From: Sent: To: Cc: Subject: Attachments: Jeanna M Overstreet Monday, July 11, 2016 7:43 AM Sheila L Balster Jennifer C Mohler; Jerri-Lynn Ruggiero Storm Costs Deferral 6/30/16 Storm Costs Deferral-06-30-16 adjusted view.xls

Please see attached Storm Cost Deferral for companies Kentucky Power and Indianan Michigan as of 06/30/16.

Thanks,

Jeanna Overstreet

American Electric Power Regulated Accounting - East 1RP-26th Fir Ph: 614\716-2714 audi: 200-2714 <u>imoverstreet@aep.com</u>

Deferred and Non-Deferred Storm

As of June 30, 2016

Deferred Storm Expense

	KyPCo
Balance at December 31, 2013	19.2
Deferral	-
Amortization (1)	(4.7)
(Over)/Under ⁽²⁾	-
Adjustments (3)	
Balance at December 31, 2014	14.5
Deferral	4.4
Amortization (1)	(3.6)
(Over)/Under ⁽²⁾	
Adjustments	
Balance at December 31, 2016	15.3
Deferral	0.4
Amortization (1)	(0.6)
(Over)/Under ⁽²⁾	4
Adjustments	
Balance at March 31, 2016	15.1
Deferral	4
Amortization (1)	(0.6)
(Over)/Under ⁽²⁾	- 1.8
Adjustments	and the second
Balance at June 30, 2016	14.6
Not Currently Being Recovered	4.8

entry boning recovered

(1):

Relates to recovery of deferred storm costs approved in previous regulatory proceedings.

Non-Deferred Storm Expense

For 6 Months Ended June 30, 2016	
	КуРСо
Total Storm Costs, Capital and O&M	3.9
Capital & Removal	
Distribution Transmission	1.7
Total Capital & Removal	1.7
O&M	
Distribution	2.2
Transmission	
Total Storm O&M	2.2

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 3 of 31

Jerri-Lynn Ruggiero

From:	Jerri-Lynn Ruggiero
Sent:	Friday, July 15, 2016 3:09 PM
To:	Clolsen@deloitte.com; gfackler@deloitte.com; Robinson, Levi (US - Columbus); Murphy,
	Tanner (US - Columbus)
Cc:	Scott Travis (fstravis@aep.com); Jon D Holtzmuller
Subject:	2Q2016 Deoitte Analyticals
Attachments:	Q2 2016 Deloitte Analytic Requests.xlsx

Following our discussion yesterday, I have investigated the posed questions and determined the following:

1&M Income Statement - Section A Gross Margin -

- Weather-normalized margins are the margins with the effect of weather fluctuations removed. There are three
 components: weather fluctuations, usage and price, and weather –normalized margin combines the effect of
 usage and price.
- I have requested assistance from Rod Griffin/Carol Myser to determine the business driver behind the \$8M decrease in Network Integration Transmission Service Revenues. I will forward response upon receipt.

KPCo Balance Sheet – Section F Regulatory Assets /Storm Expense– The original deferral of both the March and July 2015 thunderstorms of \$4.4M was recorded in July 2015. In March 2016, at the direction of KPCo Regulatory, a true-up adjustment of \$381K was recorded, increasing the deferral for additional costs associated with the July 2015 storm.

In addition I have enhanced the Advances from Affiliates explanation for AEGCo for all three presented periods (highlighted in blue) for your review.

Please let me know if you have further questions. Thank you.

Jerri Ruggiero, CPA American Electric Power, Inc. Regulated Accounting Phone: (614) 716-2674 Fax: (614) 716-1997 Audinet: 200-2674

From:	Jennifer C Mohler
Sent:	Thursday, March 31, 2016 9:09 AM
To:	Jeanna M Overstreet; Jerri-Lynn Ruggiero; Jon D Holtzmuller
Subject:	FW: KY Storm Deferral
Attachments:	2015 Major Storm Cost Estimate for Deferral_021216.xlsx; 2015_Increm O&M Exp
	Calculation_Major Events_Storm 2 & 7_FOR DEFERAL.xlsx

Jeanna - Please adjust KPCo deferral in 1823078 as we discussed. You will also need to prepare a SAB108 entry.

