

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

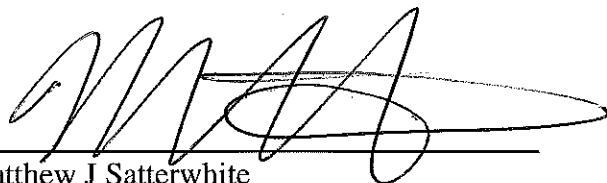
**ELECTRONIC APPLICATION OF KENTUCKY)
POWER COMPANY FOR (1) A GENERAL)
ADJUSTMENT OF ITS RATES FOR ELECTRIC)
SERVICE; (2) AN ORDER APPROVING ITS 2017) Case No. 201700179
ENVIRONMENTAL COMPLIANCE PLAN; (3) AN)
ORDER APPROVING ITS TARIFFS AND RIDERS;)
(4) AN ORDER APPROVING ACCOUNTING)
PRACTICES TO ESTABLISH REGULATORY)
ASSETS AND LIABILITIES; AND (5) AN ORDER)
GRANTING ALL OTHER REQUIRED APPROVALS)
AND RELIEF)**

**KENTUCKY POWER COMPANY RESPONSES TO
KIUC FIRST SET OF DATA REQUESTS**

August 28, 2017

VERIFICATION

The undersigned, Matthew J Satterwhite, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, 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



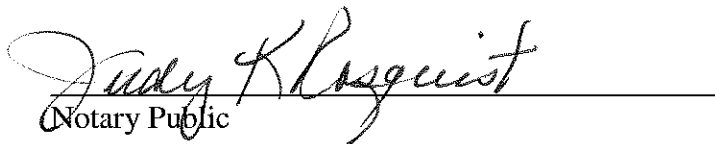
Matthew J Satterwhite

COMMONWEALTH OF KENTUCKY)

) Case No. 2017-00179

COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Matthew J. Satterwhite, this the 28th day of August 2017.



Notary Public

Notary ID: 571144

My Commission Expires: January 23, 2021

VERIFICATION

The undersigned, Douglas R. Buck, being duly sworn, deposes and says he is Senior Regulatory Consultant for American Electric Power Service Corporation 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.

Douglas R. Buck

Douglas R. Buck

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 Douglas R. Buck, this the 28th day of August 2017.

Princess M. Brown

Notary Public

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

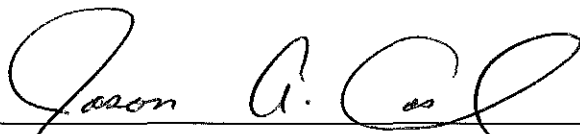


My Commission Expires:

4/19/2020

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

STATE OF OHIO)
) 2017-00179
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason A Cash, this the 22nd day of August 2017.



Notary Public

Notary ID Number: 2014-RE-488323



My Commission Expires: 04/29/19

VERIFICATION

The undersigned, Amy J. Elliott, being duly sworn, deposes and says she is a Regulatory Consultant Principal for Kentucky Power Company, that she has personal knowledge of the matters set forth in the forgoing data responses and that the information contained therein is true and correct to the best of her information, knowledge, and belief

Amy J. Elliott
Amy J. Elliott

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FRANKLIN) Case No. 2017-00179
)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Amy J. Elliott, this 23rd day of August 2017.

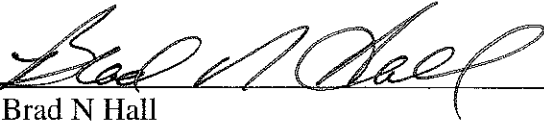
Judy K. Rosquist
Notary Public

Notary ID Number: 571144

My Commission Expires: January 23, 2021

VERIFICATION

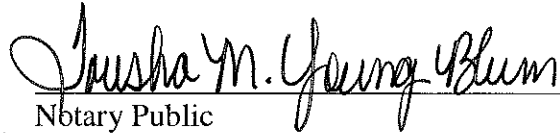
The undersigned, Brad N Hall being duly sworn, deposes and says he is the External Affairs Manager, for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief



Brad N Hall

COMMONWEALTH OF KENTUCKY)
) Case No. 2017-00179
COUNTY OF BOYD)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Brad N Hall, this the 21 day of August 2017.



Notary Public

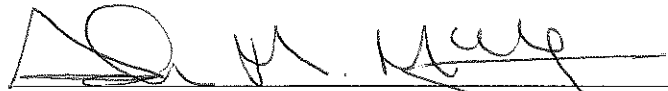
Notary ID: 530202

My Commission Expires: 3-18-19



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

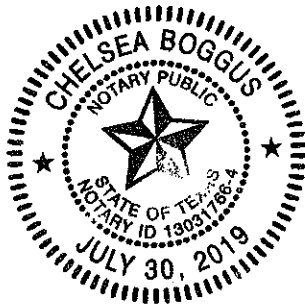
)

) CASE NO. 2017-00179

COUNTY OF TRAVIS

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Adrien M. McKenzie this 22nd day of August 2017.





Notary Public

My Commission Expires: 07/30/2019

VERIFICATION

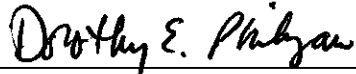
The undersigned, Debra L Osborne, being duly sworn, deposes and says she is Vice President Generating Assets APCO/KY, that she has personal knowledge of the matters set forth in the data responses for which she is the identified witness and that the information contained therein is true and correct to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



Debra L. Osborne

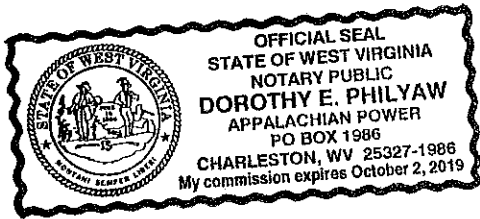
STATE OF WEST VIRGINIA)
) Case No. 2017-00179
COUNTY OF KANAWHA)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Debra L. Osborne, this the 25 day of August 2017.



Notary Public

My Commission Expires: October 2, 2019



VERIFICATION

The undersigned Everett G. Phillips, being duly sworn, deposes and says he is the Managing Director, Distribution Region Operations for Kentucky Power Company, 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.

Everett G. Phillips
Everett G Phillips

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2017-00179
COUNTY OF BOYD)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by, Everett G. Phillips, this the 21 day of August 2017.

Trisha M. Young Blum
Notary Public

Notary ID # 530202

My Commission Expires: 3-18-19



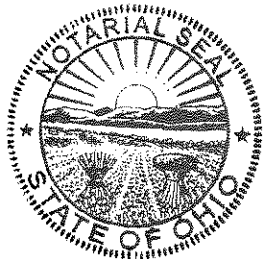
VERIFICATION

The undersigned, Mark A Pyle, being duly sworn, deposes and says he is the Tax Administrator for American Electric Power, 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

Mark A Pyle
Mark A Pyle

STATE OF OHIO)
) 2017-00179
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Mark A Pyle, this the 25th day of August 2017.



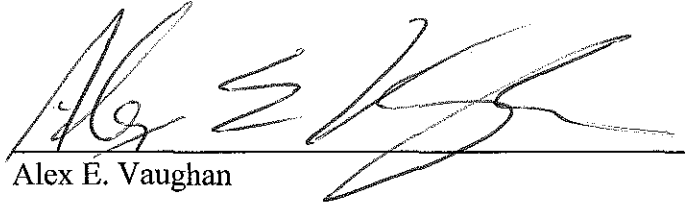
HEIDI M HINTON
Notary Public, State of Ohio
My Commission Expires 04-29-18

Heidi M Hinton
Notary Public

My Commission Expires: 4/29/18

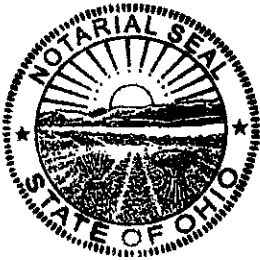
VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Manager, Regulatory Pricing and Analysis 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.

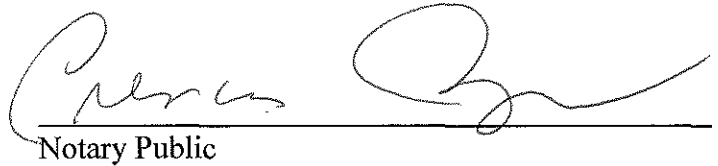

 Alex E. Vaughan

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 Alex E. Vaughan, this the 24 day of August 2017.



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


 Notary Public

My Commission Expires: 4/19/2020

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky 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

Ranie K. Wohnhas

Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)

) Case No. 2017-00179

COUNTY OF BOYD)

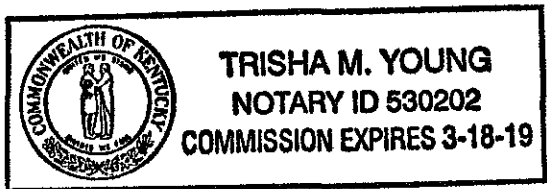
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 22 day of August 2017.

Trisha M. Young Blum

Notary Public

My Commission

Expires 3-18-19



Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_001 Please provide all supporting workpapers, including all electronic spreadsheets in live format with all formulas intact, developed and used by each of the Company's witnesses in the preparation of their testimony and exhibits, including all tables and figures in their testimony. This request includes, but is not limited to, a working model of the class cost of service study, the model used to allocate the overall increase to rate classes, all rate design workpapers and proof of revenue analyses.

