

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

Andrew R. Carlin

STATE OF OHIO

)

) Case No. 2017-00179

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 10th day of July 2017.



Cheryl L. Strawser
Notary Public, State of Ohio
My Commission Expires 10-01-2021

Cheryl L. Strawser

Notary Public

My Commission Expires: October 1st, 2021

VERIFICATION

The undersigned, Jason A Cash, being duly sworn, deposes and says he is employed by American Electric Power as Accountant Policy and Research Staff 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

Jason A. Cash

Jason A Cash

17-10-17 Florida
STATE OF OHIO *(w)*
COUNTY OF FRANKLIN

)
) 2017-00179
)

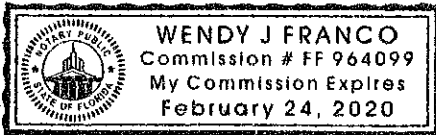
Subscribed and sworn to before me, a Notary Public in and before said County and State, by (Insert Name), this the 10 day of July 2017.

Jason Cash

Wendy J Franco

Notary Public

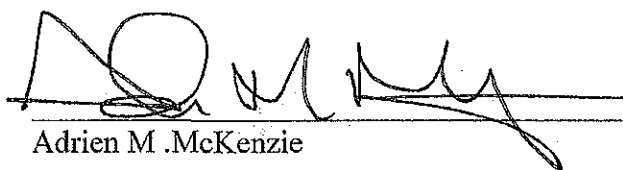
Notary ID Number: FF 964099



My Commission Expires: FEB. 24, 2020

VERIFICATION

Adrien M. McKenzie being duly sworn deposes and says he is the President of FINCAP, Inc., 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.


Adrien M. McKenzie

STATE OF TEXAS

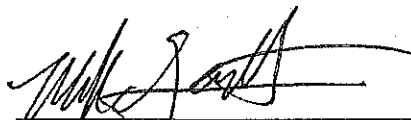
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) CASE NO. 2017-00179

COUNTY OF TRAVIS

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Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Adrien M. McKenzie this 11 day of July 2017.


Notary Public

My Commission Expires: 09/17/2017



VERIFICATION

The undersigned, Debra L Osborne, being duly sworn, deposes and says she is Vice President Generating Assets APCO/KY, that she has personal knowledge of the matters set forth in the data responses for which she is the identified witness, and that the information contained therein is true and correct to the best of her information, knowledge, and belief

Debra L Osborne

Debra L. Osborne

STATE OF WEST VIRGINIA)

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) Case No. 2017-00179

COUNTY OF KANAWHA)

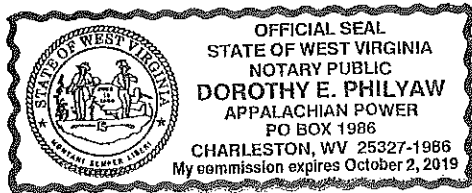
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Subscribed and sworn to before me, a Notary Public in and before said County and State, by Debra L. Osborne, this the 10th day of July 2017.

Dorothy E. Philyaw

Notary Public

My Commission Expires: October 2, 2019



VERIFICATION

The undersigned, Tyler H Ross being duly sworn, deposes and says he is the Director Regulatory Accounting Services for American Electric 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

Tyler H Ross

Tyler H Ross

STATE OF OHIO

)

) Case No. 2017-00179

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Tyler H Ross, this the 10th day of July 2017.

S. Smithisler

Notary Public



My Commission Expires: April 29, 2019

VERIFICATION

The undersigned, Katharine I. Walsh, being duly sworn, deposes and says she is a Regulatory Consultant Principal for American Electric Power that she 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

Katharine I. Walsh

Katharine I Walsh

STATE OF OHIO

)

) CASE NO. 2017-00179

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Katharine I Walsh, this the _____ day of July 2017.



Princess M. Brown
Notary Public, State of Ohio
My Commission Expires 04-19-2020

Princess M. Brown

Notary Public

My Commission Expires: 4/19/2020

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_1 Provide a copy of the current bylaws. Indicate any changes made to the bylaws since the year utilized as the test year in Kentucky Power's last rate case.

RESPONSE

Please see KPCO_R_KPSC_1_1_Attachment1.pdf for the current bylaws. There have been no changes to the bylaws since the year used as the test year, the twelve months ending September 30, 2014, in Kentucky Power's last rate case (Case No. 2014-00396).

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_2 Provide the current organization chart, showing the relationship between Kentucky Power and its parent company, American Electric Power ("AEP"). Include any intermediate entities between AEP and Kentucky Power, as well as the relative positions of all AEP entities and affiliates with which Kentucky Power routinely has business transactions.

RESPONSE

Please see KPCO_R_KPSC_1_2_Attachment1.pdf to this response. Kentucky Power is a first tier company and therefore there are no intermediate entities between it and American Electric Power Company, Inc. ("AEP"). The other first tier subsidiaries of AEP with which Kentucky Power routinely conducts business include the American Electric Power Service Corporation, AEP Energy Supply LLC, and AEP Generating Company.

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_3 Provide the capital structure at the end of each of the periods shown in Schedule 3.

RESPONSE

Please refer to KPCO_R_KPSC_1_3_Attachment1.xls for the requested information.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_4

Provide the following:

- a. A list of all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test year, together with the related information as shown in Schedule 4a. Provide a separate schedule for each time period. Report in Column (k) of Schedule 4a, page 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (l) of Schedule 4a, page 2.
- b. An analysis of end-of-period, short-term debt and a calculation of the average and end-of-period cost rate as shown in Schedule 4b.

RESPONSE

Please refer to KPCO_R_KPSC_1_4a_Attachment1.xls and KPCO_R_KPSC_1_4b_Attachment1.xls for the requested information.

The cost of long term debt will be affected by the June 2017 refinancing activities. Financing details will be included in the supplemental testimony of Zachary C. Miller. This response also will be updated.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_5 Provide a list of all outstanding issues of preferred stock as of the end of the latest calendar year and the end of the test year as shown in Schedule 5. Provide a separate schedule for each time period. Compute the actual and annualized preferred stock rate and report the results in Column (g) of Schedule 5.

RESPONSE

The Company did not have outstanding preferred stock as of the end of the latest calendar year (2016) and the end of the test year, February 28, 2017.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_6

Provide the following:

- a. List all issues of common stock in the primary market during the most recent ten-year period as shown in Schedule 6a.
- b. The common stock information on a quarterly and yearly basis for the most recent five calendar years available, and through the latest available quarter as shown in Schedule 6b.
- c. The market prices for common stock for each month during the most recent five-year period and for the months through the date the application is filed. List all stock splits and stock dividends by date and type.

RESPONSE

(a) - (c) Please refer to KPCO_R_KPSC_1_6a_Attachment1.xls; KPCO_R_KPSC_1_6b_Attachment1.xls; and KPCO_R_KPSC_1_6c_Attachment1.xls for the requested information.

Kentucky Power's common stock is held in its entirety by its parent, American Electric Power Company, Inc. The information provided in response to subparts (a) - (c) is for American Electric Power Company, Inc. There were no stock splits or stock dividends.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_7 Provide a computation of fixed charge coverage ratios for the ten most recent calendar years and for the test year as shown in Schedule 7.

RESPONSE

Please refer to KPCO_R_KPSC_1_7_Attachment1.xls for the requested information.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_8

Provide the following:

- a. A schedule of revenues for each active rate schedule reflecting test-year revenues per book rates, revenues at present rates annualized, and revenues at proposed rates annualized.
- b. A schedule showing the amount and percentage of any proposed increase or decrease in revenue distributed to each rate schedule. This schedule is to be accompanied by a statement that explains, in detail, the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.
- c. A schedule showing how the increase or decrease in (b) above was further distributed to each rate charge (i.e., customer or facility charge, kWh charge, etc.). This schedule is to be accompanied by a statement that explains, in detail, the methodology or basis used to allocate the increase or decrease.
- d. A reconciliation of the Fuel Adjustment Clause revenue and expenses for the test year.

