COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A GENERAL ADJUSTMENT OF ITS RATES FOR ELECTRIC SERVICE; (2) APPROVAL OF TARIFFS AND RIDERS; (3) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; (4) A SECURITIZATION FINANCING ORDER; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF	)	CASE NO. 2023-00159

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

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on August 28, 2023. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085[1] regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

[1] Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 Kentucky Power obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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. With the exception of the cost-of-service study and billing analysis, provide all exhibits and schedules that were prepared in the utility's rate application in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

2. Refer to the Direct Testimony of Cynthia G. Wiseman (Wiseman Direct Testimony), page 16. Explain how Kentucky Power intends to use the approximately $446.7 million proceeds received from the securitization process.

3. Refer to the Wiseman Direct Testimony, page 20.

a. Provide the preliminary analysis that shows an approximate $69 million annual increase in depreciation expense.

b. Explain whether Kentucky Power analyzed the expense impact of a wholistic update of its depreciation rates. If so, provide the analysis. If not, explain why not.

c. State whether Kentucky Power has performed a depreciation study since 2017. If so, provide the most recent study. If not, explain how often Kentucky Power has historically performed depreciation studies.

4. Refer to the Direct Testimony of Brian K. West (West Direct Testimony), page 14 and Figure BKW-2 and Figure BKW-3. Provide the name of Peer 1, Peer 2, and Peer 3 utilities in Figure BKW-2 and BKW-3.

5. Refer to the West Direct Testimony, page 16. Provide a copy of the proposed Distribution Reliability Rider (DRR) Work Plan and specific project timeline.

6. Refer to the West Direct Testimony, page 17.

a. Provide an example of how the company will account for the DRR program expenses to be recovered by account code covering the first two years of the program including two annual true-up filings.

b. Using the accounting example in part a., show how the accounts will change when the company rolls the DRR balance into base rates using a historical test year. Include in the response an explanation of whether the various program project accounts will roll into the same or different account inside base rates.

c. Using the accounting example in part a., show how the accounts will change when the company rolls the DRR balance into base rates using a forecasted test year. Include in the response an explanation of whether the various program project accounts will roll into the same or different account inside base rates.

7. Refer to the West Direct Testimony, page 18. Explain if the projects contemplated in the DRR Work Plan would require a CPCN.

8. Refer to the West Direct Testimony, page 20. Provide when Kentucky Power intends to propose advanced metering infrastructure (AMI). Also state whether Kentucky Power plans to propose recovery for AMI meters through the DRR.

9. Refer to the West Direct Testimony, page 25. Provide an updated Figure BKW-4 reflecting the Decommission Rider Regulatory Asset and Tariff P.P.A. Under-Recovery Regulatory Asset balances as of June 30, 2023.

10. Refer to the West Direct Testimony, page 29. Explain whether Kentucky Power would securitize regulatory assets that were approved for securitization if the Commission were to deny securitization for some of the regulatory assets in BKW-4.

11. Refer to the West Direct Testimony, pages 30–31. Explain whether Kentucky Power pays more for accounts receivable financing or short-term debt.

12. Refer to the Direct Testimony of Stevi Cobern (Cobern Direct Testimony), page 5, Figure SNC-1.

a. Confirm that the total Residential Energy Assistance (REA) funds, consisting of customer collections and company match prior to administrative costs being deducted, was $908,931 for program year 2022/2023. If not confirmed, provide the total amount of REA funding for program year 2022/2023.

b. For the 2022/2023 Program Year, provide the average monthly bill, broken down between customers with electric heat and those with non-electric heat, for the months of January through April for customers that received funds through the Home Energy Assistance in Reduced Temperatures (HEART) program.

c. For the 2022/2023 Program Year, provide the average monthly bill for the months of January through April for customers that received funds through the Temporary Heating Assistance in Winter (THAW) program.

13. Refer to the Cobern Direct Testimony, pages 6–7.

a. Provide the number of customers per class for January 2022 through July 2023 that did not pay their bills by the due date.

b. Using the information in Item 13(a), provide the number of customers who did not pay on time, but did pay within 21 days.