RESPONSE

Please refer to the Company's July 12, 2017 response, and August 7, 2017 and August 28, 2017 supplemental responses to KPSC 1-73 for information in Excel format responsive to this request.

Other than indicated above, Kentucky Power objects to this request as overly broad and unduly burdensome. Kentucky Power has filed in the record of this proceedings work papers, including the cost-of-service study, billing analysis, and all other exhibits and schedules that were prepared in Kentucky Power's application. The workpapers were filed in both search-capable portable document format and as Excel spreadsheets with formulas and calculations intact. In addition, where requested, Kentucky Power has provided calculations in responses to data requests in Excel spreadsheets with formulas and calculations intact. To the extent the Kentucky Industrial Utility Customers, Inc. has a request for a specific calculation or formula it may be specifically identified and requested.

Kentucky Power also objects to this request to the extent it seeks production of attorney-client privileged communications and/or documents protected by the attorney work product doctrine.

Witness: Everett G. Phillips
 Ranie K. Wohnhas
 Debra L. Osborne
 Douglas R. Buck
 Tyler H. Ross
 Adrien M. McKenzie
 Stephen L. Sharp
 Katharine I. Walsh
 Alex E. Vaughan
 Zachary C. Miller
 Amy J. Elliott
 Mark A. Pyle
 Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_002 If not provided in response to the immediately preceding question, please provide the monthly peaks by rate class included in the 12CP allocator, and all supporting workpapers.

RESPONSE

Individual rate class data is contained in KPCO_R_KPSC_1_73_Attachments 36 through 53.
Summary data for all classes is contained in KPCO_R_KPSC_1_73_Attachment 54.

Witness: Douglas R. Buck

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_003 If not provided in response to the previous questions, please provide all loss factors used in developing the demand and energy allocation factors in the class cost of service study, and the loss study supporting the factors.

RESPONSE

Please refer to KPCO_R_KSBA_1_003_Attachment1.pdf and KPCO_R_KSBA_1_003_Attachment2.xlsx for the requested information.

Witness: Douglas R. Buck

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_004

If not provided in response to the previous questions, please provide a copy of the load research study underlying the development of the loads used in the class cost of service study, including workpapers showing the calculation of the class loads from the load research results.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachments 36 through 54.

Witness: Douglas R. Buck

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_005 Please provide a load and capability analysis for the Company showing capacity resources, demand response resources, retail and wholesale load and reserve margin for the historic period 2013 through 2016 and the forecast period 2017 through 2027. Also include the Company's Fixed Resource Requirement capacity obligation for each year. The analysis can be presented on either a calendar year or PJM delivery year basis.

RESPONSE

Please refer to KPCO_R_KIUC_1_5_Attachment1.pdf for load, capability and reserve margin including a forecast of the Company's Fixed Resource Requirement obligation for each year. KPCO_R_KIUC_1_5_Attachment2.pdf provides actual and forecast retail and wholesale energy for the Company. KPCO_R_KIUC_1_5_Attachment3.pdf provides forecast retail and wholesale demands coincident with the Company's internal peak demand. The Company does not have hourly meters on all of its customers, therefore historical coincident peak demand data by class are not available.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_006 For the test year ended February 28, 2017, please identify the dates and hours of the PJM RTO Coincident Peaks (5CP), the Company loads at those hours, and the retail contributions by rate class to those loads.

RESPONSE

Refer to KPCO_R_KIUC_1_6_Attachment1.xls for the 5CP and Company loads at those hours.

For the contributions to those peaks by rate class, refer to the Company's response to KPSC 1-73 and Attachments 32-54 of the Company's response. Specifically, refer to the "expanded kW" tabs of the load research workpaper for each customer class.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_007 Please provide the monthly mWh generation, capacity and capacity factor for Kentucky Power's share of the Mitchell coal units for the period 2015 through the present.

RESPONSE

The maximum capacity of the Mitchell coal units are 770 MW and 790 MW for Unit 1 and Unit 2, respectively. Kentucky Power's share is 50%. Please refer to KPCO_R_KIUC_1_007_Attachment1_Redacted.pdf for monthly generation and capacity factors for 2015-June 2017.

Witness: Debra L. Osborne

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_008 Please provide projected annual or PJM delivery year basis mWh generation, capacity and capacity factor for Kentucky Power's share of the Mitchell coal units for the period 2017 through 2027.

RESPONSE

Please refer to KPCO_R_KIUC_1_008_Attachment1_Redacted.pdf for the requested information.

Witness: Debra L. Osborne

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_009 For the PJM delivery years 2013/2014 through 2020/2021, please provide the mW of capacity that any AEP Operating Company (Kentucky Power, I&M, Appalachian and AEP Ohio) sold into the PJM BRA or any incremental auction (“IA”). Show the allocation of these capacity sales by AEP Operating Company.

RESPONSE

Please refer to KPCO_KIUC_1_9_Attachment1_Redacted.xls for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_010

With regard to the response to the previous question, to the extent that Kentucky Power received revenues from any such capacity sales to the PJM BRA or IA, please provide a quantification of revenues received from such sales by year. Also state how these revenues were treated for ratemaking purposes (i.e., were these revenues credited to retail and wholesale requirements customers and, if so, what mechanism was used to implement the credit).

RESPONSE

Kentucky Power received the following calendar year PJM Interconnection Capacity Net Sales Revenue:

2012: \$1,464,318

2013: \$371,122

2014: \$598,689

2015: \$900,683

2016: \$2,153,606

The revenues from such sales are recorded as Off-System Sales and included in the Company's OSS Tracker, which provides a credit to retail and wholesale requirements customers.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_011

With regard to Mr. Satterwhite's testimony on page 11 at lines 4 to 18, please provide the following information regarding the new Braidy Industries, Inc. aluminum mill.

- a. The expected date, consistent with KPC's current load and capacity forecast, that the mill will begin operation.
- b. The expected mW load of the mill
- c. The expected annual energy usage of the mill
- d. The KPC rate schedule on which the mill will take service, including the voltage level of such service. If Braidy Industries is expected to operate under a special contract, please provide any term sheet or memorandum of understanding which outlines the essential rate provisions.

RESPONSE

Kentucky Power objects to this data request on the ground that it seeks irrelevant information that is not reasonably calculated to lead to the discovery of admissible evidence. The test year employed by Kentucky Power is the twelve months ended February 28, 2017. The Braidy Industries facility was not announced until April 26, 2017. The Company is not seeking to recover in this application the future incremental costs associated with providing service to Braidy Industries when its facility begins operation. Further, Kentucky Power is negotiating the terms of the special contract with Braidy Industries and no agreement has been reached. Following its negotiation and execution, Kentucky Power will file the special contract with the Commission for approval. Notwithstanding these objections, please refer to the Company's response to KPSC 2-7.

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_012 For each element of PJM billing incurred by Kentucky Power, please provide the test year amount, the current method of recovery (e.g. base rates, fuel clause, etc.), and the method of recovery under the Company's proposals in this case.

RESPONSE

Refer to KPCO_R_KIUC_1_12_Attachment1.xlsx for the requested information.

Note that Big Sandy Unit 1 PJM BLI recoveries are not duplicative of other non-Big Sandy Unit 1 BLI recoveries because the Company created a separate Big Sandy Unit 1 PJM sub-account to facilitate recovery through the Company's Tariff BS10R. Also note that some BLIs may appear twice because they have an off-system sales component and an internal load component. The off-system sales portion of the BLIs are recovered/shared through the Company's system sales clause. Also note that the purchased power costs (Portions of BLIs 1200 and 1205) in excess of the Company's peaking unit equivalent were not recovered.

The only changes to BLI recovery that the Company is proposing in this case are (1) the inclusion of certain PJM BLIs for recovery under the Company's fuel adjustment clause as discussed in the direct testimony of Company Witness Rogness at pages 22 and 23 and (2) and the proposed recovery of certain PJM LSE OATT expenses through the Company's purchase power adjustment as discussed on pages 26-29 of the testimony of Company Witness Vaughan. See the Company's response to KIUC 1-67 for the specific FERC accounts included in the Company's proposed treatment of PJM LSE OATT expense items.

Witness: Alex E. Vaughan
 Amy J. Elliott

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_013

With regard to Mr. Vaughan's testimony beginning on page 26, regarding the Company's proposal to include PJM LSE OATT Charges and Credits in Tariff PPA, please provide the following:

- a. a schedule showing the total amount of each of the charges and credits that would be subject to inclusion in the PPA, by year, for the period 2013 through 2017. This request seeks the total amount of the charge or credit, not the incremental amount in excess of base rate recovery.
- b. a schedule showing, by month, for each month since the base rates became effective in Case No. 2014-00396, the incremental charges and credits that would have been included in Tariff PPA, had the current proposal to include PJM LSE OATT Charges and Credits in Tariff PPA been effective with the revised base rates from that case.
- c. a schedule showing the Company's projected amounts of the total charges and credits included in PJM LSE OATT for the period 2018 through 2022. Separately show each of the charges and credits, by year.