RESPONSE

- a. Please see the Company's response to KPSC 1-73, attachments 71 and 72 for the requested information.
- b. Please refer to Exhibit No. DRB-2, Page 3 of 3, columns 13 and 14 for the proposed increase and percent increase by class, respectively. The methodology used to allocate the proposed revenue increase is discussed in the Direct Testimony of Company Witness Wohnhas and reflected in Schedule 1 of Section V, Proposed Increase in Annual Revenues.
- c. Please see the Company's response to KPSC 1-73 attachment 73 and the direct testimony of Company witness Vaughan beginning on page 9.
- d. Please see 07 Workpaper Fuel Over Under Synchronization Adjustment provided in the Company's response to KPSC Staff 1-73 attachment 10.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_9

Provide the following information concerning fuel purchases:

- a. A schedule showing by month the dollar amount of fuel purchases from affiliated and non-affiliated suppliers for the test year.
- b. A calculation of the dollar amount paid for fuel purchases each month from affiliated suppliers for the test year.
- c. A calculation showing the average (13-month) number of days' supply of coal on hand for the test year and each of the three years preceding the test year. Include all work papers used to determine the response. Also include a detailed explanation of the factors considered in determining what constitutes an average day's supply of coal.

RESPONSE

- a. Please see KPCo_R_KPSC_1_9a_Attachment1.pdf (Coal purchases), KPCo_R_KPSC_1_9a_Attachment2.pdf (Natural Gas purchases), and KPCo_R_KPSC_1_9a_Attachment3.pdf (Fuel Oil purchases) for the requested information regarding purchases from non-affiliated suppliers during the test year. Kentucky Power began incurring reservation fees for Big Sandy Unit 1 in April 2016. The first gas purchases for Big Sandy Unit 1 were in May 2016. The Company did not purchase fuel from affiliated suppliers.
- b. Not Applicable. The Company did not purchase fuel from affiliated suppliers.
- c. Please see KPCo_R_KPSC_1_9c_Attachment1.pdf for the requested calculation. The average day's supply of coal is calculated using the Full Load Burn Rate in tons per day which is established as part of the annual review of the coal inventory targets and is performed by the AEPSC engineering team. Factors affecting the Full Load Burn Rate are: Unit Efficiency (Heat Rate), Nominal Rating (MW), Blend Percentage, and Fuel Quality (Btu per lb.). The tonnage consumed per day is calculated assuming the unit(s) runs at its highest nominal generation level for the full 24 hours in a day. Kentucky Power Company utilizes the Full Load Burn Rate to calculate the average day's supply of coal due to it being the most consistent measurement of consumption for a generating unit which avoids the need to factor in seasonal variations in generation necessary to support system load.

Witness: John A. Rogness

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_10 Provide the actual fuel costs for the test year. The costs should be given in total dollars, cents per kWh generated, and cents per MMBTU for each type of fuel. Also provide the actual amounts of each type of fuel used, the numbers of BTUs obtained from each type of fuel, and the kWh generated by each type of fuel.

RESPONSE

Please see KPCO_R_KPSC_1_10_Attachment1.pdf for the requested information.

Witness: John A. Rogness

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_11 Provide the purchased power costs for the test year. These costs should be separated into demand and energy costs. The actual and estimated kW demands and kWh purchased should be included. Indicate any estimates used and explain the estimates in detail.

RESPONSE

Please see KPCO_R_KPSC_1_11_Attachment1.xls for the requested information. All amounts are actual kWh purchased. No estimates were used. There is no separate demand component to the Company's purchased power costs.

Witness: John A. Rogness

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

- KPSC_1_12 Provide the following information, in comparative form, for the test year and the 12-month period immediately preceding the test year:
- a. A Kentucky jurisdictional operations income statement, statement of changes in financial position, statement of cash flows, statement of changes in owner's equity, and balance sheet.
 - b. A total company income statement, statement of changes in financial position, statement of cash flows, statement of changes in owner's equity, and balance sheet.

RESPONSE

(a) - (b) Please refer to Attachment KPCO_R_KPSC_1_12_Attachment1.xls for the requested information.

For the Income Statement and Balance Sheet tabs, please reference KPCO_R_KPSC_1_73_Attachment2_Section_IV.xls pages 3, 4 and 7 for the Kentucky Jurisdictional amounts.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_13

Provide the following:

- a. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Provide this information on a Kentucky-jurisdictional operations-only basis.
- b. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Provide this information on a total company basis.

RESPONSE

(a) - (b) Please refer to Attachment KPCO_R_KPSC_1_13_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_14 Provide the balance in each current asset and each current liability account and subaccount included in Kentucky Power's chart of accounts by months for the test year. In addition, show total current assets, total current liabilities, and the net current position by months, annually, and the 13-month average for the test year. Provide a reconciliation of current assets, current liabilities, and net current position provided in response to the above with the current assets and current liabilities as shown on the balance sheet for each month of the test year. If any amounts were allocated, provide a calculation of the factor used to allocate each amount.

RESPONSE

Please refer to KPCO_R_KPSC_1_14_Attachment1.xlsx for the requested information. No reconciliation of current assets, current liabilities and net current position is necessary because the amounts recorded in the balance sheet and the amounts recorded in the chart of accounts are the same.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_15 List each common general office account (asset, reserve, and expense accounts) covering the 12 months of the test year applicable to more than one jurisdiction or utility operation. If any amounts were allocated, show a calculation of the factor used to allocate each account.

RESPONSE

Please refer to KPCo_R_KPSC_1_15 Attachment1.xlsx for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_16

Provide the following monthly account balances and a calculation of the average (13-month) account balances for the test year for the total company and Kentucky operations:

- a. Plant in service (Account No. 101);
- b. Plant purchased or sold (Account No. 102);
- c. Property held for future use (Account No. 105);
- d. Construction work in progress (Account No. 107);
- e. Completed construction not classified (Account No. 106);
- f. Depreciation reserve (Account No. 108);
- g. Plant acquisition adjustment (Account No. 114);
- h. Amortization of plant acquisition adjustment (Account No. 115);
- i. Materials and supplies (include all accounts and subaccounts);
- j. Balance in accounts payable applicable to each account in (i) above (If actual is indeterminable, give reasonable estimate.);
- k. Unamortized investment credit - Pre-Revenue Act of 1971 ;
- l. Unamortized investment credit - Revenue Act of 1971;
- m. Accumulated deferred income taxes;
- n. A summary of customer deposits as shown in Schedule 16n to this request;
- o. Computation and development of minimum cash requirements;
- p. Balance in accounts payable applicable to amounts included in utility plant in service (If actual is indeterminable, give reasonable estimate.);

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

KPSC_1_16 (cont'd)

q. Balance in accounts payable applicable to prepayments by major category or subaccount; and

r. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is undeterminable, give reasonable estimate.)

RESPONSE

Please refer to KPCO_R_KPSC_1_16_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_17 Provide the cash account balances at the beginning of the test year and at the end of each month during the test year for total company and Kentucky operations.

RESPONSE

Please refer to the Company's response to KPSC_1_14 and KPCO_R_KPSC_1_14_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_18 Provide the following information for each item of property or plant held for future use at the end of the test year:

- a. Description of property;
- b. Location;
- c. Date purchased;
- d. Cost;
- e. Estimated date to be placed in service;
- f. Brief description of intended use; and
- g. Current status of each project.