Jerri and Jon – The \$4.4M deferral related to the July 2015 Thunder storm will be increased to \$4.8M this month. The \$4.4M was recorded as an estimate back in 3Q15.

Thanks, Jenny

From: Ranie K Wohnhas Sent: Thursday, March 31, 2016 9:03 AM To: Jennifer C Mohler Subject: RE: KY Storm Deferral

Attached is two files, one that is similar to what we provided earlier and one is the details. As you can see the amount we will ask for as a deferral increased to \$4.76M. I can discuss the changes if you so choose and we had planned to file for that deferral by the end of March, however, there are a couple of reasons for a slight delay and our plan is now to file around mid April. Again, call if you would like to discuss further.

From: Jennifer C Mohler Sent: Thursday, March 31, 2016 8:16 AM To: Ranie K Wohnhas Subject: FW: KY Storm Deferral

Follow up to my email earlier.....this is the spreadsheet we used to defer the \$4.4M in storm costs into 1823078.

From: Bradley M Funk Sent: Thursday, July 30, 2015 2:22 PM To: Jerri-Lynn Ruggiero; Jennifer C Mohler Subject: FW: KY Storm Deferral

There will be a storm deferral that we need to record in July business. We'll talk more on Monday about this.

One thing we need to make sure we do is verify that the storm costs for the July storm actually get accrued.

Thanks,

Brad

From: Ranie K Wohnhas Sent: Thursday, July 30, 2015 2:05 PM To: Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk Cc: Lloyd E Keyser Subject: KY Storm Deferral Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 5 of 31

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3rd quarter.

	3/4/15	3/4/15 Snow Storm	7/13/15	7/13/15 Thunderstorm	Tot	Total Deferral
Total Major Storm Cost	s	1,450,406	ş	7,744,052		
Less:						
ST Labor		84,723		132,045		
ST Fringes and Overheads		104,196		167,598		
Fleet		124,039		195,991		
DHE Internal Labor		44,149		116,294		
Incremental Major Storm Cost	\$	1,093,299	ş	7,132,124		
O&M Percentage		67.75%		73.78%		
Incremental O&M Major Storm Cost	\$	740,679	Ş	5,261,860	Ş	6,002,539
Less:	and the first book of the latence					
Major O&M Storm Cost in Base Rates						1,243,763
Major O&M Storm Cost exceeding Base Rates					\$	4,758,776

Major Storm Cost Deferral Kentucky Power Company

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 6 of 31

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Kentucky Power Major Event Cost Recap Snow Storm: 03/04/2015 Detailed Restoration Costs

Davey Resource Group Outside Contracted Services Aspiundh Tree Expert Area Wide Protective Bowlin Energy LLC TOTAL OUTSIDE CONTRACTED SERVICES Other Contractor D.H. Ellot

Total Restoration Costs

				a new law law			12/04/12 SNUW SIUM TUIAL CUSI			l		20	03/04/15 SNOW STORM INCREMENTAL COST		M ANUME				1
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Dollars Hours	**	737	*	\$ (211)		1,156	\$	*	1,776	*	737 0.0		(117) \$		1,156	*	* 0.0		1,776
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Dollars	*	160'81	*	\$ (ELS'Z)		26,392		**	43,610	*	160'81	*	\$ (5/8/2)		28,392	*	•	4	43,610
Dollars Hours	-	\$ 179,606	*	28,527) \$		419,001 \$		*	0.0 0.0	*	161,292	-	(25,618)		390,258 \$			0.0 0.0	10.0
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Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 8 of 31