RESPONSE

a. See KPCO_R_KIUC_1_13_Attachment1.xlsx.

b. The Company objects to this data request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence, unduly burdensome, and overly broad. The information requested has no bearing on the Commission's review of Kentucky Power Company's Application as the Company's proposed Tariff PPA is to be applied prospectively. All adjusted test year Tariff PPA items have been included in the Company's proposed base rates. Proposed Tariff PPA is designed to track the differences between the amount of Tariff PPA items in the Company's base rates and actual costs after the Company's new base rates go into effect in January of 2018.

c. See the Company's response to KICU 1-67.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_014 Please provide the total mW of capacity and the revenues received for the PJM delivery years 2013/14, 2014/15, 2016/17 and 2017/18 that the AEP East FRR utilities (Kentucky Power, Appalachian Power, etc.) received for sales of capacity pursuant to the PJM RPM. This would include both sales into BRAs, IAs and bilateral transactions. Also provide the allocation of these revenues and mW to each of the FRR operating companies for these delivery years.

RESPONSE

Please refer to the answer provided in KIUC-1-9 for the allocation of MW's by operating company. Please refer to KPCO_KIUC_1_14_Attachment1.xls for the capacity revenues during the PJM delivery year 2013/2014, 2014/2015, 2015/2016 & 2016/2017. Revenue values for the 2017/2018 delivery year are not available at this time.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_015 Please provide copies of the current agreements (e.g., Power Coordination Agreement) among the AEP FRR companies governing the allocation of revenues received from sales of capacity into a BRA or Incremental Auction. Please also provide any agreement which allocates transmission costs among the AEP FRR companies.

RESPONSE

Refer to KPCO_R_KIUC_1_15_Attachment1.pdf for the PCA. Refer to KPCO_R_KIUC_1_15_Attachment2.pdf for the Bridge Agreement.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_016 For each of the PJM delivery years 2013/14 through 2020/21, please provide the maximum mW that the AEP FRR companies can bid into the PJM BRA, IA's or bilateral capacity sales each delivery year. Provide a comparison of this maximum mW to the actual mW bid by the AEP FRR companies.

RESPONSE

Please refer to KPCO_KIUC_1_16_Attachment1_Redacted.xls for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_017 Please provide the total mW of capacity bid into the 2018/19 through 2020/21 PJM BRAs or through bilateral capacity sales by the AEP East FRR utilities, individually or as a group (Kentucky Power, Appalachian Power, etc.).

RESPONSE

Refer to the Company's response to KIUC 1-16 for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_018 Please provide workpapers for the test year in this case showing the allocation of the PJM RTEP costs among the AEP operating companies. Also provide a description of the allocation methodology and a copy of the FERC approved agreement governing such allocations.

RESPONSE

Refer to the Company's response to KIUC 1-81 for the requested information. See also KIUC_R_KIUC_1_18_Attachment1.pdf for the FERC approved Transmission Agreement. Appendix I of the Transmission Agreement specifies that PJM RTEP costs are allocated on a 12 CP basis.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_019

To the extent that an individual AEP operating company can make sales of capacity in excess of its FRR requirement, please provide a description and a copy of the agreement that would permit such a sale.

RESPONSE

Refer to the Company's response to KIUC 1-15. Section 7.5.2 of the Power Coordination Agreement addresses sales of capacity.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_020 Under the existing FRR arrangement among participating AEP operating companies, could an individual company make a sale of capacity into a BRA, IA or through a bilateral transaction, and retain 100% of the sale proceeds? If so, please describe how this type of transaction would work.

RESPONSE

Yes. Refer to the Company's response to KIUC 1-19.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_021

If the answer to the previous questions is that an individual operating company could not make a sale on its own, please describe the changes to current agreements that would be required to facilitate such an individual company capacity sale.

RESPONSE

Not applicable.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_022 Please provide a trial balance of all income statement and balance sheet accounts for each month January 2015 through February 2017. Please provide a detailed description of the costs included in each account not specifically listed in the FERC Uniform System of Accounts (“USOA”), including all subaccounts whether listed in the USOA or not.

RESPONSE

Please refer to KPCO_R_KIUC_1_022_Attachment1.xls for the requested information. Also please refer to the response to KPCO_R_AG_1_041_Attachment1.xls which provides the detailed chart of accounts used by the Company during the test year.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

- KIUC_1_023 Refer to the attachment to the Company's response to Staff 1-19.
- a. Describe account 1080011 Cost of Removal Reserve.
 - b. Describe the reasons for the changes in the account 1080011 balance each month starting in June 2015. Provide a copy of all journal entries and any calculations and/or source documents relied on for the journal entries.
 - c. Quantify the monthly changes in account 1080011 starting in June 2015 that were due to the Big Sandy 1 coal-related and Big Sandy 2 dismantlement costs, if any.

RESPONSE

a. Account 1080011 represents the non-legal removal cost included in accumulated depreciation (FERC account 108). Non-Legal removal costs were required to be reported separately as a regulatory liability for GAAP/SEC purposes as per FASB 143 and FERC Order 631 which provided accounting guidance for Asset Retirement Obligations.

b. Please see KPCO_R_KIUC_1_23_Attachment1.xls for a list of the journal entries and reasons for the changes to account 1080011 since June 2015.

c. In June 2015, journal entries were made to debit account 1080011 for \$66,401,618.03 and credit account 182.3 for the same amount. The journal entries reclassified the cost of removal accrued for Big Sandy to a Regulatory Asset as a result of the orders in Kentucky Case Nos. 2012-00578 and 2014-00396.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_024 Refer to Section V, Exhibit 2, page 14 of 60, related to Adjustment 13 (Tariff Migration Revenue Adjustment). Please provide copies of all workpapers and all electronic calculations relied upon to compute this adjustment with all formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment71_AEVWP1.xlsx for the requested information. The Adjustment 13 (Tariff Migration Revenue Adjustment) calculation can be found in tab named: YEM.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_025 Refer to Section V, Exhibit 2, page 15 of 60, related to Adjustment 14 (Year End Customer Annualization Revenue Adjustment). Please provide copies of all workpapers and all electronic calculations relied upon to compute this adjustment with all formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment71_AEVWP1.xlsx for the requested information. The Adjustment 14 (Year End Customer Annualization Revenue Adjustment) calculation can be found in tab named: YEC.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_026 Refer to Section V, Exhibit 2, page 16 of 60, related to Adjustment 15 (Weather Normal Load Revenue Adjustment). Please provide copies of all workpapers and all electronic calculations relied upon to compute this adjustment with all formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment71_AEVWP1.xlsx and KPCO_R_KPSC_1_73_Attachment71_AEVWP10.xlsx for the requested information. The Adjustment 15 (Weather Normal Load Revenue Adjustment) calculation can be found in the AEVWP1 tab named: WNLA.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_027 Refer to Section V, Exhibit 1, page 1. Please provide the per books amounts of operating revenues for each month during 2016 and for January and February of 2017 using the same revenue classifications portrayed on lines 1-5. Please provide in electronic format with all formulas intact.

RESPONSE

Please refer to KPCO_R_KIUC_1_27_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

- KIUC_1_028 Refer to Section V Exhibit 2 page 15 of 60.
- a. Provide the calculation of the 59.00% O&M expense as a percentage of test year revenues, including all supporting data and source references for the supporting data and electronic spreadsheets in live format with all formulas intact.
 - b. Provide all support for the proposition that the O&M expense reflected in this calculation is variable and not fixed.

RESPONSE

- a. Refer to KPCO_R_KIUC_1_28_Attachment1.xlsx for the requested information.
- b. The O&M expense in the calculation was identified as variable and not fixed based on expertise and cost of service experience.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 1 of 2

DATA REQUEST

KIUC_1_029

Refer to Section V Exhibit 2 W41 at page 42 of 60.

a. Provide a schedule showing additional years history of Mitchell plant maintenance expense for the 12 months ending February 28 or 29, 2014, 2013, 2012, 2011, 2010, 2009, and 2008.

b. For each 12 months ending February 28 or 29 during the ten year period covered on the cited page and in response to part (a) of this question, provide the major maintenance/outage expense by Mitchell unit and by FERC O&M expense account. Provide a description of the scope of the major maintenance/outage.

RESPONSE

a. For the referenced years, the maintenance expense for the 12-months ending February 28 or 29 were:

- 2008: \$6,718,227
- 2009: \$4,505,900
- 2010: \$6,606,832
- 2011: \$8,326,005
- 2012: \$10,258,155
- 2013: \$10,357,048
- 2014: \$13,016,859
- 2015: \$9,081,718
- 2016: \$15,802,150
- 2017: \$11,581,535

b. Please refer to KPCO_R_KIUC_1_29_Attachment1.xlsx for the Mitchell plant major maintenance expense data for 2008 through 2017 by unit and FERC account.

For Mitchell Plant, Unit 1 and Unit 2, the Fossil/Steam Other Direct Unit Cost (F/SO) was the major maintenance activity with the greatest expense in nine of the ten years. This activity includes inspecting, testing, lubricating, draining, cleaning, washing, and repairing of boilers, valves, and pumps as well as associated equipment.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 2 of 2

In 2016, the Boiler/Boiler Components (B/BC) was the major maintenance activity with the greatest expense. The scope of the B/BC activity in that year included removal of slag, leak repair, inspections, casing repair, equipment calibration, and other maintenance tasks on the boiler and related equipment such as the steam attemperator, low NOX burners, pulverizer dampers, FD/PA fans, coal feeders, heaters, casings, burner piping, and safety valves.

Witness: Debra L. Osborne

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_030 Please provide a copy of each incentive compensation plan that was in effect during the test year.

RESPONSE

Please refer to KPCO_R_KIUC_1_30_Attachment1.pdf, for the requested information. Information not applicable to Kentucky Power Company is redacted.

