_2_25_Attachment1.xls for KPCo's 2009-2014 PJM LSE OATT charges and PJM Transmission Owner OATT Revenues. For the forecasted information, see AG-2-24.

e. All load serving entities in the AEP transmission zone, including the AEP East Operating Companies, have paid the same OATT rates since at least October of 2004 when the AEP East Operating Companies joined PJM.

f. No date was requested in part d and thus none was identified in the response. This is the Company's first rate case that has not been withdrawn, since the Transmission Agreement modifications became effective in November 2010.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

PJM OATT. Refer to the response to AG 1-348 including the supplemental response. Referring to the January 2015 PJM OATT LSE Charges in Attachment 4 to the response and to Attachment 1:

a. Which of the listed accounts are revenue to KPCo?

b. Do credit amounts represent net revenues to KPCo? If not, what do the credit amounts represent?

c. Provide descriptions for each of the subaccounts to account 456 that are used to record PJM OATT LSE charges and revenue.

d. Provide descriptions for each of the subaccounts to account 565 that are used to record PJM OATT LSE charges.

RESPONSE

a. Regarding AG_1_348__Attachment1, negative amounts represent revenue to KPCo, positive amounts represent expense to KPCo.

b. See part a.

c. Descriptions for these FERC accounts are included in the "description" column of Company Exhibit AEV-5.

d. See part c.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Refer to the responses to AG 1-354 and 1-355.

a. Has KPCo ever been allowed to include negative amounts in its capital structure in any prior rate cases?

b. If not, explain fully why not.

c. If so, identify each prior KPCo rate case in which KPCo was allowed to include negative amounts in its capital structure, and provide the relevant pages from each case.

d. Why aren't the negative amounts in KPCo's capital structure being eliminated against the amounts listed for common equity?

e. Isn't the Company's proposed inclusion of negative amounts in the capital structure an indirect way of inflating the common equity return?

f. Is KPCo or its witnesses aware of any other utility regulated by the Kentucky Public Service Commission that has been allowed to include negative amounts in its capital structure?

g. If the response to part d is "yes" identify by case and order citation each such instance of which the Company and its witnesses are aware.

RESPONSE

a. The Company's capital structure, as shown in Section V, Schedule 3 of the Company's application, in Case No. 2009-00459 and Case No. 2013-00197 included negative values. Case No. 2009-00459 was a settled case. The Commission's order approving the settlement did not include a specific mention of the capital structure. Case No. 2013-00197 was withdrawn by the Company.

b. N/A.

c. See subpart a. above.

d. All debt and equity components of the capital structure are used during the course of the Company's operations to serve the customer. To exclude (or net against another component) one component of the capital structure, even if adjusted to negative amounts, does not accurately represent how the Company employs its capital. Short term debt is shown as a balance at month end but it may be used throughout the month.

e. The proposed capital structure, including negative amounts, is consistent with those filed in previous cases and most recently Case No. 2013-00197. An increase or decrease in any component of a capital structure will directly affect the overall weighted average cost of capital. By decreasing debt balances, the debt percentage of capital decreases therefore increasing the equity percentage of capital and thus affects the overall weighted average cost of capital.

f. The Company has not researched the issue.

g. N/A.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Rockport. Refer to the response AG 1-389(b).

a. What fixed charges and demand charges would KPCo propose if the fixed Rockport costs were to be recovered through fixed charges and demand charges? Show how KPCo would develop fixed charge and demand charge rates.

b. Is it KPCo's position that the Rockport fixed costs must be recovered in per-kWh rates in perpetuity with no possibility of regulatory review to apply cost/causation principles? If not, explain fully why not.

RESPONSE

a. Kentucky Power is not proposing to change its recovery methods for costs associated with Rockport.

b. Kentucky Power is recovering costs associated with Rockport in accordance with the Kentucky Public Service Commission's order dated December 13, 2004 in Case No. 2004-00420. This Order extends recovery for the life of the purchased power agreement which currently is scheduled to terminate on December 7, 2022.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Rockport. Refer to the response to AG 1-394.

a. Provide a copy of the FERC Approved PPA or UPA which specifies that a 12.16% return in equity is to be used.

b. What is the term of the Rockport PPA/UPA?

c. Has the 12.16% been reviewed in any FERC proceeding since 2005? If so, identify the proceeding.

d. What portion of the Rockport plant is owned by AEG?

e. When did AEG acquire that ownership?

f. Why isn't the AEG owned part of the Rockport plant being transferred to KPCo at net book value, similar to the 50% interest in the Mitchell plant?

RESPONSE

a. Please see AG_1_394_Attachment1.

b. The Rockport UPA will expire on December 7, 2022.

c. Please see the Company's response to AG 1-375.

d. AEP Generating Company (AEG) owns a 50% interest in Rockport Unit 1.

e. The 50% interest in Rockport Unit 1 that AEG owns was acquired by AEG in two transactions in December of 1983 and October 1984.

f. Please see the Company's response to subpart b above. AEP Generating Company and Indiana Michigan Power Company co-own Rockport Unit 1. Rockport Unit 2 is owned by an unrelated third-party and leased to AEP Generating Company and Indiana Michigan Power Company. Kentucky Power originally proposed to acquire a portion of the interest in the Rockport generating station held by AEP Generating Company. Its application for a certificate of public convenience and necessity to acquire that interest was opposed and ultimately denied. The current contractual arrangement was created in response to provide the Company with the necessary generation. Further, there is no current need for Kentucky Power to acquire AEP Generating Company's interest in the units.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Vegetation Management, tree trimming, tree removal. Refer to the response to AG 1-14. The response to AG 1-14(a) states that: "If a tree inside of the rights-of-way is larger than 18 inches diameter, then its removal would be capitalized." The Attachment 1 provided in response to AG 1-14(c) has similar criteria.

a. Identify the amounts capitalized in each year, 2009 through 2014 for removing trees growing inside the rights-of-way that were larger than 18 inches in diameter.

b. Identify the total cost of removing trees over 18 inches in diameter in each year, 2009 through 2014.

c. Identify the number of trees over 18 inches in diameter that were removed in each year, 2009 through 2014.

d. Does the Company keep records of its Vegetation Management for removing trees over 18 inches in diameter?

e. If not, explain fully why not.

f. If so, do those records indicate whether such trees were: (1) inside the existing right-of-way? (2) part of a right-of-way widening project? (3) outside of the existing right-of-way and not part of a widening project?

g. If the answer to part (2) in subpart (f), above, is affirmative, please identify the number of over 18-inch diameter trees in each category in each year, 2009-2014.

RESPONSE

a. The Company cannot provide the requested information. The recording of capitalized removals does not differentiate between the location of the tree inside or outside of the rights-of-way, or if the removal was part of a rights-of-way widening project. Further, the Company records all trees greater than four inches in diameter in connection with capital projects involving the widening of rights-of-way.

b. The Company does not possess the requested information. Listed below is the cost of all capitalized tree-removals:

Year	Cost
2009	$2,142,500
2010	$884,170
2011	$1,069,020
2012	$1,957,164
2013	$2,403,200
2014	$2,449,125

c. The Company does not possess the requested information. Listed below is the number of capitalized tree-removals:

Year	#Removals
2009	53,389
2010	14,870
2011	16,654
2012	34,856
2013	37,650
2014	29,087

d. The Company records the tree removal and tree removal cost information as described above. Because of the large number of capitalized tree removals (more than 185,000 such trees removed in approximately five and one-half years) it is not practicable to record the removals in any greater detail. In addition, such additional detail would provide minimal or no benefit to the Company's vegetation management efforts.

e-g. See the Company's response to AG 2-30(d).

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the response to AG 1-14 and 1-17 regarding Vegetation Management.

a. Does KPCo employ any procedures or guidance for customer reporting of "danger trees"? If so, identify those procedures and that guidance.

b. Has KPCo considered any customer incentives for reporting and removal of "danger trees" from ROWs?

c. If not, explain fully why not.

d. If so, explain how KPCo has considered this.

e. During 2013 and 2014 has KPCo received any reports from customers regarding danger trees? If so, identify and explain when KPCo received such reports, the nature of each report, and how KPCo addressed each such danger tree situation that was identified.

RESPONSE

a. Customers can report tree issues by contacting the Company's Customer Solutions Center or via email through the Kentucky Power website. The customer concern is then forwarded to the forestry department for investigation.

b. No.

c. The Company does not believe such measures would be cost-effective. Kentucky Power forestry representatives, line crew personnel, and tree contractor personnel are able to assess the presence of "danger trees" during their line clearance and inspection activities. Moreover, most of the Company's Tree Out-of-ROW outages occur in inaccessible areas that are not in close proximity to customers' residences.

Kentucky Power Company

d. See the Company's response to AG 2-31(c).

e. Kentucky Power does not record customer tree inquiries in a fashion that would allow the Company to respond as requested. All types of customer tree inquiries, requests, and complaints are forwarded to Kentucky Power Forestry personnel by the Company's Customer Solutions Center as an Investigation Order. Field representatives of Kentucky Power Forestry inspect the identified area, provide a response to the customer, and report their findings back to the local Forestry office. If tree work is required, the Investigation Order will be prioritized and scheduled for performance.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Engage to Gain program.

a. Identify all costs by account in the test year for the Engage to Gain program.

b. Provide a copy of the Engage to Gain program.

c. Identify and provide all presentations in 2013 and 2014 related to the Engage to Gain program.

d. Through December 31, 2014 have there been any net savings from the Engage To Gain program?

e. If so, explain fully, and identify all savings amounts in total and also identify the savings amounts allocated to KPCo.

f. Are there any net savings anticipated from the Engage to Gain program in 2015?

g. If so, explain fully, and identify all savings amounts in total and also identify the savings amounts allocated to KPCo.

h. Through December 31, 2014 have there been any incremental revenues from the Engage To Gain program?

i. If so, explain fully, and identify all revenue amounts in total and also identify the revenue amounts allocated to KPCo.

j. Are there any incremental revenues anticipated from the Engage to Gain program in 2015?

k. If so, explain fully, and identify all revenue amounts in total and also identify the revenue amounts allocated to KPCo.

RESPONSE

a. See Company's response to AG_1_369.

Engage to Gain amounts not included in the Company's response to AG_1_369 are:

Account	Total
1070	$81,435
1080	14,027
1520	9,681
1630	9,636
1830	(24)
1840	7,048
1850	288
1860	(354)
4264	127
4265	1
Total	$121,865

b. Please see AG_2_32_Attachment1.pdf for a copy of the Engage to Gain program.

c. No presentations were created for the Engage to Gain program in 2013 or 2014.

d. The Engage to Gain program was in effect for one year and ended in December, 2013. There are no costs for the program beyond 2013. Savings and lower cost increases resulting from the program in subsequent years are not, and cannot be, segregated, but are reflected in the costs incurred by the Company to provide service to its customers.

e. n/a

f. See response to AG_ 2_32 d.

g. n/a

h. See response to AG_ 2_32 d.

i. n/a

j. See response to AG_ 2_32 d.

k. n/a

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Key Contributor awards.

a. Identify all costs by account in the test year for the Key Contributor program.

b. Provide a copy of the Key Contributor program.

c. Identify and provide all presentations in 2013 and 2014 related to the Key Contributor award program.

d. Through December 31, 2014 have there been any net savings from the Key Contributor program?

e. If so, explain fully, and identify all savings amounts in total and also identify the savings amounts allocated to KPCo.

f. Are there any net savings anticipated from the Key Contributor program in 2015?

g. If so, explain fully, and identify all savings amounts in total and also identify the savings amounts allocated to KPCo.

RESPONSE

a. The costs for the Key Contributor program are part of the LTIP plan. Please see response to KIUC_1_32.

b. Please see AG_2_33_Attachment1.pdf for a copy of the Key Contributor program.

c. There were no presentations for the Key Contributor program in 2013 or 2014.

d. The Key Contributor program is an employee compensation program that recognizes outstanding and extraordinary employee performance. Although it may create net savings, the program is not a savings-driven program. For instance, a Transmission Key Contributor recipient earned an award by developing a simple, effective solution to capture key data and distribute transmission outage information. This application reduced outage lengths, assisted in prioritizing restoration efforts in 'real time' and improved the customer experience during storm restoration. This tool was successfully used by Kentucky Power during major storm restoration events in 2013.

e. Please see response to AG_2_33 d.

f. Please see response to AG_2_33 d.

g. Please see response to AG_2_33 d.

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Identify and provide the two most recent AEP Internal Audit Reports on NERC Compliance.

RESPONSE

The first AEP Internal Audit Report on NERC Compliance, titled "*NERC CIP Version 3 Advisory Services Memorandum*" is included as part of the response to AG_2_49.

The second AEP Internal Audit Report on NERC Compliance, titled "*Review of ERCOT TDSP Audit Preparation*" is specific to the ERCOT market in Texas; please refer to AG_2_34_Attachment1.pdf.

WITNESS: H Kevin Stogran

Kentucky Power Company

REQUEST

Identify and provide the Internal Audit Report on NERC Compliance that was mentioned in the February 22, 2011 board minutes.

