



**Case No. 2016-00413**  
**KIUC'S First Set of Data Requests**  
**Item No. 1**  
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**Witness: John F. Torpey**

- Q - 1** Please refer to Kentucky Power's long-term purchase power agreements with AEP Generating Company for 15% of Rockport Units 1 and 2.
- a. Please provide all studies and analysis prepared by or on behalf Kentucky Power regarding whether the Rockport agreements should be extended when they expire in the 2023 time frame.
  - b. Since both Kentucky Power and AEP Generating Company are both owned by AEP Corp., please explain how an unbiased analysis can be performed within AEP.
  - c. Has Kentucky Power considered hiring an independent consultant to advise it on whether the Rockport agreements should be extended.? If not, why not.
  - d. Why has Kentucky Power not filed an action at FERC to reduce the 12.16% return on equity embedded in the Rockport agreements?

**A - 1**

a. No studies have been prepared by or for Kentucky Power regarding the extension of the Rockport UPA. Please refer also to the Company's response to KPSC 1-1.

b. Objection to the extent the question requires Kentucky Power to speak for the opinion of AEP Generating Company. Without waiving the objection, from a Kentucky Power perspective the analysis is based on the information at issue and not biased. In addition, any proposed extension of the UPA will be subject to Commission approval, to the extent required by KRS 278.300, and all analyses and supporting data will be submitted for Commission scrutiny and challenge by parties to the proceeding.

c. See responses to (a) and (b) above.

d. Kentucky Power objects to this data request on the ground that the information sought is irrelevant and is not reasonably calculated to lead to the discovery of admissible evidence. Kentucky Power is not seeking Commission approval in this proceeding to extend the agreement.

Without waiving its objections, Kentucky Power states that Kentucky Power evaluates the ROE associated with a contract in the context of the entire contract. A decision by Kentucky Power to challenge the ROE in the contract raises the risk that other provisions of the contract would be subject to change, including the 40% cap on the equity content of the capital structure. Further, the ROE included in the contract is reasonable relative to other ROEs in FERC-approved cost-based wholesale power supply agreements to which Kentucky Power is a party.