Witness: Andrew R. Carlin

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_031 Please provide the amount of incentive compensation expense pursuant to the Long Term Incentive Plan (LTIP) included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the costs incurred directly by the Company and the costs incurred through AEPSC affiliate charges. In addition, please provide these amounts by FERC O&M and/or A&G expense account.

RESPONSE

The information cannot be provided as requested. The LTIP is comprised of two components: Restricted Stock Units (RSUs) and Performance Share Incentives (PSIs). RSUs do not have a target metric as payout of RSUs is based on the grant date stock price of American Electric Power Company, Inc. PSIs have two target metrics: Earnings per Share (EPS) and Total Shareholder Return (TSR). Separate entries were not recorded to the ledger in the test year related to these two PSI target metrics. In addition, the expense related to the PSI is calculated based on the performance of the components over a three-year period and not the test year as requested.

The Company is providing the total PSI and total RSU expense included in the test year revenue requirement for the twelve months ended February 28, 2017. Please see KIUC_1_31_Attachment1.xls and KIUC_1_31_Attachment2.xls for total LTIP and total RSU expense included in the test year revenue requirement for the twelve months ended February 28, 2017 related to Kentucky Power employees and AEPSC employees that were billed to Kentucky Power, respectively.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 1 of 2

DATA REQUEST

KIUC_1_032 Please provide the LTIP target metrics for the Company and AEPSC applicable to the test year, describe how they are calculated and the source of the data used for the calculations, and provide the Company and AEPSC's actual performance against each of these metrics in the test year.

RESPONSE

All Performance Units outstanding during the test year were linked to 2 equally weighted performance measures:

1. Operating Earnings Per Share (Operating EPS) relative to an HR Committee approved three-year cumulative target

- The Operating EPS score is calculated based on AEP's publicly announced Operating EPS by interpolating between the threshold, target and maximum payout performance levels for each performance period established by the HR Committee of the Board of Directors (HR Committee) at the beginning of the performance period.
- The results are then subject to internal audit and certified by the HR Committee.

2. Total Shareholder Return (TSR) as compared to a utility peer group

- TSR for AEP and the peer companies is calculated based on stock price changes with dividends reinvested
- The TSR score is calculated based on AEP's TSR percentile relative to the peer group with interpolation between the threshold, target and maximum performance levels shown below:
 - 20th percentile TSR = 0% score
 - 50th percentile TSR = 100% score
 - 80th percentile TSR = 200% score
- The results are then subject to internal audit and certified by the HR Committee.

Please refer to KPCO_R_KIUC_1_032_Attachment1.xlsx for the actual results for each performance period and metric in the test year.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 2 of 2

Restricted Stock Units (RSUs) are not associated with any performance measures but instead vest based on the participant's continuous AEP employment through the specified vesting dates.

Note that, due to time of the long-term incentive award grant, no awards were outstanding or accrued during the test year for the 2017-2019 performance unit period or for 2017 RSUs.

Witness: Andrew R. Carlin

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_033

Please provide a schedule of the amortization expense associated with each regulatory asset for each year 2013 through 2016 and the test year. Provide the balance of each regulatory asset at the beginning and end of each of those years, the amortization expense recorded in each of those years, and the authorized amortization period. In addition, please source the amortization period to the Case No. in which the Commission approved the recovery and the amortization period, if any.

RESPONSE

Please refer to KPCO_R_KIUC_1_33_Attachment1.pdf for the requested information for each year 2013 through 2016 and KPCO_R_KIUC_1_33_Attachment2.xls for the requested information for the test year.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_034 Please provide Exhibit JAC-1, pages 9 and 10, in electronic spreadsheet format with all formulas intact.

RESPONSE

Please refer to KPCO_SR_KPSC_1_73_Attachment95_Schedule I of Depr Study.xls and KPCO_SR_KPSC_1_73_Attachment96_Schedule II of Depr Study.xls, for Exhibit JAC-1, pages 9 and 10, in electronic spreadsheet format.

Witness: Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_035 Please refer to Exhibit JAC-1, page 9, which shows the net salvage ratio of 1.09 included in the computation of the proposed depreciation rates for Big Sandy Unit 1. Please provide all workpapers used to compute the proposed net salvage factor in electronic spreadsheet format with all formulas intact, showing the use of the Sargent and Lundy estimates and application of the proposed 2.30% inflation factor. Be sure to provide the breakdown calculations for interim net salvage and terminal net salvage and the combination of the two to determine the net salvage ratio of 1.09.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls and KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls for the net salvage calculations.

Witness: Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_036

Please refer to the Direct Testimony of Mr. Cash at pages 7 and 8 regarding the reliance on the 2013 Sargent and Lundy dismantling estimates for the terminal net salvage included in the proposed depreciation rates for Big Sandy 1. Refer also to the Commission's Order in Case No. 2014-00396 at pages 45-46.

- a. Confirm that Sargent and Lundy estimated the dismantling costs for Big Sandy 1 as a coal-fired unit, not as a natural gas-fired unit. If not, please explain.
- b. Confirm that the Company has deferred all coal-related Big Sandy 1 dismantlement costs as incurred into a regulatory asset and recovers those costs via the Big Sandy Retirement Rider ("BSRR") pursuant to the Commission's Order in Case No. 2014-00396.

RESPONSE

- a. Yes. Sargent and Lundy estimated the dismantling costs for Big Sandy as a coal-fired plant. Many of the major components at Big Sandy Unit 1, such as the boiler, turbine, etc., still remain today and will need to be dismantled when the plant ceases operation and it's not expected that the equipment added to Unit 1 for gas operations will significantly change the dismantling cost.
- b. No. Only interim removal costs related to the coal-related assets at Big Sandy Unit 1 have been charged to the Big Sandy Retirement Rider. Interim removal costs will continue to be charged to the BSRR until depreciation rates are updated as a result of this proceeding. In addition, Big Sandy Unit 1 continues to operate as a gas unit and as a result, no costs related to the final dismantlement of Big Sandy Unit 1 have been charged to the BSRR.

Witness: Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_037 Please describe all coal-related dismantlement activities already completed and/or that are in process and the actual costs incurred for such activities at Big Sandy Unit 1. In addition, provide a schedule by month showing the actual dismantling costs incurred for Big Sandy Unit 1 and deferred into the regulatory asset, along with a copy of all source documents, including all electronic spreadsheets with all formulas intact.

RESPONSE

Big Sandy Unit 1 demolition included the removal of coal related components, including pulverizers, feeders, coal pipes, coal burners, bunker loading conveyor (tripper car), and ash lines.

Coal-related demolition costs are consolidated at a plant level. Please refer to KPCO_R_KIUC_1_038_Attachment1.xls for a summary of costs and KPCO_R_KIUC_1_38_Attachment2.xls and KPCO_R_KIUC_1_38_Attachment3.xls for the supporting documentation.

Witness: Debra L. Osborne
 Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_038 Please describe all coal-related dismantlement activities already completed and/or that are in process and the actual costs incurred for such activities at Big Sandy Unit 2 and common facilities. In addition, provide a schedule by month showing the actual dismantling costs incurred for Big Sandy Unit 2 and deferred into the regulatory asset, along with a copy of all source documents, including all electronic spreadsheets with all formulas intact.

RESPONSE

The demolition that has occurred for Big Sandy Unit 2 includes draining, purging and securing water and water treatment systems; draining, cleaning, and rendering all above-ground storage tanks inert; removal of all conveyor belts; removal and disposal of all oil and chemicals in storage; demolition of the cooling tower; removal of turbine components including rotors, crossover piping, and valves; and emptying, cleaning, and securing coal silos, bunkers, feeders and pulverizers. Asbestos abatement is in progress on Unit 2.

Coal-related demolition costs for Big Sandy Unit 1 and Unit 2 are consolidated at a plant level. Please refer to KPCO_R_KIUC_1_038_Attachment1.xls for a summary of costs and KPCO_R_KIUC_1_38_Attachment2.xls and KPCO_R_KIUC_1_38_Attachment3.xls for the supporting documentation.

Witness: Debra L. Osborne
 Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_039 Provide a copy of the most recent depreciation study used to develop the present depreciation rates for Mitchell Units 1 and 2. If not indicated in the depreciation study, provide the terminal net salvage component of the depreciation rates and the underlying workpaper support, including any conceptual or other studies used to develop the terminal net salvage estimate and/or percentage. If not indicated in the depreciation study, provide the probable retirement date and service life used for each unit.

RESPONSE

Please refer to KPCO_R_KPSC_1_57_Attachment1.pdf, for Kentucky Power's most recent depreciation study for its ownership share of the Mitchell plant. The depreciation study indicates the net salvage factor used for the Mitchell Plant in addition to the probable retirement date and service life of the plant.

Please see KPCO_R_KIUC_1_39_Attachment1.xls which shows the calculation of the net salvage factor used in the depreciation study for the Mitchell Plant and KPCO_R_KIUC_1_39_Attachment2.pdf which is the conceptual demolition cost estimate that was performed by Sargent and Lundy and used in the depreciation study for the Mitchell Plant.

Witness: Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_040 Provide the most recent probable retirement date for each Mitchell unit and a copy of all studies and other support for those dates, if any. Identify the respondent, the respondent's position within AEP, and the basis for the probable retirement dates if there are no studies or other support for those dates.

RESPONSE

The probable retirement date for the Mitchell Plant is 2040. The 2040 retirement date was provided by AEP Engineering and is the expected retirement date based on the current operational conditions of the plant.