14. Refer to the Direct Testimony of Amanda C. Clark (Clark Direct Testimony), page 9.

a. Provide all Kentucky Power Economic Growth Grants (K-PEGG) grants that have been awarded since 2020.

b. For each K-PEGG grant awarded, provide a schedule in Excel Spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible with the total cost of the project and the dollar amount of funds for the project that were derived from the K-PEGG, broken down by funds derived from customers through the Kentucky Economic Development Surcharge and funds derived from Kentucky Power shareholder funds.

c. Provide any economic development opportunities Kentucky Power is evaluating that will increase energy sales over the next five years.

15. Refer to the Direct Testimony of Everett G. Phillips (Phillips Direct Testimony), page 6, Figure EGP-1. Explain why the year 2020 does not include data for January–March and provide an update to the table that includes data for the entirety of 2020.

16. Refer to the Phillips Direct Testimony, page 6, Figure EGP-1. Explain whether the System Restoration category contains expenses for which Kentucky Power would request authorization for a regulatory asset in the future. If it has items from this category have previously been established as a regulatory asset, provide the year and amount for each.

17. Refer to the Phillips Direct Testimony, page 9, Figure EGP-2. Explain whether the O&M expenses in Figure EGP-2 are inclusive of major storm costs for which Kentucky Power has sought a regulatory asset. If major storm regulatory assets are included in Figure EGP-2, update the table for 2018 and 2019. Include in the explanation whether the amounts shown in Figure EGP-2 or the updated table are the amounts included in base rates.

18. Refer to the Phillips Direct Testimony, page 8. Explain the reason Kentucky Power is buying the property mentioned instead of continuing to lease the property. Include in the response the effect this conversion had on the ratepayers.

19. Refer to the Phillips Direct Testimony, page 16. Provide a comparison of customers per distribution line mile between Kentucky Power and its neighboring distribution cooperatives.

20. Refer to the Phillips Direct Testimony, pages 19–20. Explain whether the Capacitor and Regulator Inspection and Maintenance Program, the Recloser Maintenance/Replacement Program, and the Overhead Conductor Program cover the entire distribution system every two years. If not, explain how often each program covers the entire distribution system.

21. Refer to the Phillips Direct Testimony, page 25.

a. Explain how the trees outside the right-of-way (ROW) program differs from the standard guidelines and procedures already established in the vegetation management program.

b. Explain the operation of the program and the criteria for choosing circuits or sections of circuits for the program.

c. Explain why eliminating problem trees outside of the ROW as they are encountered is not an appropriate strategy to manage trees outside the ROW. problem.

d. Prior to the scheduled clearing of a circuit, explain how the utility works with customers and landowners to address problem trees. Include in the response Kentucky Power's current practices and as contemplated under the proposed DRR program.

22. Refer to the Phillips Direct Testimony, page 25.

a. Explain whether Kentucky Power has performed a cost benefit analysis to demonstrate that the pilot program to remove danger trees outside the ROW program is more beneficial to customers than the standard vegetation management practices.

b. Explain how Kentucky Power measured improvement in its reliability metrics because of the pilot program to remove danger trees outside the ROW program.

23. Refer to the Phillips Direct Testimony, page 25. Provide the vegetation management budget from 2018 through July 2023. Include the portion of the budget for clearing of vegetation including trees outside the ROW as a part of the total vegetation management budget.

24. Refer to the Phillips Direct Testimony, page 25 and page 28.

a. Explain whether Kentucky Power has easements with all property owners for all its distribution circuits. If not, explain why not.

b. Explain whether Kentucky Power is expanding the easement within which the ROW exists as part of the program.

c. Explain whether Kentucky Power's vegetation management program clears out to either the National Electric Reliability Council (NERC) recommended ROW width or Kentucky Power's guidelines for each of its circuits. If not, explain why not.

25. Refer to the Phillips Direct Testimony, page 30. Explain the expanded program operations contemplated in the proposed DRR.