RESPONSE

The Internal Audit Report on NERC Compliance that was mentioned in the February 22, 2011 board minutes did not refer to a typical formal Internal Audit report. Instead it was a routine audit update that included a few bullet points for discussion which are provided below:

– An oversight committee was established with the responsibility of reviewing exceptions for potential self-reporting, as well as maintaining, improving, and standardizing compliance.

– A consultant was brought in to identify compliance policy gaps that now have been corrected.

– Areas where improvements are still needed relate to consistency and completeness of compliance documentation. AEP is reviewing better tools for doing so. The quality of logging of physical access for people requiring escorted access is also is being reviewed for improvement.

WITNESS: H Kevin Stogran

Kentucky Power Company

REQUEST

Mitchell Plant. Refer to the response to AG 1-18. Specifically, the Mitchell Plant Operating Agreement at page 2 states in part: "AEPGR transferred its fifty percent (50%) undivided interest in the Mitchell Facility to Newco Wheeling Inc., exclusive of its interest in the Conner Run Fly Ash Impoundment and Dam ("Conner Run"), which interest in Conner Run was retained on the Transfer Date by AEPGR...". In addition, at page 3, the Mitchell Plant Operating Agreement states in part: "Whereas, the Owners desire that KPCo shall operate and maintain the Mitchell Facility, exclusive of Conner Run (the "Mitchell Plant"), in accordance with the provisions set forth herein;..."

a. As it is not clear from the Mitchell Plant Operating Agreement, please state whether AEPGR retained a 100% interest in the Conner Run Fly Ash Impoundment and Dam upon the 50/50 transfer of the Mitchell Facility between KPCo and Newco Wheeling Inc. If not, explain fully why not.

b. If the answer to part "a" is "no", please state whether KPCo's acquisition of its 50% undivided interest in the Mitchell Facility includes a 50% interest in the Conner Run Fly Ash Impoundment and Dam. If so, please explain fully and in detail why when AEPGR transferred its 50% undivided interest in the Mitchell Facility to Newco Wheeling Inc. exclusive of its interest in Conner Run.

c. If the answer to part "b" is "yes", please quantify and provide a breakout by amount and account of the costs associated with KPCo's 50% interest in Conner Run.

RESPONSE

a. No. AEPGR transferred a 50% interest in the Mitchell facility including Conner Run to KPCo upon the completion of the transfer on December 31, 2013. AEPGR transferred a 50% interest in the Mitchell facility excluding Conner Run to Newco Wheeling Inc. upon the completion of the transfer on January 31, 2015 and thus AEPGR retained a 50% interest in Conner Run.

Kentucky Power Company

b. See response to a. above. With respect to Wheeling Power Company's (WPCo) 50% interest in Mitchell Plant, the West Virginia Public Service Commission approved a settlement agreement between the parties in the Mitchell Plant transfer case that transferred the Mitchell Plant and generating facilities excluding the transfer of 50% of Conner Run (the Mitchell Settlement Interest), but it also approved the payment by WPCo of $20 million to AEPGR and the establishment of a $20 million regulatory asset to be included in WPCo's rate base that approximated AEPGR's book value of Conner Run. Reference page 8 of the WV Commission order in Case No. 14-0546-E-PC dated December 30, 2014 which states:

"The Stipulating Parties have agreed and proposed to the Commission that the Mitchell Settlement Interest be transferred at its net book value as of the date of transfer. The Stipulating Parties have also agreed and proposed to the Commission that on transfer WPCo will remit $20 million to Generation Resources as a regulatory adjustment. The Commission views the $20 million payment as a form of consideration for eliminating the Conner Run Impoundment and any future costs and liabilities related to the Conner Run Impoundment from the Mitchell Settlement Interest. WPCo will record a regulatory asset to be included in rate base and will be allowed to set rates based on a return on, and of, that $20 million amount. Costs associated with this regulatory asset will be recovered over the remaining life of the generating facilities associated with the Mitchell Settlement Interest. At the hearing on the Joint Stipulation, Company witness Ferguson described the treatment of this $20 million amount, and CAD witness Gregg testified that it was acceptable to CAD. Tr. At 21 (Ferguson); Tr. at 81 (Gregg). The Commission finds that these provisions of the Joint Stipulation are reasonable and will adopt them."

c. As indicated in a. above, Kentucky Power Company's 50% interest in the Mitchell facility includes Conner Run. The costs on Kentucky books related to Conner Run at September 30, 2014 were as follows:

Account 101 Gross Cost including ARO -	$24,693,773
Account 107 CWIP	117,521
Account 108 Accumulated Depreciation including ARO-	(4,459,698)
Net Book Value -	20,351,596
Account 403 Annualized Depreciation Expense -	553,731
Account 4031001 Adj. test year ARO Depreciation Expense-	394,685
Account 4111005 Adj. test year ARO Accretion Expense-	743,129

Kentucky Power Company

In addition, Kentucky Power Company has recorded an ARO liability of $13,910,746 in account 2300001 and has $279,149 for land recorded in account 1240029.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Mitchell Plant. Refer to the Asset Contribution Agreement between AEPGR and Newco Kentucky that was filed as Exhibit 1 from the Company's Application that was filed on December 19, 2012. Specifically, Article II - Transfer of Assets (Section 2.01) at pages 9 and 10 of the Asset Contribution Agreement references the following schedules: 2.01(b), 2.01(l), 2.01(m) and 2.01(p).

a. Please provide complete copies of the referenced schedules.

b. Please provide any other pertinent schedules (not referenced above) that also relate to Artle II = Transfer of Assets from Section 2.01 of the Asset Contribution Agreement.

RESPONSE

a. See AG_2_37_Attachment1.pdf.

b. There are no other schedules related to Section 2.01.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Incentive Compensation. Refer to the response to AG 1-21. Part "b" to that response states that AEP's 2015 incentive compensation plans have not been finalized and approved as of the date of that initial response.

a. Please state whether AEP's 2015 incentive compensation plans has since been finalized and approved. If so, provide copies of all 2015 incentive compensation plans and quantify the impact on the Company's filing.

b. If the answer to part "a" is "no", please provide the Company's best estimate of when the 2015 incentive compensation plans will be finalized and approved and made available.

c. Referring to AG_1_21_Attachment.pdf (2014 version of Exhibit ARC-5), please state whether the funding measures associated with the incentive compensation costs included in the Company's filing reflect the following percentages under the plan's performance categories: (1) Operating Earnings Per Share - 75%; (2) Safety Matrix - 10%; and (3) Strategic Initiatives - 15%. If not, explain, fully why not.

d. Since the percentages that comprise the Operating EPS, Safety Mix and Strategic Initiatives performance categories, please explain fully and in detail how the funding adjustments for Fatality Adjustment (7.5%) and Culture and Engagement (5%) factor into the plan's performance categories.

RESPONSE

a. AEP's incentive compensation plan for 2015 has not been finalized or approved.

b. The plan is expected to be finalized and approved in the second quarter 2015.

c. Yes.

d. The Fatality Adjustment and Culture and Engagement factors provide an incentive percentage in addition to the annual incentive level. It is compensation for successfully attaining specific goals related to fatality prevention and culture development in addition to other performance categories.

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Vegetation Management. Refer to the response to AG 1-25. Part "c" of that response states that tree caused outages (for trees located in the ROW) accounted for approximately 8.6 million customer minutes of interruption during 2014 and that if outages were completely eliminated, the increased revenues from increased usage would be minimal.

a. Please quantify and explain fully and in detail the revenue lost during 2014 as a result of the 8.6 million customer minutes of interruption due to tree caused outages in the ROW.

b. Please quantify the Company's statement that even if there outages were completely eliminated, that the increased revenues would be minimal. Show detailed calculations.

c. Please state whether the Company's vegetation management program (and filing in the current proceeding) reflects projected increased revenues based on the elimination of a certain percentage of outages in result of removing trees in the Company's ROW. If so, quantify and identify by account where these increased revenues are reflected. If not, explain fully why not.

RESPONSE

a. Assumptions: Residential customers using 1,400 kWh per month @ 0.0846 cents/kWh are interrupted.

   Convert Annual Customer Minutes of Interruption to the equivalent Annual Customer Months of Interruption: (8,600,000 minutes) x (1 hour / 60 minutes) x (1 month / 720 hours) = 199.1 months of Interruption (This is equivalent to 8,600,000 Minutes of Interruption)

Convert Months of Interruption to the equivalent total annual lost energy in kWh: (199.1 months) x (1,400 kWh / months) = 278,704 kWh of lost total annual energy in kWh

Convert lost total annual energy in kWh to lost total annual revenue:
278,704 kWh) x (0.0846 dollars / kWh) = $23,578 of annual lost revenue

b. The total number of hours in a year is 8,760 hours (24 hour / 1 day)(365 days / 1 year) In 2014, the average system interruption was 8.4 hours (SAIDI=505.3)/(1 hour / 60 minutes). Customers had service approximately 99.9 percent of the time [(8,760 - 8.4)/(8,760)] x 100. The outages are not material when compared to the total time the customer is not interrupted.

c. The Company's vegetation management program impact on outages is not expected to have a material impact on revenues. Please also see subparts a. and b. above.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Vegetation Management. Refer to the response to AG 1-28.

a. Please explain fully and in detail how the Internal Energy Requirements listed on Attachment 1 were derived. Show detailed calculations.

b. Please provide the Internal Energy Requirements that are reflected in the Company's filing and show how such amounts were derived. Show detailed calculations.

RESPONSE

a. The Internal Energy Requirements provided in response to AG 1-28 reflect the summation of the hourly loads for Kentucky Power Company. AG_2_40 Attachment1.xls provides 2014 data as an example with the hourly load for 2014 and summation of that load providing internal energy requirements for the Company.

b. AG_2_40 Attachment2.xls provides hourly load for the test year and the summation of that load to provide internal energy requirements.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Late Payment Revenues. Refer to the response to AG 1-29.

a. For residential customers, please explain fully and in detail what caused the delayed payment charges to increase substantially from 2011 through 2013 and then drop off during the period January through September 2014.

b. For commercial customers, please explain fully and in detail what caused delayed payment charges to steadily increase in each year 2011 through September 2014.

c. Please provide similar data for all three customer classes for calendar year 2014.

RESPONSE

a-b. Kentucky Power has not performed any studies, surveys, or other analyses regarding causes of any fluctuations in the number and amount of delayed payment charges. It thus lacks a non-speculative basis for responding to the request.

c. Please see table below:

2014		
Customer Class	**Count**	**Amount**
Residential	354,225	$2,527,006.11
Commercial	96,643	$1,271,937.50
Industrial	689	$14,922.50
Total	451,557	$3,813,866.11

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Mitchell Plant. Refer to the response to AG 1-30.

a. Please explain fully and in detail whether KPCo's 50% undivided interest in the Mitchell Plant includes 17.5% that relates to excess capacity. If not, explain fully why not.

b. If the answer to part "a" is "yes", please state whether the Company's filing reflects 82.5% of the Mitchell Plant. If so, please quantify how the 82.5% was calculated for each component of rate base (i.e., plant in service, CWIP, accumulated depreciation, ADIT) as well as O&M and depreciation expense. Show detailed calculations.

RESPONSE

a-b. The question appears to be premised upon a misunderstanding of the Company's response to AG 1-30, the Wheeling Power Company Joint Stipulation and Agreement for Settlement, and the West Virginia Public Service Commission's Order in Case No. 14-0456-E-PC approving the Wheeling Power Company Joint Stipulation and Agreement for Settlement. The Wheeling Power Company Joint Stipulation and Agreement for Settlement and the West Virginia Public Service Commission's order approving it do not address the Company's interest in the Mitchell generating station.

The Company's interest in the Mitchell generating station does not constitute excess capacity. Further, Paragraph 1 of the July 2, 2013 Stipulation and Settlement Agreement in Case No. 2012-00578, which was approved by the Commission's October 7, 2013 Order, provides that the "fifty percent interest of Mitchell Units 1 and 2 (including associated assets and liabilities) … shall be deemed a prudent component of rate base in future proceedings."

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Kentucky Economic Development Surcharge (KEDS). Refer to the response to AG 1-33. Please explain fully and in detail how a provision that requires contributions by shareholders and customers has as much if not more benefit for customers as it does the Company

RESPONSE

Both the Company and customers will benefit from the K.E.D.S. programs. Customers and their communities benefit in several ways:

- The increased load will allow the Company to spread its fixed costs over a larger number of kWh which will help keep electricity prices lower over time by forestalling future rate increases. This benefits all customers.

- There is the direct benefit to those customers and their families who are hired by the new or expanded businesses. Even those persons not directly employed may benefit from the multiplier effect of increased spending.

- The new industries will increase the local tax base and provide additional tax revenue that can be used by local governments and schools.

- A less tangible but equally important aspect of the program is education and training for the personnel within the service territory who are responsible for economic development in their counties and region. Enhancing their abilities will enable them to be more effective in the vital areas of planning, preparation and recruiting prospective industries to their communities and region. This will produce future benefits to all customers over time.