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Structure 5 57,300 5 3 72,035 5 5 129,338 5 57,300 3 5 72,035 5 5 Total Materials \$ 278,093 \$ 3 \$ 72,035 \$ 5 \$ 5 5 5 5 1 - 5 - 5 - 5 - 5 - 5 - 5 5 - 5 - 5 - 5 - 5 - 5 - 5 651,116 28,726 5 1,283,705 5 - 5 1,963,047 5 617,056 5 24,565 825,792 - 5 - 5 - 5 - 5 1 - 5 -	5 57,300 5 72,035 5 72,035 5 5 129,338 7 ball Materials \$ 278,093 \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 129,338 7 ball Materials \$ - \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 72,035 \$ - \$ 3 \$ 30,131 10 ball - - - \$ - \$ - \$ - \$ - \$ - \$ 3 \$ 72,035 \$ - \$ - \$ - \$ - \$ 3 \$ 3 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$		Lighting & Signal Systems		•	•		•			-				•
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\$ 651,116 \$ 28,726 \$ 1,283,205 \$ - \$ 1,963,047 \$ 617,056 \$ 24,565 \$ 825,792 \$ - \$	<u>\$ 651,116 \$ 28,726 \$ 1,283,205 \$ - \$ 1,963,047 \$ 617,056 \$ 24,565 \$ 825,792 \$ - \$ 1,467,413</u>	Cost of Providing Temporary Electric S	¥					•	•		•				R.
		TOTAL IN HOUSE CO.	SIS			1.00	1,283,205		\$ 1,963,047	\$ 617,056		121		\$ 14	67,413

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8

Attachment 1 Page 9 of 31

Andread control to the formation of the formation o	Kentucky Power	Ţ		07/13/15 Th	07/13/15 THUNDERSTORM TOTAL COST	TOTAL COST		ļ	8	1/13/15 THUNG	07/13/15 THUNDERSTORM INCREMENTAL COST	REMENTAL COS	-	1
Mont Nort Nort <th< th=""><th>Major Event Cost Recap Thunderstorm: 07/13/2015 Detailed Restoration Costs</th><th>• 7</th><th>A apitalized (capital)</th><th>B Accumulated Depreciation (Removal)</th><th>c Expensed (O&M)</th><th>D Unallocated</th><th>A+B+C+D Total Cost to Restore</th><th>Capita A</th><th></th><th>B ocumulated opreciation Removal)</th><th>C Expensed (0&M)</th><th>D Unallocated</th><th>A+I Tot</th><th>al Cost lestore</th></th<>	Major Event Cost Recap Thunderstorm: 07/13/2015 Detailed Restoration Costs	• 7	A apitalized (capital)	B Accumulated Depreciation (Removal)	c Expensed (O&M)	D Unallocated	A+B+C+D Total Cost to Restore	Capita A		B ocumulated opreciation Removal)	C Expensed (0&M)	D Unallocated	A+I Tot	al Cost lestore
Oldie Object Object </td <td>utside Contracted Services Asplundh Tree Expert</td> <td></td> <td>0.0</td> <td>. 89</td> <td></td> <td>*</td> <td></td> <td>\$ 98</td> <td></td> <td></td> <td></td> <td>*</td> <td></td> <td>750,586</td>	utside Contracted Services Asplundh Tree Expert		0.0	. 89		*		\$ 98				*		750,586
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Interference Desc Desc <thdesc< th=""> Desc Desc</thdesc<>	Davey Resource Group	Dollars \$ Hours	1,430		5 4,468 0	сі *	*	* 69	1,430 \$	\$ 65	4,468	*	•	5,957
Model function for the function of the f	Area Wide Protective	Dollars \$ Hours	17,888 0		55,870	*		* 83	17,888 \$	\$ 162	55,870			74,496
			53,558 0		167,276			* 9	\$ 9526 \$	2,207 \$	167,276		•	240,525
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	Harlan Electric Co	Pollars \$ Hours	32,045		\$ 100,085		* 131/	\$ 150	32,045 \$	1,321 \$	100,085		•	133,451
	Bluminating Company	Pollars \$ Hours	36,078 D		112,680			*	36,078 \$	1,487 \$	112,680	•	*	150,245
	JF Electric	Pollars \$ Hours	0 E15'2E		\$ 101,548	6 *	\$ 135,	\$ 10	32,513 \$	1,340 \$	101,548			135,401
	New River Electrical Corp.	Dollars \$ Hours	28,789		\$ 89,915 0	¢		\$ 05	28,789 \$	1,186 \$	89,915 0.0	•	•	119,890
$ \begin{array}{llllllllllllllllllllllllllllllllllll$	NG Glibert		75,306		\$ 235,202 0			* 99		3,104 \$	235,202	*	•	313,612 0.0
	Plike Electric	Dollars \$			\$ 75,472	*		* 83	24,165 \$	996 \$	75,472	*	•	100,633
	PPL Electric Utilities Corp.	Dollars \$ Hours	0 5/2/08		027,025 \$			* 88	\$ 0.0	3,308 \$	250,720	•	•	334,303 0.0
	Quality Lines Inc	Dollars \$ Hours	81,898 0		\$ 255,790			\$ 192	\$ 868'18	3,375 \$	255,790		*	341,064
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Sumter Utilities		146,283		\$ 456,879 0			•	(46,283 \$	6,029 \$	456,879		•	101,000
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Dollars $1 - 21,046$ 867 867 867 867 867 867 $65,731$ $1 - 5$ Hours 0 0 0 0 0 0 0 0 0 0 0 0 Hours $1 - 21,815$ $1 - $	Thayer Power		0		\$ 149,126 0	-		* 14	47,747 \$	1,968 \$	149,126		•	198,841
Dollars 21,815 899 21,815 899 56,135 - 5 Hours 0 <td< td=""><td>Utility Lines Construction Services</td><td>Dollars \$</td><td>21,046</td><td>8</td><td>\$ 65,731</td><td></td><td></td><td>*</td><td>21,046 \$</td><td>867 \$</td><td>65,731 0.0</td><td></td><td>•</td><td>87,644</td></td<>	Utility Lines Construction Services	Dollars \$	21,046	8	\$ 65,731			*	21,046 \$	867 \$	65,731 0.0		•	87,644
Currention Inc Dollars 8 (1,790 \$) 3,371 \$) 255,453 \$) 255,453 \$) 255,453 \$) 5 <	Vaughn Industries	Doltars \$ Hours	21,615		\$ 68,135			\$ 050	21,815 \$	868 0.0	3E1,93 0.0	сі х	•	Page
Dollars 2,555 311 23,596 - 4 31,462 * 7,555 311 23,596 * * Hours 0 0 0 0 0 0 0.0 0.0 Hours 22,781 939 71,151 - 5 94,871 3 22,781 71,151 - 5	William E Groves Construction Inc.	Dollars \$ Hours	0 0		525,453 D			* * *	\$ 0.0	0'0 9'0	255,453		•	tem No acligner e 10 of
Dollars \$ 22,781 \$ 939 \$ 71,151 \$ - \$ 94,871 \$ 22,781 \$ 939 \$ 71,151 \$ - \$	Wright Tree Service		7,555	*	\$ 23,596			\$ 290	\$ 555'2	311 \$	070 965		•	o. 9 - 9 nt 4 31
	Other Contractor	Dollars \$	22,781		121,17 \$		*	\$ 1/2	\$ 187.22	666	11,151	•	•	94,871