26. Explain whether Kentucky Power's vegetation management program includes trimming secondary lines. If not, explain who is responsible for keeping these lines clear.

27. Refer to the Phillips Direct Testimony, page 30. Explain whether the programs to be included in the second phase of the DRR are programs already being performed by Kentucky Power. Include in the response whether these programs would be expanded from current levels.

28. Refer to the Phillips Direct Testimony, page 31.

a. Explain whether Kentucky Power is monitoring and tracking the conditions of its outside equipment as a part of normal operations, and whether expenses related to the monitoring and replacement of defective equipment are already included in base rates.

29. Explain whether the asset renewal activities Kentucky Power proposes to include in the DRR is an expansion of current asset renewal.

30. Refer to the Direct Testimony of Timothy C. Kerns (Kerns Direct Testimony), pages 7–8. Explain why Kentucky Power is not proposing to extend the retirement date of Big Sandy Unit 1 to 2041 in this proceeding.

31. Refer to the Kerns Direct Testimony, pages 7–8.

a. Confirm that the West Virginia Public Service Commission granted Wheeling Power the authority to bring the Mitchell Plant (Mitchell) into compliance with the Effluent Limitation Guidelines (EFG).

b. Explain how Kentucky Power will retire Mitchell in 2028 when it only owns an undivided 50 percent interest in the plant.

c. Explain if Kentucky Power divesting its interest in Mitchell in 2028 triggers the requirements of KRS 278.264.

32. Refer to the Kerns Direct Testimony, page 12, Figure TCK-3 and Exhibit TCK-1.

a. Provide a schedule showing all maintenance and dates from November 2021–April 2023.

b. Correlate the timing of all outages and or derates taken during the test year with the maintenance activity associated with the Big Sandy and Mitchell units.

33. Refer to the Kerns Direct Testimony, page 16. Provide a copy of the Burns and McDonnell assessment(s).

34. Refer to the Kerns Direct Testimony, page 20, Figure TCK-4. Provide an update to FigureTCK-4 showing the annual data from 2016-2022 and monthly data for November 2021-March 2023.

35. Refer to the Direct Testimony of Alex E. Vaughan (Vaughan Direct Testimony), page 18. Explain how Kentucky Power measures PJM Interconnection LLC's (PJM) spot energy market volatility.

36. Refer to the Vaughan Direct Testimony, page 18. Confirm that the financial hedges do not entail the actual purchase of energy, that they are strictly financial in nature. If this cannot be confirmed, explain.

37. Refer to the Vaughan Direct Testimony, page 19. Explain when the PJM AD Hub may not be sufficiently liquid to purchase forward contracts and how often in the last three years market liquidity has been an issue.

38. Refer to the Vaughan Direct Testimony, page 20.

a. The Target Hedge Position indicates that any number of hours could be included in the position. Explain how Kentucky Power decides how many hours to include (hedge) in purchasing a forward hedge contract.

b. Explain the different types of forward hedging contracts that are available and anticipated to be used by Kentucky Power.

39. Refer to the Vaughan Direct Testimony, page 20, Figure AEV-5.

a. Explain the rational for hedging 18 and 36 months out when maintenance outages are scheduled a year in advance.

b. Explain the scenarios where 18 and 36 months out, Kentucky Power would need to secure a future energy contract.

c. For each Hedge Interval, explain whether Kentucky Power intends to secure forward energy contracts in all months of the year, the anticipated target hours within each month and day.

d. For Hedging Interval 3, explain whether the 100 percent target hedge means that Kentucky Power intends to hedge 100 percent of the target hedge position for number of hours in the hedge period.

40. Refer to the Vaughan Direct Testimony, page 23.

a. Explain how the forecasted generation MWh and forecasted load will be calculated for each hedge interval and whether these forecasts are weather normalized.

b. Explain what periods other than scheduled maintenance outages Kentucky Power anticipates entering into forward contracts.

c. If the purpose of the hedging plan is to insulate customers from volatile energy prices, explain how Kentucky Power forecasts volatile or excessively volatile energy prices.