RESPONSE

Please refer to Attachment KPCO_R_KPSC_1_18_Attachment1.xls for the requested information. Note that with respect to the amount of Account 105 included in KPCo's test year capitalization, the balance consists of \$627,604 related to Ramey Substation which is currently targeted to be in service in 2022.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_19 Provide schedules, in comparative form , showing by months for the test year, and the year preceding the test year, the total company balance in each plant and reserve account or subaccount included in Kentucky Power's chart of accounts as shown in Schedule 19.

RESPONSE

Please see KPCO_R_KPSC_1_19_Attachment1.xlsx for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_20 Provide the journal entries relating to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since Kentucky Power's inception. Also, provide a schedule showing the calculation of the acquisition adjustment at the date of purchase for each item of utility plant, the amortization period, and the unamortized balance at the end of the test year.

RESPONSE

Please see KPCO_R_KPSC_1_20_Attachment1.pdf for the journal entries related to the transfer to Kentucky Power on December 31, 2013 of a 50% undivided interest in the Mitchell Plant.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_21 Provide a schedule showing a comparison of the balance in the total company and Kentucky revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in Kentucky Power's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Schedule 19.

RESPONSE

Please refer to Attachment KPCO_R_KPSC_1_21_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_22 Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the test-year capitalization rate and how the changes were determined.

RESPONSE

Kentucky Power does not have a predetermined capitalization rate. Instead, employees directly charge the costs associated with the different jobs either to expense or capital accounts based on the nature of the activity performed. The clearing account overheads are distributed between operating expense and capital based on the direct labor charged.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_23

Provide the following:

- a. A schedule showing a comparison of the balance in the total company and Kentucky operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in Kentucky Power's chart of accounts. See Schedule 19.
- b. A schedule, in comparative form, showing the total company and Kentucky operating expense account balance for the test year and each of the five calendar years preceding the test year for each account or subaccount included in Kentucky Power's annual report (FERC Form 1, pages 320- 323). Show the percentage of increase or decrease of each year over the prior year.
- c. A schedule of total company and Kentucky salaries and wages for the test year and each of the three calendar years preceding the test year as shown in Schedule 23c. Show for each time period the amount of overtime pay.
- d. A listing, with descriptions, of all activities, initiatives, or programs undertaken or continued by Kentucky Power since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.
- e. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the three preceding calendar years.

RESPONSE

- a. Please refer to KPCO_R_KPSC_1_23_Attachment1.xlsx for the requested information.
- b. Please refer to KPCO_R_KPSC_1_23_Attachment2.xlsx for the requested information.
- c. Please refer to KPCO_R_KPSC_1_23_Attachment3.xlsx for the requested information.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
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KPSC_1_23 (cont'd)

d. The Company uses a continuous improvement process to study its efficiency and cost-effectiveness. Representatives from all parts of the Company review process steps to identify and address opportunities that improve customer experience, minimize costs, and/or improve the efficiency of operations. A guiding principle of this ongoing process is that the employee performing or affecting the process being reviewed participates in reviewing the process by identifying opportunities and selecting ideas to be implemented.

Activities or initiatives that Kentucky Power have undertaken since the last base rate case are:

- Renegotiated Procurement Contracts for Material
- Standardized Vehicle Purchases
- Monitor work load to “right-size” Overhead and Underground Contractor workforce
- Developed Paperless Work Order System that allows the work order to flow electronically at each step allowing costs to get into the Base Rate in a timelier manner.
- Crew performance has increased 115% (26.2 to 56.2 As Built Hours (ABH) per FTE). This was accomplished by more efficient scheduling, adhering to the schedule, right-sizing crews, and reducing dock and yard time.
- Servicicers provide technicians pictures when line construction is required to reduce revisits by technicians.
- Meter Revenue Operations costs were reduced 17%. Reroutes were made to eliminate travel time.
- Total Operating Cost per As Built Hours was reduced 38% (\$467 to \$291).
- DDC's continuous improvement process of Single Customer “No Power” Trouble Order saved over 1,000 unnecessary field trips. When a single customer “No-Power” (NP) trouble ticket is received from a device that serves multiple customers, there is a wait of 10-15 minutes to see if any other NP calls come in under a common device. If additional calls are not received, the dispatcher contacts the customer to confirm an outage exists before dispatching field personnel.

e. Please refer to [KPCO_R_KPSC_1_23_Attachment4.xlsx](#) for the requested information.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
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DATA REQUEST

KPSC_1_24

Provide the following payroll information for each employee classification or category:

- a. The actual regular hours worked during the test year;
- b. The actual overtime hours worked during the test year;
- c. The test-year-end wage rate for each employee classification or category and the date of the last increase; and
- d. A calculation of the percent of increase granted during the test year.

RESPONSE

a.-d. Please refer to KPCO_R_KPSC_1_24_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Set of Data Requests
Order Dated May 22, 2017

DATA REQUEST

KPSC_1_25 Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate in 1979 and 1986, as of the end of the test year. Show the amounts associated with the 1979 reduction separately from the amounts associated with the 1986 reduction.

RESPONSE

There is no excess deferred federal income tax resulting from the reduction in the corporate tax rate in 1979.

Per the Kentucky Settlement Agreement dated September 5, 1991 and approved by the Commission on October 28, 1991 in Case No. 91-066, the unprotected portion of the excess deferred federal income tax associated with the 1986 reduction was flowed back over a 5 year period, commencing on April 1, 1991. Please see KPCO_R_KPSC_1_25_Attachment1.pdf for a copy of the 1991 Settlement Agreement.

Witness: Jeffrey B. Bartsch

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DATA REQUEST

KPSC_1_26

Provide the following tax data for the test year for total company:

a. Income taxes:

- (1) Federal operating income taxes deferred - accelerated tax depreciation;
- (2) Federal operating income taxes deferred other (explain);
- (3) Federal income taxes - operating;
- (4) Income credits resulting from prior deferrals of federal income taxes;
- (5) Investment tax credit net;
 - (i) Investment credit realized.
 - (ii) Investment credit amortized- Pre-Revenue Act of 1971 .
 - (iii) Investment credit amortized- Revenue Act of 1971 .
- (6) The information in Item 26(a)(1 -4) for state income taxes;
- (7) A reconciliation of book to taxable income as shown in Schedule 26a(7) and a calculation of the book federal and state income tax expense for the test year using book taxable income as the starting point;
- (8) A copy of federal and state income tax returns for the taxable year ended during the test year, including supporting schedules; and
- (9) A schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees.

b. An analysis of other operating taxes as shown in Schedule 26b.

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KPSC_1_26 (cont'd)

RESPONSE

- a. (1) Please refer to Section V, Exhibit 3, tab DFIT- Per Books Adjusted for the requested information.
- (2) Please refer to Section V, Exhibit 3, tab DFIT- Per Books Adjusted for the requested information.
- (3) Please refer to Section V, Exhibit 3, tab CFIT Schedules for the requested information.
- (4) Please refer to Section V, Exhibit 3, tab DFIT- Per Books Adjusted for the requested information.
- (5)(i) There is no Current Investment Tax Credit available or realized during the test year.
- (5)(ii) There is no Deferred Investment Tax Credits amortized related to Pre-Revenue Act of 1971.
- (5)(iii) Please refer to Section V, Exhibit 3, tab DFIT- Per Books Adjusted, line 230 for the requested information.
- (6) Please refer to Section V, Exhibit 3, tab SIT Schedules for the requested information.
- (7) Please refer to Section V, Exhibit 3, tab CFIT Schedules for the requested information.
- (8) The 2016 State and Federal Income Tax Returns are not yet available. Copies of the 2015 State and Federal Income Tax Returns are voluminous and will be made available in the Company's offices in Frankfort, Kentucky for review upon request.
- (9) Please refer to KPCO_R_KPSC_1_26_Attachment1.xls for the requested information.
- b. Please refer to KPCO_R_KPSC_1_26_Attachment2.xlsx for the requested information.