To the extent new or expanded industrial or commercial facilities locate in the Company's service territory the increased load will generate additional revenue for the company. This benefit to the Company is not anticipated to exceed those benefits to the Company's customers described above.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

NERC Compliance and Security Rider (NCCR). Refer to the response to AG 1-34. This response states that AEPSC currently provides centralized NERC compliance and Cybersecurity services to KPCo and that the proposed NCCR is designed to allow the Company to recover its share of the costs incurred to maintain compliance with NERC standards and maintain cybersecurity.

a. Please explain fully and in detail how the proposed NCCR is designed to work in conjunction with the costs charged to KPCo by AEPSC for providing centralized NERC Compliance and Cybersecurity services to KPCo.

b. Please provide the costs that AEPSC charged to KPCo during the test year for NERC Compliance and Cybersecurity services and show where such costs are reflected in the Company's filing.

c. Please provide comparable NERC compliance and cybersecurity costs for each year 2009 through 2014 by account.

d. Please provide budgeted NERC compliance and cybersecurity costs for each year 2015 through 2018.

e. Please state whether the AEPSC charges to KPCo for NERC Compliance and Cybersecurity services that were incurred during the test year have been removed from O&M expense and transferred into the proposed NCCR. If so, identify where this adjustment is reflected in the Company's filing. If not, explain fully why not.

f. Please provide the projected AEPSC costs for NERC Compliance and Cybersecurity services in the Company's filing for the rate effective period.

g. Please explain fully and in detail how the proposed NCCR does not constitute special issue ratemaking.

h. Please explain fully and in detail whether any of AEP's other operating companies have proposed a similar NCCR in their respective service territories.

i. If the answer to part "f" is "yes", please cite by date and docket number, the Commission Orders addressing the NCCR for AEP's other operating companies.

RESPONSE

a. See the direct testimony of Company witness Wohnhas, specifically pages 26 through 29.

b. - d. & f. See the Company's response to KPSC-2-7.

e. No expenses were transferred to the NCCR. This rider is being proposed as a place holder established at a level of zero.

g. The Company is unsure what is intended by the term "special issue ratemaking." The Company confirms that the NCCR is intended to permit the Company to recover certain types of expense through a specific ratemaking mechanism as opposed to base rates and that the Commission has the authority to permit such ratemaking mechanisms in connection with the establishment of fair, just, and reasonable rates.

h.& i. See the Company's response to AG-1-336.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Depreciation Expense. Refer to the response to AG 1-37. Please explain fully and in detail how the $893,905,077 associated with Mitchell's steam production plant at December 31, 2013 was derived. Show detailed calculations.

RESPONSE

See the attachment labeled "AG_2-45_Mitchell_Plant_Attachment 1.xls" provided with this response which provides the Kentucky's 50% share of Mitchell Plant cost in plant accounts 311-316 by vintage year which equals the $893,905,077.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Depreciation Expense. Refer to the response to AG 1-38. Please explain fully and in detail why, based on updated estimates and information, the end of service life for the Mitchell Plant should be changed from 2031 to 2040. In addition, please provide the updated estimates and information which led to the Company's conclusion that the Mitchell Plant's end of service life should be changed to 2040

RESPONSE

The Mitchell Plant began commercial operation in 1971 and, consistent with industry estimates of a 40 year operating life for a newly constructed coal fired generating facility, was assigned an end of service life of 2031. Based on historical prudent investments made in the Mitchell Plant and the expectation that necessary prudent investments will be made in the future, it was decided to extend the expected end of service life to 2040. Please see page 6 of Company Witness LaFleur's testimony in Case No. 2012-00578 for additional discussion regarding the Company's assumption for a 2040 end of service life for Mitchell Plant.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

Power Outages. Refer to the response to AG 1-44. Please explain fully and in detail whether the costs associated with the pilot program scheduled to begin in 2015 is reflected in the Company's filing. If so, quantify and show by amount and account where such costs are reflected in KPCo's filing. Show detailed calculations. If not, explain fully why not.

RESPONSE

Yes, the costs allocated to the Company are reflected in the Company's filing. Please see AG_2_47_Attachment1.xls for the costs allocated to Kentucky Power during the Company's test year.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

General Ledger. Refer to the response to AG 1-48. Specifically, referring to Attachment 5, please specify which line items of costs that are reflected on the referenced attachment relate to the Mitchell Plant.

RESPONSE

All balance sheet line items included in AG_1_48_Attachment 5.pdf relate to KPCo's 50% acquisition of Mitchell Plant on December 31, 2013.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Internal Audit Reports. Refer to the response to AG 1-51 and the list below. Please provide copies of the internal audit reports listed below

Year	Project Name	Issue Date
2012	Coal Inventories	1/23/2012
2012	2011 Incentive Compensation Plan Review	2/13/2012
2012	Asplundh Contract Compliance Review	6/27/2012
2013	Coal Pile Inventory	1/23/2013
2013	2012 Incentive Compensation Plan Review	2/12/2013
2013	Storm Restoration Process	4/19/2013
2014	Coal Pile Inventory	1/28/2014
2014	Incentive Compensation 2013	2/13/2014
2014	ESHA - Big Sandy Plant 2014	10/6/2014
2014	Coal Pile Inventory	11/14/2014
2014	Asplundh Tree Expert Company Contract Audit	12/30/2014
2015	NERC 2014 CIP Advisory Review	1/12/2015
2015	Coal Pile Inventories 2014	1/15/2015

RESPONSE

See AG_2_49_Attachment1.pdf.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Materials & Supplies (M&S). Refer to the response to AG 1-54 and Section IV (page 3 of 19) - Balance Sheet - Jurisdictional Assets - September 30, 2014.

a. Referring to AG_1_54_Attachment 1, please reconcile the amounts shown for each component of M&S in the test year to the M&S amounts which total $46,045,697 on lines 26-31 of the Section IV Balance Sheet. Identify, quantify and explain each reconciling item.

b. Referring to the Section IV Balance Sheet, please provide a breakout of the " Other Accounts" M&S which totals $14,118,856 on a Kentucky jurisdictional basis.

RESPONSE

a. The $46,045,697 on lines 26-31 of the Section IV Balance Sheet is a jurisdictional amount and includes fuel (Accts. 151/152) allowance inventory (Acct. 158) and plant M&S (Acct. 154) as compared to the $22,229,833 total company per book amount provided in AG_1_54 as of September 30, 2014 which only includes account 154.

b. Please see AG_2_50_Attachment1.xls for the breakout of the "Other Accounts" M&S on a Kentucky jurisdictional basis.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Contributions in Aid of Construction (CIAC). Refer to the response to AG 1-55.

a. Please state whether the CIAC collected in the test year is reflected as a rate base reduction in the Company's filing. If so, quantify and identify by amount and account where the test year CIAC is reflected in the filing. If not, explain fully why not.

b. Please explain fully and in detail the footnote on Attachment 1 which states: "Beginning in 2014 the remaining CIAC is reclassified to Account 2530 124", including why these amounts were reclassified beginning in 2014. In addition, are these amounts reflected as a rate base reduction in the Company's filing? If not, explain fully why not.

RESPONSE

a. The CIAC collected in the test year was $947,995. Of the $947,995 collected, $909,674 was reflected as a rate base reduction in Accounts 101 (Plant) and 107 (CWIP).

   The remaining $38,321 was recorded in Account 253 (Deferred Credits), which was not reflected as a reduction to rate base. The exclusion of the $38,321, which would have reduced rate base, was an oversight.

b. Prior to January 2014, amounts collected as CIAC were recorded to specific projects in the CWIP Account 107 as a credit when received. If the amount of actual charges to the CWIP project was less than the CIAC amount recorded, the ending project balance would be negative.

   Beginning in January 2014, the Company determined that instead of showing the remaining CIAC for the month as a credit in Account 107 it would be preferable to reclassify the amount to Account 2530 124 Deferred Credits. See the rate base treatment discussed in the response to item a.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Payroll Expense. Refer to the response to AG 1-64 and Section V, Exhibit 2, page 26 from the Company's filing.

a. Please reconcile the test year payroll expense amounts shown on AG_1_64_Attachment1 to the test year payroll expense amounts that are reflected on Section V, Exhibit 2, page 26. Identify, quantify and explain each reconciling item.

b. Referring to Section V, Exhibit 2, page 26, please breakout the payroll expense amounts between salaried and union employees.

c. Referring to AG_1_64_Attachment2, please explain fully and in detail why KPCo's headcount increased from 374 in November 2013 to 640 in December 2013.

RESPONSE

a. The total straight time labor costs from the tab "Reg & OT Monthly Summary" in AG_1_64_Attachment1 is $35,184,452 which reconciles to Section V Exhibit 2, page 26 as follows:

Total straight time payroll from AG_1_64_Attachment1	$35,184,452
less Generation function straight time payroll	(15,585,644)
Total Test Period Paryoll per Section V Exhibit 2	$19,598,808*

* Transmission of $2,409,013 plus Distribution of $17,189,795 = $19,598,808

b. Ledger data does not separate union labor dollars, however based on human resource information; the labor dollars in Section V, Exhibit 2, page 26 for the test year would breakout for transmission to be $434,908 union and $1,974,105 nonunion. For distribution the breakout would be $4,110,198 union and $13,079,597 nonunion.

c. The majority of the difference was the year-end transfer (for the first pay of 2014) of 278 employees associated with Mitchell Plant to Kentucky Power. There were two other transfers into Kentucky Power positions from other affiliated companies and one new hire for a total of 281 additions to the Kentucky Power payroll. There were 11 employees in Transmission positions that were transferred to AEPSC along with three employees transitioning to positions in other affiliated companies and one employee retired for a total of 15 reductions. Overall difference in headcount was an addition of 266 employees.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

AEPSC Payroll Expense. Refer to the response to AG 1-65 and Section V, Exhibit 2, page 26.

a. Referring to Attachment 1, please explain fully and in detail why AEPSC's headcount increased from 4,983 employees as of September 2013 to 5,414 employees, or a difference of 431 as of the test year ended September 30, 2014.

b. Please state whether the test year payroll expense amounts on Section V, Exhibit 2, page 26 reflects any payroll expense associated with AEPSC employees. If so, please reconcile such amounts to the test year payroll expense amounts on AG_1_65_Attachment2.

c. If the answer to part "b" is "yes", please provide a breakout of the payroll expense amounts on Section V, Exhibit 2, page 26 between KPCo and AEPSC.

RESPONSE

a. The AEPSC headcount increase from September 2013 to September 2014 was primarily related to a transfer of the Transmission organization employees from the AEP Operating Companies to AEPSC along with the addition of headcount in the Transmission organization.

b. No. The test year payroll expense amounts on Section V, Exhibit 2, page 26 does not include payroll expense associated with AEPSC employees.

c. N/A.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Payroll Expense. Refer to the response to AG 1-79.

a. Please explain fully the details regarding the announced plant cutbacks that the Company stated will occur during 2015 and 2016, including the specific plant(s) to which these announced cutbacks apply.

b. Please quantify the anticipated reduction in payroll expense which would result from the employee reductions associated with the plant cutbacks. Show detailed calculations.

c. Referring to the response to part "b" above, please state whether the Company's filing reflects the reduced payroll expense that is anticipated pursuant to the plant cutbacks. If so, identify by amount and account where such payroll reductions are reflected in the Company's filing. If not, explain fully why not.

RESPONSE

a. - c. See AG_2_56.

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Payroll Expense. Refer to the responses to AG 1-77 and 1-78. The response to AG 1-77, which requested KPCo's merit and cost of living wage rate increase policies, referred to the response to AG 1-78. However, the response to AG 1-78 relates to AEPSC's merit and living wage rate increase policies. Please confirm that KPCo's and AEPSC's merit and living wage rate increase policies are identical. If not confirmed, provide KPCo's policies as originally requested in AG 1-77.

RESPONSE

The Company confirms that KPCo and AEPSC use the same merit and living wage policies.

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Employee Counts. Refer to the responses to AG 1-81 and 1-82. The response to AG 1-81 states that Big Sandy was staffed with 69 full-time employees as of September 30, 2014, but that it is anticipated that this will be reduced to 40 full-time employees as of June 30 and December 31, 2015 as well as 33 full-time employees as of June 30, 2016.

a. Please confirm that this reduction in Big Sandy employees is attributable to the planned retirement of Big Sandy 2 by June 30, 2015. If not confirmed, explain fully why the Company anticipates the noted reduction in Big Sandy employees.

b. Please explain fully and in detail whether the Company's forecasted payroll and benefits expense reflects the noted reduction in Big Sandy employees. If so, quantify and identify by amount and account where this reduction in payroll and benefits expense is reflected in the Company's filing. If not, explain fully why not.

c. For each of the noted time periods in the responses to AG 1-81 and AG 1-82, please provide a breakout between the Big Sandy 1 and Big Sandy 2 employees.

