

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF KENTUCKY POWER COMPANY FOR)
(1) APPROVAL OF A DEVIATION FROM THE REQUIREMENTS)
OF 807 KAR 5:006, SECTION 8 (1)(d)(3)(d), AND 807 KAR 5:006,) CASE NO.
SECTION 11(5), TO PERMIT THE COMPANY TO ESTABLISH) 2015-00364
ADDITIONAL MEANS OF MAKING REFUNDS; (2) FOR)
AUTHORITY TO AMEND ITS TARIFFS TO ESTABLISH)
ADDITIONAL MEANS OF MAKING REFUNDS; AND (3) FOR)
ALL OTHER REQUIRED APPROVALS AND RELIEF)

ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Second Request for Information to Kentucky Power Company ("Kentucky Power" or the "Company") to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following instructions:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness (es) who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Kentucky Power with an electronic version of these data requests, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the

scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded

statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) The Attorney General reserves the right to pose additional preliminary data requests on or before the due date specified in the Commission's procedural schedule.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL

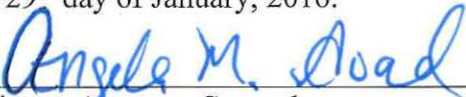


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Certificate of Service and Filing

Counsel certifies that the foregoing is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on January 29, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original of the foregoing is being filed with the Commission on January 29, 2016,

this 29th day of January, 2016.



Assistant Attorney General

Attorney General's Second Request for Information
Application of Kentucky Power Company for (1) Approval of a Deviation from the
Requirements of 807 KAR 5:006, Section 8 (1)(d)(3)(d), and 807 KAR 5:006, Section 11(5), to
Permit the Company to Establish Additional Means of Making Refunds; (2) For Authority To
Amend Its Tariffs to Establish Additional Means of Making Refunds; and (3) For All Other
Required Approvals and Relief
Case No. 2015-00364

1. Reference Kentucky Power Company's ("Kentucky Power" or "Company") response to Commission Staff's First Request for Information ("Staff's First Request"), Item 1 to answer the following questions:
 - a. Explain in detail why there were significantly more refund checks issued in the years 7/1/11-6/30/12 and 7/1/12-6/30/13.
 - b. Explain why the total refund amount was the highest between 7/1/13-6/30/14 even though there were less refund checks issued in that year. Please ensure to provide a detailed explanation as to why the refund checks were for larger amounts than previous years.
2. Reference Kentucky Power's response to Staff's First Request, Item 2 and provide the monetary amount that Kentucky Power expends per year "preventing the use of fraudulently altered checks."
3. Reference Kentucky Power's response to Staff's First Request, Item 3 and Attorney General's Item 9 for the following questions:
 - a. Does Kentucky Power have any knowledge whether Citibank contemplates implementing fees in the future for the issuance of checks and electronic transfers to customers who do not want a refund via prepaid card? Explain your answer in full detail.
 - b. If Citibank decides to impose an ACH transfer fee at the end of the two-year agreement, would Kentucky Power cease doing business with Citibank? Explain why or why not in full detail.
 - c. If Citibank decides to impose a check fee at the end of the two-year agreement, would Kentucky Power cease doing business with Citibank? Explain why or why not in full detail.
 - d. Regardless of the above hypothetical, at the end of the current two-year agreement between Citibank and Kentucky Power, will the Company engage in competitive bidding to find the least cost option for the ratepayers? Explain in full detail.

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4. Reference the Company's application, Exhibit 2 to answer the following questions:
 - a. Explain why under Schedule of Fees it states that the Account Maintenance Fee is \$3.00 per month (if applicable), yet in the footnote it states that the maintenance fee will not be collected for months 1-6 but will be collected on the sixth month anniversary date. Please explain in full detail when the maintenance fees on the prepaid card will be applicable. The consumer letter currently states that Citibank will not collect maintenance fees for months 1-6, but will collect on the sixth month anniversary date.
 - b. Explain if Kentucky Power will work with Citibank to simplify and clarify the language described in 4(a) so it is more understandable and clear to its ratepayers. Provide a detailed answer as to why or why not.
 - c. Explain if Kentucky Power will work with Citibank to place the maintenance fee information on the front page of the letter to ensure the ratepayers are fully informed of the potential fee. Provide a detailed answer as to why or why not.
 - d. Will Kentucky Power work with Citibank to ensure that the letter accompanying the prepaid card is more consumer friendly? For example, on page 1 of 2 where it discusses alternative ways to access the refund, it would be informative to the customer if it stated that the electronic transfer and paper check options are free of charge? Explain in full detail why or why not.