Case No. 2016-00180 Commission Staff's Second Set of Data Requests

Kentucky Power Major Event Cost Recap Thunderstorm: 07/13/2015 Detailed Restoration Costs

TOTAL OUTSIDE CONTRACTED SERVICES

Total Restoration Costs

	A+B+C+D Total Cost to Restore	5,664,711	7,132,124
ENTAL COST	D Unallocated	\$ 0	1
07/13/15 THUNDERSTORM INCREMENTAL COST	C Expensed Un (0&M)	4,436,068 \$	5.261,860 \$
13/15 THUNDER	B Accumulated Deprectation (Removal)	48,632 \$ 4,436,068	7,067 \$ 73,197 \$ 5,261,860
07	A Capitalized Ac (Capital) (1	\$ 1,180,011 \$	\$ 1.797,067 \$
Î	A+B+C+D Total Cost to Restore	5,781,005	7.744.052
TAL COST	D	\$ <u>0</u>	
07/13/15 THUNDERSTORM TOTAL COST	C Expensed L (O&M)	4,523,286 \$	\$ 1606.491 \$
07/113/15 THU	B ccumulated epreciation (Removal)	\$ 02/65	78.509 \$
	A Capitalized Ac Do ((capital) ((\$ 1.207,936 \$	\$ 1.859.052 \$
		Dottars	1

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 11 of 31

Ranie K Wohnhas
Wednesday, December 16, 2015 1:25 PM
Jennifer C Mohler
Jeanna M Overstreet; Jerri-Lynn Ruggiero; Lloyd E Keyser
RE: KY Storm Deferral

We just received the last IOU bill for the July storm and are currently reviewing it for accuracy and thus hope to have it included in December business. The March storm has all of the final numbers. Even with the last invoice on the July storm we still have not done the final calculation of the O&M to capital split and it won't be completed til sometime in January so we will still just have an estimate with the finals numbers hopefully by end of the 1st quarter of 2016.