Witness: Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 1 of 2

DATA REQUEST

- KIUC_1_041 Refer to the Big Sandy plant balances on Section V Exhibit 2 page 46.
- a. Separate the plant balances into pre-conversion plant and conversion plant.
 - b. Describe all overhaul/rebuild work performed on the pre-conversion Big Sandy 1 equipment/plant to enable continued use or re-use after the conversion.
 - c. Describe all new equipment/plant installed at Big Sandy 1 due to the conversion.

RESPONSE

- a. Please refer to KPCO_R_KIUC_1_41a_Attachment1.xls for the separated plant balances.
- b. Modifications to pre-conversion Big Sandy plant and equipment included the following:
 1. Boiler modification to allow for natural gas combustion;
 2. Boiler Pressure Part replacements to accommodate expected increase in operating temperatures;
 3. Electronic monitoring system upgrades and modifications to accommodate new and modified equipment;
 4. Electrical upgrades including new power distribution equipment to serve new electrical loads;
 5. Instrumentation upgrades as required by new equipment installations;
 6. Fire Protection System upgrades including Hazard Area Classifications, upgraded building ventilation, and modifications to fire water supply system;
 7. Relocation of the Plant Hydrogen Supply tanks;
 8. Relocation of Unit 2 station batteries to serve Unit 1 loads;
 9. Modifications to burner platforms to provide safe access to new gas burners and associated equipment;
 10. Emissions Monitoring System (CEMS) upgrades and modifications as required by air permit.
- c. New equipment installed at Big Sandy 1 for the gas conversion included the following:
 1. Main Gas & Igniter supply header station with flow metering equipment and pressure reducing, shutoff, and vent valves;
 2. Duplex blower system to supply combustion/cooling air to burners and igniters;
 3. Burner and igniter gas racks, burners, igniters, and flame scanners;

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 2 of 2

4. Natural Gas Pipeline terminating at a new gas metering station on the plant site;
5. Fuel Gas conditioning equipment, including pressure reducing station, water bath heater, scrubber vessel, and check-metering station;
6. Gas piping from Check-Metering station to Main Gas & Igniter station;
7. Electric Auxiliary boiler to feed existing steam space heaters and combustion air heating coils;
8. Dedicated Unit 1 demineralized water treatment system, including pre-treatment, reverse osmosis, and deionization equipment;
9. New hydrogen piping to Unit 1 turbine/generator area.

Witness: Debra L. Osborne
 Jason A. Cash

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_042 Refer to Section V Exhibit 2 page 60. Provide the calculation of the estimated 2017 property tax expense, including the calculation or other source of the property tax rates.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment90_Property_Tax.xlsx for the requested information.

Witness: Amy J. Elliott

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_043 Please provide copies of all Rockport Unit Power Agreement monthly invoices billed to the Company from AEP for the period January 2015 through the most recent month available in electronic format with all formulas intact.

RESPONSE

Please refer to KPCO_R_KIUC_1_43_Attachment1.xls through KPCO_R_KIUC_1_43_Attachment31.xls for the requested information.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_044 Please provide a schedule showing all individual costs included in the BSRR regulatory asset(s) by month from the earlier of the date costs first were incurred or the net book value of retired plant was included in the regulatory asset through the most recent months for which actual amounts are available. Describe the individual costs. In addition, show the amortization expense by month and the beginning and ending monthly balance of the regulatory asset.

RESPONSE

Please refer to KPCO_R_KIUC_1_44_Attachment1.xls, KPCO_R_KIUC_1_44_Attachment2.xls, and KPCO_R_KIUC_1_44_Attachment3.xls for the requested information.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_045 Refer to the capitalization adjustments reflected on Section V, Workpaper S-3. Please provide all workpapers relied upon to quantify the removal of the \$153.631 million in BSRR/Decommissioning Removal in column 5.

RESPONSE

Refer to KPCO_R_KIUC_1_45_Attachment1.xlsx for the requested information.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 1 of 3

DATA REQUEST

KIUC_1_046

Refer to the Direct Testimony of Mr. Satterwhite at page 4, lines 5-11, regarding the move of the corporate headquarters from Frankfort, Kentucky to Ashland, Kentucky in December 2016.

- a. Please confirm that there were no proforma adjustments to remove costs associated with the move of the corporate headquarters. If there were none, please explain why not.
- b. Please provide a list of all employees and their positions that were located in Frankfort prior to the move and the same for those located in Ashland following the move.
- c. Please indicate which employees were relocated and which employees were not.
- d. Please provide a breakdown of all severance-related costs for employees not relocated, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- e. Please provide a breakdown of all relocation costs for employees that were relocated, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- f. Please indicate whether the corporate headquarters building in Frankfurt was owned or leased. If owned by the Company, please describe the present status of the building and the Company's plans to sell, lease, or use for other purposes. If leased by the Company, please provide a detailed description of the status of the lease along with the associated costs. For instance, please describe any early-termination fees recorded in the test year or any continuing costs related to the lease.
- g. Please provide a breakdown of all moving costs incurred during the relocation, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- h. Please provide a breakdown of all costs that could have been considered termination costs or a duplication of costs to keep both offices for a time that were incurred for the relocation, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- i. Please describe all non-recurring one-time costs included in the test year related to the Ashland office, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- j. Please provide copies of all pre-move and post-move in-house analyses, memorandums, or reports that were generated regarding the move and the costs related to it.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 2 of 3

RESPONSE

a. Confirmed. There were only two Kentucky Power employees relocated from Frankfort to Ashland. Each year the Company has relocation costs for employees transferring into the Company and thus it is a normal cost of doing business.

b. Greg Pauley, President and COO, retired and did not transfer to Ashland

Ranie Wohnhas, Mng. Dir. Reg. and Fin., transferred to Ashland

James Keeton, Manager External Affairs, left the Company and thus did not transfer

Allison Barker, Manager Corp. Comm. , transferred to Ashland

John Rogness, Director, Regulatory Services, remained in Frankfort

Amy Elliott, Regulatory Consultant, Senior, remained in Frankfort

Stephen Sharp, Regulatory Consultant, remained in Frankfort

Judy Rosquist, Regulatory Consultant, remained in Frankfort

Belinda Stacy, Exec. Adm. Asst. retired and did not transfer to Ashland

c. Please refer to (b) above.

d. The severance-related costs for one employee not relocated was \$79,868. It was recorded in March 2017, which is outside of the test year, in FERC account 920 .

e. Please refer to KPCO_R_KIUC_1_46_Attachment1.xlsx for the requested information.

f. The building in Frankfort is leased with an expiration date of August 21, 2019. The annual lease cost is \$93,792. The Company is looking for a new location in Frankfort to house its Regulatory group.

g. The moving of boxes and other items from Frankfort to Ashland was performed by Kentucky Power employees and thus no incremental moving costs were incurred.

h. The Frankfort office will continue to be used by Kentucky Power's regulatory group. It also will continue to be used by various others employees as needed when conducting business in Frankfort. As such, there is no termination costs or duplication of costs.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 3 of 3

i. Please refer to (a) above. Because of the small number of employees that relocated to Ashland there is no non-recurring one-time costs that should be excluded from this test year.

j. No such analysis exists.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_047 Refer to Section V Workpaper S-3, which shows \$0 for short term debt on an adjusted basis. Please provide all decision criteria that led to this amount of short-term debt rather than some greater amount on this schedule for the test year.

RESPONSE

Please refer to the direct testimony of Company Witness Wohnhas at 10-11 and Section V, Exhibit 1, Workpaper S-3, row 2 of page 1 of 4 for the requested information.

Witness: Ranie K. Wohnhas

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_048 Please provide a copy of the Company's guidelines and/or all written criteria that describe when, what (type), how, and how much short-term debt will be issued and outstanding at any time. If the Company has no written guidelines and/or written criteria, then please state.

RESPONSE

Kentucky Power's short term borrowings from the AEP Utility Money Pool are the only form of short term debt/borrowings currently available to the Company. Through the Utility Money Pool, Kentucky Power is limited to \$225 million of short-term borrowings in accordance with AEP's Utility Money Pool Agreement (KPCO_R_KIUC_1_048_Attachment1.pdf) and FERC short term debt authority, Docket No. ES15-53-000 (KPCO_R_KIUC_1_048_Attachment2.pdf).

The AEP Utility Money Pool is a portion of the Corporate Borrowing Program that is the short-term funding mechanism for the regulated utilities, including Kentucky Power. It is structured to meet the combined short-term cash management needs of those companies. The Utility Money Pool meets the short-term cash needs of its participants by providing for short-term borrowings from the Utility Money Pool by its participants and short-term investment of surplus funds by its participants. The invested or borrowed position, at any given time period, is mainly driven by the cash needs of Kentucky Power and its cash surplus/deficit at that time. The attached AEP Utility Money Pool is governed by the AEP System Amended and Restated Utility Money Pool Agreement dated as of December 9, 2004, a copy of which has been filed with FERC.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_049 Please confirm that the Company participates in the AEP Utility Money Pool.

RESPONSE

Kentucky Power Company is a participant in the AEP Utility Money Pool.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_050 Please provide a schedule in electronic spreadsheet format showing the Company's daily investments in the AEP Utility Money Pool and the interest rates applicable to those balances for the test year.

RESPONSE

Please refer to KPCO_R_KIUC_1_050_Attachment1.xls for the Company's daily cash position in the AEP Utility Money Pool and applicable interest rates for the test year.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_051 Please provide a schedule in electronic spreadsheet format showing the Company's daily borrowings from the AEP Utility Money Pool and the interest rates applicable to those balances for the test year.