41. Refer to the Vaughan Direct Testimony, page 22, Figure AEV-6. Explain whether the Day-Ahead Settle Price row represents the exact day six months in advance of the purchase date. If not, explain how the Day-Ahead Settle Price relates to the purchase date.

42. Refer to the Vaughan Direct Testimony, page 23.

a. Explain whether any other AEP East regulated entity engages in energy price hedging. If so, explain any differences between each of those plans and the proposed plan in this proceeding.

b. If other AEP East entities do engage in energy price hedging, explain whether reports are made to the respective regulatory commissions and if so, provide a copy of those reports for the last two years. Provide how often those reports are made to the respective regulatory commissions.

43. Refer to the Vaughan Direct Testimony, page 25, lines 3–11.

a. For an hourly energy purchase that occurs during the same period as a hedge interval, explain how the Peaking Unit Equivalent (PUE) Fuel Adjustment Clause (FAC) limitation will reflect the transaction.

b. Explain the anticipated cost of the hedging program and how these will be reflected in the FAC.

44. Refer to the Vaughan Direct Testimony, page 33. Explain why Kentucky Power did not propose a tariff revision reflecting the low-income benefit option of the solar garden program.

45. Refer to the Vaughan Direct Testimony, page 34. Explain what component of Tariff P.P.A. the proposed 50 percent of energy benefits from the solar garden program being credited to low-income customers would be recovered through in Tariff P.P.A.

46. Refer to the Direct Testimony of Adrien M. McKenzie (McKenzie Direct Testimony), generally. Provide an electronic copy of all return on equity (ROE) work papers in Excel format with all formulas, columns, and rows intact and fully accessible.

47. Refer to the McKenzie Direct Testimony, page 4. Kentucky Power states that it is “warranted” to ask for a 10.60 percent ROE.

a. Explain what Kentucky Power means by “warranted.”

b. Explain how Kentucky Power decided to propose a 9.90 percent ROE considering the range of reasonableness was 10.40 percent to 10.90 percent ROE.

c. Explain why Kentucky Power proposed an ROE that is 70 basis points lower than what is supported by testimony.

48. Refer to the McKenzie Direct Testimony, page 4. Explain whether the Commission has denied Kentucky Power recovery of federally mandated environmental compliance expenditures. If not, explain whether the recovery of such expenditures reduces the risks associated with heightened capital expenditure programs.

49. Refer to the McKenzie Direct Testimony, page 7. Provide an explanation for the concepts of “financial strength,” “financial integrity,” and “financial flexibility” as they apply to Kentucky Power rather than the entire regulatory industry.

50. Refer to the McKenzie Direct Testimony, page 9. Provide a list of all current authorized ROE for each of the AEP operating companies, the effective date of the ROE, and whether the ROE was the result of a settlement or fully litigated rate case.

51. Refer to the McKenzie Direct Testimony, page 10.

a. Explain the changes in Kentucky Power's capital structure since the last rate proceeding.

b. Explain whether Kentucky Power is trying to maintain or improve its current credit rating. If trying to improve, explain the actions taken.

c. Provide a common equity ratio with a hypothetical 10.60 ROE.

52. Refer to the McKenzie Direct Testimony, page 13.

a. Provide the Moody's Investor Services (Moody's) issuer rating analysis that supports the Baa3 investment rating.

b. Provide the Standard & Poor's (S&P) analysis or supporting documentation where S&P downgraded Kentucky Power's corporate credit rating.

c. Provide the Fitch Rating, Inc. (Fitch) analysis or supporting documentation for Kentucky Power's BBB issuer default rating.

53. Refer to the McKenzie Direct Testimony, page 15. Explain the changes in the Federal Reserve's monetary policy that specifically increased market risk for Kentucky Power.

54. Refer to the McKenzie Direct Testimony, page 21. Explain the circumstances when AEP would provide additional equity capital to Kentucky Power.