RESPONSE

a. The reduction in Big Sandy Plant employees is attributable to the planned retirement of Big Sandy Unit 2 and the conversion of Big Sandy Unit 1 from a coal-fired to gas-fired facility.

b. Yes, the Company's forecasted payroll and benefits expense reflects the reduction in Big Sandy employees. Please see AG_2_56_Attachment1.xlsx for this information. The Company removed all payroll and benefit expense related to Big Sandy from the base rate case. The Company has proposed a separate BS1OR which reflects the current payroll and benefit costs of Big Sandy Unit 1. The actual payroll and benefit expenses will be included in the rider and will reflect any future employee headcount reductions.

c. The Company does not budget for employees at the unit level. Please see tab c of AG_2_56_Attachment1.xlsx for a breakdown of employees by unit.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

Employee Benefits Expense. Refer to the response to AG 1-92 and Section V, Exhibit 2, page 20.

a. Please reconcile the test year amounts reflected on Section V, Exhibit 2, page 20 to the amounts shown in the response to AG 1-92. Identify, quantify and explain each reconciling item.

b. Please state whether the amounts shown on Section V, Exhibit 2, page 20 reflect any AEPSC employee benefit costs. If so, reconcile such costs to AG_1_92_Attachment3. Identify, quantify and explain each reconciling item.

RESPONSE

a. Attachment AG_2_57_Attachment1.xlsx shows the response to AG 1-92 split into the generation, transmission and distribution functions. Section V, Exhibit 2, page 20 only contains the test year amounts for Transmission and Distribution. Section V, Exhibit 2, page 20 does not adjust the Amortization of Post in Service OPEB, Savings Plan or Incentive Compensation Deferral.

b. Amounts shown on Section V, Exhibit 2, Page 20 do not reflect any AEPSC cost.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Worker's Compensation. Refer to the response to AG 1-93. Based on what was requested in part "c" of AG 1-93,

a. Please confirm that the $93,480 that is shown on AG_1_93_Attachment2 reflects KPCo's portion of the total invoice amount that is shown on AG_1_93_ConfidentialAttachment1. If not confirmed, explain fully why not.

b. Based on what was requested in part "c" of AG 1-93, please confirm that the $93,480 shown on AG_1_93_Attachment2 reflects the Company's requested worker's compensation in its filing. If not confirmed, please provide the amount requested for worker's compensation and show how this amount was derived. Show detailed calculations.

RESPONSE

a. Yes, the amount is confirmed.

b. No. The Company's requested workers compensation expense included in the case is recorded in account 9250006 and 9250010. The net amount in those accounts included in **Kentucky Power's cost of service is as follows:**

12 Months ended September 30, 2014:		
9250006		$(84,940)
9250010		(237,481)
Total		$(322,421)
less:	Big Sandy	$(38,826)
plus:	Annualize Mitchell	$(4,271)
Total	W/C included in COS	$(287,866)

The Company included the test year workers compensation expense credit in the proposed revenue requirement even though the average of the five most recent calendar years data for the workers compensation expense was $226,816..

2009	$462,382
2010	$71,943
2011	$326,786
2012	$(173,764)
2013	$446,733
Total	$1,134,080
Average	$226,816

The Company believes this average would provide a more appropriate going level for workers compensation expense than the credit reflected in the revenue requirement.

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Employee Benefits Expense. Refer to the response to AG 1-94 and Section V, Exhibit 2, page 20. As there are no health care premiums or related invoices paid to insurance companies since the AEP Medical Plan is self-insured, please explain fully and in detail how the test year and annualized medical plan costs shown on Section V, Exhibit 2, page 20 were derived. Show detailed calculations.

RESPONSE

Although AEP's medical plans are self-insured as stated in the response to AG 1-94, AEP has contracted with providers to manage coverage and claim payments. The Company annually determines the rates required to fund each plan, and the employees' contribution requirement based on each medical plan chosen by employee.

An expense amount is calculated and recorded by plan each month for each covered employee. AG_2_59_Attachment1.xls provides a summary of the monthly journal entries for the 12 month ending September 2014. Additionally, the calculation to support the September 2014 journal entries for KPCo transmission and distribution functions in support of Section V, Exhibit 2, page 20 are provided.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Employee Benefits Expense. Refer to the response to AG 1-95 and Section V, Exhibit 2, page 20.

a. Please identify the third party actuary that projected KPCo's medical plan costs for the rate effective period. In addition, please provide the analysis that was performed by this third party actuary which resulted in the amounts reflected for annualized medical plan costs on Section V, Exhibit 2, page 20.

b. Please identify the third party actuary that projected KPCo's dental plan costs for the rate effective period. In addition, please provide the analysis that was performed by this third party actuary which resulted in the amounts reflected for annualized dental plan costs on Section V, Exhibit 2, page 20.

c. Please identify the third party actuary that projected KPCo's long-term disability (LTD) costs for the rate effective period. In addition, please provide the analysis that was performed by this third party actuary which resulted in the amounts reflected for annualized LTD costs on Section V, Exhibit 2, page 20.

d. Please explain fully and in detail why the Company's employees pay approximately 20% of the per employee amount of medical plan costs through payroll deductions, but have to pay approximately 30% of the per employee amount of dental plan costs through payroll deductions.

RESPONSE

a. & b. The actuary was Towers Watson. Please see AG_2_60_Attachement1.pdf for a report containing the analysis.

c. The actuary was Towers Watson. The LTD trust had sufficient assets to cover claim payments in 2013, so no trust contributions were necessary, other than small contributions made to cover costs related to plan administration.

d. The difference between the amount of medical plan costs and dental plan costs paid by employees is consistent with market competitive benefits.

WITNESS: Andrew R Carlin

Kentucky Power Company

REQUEST

Gains/Losses on Sale of Utility Property. Refer to the response to AG 1-98. Please explain fully and in detail why the net gain of $1,760,623 was not included in cost of service for ratemaking purposes.

RESPONSE

The Company, following the FERC Uniform System of Accounts, recorded the gains and losses of utility property in Accounts 4211 and 4212 respectively. These Accounts are below-the-line and are not included in rate making, nor were the transactions recorded in the test year.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Lobbying Costs. Refer to the response Staff 1-33.

a. Please state whether Mr. Keeton's remaining salary of $107,685 ($126,514 - $18,829) was related to lobbying activities. If so, in what account(s) was the $107,685 recorded. If not, explain fully and in detail the activities performed by Mr. Keeton for his remaining salary of $107,685.

b. What other job functions are performed by Mr. Keeton?

c. Please explain fully and in detail whether Mr. Hall's $143,275 salary was related to lobbying activities. If so, explain why 100% of his salary was charged to Account No. 920. If not, explain fully and in detail the activities performed by Mr. Hall for his $143,275 salary.

d. What other job functions are performed by Mr. Hall?

e. Since the response to Staff 1-33 states that AEP has a Federal Affairs office in Washington D.C. that is responsible for lobbying activities, please confirm that the remaining AEPSC Federal Affairs costs of $1,957,692 ($89,075 / 4.55%) were related to lobbying activities. If so, state the amount of the $1,957,692 that relates to KPCo. If not confirmed, explain fully why not.

RESPONSE

a. No. Please see response to KPSC 1-33.

b. Please see response to KPSC 1-33.

c. Please see response to KPSC 2-111.

d. Please see response to KPSC 1-33.

e. Yes. Please see response to KPSC 1-33.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Self-Funded Reserves. Refer to the response to AG 1-102. The noted data request asked KPCo to explain how the Company's self-insured amounts are treated for ratemaking purposes, but the response was silent to this request. Therefore, please state the Company's ratemaking treatment for its self-funded reserves.

RESPONSE

The debits and credits to accounts 2283006 (SFAS 87 - Pensions), 2283015 (FAS 158 SERP Payable Long Term), 2283016 (FAS 158 Qualified Payable Long Term), and 2283017 (FAS OPEB Payable Long Term) were not offset in expense accounts contained in the cost of service.

Account 2283007 (Performance Share Incentive Plan) follows the labor expense accounts charged and thus portions of PSI are recorded in accounts included in the cost of service.

The related expense accounts included in the cost of service for the remainder of the self funded reserve accounts referred to in AG 1-102 are:

Self Funded Reserves from AG 1-102 Expense

Account		Account	
Accum Prov Workers' Compensation	2282003	9250006	Wrkrs Cmpnstn Pre&Slf Ins Prov
Accum Prov for Pensions & Benefits	2283000	9260003	Pension Plan
		and 9260037	Supplemental Pension
Supplemental Savings Plan	2283002	9260027	Savings Plan Contributions
SFAS 106 Post Retirement Benefits	2283003	9260021	Postretierment Benefits - OPEB
SFAS 112 Post Retirement Benefits	2283005	9260040	SFAS 112 Postemployment Benef
Incentive Compensation Deferral Plan	2283013	9260036	Deferred Compensation
SFAS 106 Med Pat-D	2283018	9260057	Postret Ben Medicare Subsidy

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Refer to the response to AG 1-103.

a. Please provide a breakout of the membership dues by organization and include an explanation of how each such organizations benefits ratepayers.

b. Please explain fully and in detail whether the amount of lobbying expense is embedded in the amounts discussed in the response to Staff 1-33. If not, state the accounts in which these test year lobbying costs were recorded.

c. Please provide a breakout of the test year charitable contributions by organization and specify the account(s) in which these amounts were recorded.

d. Please provide a breakout by amount and account of the public relations expense and include an explanation of how each such public relations expense benefits ratepayers.

RESPONSE

a. Please see AG_2_64_Attachment1.xls for the response. Membership into these organizations allows Company personnel to build relationships, gather and share information, and stay abreast of pertinent national, state and local issues that affect the Company. In addition, memberships allow Company personnel to work collaboratively to address issues or projects that may affect both the Company and the service territory. Having well informed Company personnel active in these organizations benefits all Kentucky Powerr customers.

b. Please see response to KPSC 2-111.

c. Please see AG_2_64_Attachment1.xls for the answer to this response.

d. Please see AG_2_64_Attachment1.xls for the answer to this response. The use of public relations benefits all of Kentucky Power's customers by keeping the public informed on matters that can affect the service the Company provides.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Rate Case Expense. Refer to the response to AG 1-104.

a. For Case Nos. 2005-00341 and 2009-00459, please indicate at which stage each of these cases settled (e.g., after KPCo rebuttal, before hearings, etc.).

b. Referring to the table below, please explain and reconcile the differences shown between the amounts shown for the cases listed on Attachments 2 and 3 for Case Nos. 2005-00341 and for 2013-00197:

Case No.	AG 1-104 Attachment 2	AG 1-104 Attachment 3	Difference
2005-00341	$ 242,765	$ 198,896	$ 43,869
2009-00459	$ 221,892	$ 221,903	$ (11)
2013-00197	$ 502,620	$ 488,274	$ 14,346

c. Since Case No. 2013-00197 was withdrawn, please explain fully and in detail the Company's proposed treatment of such costs.

RESPONSE

a. Case No. 2005-00341 was settled after the Company filed rebuttal testimony and before the hearing. Case No. 2009-00459 was settled after the Company filed rebuttal testimony and before the hearing.

b. The $43,869 difference between AG1-104 Attachment 2 and AG1-104 Attachment 3 for Case No. 2005-00341 is for payments totaling $43,869 to Stites and Harbison for legal services and expenses which should have been included in AG1-104 Attachment 3.

The $14,346 difference between AG1-104 Attachment 2 and AG1-104 Attachment 3 for Case No. 2013-00197 is for 1) a payment of $14,400 to Financial Concepts & Applications Inc for professional services which should have been included in AG1-104 Attachment 3 and 2) a credit of $54 to JP Morgan Chase Corporate Card Activity for employee expense which should have been included in AG1-104 Attachment 3.

The $11 difference between AG1-104 Attachment 2 and AG1-104 Attachment 3 for Case No. 2009-00459 is for 1) a payment of $53.53 for Materials and Supplies in AG1-104 Attachment 2 which should have been included in AG1-104 Attachment 3 rather than the $53.00 and 2) a charge of $12 for the Kentucky Bar Association included in AG1-104 Attachment 3 which should have been included in AG1-104 Attachment 2.

c. The Company is not seeking to recover any of the rate case expenses from Case No. 2013-00197 in this case.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Please provide a breakout of the advertising costs of $348,764 from Case No. 2013-00197 and explain why there were no such costs in either Case No. 2005-00341 or 2009-00459.

RESPONSE

See AG_2_66_Attachment1.pdf for the breakout of advertising costs in Case No. 2013-00197. Advertising costs for Case No. 2005-00341 totaled $174,652.38 and for Case No. 2009-00459 totaled $243,567.45.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Legal Judgments/Settlements. Refer to the response to AG 1-105. Please explain fully and in detail why costs for each the cases/matters listed below were charged to KPCo, and identify the specific subject matter and issues that were in dispute in each matter:

a. Appalachian Power Company - $56,670;

b. A.W. Chesterton Company - $30,002 ($16,668 + $13,334);

c. 3M - $22,003; and

d. AEP - $10,148.