From: Jennifer C Mohler Sent: Wednesday, December 16, 2015 1:07 PM To: Ranie K Wohnhas Cc: Jeanna M Overstreet; Jerri-Lynn Ruggiero Subject: FW: KY Storm Deferral

Ranie -

In July 2015, KPCo deferred \$4,377,335.52 for the 03/14/15 Snow Storm and the 07/13/15 Thunder Storm. Attached is the break down by storm. Costs for the 07/13/15 Thunder Storm were estimated at that time. Have we received final actual costs for these two storms?

Thanks, Jenny

From: Ranie K Wohnhas Sent: Thursday, July 30, 2015 2:05 PM To: Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk Cc: Lloyd E Keyser Subject: KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3rd quarter.

From: Sent: To: Cc: Subject: Attachments: Jennifer C Mohler Wednesday, December 16, 2015 1:07 PM Ranie K Wohnhas Jeanna M Overstreet; Jerri-Lynn Ruggiero FW: KY Storm Deferral 2015 Major Storm Cost Estimate for Deferral.xls

Ranie -

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Major Storm Cost Deferral Kentucky Power Company Period Ending 7/31/15

	3/1	3/14/15 Snow	7/13	7/13/15 Thunder	ţ	Total Deferral
					2	
Total Major Storm Cost	s	1,434,437	ŝ	6,817,119		
Less:						
ST Labor	Ş	84,723	s	82,455		
ST Fringes and Overheads	\$	104,189	s	101,400		
Fleet	ş	124,015	s	175,567		
DHE Internal Labor	Ş	44,149	Ş	116,294		
Incremental Major Storm Cost	s	1,077,361	s	6,341,403		
O&M Percentage		71.57%		83%		
Incremental O&M Major Storm Cost	s	771,067	s	5,263,364	Ş	6,034,432
Less:						
Major O&M Storm Cost in Base Rates					ş	1,608,410
Major O&M Storm Cost exceeding Base Rates					s	4,426,022
Retail Allocation Factor						98.9%
Retail Major O&M Storm Costs exceeding Base Rates					s	4,377,336

(1) All costs are actual(2) Most of the costs are still estimates

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 14 of 31

Thursday, October 08, 2015 8:46 AM
mulsuay, October 08, 2013 8.46 AN
Jennifer C Mohler; Jerri-Lynn Ruggiero; Jeanna M Overstreet
RE: KY Storm Deferral

That's good news. One way to make sure we circle back on it is to put it on the Standard Journal entry list until you're certain it's a final number.

Thanks Jenny.

Brad

From: Jennifer C Mohler Sent: Thursday, October 08, 2015 7:06 AM To: Jerri-Lynn Ruggiero; Jeanna M Overstreet Cc: Bradley M Funk Subject: FW: KY Storm Deferral

It looks like our \$4.4M deferral on KPCo books for storm costs is still a good number. I will try to remember to follow up with Ranie before year-end to see if they have actual numbers finalized. If you could also try to remember.

Thanks, Jenny

From: Ranie K Wohnhas Sent: Wednesday, October 07, 2015 4:23 PM To: Jennifer C Mohler Subject: RE: KY Storm Deferral

It is still close enough for now. We still have quite a few invoices from IOU's that have not been received and everything else has come in close to the estimates. We have not yet filed anything yet with the KPSC but will either later this year or early next year. The reason that they are setting it up as a regulatory asset is because of past orders from the KPSC have allowed for deferrals and setting up of a reg. asset.

From: Jennifer C Mohler Sent: Wednesday, October 07, 2015 3:41 PM To: Ranie K Wohnhas Cc: Jerri-Lynn Ruggiero; Jeanna M Overstreet Subject: FW: KY Storm Deferral

Hi Ranie -

D&T is asking a question about the KPCo storm deferral. D&T questions is:

"I had a question in the attached query for account 1823078 on KPCO for the highlighted entry of \$4.4 million. It looks like the Reg Asset account was increased in July by this much from 2015 storms in Kentucky. Do you know how this number came about and if there are any Regulatory Proceedings regarding this amount or will there be any proceedings with the Kentucky State Commission in the near future?"