Witness: Jeffrey B. Bartsch

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DATA REQUEST

KPSC_1_27 Provide a schedule of net income, per 1,000 kWh sold, per company books for the test year and the three calendar years preceding the test year. This data should be provided as shown in Schedule 27.

RESPONSE

Please refer to KPCO_R_KPSC_1_27_Attachment1.xlsx for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_28 Provide the comparative operating statistics for total company as shown in Schedule 28.

RESPONSE

Please refer to KPCO_R_KPSC_1_28_Attachment1.xlsx for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_29 Provide a statement of the plant in service, per company books, for the test year. This data should be presented as shown in Schedule 29.

RESPONSE

Please see KPCO_R_KPSC_1_29_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_30

Provide the following information for total company. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

a. A detailed analysis of all charges booked during the test year for advertising expenditures. Include a complete breakdown of Account No. 913 -Advertising Expenses, and any other advertising expenditures included in any other expense accounts, as shown in Schedule 30a. The analysis should specify the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account No. 930 - Miscellaneous General expenses for the test year. Include a complete breakdown of this account as shown in Schedule 30b and provide detailed work papers supporting this analysis. At a minimum, the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule 30b.

c. An analysis of Account No. 426 - Other Income Deductions for the test year. Include a complete breakdown of this account as shown in Schedule 30c, and provide detailed work papers supporting this analysis. At a minimum, the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule 30c.

RESPONSE

a. Please see KPCO_R_KPSC_1_30_Attachment1.xlsx for the requested information.

b. Please see KPCO_R_KPSC_1_30_Attachment2.xlsx for the requested information.

c. Please see KPCO_R_KPSC_1_30_Attachment3.xlsx for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_31 Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Schedule 31 , and all work papers supporting the analysis. At a minimum, the work papers should show the payee, dollar amount, reference (i. e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the services provided.

RESPONSE

Please refer to KPCO_R_KPSC_1_31_Attachment1.xlsx for the requested information.

Witness: Ranie K. Wohnhas

Kentucky Power Company
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DATA REQUEST

KPSC_1_32 Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account No. 426. Show the amount of the expenditure, the recipient of the contribution, and the specific account charged. If amounts are allocated, show a calculation of the factor used to allocate each amount. Detailed analysis is not required for amounts of less than \$100, provided the items are grouped by classes.

RESPONSE

Kentucky Power did not have any contributions recorded in any accounts other than Account 426.

Witness: Matthew J. Satterwhite

Kentucky Power Company
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DATA REQUEST

KPSC_1_33 Describe Kentucky Power's lobbying activities and provide a schedule showing the name, salary, affiliation, all company-paid or reimbursed expenses or allowances, and the account charged for each individual whose principal function is lobbying on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

RESPONSE

Kentucky Power Company's lobbying activities include following state and local legislative issues that may affect Kentucky Power or its customers. As issues emerge, a corporate strategy is developed in concert with AEP headquarters in Columbus to assure alignment with the other states in which AEP operates. The activities are the responsibility of Brad Hall and Jacob Colley, the Company's External Affairs managers, whose principal functions include lobbying at the local and state level. Mr. Hall is also responsible for environmental and economic development matters within Kentucky Power's service territory. AEP has a Federal Affairs office in Washington, D.C. responsible for lobbying activities at the national level.

During the test year period, 22.5% (\$27,060) of Mr. Hall's \$119,814 salary was directly charged to Account 426.4 (Civic & Political Activities), along with \$8,614 in expenses based upon the nature and purpose of the work performed. In addition, 7.1% (\$8,293) of Mr. Colley's \$117,308 salary was directly charged to Account 426.4. Mr. Colley had \$1,613 in expenses charged to Account 426.4, and \$997 in expenses charged to Account 910.0 based upon the nature and purpose of the work performed.

Also included in Account 426.4 were approximately 6.1% of the total AEPSC Federal Affairs office in Washington, D.C. costs or \$160,896 (includes \$56,399 in labor costs) allocated to KPCo by AEPSC for federal lobbying activities. The costs were allocated using the total asset allocation factor established in the Company's Cost Allocation Manual.

Witness: Matthew J. Satterwhite

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DATA REQUEST

KPSC_1_34

Provide a schedule showing for the test year and the year preceding the test year, with each year shown separately, the following information regarding Kentucky Power's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture;
- b. Date of initial investment;
- c. Amount and type of investment made in each year in this response;
- d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these;
- e. A separate schedule of all dividends or income of any type received by Kentucky Power from its subsidiaries or joint ventures showing how this income is reflected in the reports filed with the Commission and stockholder reports; and
- f. Name of each officer of each of the subsidiaries or joint ventures, each officer's annual compensation, the portion of that compensation that is charged to the subsidiary or joint venture, the position each officer holds with Kentucky Power, and the compensation received from Kentucky Power.

RESPONSE

a-f. Not applicable. Kentucky Power does not have investments in subsidiaries or joint ventures.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_35

Provide the following information with regard to uncollectible accounts for the test year and three preceding calendar years (taxable year acceptable):

- a. Reserve account balance at the beginning of the year;
- b. Charges to reserve account (accounts charged off);
- c. Credits to reserve account;
- d. Current year provision;
- e. Reserve account balance at the end of the year; and
- f. Percent of provision to total revenue.

RESPONSE

Please refer to KPCo_R_KPSC_1_35_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_36 Provide a detailed analysis of the retained earnings account for the test year and the 12-month period immediately preceding the test year.

RESPONSE

Please see KPCO_R_KPSC_1_36_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_37 Provide a list of all non-utility property, related property taxes, and accounts where recorded. Include a description of property, date purchased, and cost.

RESPONSE

Please see KPCO_R_KPSC_1_37_Attachment1.xls for the requested information.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_38 Provide the rates of return in Schedule 38.

RESPONSE

Please refer to attachment KPCO_R_KPSC_1_38_Attachment1.xlsx for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_39 Provide employee data in Schedule 39.

RESPONSE

Please refer to KPCO_R_KPSC_1_39_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

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DATA REQUEST

KPSC_1_40 Provide the studies for the test year, including all applicable work papers, which are the basis of jurisdictional plant allocations and expense account allocations.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment 3_Section_V.xlsx for the requested information. A summary of the allocation factors is included within the "Allocation Factors" tab of the attachment.

Witness: Katharine I. Walsh

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DATA REQUEST

KPSC_1_41 Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and the three preceding calendar years. Explain each component entering into the calculation of this rate.

RESPONSE

Please see KPCO_R_KPSC_1_41_Attachment1.xls for the requested information.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_42

Provide the following information concerning Kentucky Power and its affiliated service company:

- a. A schedule detailing the costs directly charged to and costs allocated by Kentucky Power to the service company. Indicate the Kentucky Power accounts where these costs were originally recorded. For costs that are allocated, include a description of the allocation factors utilized.
- b. A schedule detailing the costs directly charged to and costs allocated by the service company to Kentucky Power. Indicate the Kentucky Power accounts where these costs were recorded. For costs that are allocated, include a description of the allocation factors utilized.

RESPONSE

- a. During the test year, Kentucky Power billed \$363,275.58 to AEP Service Corporation for costs related to Kentucky Power buildings partially occupied by AEPSC employees. Kentucky Power recorded the original transactions in various accounts, including (but not limited to) depreciation, property tax and building maintenance. When the costs are billed, Kentucky Power records revenue in Account 4540 (Rent from Electric Property, Affiliated) and AEPSC records expense to Account 9310 (Rents – Real Property, Associated).
- b. Please refer to Section II, Exhibits U and V for costs directly charged to and costs allocated by AEPSC to Kentucky Power for the requested information.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_43 Provide any information, when known, that would have a material effect on net operating income, rate base, or cost of capital that have occurred after the test year but were not incorporated in the filed testimony and exhibits.