RESPONSE

a. - d. These settlements resolved asbestos lawsuits. Plaintiffs in each of these cases claimed exposure to asbestos while on site at the Big Sandy Plant. Kentucky Power was a named defendant in each of these cases. These settlements released Kentucky Power of all liability associated with the subject matter of these claims.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Outside Services. Refer to the response to AG 1-106. Please explain fully and in detail the services provided by each of the following:

a. Summit Helicopters, Inc.;

b. Enerfab; and

c. Jergens, RB Contractors, Inc.

RESPONSE

a. Summit Helicopters, Inc. performed aerial spraying associated with right of way maintenance.

b. Enerfab performed general maintenance and repair work at Big Sandy and Mitchell Plants. This work consisted of repairs to the barge unloader, precipitator, boiler, burner, gas outlet duct, electrostatic precipitator (ESP), limestone stamler feeder, and SCR reactor. Other work performed consisted of structural support on duct, sealing air fan ducts, Mercury testing, and air casing test and associated leak repairs. Leak repairs were also performed on the bleed pump pipe. Inspections were completed on the coal pipe remote and air heater.

c. Jergens, RB Contractors, Inc. performed work associated with the operation and maintenance of Mitchell plant's dry fly ash project. Some of the work performed includes rock blasting, excavation, clearing and grubbing areas with stumps, topsoil stripping and stockpiling, rock fill, and seeding. Furnishing and installing chain link fence, 30-mil PVC liner, GCL, and the disposal cell for Leachate collection.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Uncollectible Expense. Refer to the response to AG 1-108. Please provide the test year level of uncollectible expense, and if different than the test year amount, the level of uncollectible that KPCo is requesting in the current proceeding.

RESPONSE

The requested information may be found at Line 14 of AG_1_108_Attachment1.xls.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Gross Revenue Conversion Factor (GRCF). Refer to the response to AG 1-111. The Company's response to part "c" of this response stated to review the response to KPSC 1-20 for the change in the GRCF used in previous reviews of the environmental surcharge due to the removal of the Section 199 deduction. However, the response to KPSC 1-20 provided the journal entries associated with KPCo's acquisition of the 50% undivided interest in the Mitchell Plant. Please state the correct response that should be reviewed with respect to the GRCF.

RESPONSE

The reference should have been to KPSC 2-20 rather than 1-20.

WITNESS: Amy J Elliott

Kentucky Power Company

REQUEST

Injuries and Damages. Refer to the response to AG 1-112. Please confirm that KPCo has reflected the test year level of injuries and damages of $1,187,048 in its filing for the rate effective period. If not confirmed, provide the amount of injuries and damages that the Company is requesting and show how this amount was derived. Show detailed calculations.

RESPONSE

Injuries and Damages expense is recorded in account 9250000. For the twelve month test year ended September 30, 2014, Kentucky Power's amounts of injuries and damages were as follows:

Total Company as Recorded - $1,187,048.08
Less: Big Sandy Unit 2 Adjustment ($194,039)
Plus: Mitchell Plant Adjustment - $30,119
Total Test Year Kentucky Power - $1,023,128.08

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

AEPSC Costs. Refer to the response to AG 1-128.

a. Please clarify the Company's statement that: "The requested amount included in the test year revenue requirement has not been calculated since the adjustments for the removal of Big Sandy costs and the annualization of Mitchell Plant costs were prepared at the account number level and not by the types of costs or department level within the account numbers."

b. Identify the AEPSC costs that KPCo is requesting by account and amount.

RESPONSE

a. The Company's response to AG 1-128, and in particular in Attachment 1 to its response to AG 1-128, provided the total amount billed to Kentucky Power by AEPSC during the test year. The Company made two adjustments in this case that affect the amount of AEPSC charges included in its proposed cost of service. First, in order to comply with the terms of the Commission approved Stipulation and Settlement Agreement in Case No. 2012-00578 and to accurately reflect the cost of service following the retirement of Big Sandy Unit 2 and the planned conversion of Big Sandy Unit 1, Kentucky Power removed all Big Sandy related operations and maintenance expenses from the test year. This adjustment is described in Section V, Exhibit 2, pages 31-1 to 31-2 and in the testimony of Company Witness Yoder. Those non-fuel operation and maintenance costs associated with Big Sandy Unit 1 were subsequently identified and included by Company witness Vaughan in the revenue requirement calculations for the proposed BS1OR.

   Second, the Company annualized the test year costs for Kentucky Power's share of the Mitchell generating station to account for the fact Kentucky Power only owned its share of Mitchell for a portion of the test year. This adjustment is described in Section V, Exhibit 2, pages 33-1 to 33-2 and in the testimonies of Company Witnesses Yoder and Wohnhas.

In both instances, the Company utilized account-level cost information to make the adjustments because the account level information was the most readily available in Kentucky Power's accounting general ledger and the simplest method for identifying the costs that must be adjusted. At the account level, the costs are not broken into their various cost components (such as those that are billed to the Company by AEPSC). As such, the Company has not identified the portions of the costs removed or annualized that specifically relate to AEPSC charges.

b. See a. above.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

AEPSC Costs. Refer to the responses to AG 1-130, AG 1-131 and AG 1-132.

a. Please explain fully and in detail why the AEPSC billings to KPCo during the test year of $28,838,839 increased by 26.1% over the 2012 amount of $22,871,510 and by 38.8% over the 2013 amount of $20,773,670.

b. Show exactly what is included in the $28,838,839 by account.

c. Show exactly what is included in the $28,838,839 by AEPSC function.

d. Is there any severance cost included in the $28,838,839?
   i. If so, how much?

RESPONSE

a. The increase in AEPSC billings in the test year as compared to calendar years 2012 and 2013 related to the addition of an undivided fifty percent interest in the Mitchell Plant to Kentucky Power's generation portfolio on December 31, 2013 and an increased AEPSC headcount.

b. Refer to KPSC 1-42.

c. Refer to AG 1-132.

d. The amount of severance costs included in the test year total company AEPSC billings of $28,838,839 was $69,418.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Commission Mandated Consultant Costs. Refer to the response to AG 1-137 and the Direct Testimony of Company witness Rogness at pages 6-7.

a. Please explain fully and in detail the Company's justification for proposing to amortize the consultant costs from proceedings which were incurred prior to the test year.

b. Please state whether the Commission has authorized this type of adjustment in past KPCo proceedings. If so, cite by date and docket number, the Commission Order(s) which approved this proposed adjustment.

RESPONSE

a. In each of the cases, Case Nos. 2011-00295, 2011-00401, 2012-00578, the Company filed for a Certificate of Public Convenience and Necessity under KRS 278.020. KRS 278.020 (8) provides for the Commission to hire a consultant under KRS 278.255. KRS 278.255 (3) provides that "the Commission shall include the cost of conducting any audits required in this section in the cost of service of the utility for ratemaking purposes." The present case is the opportunity for the Company to recover these expenses.

b. The Company's past three rate cases, Case No. 2005-00341, Case No. 2009-00459, Case No. 2013-00197 were either settled or withdrawn and the Commission was not afforded an opportunity to address the issue.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Negative Net Salvage. Refer to the response to AG 1-141. Please identify by account where the negative net salvage of $17.7 million as of September 30, 2014 is reflected in the Company's filing. In addition, show how this amount was derived. Show detailed calculations.

RESPONSE

The $17.7 million as of September 30, 2014 by account is as follows:

Account 1080011 $21.7 million (credit balance)
Account 1080013 $ 4.0 million (debit balance)

The balance in account 1080011 represents the non-legal removal cost included in accumulated depreciation (FERC account 108). The initial balance in this specific 108 sub-account was estimated in 2003 to allow the non-legal removal cost in FERC account 108 to be reported as required by FASB 143 and FERC Order 631. After the initial balance in this account was established, an estimated removal depreciation accrual rate was calculated and applied to monthly plant in service balances. The monthly accruals serve to increase the credit balance in account 1080011 and charges for actual removal cost decrease the credit balance.

The balance in account 1080013 is the balance at September 2014 of the accrual for future asbestos removal cost. The initial balance in this account was estimated in 2005 as per FIN 47. After the initial balance in this account was established monthly depreciation and accretion accruals were applied to the debit balance in this account.

Since there were more than 900 entries recorded to these accounts after they were established a spreadsheet labeled "AG_2-75_Negative Net Salvage_Attachment1.xls" is provided along which shows the type of monthly journal entries to each account.

In the Company's filing account 1080011 is a component of accumulated depreciation which is an offset to the rate base calculation included in Section V. In addition, a portion of accumulated depreciation (including account 1080011) was allocated to the NBV of coal related assets to be included in the BSRR. The account balance for 1080013 is not included in the rate base calculation or the BSRR but, the BSRR does include an estimate of asbestos ARO costs for Big Sandy Unit 2.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

AEPSC Capital Software Charges. Refer to the response to AG 1-143.

a. Referring to AG_1_143_Attachment2, please explain fully and in detail why, with the exception of Work Order SITC601601, there were no AEPSC capital software charges (over $20,000) to KPCo during the period 2007 through 2010.

b. Pursuant to part "a" above, please explain fully and in detail why, unlike the periods 007 through 2010, and with a few exceptions for 2011, why the bulk of the AEPSC capital software charges to KPCo occurred mainly during the period 2012 through 2014.

c. Referring to AG_1_143_Attachment3, please explain fully and in detail the project associated with Work Order SITE601601, with O&M expenses totaling $364,963 during 2014 and with the bulk of this amount ($332,155) being recorded in Account 935.

RESPONSE

a.- b. AG 1-143 requested "Please identify and explain all new or upgraded software and systems costing over $20,000 per year for KPCo **since the last KPCo rate case**, including software and systems charged to KPCo from AEPSC or other affiliates." As the last KPCo rate case was filed on June 28, 2013 the Company provided information on upgraded software and systems since that time. The Company then provided the costs associated with those projects back to their inception, as requested, which the earliest was in 2007.

c. Work order SITE601601 is a blanket work order that captures expenses associated with IT infrastructure work. Specifically, costs associated for hardware and software maintenance, along with the associated labor, for multiple projects that do not have a unique work order.

WITNESS: Jason M Yoder

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

Kentucky Power Company

REQUEST

Materials & Supplies (M&S). Refer to the response to AG 1-166.

a. Please explain fully and in detail why the M&S amounts related to O&M were so much higher in 2013, 2014 and the test year as compared to 2011 and 2012.

b. Identify the amount of obsolete M&S written off in each year 2009 through 2014.

c. Identify the amount of obsolete M&S written off in the test year.

d. If different from the amount identified in the response to part c, identify the amount of obsolete M&S requested by KPCo in its filing, by account.

RESPONSE

a. M&S amounts related to O&M were higher in 2013, 2014 and the test year due to Kentucky Power's 50% acquisition of the Mitchell Plant on December 31, 2013. In acquiring 50% of the Mitchell Plant, Kentucky Power's M&S amounts related to O&M increased $10.5 million. See attachment AG_1_48.pdf in the response to AG 1-48 for Mitchell Plant amounts related to account 154.

b. Listed below are the amounts of obsolete M&S inventory written off by year:
2009 - $64,373
2010 - $76,579
2011 - $312,689
2012 - $28,187
2013 - $85,312
2014 - $1,197,570

c. The amount of obsolete M&S inventory written off in the test year was $895,156.

d. The requested amount included in the test year revenue requirement has not been calculated because there are no prepared analyses of account cost components comprising the revenue requirement since the adjustments for the removal of Big Sandy costs and the annualization of Mitchell Plant costs were prepared at the account number level and not by the types of costs within the account numbers. Please see the Company's response to AG 2-72 for further discussion of these adjustments.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Bonus Depreciation. Refer to the responses to AG 1-171 and AG 1-172.

a. Please confirm that ADIT should be increased by $23.6 million to reflect the impacts associated with the passage of the Tax Increase Prevention Act of 2014.

b. Please show how the $23.6 million was derived. Show detailed calculations.

c. Please quantify the impact that increasing ADIT by the $23.6 million would have on the capitalization amount of $1,147,480,328. Show detailed calculations.

d. Please quantify the impact that the additional Normalized MACRS Schedule M deduction of $67,446,000 would have on the Company's filing. Include supporting calculations.

e. Would the impact of 2014 bonus tax depreciation have been included in KPCo's filing as increased ADIT but for the timing of when the Tax Increase Prevention Act of 2014 was signed into law? If not, explain fully why not.

RESPONSE

a. Confirmed.

b-d. See the Response to KPSC 3-50.

e. Yes.

WITNESS: Jeffrey B Bartsch

Kentucky Power Company

REQUEST

Affiliate Charges. Refer to the response to AG 1-173. Please explain fully and in detail why Appalachian Power Company charged costs totaling $1,028,149 (and which comprises 61.4% of total affiliate charges) during calendar 2014.

RESPONSE

See AG_2_80_Attachment1.xls for the functions provided by Appalachian Power Company to Kentucky Power Company for 12 months ended December 2014.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Tax Refunds. Refer to the response to AG 1-183. Please explain fully and in detail why the tax refunds discussed in this response were correctly not included in cost of service in this proceeding.