RESPONSE

Please refer to the Company's response to KIUC 1-50 and KPCO_R_KIUC_1_050_Attachment1.xls for the Company's daily cash position in the AEP Utility Money Pool and applicable interest rates for the test year.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 1 of 3

DATA REQUEST

KIUC_1_052

Refer to the Attachment 1 portion of the response to Staff 1-39. Refer also to pages 354 and 403 of the 2016 Form 1.

- a. Separately for the test year and for each if the listed years prior to the test year, please provide the number of production employees located at each of the “Power Production” facilities that equal the totals provided for each year in the Attachment 1.
- b. Please reconcile the number of “Power Production” employees for the test year depicted on Attachment 1 of 344 with the total number of employees at the Big Sandy and KPC 50% share of Mitchell of 162 employees depicted on page 402 of the 2016 Form 1, explaining all reasons for the differences other than the two month timing difference.
- c. Please explain in detail all reasons why the number of transmission employees declined from 48 to 35 in the third year prior to the test year and then declined to 2 employees in the second year prior to the test year.
- d. Please explain all reasons why the number of distribution employees increased from 175 in the second year prior to the test year to 195 in the first year prior to the test year.
- e. Please reconcile the amount of distribution wages depicted on line 23 of page 354 in the 2016 Form 1 of \$8,235,437 and the amount for the test year depicted on Attachment 1 of \$15,932,904, explaining all reasons for the differences other than the two month timing difference.

RESPONSE

a. Please refer to KPCO_R_KIUC_1_052_Attachment2.xlsx for the requested information. The Kammer plant is physically adjacent to the Mitchell Plant and is jointly managed and operated with the Mitchell Plant for efficiency reasons. The Kammer Plant employees were Kentucky Power Company employees. The time and expense for Kammer Plant employees, along with the Kammer Plant’s output and decommissioning expense, was charged to the Kammer Plant owner and not the Company.

b. KPCO_R_KPSC_1_39_Attachment1.xlsx reflects all Mitchell employees because all are employed by Kentucky Power. (This does not impact the allocation of expenses between Wheeling Power Company and Kentucky Power Company in accordance with each Company's ownership.)

The 2016 FERC Form 1 average employee count of 284 includes 244 Mitchell employees and 40 Big Sandy employees. In addition, there are approximately an additional 60 plant support employees for functions such as stores (10), regional engineering (8), Regional Service

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 2 of 3

Organization (35), construction and safety (7). This brings total headcount to the 344 employees shown in KPCO_R_KPSC_1_39_Attachment1.xlsx.

The time and expense for regional engineering and support staff is charged to the projects and facilities to which they are assigned without regard to whether they are Kentucky Power employees or otherwise.

c. Since June of 2013, Transmission Field Services (TFS) has transferred almost 500 employees from an operating company to AEPSC. The reasons for the transfers include:

- In June of 2013, 50 employees were transferred to AEPSC. These transfers were made soon after the AEP West Virginia Transmission Company (WV Transco) was created. The transfer was made in compliance with the Virginia State Corporation Commission order prohibiting Appalachian Power Company employees from performing construction work in connection with WV Transco Transmission facilities absent subsequent Commission approval. The 50 transferred employees (including two Kentucky Power employees) were those expected to perform construction work on WV Transco facilities currently or in the near future.
- In January 2014, 355 additional TFS operating company employees (including 11 Kentucky Power Company employees) were transferred to AEPSC. The reasons for the transfers included:
 - Employees expected to perform construction work on WV Transco facilities not transferred in June of 2013.
 - All Ohio Power Company employees and a few employees in surrounding areas were transferred to AEPSC as a result of corporate separation in Ohio. Beginning January 1, 2014 only AEPSC employees may work on the unregulated generation assets in Ohio.
 - Subsequently remaining TFS Technical Services employees who were not already AEPSC employees were transferred to AEPSC. By the nature of the work performed by Technical Services, employees routinely perform work that benefits more than one operating company and thus are properly employed by AEPSC employees.
- In January 2015, 88 employees (including 33 Kentucky Power Company employees) were transferred to AEPSC. These transfers completed the transfer of all Appalachian Power Company, Kentucky Power and Ohio Power Company employees to AEPSC. Doing so provided additional flexibility permitting these employees to work on Transco facilities and to perform work for more than one company as needed.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 3 of 3

- Please refer to KPCO_R_KIUC_1_052_Attachment1.pdf for employee communications about these transfers.

d. The change in employee numbers principally results from the reclassification of employees from Customer Accounts to Distribution. Please refer to KPCO_R_KPSC_1_39_Attachment1.xlsx. Fifteen of the increased number of Distribution employees was offset by a corresponding decrease in Customer Accounts employees. The remaining increase resulted from the addition of four utility foresters and a reliability manager.

e. The Distribution wage information provided in FERC Form 1, page 354, line 23 and in the Company's response to KPSC 1-39, use very different methodologies that are not expected to reconcile. Examples of differences in the methodology are:

FERC page 354, line 23

- Accrued wages
- Wages charged to O&M accounts only
- Distribution defined by FERC account
- Excludes amounts charged to non-Distribution accounts
- Reflects wages charged to Distribution accounts throughout the year
- Reflects the 2016 calendar year

Commission Staff request 39

- Paid wages
- Wages charged to both O&M and Capital accounts
- Distribution defined by cost center
 - The cost centers assigned to Distribution are consistent with the Company's response to prior base rate case discovery requests
- Includes amounts charged to non-Distribution accounts
- Reflects all wages during the year for employees assigned to a Distribution cost center at year end
- Reflects the March 1, 2016 through February 28, 2017 test year

Witness: Everett G. Phillips
 Debra L. Osborne
 Andrew R. Carlin

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_053 Please provide all work papers and supporting documentation used and relied upon by Mr. McKenzie in the preparation of his Direct Testimony and exhibits. Provide all spreadsheets in Excel format with cell formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment67.pdf for Company Witness McKenzie's work papers. Please refer to KPCO_R_KPSC_2_34_Attachment1.xls for Company Witness McKenzie's exhibits in Excel.

Witness: Adrien M. McKenzie

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_054 Please provide Excel spreadsheet versions of Mr. McKenzie's exhibits
with cell formulas intact.

RESPONSE

Please refer KPCO_R_KPSC 2_34_Attachment1.xls for the requested information.

Witness: Adrien M. McKenzie

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_055 Please provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Kentucky Power Company from 2014 through the most recent month in 2017.

RESPONSE

Please refer to KPCO_R_KIUC_1_055_Attachment1.pdf for rating agency reports on Kentucky Power Company from 2014 through August 2017.

AEP and Kentucky Power no longer engage Fitch for ratings services. However, Fitch Ratings periodically publishes unsolicited credit opinions on AEP and its subsidiaries. Please refer to KPCO_R_KIUC_1_055_Attachment1.pdf for those reports to the Company.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_056 Please provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on American Electric Power Company from 2014 through the most recent month in 2017.

RESPONSE

Please refer to KPCO_R_KIUC_1_056_Attachment1.pdf for rating agency reports on American Electric Power Company from 2014 through August 2017.

AEP and Kentucky Power no longer engage Fitch for ratings services. However, Fitch Ratings periodically publishes unsolicited credit opinions on AEP and its subsidiaries. Please refer to KPCO_R_KIUC_1_056_Attachment1.pdf for those reports available to the Company.

Witness: Zachary C. Miller

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_057 Please refer to Mr. Hall's Direct Testimony at page 5 wherein he refers to the loss of over 600 jobs at AK Steel due to the idling of its blast furnace. Please explain all efforts made by Kentucky Power to assist AK Steel in restarting its idled blast furnace.

RESPONSE

It is Kentucky Power's understanding that the changes in operation at AK Steel's facility are the result of pressures in the global steel market which are beyond the Company's ability to resolve. Kentucky Power understands the importance of the AK Steel to the community and regional economy. Accordingly, Kentucky Power continues to support AK Steel by establishing new service agreements to assist AK Steel manage costs as the final fate of the Ashland facility is determined.

Witness: Brad N. Hall

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_058 Please refer to Mr. Hall's Direct Testimony at page 5 wherein he refers to reduced operations at Kentucky Electric Steel. Please describe all efforts made by Kentucky Power to assist KES in increasing its production.

RESPONSE

Kentucky Power's customer service engineers have worked closely with Kentucky Electric Steel's plant representatives as it faced the potential of reduced operations at its Ashland facility. However, it is Kentucky Power's understanding that the changes in operation at Kentucky Electric Steel's facility are the result of pressures in the global steel market which are beyond the Company's ability to resolve. The Company's Customer Service team remains in communication with Kentucky Electric Steel and recently assisted them in moving to a tariff that aligned more closely with their current electricity demands.

Witness: Brad N. Hall

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_059

Please refer to Mr. Hall's Direct Testimony at page 6 wherein he states that "Kentucky Power's economic development efforts are focused on helping communities within its service territory to attract and expand businesses to aid diversifying the region's economic base."

- a. Please define the type of businesses referenced in this quote.
- b. As a general matter, identify each rate schedule(s) that would be applicable to the targeted businesses.