5. Reference Kentucky Power's response to Staff's First Request, Item 4 and Attorney General's Items 3(a) and 3(d) to answer the below questions:
 - a. Why did AEP informally request pricing for similar services from Bank of America and KeyBank instead of engaging in competitive bidding? Explain your answer in full detail.
 - b. Why did AEP informally request pricing from only Bank of America and KeyBank in addition to Citibank? Also, describe how Kentucky Power chose the three banks that it contacted. Explain the answer in full detail.

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6. Reference Kentucky Power's response in the form of a confidential attachment to Staff's First Request, Item 5 and the Attorney General's Item 3(e) to answer the following questions:
 - a. Under the contract with Citibank, does Kentucky Power pay the bank any monies other than the fee for a prepaid card or when the Company requests a check to be issued to a customer? For example are there any lump sum payments to Citibank for handling the refunds, bonus incentives, etc. Please explain the answer in full detail.
 - b. Does Citibank charge Kentucky Power a fee when the customer requests a paper check instead of the prepaid card? If not, then how is Citibank reimbursed for issuing the paper check?
 - c. Does Citibank charge Kentucky Power a fee when the customer requests an electronic funds transfer? If not, then how is Citibank reimbursed for processing the transfer?
7. Reference Kentucky Power's response to Staff's First Request, Item 9. If a Kentucky Power customer contacts its customer service department will the Company assist with any issues that may arise in regards to refunds via prepaid cards, or merely advise the customer to contact Citibank?
8. Reference Kentucky Power's response to Staff's First Request, Item 15 to answer the following questions:
 - a. Provide a detailed explanation concerning the issues that customers experienced with an online site, and confirm it was Citibank's online site.
 - b. Provide a detailed explanation of the improved communications with the customers and changes to the online site.
9. Reference Kentucky Power's response to Staff's First Request, Item 16 and explain in full detail why due diligence letters are not sent to customers that have a refund for less than \$50.00. Please also include what policy or procedure Kentucky Power relies upon for implementation of this process.

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10. Reference Kentucky Power's response to the Attorney General's, Item 3(g) and provide the estimated savings that Kentucky Power has determined it will achieve by transferring responsibility for payment liability to Citibank, and avoiding the liability and expense associated with lost, stolen, and fraudulent checks. Explain your answer in full detail.
11. Reference Kentucky Power's response to the Attorney General's, Item 3(j). Explain in full detail why Kentucky Power refuses to recognize that by forcing its customers to reject the refund via prepaid card and take additional steps to contact Citibank if a paper check or electronic transfer is desired will be inconvenient and time consuming for the customer? Explain the answer in full detail.
12. Reference Kentucky Power's response to the Attorney General's, Item 5(a). Provide the evidence that Kentucky Power has to support the assertion that customer satisfaction did not decrease for the roughly 1,500 customers that preferred a refund via check or electronic transfer instead of the prepaid card. If there is no evidence to support this statement then how does Kentucky Power justify its response?
13. Reference Kentucky Power's response to the Attorney General's, Item 6(b). Provide a detailed answer to the original question posed.
14. Reference the Testimony of John Rogness, page 9, lines 18-21. Kentucky Power cites as one of the benefits of customers receiving prepaid cards the avoidance of taking time to travel to the bank to cash or deposit a check. Please confirm whether Kentucky Power is aware that for its customers who have bank accounts, they can utilize a mobile phone or tablet application to easily deposit a check, normally free of charge, from any location. Explain your answer in detail.