

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY INDUSTRIAL UTILITY)	
CUSTOMERS, INC.)	
)	
COMPLAINANT)	Case No.
)	2018-00035
V.)	
)	
KENTUCKY POWER COMPANY)	
)	
DEFENDANT)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due on or before April 12, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

Kentucky Power shall make timely amendment to any prior response if it obtains information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to respond completely and precisely.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide Kentucky Power's income statement, balance sheet, and statement of retained earnings for the calendar year ending December 31, 2017.

2. Provide a schedule of Kentucky Power's Excess Accumulated Deferred Income Tax ("ADIT"), broken down between protected and unprotected Excess ADIT, for the 12-month period ending February 28, 2017, and for the calendar year ended December 31, 2017.

3. State whether Kentucky Power has received any letter or written opinion from the Internal Revenue Service since January 1, 2010, regarding the treatment of

Kentucky Power's excess ADIT or determining how the excess ADIT may be reimbursed to ratepayers under federal law, and, if so, provide a copy of the letter or written opinion.

4. If Kentucky Power's fiscal year is different from the calendar year ending December 31, 2017, provide the dates of the fiscal year and identify and describe any effect that a non-calendar fiscal year has on the calculation of excess ADIT.

5. Provide the maximum total amount of excess protected ADIT that Kentucky Power contends may be reimbursed to ratepayers annually in the calendar year ending December 31, 2017, and for each calendar year thereafter through 2033 using the "average assumption method" ("ARAM") method. If Kentucky Power is not able to apply the ARAM method because it lacks the relevant information, please separately provide the maximum total amount of excess protected ADIT that Kentucky Power contends may be reimbursed to ratepayers annually in 2018 and for each year thereafter through 2033 using the Reverse South Georgia Method.

6. a. Provide the amortization rates for the protected excess ADIT under the ARAM annually for the calendar year ending December 31, 2017, and for each calendar year thereafter through 2033.

b. If Kentucky Power is not able to apply the ARAM method because it lacks the relevant information, provide the amortization for the protected excess ADIT using the Reverse South Georgia Method annually for the calendar year ending December 31, 2017, and for each calendar year thereafter through 2033.

7. Identify any assets, property, and accounts, the depreciation of which gave rise to protected excess ADIT, and:

a. Provide the extent to which such assets, property, and accounts were depreciated as of December 31, 2017, in terms of percentage and total value;

b. Provide the annual depreciation schedule for tax and regulatory purposes for each such asset, piece of property, and account through 2034;

c. Provide the excess ADIT that arose from the depreciation of each such asset, property, and account as of January 1, 2018;

d. Provide the total ADIT, including excess ADIT and ADIT that is not excess, attributable to each such property or vintage account as of December 31, 2017;

e. Identify and provide any other information used to calculate the maximum protected excess ADIT that may be reimbursed to ratepayers in 2018 through 2033 using the ARAM method;

f. If the information necessary to use the ARAM method is not available, please explain the method and basis for your calculation in response to the preceding item; and

g. If estimates and assumptions were made to calculate the response to the preceding item, please identify and describe any estimates and assumptions.

8. Identify and describe the source of all unprotected excess ADIT, and if any excess unprotected ADIT arose from the depreciation of any property or account, please state the extent to which such property or account was depreciated as of December 31, 2017, in percentage terms and total value; identify the date on which each would be fully depreciated based on the current regulatory depreciation schedule, and identify the excess unprotected ADIT attributable to each such property or account as of January 1, 2018.

9. Provide schedules reflecting a 5-year, 10-year and a 15-year amortization period for Kentucky Power's unprotected excess ADIT and the impact each amortization period would have on Kentucky Power's revenue requirement.

10. Have any of Kentucky Power's affiliates resolved or are in process of settling the impact of the Tax Cuts and Job Act on rates in other states. If so, provide the amortization period(s) established for the unprotected excess ADIT.

11. Do any of the expenses charged to Kentucky Power by its affiliates in the test year contain any federal income tax implications? If so, did Kentucky Power address the impacts on its revenue requirements? If not, provide the impact of the federal tax implications on Kentucky Power's test-year expense and revenue requirement.

12. Provide copies of all schedules provided in the responses, supporting calculations, and documentation in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.



Gwen R. Pinson
Executive Director
Public Service Commission
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DATED APR 02 2018

cc: Parties of Record

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