55. Refer to the McKenzie Direct Testimony, Exhibit AMM-2 and Exhibit AMM-11.

a. Provide each of the Value Line Investment Survey company profile sheets supporting the ROE analyses.

b. Explain how a floatation cost adjustment is realistic and is relevant in calculating an ROE.

56. Refer to the McKenzie Direct Testimony, Exhibit AMM-2 through Exhibit AMM-8. Exhibit AMM-4, page 2 of 3 is missing Avista Corp. (Avista) but includes Evergy, Inc. (Evergy). Avista is included in the other Exhibits and Evergy is included on Exhibit AMM-4, page 2 of 3.

a. Explain whether Evergy was intended to be included in the other Exhibits and, if so, provide an update to the DCF and CAPM calculations.

b. If Evergy is not intended to be included in the proxy group, explain why it should be rejected.

57. Refer to the McKenzie Testimony, Exhibit AMM-5.

a. Explain why it is reasonable and appropriate to exclude values when calculating the ROE.

b. Provide a DCF calculation without excluding any values that are included in the model.

58. Refer to the McKenzie Direct Testimony, Exhibit AMM-5, Exhibit AMM-7 and Exhibit AMM-8. Explain why Exelon Corp. does not have earnings growth rate or beta values in Value Line.

59. Refer to the McKenzie Direct Testimony, Exhibits AMM-6 and AMM-7.

a. Explain the rule that governs the size adjustment addition or subtraction.

b. Explain why each utility has the same dividend yield, projected growth, and cost of equity.

60. Refer to the McKenzie Direct Testimony, Exhibits AMM-7 and AMM-8.

a. Explain whether Value Line data is derived from the New York Stock Exchange.

b. Explain how the NYSE Index differs from the S&P 500 Index.

61. Refer to the McKenzie Direct Testimony, Exhibits AMM-7 and AMM-8.

a. Provide an update to Exhibits AMM-7 and AMM-8 without eliminating any data points in the projected market growth estimation.

b. Update Exhibits AMM-7 and AMM-8 based on the NYSE index as a comparison to the S&P index derived calculations without eliminating any values.

62. Refer to the Direct Testimony of Franz Messner (Messner Direct Testimony), page 4, Figure FDM-1. Explain why Kentucky Power is not proposing accounts receivable financing as part of its capital structure.

63. Refer to the Messner Direct Testimony, page 4, Figure FDM-1. Refer also to Application, Section V, Exhibit 1, Schedule 3, page 7.

a. In Kentucky Power's 2020 rate case, the Commission authorized a zero percent short term debt.[2] Explain what has changed, in regard to the short-term debt specifically, from its previous rate case.

b. Provide a cost breakdown for the $113,624,552 in short-term debt.

[2] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021), Order at 38.

c. Explain how Kentucky Power defines short-term debt. Include in the explanation how Kentucky Power determines the timing of debt.

64. Refer to the Messner Direct Testimony, page 4, Figure FDM-1. Refer also to Application, Section V, Exhibit 1, Schedule 3, page 7.

a. Explain why Kentucky Power is removing the Mitchell Coal Stock Adjustment of ($16,521,461) from short-term debt.

b. Explain the primary method for how Kentucky Power issues short-term debt.

c. In Kentucky Power's 2020 rate case the Commission encouraged Kentucky Power to provide support that coal purchases are primarily financed through short-term debt in its next base rate case.[3] Explain how Kentucky Power finances coal purchases through short-term debt. Include in the response any supporting documentation necessary.

d. Explain why attributing the coal stock adjustment to the long-term debt or capital components would be unreasonable.

65. Refer to the Messner Direct Testimony, page 7. Provide the current market conditions and reasonable assumptions used to estimate the estimated positive net present value.

66. Refer to the Messner Direct Testimony, page 10.

a. Provide a description of the securitization special entity that will be set up to administer the securitization over the life of the bonds. Include in the response the corporate structure, corporate parent, estimated number of employees including

[3] Case No. 2020-00174, Jan. 13, 2021 Order at 38.

officers by job function. If there are no employees employed by the special entity, explain which corporate entity will employ the special entity personnel.

b. Confirm that all costs incurred by the special entity will be recovered through the securitization rider.

c. Describe the auditing process and whether the auditing will encompass employee time reporting and internal controls.