RESPONSE

Please refer to the testimony of Company Witness Miller at pages 6 and 7 regarding the June 2017 refinancing of refinancing of the Company's \$325,000,000 6.00% Senior Unsecured Notes (September 15, 2017) and \$65,000,000 WVEDA Mitchell Project, Series 2014A Variable Rate Demand Note (June 26, 2017) that will affect the Company's weighted average cost of capital. The Company will submit supplemental testimony detailing the terms and conditions of the new debt offerings.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_44 Provide detailed monthly income statements for each month after the test year, including the month in which the hearing ends, as they become available.

RESPONSE

Please see KPCO_R_KPSC_1_44_Attachment1.pdf, KPCO_R_KPSC_1_44_Attachment2.pdf, and KPCO_R_KPSC_1_44_Attachment3.pdf for the detailed monthly income statements for March, April, and May 2017. Additional income statements for months that follow the test year ending February 28, 2017 will be provided as they become available.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_45 List all present or proposed research efforts dealing with the pricing of electricity and the current status of such efforts.

RESPONSE

Kentucky Power Company currently is not engaged in any research effort dealing with the pricing of electricity.

Witness: Alex E. Vaughan

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DATA REQUEST

KPSC_1_46 Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and two preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

RESPONSE

Please refer to KPCO_R_KPSC_1_46_Redacted_Attachment1.xlsx for the requested information. It includes the requested information for executive officers of KPCO and AEP as defined in Section 16 of the Securities and Exchange Act. Compensation is included in the year paid or deferred but not the payment of previously deferred compensation to avoid double counting it. The Company is seeking confidential treatment for this attachment.

Witness: Andrew R. Carlin

Kentucky Power Company
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DATA REQUEST

KPSC_1_47

Provide an analysis of Kentucky Power's expenses for research and development activities for the test year and the three preceding calendar years. For the test year include the following:

- a. Basis of fees paid to research organizations and Kentucky Power's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.
- b. Details of the research activities conducted by each organization.
- c. Details of services and other benefits provided to the company by each organization during the test year and the preceding calendar year.
- d. Total expenditures of each organization including the basic nature of costs incurred by the organization.
- e. Details of the expected benefits to the company.

RESPONSE

a. Fees paid by AEP Service Corporation to research organizations are distributed to AEP subsidiaries (including Kentucky Power) based on various R&D projects' attribute allocators that are updated on a regular basis.

b. c. & e. Please refer to KPCO_R_KPSC_1_47_Attachment1.xlsx for the 12-months ending February 28, 2017; KPCO_R_KPSC_1_47_Attachment2.xlsx for calendar year 2016; KPCO_R_KPSC_1_47_Attachment3.xlsx for the calendar year 2015; and KPCO_R_KPSC_1_47_Attachment4.xlsx for the calendar year 2014.

d. Recent annual R&D budgets for organizations for which Kentucky Power incurred R&D expenses during the test year ended February 28, 2017 include as follows:

Electric Power Research Institute (EPRI) - \$414 million

Carbon Research Center - \$38 million

National Electric Energy Testing Research and Applications Center (EETRAC) - \$6 million

Power Systems Engineering Research Center (PSERC) - \$ 1 million

Witness: Matthew J. Satterwhite

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DATA REQUEST

KPSC_1_48 Provide the average number of customers for each customer class (i .e., residential, commercial, and industrial) for the three calendar years preceding the test year, the test year, and for each month of the test year.

RESPONSE

Please refer to KPCo_R_KPSC_1_48_Attachment1.xlsx for the average number of customers by tariff for the requested time frames.

Witness: Alex E. Vaughan

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DATA REQUEST

KPSC_1_49 Provide all current labor contracts and the most recent contracts previously in effect.

RESPONSE

There are six labor contracts currently in effect for Kentucky Power Company. Please see KPCO_R_KPSC_1_49_Attachment1.xls for the list of contracts currently in effect and the most recent previous contracts. Please refer to Attachments 2-12 for the contracts.

Witness: Matthew J. Satterwhite

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DATA REQUEST

- KPSC_1_50 Provide a detailed list of all fringe benefits provided to the employees of Kentucky Power, indicating any fringe benefits that are limited to management employees. For each benefit include:
- a. The number of employees covered at test-year end;
 - b. The test-year actual cost;
 - c. The amount of test-year actual costs capitalized and expensed;
 - d. The average annual cost per employee; and
 - e. The comparative cost information for the 12 months preceding the historical test period. Explain any changes in fringe benefits occurring over this 24-month period.

RESPONSE

- a. KPCo had 575 employees (including both active and inactive employees) enrolled in at least one benefit plan at the end of the test year, February 28, 2017. Please refer to KPCO_R_KPSC_1_50_Attachment1.xlsx for the number of employees included in various benefit plans and the coverage level.
- b. and c. Please refer to KPCO_R_KPSC_1_50_Attachment2.xlsx for the requested information about employee benefit costs and offsets to the Balance Sheet for the 12-months ending February 2017. These amounts are net of billings to affiliated companies.
- d. The average annual cost per employee is \$11,445 ($\$6,580,929 / 575$).
- e. Please refer to KPCO_R_KPSC_1_50_Attachment3.xlsx for the requested information. For the test year ending February 2017, this attachment includes: (1) gross employee benefit expense recorded to the income statement, (2) reclasses to the balance sheet (capitalized amounts) that were recorded to the income statement, and (3) the resulting net benefit expense recorded to the income statement.

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KPSC_1_50 (cont'd)

On an ongoing basis, AEP reviews its employee benefits to keep costs reasonable, while continuing to provide employee benefits that are sufficient to attract and retain employees. Periodically, benefit plan changes are made.

In 2015, a tobacco/nicotine product use surcharge was added to all medical plan options to be assessed when an employee who uses these products elects to be covered under the AEP medical plan. Also, medical plan and prescription drug out of pocket maximums and copays were increased for the plans administered by Aetna. Also made available to employees was a telephonic counseling service for employees affected by cancer and operated by the James Cancer Center, and enhanced care management programs designed to assist employees dealing with chronic illnesses. In addition, AEP initiated a long-term disability settlement opportunity aimed at reducing costs as well as the number of claims, and to save money on the administration of those claims over time.

In 2016, in an effort to allow AEP to continue to offer quality market-and-industry-competitive medical plan options while slowing the rising cost of health care, AEP moved to consumer-directed medical plan options, administered by a single medical vendor to take advantage of provider scale. In addition, a personal health care product was introduced to help employees to take control of their health care by providing them the ability to compare doctors and medical services based on quality, convenience, and estimated cost.

In 2017, AEP implemented critical illness and accident insurance voluntary benefits. In addition, AEP included an autism treatment option, applied behavioral analysis to all employees covered by the medical plan.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_51 Provide complete details of the financial reporting and ratemaking treatment of Kentucky Power's pension costs.

RESPONSE

Please refer to KPCO_R_KPSC_1_51_Attachment1.pdf and KPCO_R_KPSC_1_51_Attachment 2.pdf for pension amounts impacting the months March 2016 through December 2016 of the test year. American Electric Power (AEP) provides a single pension plan for its subsidiary companies. AEP's actuary, Willis Towers Watson, provides allocations of pension actuarial data individually for each of AEP's subsidiary companies, including Kentucky Power, based on the subsidiary company's specific employee demographics.

Please refer to KPCO_R_KPSC_1_51_Attachment3.pdf for the estimated pension amounts related to Kentucky Power that were included in January 2017 and February 2017 of the test year.