RESPONSE

a. Kentucky Power's economic development efforts are focused on any potential industry that will provide jobs and investment to the region. The Company partners with local and regional economic development agencies, Kentucky United, and the Kentucky Cabinet for Economic Development to attract new industries with the potential to create jobs and investment within the region. The Company also works with existing industry to assist them with expansion and growth opportunities.

b. Without knowing a specific customer's service requirements (i.e., kW Demand, Monthly kWh usage, and load factor), it is impossible to identify the specific tariffs under which such customers would be served.

Witness: Amy J. Elliott
 Brad N. Hall

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_060

The Kentucky Cabinet for Economic Development states that it
“Provides income tax credits and wage assessments to new and existing
agribusinesses, regional and national headquarters, manufacturing
companies, and non-retail service or technology related companies that
locate or expand operations in Kentucky.”

- a. Are these also the types of businesses targeted by Kentucky Power?
- b. Does Kentucky Power target big-box or other retail businesses for economic development? If no, please explain.

RESPONSE

a. Yes.

b. No. Kentucky Power’s focus is on creating primary jobs. Primary jobs are those that pay above minimum wage and serve as a catalyst for secondary jobs such as those in retail and the service industries.

Witness: Brad N. Hall

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_061

Please refer to Mr. Hall's Direct Testimony at page 12 wherein he identifies "23 active economic development projects in the service territory." For each of the 23 projects:

- a. Provide the name of the company and its line of business.
- b. Provide the rate schedule(s) that the company is likely to be served under.
- c. Provide the expected level of electric consumption.
- d. Provide the expected commercial operation start date.
- e. With respect to Braidy Industries, does Kentucky Power plan to offer an incentive electric rate? If yes, please describe the rate.

RESPONSE

a-d. Increased economic development within the Company's service territory, and with it the associated increased load across which fixed costs may be spread, is the best opportunity the Company and its customers have to address increasing rates. It thus is in the interests of customers and Company alike not to jeopardize economic developments by prematurely disclosing the identity of companies seeking to locate in Kentucky Power's service territory. Prospective new businesses demand confidentiality from communities and their partners as they evaluate sites or expansion plans. Disclosure of the names of prospective companies, or companies considering expansion, if known, could jeopardize the company's potential relocation to or expansion in the Kentucky Power's service territory. Further, in many cases, the identity of the company is not known and a "code name" is used instead. Accordingly, Kentucky Power is unable to provide the information requested. Further, until a contract is executed, and approved by the Commission if required, a customer's expansion or relocation plans and service requirements may change. Without knowing a specific customer's service requirements (i.e., kW Demand, Monthly kWh usage, and load factor), it is impossible to identify the specific tariffs under which such customers would be served or when such service would begin.

e. Negotiations between Kentucky Power and Braidy Industries are ongoing. Further, any special contract regarding rates must be approved. When a special contract is entered into, the Company will present the contract to the Commission for approval in accordance with 807 KAR 5:011, Section 13. Please refer to Kentucky Power's response to KIUC 1-11.

Witness: Matthew J. Satterwhite
 Brad N. Hall

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_062

Please refer to Mr. Hall's Direct Testimony at pages 27-28 wherein he identifies a target company that is considering locating at the Big Sandy site which may add 1,000 jobs. Related to that target company:

- a. Provide the name of the company and its line of business.
- b. Provide the rate schedule(s) that the company is likely to be served under.
- c. Provide the expected level of electric consumption.
- d. Provide the expected commercial operation start date.

RESPONSE

a-d. Please see the Company's response to KIUC 1-61 a-d.

Witness: Brad N. Hall

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_063 The Kentucky Cabinet for Economic Development lists the Top 10 Reasons for Locating or Expanding Your Business in Kentucky. Number 6 is low electric power rates. Please explain how Kentucky Power's proposed allocation of its requested rate increase took this factor into account.

RESPONSE

Kentucky Power cannot respond to this data request as presented. The document was not attached to the request, there was no cite provided, and Kentucky Power was unable to locate the described document indicating that low electric rates is factor "6."

Nevertheless, Kentucky Power is aware that utility rates are a factor considered by many businesses in making location and expansion decisions. To that end, Kentucky Power aggressively is seeking to expand the economic base of its service territory through its Coal Plus, Appalachian Sky Initiative, and other economic development efforts. Please see the Direct testimony of Company Witness Hall *passim*, and Company Witness Satterwhite at 10-13 and 15-16 for information on these efforts. Further, the Company supports assigning costs to the cost-causer and through the principle of gradualism is proposing to reduce by five percent the subsidy paid by industrial customers.

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_064 Please provide the ADIT balances by month from February 2016 through February 2017 by FERC account/subaccount and by temporary difference. In addition, please provide a breakout of each temporary difference by function (i.e. production, transmission, distribution, general).

RESPONSE

The information requested is voluminous. It is contained in the PowerPlan Tax Provision System and can be made available at a mutually agreed upon time in Columbus, Ohio.

Please refer to the Company's response to AG 1-58 which details out the ADIT by temporary difference and FERC Account. In addition, please refer to KPCO_R_KIUC_1_64_Attachment1.xlsx which details out the ADIT by function for the periods shown in the Company's response to AG 1-58.

Witness: Mark A. Pyle

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_065 Please provide the estimated amortization period for each of the temporary differences provided in response to the preceding question, e.g., composite average remaining service life of 33.0 years for production ADIT due to accelerated depreciation.

RESPONSE

There is no set amortization period for each temporary difference. ADIT is created and reversed each year based on book account activity. ADIT related to property would reverse over the remaining book life of the related property item.

Witness: Mark A. Pyle

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_066

At pages 41-42 of his testimony Mr. Vaughan states that he only provided a weather normalization adjustment for the residential class. Please provide a weather normalization adjustment for the entire Kentucky Power system.

RESPONSE

The Company has not performed the weather adjustment for the entire system in this case. The residential class is the only customer class whose usage is materially affected by the weather.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 1 of 2

DATA REQUEST

KIUC_1_067

Refer to Exhibit AEV-7, the proposed Tariff P.P.A. With regard to this tariff, please provide the following:

- a. Please explain why the term "BPP" is included in the formula.
- b. Please provide a detailed explanation of the costs that are included in the \$79,076,785 amount of purchased power costs included in base rates. Identify each of the costs by name, amount and FERC account number. Include an excel workpaper showing the complete derivation of the \$79,076,785 amount.
- c. With regard to term "OATT" please provide a description of each cost that will be included in variable OATT and the current amount of such cost, separated into energy and demand related costs.
- d. With regard to term "OATT" please provide a projection of each cost that will be included in variable OATT for calendar years 2017 through 2020, separated into energy and demand related costs. Include the total amount of each cost and Kentucky Power's share of the total.

RESPONSE

a. The term "BPP" (the annual amount of purchased power costs included in base rates, \$79,076,785) is included in the Tariff PPA formula because Tariff PPA is designed to only recover the difference between the Tariff PPA costs included in base rates and actually incurred Tariff PPA costs in future periods. This design is why the Company is proposing to set the revenue requirement to be recovered under Tariff PPA at \$0 until the first proposed rate update period.

Upon answering this discovery request the Company discovered that two of the PJM OATT LSE items had been inadvertently excluded from the calculation of the \$79,076,785 annual amount of purchased power costs included in base rates. Those items are PJM point to point transmission service credits (test year credit of \$535,143.05) and RTO formation cost recovery charges (test year charge of \$196,296.08). Including these two items in the annual amount of purchased power costs included in base rates revises the amount to \$78,737,938, which is a reduction of \$338,847. This update does not change the Company's filed base rate revenue requirement in this proceeding, the PJM point to point transmission service credits and RTO formation cost recovery charges were included in the test year KY retail cost of service, they however were inadvertently omitted from the calculation of the Tariff PPA basing point. The only number that changes in the Company's filing is the BPP in proposed Tariff PPA, which after this revision is \$78,737,938.

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017
Page 2 of 2

b. See Company Witness Vaughan's direct testimony at page 25, line 20 through page 36, line 17 for a detailed description of the costs the Company proposes to track via proposed Tariff PPA. See [KPCO_R_KIUC_1_67_Attachment1.xlsx](#) for the requested detail for the updated BPP amount of \$78,737,938.

d. See [KPCO_R_KIUC_1_67_Attachment1.xlsx](#)

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_068 Please state whether any Rockport related costs will be recovered through the proposed PPA tariff. If any Rockport costs will be included, please identify all such costs, including a description and the current amount.

RESPONSE

The Company is not proposing to recover any Rockport costs through its PPA tariff.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_069 With regard to factors: BEclass, BDclass and CPclass, please provide the values of these factors for each rate class for the test year in this case.

RESPONSE

Individual rate class data is contained in KPCO_R_KPSC_1_73_Attachments 36 through 53.
Summary data for all classes is contained in KPCO_R_KPSC_1_73_Attachment 54 (the "CCOS Inputs" tab contains the summary of the CP class allocators).

Witness: Douglas R. Buck

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_070 Please refer to the testimony of Mr. Vaughan at pages 42-44. For each month of calendar years 2014, 2015 and 2016, please provide the actual (not adjusted) amount of purchase power expense that was excluded from recovery through the FAC Purchase Power Limitation.

RESPONSE

Refer to KPCO_R_KIUC_1_70_Attachment1.xlsx for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_071 When it is filed with the Court on or about October 6, 2017 in Civil Action 2:13-cv-1213, please provide the status report regarding the Rockport lease settlement negotiations.

RESPONSE

It is possible that the referenced status report addressing Rockport Lease settlement discussions may be submitted to the court confidentially, subject to a protective order. To the extent any such status report is made that is not subject to a protective order, the Company will provide it at the time of filing.