RESPONSE

KPCO underwent a KY direct pay audit (KY use tax) for the period 0/01/2004-03/31/2008, which resulted in an assessment. The assessment, along with accrued interest, was paid on 01/20/2009. On 08/27/2009, KPCO received a $399.61 check for overpayment of interest that was calculated by the Kentucky Department of Revenue when the audit assessment was made. The amount of the check was debited to account 4310001-Other Interest Expense, effectively reversing a portion of the interest that was debited to account 4310001 when the audit assessment was paid on 01/20/2009.

The KY Utility Gross Receipts License Tax (UGRLT) is billed to KPCO's electric customers who receive service within a school district that has established a tax rate for the district. KPCO bills the tax as a separate line item on the customer's electric service bill. The billed tax amount is debited to account 1420001-Customer Accounts Receivable-Electric and credited to account 2410009-KY Utility Gross Receipts License Tax, effectively a collect-remit tax. Customer AK Steel had been billed and subsequently paid $33,891.27 in tax on its July 2013 electric service bill. After having paid the July 2013 electric bill which included the $33,891.27 tax, AK Steel presented to KPCO an Energy Direct Pay Authorization (EDP) with an effective date of 07/01/2013. An EDP allows the customer to self-assess and report the UGRLT directly to the state at a lower rate. Because KPCO already had reported and paid the $33,891.27 tax on its July 2013 UGRLT tax return, KPCO filed an amended July 2013 UGRLT tax return resulting in a refund of the $33,891.27 tax that had been paid by AK Steel. KPCO refunded the tax to the customer and received the same refund amount from the KY Department of Revenue as the result of the amended tax return. Since the tax refund was simply a refund of the tax previously collected from the customer and paid to the state by KPCO and then subsequently refunded by the state to KPCO and then refunded to the customer by KPCO, the tax had no effect on either revenue or expense and was therefore correctly not included in the cost of service in this rate case.

WITNESS: Jeffrey B Bartsch

Kentucky Power Company

REQUEST

Depreciation. Refer to the response to AG 1-189.

a. Please explain fully and in detail why a theoretical reserve for the Big Sandy plant was not calculated.

b. Please quantify what the Big Sandy theoretical reserve would be. Show detailed calculations.

c. Please quantify the reserve deficiency that is referenced in KPCo's response to part "b" of this response.

RESPONSE

a. The theoretical reserve is used by a depreciation expert when preparing a depreciation study as an analytical tool to help explain changes in depreciation rates. A theoretical reserve for Big Sandy Plant was not calculated because it was not meaningful in the analysis of depreciation rates since Company witness Davis recommended that Big Sandy Plant's depreciation rates remain unchanged. Mr. Davis recommended no change in depreciation rates for Big Sandy Plant since there are a number of major known changes in the plant's balances that would tend to distort a re-calculation of depreciation rates at the present time including 1) the retirement of Unit 2 in 2015, 2) retirement of the coal related portions of Unit 1 in 2016 and 3) the conversion of Unit 1 to use natural gas. A re-calculation of depreciation rates will be appropriate in the future, depending on changes in depreciable life of remaining assets and future additions to plant.

b. A theoretical reserve for Big Sandy Plant is not meaningful and was not calculated as indicated in the response to item a, above and therefore that calculation is not available.

c. See the response to item b, above.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Gross Salvage and Cost of Removal. Refer to the response to AG 1-221. Please explain how KPCo determined whether any gross salvage and cost of removal was abnormal and required adjustment.

RESPONSE

For Distribution accounts 369 and 371, Company witness Davis determined that removal and salvage when compared to original cost retirements from a blanket work order was non-recurring. For account 369, the removal eliminated from the analysis based on Mr. Davis' judgment was $2.8 million and the salvage eliminated was a negative $7 thousand. For account 371, the removal eliminated from the analysis based on Mr. Davis' judgment was $2.2 million and the salvage eliminated was a negative $11 thousand. These adjustments decrease recommended depreciation rates.

For General accounts 390 and 397, Company witness Davis determined that removal and salvage from several office building sales was non-recurring. For account 390, the removal eliminated from the analysis based on Mr. Davis' judgment was $2.4 million and the salvage eliminated was a negative $165 thousand. For account 397, the removal eliminated from the analysis based on Mr. Davis' judgment was $203 thousand and the salvage eliminated was $0. These adjustments decrease recommended depreciation rates.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Big Sandy 2. Refer to the response to AG 1-227. Please explain fully and in detail whether the Company's filing reflects reutilizing any of the Big Sandy 2 equipment. If so, specify each piece of equipment that is being reutilized and quantify the associated impact on the Company's filing. Show detailed calculations.

RESPONSE

There are salvage estimates included in the demolition study for Big Sandy but the basis for estimated salvage is for scrap value only. No resale of equipment or material is included. To the extent the Company is able to obtain net proceeds from the salvage of Big Sandy equipment; those proceeds would be credited against the regulatory asset and the total amount to be recovered from customers through the BSRR.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

FIN 47. Refer to the response to AG 1-248. This response states that the implementation of FIN 47 caused the KPCo to consider asbestos removal as an asset retirement obligation (ARO) and to exclude the asbestos cost removal from future depreciation rates, but that the Company has not performed the analysis to reflect the impact of excluding the cost of removing asbestos from such rates.

a. Please explain fully and in detail the impact that not performing the referenced analysis has on the Company's filing.

b. In lieu of performing the requested analysis, provide the Company's best estimate as to the impact of excluding the asbestos cost of removal from future depreciation rates.

RESPONSE

a. There is no impact on amounts recovered in rates charged to customers as a result of the implementation of FIN 47, since asbestos cost recovery will be accomplished separately through ARO depreciation and accretion expense. Any change in depreciation rates would be offset by the corresponding change in ARO depreciation and accretion expense.

b. See the response to part a, above.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Payroll Tax Expense. Refer to the response to AG 1-257. Please explain fully and in detail why the Company's FICA wage base dollars included in total wages increased 78.7% from 12/31/2013 to 12/31/2014.

RESPONSE

The increase in FICA wages from 2013 to 2014 is due primarily to the additional labor cost resulting from the transfer of Mitchell Plant employees to Kentucky Power on December 31, 2013.

WITNESS: Jason M Yoder

Kentucky Power Company

REQUEST

Athletic Events. Refer to the response to AG 1-268. Please state whether the amounts shown in this response are Kentucky jurisdictional amounts. If not, provide such jurisdictional amounts.

RESPONSE

Please see the Company's response to KPSC 3-45.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Big Sandy Unit 1 Operation Rider (BS1OR). Refer to the response to AG 1-287 as well as KIUC 1-17 Attachments 39 and 46.

a. Please reconcile the total Company January through September 2014 PJM charges and credits of $4,300,110 ($4,239,908 KY jurisdictional) per KIUC 1-17 Attachment 46 to KIUC 1-17 Attachment 39. Identify, quantify and explain each reconciling item.

RESPONSE

The single reconciling item is the Kentucky retail jurisdictional allocation factor: $4,300,110 x .986 = $4,239,908.

The $4,300,110 is the KPCo total Company amount, the $4,239,908 is the KPCo Kentucky retail jurisdiction amount.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

AFUDC Offset Adjustment. Refer to the response to AG 1-312. The Company stated that while it does not have specific documentation available, it has prepared an AFUDC offset adjustment in each base rate case since 1984.

a. Please explain fully and in detail whether Commission has approved this adjustment in each base rate case since 1984. If so, cite by date and docket number each such Commission Order approving this adjustment. If not, explain why not.

RESPONSE

a. Commission Orders dated September 20, 1983 in Case No. 8734 and December 19, 1984 in Case No. 9061 approved an AFUDC offset adjustment. Company rate cases since 1983 included an AFUDC offset adjustment. The Commission has not denied any such AFUDC adjustment.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Reference the response to KIUC 1-54 Data Request regarding off-system sales margins.

a. Explain the percentage of off-system sales (OSS) margins that are derived as a result of offering units into the PJM market that are subsequently dispatched by PJM.

b. Explain what actions KPCo or AEC on KPCo's behalf actually takes beyond prudently offering units into the centrally dispatched PJM market to maximize OSS margins.

c. Explain what actions KPCo or AEC on KPCo's behalf could take that would lessen OSS margins if they are prudently offering ratebase units into the PJM market if no incentive is provided to keep part of the OSS margins.

d. Provide details on all OSS margins that are derived on behalf of KPCo that are not a result of participating in the PJM market with KPCo ratebased units.

e. Does KPCo propose to share OSS margins that are not directly related to KPCo ratebased units (i.e. other AEC asset or non asset based market sales) with customers?

f. Are the costs necessary for KPCo (or AEC on KPCo's behalf) to offer its units into the PJM market recovered from customers?

g. Are the personnel involved already offered incentive pay reflecting their performance in offering KPCo generation into the PJM market?

h. Is this incentive pay entirely taken from the OSS margins or is this part of the payroll package that KPCo proposes to recover separately in its revenue requirements?

i. Is there a distinction made between OSS margins obtained merely because KPCo's generation units are prudently offered into the PJM market and other OSS margins obtained?

j. Has KPCo ever justified buying, building, purchasing, improving, selling or decommissioning any generation facility in an application before the PSC by studies that involved future OSS margins?

   i. Did such studies assume that 40% of the OSS margins would not be used to benefit KPCo's customers?

   ii. If not how does this claw back affect every study provided to the PSC in the last 10 years?

k. How did KPCo arrive at the 40% "incentive" for OSS margins?

   i. Wouldn't 30% retention of OSS margins also be an incentive?
   ii. What about 10%, wouldn't this still be an incentive?
   iii. What about 1%, wouldn't this still be an incentive?

RESPONSE

In answering this data request, the Company assumes "AEC" as used throughout the data request refers to American Electric Power Service Corporation.

a. As discussed on page 32 (lines 4-5) of Company Witness Vaughan's direct testimony, the Company's proposed adjusted test year margins from energy sales into PJM are $24.28 million, while the other components of the total Company OSS margins are a negative $9.79 million which result in the Kentucky Power adjusted test year total OSS margins $14.5 million.

b. American Electric Power Service Corporation Commercial Operations Group, on behalf of Kentucky Power, engages in many activities beyond prudently offering units into the centrally dispatched PJM market. These actions further allow the Company to maximize OSS margins. For example, the Commercial Operations Group actively participates in the trading of futures/forward contracts within the PJM region. In addition to the potential for OSS margins directly related to this activity, this participation also has numerous other benefits that optimize the Company's generation. The Commercial Operations Group also improves OSS margins by enhancing the timing of unit outages and helps identify opportunities for hedging either a short or long generation position. Commercial Operations is also actively involved in managing the Company's FTR portfolio in order to minimize the cost of congestion for customers.

Even operating within the PJM markets, optimizing OSS margins is not a matter of prudently offering the Company's generation into the market. Utilizing the expertise of the Commercial Operations Group to respond to and anticipate the significant volatility between the day-ahead and real-time markets results in both increased OSS margins as well as lower fuel costs for customers. One final example of the methods the Commercial Operations Group employs to optimize OSS margins is the scheduling of the Company's generating units into the PJM day-ahead market. PJM bases its economic decision to select a unit to run in the day-ahead market based on a one day (or two days for the weekend period) analysis. However, such a short term look at the market can lead to less than optimal results for individual generators. For example, PJM may not clear some of the Company's units for the weekend and they would thus be shut down. However, within the parameters of the PJM rules, if the Company expects the units to be profitable and clear the market at the beginning of the following week, it could elect to self-schedule those units for the weekend. The units may incur a small loss on the sale of energy over the weekend, but they would avoid shut down and start-up costs, and would be ready to serve retail customers and make profitable sales in the market in the following days. By taking a longer term view of the unit's characteristics, and the expected PJM market conditions, the Commercial Operations Group's expertise and active management of the Company's resources leads to increased OSS margins and reduced costs for customers.

c. In the absence of a reasonable OSS margin sharing mechanism Kentucky Power would not take action to lessen OSS margins. Without financial compensation for incurring the costs and risks associated with taking the actions described in subpart (b) that are beyond the prudent offering of units into the market, however, the OSS margins realized could be reduced. The alignment of customer and Company incentives over the years has resulted in an OSS sharing mechanism that has provided significant customer benefits.
See the Company's response to part (b).

d. See the Company's response to part (b). Furthermore, the portion of OSS margins directly attributable to the expertise of and the broad scope of activities the Commercial Operations Group that are above and beyond the prudent offering of the Company's units in the PJM market cannot be directly quantified. Simply put, the many activities engaged in by Commercial Operations in order to optimize the Company's OSS margins produces a whole that is greater than the sum of its parts. The Company's sharing proposal ensures that the interest of the customer and the Company continued to be aligned, to the ultimate benefit of both parties.

e. Yes, as it historically has done through its System Sales Clause.

f. All costs attributable to internal load customers are recovered from those customers. All costs attributable to making off system sales margins as defined in the Company's System Sales Clause are shared between the Company and Customers through the sharing of OSS margins.