Kentucky Power records estimates of pension costs for January and February of each year before performing a true-up in March based on actuarial information subsequently provided by Willis Towers Watson. A pension cost of service adjustment was made to reflect the March 31, 2017 true-up. Please refer to Section V, Exhibit 2 W23 of the Company's application.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_52 Provide details of Kentucky Power's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including: a. The date that Kentucky Power adopted SFAS No. 106; b. All accounting entries made at the date of adoption; c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded by Kentucky Power. d. The effect on the financial statements; and e. Whether the historical test period includes any impact of the implementation. If so, provide a detailed description of the impact.

RESPONSE

a. and b. Kentucky Power adopted SFAS 106 in 1993. Please refer to KPCO_R_KPSC_1_52_Attachment1.pdf for the requested information.

c. Please refer to KPCO_R_KPSC_1_52_Attachment2.pdf for the other postretirement amounts related to Kentucky Power that were included from March 2016 through December 2016 of the test year.

Please refer to KPCO_R_KPSC_1_52_Attachment3.pdf for the estimated other postretirement amounts related to Kentucky Power that were included in January 2017 and February 2017 of the test year.

American Electric Power (AEP) provides a single other postemployment plan (OPEB) for its subsidiary companies. As shown in these attachments, AEP's actuary, Willis Towers Watson, provides allocations of OPEB costs individually for each of AEP's subsidiary companies, including Kentucky Power, based on the subsidiary company's specific employee demographics.

Note that Kentucky Power records estimates of OPEB amounts for January and February of each year before performing a true-up in March based on actuarial information provided by Willis Towers Watson. An SFAS 106 cost of service adjustment was made to reflect the March 31, 2017 true-up. Please refer to Section V, Exhibit 2 W23 of the Company's application.

d. FAS106 costs are recorded to account 9260021 for Postretirement Benefits.

e. The historical test year does not include any impact of implementation.

Witness: Tyler H. Ross

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DATA REQUEST

- KPSC_1_53 Provide complete details of Kentucky Power's financial reporting and ratemaking treatment of SFAS No. 112, including:
- a. The date that Kentucky Power adopted SFAS No. 112;
 - b. All accounting entries made at the date of adoption;
 - c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Kentucky Power.
 - d. The effect on the financial statements; and
 - e. Whether the historical test period includes any impact of the implementation. If so, provide a detailed description of the impact.

RESPONSE

- a. and b. Kentucky Power adopted SFAS 112 in 1994. Please refer to KPCO_R_KPSC_1_53_Attachment1.pdf. for the other requested information.
- c. Please refer to KPCO_R_KPSC_1_53_Attachment2.pdf for the requested information. The report is received annually from Willis Towers Watson in late March/early April.

Kentucky Power records an estimate for SFAS112 for January and February of each year before performing a true-up in March based on actuarial information provided by Willis Towers Watson. An SFAS 112 cost of service adjustment was made to reflect the March 31, 2017 true-up. Please refer to Section V, Exhibit 2 W23 of the Company's application for this adjustment.
- d. Kentucky Power costs are recorded to the 1823007 Regulated Asset.
- e. The historical test year does not include any impact of implementation.

Witness: Tyler H. Ross

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DATA REQUEST

- KPSC_1_54 Provide complete details of Kentucky Power's financial reporting and ratemaking treatment of SFAS No. 143, including:
- a. The date that Kentucky Power adopted SFAS No. 143;
 - b. All accounting entries made at the date of adoption;
 - c. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by Kentucky Power;
 - d. The effect on the financial statements; and
 - e. Whether the historical test period includes any impact of the implementation. If so, provide a detailed description of the impact.
 - f. A schedule comparing the depreciation rates utilized by Kentucky Power prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

RESPONSE

- a. Kentucky Power adopted SFAS 143 effective January 1, 2003.
- b. Kentucky Power made no accounting entries to recognize legal obligations related to the adoption of SFAS No. 143 because it was not required to recognize any legal asset retirement obligations under the provisions of SFAS No. 143. In March 2005, FASB Interpretation No. 47 (FIN 47) was issued and interpreted the application of SFAS 143 to clarify the term "conditional asset retirement obligation." FIN 47 also clarified when an entity is deemed to have sufficient information to reasonably estimate the fair value of an asset retirement obligation (ARO).

Kentucky Power made accounting entries in the fourth quarter of 2005 relating to its asbestos ARO as a result of the interpretation of SFAS 143 in FIN 47. These accounting entries are provided in KPCO_R_KPSC_1_54_Attachment1.xls.

- c. Please see KPCO_R_KPSC_1_54_Attachment2.xls for the requested information.

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KPSC_1_54 (cont'd)

d.) When an asset retirement obligation is incurred, a liability is recorded in account 230, Asset retirement obligations, and the associated asset retirement cost is charged to account 101, Electric plant in service. The asset retirement cost is depreciated over the useful life of the related asset, in account 403.1, Depreciation expense for asset retirement costs. Accretion is recorded monthly to account 411.10, Accretion expense, until final settlement of the obligation.

e.) The historical test year does not include any impact of implementation of SFAS 143 or FIN 47.

f.) Not Applicable. The depreciation rates utilized by Kentucky Power did not change as a result of implementing SFAS No. 143 or FIN 47.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_55 Provide complete details of Kentucky Power's financial reporting and ratemaking treatment of SFAS No. 158, including: a. The date that Kentucky Power adopted SFAS No. 158; b. All accounting entries made at the date of adoption; c. All studies and other documents used to determine the level of SFAS No. 158 cost recorded by Kentucky Power; d. The effect on the financial statements; and e. Whether the historical test period includes any impact of the implementation. If so, provide a detailed description of the impact.

RESPONSE

- a. Kentucky Power adopted SFAS 158 effective December 31, 2006.
- b. Please refer to Attachment KPCO_R_KPSC_1_55_Attachment1.xls for the entries made at the adoption of SFAS 158.
- c. Please refer to Attachments KPCO_R_KPSC_1_55_Attachment1.xls and KPCO_R_KPSC_1_55_Attachment2.pdf for the studies and documentation used to determine the level of SFAS 158.
- d. Please refer to KPCO_R_KPSC_1_55_Attachment1.xls and KPCO_R_KPSC_1_55_Attachment2.pdf for the requested information.
- e. The historical test period does not include any impact of the SFAS 158 implementation.

Witness: Tyler H. Ross

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DATA REQUEST

KPSC_1_56

Provide the following information concerning the cost of preparing this case:

a. A detailed schedule of expenses incurred to date for the following categories:

(1) Accounting;

(2) Engineering;

(3) Legal;

(4) Consultants; and

(5) Other Expenses (Identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting work papers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

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KPSC_1_56 (cont'd)

RESPONSE

a-b. Please refer to KPCO_R_KPSC_1_56_Attachment1.xls for the summary of expenses and KPCO_R_KPSC_1_56_Attachment2.pdf for the invoices or receipts incurred through June 30, 2017. It is the Company's policy not to retain receipts for transactions of \$25.00 or less. Likewise, receipts are not available for personal auto mileage.

c. The Company will provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Because this response includes expenses through June, the first supplemental response will be provided on or before August 31, 2017.

Witness: John A. Rogness

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DATA REQUEST

KPSC_1_57 Provide Kentucky Power's most recent depreciation study. If no such study exists, provide a copy of Kentucky Power's most recent depreciation schedule. The schedule should include a list of all plant and related facilities by account number, service life and accrual rate for each, the methodology that supports the schedule, and the date the schedule was last updated.

RESPONSE

Kentucky Power's most recent depreciation study for the Big Sandy Plant is included as Exhibit JAC-1 to the testimony of Company Witness Cash. The depreciation study for the Big Sandy Plant is based on plant in service at December 31, 2016.