I will send them the attached spreadsheet which shows the calculation of our deferral of \$4.4M. Maybe this is a hittile 8 late to ask since the income statement for 3rd quarter closed last night but is the \$4.4M deferral still a good Attacheer 1 know you had estimates for the second storm. Please provide an updated deferral amount. Are there any or will there be any regulatory proceeding in the near future?

Thanks, Jenny

From: Bradley M Funk Sent: Thursday, July 30, 2015 2:22 PM To: Jerri-Lynn Ruggiero; Jennifer C Mohler Subject: FW: KY Storm Deferral

There will be a storm deferral that we need to record in July business. We'll talk more on Monday about this.

One thing we need to make sure we do is verify that the storm costs for the July storm actually get accrued.

Thanks,

Brad

From: Ranie K Wohnhas Sent: Thursday, July 30, 2015 2:05 PM To: Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk Cc: Lloyd E Keyser Subject: KY Storm Deferral

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From: Sent: To: Cc: Subject: Attachments: Jennifer C Mohler Thursday, October 08, 2015 7:24 AM Murphy, Tanner (US - Columbus) Jerri-Lynn Ruggiero; Jeanna M Overstreet; Ranie K Wohnhas RE: D&T KPCO 1823078 question 2015 Major Storm Cost Estimate for Deferral.xls

Hi Tanner -

Attached is the support we received from Ranie Wohnhas group in order to record actuals for the 03/14/15 snow storm and an estimate for the 07/13/15 thunder storm. Ranie said there are quite a few invoices yet to be received from IOU's for the 07/13/15 thunder storm. So far all the 07/13/15 thunder storm invoices they have received had been close to the estimate. Therefore, the estimate is still an accurate number. Ranie's group can provide you support for their calculation.

We deferred following the Kentucky precedent we used in 2012 where we deferred first and then got the approval order, as long as costs are deemed prudent and reasonable, we have ability to defer in the period incurred as long as we believe we meet probability.

According to Ranie, KPCo has not filed anything yet with the KPSC but will either later this year or early next year.

Thanks, Jenny

Jennifer C. Mohler, CPA American Electric Power Regulated Accounting 1 Riverside Plaza, Floor 26 Columbus, Ohio 43215-2373 614-716-2386 (Phone) 8-200-2386 (Audinet) www.AEP.com

From: Murphy, Tanner (US - Columbus) [mailto:tanmurphy@deloitte.com] Sent: Wednesday, October 07, 2015 3:20 PM To: Jennifer C Mohler Cc: Jerri-Lynn Ruggiero Subject: D&T KPCO 1823078 question

This is an EXTERNAL email. STOP. THINK before you CLICK links or OPEN attachments.

Hi Jenny,

Hope you are doing well! I had a question in the attached query for account 1823078 on KPCO for the highlighted entry of \$4.4 million. It looks like the Reg Asset account was increased in July by this much from 2015 storms in Kentucky. Do you know how this number came about and if there are any Regulatory Proceedings regarding this amount or will there be any proceedings with the Kentucky State Commission in the near future? Also, I know you guys are in close this week,

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 so a response by early next week is fine! Thank you for your help in advance and please let me know if you have arry 0. 8 questions or concern regarding this email. Attachment 1 Page 18 of 31

Tanner

Tanner Murphy Audit Senior | Audit Deloitte & Touche LLP 180 EAST BROAD STREET STE 1400, COLUMBUS, OH 43215-3763 Tel/Direct: 1 614 229 4648 | Fax: 1 866 781 3349 Cell: 1 614 425 2626 tanmurphy@deloitte.com | www.deloitte.com

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Retail Major O&M Storm Costs exceeding Base Rates Major O&M Storm Cost exceeding Base Rates Major O&M Storm Cost in Base Rates Incremental O&M Major Storm Cost Incremental Major Storm Cost ST Fringes and Overheads **Total Major Storm Cost Retail Allocation Factor** DHE Internal Labor **O&M** Percentage ST Labor Fleet Less: Less:

(2) Most of the costs are still estimates (1) All costs are actual

Major Storm Cost Deferral Kentucky Power Company Period Ending 7/31/15

Total Deferral								6,034,432	1,608,410	4,426,022	00 00
								s	s	s	
7/13/15 Thunder Storm (2)	6,817,119	82,455	101,400	175,567	116,294	6,341,403	83%	5,263,364			
7/13	ŝ	ŝ	ş	ş	Ş	s		ş			
3/14/15 Snow Storm (1)	1,434,437	84,723	104,189	124,015	44,149	1,077,361	71.57%	771,067			
'n	s	\$	s	s	s	s		s			

012 98.9% N 4,377,336

Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 19 of 31

From:	
Sent:	
To:	
Cc:	
Subject:	

Jennifer C Mohler Thursday, October 08, 2015 7:06 AM Jerri-Lynn Ruggiero; Jeanna M Overstreet Bradley M Funk FW: KY Storm Deferral

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Thanks, Jenny

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Thanks,

Brad

From: Ranie K Wohnhas Sent: Thursday, July 30, 2015 2:05 PM To: Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk Cc: Lloyd E Keyser Subject: KY Storm Deferral

Guys,

Attached is our best estimate at this point and time as to the amount of deferral to book as of the end of July. The first storm is all actuals and as you know there are mostly estimates for the second storm. We can update our numbers each month as actuals come in and let you guys decide if the deferral needs to change monthly or at the end of 3rd quarter.

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	Kentucky Po Major Storn Period En	Kentucky Power Company Major Storm Cost Deferral Period Ending 7/31/15				
	3/	3/14/15 Snow Storm (1)	EL/7	7/13/15 Thunder Storm (2)	F	Total Deferral
Total Major Storm Cost	s	1,434,437	s	6,817,119		
ST Labor	s	84,723	\$	82,455		
ST Fringes and Overheads	s	104,189	Ş	101,400		
Fleet	Ş	124,015	s	175,567		
DHE Internal Labor	s	44,149	s	116,294		
Incremental Major Storm Cost	ş	1,077,361	s	6,341,403		
O&M Percentage		71.57%		83%		
Incremental O&M Major Storm Cost	s	771,067	s	5,263,364	ŝ	6,034,432
Less:						
Major O&M Storm Cost in Base Rates					s	1,608,410
Major O&M Storm Cost exceeding Base Rates					s	4,426,022
Retail Allocation Factor						98.9%
Retail Major O&M Storm Costs exceeding Base Rates					s	4,377,336
(1) All costs are actual						
(2) Most of the costs are still estimates						

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From: Sent: To: Cc: Subject: Ranie K Wohnhas Wednesday, August 05, 2015 11:03 AM Jeanna M Overstreet Jerri-Lynn Ruggiero RE: Kentucky Major Story Cost Deferral

Yes.

From: Jeanna M Overstreet Sent: Wednesday, August 05, 2015 10:53 AM To: Ranie K Wohnhas Cc: Jerri-Lynn Ruggiero Subject: Kentucky Major Story Cost Deferral

Hi Raine,

Please see attached Ky actual storm costs. Given the actual costs are you OK with our posting the major storm cost deferral's entry you provided?

Thanks,

Jeanna Overstreet

American Electric Power Regulated Accounting - East 1RP-26th Fir Ph: 614\716-2714 audi: 200-2714 <u>imoverstreet@aep.com</u>

From: Sent: To: Cc: Subject: Attachments: Jeanna M Overstreet Wednesday, August 05, 2015 10:53 AM Ranie K Wohnhas Jerri-Lynn Ruggiero Kentucky Major Story Cost Deferral KY Storm Costs.xls

Hi Raine,

Please see attached Ky actual storm costs. Given the actual costs are you OK with our posting the major storm cost deferral's entry you provided?