g. The personnel involved in the bidding and dispatch of Kentucky Power's generating assets in the PJM market participate in the Company's ICP program. They do not take part in a special compensation program that directly aligns their ICP with the Company's OSS margins.

h. ICP payments are not included the calculation of OSS margins. However, to the extent that performance results in an ICP level that is greater than what is in base rates, that would not be recovered from customers. As described by Company witness Carlin, the level of ICP requested as part of base rates in this case is consistent with a market competitive pay package.

i. Yes. See also part b.

j. See subpart ii below.

i. No.

ii. The Company objects to the mischaracterization of the OSS margin sharing mechanism as a “clawback,” and the characterization that the OSS sharing mechanism does not benefit the Company’s customers. Without waiving this objection, the Company responds that the disposition analyses submitted by the Company focus on the least-cost alternative to meet the capacity and energy requirements of Kentucky Power’s native load customers. Projections concerning possible OSS margins do not materially affect the Company’s determination of the least-cost alternative.

k. See subpart i below.

i. In light of the fact that under the proposed OSS sharing mechanism customers will receive (to the extent the margins are realized) 100% of the OSS margins built into base rates, permitting the Company to retain 40% of the OSS margins above the amount built into base rates is an appropriate sharing percentage. Moreover, the 60%/40% sharing proposed by the Company represents a reduction in the Company's share of OSS margins above the amount built into base rates from the percentage received early in the operation of the sharing mechanism. Finally, assigning the Company less than 40% of the OSS margins above the amount built into base rates would unreasonably saddle Kentucky Power with a disproportionate risk of any shortfall without providing the Company with adequate compensation for that risk through a reasonable sharing of OSS margins above the amount built into base rates. For these reasons, the Company believes that the proposed 60% / 40% sharing of OSS margins above and below the monthly base credit between customers and the Company, respectively, is an appropriate incentive and sharing of the risks and returns of making OSS.

ii. See subpart i.

iii. See subpart i.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Reference vegetation management capital costs and expenses.

a. Are vegetation management costs related to transmission facilities placed under the PJM OATT part of the vegetation management plan?

b. Verify these costs are recovered under the PJM OATT and not separately from KPCo retail customers.

RESPONSE

a. Vegetation management costs related to transmission facilities will be recovered through the PJM OATT.

b. These costs are recovered under the PJM OATT and separately from KPCo retail customers.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Reference KPCo transmission facilities. Does KPCo have any transmission facilities under the PJM OATT with distribution underbuild? If so please respond to the following:

a. Provide a list with descriptions, including voltage of transmission and distribution facilities as well as the length of each underbuild.

b. How are costs allocated between the transmission and distribution facilities?

c. How are vegetation management costs allocated between the transmission and distribution facilities?

RESPONSE

a. See the attached file, AG_2_92a_Attachment1.pdf. The Company does not regularly track distribution "underbuilds." The data presented on AG_2_92a_Attachment1.pdf was developed from a review of the Company's records. The Company does not warrant the completeness of the information.

b. The costs are not allocated between transmission and distribution. The transmission assets, such as the poles, fixtures, and conductor are directly booked to transmission FERC accounts. The distribution conductor and fixtures are directly booked to distribution FERC accounts.

c. The allocation of costs for vegetation management on these circuits varies based on the nature of the vegetation management. If the circuit has not been cleared and is cleared to the transmission right-of-way, all costs will be booked to transmission accounts. If the circuit has not been cleared and is only cleared to the distribution standard, all costs are booked to distribution. Finally, if the circuit has already been cleared to the distribution standard and is further cleared to the transmission standard, the incremental clearing costs are all allocated to transmission.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Regarding the KPCo allocation differences for primary and secondary distribution, as discussed in response to KPSC 2-95 and shown on spreadsheet titled: KIUC_1_17_Attachment35_Stegall_JMS_2_and_JMS_3_CCOS_and_Revenue_Allocation, please explain the following:

a. How KPCo allocates distribution vegetation management costs between primary and secondary distribution.

b. How the same costs are allocated when distribution structures carry both primary and secondary distribution facilities.

c. Provide 5 years of historic information regarding the amounts of vegetation management program costs allocated to both primary and secondary distribution facilities.

RESPONSE

a. Vegetation management expenses are recorded to FERC Account 593. In the Class Cost-of-Service Study filed as Exhibit JMS-2, FERC Account 593 was allocated using the Total Overhead Lines Allocator (TOTOHLINES) which allocates 71.46% of costs to the primary voltage distribution function and 28.54% of costs to the secondary voltage function.

b. A distribution study was conducted, and provided as Attachment 1 in its response to KPSC 3-49. The study provides a basis for allocating between secondary and primary voltage distribution plant recorded in FERC Accounts 364, 365, 367 and 368. These plant accounts are the basis for the allocation of related maintenance expenses as stated by Company Witness Stegall beginning on Line 14 of Page 19 of his testimony.

c. The Company has provided the requested information in Table 4 of the testimony of Company Witness Phillips and in Part D of its response to AG 1-380. The Company does not classify these expenses to secondary or primary voltage for accounting purposes, however, by applying the allocator from the Class Cost-of-Service Study filed and approved through the Settlement Agreement in Case 2009-00459, 60.88% of these expenses would be allocated to primary voltage and 39.12% would be allocated to secondary voltage.

WITNESS: Jason M Stegall

Kentucky Power Company

REQUEST

Regarding the KPCo Distribution Vegetation Management Plan reports provided in response to AG 1-16 please provide the following:

a. A copy of the referenced contractor productivity program.

b. A copy of the referenced contractor quality incentive program.

c. An explanation and discussion of why there are no funds in any plan year after 2010 for aerial saws.

d. Describe when and where stump grinding is used and what guidelines for stump grinding are provided to contractors.

e. Explain why Asplundh needs an additional incentive to perform.

RESPONSE

a - b. See attachment KPSC_3_6a_Attachment1.pdf

c. Aerial saw work is particularly useful for, but generally limited to, the removal of vegetation in extremely difficult terrain. Because of its cost, the Company limits aerial saw work to those areas where less costly measures cannot be safely deployed. Please note that although not included in the Company's 2012 and 2013 work plans, aerial saw work was performed in 2012 ($38,648) and 2013 ($89,851) because of the need for such measures.

d. Stump grinding is usually performed to provide an incentive to the customer for the removal of yard trees that have grown into Kentucky Power facilities. Stump grinding requests are provided by Kentucky Power Forestry to the contractor that performs the work.

e. The incentive program for the field employees is designed to improve the safety, productivity, and effectiveness of their work, which results in improved service and value for our customers.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Regarding KPCo's response to AG 1-17 (c) and (e), regarding the management of the vegetation management program, please provide the following:

a. A detailed organization chart starting from the 6 utility foresters up the chain of command, listing the organization each position works for, and the costs of that position that are allocated to KPCo's vegetation management program.

b. Explain in detail how these vegetation management program management costs are allocated between primary and secondary distribution facilities and amounts allocated in the test year revenue requirements.

RESPONSE

a. See attachment AG_2_95a_Attachment1.xlsx for the organizational chart. The cost, whether company or contractor, allocated to Kentucky Power's vegetation management program are recorded under a department ID and cannot be segregated into individual positions. The Managing Director of Distribution Region Operations and the Region Support Manager, shown in the organizational chart, do not charge their expenses to the vegetation management program.

The vegetation management costs can be totaled by cost category between internal and external expenses. Also, expenses can be split between capital and O&M. The total 2014 internal expenses, which include the Region Forestry Supervisor, three Foresters, and one temporary Company Inspector, totaled $363,190 in O&M expenses and $81,911 capital expenses. The total 2014 external expenses, which include three Contract Utility Foresters and Contractor Inspector, totaled $237,067 in O&M expenses and $40,320 capital expenses.

b. Please see the response to AG 2-93 Subparts a. and c.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Regarding KPCo's response to AG 1-14 (d) please provide the following:

a. Explain if the AEP Operating companies' accounting guidelines for vegetation management have been reviewed by an independent auditor, and if so, the auditor's conclusions. Provide any and all reports and/or management letters from any and all such independent auditors.

b. Provide a list of unaffiliated utilities that use the same or similar accounting guidelines for vegetation management.

RESPONSE

a. Kentucky Power's independent auditor, Deloitte & Touche LLP (Deloitte), issued unqualified opinions for the Company's financial statements for the years ended December 31, 2013 and 2012. These unqualified opinions are included in Kentucky Power's annual reports. For these annual reports, there was no letter or report from Deloitte that addressed vegetation management accounting or other vegetation management policies as it related to Kentucky Power.

b. All utilities are governed by the FERC accounting rules. The interpretation of the FERC's accounting rules by AEP's accounting organization governs Kentucky Power's application of the accounting for vegetation management. AEP's accounting organization does not monitor the accounting practices of unaffiliated utilities.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Regarding KPCo's response to AG 1-14 (d) please provide the following:

a. Explain how KPCo uses customer reporting to evaluate its vegetation management plan.

b. Explain how KPCo uses customer reports of danger trees to plan vegetation management work.

c. Explain how KPCo uses customer reports to identify vegetation management work plans.

RESPONSE

a. Customer reporting of complaints related to line clearance activities are reviewed to determine if further actions are required to mitigate the customer's concerns. Tree outage data from customer reporting is reviewed to evaluate the effectiveness of line clearance activities after a circuit has been completed.

b. Most customer tree inquiries, requests, and complaints are forwarded to Kentucky Power Forestry by the Company's Customer Solutions Center as an Investigation Order. Field representatives of KY Power Forestry field-check these, provide a response to the customer, and report their findings back to the local Forestry office. If tree work is required, the Investigation Order will be prioritized and scheduled for tree work.

c. The development of the vegetation management plan is based primarily upon the results of physical inspection of the circuits by forestry personnel, circuit maintenance history, and circuit tree outage data. Circuit tree outage data derived from customer reporting of outages is an important factor in the development of the vegetation management plan.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Referring to the NERC Compliance and Cybersecurity Rider (Tariff N.C.C.R) discussed on page 26 and 27 of the Direct Testimony of Ranie K. Wohnhas please provide the following:

a. A full description of how costs would be allocated among AEP operating companies to KPCo before being recovered in this tariff.

b. A full description of how N.C.C.R costs that are allocated to transmission, and recovered under KPCo's PJM OATT would be allocated to the N.C.C.R tariff and how such costs would not be double recovered under the PJM rider.

c. Why the N.C.C.R is even needed at all in light of the PJM rider.

RESPONSE

a. Costs for corporate-wide initiatives such as cybersecurity are allocated in light of the purpose of the investment or expense. For example, a cybersecurity program being implemented to provide or enhance protection of web technologies for AEP's regulated operating companies would be allocated to all distribution companies based on the number of retail electric customers in each operating company. If the initiative provided a license for software to protect employee's computers, this expenditure would be allocated based on the number of workstations being covered at each regulated operating company. If the purpose is to protect physical assets, the allocation would be based on gross physical plant. Costs assigned to the AEP Service Corporation for an initiative would be allocated to AEP's operating companies on the basis appropriate for the program or activity.

b. The Company's proposal in this case includes the removal of the transmission function retail cost of service and the inclusion of the PJM LSE OATT charges. Any costs included in the Company's OATT cost of service that are allocated to the transmission function would by definition only be collected once.

c. The N.C.C.R. is for the recovery of NERC Compliance and Cybersecurity costs not charged to the Company by PJM.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-7.

a. Please provide the residential average bill for 1000 kWh based upon the EEI's Typical Bill and Average Rates Report, Winter 2014.

b. Provide the average residential electricity bill for the state of Kentucky per the Summer and Winter 2014 report.

c. Provide the average residential electricity bill for the region per the Summer and Winter 2014 report.

d. Provide the average electricity bill for Kentucky Power residential customers for both the Summer and Winter 2014.

RESPONSE

a. Comparison of Residential Electric Bills, 1000 kWh, Rates Effective 1/1/2014
Source: EEI Typical Bills and Average Rates Report, Winter 2014

Kentucky Power	$107.49
Duke Energy Kentucky	$85.13
Kentucky Utilities	$93.48
Louisville Gas & Electric	$99.69

b. Average Kentucky Residential Electric Bill, 1000 kWh
Source: EEI Typical Bills and Average Rates Report, Winter and Summer 2014

Winter 2014	$ 96.45
Summer 2014	$102.26

Kentucky Power Company

c. Average Residential Electric Bill, 1000 kWh, East South Central region
Source: EEI Typical Bills and Average Rates Report, Winter and Summer 2014

Winter 2014	$103.19
Summer 2014	$110.07

d. Average Kentucky Power Residential Bill, 1000 kWh
Source: EEI Typical Bills and Average Rates Report, Winter and Summer 2014

Winter 2014	$107.49
Summer 2014	$117.35

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-7. The company provides a comparison of residential electric bills effective 1/1/2015 and states the source as the EEI Typical Bills and Average Rates Report, Winter 2015. Please explain if the source is accurately reflected as Winter 2015.

a. Do the comparisons of residential bills between the Company, Duke Energy (Kentucky), Louisville Gas &Electric Co., and Kentucky Utilities reflect the Company's current rates or proposed rates? If the proposed rates were not used in the comparison please provide the information based upon the Company's proposed rates.