Please see KPCO_R_KPSC_1_57_Attachment1.pdf for Kentucky Power's most recent depreciation study for its share of the Mitchell plant and the Transmission, Distribution, and General Plant functions. The depreciation study is based on plant in service at December 31, 2013.

Witness: Jason A. Cash

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DATA REQUEST

KPSC_1_58

Describe the status of any outstanding recommendations relating to Kentucky Power's management audits. Identify any savings or costs related to management audit recommendations, the impact of which is not already reflected in the test year of this case.

RESPONSE

Kentucky Power has no outstanding management audit recommendations.

Witness: John A. Rogness

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DATA REQUEST

KPSC_1_59

Concerning Kentucky Power's demand-side management, conservation and energy-efficiency programs, provide the following:

- a. A list of all programs currently offered by Kentucky Power.
- b. The total cost of the programs Kentucky Power offered during the test year and the costs incurred during each of the three most recent calendar years.
- c. Total demand and energy reduction realized under the programs offered during the test year and in each of the three most recent calendar years.

RESPONSE

a.

CI Prescriptive Custom
Express Install
School Energy Manager
New Construction
Retro-Commissioning
Whole House Efficiency
Residential Efficient Products
Residential Home Performance
Targeted Energy Efficiency
New Manufactured Homes
Appliance Recycling
Energy Education for Students
Community Outreach

b.

Total program expenditures, excluding lost revenues and incentive payments, were:

Test Year: \$6,821,771

Year 2014: \$3,736,549

Year 2015: \$5,585,847

Year 2016: \$6,514,395

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c.

Test Year

Energy kWh: 28,561,607

Demand KW: 4,340

2014

Energy kWh: 18,492,337

Demand KW: 3,155

2015

Energy kWh: 29,068,705

Demand KW: 3,964

2016

Energy kWh: 29,687,758

Demand KW: 4,798

Witness: Stephen L. Sharp

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DATA REQUEST

KPSC_1_60 Provide the information requested in Schedule 60 for budgeted and actual regular wages, overtime wages, and total wages by employee group, by month, for the five most recent calendar years. Explain in detail any variance exceeding 5 percent in any one month.

RESPONSE

Please refer to KPCO_R_KPSC_1_60_Attachment1.xls for calendar years 2012-2016. The Company currently does not capture wage information by employee group for the budget in the years provided. Monthly variances in total that exceed 5% during the periods provided are mainly attributable to open positions, storm outage work, unplanned outages, timing differences of planned outage work compared to budget, the conversion of Big Sandy Unit 1 to gas, shutdown of Big Sandy Unit 2, and the transfer of the 50% undivided interest in the Mitchell Plant to the Company.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KPSC_1_61 Provide all wage, compensation, and employee benefits studies, analyses, or surveys conducted since the utility's last base rate case or that are currently utilized by the utility.

RESPONSE

AEP has participated in benefits surveys performed by Alight (previously Aon Hewitt), Willis Towers Watson and Havens & Company. The Company uses these results to benchmark its benefit plans for reasonableness in terms of plan design and value as compared to other non-affiliated utility employers. It is standard practice in benefits design work to rely on resources such as survey data to gauge the reasonableness of employee benefit plans. Please refer to

KPCO_R_KPSC_1_61_Redacted_Attachment1.pdf,
KPCO_R_KPSC_1_61_Redacted_Attachment2.pdf,
KPCO_R_KPSC_1_61_Redacted_Attachment3.pdf, and
KPCO_R_KPSC_1_61_Redacted_Attachment4.pdf.

AEP also conducted a nearly company-wide compensation study and redesign of the Company's compensation structure. Please refer to KPCO_R_KPSC_1_61_Redacted_Attachment5.pdf and KPCO_R_KPSC_1_61_Redacted_Attachment6.pdf.

The HR Committee of the Board of Directors annually conducts an executive compensation study covering approximately 25 executive positions. These studies are conducted by the HR Committee's external compensation consultant, which is currently Meridian Compensation Partners LLC and previously was Pay Governance LLC. Please refer to KPCO_R_KPSC_1_61_Redacted_Attachment7.pdf.

The market compensation surveys are voluminous and are subject to the Company's motion to deviate. KPCO_R_KPSC_1_61_Redacted_Attachment8.pdf.

The Company is seeking confidential treatment for all attachments provided in this response.

Witness: Curt D. Cooper
 Andrew R. Carlin

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DATA REQUEST

KPSC_1_62 For each employee group, state the amount, percentage increase, and effective dates for general wage increases and, separately, for merit increases granted or to be granted in the past two calendar years and the historical test period.

RESPONSE

Please refer to KPCO_R_KPSC_1_62_Attachment1.xlsx which provides merit and general increases group by Equal Employment Opportunity (EEO) job category. Some EEO job categories are listed more than once because different groups of employees within the EEO category received increases on different dates. In no case did an individual employee receive a merit or general increase more than once per calendar year.

The amounts shown as general wage increases include wage equalization increases and market equity adjustments that are not separately identifiable. The objectives of these increases were to equalize the base rates for journey level physical/craft positions across AEP's system, and to bring these rates to the competitive market median over an indefinite multiple year period.

Witness: Andrew R. Carlin

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DATA REQUEST

KPSC_1_63 Provide each group medical insurance policy the utility currently maintains.

RESPONSE

Please refer to KPCO_R_KPSC_1_63_Attachment1.pdf and KPCO_R_KPSC_1_63_Attachment2.pdf for the requested information.

Witness: Curt D. Cooper

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DATA REQUEST

KPSC_1_64 Provide detailed descriptions of all early retirement plans or other staff reduction programs the utility has offered or intends to offer its employees during the test period. Include all cost-benefit analyses associated with these programs.

RESPONSE

No early retirement plans or other staff reduction programs were offered or in place during the test period.

Witness: Curt D. Cooper

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DATA REQUEST

KPSC_1_65 Provide a complete description of the utility's Post-Employment Benefits package(s) provided to its employees.

RESPONSE

Please refer to KPCO_R_KPSC_1_65_Attachment1.pdf for the requested information.

Witness: Curt D. Cooper

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DATA REQUEST

KPSC_1_66

Regarding the utility's employee compensation policy:

- a. Provide the utility's written compensation policy as approved by the Board of Directors.
- b. Provide a narrative description of the compensation policy, including the reasons for establishing the policy and the utility's objectives for the policy.
- c. Explain whether the compensation policy was developed with the assistance of an outside consultant. If the compensation policy was developed or reviewed by a consultant, provide any study or report provided by the consultant.
- d. Explain when the utility's compensation policy was last reviewed or given consideration by the Board of Directors.

RESPONSE

a. AEP does not have a written policy covering all compensation for all employees that has been approved by the board of directors. AEP has a policy governing incentive compensation that has been approved by the Board of Directors. Please refer to KPCO_R_KPSC_1_66_Attachment1.pdf for the policy.

b. Please see answer to subpart (a) above. The reason and objectives for adoption of the policy were to provide a framework and establish limits for AEP's incentive compensation programs, consistent with corporate governance.

The incentive compensation policy was developed to govern incentive compensation which is one of the responsibilities and duties listed in the charter of the HR Committee of the Board of Directors.

c. AEP's Incentive Compensation Guiding Principles and Policies were not developed with the assistance of an outside consultant. They are reviewed annually by the HR Committee and its outside compensation consultant in the normal course of business but the compensation consultant has not been asked to provide a study, report or opinion with respect to this policy.

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KPSC_1_66 (cont'd)

d. This policy was last reviewed by the HR Committee of the Board of Directors in April 2017.