Thanks,

Jeanna Overstreet

American Electric Power Regulated Accounting - East 1RP-26th Flr Ph: 614\716-2714 audi: 200-2714 imoverstreet@aep.com

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Sum of Sum Amour	nt		1
Project	Account	Total	
DMS15KK02	1070001	334,752.32	
	1080005	20,720.18	
	1630004	13,781.39	
	1840040	36,722.50	
	1840041	3,076.60	
	1860092	0.00	
	5880000	4,196.42	
	5930000	1,067,091.37	
	9030001	206.97	
	5930001	901.04	
DMS15KK02 Total		1,481,448.79	KY/Snow 3/4/2015
DMS15KK07	1070001	630,885.43	
	1080005	64,313.42	
	1630001	4,349.67	
	1630004	44,154.35	P-
	1840029	15,164.95	() ()
	1840040	72,224.51	
	1840041	4,942.86	
	1860092	(0.00)	
13 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	5930000	6,161,898.48	Second Second
DMS15KK07 Total		6,997,933.67	KY/ME/TStorm 7/13/15
Grand Total		8,479,382.46	

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Jerri-Lynn Ruggiero

From: Sent: To: Subject: Bradley M Funk Thursday, July 30, 2015 2:43 PM Jerri-Lynn Ruggiero; Jennifer C Mohler KY Storms

FYI

From: Thomas E Mitchell Sent: Thursday, July 30, 2015 12:11 PM To: Joseph M Buonaiuto; Lonni L Dieck Cc: Oliver J Sever JR.; Michael A Baird; Scott Travis; Ranie K Wohnhas; John J Scalzo; Steven H Ferguson; Bradley M Funk; Tyler H Ross; Jeffrey L Brubaker; Roger L Heslep Subject: RE: 2015

Yes, absolutely, following the Kentucky precedent we used in 2012 where we deferred first and then got the approval order, as long as costs are deemed prudent and reasonable, we have ability to defer in the period incurred as long as we believe we meet probability.

Scott, Jeff, Tyler, Brad and I have talked to Ranie and he is comfortable deferring in July an estimated amount that exceeds the incremental major storm costs built into rates.

Jeff B and Tyler have talked to John S and Steve F and they are considering deferral but it is only a minor amount (estimated range of \$1-2M very rough estimate), and they are evaluating the order that speaks of "extraordinary storm expenses" so we may not defer at this time given the magnitude.

From: Joseph M Buonaiuto Sent: Thursday, July 30, 2015 10:33 AM To: Lonni L Dieck Cc: Oliver J Sever JR.; Thomas E Mitchell; Michael A Baird Subject: Re: 2015

Yes ... Tom do you agree? The process for the request is not determinative ... It is success with similar requests in the past.

Sent from my iPhone

On Jul 30, 2015, at 7:11 AM, Lonni L Dieck < <a>ldieck@aep.com> wrote:

so is it precedence that allows us to defer in 2015? the arent going to file for deferral ability until early 2016

On Jul 30, 2015, at 10:03 AM, Joseph M Buonaiuto <<u>jmbuonaiuto@aep.com</u>> wrote:

We plan to book storm deferral in KY of approximately \$4-4.5 million. Also APCO WV is under consideration for possible storm deferral now.

Cook insurance still being evaluated.

On Jul 30, 2015, at 4:03 AM, Oliver J Sever JR. <<u>ojsever@aep.com</u>> wrote:

<image001.gif>

Any progress on determining when or if we will be deferring storms in KY and recording insurance proceeds for Cook. I suspect both these items to be larger than weather for July.

<image001.gif>

From:Bradley M FunkSent:Thursday, July 30, 2015 2:22 PMTo:Jerri-Lynn Ruggiero; Jennifer C MohlerSubject:FW: KY Storm DeferralAttachments:2015 Major Storm Cost Estimate for Deferral.xls

There will be a storm deferral that we need to record in July business. We'll talk more on Monday about this.

One thing we need to make sure we do is verify that the storm costs for the July storm actually get accrued.

Thanks,

Brad

From: Ranie K Wohnhas Sent: Thursday, July 30, 2015 2:05 PM To: Thomas E Mitchell; Jeffrey L Brubaker; Scott Travis; Bradley M Funk Cc: Lloyd E Keyser Subject: KY Storm Deferral

Guys,

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Kentucky Power Company Major Storm Cost Deferral Period Ending 7/31/15 Case No. 2016-00180 Commission Staff's Second Set of Data Requests Order Dated July 27, 2016 Item No. 8 Attachment 1 Page 31 of 31