67. Refer to the Messner Direct Testimony, page 10. Provide case numbers and orders for the other American Electric Power (AEP) operating companies where the respective regulatory commissions approved the securitization of utility assets and, if applicable, the corresponding commission financing orders. Also include any differences in the requirements for the securitization order for that jurisdiction compared to Kentucky.

68. Refer to the Messner Direct Testimony, Exhibit FDM-1.

a. Provide the weighted average cost of capital used in the analysis.

b. Explain what "Net of Return on ADIT" means.

c. Explain why the discount rate of 8.300 percent is reasonable.

d. Provide this exhibit and supporting schedules in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

69. Refer to the Messner Direct Testimony, pages 8–9 and Exhibit FDM-1. Also refer to the West Direct Testimony, page 24, Figure BKW-4.

a. Provide in Excel with all cells visible and unprotected an update to Exhibit FDM-1 breaking out each regulatory asset illustrated in Figure BKW-4 showing the annual net present value (NPV) revenue requirement to be collected from residential and all other classes for both the Securitization Method and the Conventional Method illustrating how the $74 million NPV was calculated.

b. Provide an update to the calculation in part a. in Excel with all cells visible and unprotected showing the annual NPV revenue requirement to be collected from residential and all other classes for both the Securitization Method versus the Conventional Method, except exclude the severe storm related regulatory assets.

c. Explain the specific differences in NPV revenue requirement for recovery of severe storm regulatory asset recovery between securitization and recovery through base rates.

70. Refer to the Messner Direct Testimony, pages 8–9. The proposed securitization extends the recovery of all the current regulatory assets to 20 years.

a. Explain the rationale for choosing a 20-year recovery period for the Securitization Method for every regulatory asset proposed to be securitized.

b. Provide a present value analysis showing the additional cost ratepayers will incur by extending the life of these assets beyond the 17-year recovery for the Decommissioning Rider Recovery Asset and 3-year recovery for storm regulatory assets.

71. Refer to the Direct Testimony of Katrina T. Niehaus (Niehaus Direct Testimony), page 39.

a. Explain why true-ups for the Rider S.F.R. should take place on a semi-annual basis as opposed to annually.

b. Explain why true-ups to Rider S.F.R. should be done on a quarterly basis beginning 12 months prior to the scheduled final payment date for the latest maturing tranche of securitized bonds of a particular series.

72. Refer to the Spaeth Direct Testimony, page 19. Also refer to the Philips Direct Testimony, Section 8. Reconcile the list of DRR programs in the Spaeth Direct Testimony with the explanation of DRR programs in the Philips Direct Testimony. Provide a list of the exact programs and costs that are proposed to be recovered through the DRR.

73. Refer to the Spaeth Direct Testimony, page 20. Explain why the Outdoor Lighting and Street Lighting rate schedules are excluded from the DRR.

74. Refer to the Spaeth Direct Testimony, page 21.

a. Confirm that all retail customers will be billed under Rider S.F.R., including outdoor lighting and street lighting.

b. Explain whether Kentucky Power's current wholesale customers will be billed under the Rider S.F.R. If not, explain why not.

c. Explain how net metering customers' bills will be calculated under Rider S.F.R.

75. Refer to the Spaeth Direct Testimony, page 21.

a. Explain how non-recurring charge revenues are included in the calculation of retail revenues.

b. Provide a list of revenue categories whose revenues will not be included in the retail revenue calculation.

76. Refer to the Spaeth Direct Testimony, page 21. Explain whether Kentucky Power plans to file the true ups of the Rider S.F.R. through a tariff filing or through a formal case.

77. Refer to the Spaeth Direct Testimony, page 21. Also refer to Kentucky Power's Response to the July 5, 2023, Deficiency Notice, Exhibit 1, pages 159–160. Explain why the proposed Rider S.F.R. does not include language regarding the quarterly true-up filings.