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_072 Has AEP or any of its affiliates publically announced whether the lease on Rockport Unit 2 will be extended? Please explain.

RESPONSE

AEP Generating Company and Indiana Michigan Power Company have been discussing a potential lease renewal with the Lessors to Rockport Unit 2. In the matter of United States of America, et al. v. American Electric Power Service Corp, et al., Civil Action No. C2-99-1182 (S.D. Ohio) and consolidated cases, several AEP affiliates filed a motion to modify the Consent Decree and, in doing so, stated, “given the ongoing dispute with the Lessors concerning the terms of the Lease, AEP does not currently plan on extending the term of the Lease, which will terminate in 2022.” (Motion at 17.) While a lease renewal is now unlikely, discussions with the Lessors are ongoing.

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_073 Please provide all studies or analysis to support the expected retirement date of Big Sandy 1 at 2031.

RESPONSE

No such studies exist. Retirement dates are established by AEP Engineering based on many factors, including the original design, the current condition of the unit - including maintenance and replacements, and its operational conditions - including number of startups and hours of operation. Also considered in determining retirement dates is the potential cost to replace the generation with another source.

Witness: Debra L. Osborne

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_074 Please provide a copy of all orders from the Kentucky Commission authorizing the acceleration of the demolition timeline for Big Sandy 2 as described in the testimony of Ms. Osborne at p. 7.

RESPONSE

The Company does not believe Commission authorization was required to change the plan for the demolition of Big Sandy Unit 2. Please refer to the Company's response to KPCO_R_KPSC_2-44b for a description of beneficial cost impacts, and the testimony of Company witness Brad Hall (at page 27, lines 4 through 14) for the economic development benefits of accelerating the demolition of Big Sandy 2.

Witness: Debra L. Osborne

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_075 With regard to Mr. Vaughan’s testimony at pages 26 and 27, please provide a description of each of the “PJM LSE transmission charges and credits” that would be included in the PPA tariff. In the description, please also include a specific reference to AEP’s OATT and/or the PJM tariff wherein such charges or credits are authorized.

RESPONSE

For descriptions of the PJM LSE OATT charges included in Company Witness Vaughan’s testimony at pages 26 and 27, see PJM Manual 27 – Open Access Transmission Tariff Accounting which is publicly available at <http://www.pjm.com/library/manuals.aspx>.

See PJM’s FERC approved Open Access Transmission Tariff (<http://www.pjm.com/directory/merged-tariffs/oatt.pdf>) and the FERC approved AEP Operating Companies Transmission Agreement (<http://www.aep.com/about/codeofconduct/RateSchedule/docs/CleanTEAModification.pdf>) for the basis of the charges.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_076

With regard to the PJM LSE transmission charges and credits identified in the previous question, please provide the total amount of such charges and credits for the AEP Companies, the percentage factor used to allocate these costs and credits to KPC and the dollar amount of each charge and credit for the period 2012 through 2017.

RESPONSE

Refer to KPCO_R_KIUC_1_76_Attachment1.xlsx for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_077

With regard to Mr. Vaughan's testimony on pages 43 and 44, please provide the following information:

- a. an excel workbook (with formulas intact) showing the complete development of the \$3,150,582 base rate adjustment to reflect FAC purchased power limitations.
- b. a table showing the dollar amount of excluded FAC purchased power costs for the years 2012 through present.
- c. an explanation of why Mr. Vaughan used PJM real time system energy price, as opposed to day-ahead system energy price, to determined market purchases.
- d. an excel spreadsheet showing the PJM day-ahead system energy price and the real time system energy price for each hour in which new market purchases were created in Mr. Vaughan's analysis.

RESPONSE

- a. Please refer to KPCO_R_KPSC_1_73_Attachment81_AEVWP11.xlsx for this information..
- b. Refer to the Company's response to KIUC 1-70.
- c. Because the hourly purchase power limitation calculation is based on a hypothetical set of circumstances and calculated after each month's business is complete, it was reasonable to use real time prices rather than day ahead prices since one could not know each day prior to the operating day which hours may be subject to the purchase power limitation and therefore day ahead pricing could not apply.
- d. For the real time system energy prices requested, please refer to KPCO_R_KPSC_1_73_Attachment81_AEVWP11.xlsx. Historic PJM day ahead system energy prices are publicly available at: <http://www.pjm.com/markets-and-operations/energy/day-ahead/lmpda.aspx>

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_078

With regard to Tariff I.G.S, Sheet 10-4, "Special Terms and Conditions," please provide the following information:

- a. The number of customers currently taking standby or back-up electric service from the Company.
- b. To the extent that there are such standby or back-up customers, please provide the mW of back-up load and the mWh of usage during the test year.
- c. Please provide the basis for charging such a standby or back-up customer for maintenance power. Please identify the tariff on which a customer can take maintenance power.

RESPONSE

- a. The Company is not aware of any Tariff I.G.S. customers taking standby service from the Company.
- b. Not applicable.
- c. Standby power includes both backup power (forced outages) and maintenance power (scheduled outage). Standby power, including maintenance power, would be provided consistent with the Special Terms and Conditions provision in the applicable tariff rate.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_079

With regard to the testimony and exhibits submitted by Mr. Vaughan in Appalachian Power Company West Virginia Case No. 15-1734-E-T-PC that addresses a proposed “Standard Backup and Maintenance Service” tariff (Company Exhibit AEV-D3), please provide comparable standby and maintenance power rates for Kentucky Power Company. Include all supporting workpapers and excel spreadsheets used to develop the rates.

RESPONSE

The Company objects to this data request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence, unduly burdensome, and overly broad. Without waiving these objections, the requested analysis has not been performed because the Company did not propose such a tariff in this case.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_080 Please provide copies of any Backup Power and Maintenance service rates currently in effect for any AEP Operating Company

RESPONSE

The Company objects to this data request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence, unduly burdensome, and overly broad. The rates paid by other customers of another utility for Backup Power and Maintenance, either under standard tariffs or pursuant to customer-specific contracts, are not relevant to Kentucky Power Company's Application. To the extent such rates are publicly available, KIUC may obtain this information from public sources. To the extent this information is not public, confidential protection of this information would be inadequate, given the KIUC represents customers who are market participants who may compete with customers whose rate information is sought by this request. Moreover, neither the non-Kentucky utilities, nor their customers, are regulated by the Commission. The rates the customers of other utilities may pay are the result of different circumstances, costs, policy considerations, or been set at a different times, under different economic conditions, and under different regulatory and legal schemes. The information requested has no bearing on the Commission's review of Kentucky Power Company's Application.

Without waving these objections, the Company states as follows: The tariffs for each AEP operating company are publicly available on www.aep.com.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

- KIUC_1_081 Please provide an explanation of the specific methodology used to allocate the AEP Zone NITS costs to Kentucky Power. Please include the following in the explanation:
- a. a description of each allocation of total AEP Zone NITS revenue requirements to the AEP Operating Companies, including the allocation factor (e.g., 1 CP based on the AEP Zonal transmission peak, 12 CP, etc.); and the allocation of this cost to each AEP Operating Company and the corresponding allocation factor used for this allocation.
 - b. a schedule for the test year showing the total dollars of NITS costs allocated to KPC, beginning with the total AEP Zone costs. Include the mW demands used to perform each allocation.

RESPONSE

- a. For both NITS and Transmission Enhancement expense, PJM determines the AEP Zone annual revenue requirement and allocates the total revenue requirement between the AEP LSE load and other loads within the zone based on the applicable 1CP. The AEP LSE expenses are then allocated to the AEP Operating Companies based on Appendix 1 of the FERC approved AEP Transmission agreement (<http://www.aep.com/about/codeofconduct/RateSchedule/>), which utilizes a 12CP allocation for NITS and Transmission Enhancement expense.
- b. Refer to KPCO_R_KIUC_1_81_Attachment1.xlsx for total AEP LSE and KPCo test year NITS and Transmission Enhancement expense. Zonal revenue requirements are publicly available at www.pjm.com.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_082 Please provide the same information requested in the previous question (Parts a and b) for the allocation of PJM RTEP costs to Kentucky Power Company.

RESPONSE

Refer to the Company's response to KIUC 1-81 for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_083 Please confirm that the Company calculates the effects of temperature on revenues for all major customer classes, including residential, commercial, and industrial for internal management reporting purposes.

RESPONSE

The Company calculates the effects of temperature on revenues for all major weather sensitive customer classes and publishes these estimates for both internal and external purposes. For Kentucky Power, the weather sensitive classes include the Residential, Commercial, and Wholesale classes. The Industrial and Other Retail class sales are much less responsive to changes in temperatures. As a result, no weather impact is estimated or published for the non-weather sensitive classes.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_084 Please confirm that the Company calculates the effects of temperature on revenues for all major customer classes, including residential, commercial, and industrial for financial reporting purposes.

RESPONSE

Refer to the Company's response to KIUC 1-83

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KIUC First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KIUC_1_085 Please provide all analyses undertaken to quantify the effects of temperature on revenues for the commercial and industrial customer classes for the last three calendar years and the test year.

RESPONSE

See Company's response to KSBA 1-4 b and c for the analysis and forecast model description used to develop the weather normalization impacts for 2017 and 2016. The model statistics and analysis that were used to estimate the weather impacts in 2015 are provided in KPCO_R_KIUC_1_85_Attachment1.pdf.

Witness: Alex E. Vaughan