Witness: Andrew R. Carlin

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DATA REQUEST

KPSC_1_Duplicate 66 Explain whether the utility's expenses for wages, salaries, benefits, and other compensation included in the test period, and any adjustments to the test period, are compliant with the Board of Director's compensation policy.

RESPONSE

As described in the Company's response to KPSC 1-66, the Board of Directors' compensation policy is limited in scope to incentive compensation. All wages, salaries, benefits and other compensation included in the test period, as well as adjustments to the test period, are compliant with the Board of Directors Compensation policy as applicable.

Witness: Andrew R. Carlin

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DATA REQUEST

KPSC_1_67

Explain whether, in the past five years, the utility, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to those of other utilities in the region, or to other local or regional enterprises.

a. If comparisons were performed, provide and discuss the results of such comparison. Include the results of the study or survey with your response, including all work papers.

b. If comparisons were not performed, explain why such comparisons were not performed.

RESPONSE

a. The Company compares its employee compensation information to utility and general industrial companies on an as needed basis. In particular, the Company compares market compensation for individual or a small group of positions whenever new positions are created, a compensation review is requested by AEP management, or when the HR department initiates a review because of rapidly changing market wages or recruiting and retention difficulties. These market compensation comparisons allow the Company to determine appropriate matches of particular positions to market and grades for the positions that gave rise to the analyses. These comparisons lead to discussions with AEP management, but do not result in written reports.

Please refer to [KPCO_R_KPSC_1_61_Redacted_Attachment8.pdf](#) for the market compensation surveys that the Company has relied upon.

In addition, the HR Committee of the Board of Directors annually conducts an executive compensation study covering approximately 25 executive positions. This study is conducted by the HR Committee's external compensation consultant, which is currently Meridian Compensation Partners LLC and previously was Pay Governance LLC. These studies include non-public compensation information for individual executives. The Company is seeking confidential protection for this information. Please refer to [KPCO_R_KPSC_1_67_Redacted_Attachment1.pdf](#), [KPCO_R_KPSC_1_67_Redacted_Attachment2.pdf](#) and the Company's response to KPSC 1-61 for additional and more recent content.

AEP has also participated in benefits surveys performed by Alight (previously Aon Hewitt), Willis Towers Watson, and Havens & Company. The Company utilizes the results of these

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studies to benchmark its benefit plans for reasonableness in terms of plan design and value as compared to other non-affiliated utility employers. It is standard practice in designing benefit plans to rely on resources such as survey data to gauge the reasonableness of employee benefit plans.

b. Not applicable.

Witness: Curt D. Cooper
 Andrew R. Carlin

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DATA REQUEST

KPSC_1_68

Provide the information requested in Schedule 68, for yearly salary and benefit information for each corporate officer and as a group in total by category of Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly for the years 2013 through 2016 and the test period (in gross dollars-not hourly monthly rates). Commission Staff will provide Schedule 68 in Excel format by electronic mail to Counsel for all parties.

- a. Regular salary or pay.
- b. Overtime pay.
- c. Excess vacation payout.
- d. Standby/Dispatch pay.
- e. Bonus and incentive pay.
- f. Any other forms of incentives (may include stock options or forms of deferred compensation).
- g. Other amounts paid and reported on the employees' W-2 (specify).
- h. Healthcare benefit cost for employees.
 - (1) Amount paid by employer.
 - (2) Amount paid by employee.
- i. Dental benefits cost for employees.
 - (1) Amount paid by employer.
 - (2) Amount paid by employee.
- j. Vision benefits cost for employees.
 - (1) Amount paid by employer.

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(2) Amount paid by employee.

k. Life insurance cost for employees.

(1) Amount paid by employer.

(2) Amount paid by employee.

I. Accidental death and disability benefits.

(1) Amount paid by employer.

(2) Amount paid by employee.

m. Defined Contribution - 401 (k) or similar plan cost for employees.

Provide the amount paid by employer.

n. Defined Benefit Retirement cost for employees.

(1) Amount paid by employer.

(2) Amount paid by employee.

o. Cost of any other benefit available to an employee (specify).

RESPONSE

Please refer to KPCO_R_KPSC_1_68_Redacted_Attachment1.xlsx for the requested information. The Company is seeking confidential treatment for the attachment.

The compensation response to this query is provided by classification or individual employee. Benefits data is not available by classification or individual employee and is therefore presented in total for employer and employee for each benefit type. In addition, benefits offered to AEP employees are consistent across all employee classifications.

Witness: Curt D. Cooper
 Andrew R. Carlin

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DATA REQUEST

KPSC_1_69 For each item of benefits listed in Item 68 above where an employee is required to pay part of the cost, provide a detailed explanation as to how the employee contribution rate was determined.

RESPONSE

Employee contribution rate determination varies by benefit plan. For fully insured plans, the market drives the cost of the employee contributions. For self-insured plans, such as the Company's medical benefit, AEP utilizes the services of outside third party experts to assist in determining those rates.

The methodology for deriving the rates for the self-insured medical and dental plans for 2017 included the analysis of prior year incurred claims and enrollment projected forward to 2017 after adjusting for items such as trend, inflation and migration of employees between the three plans offered. Active employee contribution rates were then set equal to 24% of the projected plan cost for the HRA plan. For the other two medical plans, the AEP subsidy was set approximately equal to the subsidy provided to the HRA plan; employee contributions were therefore set equal to the difference between total cost and the AEP subsidy. Dental contributions were set equal to 40% of total projected cost.

Contribution rates do not vary by employee classification.

Witness: Curt D. Cooper

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DATA REQUEST

KPSC_1_70 Provide a listing of all healthcare plan categories, dental plan categories, and vision plan categories available to corporate officers individually and to groups defined as Corporate Officers, Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees, i.e., single, married no dependents, single parent with dependents, family, etc. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each category, and each plan 's deductible(s) amounts.

RESPONSE

Please see KPCO_R_KPSC_1_70_Attachment1.pdf and
KPCO_R_KPSC_1_70_Attachment2.xlsx for the requested information.

Witness: Curt D. Cooper

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DATA REQUEST

KPSC_1_71 Provide a listing of all life insurance plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each plan category.

RESPONSE

The Company provides full-time employees coverage under the AEP Life and Accident Plan two times their base annual pay in life insurance at no cost to the employee. The Company does not offer a separate life insurance plan for corporate officers. Please refer to KPCO_R_KPSC_1_71_Redacted_Attachment1.pdf for the employer contribution rates of the total premium cost for each plan category. The Company is seeking confidential treatment for the attachment.

Most employees may purchase up to eight times their base pay in supplemental coverage. The total amount of combined coverage for salary grade 15 and above may not exceed \$5 million.

Witness: Curt D. Cooper

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DATA REQUEST

KPSC_1_72 Provide a listing of all retirement plans categories available to corporate officers individually, and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees. Include the associated employee contribution rates, if any, and employer contribution rates of the total premium cost for each plan category.

RESPONSE

Please refer to [KPCO_R_KPSC_1_72_Attachment1.pdf](#) for descriptions of the retirement plans available to all employees at AEP.

Witness: Curt D. Cooper
 Andrew R. Carlin

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DATA REQUEST

KPSC_1_73 Provide a copy of the cost-of-service study, billing analysis, and all other exhibits and schedules that were prepared in the utility's rate application in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

RESPONSE

Please refer to Attachments 1-93 of this response.

KPCO_R_KPSC_1_73_Attachment1_Index.xls provides an index of the work papers.

Witness: Ranie K. Wohnhas
 Debra L. Osborne
 Douglas R. Buck
 Jeffrey B. Bartsch
 Tyler H. Ross
 Stephen L. Sharp
 Katharine I. Walsh
 Alex E. Vaughan
 Amy J. Elliott
 Jason A. Cash
 John A. Rogness
 Adrien M. McKenzie