78. Refer to the Spaeth Direct Testimony, page 22.

a. Explain why revenue rider amounts including the Fuel Adjustment Clause and Environmental Surcharge are excluded from the retail revenue calculation.

b. If approved, explain whether the DRR should be included in the calculation. If not, explain why not.

79. Refer to the Spaeth Direct Testimony, Exhibit MMS-1, pages 32–34.

a. Provide the Net CONE values used to calculate the capacity credit for years 2023/2024, 2024/2025, and 2025/2026.

b. Provide the source document for the Net CONE values used in the capacity credit calculation.

c. Explain how the capacity credits for Standard Measurement are calculated.

80. Refer to the Spaeth Direct Testimony, Exhibit MMS-1, pages 32–34.

a. Explain whether Net CONE values have been established for years 2026/2027 and 2027/2028. If so, provide the Net CONE values, and their source document, for those years.

b. Provide the COGEN rate calculation, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

c. Explain whether Kentucky Power performed an analysis of capacity costs other than Net CONE to determine the appropriate capacity costs used to determine the COGEN capacity credits.

81. Refer to the Spaeth Direct Testimony, Exhibit MMS-4, page 2.

a. Explain why each of the analogous retail revenue elements included in the Residential Retail Revenue RR(b) are not included in the All Other Classes Non-Fuel Retail Revenue ONR(b).

b. Explain whether the regulatory asset recovery costs are allocated to customers included in the All Other Classes group. If so, due to the way Tariff Rider S.F.R. is structured, explain whether any rate class within the All Other Classes group of customers will pay a lower amount of recover cost on a net present value basis.

82. Refer to the Direct Testimony of Heather Whitney, pages 30–31.

a. Explain why adjustments W57 and W58 both calculate the non-FAC eligible purchased power costs for the period March 2020 through March 2023.

b. Explain whether Kentucky Power received Commission approval to defer incremental non-FAC eligible purchased power costs between rate cases. If so, provide the case number and order date. If not, explain why Kentucky Power proposes to retroactively recover the incremental non-FAC eligible purchased power costs incurred since its last base rate case.

83. Refer to the Direct Testimony of Lerah M. Kahn (Kahn Direct Testimony), page 17. Explain whether Kentucky Power plans to update the Federal Tax Change Tariff through a tariff filing or through a formal case.

84. Refer to the Kahn Direct Testimony, page 18. Provide a copy of the Kentucky Court of Appeals decision in the litigation regarding the Non-Utility Generator Tariff (Tariff N.U.G.).

85. Refer to the Kahn Direct Testimony, page 19. Provide a narrative of what has changed since 2001 that caused Kentucky Power to believe that Tariff N.U.G. is no longer needed.

86. Refer to the Kahn Direct Testimony, pages 18–19. Explain whether the current customer taking service under Tariff N.U.G. has ever expressed an interest in utilizing the Commissioning Power or Startup Power provisions of Tariff N.U.G.

87. Refer to the Kahn Direct Testimony, page 19.

a. Explain how Kentucky Power will determine whether the requested lighting location will be reasonably accessible by Kentucky Power's trucks.

b. If a requested location is considered not reasonably accessible by Kentucky Power's trucks, explain what other options will be available to the customer.

88. Refer to the Kahn Direct Testimony, page 20. Explain whether any customers have ever expressed confusion over the name of the Franchise Tariff.

89. Refer to the Direct Testimony of Joshua D. Burkholder (Burkholder Direct Testimony), page 14.

a. Explain how the addition of new interruptible load and firm load to Kentucky Power's existing load will reduce its contribution to AEP's Zonal 1 CP peak.

b. Explain whether Kentucky Power interrupts its Tariff D.R.S customers in an effort to lower its contribution to the AEP 1 CP and its monthly 12 CPs.

c. Provide the dates of the AEP 1 CP and Kentucky Power's 12 CPs and the days and hours it interrupted its customers from January 2020 through July 2023.