RESPONSE

The source is Winter 2015. Because typical bill data is submitted to EEI prior to the end of January, the Company contacted EEI and requested the typical bills effective 1/1/15 that will be published in the upcoming Winter 2015 report.

a. The comparison includes current rates. Please see the Company's response to KSBA 1-5 for typical bills using the proposed rates.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-8.

a. Does the Company plan to continue to fund the Kentucky Power company Economic Advancement Program with shareholder funds beyond 2018, or will the contribution cease in 2018? Please explain the answer in full detail. If the contribution will cease in 2018 please explain why.

RESPONSE

The Company has not made a decision concerning shareholder funding of the Economic Advancement Program beyond 2018.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-9.

a. Clarify if the $8,000 award for advanced economic training is for a Kentucky Power Company employee or for a community member.

b. Please explain why the $8,000 award appears to be given to the University of Oklahoma instead of utilizing an Eastern Kentucky college and/or school.

RESPONSE

a. No Kentucky Power Company employees received the scholarship funds. The funds were provided to employees of the three local area development district offices: Big Sandy ADD; FiveCo ADD; and Gateway ADD.

b. The Oklahoma University Economic Development Institute's certificate program is a long-established program that ranks as one of the premier such programs in the United States. It is the only such program in the United States whose courses beyond the introductory level are accredited by the International Economic Development Council ("IEDC") for use in obtaining certification by the IEDC as a Certified Economic Developer. The Company is unaware of any similarly qualified programs offered by schools or colleges in eastern Kentucky.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-10.

a. Provide a detailed explanation of how the Company partnered with local banks to provide $75 million in local bank financing for upcoming capital projects. Also, as requested previously provide a detailed list of the capital projects included in the $75 million dollar loans.

b. Provide a detailed list of the amount of loans attributed to each of the twelve banks, and explain how the Company chose the participating banks.

RESPONSE

a. On November 5, 2014, the Company entered into a four year variable rate $75 million unsecured term loan facility with local Kentucky banks. The local bank financing program is an innovative opportunity for the Company to partner locally to fund Kentucky Power spending with Kentucky capital. The transaction also enabled the Company to continue its dedication to economic development while obtaining capital at competitive and attractive rates. The financing transaction represents a portion of the financing authority granted in Case No. 2014-00210. The Company fully responded to AG 1-10. The Company does not assign debt financing to any specific capital projects. Proceeds received from the local bank financing may be used to repay short-term debt or general corporate purposes.

b. See AG_2_103_Attachment1.xls for local bank financing allocation. The Company did not choose the participating banks. The local banks elected to participate in the financing transaction.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please reference Greg Pauley's Testimony pp. 9-10, lines 29-31 and 1-2 respectively.

a. Elaborate and explain in full detail how the company is an active participant in Shaping Our Appalachian Region ("SOAR") established to improve the economy and quality of life in Eastern Kentucky – the Company's service territory.

b. Provide any and all success that SOAR has accomplished for the area.

c. Identify costs for SOAR by account that KPCo recorded during the test year.

d. If different from the amounts identified in response to part c, identify the costs for SOAR that KPCo is requesting as part of its revenue requirement in the current rate case.

RESPONSE

a. Kentucky Power's External Affairs Manager, Brad Hall, is an active participant in the SOAR initiative. He regularly attends meetings and serves as Co-Chairman of the SOAR Business Attraction and Retention Committee. His role is to assist in organizing citizen input for this committee for the purpose of establishing initiatives for business attraction and retention in the region.

b. SOAR was formed through the efforts of Governor Beshear and Congressman Rogers in late 2013. Its successes are reported on the organization's website at www.soar-ky.org .

c. The Company is an active participant in SOAR, but did not contribute funds to SOAR during the test year.

d. See the response to part c. above.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please reference Greg Pauley's Testimony p. 10, lines 3-10, as well as the Company's response to AG 1-32 and explain what "key economic development activities" within the region the Company plans to use the Kentucky Economic Development Surcharge ("K.E.D.S.") funds for if approved.

RESPONSE

The Company plans to expend the funds in a cost-effective fashion. Although specific projects have not been identified, K.E.D.S. funds may be applied toward economic development activities such as:

- Industrial and commercial site development to provide adequate access and utilities to enhance the usefulness of the site and help ensure that industrial sites are "move in" ready for prospective businesses.

- Improvements to and development of buildings to provide move-in ready buildings that can be tailored to a prospective business' specific needs.

- Site marketing to inform and attract prospective businesses to consider a specific location.

- Personnel development / training to enhance the abilities of local and regional economic development personnel to enable them to be more effective in the vital areas of planning, preparation and recruiting prospective industries to their communities and region.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-33 and provide what benefits K.E.D.S. would provide to the customers versus the shareholders.

RESPONSE

See the Company's response to AG 2-43.

WITNESS: Gregory G Pauley

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-43.

a. Provide the staffing levels of the Company's customer service department for the past three (3) calendar years.

b. Provide the budget of the Company's customer service department for the past three (3) years.

RESPONSE

a. Kentucky Power does not have a specifically identified "Customer Service" department. Customer service is provided through the Customer Call Center, which also serves other AEP operating companies, and Kentucky Power's Frankfort, Kentucky office. In addition, Kentucky Power's Meter Revenue Operations (MRO) department handles other aspects of customer service. Its responsibilities include reading meters, working collection orders, testing meters, handling investigation orders regarding customer concerns and revenue protection. The following table provides the MRO's staffing levels for the past three calendar years:

Year	Staffing Levels
2012	40
2013	42
2014	43

b. Please see the following table for the MRO's budget for the last three calendar years:

Year	Budget
2012	$693,402
2013	$707,996
2014	$705,319

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

Please reference the Company's response to AG 1-268.

a. Explain if the $2,226.00 for UK Football Tickets and the $29,256.00 PGA Championship tickets were included or excluded for ratemaking purposes.

b. If the amounts were included for ratemaking purposes please explain why, and identify in which account these amounts were recorded.

RESPONSE

Please see the Company's response to KPSC 3-45.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Big Sandy Plant. Refer to the response to AG 1-325 and more specific the Big Sandy 1&2 Conceptual Demolition Cost Estimate.

a. Referring to page 2 of the demolition study, please explain fully and in detail whether the amounts shown in the Cost Estimate Results Summary which total $28,831,786 are included in the Company's filing. If so, identify by amount and account, where each component of the cost estimate is reflected in the filing. If not, explain fully why not.

b. Please state the current status with regard to the Company's demolition plans as it relates to the Big Sandy plant.

c. With regard to the proposed contingency of $9,209,600, please explain fully and in detail the Company's rationale for calculating a separate 15% contingency on (1) materials; (2) labor; (3) subcontractors; (4) scrap recovery; and (5) indirect costs as opposed to calculating an overall contingency factor of 15%.

RESPONSE

a. As discussed in Company witness Yoder's testimony on page 18, lines 4-11, the $28,831,786 is the estimated cost of removal net of salvage included in Big Sandy's demolition study based on the Sargent & Lundy, LLC conceptual demolition study which was completed in 2013. This amount in the study is adjusted to reflect estimated inflation to the year 2031, the estimated retirement date for Unit 1, to yield an amount of $43,797,850 which is included in the BSRR in the Company's filing as shown in the table provided in Company witness Yoder's testimony on page 15. The inflation calculation is provided in KIUC_1_17_Attachment58_Yoder_WPIndex.pdf page 53. The amount included in the BSRR is subject to true-up.

b. Please see the Company's response to KIUC 1-59a.

c. The cost estimating program used in development of the conceptual demolition cost estimate is structured to be able to assign different contingency values for each cost category, i.e., material, labor, subcontractors, scrap and indirect costs. The format is fixed and cannot be adjusted or reformatted. The specific value of the 15% contingency assigned for each cost category is itemized in the cost estimate summary sheet. Calculation of the contingency on the individual components at 15% yields the same result as calculation of the contingency on the total at 15%.

WITNESS: David A Davis

Kentucky Power Company

REQUEST

Capitalization. Refer to the response to AG 1-285. Please explain fully and in detail the Company's criteria for determining whether an adjustment to rate base also has a corresponding adjustment to the capitalization amount of $1,147,480,328.

RESPONSE

With the exception of adjustments for cash working capital, the Company generally adjusts capitalization for rate base adjustments. For example, the exclusion of non-utility property and adjustments to coal stock. With respect to rate base adjustments for cash working capital, the Company has consistently not adjusted capitalization as a conservative approach that those funds are already included in our total capitalization. If the Company were to adjust capitalization for cash working capital, it would most of the time increase the level of capitalization.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Big Sandy Decommissioning Costs. Refer to the response to AG 1-326. Please state whether the projected Big Sandy decommissioning O&M costs which total $6,058,782 are reflected in the Company's filing. If so, identify by amount and account where each component of these costs are reflected in the filing. If not, explain fully why not.

RESPONSE

The $6,058,782 is included in the Big Sandy Retirement Rider (BSRR) and is reflected in the total costs for this rider presented on page 15 of Company Witness Yoder's testimony. All of these costs are forecast against account 512.

WITNESS: Jeffery D LaFleur

Kentucky Power Company

REQUEST

Commercial and Industrial Customers. Refer to the response to AG 1-331. The response states that due to the advanced start date for these commercial and/or industrial customers' expansion and/or reduction/closure projects, that the specific rate code has not yet been determined, thus it is not possible to provide the amount of increased revenue associated with the expansion projects.

a. Referring to AG_1_331_Attachment1, with the exception of items 2, 8 and 14, the effective dates (most of which were in 2014) of the expansion or closure projects have already occurred. Based on the foregoing, please explain fully and in detail why the specific rate codes for these projects cannot be determined.

b. Pursuant to part "a" above, for each item listed on the attachment, provide the Company's best estimate for the increased or decreased revenues depending on whether the project is expanding, being reduced or closed.

c. Referring to AG_1_331_Attachment1, for each expansion or closure project listed, please indicate the associated commercial and/or industrial customer.

RESPONSE

a)-(c) Please see AG 2_112_Attachment1.xls for the requested information. The information represents the Company's best estimate of the approximate monthly effect on the Company's revenues if the projected changes in load are realized. Actual changes may vary based on the timing and amount of the changes. Kentucky Power cannot provide customer specific information without the permission of each customer, many of whom are not parties to this case.

WITNESS: John A Rogness

Kentucky Power Company

REQUEST

PJM Rider. Refer to the response to AG 1-337. Referring to the two attachments provided with this response, please explain fully and in detail why the forecasted PJM transmission costs for 2015, 2016 and 2017 are so much higher those incurred in calendar years 2009 through 2014.

RESPONSE

The PJM transmission costs are steadily increasing as a direct result of transmission infrastructure investment throughout the PJM RTO, including the AEP transmission zone. The main drivers behind the increase in transmission infrastructure investment are the need to upgrade or replace the existing aging infrastructure, the transmission impact of generation retirements, and customer driven projects (shale gas facilities).

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Big Sandy Unit Operation Rider (BS1OR). Refer to the response to AG 1-338 and Company Exhibit AEV-4. Please reconcile the amounts shown on AG_1_338_Attachment1 to the proposed BS1OR revenue requirement of $18,245,412. Identify, quantify and explain each reconciling item and show detailed calculations.

RESPONSE

The amounts included in the Company's response to AG 1-338 are calendar year totals of non-fuel clause Big Sandy Unit 1 O&M. These are comparable to items a and b on Company Exhibit AEV-4 page 1 of 3, however items a and b are test year amounts. The historic test year in this case is the 12 months ending September 30, 2014.

Item d from Company Exhibit AEV-4 page 1 of 3 was not included in the Company's response to AG 1-338 because the requested analysis has not been performed for 2009 - 2014, only for the historic test year in this proceeding.

Also, the Company's response to AG 1-338 was not grossed up by item f of Company Exhibit AEV-4 page 1 of 3.

WITNESS: Alex E Vaughan

Kentucky Power Company

REQUEST

Incentive Compensation. Refer to the response to AG 1-369.

a. Please provide the amounts shown on AG_1_369_Attachment1 on a Kentucky jurisdictional basis.

b. Please clarify the Company's statement that: "The requested amount included in the test year revenue requirement has not been calculated since the adjustments for the removal of Big Sandy costs and the annualization of Mitchell Plant costs were prepared at the account number level and not by the types of costs within the account numbers."

RESPONSE

a. See AG_2_115_Attachment1.xls for the jurisdictional amounts.

b. The response provided in AG_1_369 provided only the total company test year amounts expensed for incentive compensation and the engage to gain program because there are no prepared analyses of cost types by account comprising the revenue requirement. As indicated in the response to AG_1_369, 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 costs types within the accounts. Please see the Company's response to AG-2-72 for further discussion of these adjustments.

WITNESS: Andrew R Carlin and Jason M Yoder