90. Refer to the Burkholder Direct Testimony, page 14.

a. Explain Kentucky Power's load interruption decision process in its efforts to lower its AEP Zonal 1 CP contribution.

b. To the extent that the other AEP East operating companies interrupt load to lower their AEP Zonal 1 CP contribution, explain if these efforts are coordinated collectively at the AEP Service Corporation (AEPSC) level and if so, explain how these efforts are undertaken.

c. Once a decision has been made to call for an interruption, explain whether Kentucky Power's interruptible customers are always called to interrupt the full contracted amount, as well as the other AEP East Operating Companies' interruptible customers. If not, explain how Kentucky Power/AEP decides how much load to interrupt.

91. Refer to the Burkholder Direct Testimony, pages 14–15.

a. Explain whether any of the solar projects will be constructed by a third party, to then be purchased, owned, and operated by Kentucky Power. If so, explain why that bypasses the PJM interconnection project queue.

b. Explain whether the contracting of solar power purchase Agreements (PPAs) would lower Kentucky Power's contribution to the AEP Zonal 1 CP peak.

c. Explain how solar projects or facilities lower Kentucky Power's contribution to AEP Zonal 1 CP peaks and whether it makes a difference if the Zonal peak occurs in the winter versus the summer season.

92. Refer to the Burkholder Direct Testimony, page 15. Explain whether the Commission will be given the opportunity to provide comments on the PJM Transmission Cost study before any changes from the proposed study are implemented.

93. Refer to the Direct Testimony of Michael Adams (Adams Direct Testimony), pages 4-5. Explain in detail how the lead/lag study took into account Kentucky Power's stoppage of the sale of receivables and how that stoppage is accurately reflected in the lead/lag days. Provide any supporting calculations in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

94. Refer to Adams Direct Testimony, page 7.

a. Explain the difference between "average collections lag" and "median collection lag."

b. Provide the calculation for the collections lag without the six additional days being requested by Kentucky Power for customer billing due dates. Provide any supporting calculations in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

95. Refer to Adams Direct Testimony, page 11. Explain why Kentucky Power pays West Virginia unemployment tax and provide the number of employees covered by this tax.

96. Refer to Adams Direct Testimony. Explain what a weighted dollar lead is, why is not used consistently throughout the study, and why there is no explanation as to when it is used.

97. Refer to the Application, Section V, Exhibit 2, WP 23.

a. Provide the test-year revenue and expense amounts for each item.

b. Explain why line numbers 2 through 5 are revenue account numbers but are titled "Cost."

c. Confirm the level of "PJM LSE OATT" expenses that Kentucky Power proposes to include in base rates.

98. Refer to Kentucky Power's Response to the July 5, 2023 Deficiency Letter, Exhibit 1, page 160 of 164. Explain why base fuel and the FAC are not included in the revenues to which all other customer Rider S.F.R. factor is applied while the same two items are included in the revenues to which the residential Rider S.F.R. factor is applied.

99. Refer to Kentucky Power's response to Commission Staff's First Request for Information, Item 49.

a. Provide the total delayed payment charge amount assessed to residential customers for the period January 13, 2021, to the date that the computer coding issue was corrected.

b. Provide the total amount refunded to residential customers for the unauthorized collections of delayed payment charges after January 13, 2021.

c. Explain how Kentucky Power handled refunds for customers who had left the system prior to the refunds being issued.

100. Refer to Kentucky Power's response to Staff's First Request, Item 49, Attachment 1.

a. Provide, by type of charge, the amount of non-recurring charge revenue included in the test year revenue requirement calculation.

b. Explain whether any residential delayed payment charge revenues are included in the test year revenue requirement calculation.

c. Confirm that the residential delayed payment charge amount listed in the test year column represents delayed payment charges assessed prior to September 22, 2022. If not confirmed, explain why not.

101. Provide Kentucky Power's test-year revenues by account and subaccount.

102. Provide the average number of customers on the utility's system (actual and projected) by rate schedule for the test year and two most recent calendar years.

103. Provide a copy of each cost-of-service study and billing analysis filed with the utility's rate application in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

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DATED AUG 14 2023

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